

Order Execution Policy

1. INTRODUCTION

The Order Execution Policy (hereinafter – the “Policy”) specifies the principles and procedures which AS “SEB banka” (hereinafter – “SEB banka”) will follow when executing or transmitting orders in financial instruments on behalf of its retail and professional clients. SEB banka will take all reasonable steps in accordance with this Policy in order to obtain the best possible results for its clients. Please note that although the procedures set out in the Policy are expected to produce the best possible result for SEB banka’s clients, there is no guarantee that circumstances will enable this to be achieved in every single transaction.

As such, the procedures set out herein constitute “Best Execution” in SEB banka’s view. **By asking SEB banka to enter into a transaction with or for client, the clients agrees to the transaction being executed in accordance with this Policy.**

Where a client requests a quote and accepts it or where the terms (including the price) of a deal are otherwise specifically agreed between SEB banka and the client, the resultant transaction will for a retail client be considered to constitute Best Execution, and will for a professional client be outside the terms of this Policy.

The same order can be executed in parts using more than one of the methods described in this Policy.

2. SPECIFIC CLIENT INSTRUCTION

Where a client gives SEB banka a specific instruction on how all or part of its order should be executed, the relevant execution will be effected in accordance with such instructions. **The client should be aware that providing specific instructions may prevent SEB banka from following the procedures set out in this Policy, which are considered likely to obtain the best possible result for the client.**

3. THE RELATIVE IMPORTANCE OF DIFFERENT FACTORS IN EXECUTION

In executing a client’s order SEB banka will take into account the following matters:

- the price at which it is likely to be executed at and the costs which will be incurred;
- the speed and likelihood of both execution and settlement;
- the size and nature of the order and its impact on the market; and
- any other factor which SEB banka considers to be relevant to the execution of the order.

Using its reasonable judgement, SEB banka will weigh these factors at the time of execution in accordance with its client’s characteristics, type and amount of the order, the financial instrument involved, order execution venue and the prevailing market conditions.

Unless special circumstances apply, SEB banka’s priority in executing transactions will be to obtain the best possible result in terms of the total consideration to be paid or received by the client.

4. EXECUTION OF ORDERS IN FINANCIAL INSTRUMENTS REGULARLY TRADED ON EXTERNAL EXECUTION VENUES

This section applies to financial instruments traded with reasonable liquidity on a regulated market or any other execution venue. Such instruments include, for example, certain:

- shares;
- bonds and other interest-bearing or discounted debt instruments, including index-linked bonds;

- standardised derivatives;
- exchange traded fund (ETFs);
- other financial instruments traded on an external execution venue.

SEB banka will execute its client’s order in such a financial instrument in the following way:

- The order will normally be routed for execution to the execution venue SEB banka considers to provide the best result for the client taking into account the factors in section 3 of the Policy. Where the order is of a larger size, such that care is required in its execution in order to minimize the adverse impact of the order in the market, SEB banka will execute the order at such times, and in such separate parts in the market, as appears in its reasonable judgement as to be likely to produce the best possible overall result for the client under the circumstances as they develop.
- Should circumstances permit it, and provided that it appears to SEB banka that it will operate to the client’s overall advantage, SEB banka may choose to execute all or part of the order against either its own book or directly against a market counterparty or the order of another of its clients. However, SEB banka will only do this if it appears likely at the time of dealing that the result is at least as good as would have been obtained in the market.
- SEB banka may offer to take an order of a larger size directly onto its own book at a price agreed with the client. The agreed price may be less advantageous than the price prevailing in the market for small volumes, but is likely to be more advantageous than the price that could have been obtained in the market at the time for volumes equal to the size of the order.
- Where a client requests SEB banka to make a quote for a transaction off its own books, SEB banka will take reasonable care to ensure that the price so quoted is fair in all the circumstances.

5. EXECUTION OF ORDERS IN FINANCIAL INSTRUMENTS NOT REGULARLY TRADED ON EXTERNAL EXECUTION VENUES

This section applies to financial instruments which are not traded with reasonable liquidity on a regulated market or other marketplace, such as both standardised but non-exchange traded instruments and instruments created (whether by SEB banka or another intermediary) from one or more components, some of which may be listed or traded in their own right, for example in order to provide an instrument designed to meet specific exposure requirements. Such instruments include, for example, certain:

- bonds and other interest-bearing or discounted debt instruments;
- OTC derivatives;
- instruments in which the return is linked to the performance of a specific index or reference rate;
- instruments based on or involving contracts for difference;
- shares not admitted to trading on regulated market or other market place;
- fund units (other than ETF’s);
- other financial instruments not regularly traded on a regulated market or other marketplace.

SEB banka will execute its client’s order in such a financial instrument in the following way:

- SEB banka may execute the order against its own book, at a fair price. The pricing will take into account the prevailing market price available to SEB banka or level of the underlying asset, index or rate incorporated into the structure of the

instrument, or other relevant market factors or events. The pricing will in addition take into account the risks and costs involved in SEB banka's business model for the instrument in question – such as costs inherent in the utilization of its own capital to support its dealings with clients, counterparty credit risk, operational risk or risk position assumed in creating the instrument and making it available to clients – and SEB banka's reasonable profit margin in the light of these.

