

# ORDER EXECUTION POLICY FOR INVESTMENT SERVICES

Publicly available document

PO0005

## APPROVED

by Resolution No 08/08/2018 of the Supervisory Board of AS Citadele banka,  
dated 29 November 2018

## ACCEPTED

by Decision No 7/57/2018 of the Management Board of AS Citadele banka,  
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**Organisational and administrative provisions****I. Purpose of the document**

The purpose of the Policy is:

- to comply with the requirements of the Financial Instruments Market Law, DIRECTIVE 2014/65/ES OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of May 15, 2014, COMMISSION REGULATION (EC) No (ES) 2017/565 of April 25, 2016, as well as to ensure the protection of the clients' interests upon rendering of investment services and ancillary investment services;
- to determine the Bank's procedure for the execution of client orders for transactions with financial instruments, as well as to determine the core principles and elements aimed at ensuring the qualitative services and the best execution in transactions with financial instruments;
- to inform the client about the Order execution process determined at the Bank.

**Terms and abbreviations**

Bank – AS Citadele banka.

Transaction – agreement on financial instruments between the two parties, where one party is the Client or a person who concludes the transaction, which has been initially submitted by the Client to the Bank, and any third party including the Bank.

MTF – multilateral trading facilities.

FI – financial instruments laid down in Financial Instruments Market Law, for which the Bank executes or accepts and hands over for execution from Clients' trade Orders.

Client – a person to whom the Bank renders investment services and/or ancillary investment services pursuant to the concluded service agreement.

Commission – Financial and Capital Market Commission of Latvia.

Service agreement – an agreement between the Bank and the Client regarding the rendering of relevant investment services and/or ancillary investment services.

Policy – This PO0005 Order Execution Policy for Investment Services, along with all the subsequent amendments, changes and supplements thereto.

Order execution process – the process that commences when the Order is submitted to the Bank, and ends when settlements are completed regarding the Transaction, specified in the Order and correspondent accounting entries made in the Client's account, or at the moment when the Order is cancelled, or the validity period thereof has expired.

Order execution venue – venue where the Transaction is concluded. The Transaction can be concluded at the Trading venue or with a systematic internalizer, market maker, or other liquidity provider or entity in a country which is not a member of the European Union (EU) and performs functions that are equal to those mentioned above.

Order – the Client's request to the Bank to conclude the Transaction specified in the request independently or by attracting the Intermediary for the execution thereof.

OTF – organized trading facility.

Intermediary – a business partner selected by the Bank (e.g. a broker, a bank) who ensures the Order execution, or forwards the Order for execution to another business partner.

Trading venue – regulated market, MTF, OTF.

**II. Content of the document****Main principles of the Policy**

1. The Bank has introduced the Policy in order to ensure a high-quality Order execution process, to achieve the best possible results in Order execution and to ensure predictability and certainty in the Bank's relationship with the Client, as well as to minimize the negative consequences resulting from the Order execution

- process. The Policy incorporates the guidelines for expeditious and efficient handling of situations which substantially encumber the Client's Order execution process.
2. The Bank takes necessary measures and implements procedures in order to insure fair and fast execution of Client orders in relation to other Clients and Banks own trading interests.
  3. By introducing the Policy, the Bank declares that, during the Client's Order execution process, the following main principles are observed:
    - 3.1. ensure the best execution of the Client's Transactions with FI is based on the proportionality between the Client's profit and expenses within the framework of requirements specified in the legal acts;
    - 3.2. regular updating of the Policy;
    - 3.3. public availability of the Policy on the Bank's website and at Client service centers;
    - 3.4. monitoring of Order execution venues and conduct of Intermediaries.
  4. Although the purpose of the Policy is aimed at ensuring the best execution of the Order for the Client, the Policy does not exclude the possibility that, under specific circumstances, the best execution of the Order will not be achieved from the Client's point of view.
  5. The Bank applies the terms of the Policy to the relationship between the Bank and the Client considering the status assigned to the Client. The Bank usually implements the same approach by providing the best possible execution result of Clients Orders for both professional and retail Clients.
  6. The Bank develops an internal legislation in order to implement the Policy.

