



POLICY FOR EXECUTION OF ORDERS IN FINANCIAL INSTRUMENTS

1. GENERAL PROVISIONS

1.1. This Policy regulates the execution of orders in AB DNB Bankas (hereinafter referred to as “the Bank”), determines execution factors and their relative importance, execution venues, the merger of orders, and the distribution of transactions.

1.2. In the course of the execution of orders of a client (hereinafter referred to as “a / the Client”), the Bank shall seek to achieve the best possible result for the Client. The Bank shall execute the said orders in compliance with the Law of the Republic of Lithuania on Markets in Financial Instruments and this Policy for the Execution of Orders in Financial Instruments (hereinafter referred to as “the Order Execution Policy” or “the Policy”). If a Client provides a specific instruction to the Bank, the said instruction shall be executed precisely, without deviating from the conditions set forth therein; in this case, however, the Bank’s ability to achieve the best result for the Client will be limited by the conditions specified in the instruction.

The Bank shall apply the Order Execution Policy when executing the Clients’ orders.

This Order Execution Policy shall not apply in cases when the Bank publishes firm bid and ask quotes at which the Bank is prepared to conclude corresponding transactions while assuming the corresponding risk.

2. ORDER EXECUTION FACTORS AND THEIR RELATIVE IMPORTANCE

2.1. When executing a Client’s order, the Bank shall take into account the following criteria:

- the characteristics of a retail and professional Client;
- the features of the Client’s order;
- the features of the financial instrument that is the subject of the order;
- the features of the execution venues at which that order can be executed.

2.2. When determining the best method for the execution of a Client’s order, the Bank shall evaluate the following factors:

2.2.1. **The price of the financial instrument;** the Bank deems this factor to be the most important in the execution of an order, irrespective of the category of the Client. An order shall be executed under the prevailing market conditions and in accordance with the time priority principle for similar orders.

2.2.2. **The costs of the execution of an order;** these costs constitute a component of the total settlement amount. They are therefore considered to be the second factor by importance after the price factor. The Bank shall select those execution venues where the costs of the execution of an order are the lowest and comparable to each other.

2.2.3. **The speed of the execution of an order;** when market prices change rapidly, the speed of the execution of an order may have a significant influence on the final settlement amount. This can be especially important when an order is for a large amount, irrespective of whether the Client is professional or not. However, in every case, orders for financial instruments of the same category shall be executed in accordance with the time priority principle, irrespective of the category of the Client, the amount and content of the order, and other conditions.

2.2.4. **The likelihood of the execution and settlement of an order;** the Bank shall select those execution venues where the probability of execution and settlement of an order is the highest.

2.2.5. **The size and content of the order;** the Bank shall be entitled to apply different commissions depending on the size of the order. The Bank shall be entitled at its own discretion to establish the minimum and maximum amount of an order for certain financial instruments, taking into account market practice and the costs to be incurred. In all other cases, the size and content of an order shall not in any way influence its execution on terms most favourable to the Client.

2.3. The Bank shall draw the attention of the Client to the fact that the best result for the execution of an order is not limited to the price, but also comprises other costs and the speed and probability of execution. Even in a case where it appears that the price was not the best, this circumstance should not necessarily mean that the order was not executed on terms most favourable to the Client.

2.4. The Bank shall disclose the information regarding the total amount payable by the Client for a financial instrument, including all related payments, commissions and costs, as well as other payable charges which are to be paid through the Bank, or if the exact amount payable cannot be determined, the grounds for the calculation of the total amount payable, in order to enable the Client to verify the said amount.

3. ORDER EXECUTION VENUES

3.1. The Bank shall select order execution venues taking into consideration the following:

- liquidity and accessibility thereof to other market participants;
- transparency of pricing;



- the speed of the execution of the order;
- the costs of the execution of the order;
- the limitations on the size of the order.

3.2. The Bank shall select the following as the primary execution venues:

- regulated markets;
- electronic multilateral trading facilities;
- investment firms acting as systematic internalisers.

3.3. The Bank does not seek to use the maximum possible number of execution venues; however, their number should be sufficient to ensure the execution of orders on terms most favourable to the Client.

3.4. If several execution venues meet the established requirements, and the best possible result for the Client can essentially be achieved in them, the Bank shall select at its own discretion one or several execution venues for each financial instrument category.

3.5. Orders for the purchase / sale of financial instruments which are **actively** traded on regulated markets or in multilateral trading facilities (e.g. shares or futures) shall be always transferred, either directly by the Bank, or with the engagement of third parties, for execution to the corresponding stock exchanges / multilateral trading facilities, specified in Annex to this Policy.

