

For Retail Clients

Report on Top 5 Execution Entities and related information

Objective

Directive 2014/65/EU of the Parliament and the Council of 15 May 2014 on markets in financial instruments (MiFID II) and its delegated legislation require Luminor Bank AS (the Bank) to summarise and make public on an annual basis, the top five execution venues for each class of financial instruments in terms of trading volumes where the Bank has executed or transmitted client orders in the preceding year as well as to prepare a summary of the analysis and conclusions of monitoring of the quality of execution obtained.

This report (the Report) is intended to enable the public and investors to evaluate the quality of the Bank's execution practices by requiring publication of valuable information about how and where the Bank has executed client orders.

This Report is prepared for the period from 1 January 2019 to 31 December 2019.

Relative importance given to the execution factors and differences according to client categorisation

The Bank has considered a number of factors that might be important to clients when the Bank executes their orders. Price, costs, speed of execution, likelihood of execution and settlement, size and nature as well as other factors that may be relevant to the order (for example, market impact – the effect that executing client's order, or showing it to market participants, might have upon the market).

When the Bank executes orders on behalf of retail (non-professional) clients, best execution is determined on the basis of the total consideration paid by the client. Total consideration is the price of the financial instrument and the costs related to execution, including all expenses incurred by the client which are directly related to the execution of the order such as venue execution fees, clearing and settlement fees and any other fees paid to third parties involved in the execution of the order. When assessing whether best execution has been achieved, the Bank does not take into account its standard charges that will be paid by the client irrespective of how the order is executed.

When the Bank executes orders on behalf of professional clients, it will use reasonable judgement to weigh different execution factors at the time of execution in accordance with execution criteria. Even where it seems that the price of financial instruments was not the best available, the order may still be considered executed on the terms most favourable to the client.

More information is available in The Policy for Execution of Orders in Financial Instruments, which is published on the Bank's website.

Description of close links with execution venues and potential conflicts of interest

As of 1 October 2017 the sole shareholder of the Bank is a holding company Luminor Group AB (a Swedish resident) owned by Nordea Bank AB (publ) and DNB Bank ASA having equal voting rights.

On 2 January 2019 the cross-border merger of Luminor Bank AS (Estonia), Luminor Bank AS (Latvia) and Luminor Bank (Lithuania) has been completed. As a result of the cross-border merger the Bank has taken over rights and obligations of Luminor Bank AS (Latvia) and Luminor Bank (Lithuania).

As of 2 January 2019 the Bank is operating in Lithuania and Latvia through the Bank's branches: Luminor Bank AS Lithuanian Branch, Commercial Register Number 304870069, Konstitucijos pr. 21A, Vilnius, Lithuania and Luminor Bank AS Latvian Branch, Commercial Register Number 40203154352 Skanstes iela 12, LV-1013, Riga.

No.	Execution venue	Description of Close Link
1.	The Bank	When executing client orders in particular financial instruments, the Bank may source liquidity from its own trading book and/or act as a principal to client (on own account) being an execution venue itself.
2.	Nordea Bank Abp	An indirect shareholder of the Bank, holding 19.95% shares in Luminor Holding AS

3.	Nordea Asset Management Luxembourg	Group company of Nordea Bank Abp , which is indirect shareholder of the Bank
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Detailed information on use of each execution venue having close links with the Bank in respect of particular class of financial instrument is disclosed in tables below in this Report as well as the Policy for Execution of Orders in Financial Instruments.

The Bank itself does not hold common ownership in any execution venue.

Conflicts of interests that potentially may arise when executing or transmitting for execution client orders to execution venues having close links with the Bank are managed according to the Bank's Policy of Avoiding Conflicts of Interest in Providing Investment Services which is published on the Bank's website.

Description of specific arrangements

The Bank has different specific arrangements with particular counterparties being execution venues at the same time. Depending on the business set-up in particular cases the Bank may receive monetary benefit from such counterparties for different services: distribution of particular financial instruments, safeguarding of financial instruments, introducing counterparty's services to the Bank's clients, etc. The detailed explanation on inducements received by the Bank, as well as its management is disclosed in the Inducement Policy for the Provision of Investment and Ancillary Services which is published on the Bank's website.