## ***Client's consent to the Policy***

7. The Bank provides investment services and ancillary investment services to the Client, particularly it accepts Orders for execution, only if the Client has agreed to the Policy, including all changes to the Policy.
8. The Bank considers that the Client has unequivocally agreed to the Policy, including to the amendments of the Policy, if after entering into force of the correspondent amendments the Client has submitted an Order to the Bank.
9. Before conclusion of the Service agreement the Bank acquaints the Client with the effective version of the Policy.

## ***Types of Orders***

10. While receiving investment services and ancillary investment services the Client may submit the following Orders:
  - 10.1. limit Order – Order to buy or sell certain number/s of FI at the specific price or the better price;
  - 10.2. free Order – an Order to buy or sell certain number/s of FI at the market price, without specifying the particular price;
  - 10.3. other Orders – if prescribed by the relevant service or the Service agreement.
11. The Bank is entitled to restrict the types of Orders offered to the Client (e.g. Orders for the market price, Limit Orders), although the Order execution venue (with the relevant FI) also allows to submit other types of Orders.
12. The Bank is entitled to restrict and apply a shorter Order validity period than the Order validity periods available at the relevant Order execution venue, whereto the Order is submitted for execution.
13. The Client is entitled to include specific instructions in the Order, but the Bank warns the Client that the specific instructions may impede or prevent the Bank from achieving best Order execution in accordance with the Policy with respect to the elements included in these instructions.

## ***Submission of Orders***

14. The Client may submit the Order to the Bank in person, by phone, by electronic mail or using the remote account management systems of the Bank, if the relevant Service agreement prescribes such type of Order submission and the Client has concluded the agreement regarding the remote account management systems' services (if such are necessary for the use of the relevant service). The Bank's Service agreement may restrict or determine other types of Order submission, which are not specified in the Policy.

15. When accepting the Client's Orders, the Bank is entitled to record, in any form, a conversation with the Client, which is related to the submission of the Order and subsequent conclusion of the Transaction, and use these records in order to justify the submitted Order or the concluded Transaction.
16. The acceptance and processing of Orders depends on the type of submission thereof. The subsequence of the Order execution depends not only on the time when Order is submitted, but also on the manner in which the Order is submitted.
17. Bank executes similar client orders in sequence of their receipt unless some orders cannot be executed or client's interests or applicable laws require different action.
18. If the Order is submitted to the Bank's Client service center, to the branch or by remote account management systems, then such a document may be processed for much longer before it is submitted for execution than the Order which has been submitted by phone or using the trading system.
19. It shall be considered by the Bank that Orders stipulated in this Clause are deemed to be submitted by the Client himself; which have been submitted in cases when the Bank exercises an authorization assigned by the Client and/or the rights determined in Service agreements, in the Policy or other documents applicable to the relationship between the Bank and the Client:
  - 19.1. to place Orders in 'Stop Loss' cases;
  - 19.2. to dispose of FI by realization of financial collateral;
  - 19.3. to close the Client's open position;
  - 19.4. pursuant to Clause 72 of the Policy to perform liquidation of the FI position regarding which disagreement occurs.

## ***Order aggregation and splitting***

20. The Bank may aggregate the Client's Orders if, in the Bank's opinion, there is only a small probability that the aggregation of Orders will cause damage to the interests of the Clients whose Orders are aggregated by the Bank, and if according to requirements of FI issuer or Intermediary the Orders aggregation is necessary for the execution of the Order, or in the Bank's opinion it is necessary to obtain the best execution for the Client (however it does not exclude the possibility, that upon Order aggregation the best execution will not be obtained):
  - 20.1. the Bank may aggregate the Client's Order with the Order of another Client or Transaction in the name of the Bank, if the Bank has no reason to assume that aggregation of Orders will be in conflict with, or harm interests of, one or more Clients who have submitted those Orders. In each case of such aggregation the Bank informs the Clients, whose Orders are aggregated, that such aggregation may cause losses with respect to these Orders. These Clients shall inform the Bank if they do not agree to such aggregation;
  - 20.2. if the Bank has aggregated Transactions in the name of the Bank with one or several Client Orders, then the Bank splits or re-splits the relevant Transaction without prejudice to the interests of Clients.
21. If the Bank splits previously aggregated and executed Order, then monetary funds or FI received in the result of Order execution are split as follows:
  - 21.1. if the aggregated Order is executed in full, the Bank splits the received monetary funds or FI taking into account Order execution average price and the amount of every particular Order;
  - 21.2. if the aggregated Order is executed partly, the Bank splits the received monetary funds or FI on a pro rata basis between Customers, according to amount of Customers' Orders before aggregation and based on the Order execution average price;
  - 21.3. in case of the aggregation of a Client Order with a Transaction in the name of the Bank and partial execution of such Order, the Bank splits the received monetary funds or FI in a priority manner, first in favor of a Client, and then in favor of the Bank. If the Bank can prove that without such Order aggregation it would not have executed the Order on such favorable conditions or would not have been executed it at all, then in respect of Transaction in the name of the Bank the Bank can apply the pro rata split of the received assets;