3.6. The Bank shall review on a regular basis the list of selected execution venues considering the requirements to execute orders on terms most favourable to the Client, and shall compare them with other possible execution venues. If a better result can be achieved in the other venue, the Bank shall exert all efforts to start executing orders at that venue, but only upon estimation of all costs of the Bank and benefits related to the change of the venue.

3.7. If an order can not be executed in the execution venues specified in this Policy because of the reasons beyond control of the Bank, the order may be executed in any other venue upon approval by the Client. The Bank shall notify the Client that order execution in the other venue may have negative effect on the price, usual costs and speed of the execution. Furthermore, the Bank can restrict the minimum or maximum amount of the order.

3.8. If an order cannot be executed by any means because of the reasons beyond the Bank's control, the order shall not be accepted.

3.9. A list of execution venues is included in the Annex to the Order Execution Policy, which is published on the Bank's website. Information on the changes of the execution venues shall be provided immediately by updating the Bank's website.

4. MERGER OF ORDERS

4.1. The Bank shall separately execute an order of each Client and shall neither merge the order of one Client with that of another Client nor with a transaction at its own expense.

5. FINAL PROVISIONS

5.1. The Bank shall monitor the effectiveness of the Order Execution Policy on ongoing basis, and if any defects are detected – must correct them without any delay. The Bank shall monitor and analyze on ongoing basis whether the execution venues indicated in the Order Execution Policy provide for the best possible result for the Client and whether the Order Execution Policy needs improvement.

5.2. The Order Execution Policy must be reviewed at least once per year. Review is also obligatory in case of a material change that affected the Bank's capability to achieve the best possible result for the Client. The Bank shall notify its Clients about any material changes in the Order Execution Policy.

5.3. The Bank is obliged to provide Clients with a clear and explicit warning in the event that any specific instruction received from the Client may prevent the Bank from taking actions established in the Order Execution Policy and applied by the Bank in order to achieve the best possible result for the Client.



ORDER EXECUTION VENUES

1. Orders for the purchase / sale of financial instruments shall be executed in the execution venues specified below and which are relied upon by the Bank most frequently in order to achieve the best possible result for the Client:

1.1. Shares of companies of the Baltic States: NASDAQ OMX stock exchanges in Vilnius, Tallinn, and Riga.

1.2. When orders are placed via the DNB Trade platform and:

1.2.1. are in respect of financial instruments that are traded on the following regulated markets or multilateral trading facilities:

- American Stock Exchange;
- Australian Stock Exchange;
- Athens Stock Exchange;
- Euronext Amsterdam;
- Euronext Brussels;
- Euronext Paris;
- Euronext Lisbon;
- OMX Copenhagen;
- OMX Stockholm;
- OMX Helsinki;
- Frankfurt Stock Exchange;
- Hong Kong Stock Securities Exchange;
- London Stock Exchange SETS;
- Borsa Italiana;
- NASDAQ Global Markets;
- NASDAQ Capital Markets;
- New York Stock Exchange;
- Oslo Stock Exchange;
- Singapore Exchange Securities Trading Limited;
- Sistema De Interconexion Bursatil Espanol;
- SWX Swiss Exchange, SWX Europe Exchange;
- Tokyo Stock Exchange;
- Wiener Borse;
- Chicago Board of Trade;
- EUREX
- Chicago Mercantile Exchange;
- New York Mercantile Exchange;
- Sydney Futures Exchange.

1.2.2. are in respect of financial instruments that are not traded in the regulated markets or multilateral trading facilities mentioned in 1.2.2 above, the orders shall be executed from the portfolio of the said financial instruments held by the Bank.

1.3. Foreign investment funds, with the exception of those registered in the Baltic States – on the electronic multilateral trading facility operated by HSBC Trinkaus & Burkhardt. Investment funds registered in the Baltic States – via respective fund manager.

1.4. Orders for debt securities are executed via Swedbank, AB, AB SEB Bankas or AB DNB Bankas. Interest rate derivative transactions are executed via DNB Bank ASA.

2. In OTC derivatives trading the Bank shall execute orders by making transactions with the Client at its own expense at a fair price set to the Client. In setting a price the Bank shall take into account, inter alia, the market prices of similar financial instruments, prevailing interest rates, underlying asset class, liquidity of a derivative instrument, complexity of a transaction, counterparty risk, including counterparty credit risk, capital costs, transaction costs.

3. The Bank shall inform the Client that the Client orders can also be executed in execution venues other than those specified in Clause 1 of this Annex to the Order Execution Policy provided that such execution does not prevent the Bank from obtaining the best possible result for the Client in accordance with the terms and conditions of this Order Execution Policy.