

# ORDER EXECUTION POLICY

## 1. Basic information on the bank

### Business name and official address

UniCredit Bank Czech Republic and Slovakia, a. s., Želetavská 1525/1, 140 92 Prague 4 – Michle, Id. No.: 649 48 242, registered in the Commercial register kept by the Municipal court in Prague, section: B, file No.: 3608

Organisational unit: UniCredit Bank Czech Republic and Slovakia, a. s., the branch of the foreign bank, Šancová 1/A, 813 33 Bratislava, Id. No.: 47 251 336, registered in the Commercial register kept by the Regional court in Bratislava I, section: Po, file No.: 2310/B (hereinafter only as the “Bank”)

### Contacts

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### Communication

The bank communicates with the client primarily in the Slovak language. In individual cases, it is also possible to negotiate for a business relationship with a client or other service provider the use of a language other than Slovak.

The communication between the Bank and the client in the performance of the relevant investment service, in particular regarding the giving of orders, is carried out personally at the bank's business site, in principle in writing or, if expressly agreed upon, by telephone, fax or other electronic form. The Bank is authorized to make a record of the communication with the client. Specific rules for orders or instructions given by the client, including the possible other forms of communication, are governed by the relevant contract or business conditions for the provision of the investment service.

## 2. Order execution policy

The Bank has the obligation to implement and subsequently follow the Orders execution policy (hereinafter only as the “Policy”). Such obligation is levied to the Bank, being the investment firm, results from § 73p and subs. Act No. 566/2001 Coll. on securities and investment services and changes and amendments of some acts as amended (hereinafter only as the “Act”) based on the transposed Directive of the European Parliament and the Council 2014/65/EU on markets in financial instruments (hereinafter only as “MiFID II”) and the Delegated regulation of the Commission (EU) 2017/565.

### 2.1 Purpose and scope of the Policy

According to MiFID II, in the execution client's orders, the Bank endeavours to achieve the maximum possible results for the client. For this purpose, in the interest of clients and investors, it has developed this Order execution policy.

The Policy is a summary of policies and rules under which the Bank proceeds to treat the orders of the client to whom it provides the specified investment services in the Policy. The purpose of the Policy is to establish binding rules for the Bank and its employees to ensure that clients' orders regarding financial instruments, in the provision of the Bank's investment service, are always executed under predefined conditions and that the best conditions are met when the client's order is executed.

The Policy applies to all client categories (professional client, nonprofessional client, eligible counterparty). However, it is not excluded that certain execution venue require some specific criteria of orders (for ex. the Volume) and therefore they may only be available to certain groups of clients.

The Policy contains rules for:

- a) the execution of client's orders under the best conditions,
- b) the transmission of the client's orders and
- c) dealing on own account.

### **3. Principle of the best possible order execution (so-called Best Execution)**

When reception, transmission and the execution of client's orders we take the necessary steps and actions in order to achieve the best possible outcome for the client's account. Depending on the fact whether or not we receive a specific order from the client, we proceed in the following ways:

a. *the client does not give any specific instructions* – we take into account the following items in order to achieve the best possible result:

- costs of the financial instrument
- costs related to the order execution
- the promptness of the order execution
- the likelihood of the execution or settlement of a trade
- the size and the nature of order
- other relevant criteria relevant to the order execution.

b. *the client gives a specific instruction* – we act in accordance with this specific instruction and the achieved result is considered as the fulfilment of the obligation to obtain the best possible result for the client. In the case of a specific instruction, the client must be aware that thus he/she can prevent us to act in accordance with the procedures of our Policy to achieve the best possible result. At this time, we follow the client's instructions and we are not responsible for the achievement of the best possible result according to the implemented Policy.