- 21.4. if the Bank receives specific instructions on FI split (within FI initial offering) from FI issue originator, issue agent or FI issuer, then the Bank splits the received funds or FI according to these specific instructions;
- 21.5. the Bank may refrain from the Client Order execution if after proportional splitting of aggregated and partially executed Order, the value of FI or funds to be received by the Client is less than the commission amount to be applicable to the Client. In such cases the Bank executes the Order subject to additional approval of the Client (obtaining the Client's consent to the conditions of Order execution) or refrains from Order execution.
22. The Bank may apply the procedure for the splitting of the previously aggregated and executed Order that is different from the one specified in Clause 21 of the Policy by giving prior notice to the Client.
23. FI or funds which have not been used, because the Bank refrained from Order execution pursuant to Clause 21.5. of the Policy, are distributed between the Bank and the remaining Clients, whose Orders were aggregated pursuant to the Clause 21 of the Policy.
24. The Bank, upon receipt of Client's instructions or orders in regard to provision of investment services from other financial institution, may rely on the Client's information provided by this financial institution, as well as all recommendations regarding services and transactions provided to the Client by another financial institution.

## Order execution

25. The Bank ensures Clients' Orders are executed promptly and precisely, observing terms of the Policy:
  - 25.1. independently concluding the Transaction specified in the Order;
  - 25.2. forwarding the Order for subsequent execution.
26. Ensuring the execution of a Client's Order, the Bank usually acts in its own name, but for the benefit of the Client and at the Client's expense, although in certain cases the Bank may act in the name of the Client.
27. When ensuring the Order execution, the Bank cannot guarantee that the Transaction specified in the Order will be executed.

## Order execution concluding the Transaction independently by the Bank

28. If upon ensuring Order execution, the Bank concludes the Transaction specified in the Order independently, then the Bank is entitled to conclude such Transaction inter alia:
  - 28.1. against the Bank's portfolio (i.e. when the Bank itself is the party to the Transaction);
  - 28.2. against the Orders of other Clients of the Bank or of the third parties (e.g. when other Client of the Bank, whose Order is executed by the Bank, is a party to the Transaction, including Orders of the Bank's employees, shareholders).
29. The Bank can conclude the Transaction specified in the Order directly with the Client inter alia if:
  - 29.1. such possibility is prescribed by the Service agreement;
  - 29.2. the Client itself has requested to conclude the Transaction with the Bank;
  - 29.3. the nature of the service implies the conclusion of Transaction with the Client;
  - 29.4. the Client is notified that the Bank concludes Transaction with him; or
  - 29.5. the Bank is unable to execute the Client's Order otherwise.
30. The Service agreement provides specific provisions for conclusion of Transactions between the Client and the Bank as a party to the Transaction. If such possibility is not prescribed by the Service agreement, the Bank notifies the Client that the Transaction is concluded between the Bank and the Client, and that the Bank is a party to the Transaction.
31. The Bank is entitled to execute the Client Order fully or partially in the name of the Bank against the Order of another Client or the third party. In this case the Order is executed at the price that reflects the dominating market conditions, and the Bank is considered to be the Client's Order execution venue. The Bank informs the Client thereof in the Order execution report.

