

Summary Order Execution Policy

Annex II

1. Introduction

1.1 What is the purpose of this policy?

Let us say you place an order with the bank. In that case, the bank has to ensure that the bank executes your order in line with its execution policy in order to achieve the best possible result. This policy sets out the procedure and rules adopted by the bank to execute your orders with the best possible result. This policy will be followed whenever feasible. The “best execution” obligation is a process and not a result. In the light of each individual order, this obligation must be seen as an obligation to use best efforts and not as a performance obligation. At the request by its clients, the Bank can provide all the information necessary to demonstrate that it has complied with its best execution obligation.

1.2 To whom does this policy apply?

This policy applies to all retail and professional clients, as the bank does not distinguish between retail and professional clients when handling orders. The “best execution” obligation and this policy do not apply to clients that belong to the category of eligible counterparties.

1.3 To which investment products does this policy apply?

This policy applies to the following types of investment products:

- ▶ equities;
- ▶ bonds;
- ▶ investment funds;
- ▶ derivatives; and
- ▶ structured products.

2. Description of the “Best Execution” policy

2.1 The Bank’s role is to provide a receipt and transmission service for orders.

In order to meet the needs of its clients, the bank offers a full range of services and executes orders for a wide range of financial instruments. The bank acts primarily as an intermediary acting on behalf of the client, by providing a receipt and transmission service for orders in order to ensure execution by third-party service providers (known as “brokers”). The bank has decided to outsource its order execution to brokers (depending on the type of product) because of the benefits of this in terms of quality, expertise, synergies and scale. As such, the bank has decided to be guided by the principle of “best selection” when choosing the executor for an order.

The bank transmits its clients’ orders rapidly to the broker in question and in the sequence in which they are received, unless the nature of the order or the market circumstances prevent this or the clients’ interests demand a different approach. When executing clients’ orders, the broker shall in turn act with all due skill, care and diligence in the context of selecting and instructing the market parties and counterparties to execute the transactions. The broker shall select the market parties and counterparties with whom it works on the basis of the criteria of financial soundness and reputation, taking into account their credentials and their capacity to access a liquid market. To this end, they shall, in particular, evaluate the expertise and reputation enjoyed by each market party/counterparty in the market and their capacity to ensure the best execution of the orders transmitted under this policy.

2.2 Additional structural measures

In order to ensure the quality, compliance and continuity of order execution by these broker(s):

- ▶ the bank has drawn up its own policy and procedures to organise and then evaluate the transmission and execution of orders, using both monthly random sampling and an annual evaluation of the services of its broker(s), that will be reviewed by the ABN AMRO broker committee;
- ▶ the bank must always receive the most up-to-date version of the order execution policy of the brokers it uses;
- ▶ the bank offers its clients the means to request information about the orders executed on their behalf and the order execution policy;



- ▶ the Bank receives an annual/quarterly report from its brokers covering the random sample checks and other controls carried out;
- ▶ as part of the order execution policy, the bank and its brokers have signed agreements that define the services and also the rights and obligations of each party;
- ▶ there is no direct link between the costs paid by the bank to third parties for the execution of orders, on the one hand, and the costs paid by the customer to the bank, on the other hand.

3. Features

3.1. What does the bank take into account when seeking to execute my order so as to achieve the best possible result?

In order to execute your order with the best possible result, the bank will look at the following aspects, among others:

- ▶ the price at which your order can be executed;
- ▶ the costs of executing your order;
- ▶ how rapidly your order can be executed;
- ▶ how likely is it that your order will be fully executed and settled;
- ▶ the size of your order;
- ▶ what kind of order it is (for example, a limit order with a price or a time limit, or an order for which you have made special arrangements with the bank); and
- ▶ the impact that your order might have on the market price if it is published.

The combination of price and costs forms the most important part for most orders.

3.2. Which other aspects are important when the bank executes my order?

The bank follows established procedures and rules to determine where the bank should execute your order for the best possible result. In doing so, the bank also takes into account the aspects of:

- ▶ the place of performance (see Chapter 4);
- ▶ special orders (see Chapters 5 and 6) and
- ▶ special investment products (see Chapter 7).