Best execution quality monitoring

The Bank has performed detailed monitoring in assessing the quality of execution obtained on execution venues and entities. It was concluded that trades done with its execution venues and entities have been performed according its best execution monitoring rules for the period from 1 January 2019 to 31 December 2019.

Definitions

Passive order – an order that is submitted to a venue which runs an order book and provided liquidity on the order book

Aggressive order – an order that is submitted to a venue which runs an order book and took liquidity on the order book

Directed order – an order where a specific execution venue was specified by the client prior to the execution of the order

Top 5 Execution Entities, Retail Clients Luminor Bank AS - 2019

Class of Instrument	Equities – Shares & Depository Receipts - Tick size liquidity bands 1 and 2				
Notification if <1 average trade per business day in the previous year	N				
Top five execution entities ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Saxo Bank A/S - 549300TL5406IC1XKD09	80.1%	43.1%	100.0%		
Luminor Bank AS - 213800JD2L89GGG7LF07	13.4%	54.5%	100.0%		
Nordea Bank Abp - 529900ODI3047E2LIV03	6.5%	2.4%	89.6%	10.4%	

Class of Instrument	Equities – Shares & Depository Receipts - Tick size liquidity bands 3 and 4				
Notification if <1 average trade per business day in the previous year	N				
Top five execution entities ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Saxo Bank A/S - 549300TL5406IC1XKD09	88.8%	95.7%	100.0%		
Nordea Bank Abp - 529900ODI3047E2LIV03	11.1%	4.2%	50.7%	49.3%	
Luminor Bank AS - 213800JD2L89GGG7LF07	0.1%	0.1%	100.0%		

Class of Instrument	Equities – Shares & Depository Receipts - Tick size liquidity bands 5 and 6				
Notification if <1 average trade per business day in the previous year	N				
Top five execution entities ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Luminor Bank AS - 213800JD2L89GGG7LF07	96.1%	97.0%	100.0%		
Nordea Bank Abp - 529900ODI3047E2LIV03	3.7%	1.5%	50.6%	49.4%	
Luminor Bank AS - 213800JD2L89GGG7LF07	0.1%	1.5%	100.0%		

Class of Instrument	Exchange traded products (Exchange traded funds, exchange traded notes and exchange traded commodities)				
Notification if <1 average trade per business day in the previous year	N				
Top five execution entities ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
BNY Mellon Capital Markets EMEA Limited - 213800O5FBGOWU89LN14	41.1%	6.8%	100.0%		

Luminor Bank AS - 213800JD2L89GGG7LF07	25.5%	0.8%	100.0%		
HSBC Trinkaus und Burkhardt KGAA - JUNT405OW8OY5GN4DX16	19.3%	24.8%	27.2%	72.8%	
Saxo Bank A/S - 549300TL5406IC1XKD09	8.3%	16.0%	100.0%		
Nordea Bank Abp - 529900ODI3047E2LIV03	5.8%	51.7%	39.8%	60.2%	

Class of Instrument	Debt Instruments – Bonds				
Notification if <1 average trade per business day in the previous year	N				
Top five execution entities ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Luminor Bank AS - 213800JD2L89GGG7LF07	82.7%	71.5%	99.3%	0.7%	
BNY Mellon Capital Markets EMEA Limited - 213800O5FBGOWU89LN14	16.9%	13.1%	100.0%		
Nordea Bank Abp - 529900ODI3047E2LIV03	0.4%	15.4%	9.5%	90.5%	
HSBC Trinkaus und Burkhardt KGAA - JUNT405OW8OY5GN4DX16	0.0%	0.0%	100.0%		

Class of Instrument	Other				
Notification if <1 average trade per business day in the previous year	N				
Top five execution entities ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Luminor Bank AS - 213800JD2L89GGG7LF07	65.0%	20.2%	100.0%	0.0%	
HSBC Trinkaus und Burkhardt KGAA - JUNT405OW8OY5GN4DX16	32.0%	7.1%	64.6%	35.4%	
Nordea Investment Funds S.A. - 549300LCQUXMRSWPKT48	3.0%	72.8%	22.7%	77.3%	