## Order forwarding for subsequent execution

32. The Order forwarding for subsequent execution means that the Bank accepts and processes the Client Order, but the Transaction specified in the Order is executed with a third party. The Bank forwards the Order for subsequent execution to a Trading venue or to the Bank's Intermediary.
33. The Bank is entitled to forward the Order for subsequent execution to the Bank's Intermediary, if the Bank does not have direct access to the Trading venue, where the FI specified in the submitted Order are traded. The Bank's Intermediary executes the Order pursuant to the regulations and policies thereof or forwards the execution of the Client's Order to its intermediary.
34. When forwarding the Order for subsequent execution, the Bank attracts such Intermediaries, which in the Bank's opinion are able to execute the Orders, taking into consideration the Bank's obligation to achieve the best execution for the Client. The Bank selects the Intermediaries, who are able to achieve at least such results in the Client Order execution, which the Bank would have reasonably planned to achieve by its cooperation with other Intermediaries or business partners.
35. The Bank usually ensures the Order execution related to an initial public offering (IPO) by forwarding it to the issuer, to the issuer's authorised agent pursuant to the terms of the relevant issue and/or pursuant to the Client's specific instructions.
36. Following the Client Order execution (after conclusion of the Transaction specified in the Order), the Bank immediately (within a reasonable period of time) transfers the received FI or funds to the relevant Client's account pursuant to the terms of the Service agreement, but if the Transaction was concluded with the Bank, then the Bank itself ensures the delivery of the relevant FI/funds for the execution of settlements.

## Execution of Orders with respect to non-complex financial instruments

37. If at the Client's initiative the Order is submitted in respect of non-complex FI, the Bank does not evaluate such FI suitability and appropriateness to the Client. The Bank informs the Client about provisions mentioned in this Clause by acquiring the Client's consent to the Policy prior to conclusion of the Service agreement.
38. The Bank considers that the following FI are non-complex:
  - 38.1. shares listed in the regulated markets of EU Member States or in relevant foreign markets or in MTF, excluding shares in undertakings, which are not undertakings for collective investment in transferable securities (non – UCITS), and shares that embed derivative;
  - 38.2. money market instruments, excluding those that embed a derivative or incorporate a structure that makes it difficult for the Client to understand the related risks;
  - 38.3. bonds or other types of debt securities which are included in the regulated market of the EU Member State or in a relevant foreign market or in MTF, except those which embed a derivative or incorporate a structure, that makes it difficult for the Client to understand the related risks;
  - 38.4. structured deposits, except those that incorporate a structure that makes it difficult for the Client to understand the risks and yield or costs associated with exiting the product before term;
  - 38.5. shares or units in UCITS, excluding structured UCITS;
  - 38.6. Other non-complex financial instruments recognized as such under applicable law.

## Achieving best execution

39. The Bank takes all necessary and reasonable measures in order to achieve the best possible execution result for the Client in the Order execution process, taking into consideration the terms of the Policy.
40. Having received the Client Order, the Bank ensures the execution thereof with prudence and consideration of market practice, as well as its own knowledge and experience in order to achieve the best possible execution result for the Client.
41. The Bank ensures the execution of all the Clients' Orders on FI purchase at the lowest possible offer price, but all Clients Orders on FI sale – for the highest possible price.
42. When executing Orders or making decision on trading with over-the-counter products, the Bank checks the impartiality of the price offered to the Client by aggregating market data used to estimate the price of such product and, if possible, compares the prices of similar or comparable products.