If you give the bank specific instructions for the execution of an order, for example, an instruction to execute the order in a specific market, the bank will execute your order following your instructions, unless the bank informs you that it is unable to execute your order according to your instructions. Executing an order in accordance with your specific instructions may mean that the bank cannot follow the steps it has defined and implemented to be able to offer you the best possible execution of your order. The bank will be deemed to have fulfilled its best execution obligation provided it has executed the order, or a specific part of the order, in accordance with the specific instructions issued by the client for this order or for the specific aspect of the order.

4. Place of execution

The selection of the place of execution and the methods of execution of orders may vary for each type of financial instrument and its specific characteristics.

There are several places where the bank can have your order executed. The bank has entered into contracts with its brokers to select how your order is executed. This can be:

- ▶ at a regulated stock exchange;
- ▶ at a multilateral trading facility (MTF) or organised trading facility (OTF);
- ▶ as an «over the counter» trade (OTC or off-exchange). In the case of an OTC trade, the broker reaches a special agreement with a trading facility to execute your order.

Orders placed that relate to the following assets will be executed as follows:

Exchange-listed shares and similar instruments:

For orders relating to listed shares and similar instruments, the bank determines the preferred places of execution (regulated markets or MTF) on the basis of the principle of the most liquid stock exchange and informs the broker. When shares are sold, the place of execution will, for reasons relating to the cost of the execution, usually be determined by looking at the location where the securities in question are currently being held in custody.

The bank will have sell orders for shares executed on a stock exchange in the same country that the bank executes buy orders for the same share. The starting point for sales of shares is that this should be done on the stock exchanges where they were originally purchased.

Bonds:

However, for orders relating to bonds, the designated broker determines for itself, in principle, which are the preferred places of execution. Unless the bank informs it otherwise, the broker reserves the right to have bond orders executed on a regulated market, MTF or OTF, subject to the proviso that this does not create any disadvantage for the client. The execution of a bond order may depend on the market liquidity criterion.



Undertakings for Collective Investment (UCIs):

The places of execution for UCIs that the bank prefers are the issuers of these instruments or their respective distribution channels. The speed at which orders are executed depends on the timing of when the net asset value (NAV) is calculated, as published in the prospectus (see also paragraph 7.1 below).

Exchange listed derivatives (options):

The places of execution for listed derivatives are the regulated markets on which the relevant contracts are listed. (see also paragraph 7.3 below)

Other financial instruments:

Compliance with best execution obligations may become more difficult when dealing with instruments, such as structured products and unlisted instruments in general. In this case too, we entrust the orders to our broker(s).

4.1. Why does the bank sometimes not select the place of execution which quotes the best price?

The bank has determined which places of execution are likely to execute your order with the best possible result. The bank does not include all places of execution that can provide a price for a particular investment product. This may be because, for example, these markets charge higher costs to execute the order. Or because the costs of the bank connecting to these markets are high. This may mean that, although another place of execution may have a better listed price for your order than the place of execution chosen by the bank for this purpose, the total costs at that place of execution are usually higher, so execution for most orders will ultimately lead to a worse result than at the place of execution chosen by the bank.

4.2. How do I know which places of execution the bank has chosen to execute my orders?

Do you wish to know which stock exchanges the bank has selected to execute your orders? This can be seen from the list of stock exchanges included in our order execution policy. The bank may amend this list periodically. You can find the current list on the bank's website. You may also request this list from your adviser or relationship manager. The bank will regularly check whether the stock exchanges on this list still offer the best possible outcomes. For example, the bank will do this in the event of any major changes, which may mean the bank is no longer able to execute your order with the best possible result. The bank will then review the list of stock exchanges and will do so, in any case, at least once a year. Does the bank have your orders executed by third parties? The bank will then ensure that the other party's order execution policy is consistent with the bank's policy.

5. Aggregated orders

5.1. What are aggregated orders?

Did you accept the bank's order execution policy (see also Chapter 9)? In that case you are authorising the bank to combine your order with orders from other clients. The bank may then execute your order jointly with orders from other clients for the same investment product, at the same time and at the same price. The bank forwards these orders as a single order to a stock exchange. We call this an aggregated order. The bank will do this only if the bank thinks this is not likely to be to your disadvantage. In the case of an aggregated order, you pay the average execution price of whatever part is executed. If the bank aggregates orders, it is possible that your order may not be executed immediately. It is also possible that your order will not be executed in full. This can in fact turn out to be to your disadvantage. For asset management, the bank combines your order with orders from other customers of the bank with the same type of asset management in certain situations.

