IGUAKO CAPITAL · Group policy

Order Handling and Allocation

This policy governs the receipt, recording, transmission, execution and allocation of orders placed for clients, for the funds and managed accounts the group advises, and for the proprietary balance sheet. It fixes the sequence in which orders are worked, the basis on which aggregated executions are shared, and the rule that no allocation is changed after the fill is known. It binds the Quantitative Strategies, Private Wealth & UHNW and Investment Banking divisions and every desk that transmits an order on their behalf from any of the 36 offices.

CODE	CATEGORY	VERSION
IGC-MT-006	Markets and trading	2.2
EFFECTIVE	**REVIEW**	**OWNER**
2023-04-01	Annual. Last reviewed April 2026. Next review due April 2027.	Chief Investment Officer

1. Purpose and scope

An order is an instruction to buy, sell, subscribe for or redeem a financial instrument. The policy exists so that every order is worked in the sequence it arrived, so that the outcome of a combined execution is shared on a basis settled before the order reached the market, and so that the proprietary balance sheet never stands ahead of a client. These three rules are the whole of the policy. Everything else in this document explains how they are evidenced.

The policy applies to the Quantitative Strategies division, which trades listed and over-the-counter instruments from Singapore, Hong Kong, New York and George Town, to the Private Wealth & UHNW division, which transmits discretionary and advisory orders for 61 family relationships, and to the Investment Banking division where it places or allocates securities in a primary transaction. Private Equity and Commercial Finance are covered where a position is exited through a market or a syndicate.

It does not govern the choice of venue or counterparty, which is the subject of the Best Execution policy, and it does not govern the identification of conflicts, which is the subject of the Conflicts of Interest policy. Where those policies and this one touch the same trade, the stricter requirement applies and the trade record must show that both were satisfied.

2. Receipt and recording of orders

Every order is entered into the group order management system within one minute of receipt. The record carries the account, the instrument, the direction, the quantity or value, any price or time limit, the person who received the order, the channel it arrived by and a system timestamp that the user cannot edit. An order received by telephone is read back to the client before it is entered, and the recorded line reference is attached.

A discretionary order generated inside the group, whether by a portfolio manager or by a signal from a model in the Quantitative Strategies inventory, is recorded on the same terms as a client instruction. Where a model proposed the order, the record names the model, its tier under the Model Risk Management policy and the person who authorised the transmission. No order leaves the firm without a named human authoriser.

Orders are worked in timestamp sequence within each instrument unless a client has set a limit that prevents execution, in which case later marketable orders may proceed and the reason is recorded. An order may not be held back to await a better price for a different account. Order records are retained for seven years after the relationship ends, in line with the Records Management and Retention policy.

- Order entry within one minute of receipt, with a system timestamp the user cannot alter.
- Telephone orders read back to the client and cross-referenced to the recorded line.
- Model-generated orders carry the model identifier, its tier and the name of the human authoriser.
- Orders worked in timestamp sequence within each instrument, with any departure explained on the record.

3. Aggregation of orders

Orders for different accounts in the same instrument and direction may be combined into a single market order where the desk expects the combination to improve the price or reduce the cost for every participating account. Aggregation is a decision, not a default. The desk records the accounts included, the reason for the combination and the allocation basis before the aggregated order is transmitted.

The proprietary balance sheet may participate in an aggregated order only where the allocation basis was fixed before transmission and the balance sheet receives the same average price and the same proportionate fill as every other participant. If the order is filled in part, client and fund accounts are allocated first and the balance sheet receives only what remains after they have received their pro rata share.

A client may instruct that its orders are never aggregated with those of another account. That instruction is held on the account record and enforced by the order management system. The Private Wealth & UHNW division informs every family relationship at onboarding that aggregation is the default for listed instruments and that the instruction is available.

4. Allocation of executions

The default basis is pro rata to the quantity each account ordered, applied to the average execution price of the whole aggregated fill. Where a pro rata share would fall below the minimum tradeable lot for an instrument, that account is excluded from the fill and its share is redistributed pro rata among the remaining accounts. The excluded account is placed first in the queue for the next execution in the same instrument.

A departure from pro rata is permitted only for a reason set out in the allocation standard approved by the Investment Committee: a mandate restriction, a cash constraint in a specific account, a regulatory position limit or a minimum lot rule. The reason is recorded before transmission. A departure that favours the balance sheet, an employee account or any account in which a member of staff has an interest is not permitted for any reason.

Allocations are entered into the order management system on the day of execution and confirmed to custodians and administrators by the close of the next business day. In the twelve months to 30 June 2026 the desks recorded 38,400 executions across the three divisions. Eleven were corrected after execution, each under the error procedure described below, and none moved value towards the proprietary balance sheet.

- Pro rata by quantity ordered, at the average price of the whole fill.
- Sub-lot shares are redistributed and the excluded account takes priority next time.
- Departures only for the four reasons in the Investment Committee allocation standard.
- No departure may favour the balance sheet, an employee account or a connected account.

5. Primary allocations in Investment Banking

Where the Investment Banking division allocates securities in a placement, a syndicated facility or a co-investment offer, the allocation is set by an allocation panel of three people: the transaction lead, a member of the syndicate desk and a member of Compliance. The panel records the criteria applied, the demand received from each investor and the allocation given, and the record is available to the issuer or borrower on request.

Criteria are limited to the investor category, the size and timing of the indication of interest, the investor's history of holding rather than trading similar securities, and any restriction imposed by the issuer. Allocation may not be used to reward a client for unrelated business, to induce future business or to place securities with the proprietary balance sheet ahead of external demand. The proprietary balance sheet may take a primary allocation only where the book is undersubscribed or where the issuer requests it in writing.

6. Errors, corrections and the error account

A trade executed in the wrong instrument, the wrong direction, the wrong quantity or for the wrong account is an error and is moved to the group error account on the day it is discovered. The error account is funded by the proprietary balance sheet. No client, fund or managed account bears the cost of a firm error, and no client account receives a gain from one. A client who suffers a loss from a firm error is restored to the position it would have held had the error not occurred.

An allocation may be changed after execution only to correct a demonstrable input error, only within one business day, and only with the written approval of the desk head and a member of Compliance who took no part in the original allocation. The correction record names both approvers and the accounts whose entitlement changed. The Compliance & Conduct Committee receives a list of every correction each quarter.

Compliance reviews a sample of allocations each month against the pre-trade record. The sample covers every departure from pro rata, every trade in which the balance sheet participated alongside a client account and a random selection of at least fifty other executions. Findings go to the Chief Investment Officer and are reported to the Compliance & Conduct Committee.

Key controls

- System timestamp on every order within one minute of receipt, not editable by the user.
- Allocation basis recorded in the order management system before an aggregated order is transmitted.
- Automated enforcement of client no-aggregation instructions at the account level.
- Pro rata allocation at average fill price, with sub-lot redistribution applied by the system.
- Balance sheet allocated only after client and fund accounts on any partial fill.
- Allocation panel of three, including Compliance, for every primary allocation in Investment Banking.
- Post-execution changes limited to one business day with dual approval and a named correction record.
- Monthly Compliance sampling of allocations and quarterly reporting to the Compliance & Conduct Committee.

Related policies

- Best Execution (IGC-MT-002)
- Conflicts of Interest (IGC-CC-003)
- Market Abuse Prevention (IGC-MT-001)
- Valuation of Investments (IGC-MT-005)

Colophon

IGUAKO Capital is a work of institutional fiction by the Iguako Institute for Applied Unreality (iguako.tech). This document is part of that work. It creates no rights or obligations, describes no licensed entity and is not an offer, a contract, a client record or advice.