Criterion	Procedure and interpretation of the criterion	Order of importance
costs	In the case of a purchase of a financial instrument, the lowest price is decisive, the highest price is decisive for the sale. The Bank examines the pricing mechanisms of the execution venue in order to determine whether the execution venue is favourable in terms of price. The quality of the price especially depends on the number of market participants, the orientation on the main exchange (the principle of the reference market), etc.	1
Costs related to the order execution	When choosing the execution venue the Bank takes into account the total cost that the client will incur. The lower volume of costs in total is decisive. If the client's instruction can be executed at more than one venue and the total amount of fees to third parties charged to the client would be equally beneficial to the client, the amount of the fees would be decisive.	2
quality (credibility) of the execution venue, including the person ensuring the settlement	In accordance with its own risk management policies, the Bank assesses the execution venues, including the settlement in terms of the quality of their services (market depth, liquidity, number of participants, regulatory environment), credibility, history, financial stability, etc.	3
Promptness of order execution	The higher promptness of the order execution is the priority, including the promptness of the settlement of a trade.	4
Probability of the order execution	The Bank assesses the current market depth, liquidity, settlement algorithms, suitable open market segments, etc.	5
volume	The bank takes into account the volume of the required trade in terms of conditions or limits at the individual execution venues. If the volume is sufficient, the Bank will use the more advantageous market segments of the execution venues.	6
nature of order	The Bank enters the market with specific orders in terms of limit instructions, stop losses, etc.in accordance with the conditions and rules set out by the execution venue.	7

#### 4. Criteria for the order execution

If the client order does not contain any specific instructions, we take into account the factors stated in 3a. When evaluating the significance of each parameter, we take into account these facts:

- the characteristics of the client who gives the order (including its category - professional or nonprofessional client),
- the nature of the order,
- the characteristics of the financial instrument that is the subject of the order,
- the characteristics of the execution venue to which the order may be submitted.

If the Bank executes an order on the client's account, the best possible outcome shall be determined in terms of total execution compound of the cost of the financial instrument and the costs related to the execution of the order incurred by the client directly in relation with the order execution, including execution venues fees, settlement fees, and settlement and any charges payable to third parties involved in the order execution.

The Bank is entitled to refer the client's order to a third person which may be the sole person authorized to provide investment services, i.e. so-called investment firm, bank. This third party is required to have its internal order execution policy to which the Bank is entitled to rely on. Those third parties to whom the Bank refers the orders of its clients are listed in the

Annex to the Policy and are subject to the same monitoring and evaluation as the other execution venues.

## **5. Execution venues of the client's orders**

At each execution of the client's order we choose, in accordance with our implemented Policy, the execution venue at which we are able to achieve the best possible result. The execution venues can be:

- (a) regulated market,
- (b) multilateral trading system,
- (c) organized trading system,
- (d) systematic internaliser,
- (e) market maker or other liquidity provider established in an EU member state; or
- (f) person or financial instrument market established in a non-EU country and carrying out the similar activity to one of the entities referred to in points (a) to (e).

The list of execution venue used by the Bank is given in the appendix to this document. At the same time, the Bank reserves the right, in cases where it deems appropriate in connection with the Policy, to add or withdraw specific execution venues. The Bank regularly reviews this list of execution venues in view of the facts that affect the choice of the venue. The current list of execution venues is available at the Bank's website **[www.unicreditbank.sk](http://www.unicreditbank.sk)**.

By this Policy the Bank explicitly states that it is authorized to execute client's orders outside the regulated market, outside the multilateral trading system and outside the organized trading system.

If there is more than one competitive venue for the execution of financial instrument order, the commissions and costs incurred by the Bank in the execution of orders are regarded for every execution venue specified in the Policy and available for the execution of order.

At the same time, the Bank undertakes not to receive any reward, discount, or nonmonetary advantage for directing the clients' orders to a particular execution venue.

## **6. Rules for the execution of client's order**

When executing the client's orders, the Bank is required to comply with the following terms and conditions:

- to ensure that orders executed on behalf of the client are quickly and accurately recorded and allocated;
- to execute otherwise comparable client's orders in exact order and promptly, except to cases when the features of the order or prevailing market conditions do not allow it or when it is not in the interest of the client;
- to inform a nonprofessional client of any major difficulties related to the due execution of orders as soon as they are discovered.
- to ensure the prompt and correct transfer of all financial instruments or client's funds received at the execution of order to the client's account,
- the prohibition of a misuse of information on unprocessed client's orders and the obligation to take all appropriate steps to prevent the misuse of such information by any person.

For limited client's orders related to shares received for trading on a regulated market or traded at the trading venue that are not executed immediately under prevailing market conditions, the Bank shall, unless the client expressly instructs otherwise, take measures to

allow the earliest possible execution of this order by the immediate publication of this client's limited order in a way that allows the easy access for other market participants. The Bank can fulfil this obligation by referring of the client's limited order to a trading venue.

