



**BRAND MARKETING  
AND  
COMMUNICATIONS  
LIGHTHOUSE  
CAPITAL LIMITED**



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### Change Control

The contents of this document are subject to change control.

### Foreword

This Internal Audit and Control Manual outlines the framework for internal audit operations at Lighthouse Capital Ltd. It serves as a guide for promoting accountability, transparency, and effective risk management across the organization. Developed in line with regulatory expectations and best practices, the manual reinforces our commitment to strong internal controls, a risk-based audit approach, and continuous improvement. It will be reviewed periodically to ensure it remains relevant to our evolving business and regulatory environment

### Document Approval / Review

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### Distribution

Name	Date
Management	20/01/2025

### Document Control - Version History

Version	Date	Prepared By	Approved By
1.0	January 2023	Compliance Unit	Executive Management
2.0	December 2024	Compliance Unit	Executive Management

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## Aims And Objectives Of The Policy Documents

### Concept Of Best Execution Policy

“Best execution” is the term used to denote the duty we have to take all sufficient steps to obtain the best possible result under the relevant circumstances when executing transactions on clients’ behalf. Lighthouse owes its clients a duty to seek best execution when we execute trades on clients’ behalf in the various types of financial instruments set out in this Policy.

The Concept of best execution for Lighthouse means that all clients are equal and will be always accorded fair treatment without any preference. We shall strive to achieve the best available results in the market within the least possible time in the execution of our client’s orders with customer satisfaction as a priority. Lighthouse will maintain presence in all the Exchanges to meet clients’ preference for the platform to execute their mandates.

To achieve the best execution for our client at all times, Lighthouse will take into consideration the following:

- Price - this is the price a financial instrument is traded at.
- Time of order receipt
- Order size - this is the size of the transaction.
- Cost - this includes all fees and costs related to order execution, including implicit costs such as possible market impact, and explicit costs such as brokers fees.
- Nature of the order and Exchange to execute - this is how the characteristics of a transaction can affect best execution.
- Speed - this is the time it takes to execute a transaction.
- Likelihood of execution & Settlement - this is the likelihood that we will be able to complete the transaction and that the transaction will settle.
- Price Volatility
- Market liquidity
- Market impact
- Categorization / Client profile (Institutional, Retail, HNI etc.)
- Order Type (Market, Limit etc.)

### Order Management System

Only trade mandates received through the approved medium of communication with Lighthouse from clients such as through the e-trade platform, e-mail, SMS, and completed mandate forms will be treated. Phone calls shall be allowed as an approved communication medium from

clients only when a dedicated office line is used that has the functionality of recording and playing back calls. While all trade requests received before the cut off time (i.e., 2pm, Monday -Friday) will be executed on the same business day, trades received after the cut off time will be executed the next trading day.

To minimize trade conflict between Lighthouse and clients and to determine how to handle trade mandates, all clients are required to specify the nature of the order mandate as follow:

- Price Orders - the trader is required to execute the trade according to the price limit or something better.
- Market Orders - the trader is required to execute the trade in line with best market price.
- Order type: Buy / Sell.
- Quantity
- Date limit / Expiration date - where no date limit is stated, orders will be good for the day.
- Other type of order details like Fill/Kill, All or none, good till month (GTM) etc. may be provided.

#### **Mandate validity period**

Ten working days from the date the order was given, after which it becomes invalid and can however be made valid again through receipt of fresh mandate from the customer.

#### **Order Handling**

The Firm will seek the prompt, fair and expeditious execution of orders. When carrying out orders, we will:

- Ensure all orders, which must detail the following, are received in writing and/or through the client's registered e-mail address.
  - a. Name of the instrument/security to be traded.
  - b. Quantity/value of the instrument/security to be traded.
  - c. Price i.e., limit/range or best market price
  - d. Order type i.e., buy/sell.
- Ensure that orders are executed as promptly as possible and subject to the client's instructions. Client orders received within the trading hours will be executed same day subject to availability of the stock; otherwise, it would be jobbed and retained in the order/jobbing book against the next trading day.
- Ensure that orders are executed at the best bid/offer price available in the market at the time of executing the trade.

Trade is normally executed during official market trading hours, as designated by the relevant exchange, on business days (Monday to Friday).

- Orders are received from clients via e-mail, directly from the client via the e-trade platform or on other approved mediums. The client is required to specify the nature of the order mandated which will determine the way the client order is handled:
  - a. Price Orders: If it is a price order, the trader is required to trade the order in line with the indicated price or better for the day.
  - b. Market Orders: If it is a market order, the trader is required to trade the order in line with overall market volume and price before the expiration date of the order except otherwise stated by the client.
- All trade orders should contain at a minimum:
  - a. Order type: Buy / Sell.
  - b. Quantity or Price limit
  - c. Date limit / Expiration date
- Where no price limit is stated, orders will be executed at best market price.
- Where no date limit is stated, orders will be good for the day.