43. The Bank ensures the execution of Limit Orders submitted by the Client taking into consideration the validity period thereof and provisions of Clause 41 of the Policy. However, the Order execution shall not be performed unless it is possible to execute thereof in full or in part at the price specified in the Order or for better price.
44. When executing Client Limit Order (usually in respect of bonds or other debt securities) over-the-counter (OTC), the Bank, if it is possible during the validity term of the Order, will try to execute the Order at the limit price specified in the Order or at a better price. If the Bank executes the Limit Order at a better price, i.e. the Bank executes a transaction with its counterparty at the better price than the limit price specified in the Client Order, then the Bank is entitled to retain partly or fully the difference between the limit price and actual execution price (mark-up) for covering the costs of the Bank's capital charges and counterparties risk charges, as well as for the Bank's business revenues. The particular amount is specified in the Bank's price list for products and services.
45. In cases specified in the applicable law, the Bank may be obligated (under a trading obligation) to trade certain FI on EU Trading venue or other Trading venue recognized as equivalent. Executing order of such FI on such Trading venues Order execution price may not yield the best price comparing to the prices available to the Bank on the other Trading venue, however in this case the Policy regarding the execution of Orders shall be deemed to be observed and the best possible result is achieved.
46. When independently ensuring the Order execution in cases prescribed by the Policy, the Bank usually takes into consideration one or several of the following factors:
  - 46.1. FI price specified in the Order;
  - 46.2. Commission fees and expenses for Order execution;
  - 46.3. execution possibility;
  - 46.4. safety and possibility of settlements;
  - 46.5. execution rapidity;
  - 46.6. quantity of FI specified in the Order;
  - 46.7. type of the Order;
  - 46.8. any other factors affecting the Client's Order execution efficiency, consistency and constancy of the Order execution process.
47. In order to determine the significance of other factors in the Order execution, the Bank additionally assesses the following criteria, taking into account that none of the factors inferred in Clause 46 of the Policy is decisive and the Bank assesses the impact of each factor on the execution of the Order in the relevant factual circumstances:
  - 47.1. the Client's characterization, including the status of the Client – retail or professional;
  - 47.2. the characteristics and amount of the Client's Order, including when the Order is related to a securities financing transaction;
  - 47.3. characteristics of FI, which is the subject matter of the Client's Order;
  - 47.4. characteristics of the Client's Order execution venue.
48. In order to determine the choice of the Trading venue on particular FI category:
  - 48.1. if FI is traded on a regulated market, where the Bank has direct access, the Bank primarily chooses to submit the Order for execution to this particular Regulated market;
  - 48.2. if FI is traded on a regulated market, where the Bank has no direct access, the Order is handed over to the Bank's Intermediary, taking into account criteria indicated in Clause 46 and 47 of the Policy;
  - 48.3. if the Bank has both direct access to the regulated market and MTF where the FI are traded, the Bank primarily submits the Order for execution to a particular regulated market.
49. Before entering into cooperation with a Trading venue, where the Bank will have direct access, the Trading venue is evaluated in accordance with the Bank's procedure (for example, settlement speed, safety, convenience, achievement of the best possible result or other factors mentioned in Clause 50 of the Policy are evaluated). However, none of these factors are decisive and the Bank evaluates them in conjunction.
50. When forwarding the Order for subsequent execution it is not always possible for the Bank to control and ensure that the best execution for the Client is achieved, particularly whether the best price is obtained, since

not all Bank's Intermediaries are bound by EU legal acts prescribing the requirement to achieve the best execution for the Client (even though the Bank submits Orders for execution to such Intermediaries who have approved procedures for the provision of the best possible result in execution of the Orders). However, the Bank on a regular basis assesses the quality of services provided by the Bank's Intermediaries and whether these services conform to the possibility to achieve the best execution. The Bank inter alia assesses the following factors:

- 50.1. rapidity, safety and convenience of settlements;
  - 50.2. pricing policy;
  - 50.3. Commission fees and expenses for Order execution;
  - 50.4. Order execution conditions and policies of the Intermediary available to the Bank;
  - 50.5. information about the Intermediary's reputation available to the Bank;
  - 50.6. the shortest possible access to the relevant Order execution venue;
  - 50.7. other substantial conditions which in the Bank's opinion affect the Intermediary's possibility to ensure the Order execution.
51. If the Bank has several Order execution venues for particular FI, the Bank can assess order submission amongst all of them (unless the Bank has to act differently in accordance with Clause 45 of the Policy). When determining the Order execution venue, the Bank usually assesses in general all factors specified in Clause 46 and/or 50 of the Policy and none of the said factors shall prevail. It should be noted that the selected Order execution venue cannot always offer the best price, however, under all circumstance the Policy regarding the Order execution is deemed to be observed.
52. The Bank informs the Client about the Order execution venue upon execution of the Order.
53. If FI specified in the Order is included in the trading list on several Trading venues, the Bank usually selects the venue with highest liquidity.
54. If the Bank executes the Order on behalf of a private Client, the Bank determines the best possible execution result taking into account all factors, namely, the price of the FI and execution costs, which include the expenses for the Client that are specifically related to the execution of the Order, including fees of the Trading venue, clearing and settlement fees and all other types of fees intended for third parties, which participate in the execution of the Order.
55. If only one Order execution venue is available to the Bank where the Client Order execution is possible, then it is deemed to be considered that the best execution result is achieved when the Bank ensures the Client's Order execution at this venue; although the prices available at this venue are different from the prices existing on the market, but not available to the Bank.
56. The Bank might fail to achieve the best Order execution result, if the Client submits the Order with specific instruction, e.g. specific type of the Order submission, specific Order execution venue (outside Trading venue) and specific execution time etc. However, upon ensuring such Order execution, the Bank will always act as the diligent and careful master with due professionalism. It is considered that the Bank has taken all necessary actions to achieve the best possible execution result, if the Bank has executed the Order or any of its parts (aspects) considering the specific instructions related to it provided by the Client.
57. It is deemed to be considered that the Order submitted to the Bank is the Order with specific instruction particularly if:
- 57.1. the Order is submitted to the trading platform;
  - 57.2. the Client himself has requested to conclude the Transaction with respect to the FI, quoting thereof is performed by the Bank, or the Client wishes to conclude Transaction directly with the Bank;
  - 57.3. the Order is submitted outside working hours of the relevant Trading venue.
58. The Bank assesses the quality of execution of Orders at least once a year as well as provision of the best possible result in the execution of Orders and the Bank further considers the result of the assessment providing the execution of the Clients Orders and on selection of Order execution venues.