## **7. Merging and allocation of orders**

The client's orders or trades at own account can be merged with orders of another client only in following cases:

- it is unlikely that merging of orders and trades will generally be disadvantageous for any of the clients whose orders are to be merged,
- every client whose order is to be merged has been informed that the effect of the merger in relation to a particular order may be disadvantageous to him/her,
- there is an established and effectively implemented policy for allocation of orders that ensures a fair allocation of merged orders and transactions, including the way how the volume and the price of orders determine the allocation and the treatment of partial execution of orders.

If the merged instruction is partially executed, the subsequent allocation shall take place in terms of this point.

If the Bank merges transactions on its own account with one or more client's orders, it may not allocate related transactions in a manner that harms the client.

If the Bank merges a client's order with a transaction on its own account and the merged order has been partially executed, it preferentially allocates the related transactions to the client.

However, if the Bank is unable, on reasonable grounds, to demonstrate that without such a merger it could not execute the order on such favourable terms or at all, it may proportionally allocate the transaction on its own account in accordance with its policy of allocation of orders.

## **8. The best way of order execution based on groups of financial assets**

In this section, we will approach the individual procedures for the order execution for each type of financial instruments.

### **8.1 Shares**

The Bank shall take over the client's order and subsequently select the counterparty, the country of execution, a stock exchange on which it is possible to trade in a given currency based on the currency in which the limit price for the purchase/sale of shares is entered or in which the advance is paid for the purchase of shares. If a given currency is traded simultaneously in several countries, or on multiple exchanges in one or more countries, the Bank decides according to the following order:

- the most advantageous realization price – it selects the market where the most advantageous realization price can be achieved for the client, i.e. the lowest purchase price and the highest selling price;
- cost minimization - if there are two or more markets with the same realization price, then the amount of fees on the given market is decisive so that the client's instruction is executed at the lowest possible costs of trade;
- liquidity - if there are two or more markets with the same transaction costs, the Bank decides on the basis of the liquidity of the market. The higher priority is given to the market with larger traded volume of securities.

## **8.2 Bonds**

The Bank shall take over the client's order and subsequently select the counterparty in the following order:

- the most advantageous realization price - the Bank finds the most advantageous realization price, i.e. the lowest purchase price and the highest selling price quoted by securities traders
- cost minimization - in case there are two or more sources with the same realization price, the Bank decides on the basis of fees of the respective securities trader, respectively of the investment company in order to execute the client's instruction at the lowest possible cost of trade;
- liquidity - if there are two or more markets with the same transaction costs, we decide on the basis of the liquidity of the market.

## **8.3 Investment certificates**

The Bank accepts the client's orders for investment certificates, and subsequently, without undue delay, it executes or proceeds to execute the order in the appropriate execution venue (see the Annex Execution venues). In some cases, the Bank merges client's orders, but subject to the condition that it is unlikely that this merger would be disadvantageous to any of the clients whose orders are merged.

## **8.4 Mutual funds**

The Bank receives the client's orders regarding the mutual funds by type of product under a framework contract for trading with foreign financial instruments, their administration or safekeeping, a commission contract to ensure a purchase or sale of a security, a contract for the purchase or sale of a security, a contract for mediation of sale or purchase of a security, or a contract on investment savings and subsequently it executes these orders or proceed to realize at the relevant execution venue (see the Annex of Execution venues) according to the domicile and administering company of the relevant mutual fund, this no later than one working day after the receipt of a full and valid order from the client at the bank's site of business in accordance with conditions agreed with the client. In some cases, the Bank merges client's orders, but subject to the condition that it is unlikely that this merger would be disadvantageous to any of the clients whose orders are merged.

## **8.5 Trading with OTC derivatives**

The Bank concludes the OTC derivative transactions on an individual basis. The Bank concludes these transactions on its own account and therefore the transaction with a client concluded against the Bank's own account is the result of mutually agreed individual parameters. The Bank's offer is primarily based on the current market situation and appropriately based on the credit assessment of the client and other similar individual variables. In this case, the Bank itself is the execution venue of the order and the criteria for the order execution are set by a bilateral agreement between the contractual parties.

## **9. Summary accounts**

We hold the financial instruments (securities) owned by the client on the basis of contractual relations in the summary accounts at the Central Depository of Securities of the Slovak Republic, a.s. and on summary accounts at foreign securities administrators. Thus the Bank fulfils the legal obligation to separate client assets from the Bank's assets. The financial instruments (securities) owned by the client cannot be used by the Bank without the express



prior consent of such client for the order execution for the bank's own account, respectively on behalf of another client.