### **Trade Mandate Execution**

Lighthouse will be responsible for executing client mandates based only on the information provided in the trade mandate. Mandates can only be changed by the written consent of the client or over the phone. Where mandates are received or changes made via Telephone, the Relationship Officer will send an email to the client confirming trade and confirmation from the client will need to be received before close of business same day.

The Broker Operations staff must input mandates to the Jobbing schedule or trading system on a first in first out basis.

For any situation involving Lighthouse or its affiliates/associates as a counterparty of a trade, the trade will be treated and executed primarily as an order of the client. The Trader will keep and comply with all allocation methodologies including those advised by the Exchange.

The Trader under special circumstances and where it is permitted by the Exchange, without violating the client's instructions can aggregate client orders for execution and allocate executed trades to clients' accounts or portfolios e.g., for trades initiated by prime brokers. Where aggregated orders are partially filled, allocation will be based on the ratio of received mandates from clients.

Block trades are transacted based on pre-approval obtained from the Securities and Exchange Commission, the relevant exchange, and all other relevant parties to the transactions/order, at the agreed price between a willing buyer and a willing seller e.g., Cross and Negotiated Deals.

### **Method of Execution**

All trades to be executed by Lighthouse's Authorized Dealing Clerks are to be executed on the NAYA trading platform being the company's e-trade interface with the Exchange via FIX. Such

approved trades will be executed within the official market trading hours, as designated by the Exchange, on business days (Monday to Friday). This will be the preferred mode of executing trades.

The backup means of executing trades will be the link to the trading terminal on the floor of the Exchange. Use of this platform will be subject to prior Management approvals, while Authorized Dealing clerks can also seek to trade on the floor of the Exchange.

Traders are not permitted to trade outside the official trading hours and the trading engine will not be active outside the market hours.

### **Specific Client Instructions**

Where a client provides specific instructions as to execution, the order will be executed in accordance with those instructions to obtain the requested results for the execution of those orders as much as is reasonably possible. Where there is no specific client instruction as to how an order should be executed, the best professional judgement will be applied for each order, considering all available market information at the time of execution.

All confirmed client orders (i.e., buy/sell) will be entered into our jobbing book for execution on the Floor of the Exchange (“The Exchange”) and we will pursue the execution of the mandate within the standard 10 business days period or as otherwise detailed in the client’s mandate (“Mandate Validity Period”).

If after the relevant period, the trade has not been executed, the order will automatically be taken off our jobbing book while we notify the Client of the non-execution of the order within the Mandate Validity Period.

Where the Client requests that the order be re-processed, we will seek to re-job the client’s order upon receipt of the Client’s fresh instructions in respect of the same instrument.

### **Daily Trade Settlement**

Trade settlement is performed on a T+3 timeline for equities and T+2 timeline for bonds across all markets.

### **Broker Dealer Roles and Responsibilities**

The expected roles and responsibilities of Lighthouse in its best execution policy is as follows:

- Put in place the best execution policy, notify the clients of its best execution policy before services are offered to them and notify clients of subsequent amendments.
- Always display the latest approved version of the best execution policy on the website.
- Accurately capture all mandates in a timely and orderly manner as well as notify clients promptly of any difficulties in executing the orders.
- Provide where necessary its compliance with the best execution policy to the required party - SEC, NGX, NASD and FMDQ etc.

- Monitor and review the best execution policy periodically, at least annually or whenever a material change occurs that affects our ability to obtain the best result for the execution of client's orders on a consistent basis.
- The Risk Management, Compliance /Legal, and Internal Audit Unit will perform order tracking and monitoring daily.
- The order management system shall retain an audit trail on all modified, cancelled and executed orders, providing visibility through the entire lifecycle of an order.

### **Cross Trades**

Where we have two clients with opposite needs in the same security and it is in the interest of both clients to transact with each other instead of both going to the market, we will obtain relevant sell and buy instructions from the potential seller and buyer of the security respectively and upon receipt of same, shall proceed to cross the trade at the best available market price.

### **Direct Market Access (DMA) - Lighthouse E-Trade**

Where we have two clients with opposite needs in the same security and it is in the interest of both clients to transact with each other instead of both going to the market, we will obtain relevant sell and buy instructions from the potential seller and buyer of the security respectively and upon receipt of same, shall proceed to cross the trade at the best available market price.