## **Order execution venues. Types of financial instruments**

59. When ensuring the Client's Order execution in order to achieve the best execution from the Client's point of view, the Bank can use one or several of the following Order execution venues:



- 59.1. regulated markets;
- 59.2. other stock exchanges;
- 59.3. systematic internal analysers;
- 59.4. MTF;
- 59.5. market makers;
- 59.6. OTF.
- 60. The list mentioned in the Policy Clause 59 is not exhaustive and the Bank can also use other Order execution venues and other types of Order execution.
- 61. The Bank is entitled to execute the Client Order outside the Trading venue.
- 62. If the Bank has direct access to the relevant Order execution venue, then the Bank usually executes the Order independently, but if there is no direct access, then the Bank uses the services of its Intermediary. In the cases specified in Clause 19 of the Policy the Bank is entitled individually to determine the Order execution venue, taking into consideration the main principles of Order execution specified in the Policy.
- 63. The Bank accepts Orders and usually ensures the execution thereof on the Trading venue with respect to the following types of FI:
  - 63.1. shares;
  - 63.2. bonds;
  - 63.3. exchange traded investment funds;
  - 63.4. financial instruments derivatives.
- 64. The Bank accepts and usually ensures the Client Order execution outside Trading venue with respect to the following types of FI:
  - 64.1. currency marginal trading (FOREX);
  - 64.2. OTC derivatives;
  - 64.3. IRS, swaps and futures, NDF;
  - 64.4. other structured FI.
- 65. The Bank applies the Clauses 63 and 64 of the Policy for both professional and retail Clients Orders.

## ***Disclosure of Order execution venues***

- 66. The Bank, executing the Orders, in accordance with the procedures laid down in the legal acts, summarizes and publishes each year the five Order execution venues for each category of the FI, which have had the highest trading volume and on which Client Orders in the previous year were executed, and publishes the summary of information on actual execution quality.

## ***Difficulties in the Order execution process. Information on unexecuted Orders***

- 67. Any Order execution, particularly the Order submission, as well as the Order execution process in its entirety is subject to the number of risks and is related to various factors, which can encumber or make impossible not only the Order execution, but also the completion of the Order execution process itself or can cause negative consequences in the future.
- 68. To such factors or risks, which the Bank and the Client can identify, shall be appertained also those related to specific market conditions, liquidity, settlements, fulfillment of events, errors of the Bank and/or Intermediaries, as well as related to means of communication and/or trading systems, to communication and/or connection errors or defects, etc.
- 69. If the circumstances specified in Clause 68 of the Policy exist, the Bank is entitled to withdraw from the terms of the Policy, inter alia subject the Order to another assessment, as well as to select other Order execution venues and take measures deferent from those prescribed in the Policy.
- 70. The Bank informs the retail Client within a reasonable period of time regarding any difficulties in the Order execution.
- 71. If the Bank establishes that disagreement arise between the Bank and the Client, inter alia due to above mentioned difficulties, regarding the Order execution or the Order execution process, including when the

