

## POLICY FOR EXECUTION OF ORDERS IN FINANCIAL INSTRUMENTS

### 1. GENERAL PROVISIONS

1.1. This Policy regulates the execution of orders on behalf of non-professional and professional clients in AB DNB Bankas (hereinafter referred to as “**the Bank**”), determines the order execution factors and their relative importance, and describes the order execution ways and venues, the timing of order execution and the aggregation of orders.

1.2. In the course of the execution of orders on behalf of non-professional and professional clients (hereinafter referred to as “**a / the Client**” or “**the Clients**”), the Bank shall take all reasonable steps and measures to achieve the best possible result for the Client (hereinafter referred to as “**the Best Execution**”). The Bank shall execute the said orders in compliance with the Law of the Republic of Lithuania on Markets in Financial Instruments (hereinafter referred to as “**the MiFI Law**”) and this Policy for the Execution of Orders in Financial Instruments (hereinafter referred to as “**the Order Execution Policy**” or “**the Policy**”).

1.3. Upon acceptance of a Client order and when there is no specific Client instruction regarding the execution method, the Bank shall assess how to execute the order to achieve the Best Execution. This assessment shall be based on the guidelines for the execution of orders as provided herein below. These guidelines apply to the following financial instruments:

- Transferable securities;
- Investment fund units including exchange traded funds (hereinafter referred to as “**ETFs**”);
- Exchange-traded derivatives (i.e. derivatives traded on regulated markets and (or) multilateral trading facilities).

### 2. EXCEPTIONS FROM THE POLICY

2.1. When the Bank acts as a systematic internaliser and publishes binding bid and ask prices at which the Bank is willing to buy or sell financial instruments, this Order Execution Policy shall not be applied.

2.2. Neither shall it be considered an execution of orders (i.e. the Bank will not be acting on the Client's behalf) if non-transferable customised financial instruments are concerned, whereas (i) the Bank and the Client negotiate a price for such Over-the-Counter (hereinafter referred to as “**OTC**”) derivative transaction, (ii) the Bank is one of the parties thereto and (iii) it will assume the counterparty credit risk. The provisions of the MiFI Law relating to the Best Execution shall not apply when the Client accepts prices relating to the purchase or sale of such non-transferable customised financial instruments (i.e. currency, interest rate and (or) commodity derivatives).

2.3. If the Client gives specific instructions to the Bank, the Bank shall – to the fullest possible extent – execute the order in accordance with those specific instructions. The Client is hereby clearly and explicitly warned that as a consequence thereof such specific instructions may prevent the Bank from taking actions established in the Order Execution Policy and applied by the Bank for the purposes of achieving the Best Execution, and, therefore, the provisions of the MiFI Law relating to the Best Execution will not apply. With respect to specific instructions which apply to only parts of an order, the Best Execution requirement will still apply to the rest of the order.

### 3. ORDER EXECUTION FACTORS AND THEIR RELATIVE IMPORTANCE

3.1. When the Bank executes an order on behalf of the Client, the following criteria shall be considered when weighting the relevance of the factors listed in Clause 3.2 herein below:

- the type (non-professional or professional) of the Client;
- the characteristics of the Client order;
- the characteristics of the financial instrument(s) that is (are) the subject of the order (in particular in relation to OTC financial instruments);
- the characteristics of the execution venues at which that order can be executed.

3.2. When choosing the best execution method for the Client order, the Bank shall take into account the following factors:

- the price of a financial instrument;
- the costs of the execution of an order;
- the swiftness of the execution of an order;
- the probability for the execution and settlement of an order;
- the size and content of an order.

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

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

**3.2.3. The swiftness of the execution of an order:** in view of the levels of volatility affecting both price and volume, the swiftness of the execution of an order may have a significant influence on the total settlement amount. This can be especially important when an order is for a large amount, irrespective of whether the Client is professional or non-professional. However, in each case, orders in 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.

**3.2.4. The probability for 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.

**3.2.5. The size and content of the order:** the Bank shall seek markets that provide the greatest liquidity and thus potential for execution of Clients' orders, and may apply different commissions depending on the size of an order. Furthermore, the Bank may at its own discretion establish the minimum and maximum amount of an order for certain financial instruments, taking into account common market practice and (or) 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.

3.3. The Bank draws the attention of the Client to the fact that the Best Execution is not limited to the price, but also comprises the costs and swiftness of and probability for the execution and settlement of an order. For non-professional clients, the total settlement amount to be payable by the Client will normally be a decisive factor for the choice of the execution method; this therefore means that other factors such as swiftness, probability for execution and settlement only take precedence over the price and costs if this contributes to the achievement of the Best 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.

3.4. The Bank shall disclose the information regarding the total settlement 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 settlement amount payable by the Client, in order to enable the Client to verify the said amount.

#### 4. ORDER EXECUTION WAYS & VENUES

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

- the liquidity and accessibility thereof to other market participants;
- the transparency of pricing for financial instruments;
- the swiftness of the execution of an order;
- the costs of the execution of an order;
- the limitations on the size of an order.