- To be able to provide execution in securities for which there is no readily available market quote, SEB banka may execute the order against a market counterparty or the order of another of its clients.
- Specifically for fund units, SEB banka will carry out its client's order by transmitting it, directly or through an intermediary, to the fund management company (or equivalent) responsible for administering the fund in question.

6. PRIMARY MARKET TRANSACTIONS

SEB banka will execute primary market transactions in financial instruments by transmitting the client order to the issuer, or the agent of the issuer, in accordance with the client's instruction and the terms and conditions for the specific issuance.

7. EXECUTION VENUES USED BY SEB BANKA

SEB banka participates in a variety of different regulated markets and MTFs. In addition, SEB banka has direct access to certain other execution venues, chosen in each case because they meet SEB banka's requirement to execute orders to the best advantage of its clients. When selecting execution venue, SEB banka will assess such matters as price, commissions, other expenses, execution and settlement likelihood and speed, information availability and other that could be important upon execution of orders. Where client's order can be executed in more than one execution venue, SEB banka will choose execution venue it considers to provide the best possible result for the client.

For a list of execution venues frequently used by SEB banka, please refer to www.seb.lv/mifid and information available on branch offices of SEB banka. Note, however, that SEB banka may execute client orders on venues other than those on the list when it considers that this is appropriate in the light of the circumstances at the time and unlikely to produce a worse overall result for the client.

8. PLACING AND TRANSMISSION OF ORDERS TO THIRD PARTY BROKERS

When transmitting its clients' orders, SEB banka will handle the placing of orders in the way it regards at the time as being in the best interest of the client, and, where it deems it appropriate, may use the services of a third party broker.

SEB banka will make a careful assessment of any third party broker it uses and will establish a relationship with it. When selecting a third party broker through which or by which client orders are executed, SEB banka considers factors such as price, costs, speed and likelihood of both execution and settlement, as well as other factors that might be significant at the time of placement and transmission of orders.

9. EXECUTION OUTSIDE A REGULATED MARKET OR AN MTF

SEB banka may execute client orders outside a regulated market or an MTF (Multilateral Trading Facility). This applies primarily to non-exchange traded financial instruments, but could also be the case for exchange-traded financial instruments, although in the latter case SEB banka is required to obtain the client's prior express consent.

10. CLIENT ORDER HANDLING

SEB banka will execute each client's orders in a prompt, fair and expeditious manner and will generally seek to execute comparable orders in the sequence in which the orders are received, unless for

example the characteristics of the order or prevailing market conditions make this impracticable or against the best interests of its client.

Provided that it is unlikely to work to the overall disadvantage of its clients, SEB banka may aggregate a client's orders with the orders of other clients, or with transactions that it is arranging for its own account. Whilst such aggregation is not expected to operate to a client's disadvantage overall, and indeed, may work to its advantage on occasions, it may on other occasions work to the client's disadvantage in relation to a particular order. Where SEB banka aggregates a client's order with other orders, and the combined order is executed fully, received funds or financial instruments will be allocated proportionally between that client and the other parties whose interests have been aggregated based on size of each order aggregated. Where the combined order is executed partly or in several different parts with different prices, received funds or financial instruments will normally be allocated on equal parts despite the size of each individual order. Where a client's order is combined with SEB banka's transaction for own account and the combined order is executed partly or in several different parts with different prices, received funds or financial instruments will be allocated in priority order – at first to the client and then to SEB banka, with the exemption in circumstances where SEB would not be able to execute the order equally favourable for the client without such aggregation or would not be able to execute it at all. Under certain circumstances and with prior notice to all parties whose interest have been aggregated, SEB banka can allocate received funds or financial instruments from a combined order executed partly or in several different parts with different prices based on a different basis, such as pro rata to the different order sizes, or time sequence for receipt of orders.

11. THE IMPACT OF DISRUPTED MARKETS, SYSTEM FAILURES

In some cases, whether as a result of trading suspensions, cancellation of transactions by the execution venue, disrupted markets, system failures or otherwise, SEB banka may feel that it is in a client's best interests to execute or transmit its order using a method different to that normally used for the instrument in question. In such cases, SEB banka will take all reasonable steps to achieve the best possible overall result for the client under the prevailing circumstances.

If the events referred to above result in serious disruption in the markets, SEB banka will make reasonable efforts to contact clients whose orders have not yet been executed in order to obtain additional instructions. If SEB banka is unable to obtain such instructions, it will take such actions as reasonably seem to be in the best interest of the client, and the client will be bound by the result.

Where a market operator cancels or amends trades executed on its market, SEB banka and its clients will be bound by such steps, even if SEB banka has in the meantime confirmed that the transaction has been executed.

12. CHANGES AND UPDATES TO THIS POLICY

This Policy is subject to change. The Policy, and the execution venues, third party brokers and execution arrangements referred to in it, as well as the results they produce, will be reviewed periodically in order to ensure that they are likely to provide the best possible result for SEB banka's clients. This will be done as circumstances dictate, and at least annually. Any changes to the Policy will be published on SEB banka's website, and can be accessed on www.seb.lv/mifid and branch offices of SEB banka. Such change and updates will take effect from the day they are published on the website and branch offices of SEB banka.