Order execution process has already been completed, and such disagreement, according to the Bank's opinion jeopardise the financial interests of the Bank and/or other clients, or might have negative financial impact on the Client, particularly when the Client has an open position, and if such disagreement have occurred in connection with:

- 71.1. the fact of the Order submission,
- 71.2. the effectiveness and the validity period of the Order,
- 71.3. the FI specified in the Order, the price, the number of FI units, the type of Transaction or other substantial terms of Order execution,
- 71.4. other unexpected circumstances as a result of which the Client obtains an open position, including a short position, in the relevant FI;

The Bank commences to resolve disagreements mentioned herein immediately acting pursuant to Clause 72 of the Policy.

- 72. All disagreements in cases referred to in Clause 71 of the Policy are resolved through mutual settlement with the Client. If the amicable settlement with the Client cannot be reached within a short period of time or if there is no possibility to reach the Client via means of communication specified in the Service agreement, the Bank may, and is entitled to, not wait for the resolution of disagreement unilaterally without the Client's additional acceptance or consent to perform one or more actions listed below and subsequent to their completion to continue to resolve aforementioned disagreement:

- 72.1. to suspend execution of the Order with respect to which disagreement occurred (if possible);
- 72.2. to execute at the market price the operation, which is reversed to the operation regarding which disagreement occurred (i.e. for purchase – to execute sale, whereas for sale – to execute purchase);
- 72.3. to close an open position at the market price (with respect to currency transactions).

The Bank is entitled to perform actions referred to herein regardless whether or not at that particular moment the Order with respect to which disagreement has occurred causes to the Client profit or loss.

- 73. If the Client has submitted the Limit Order for the shares included in the EU regulated market, or that are traded on a Trading venue in the EU and the Order under the current market conditions has not been executed immediately, then the Bank, if the Client has not stated otherwise, takes measures in order to ensure the most expeditious Order execution by publicly disclosing information about this Order in a manner easily accessible to the other market participants (for example, an Order is submitted to another Trading venue in the EU, or the Order is published by data reporting service provider registered in a EU Member State and the Order can be easily executed as soon as it possible in the market conditions.
- 74. The Bank, in cases and accordance with the procedures specified in the legal acts, is entitled not to fulfill the obligation inferred in the Clause 73 of the Policy to make public the limit Order, that is large in scale compared with a normal market size.
- 75. The Bank shall not misuse the information regarding unexecuted Clients' Orders available to it.

## **Monitoring the Policy implementation**

- 76. The Bank monitors the conformity of the Policy to the real situation, its effectiveness, as well as the conformity of the Clients' Order execution process to the terms of the Policy.
- 77. The Bank reviews the Policy on a regular basis (at least once per year) as well as in cases when substantial changes occur, which might affect the achievement of best execution in the Order execution process.
- 78. If in the Bank's opinion there are substantial changes in the list of Order execution venues and/or Intermediaries, then the Bank makes corresponding amendments to the Appendix 1 'List of Order execution venues and Intermediaries for financial instruments transactions' of the Policy.
- 79. If changes are made only in the list of Order execution venues and/or Intermediaries (Appendix No 1 of the Policy), then they are approved in a procedure specified in the Bank and the approval of the Bank's Supervisory Board and Management Board is not necessary. The new wording of the list is added to the Policy.
- 80. Any and all amendments to the Policy are available on the website: [www.citadele.lv](http://www.citadele.lv) and at the Bank's Client service centers within the Bank's 7 (seven) business days prior to such amendments take effect. The Client is

entitled not to agree to Policy amendments by informing the Bank thereof in writing within the period of time specified in this Clause.

### **III. Appendices and binding documents**

#### **Appendices:**

81. Appendix 1: List of Order execution venues and Intermediaries for financial instruments transactions

#### **Binding documents:**

82. Financial Instrument Market Law  
83. Commission delegated regulation (EU) No 2017/565.

Effective date of the Appendix 1: 27 December 2019

- I. Providing investment services, the Bank shall use the execution venues (Trading venues - regulated market, multilateral trading facility, systematic internalizer or other liquidity provider) and brokerage (Intermediaries) services:

### 1) Bonds and other debt securities

The Bank is a member of the following stock exchanges and multilateral trading facilities and the Bank has direct access to the:

- |   |                                 |
|---|---------------------------------|
| • NASDAQ Riga, AS, Latvia                   | regulated market                |
| • NASDAQ Vilnius, AB, Lithuania             | regulated market                |
| • Bloomberg MTF, United Kingdom/Netherlands | multilateral trading facilities |
| • UBS Europe SE, Germany                    | systemic internalizer           |

The Bank has indirect access to the trading venues through Intermediaries:

- Atonline Ltd, Cyprus
- Banca Promos S.p.A., Italy
- Banca Zarattini & CO. SA, Switzerland
- Barclays Bank PLC, United Kingdom
- Credit Suisse Securities (Europe) Limited, United Kingdom
- E D & F Man Capital Markets INC., USA
- J.P. Morgan Securities plc, United Kingdom
- JP Morgan Chase Bank National Association, USA
- Luminor Bank AS Lithuanian branch, Lithuania
- Mitsubishi UFJ Trust International Limited, United Kingdom
- Raiffeisen Bank International AG, Austria
- Renaissance Securities (Cyprus) Limited, Cyprus
- Reuss Private AG, Switzerland
- SMBC Nikko Capital Markets Limited, United Kingdom
- SEB bankas AB, Lithuania
- Swedbank AS, Estonia
- The Toronto-Dominion Bank, Canada
- UBS Europe SE, Germany
- Zürcher Kantonalbank, Switzerland

The Bank also is dealing on own account when concluding these transactions

### 2) Stocks, depository receipts (ADR, GDR) and other equity securities

The Bank is a member of the following stock exchanges with direct access to the:

- |                                 |                  |
|---------------------------------|------------------|
| • Nasdaq Riga, AS, Latvia       | regulated market |
| • Nasdaq Vilnius, AB, Lithuania | regulated market |
| • Nasdaq Tallinn AS, Estonia    | regulated market |

The Bank has indirect access to the trading venues through Intermediaries:

- AK Jensen Limited, United Kingdom
- Interactive Brokers LLC, USA
- PKO Bank Polski S.A., Poland

### 3) Investment funds (incl. UCITS)

The Bank is a distributor of CBL Asset Management IPAS Investment Funds (UCITS). The Bank has direct access to:

- CBL Asset Management, IPAS, Latvia
- Schroder Investment Management (Europe) S.A., Luxembourg
- State Street Fund Services (Ireland) Limited, Ireland

The Bank has indirect access to the trading venues through Intermediaries:

- AK Jensen Limited, United Kingdom
- Clearstream Banking S.A., Luxembourg
- Raiffeisen Bank International AG, Austria
- Allfunds Bank International S.A.\*, Luxembourg

\*only for certain professional clients

#### 4) Exchange - traded Investment funds (ETF)

The Bank uses the following Intermediaries:

- AK Jensen Limited, United Kingdom
- Interactive Brokers LLC, USA

#### 5) Currency Swaps and currency Forward (FX SWAP, FX Forward)\*\*

The Bank is dealing on own account when concluding these transactions as the party to the transaction. The Bank is the order execution venue for these transactions.

\*\* for professional clients and for currency risk hedging purposes only

#### 6) Repo transactions \*\*\*

The Bank is dealing on own account when concluding these transactions as the party to the transaction. The Bank is the order execution venue for these transactions.

\*\*\*only for professional clients

#### 7) Options traded on a regulated market or other exchanges (OPTIONS)

The Bank has indirect access to the trading venues through an Intermediary:

- Interactive Brokers LLC, USA

### II. Providing ancillary investment services, the Bank shall use custodians:

#### 1) Custodians:

- Allfunds Bank International S.A., Luxembourg
- Clearstream Banking S.A., Luxembourg
- Interactive Brokers LLC, USA
- Nasdaq CSD SE, Latvia
- PKO Bank Polski S.A., Poland
- Raiffeisen Bank International AG, Austria

#### 2) Fund register maintainers:

- Schroder Investment Management (Europe) S.A., Luxembourg
- State Street Fund Services (Ireland) Limited, Ireland

The list of Trading venues and Intermediaries, as well as the list of custodians is not exhaustive and is subject to change. The Bank may also use the services of other Trading venues and Intermediaries, as well as other custodians. The list is updated: 20.12.2019.