4.2. The Bank may execute orders of the Clients in one of the following ways:

- by executing the order on a regulated market;
- by executing the order in the multilateral trading facility;
- by transmitting orders to other investment firms;
- by acting as intermediary for both the purchasing Client and the selling one(s) ("client-to-client trading");
- by becoming one of the parties for part of or the entire transaction ("own-account trading").

4.2.1. Orders in financial instruments (i.e. stocks, futures, options and ETFs) which are admitted to trading and official listing on the regulated markets or multilateral trading facilities (hereinafter referred to as "**the MTFs**") shall be always routed, either directly by the Bank or with the engagement of third parties, for the execution to the corresponding regulated markets (exchanges) or MTFs, as specified in the Annex to this Policy. If financial instruments are traded in several trading systems and all these execution venues meet the established requirements and the Best Execution can essentially be achieved in any of them, the Bank shall normally execute orders in those regulated markets or MTFs where the Bank has direct access. Trading in the above mentioned financial instruments may take place outside the regulated markets and MTFs if the Clients have given their prior consent.

4.2.2. Orders in debt securities (bonds), which are admitted to official listing for regulatory and information disclosure purposes and have little volume on the regulated markets (exchanges), are normally executed OTC.

4.2.3. Orders in financial instruments, which are not traded in regulated markets or MTFs where the Bank is a member, shall normally be transmitted by the Bank to other investment firms for execution. Despite the fact that

those orders are transmitted to other investment firms for execution, the Bank's duty to implement all reasonable measures to generate the Best Execution shall remain.

4.2.4. Orders in investment fund units are executed either with such investment fund manager directly or through the investment firms acting as intermediaries for such investment funds.

4.2.5. If the Bank receives the Clients' orders regarding both the purchase and sale of the same financial instrument, and these orders can be matched internally, the orders may be executed by the Bank concluding the respective contracts on behalf of the Clients. The Bank shall then protect the Clients' interests with the same care as if the orders were automatically matched in a trading system, and determine the price of the financial instruments based on market price or, if the market price is not available, a price which is reasonable in relation to the situation of the market. The trade shall be made public in accordance with the prevailing regulations.

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

4.4. If a Client order cannot be executed in the execution venues specified in the Annex to the Policy because of the reasons beyond the Bank's control, the order may be executed in any other execution venue subject to the prior approval of such execution venue by the Client. The Bank shall notify the Client respectively, informing that the order may be executed in other execution venue; however order execution in such other execution venue may have negative effect on the price, usual costs and swiftness of the order execution.

4.5. 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.

4.6. The Bank shall review on a regular basis the list of the selected execution venues considering the requirements to execute orders on terms most favourable to the Client, and shall compare them with other potential execution venues.

4.7. The up-to-date list of the execution venues is published on the Bank's website at the following address – [www.dnb.lt/mifid](http://www.dnb.lt/mifid). Information on the changes in the execution venues shall be provided immediately by updating the Bank's website.

## **5. TIMING OF ORDER EXECUTION**

5.1. In cases where a Client does not give specific instructions, the Bank shall commence the execution of the order immediately after the receipt of the order from the Client. This means that the Bank shall process incoming orders based on the time priority principle.

5.2. If Client orders are received outside the marketplace's opening hours, the orders shall normally be executed when the marketplace reopens.

## **6. AGGREGATION OF ORDERS**

6.1. The Bank shall separately execute an order of each Client and shall neither aggregate the order of one Client with that of another Client nor with a transaction for the Bank's own account.

## **7. FINAL PROVISIONS**

7.1. The Bank shall monitor and evaluate 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 analyse on ongoing basis whether the execution venues indicated in the Order Execution Policy provide for the Best Execution and whether the Order Execution Policy needs improvement.

7.2. The Order Execution Policy must be reviewed at least once per year or in connection with the important changes in the financial instruments markets or whenever a material change occurs that affects the Bank's ability to achieve the Best Execution. The Bank shall notify its Clients about any material changes in the Order Execution Policy.

7.3. Amendments to the Policy for the Execution of Orders in Financial Instruments are approved by the Head of DNB Markets Baltics Division.

## ANNEX TO THE ORDER EXECUTION POLICY

**ORDER EXECUTION VENUES**

1. Orders in financial instruments on behalf of the non-professional and professional clients shall be executed in the execution venues specified below:

1.1. Orders in shares of companies of the Baltic States – on NASDAQ OMX stock exchanges in Vilnius, Tallinn and Riga;

1.2. Orders in financial instruments that are traded on the regulated markets and (or) multilateral trading facilities – on the regulated markets and (or) multilateral trading facilities specified on the Bank's website at the following address – [www.dnb.lt/mifid](http://www.dnb.lt/mifid);

1.3. Orders in financial instruments that are not traded on the regulated markets and multilateral trading facilities, placed via the DNB Trade platform, – through the Bank acting as systematic internaliser;

1.4. Orders in Baltic debt securities – via AB DNB Bankas, AB SEB bankas or “Swedbank”, AB; orders in non-Baltic debt securities – via Commerzbank, Citigroup and Deutsche Bank.

2. 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 order 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.