## **10. Monitoring, assessment and update of the Policy**

Effectiveness of the Policy and measures for the order execution are monitored by the Bank to identify and remedy shortcomings. **We update the Policy at least once a year** and in case of substantial changes that affect the Bank's ability to obtain the best possible result for our clients. The Bank evaluates whether the execution venue included in the order allow it to get the best possible result for the client and whether any changes need to be made. The client shall be, in the usual manner, informed by the Bank in a timely manner on any substantial changes to its measures for the order execution and the Policy.

## **11. Cases when the Policy is not applied**

The following cases are not considered by the Bank as the execution of client's orders in connection with the **Policy**, i.e. following cases in which the **Policy** will not be applied:

- the client is categorized as an eligible counterparty,
- referring of client's order that contains a specific client's instruction,
- notification of the price at which the Bank is willing to buy or sell a financial instrument,
- the client's request for a direct quote of a financial instrument,
- negotiating with the client about details of the transaction executed on the Bank's account,
- such as, for example, deposits, credit products, spot operations and other non-financial products under MiFID II.

## **12. Conclusion**

The Bank continuously monitors the effectiveness of its measures to execute orders and of the Policy of order execution in order to identify and remedy shortcomings, in particular it assesses the effectiveness of the Policy of order execution, and whether the included execution venue enables it to obtain the best possible result for the client and whether it is necessary to make changes to its measures for the order execution. The Bank shall also review the rules for the execution of orders whenever there is a significant change affecting the ability to execute the order under the best conditions for the client, at least once a year.

Once a year the Bank prepares and publishes:

- (a) the summary of information on five best execution venues from the point of view of trading volumes on an annual basis where the client's orders were executed in the previous year; and
- (b) information on the achieved quality of executed orders.

The Bank will disclose all information regarding the Order execution policy through its website <https://www.unicreditbank.sk/sk/ostatne/mifid.html>

At client's request, the Bank demonstrates that it has executed his/her orders in accordance with the Order execution policy.

**Annex**
**Execution venues**

<b>TITLE</b>	<b>COUNTRY</b>	<b>MIC code</b>
Australian Stock Exchange	Australia	XASX
Euronext Brussels	Belgium	XBRU
Nasdaq OMX Copenhagen	Denmark	XCSE
Berlin Stock Exchange	Germany	XBER
Düsseldorf Stock Exchange	Germany	XDUS
Frankfurt Stock Exchange (Deutsche Börse AG)	Germany	XFRA
Xetra classic Stock Exchange	Germany	XETR
Xetra Frankfurt 2 Stock Exchange	Germany	XETR
Börse Hamburg (Hanseatische Wertpapierbörse Hamburg)	Germany	XHAM
Hannover Stock Exchange	Germany	XHAN
Munich Stock Exchange	Germany	XMUN
Gettex	Germany	XMUN
EUWAX	Germany	EUWX
Stuttgart Stock Exchange	Germany	XSTU
Nasdaq Helsinki	Finland	XHEL
Euronext Paris	France	XPAR
Athens Stock Exchange	Greece	ASEX
Athens Exchange S.A. Cash Market	Greece	XATH
London Stock Exchange	Great Britain	XLON
AQUIS Exchange	Great Britain	AQXE
Hong Kong Stock Exchange	Hong Kong	XHKG
Indonesia Stock Exchange	Indonesia	XIDX
Irish Stock Exchange	Ireland	XDUB
Borsa Italiana S.p.a.	Italy	XMIL
Tokyo Stock Exchange	Japan	XJPX
Toronto Stock Exchange	Canada	XTSE
TSX Venture Exchange	Canada	XTSX
Luxembourg Stock Exchange	Grand Duchy of Luxembourg	XLUX
New Zealand Stock Exchange	New Zealand	XNZE
Euronext Amsterdam	Netherlands	XAMS
Oslo Stock Exchange	Norway	XOSL
Vienna Stock Exchange	Austria	XWBO
Warsaw Stock Exchange	Poland	XWAR
Euronext Lisbon	Portugal	XLIS
Nasdaq OMX Stockholm	Sweden	XSTO
SIX Swiss	Switzerland	XSWX
SIX Structured Products Exchange	Switzerland	XSWX
SIX Swiss Exchange – Blue chips	Switzerland	XVTX
Singapore Stock Exchange	Singapur	XSES
BME Spanish Exchanges	Spain	BMEX
Johannesburg Stock Exchange	South Africa	XJSE
Stock Exchange of Thailand	Thailand	XBKK



Prague Stock Exchange	Czech republic	XPRA
Bratislava Stock Exchange	Slovak republic	XBRA
Istanbul Stock Exchange	Turkey	XIST
Budapest Stock Exchange	Hungary	XBUD
OTC Pink Marketplace	USA	PINX
OTC Markets	USA	OTCM
New York Stock Exchange (NYSE MKT LLC)	USA	XASE
NASDAQ- all markets	USA	XNAS
New York Stock Exchange ARCA	USA	ARCX
New York Stock Exchange, Inc.	USA	XYNS

**List of third parties which the orders can be transmitted to**

<b>TITLE</b>	<b>CITY</b>
FinecoBank S.p.A.	Milan
42 Financial Services	Prague
Finacor	Luxembourg
Carl Kliemm	Luxembourg
Wallich and Matthes	Wien
Tullet Prebon Ltd	London
Kepler Equities (Suisse) SA	Nyon
ICAP Europe Ltd.	London
AFS Moneybrokers N.V.	Amsterdam
UniCredit Bank Austria AG	Wien
ING Bank N.V.	Amsterdam
Slovenská sporiteľňa, a.s.	Bratislava
Tatra banka, a.s.	Bratislava
Všeobecná úverová banka, a.s.	Bratislava
ČSOB, a.s.	Bratislava
UniCredit AG	Munich
Prima banka Slovensko, a.s.	Žilina
Barclays Bank	London
WestLB	London
Deutsche Bank FFT	Frankfurt
Deutsche Bank	London
BNP Paribas	Paris
KBC Bruxelles	Brussels
HSBC	London
RZB	Wien
Volksbank, a.s.	Bratislava
OTP Banka Slovensko, a.s.	Bratislava
Komerční banka Bratislava, a.s.	Bratislava
Commerzbank AG	London
Baader Bank	Frankfurt
UBS	London
JP Morgan Bank	Luxembourg
Reuters matching Tradition UK	London

## Mutual funds

TITLE	COUNTRY
Allianz Investmentbank AG	Austria
Allianz Global Investors Luxembourg S.A.	Grand Duchy of Luxembourg
Allianz Invest Kapitalanlagegesellschaft	Austria
Amundi Asset Management S.A.	Grand Duchy of Luxembourg
Amundi Austria GmbH	Austria
Amundi Deutschland GmbH	Germany
Amundi Czech republic Asset management, a.s.	Czech republic
BlackRock Investment Management Limited	Great Britain
BNP PARIBAS INVESTMENT PARTNERS	Grand Duchy of Luxembourg
BROWN BROTHERS HARRIMAN S.C.A.	Grand Duchy of Luxembourg
C-QUADRAT Kapitalanlage AG	Austria
CACEIS Bank Deutschland GmbH	Germany
European Fund Services S.A.	Grand Duchy of Luxembourg
Fidelity S. A.	Grand Duchy of Luxembourg
FRANKLIN TEMPLETON INTERNATIONAL SERVICES S.A.	Grand Duchy of Luxembourg
Generali Investments CEE, investiční společnost, a.s.	Czech republic
International Financial Data Services Luxembourg S.A.	Grand Duchy of Luxembourg
JPMorgan Asset Management (Europe) S.a r.l.	Grand Duchy of Luxembourg
NN Investment Partners	Netherlands
NN Investment Partners C.R., a.s.	Czech republic
PIMCO global Advisors (Ireland) Ltd.	Ireland
RAIFFEISEN BANK INTERNATIONAL AG	Austria
Schroder Investment Management Limited	Grand Duchy of Luxembourg
Schroder Investment Management GmbH	Germany
Schroder Investment Management S.A.	Grand Duchy of Luxembourg
State Street Bank Luxembourg S.C.A	Grand Duchy of Luxembourg

## Hedge funds

Momentum AllWeather Strategies Limited, Bermudas  
Pioneer Alternative Investment Management Limited, Bermudas  
Pioneer Alternative Investment Management Limited, Ireland

## Investment certificates

UniCredit Bank AG, Germany  
abovementioned execution venues – Deutsche Boerse Xetra, Frankfurt Stock Exchange,  
Stuttgart Stock Exchange (EUWAX), Vienna Stock Exchange