5.2. What happens if the bank is unable to fully execute an aggregated order?

Did the bank aggregate your order and now cannot fully execute the aggregated order? Then the bank will execute only that part of the aggregated order which can be executed at that time. In that case:

- ▶ either the bank will not buy all the investment products that the bank had wished to buy for you with its purchase order, but only part of them; or
- ▶ the bank will not sell all the investment products that the bank had wished to sell for you on its sales order, but only part of them.

This applies equally to the other clients whose orders were aggregated with your order. You will receive a share of the part of the aggregated order that was executed. Your order will be executed pro rata of the total aggregated order executed.

6. Orders that exceed a certain threshold

Do you wish to place a "large" order for an investment product? Large here means either a large number of that investment product or a large value of that investment product. In that case, your order may exceed the threshold that applies for that investment product. This threshold depends on

- ▶ The investment product itself;
- ▶ The place of execution at which your order will be executed; and
- ▶ The market circumstances.



Because these characteristics can change all the time, the threshold for a large order is not a fixed value. The investment adviser plays an important role in this. Large orders can disrupt the market. At that point, it is not only the combination of price and costs that matters to you, but also the size of the order and the likelihood that the order will be fully executed which are important characteristics. So, do you wish to place a large order? If so, you can inform your investment adviser of this. The investment adviser will discuss your special request for this order with you and then pass your order over to a specialised department within ABN AMRO for its execution.

7. Execution of certain investment products

Special circumstances may apply for some investment products. As a result, the bank will also look at other factors before determining where the bank can execute your order to obtain the best possible result. The bank does this for the investment products listed below.

7.1 How does the bank execute orders for investment funds?

For most investment funds, you cannot execute orders during all the hours that a stock exchange is open. This means that although you can place your order with the bank at any time, the bank may execute this type of order only at one fixed time during the trading day. For these investment funds, the bank looks only at the costs charged by the stock exchange to process the order. This determines where the bank can execute your order with the best possible result.

There are other investment funds where the bank may execute your order at any time during opening hours. In this case, the bank will determine the place of execution by applying the usual rules.

7.2 How does the bank execute orders for investment products that are less easy to trade?

Have you placed an order with the bank for an investment product that is less easy to trade? These are also known as less liquid investment products. The bank may not be able to execute your order with the best possible result. This might be the case, for example, if you placed an order with the bank for an investment product:

- ▶ With limited supply and demand;
- ▶ With limited liquidity. This means that this investment product is not easy to buy and sell instantly; or
- ▶ Where it is not clear how to establish a price for that product.

In these situations, you are free to request a better price from another investment firm. You are responsible for doing so. The bank is not required to do it for you.

The bank will inform you of the prices at which the bank can execute your order for this investment product on the stock exchange. Are you ready to accept the prices the bank has given you? And do you wish to instruct the bank to execute your order? In that case, the bank has met its obligations to you under this policy.

Did the bank create this investment product itself or is the bank a market maker for this product? Then you can ask the bank up front how it determines the price for this investment product.

7.3 How does the bank execute option orders?

The bank forwards your option order via the designated broker to the options exchange where the option is listed. For foreign options, this will be an options exchange in the country where the option is listed.

7.4 How does the bank execute orders for structured products?

Structured products distributed via the bank are always issued by only an eligible counterparty. These parties are defined, monitored and reviewed by ABN AMRO on the basis of a set of qualitative and quantitative criteria. These products are usually traded off-exchange.

8. Special market circumstances

This policy does not apply when special market circumstances exist. These include, among other things:

- ▶ When the market is very volatile, such as during an economic crisis; or
- ▶ If the bank's systems or those of other parties fail.

What if special market circumstances apply? In that case, the most important aspect for the bank when executing orders is for orders to be executed on time, whenever possible. In the event of communication breakdowns, the bank may not be able to contact all the stock exchanges selected by the bank to execute orders. In this case, the bank will inform you about it when you submit an order to the bank. The bank has also agreed with most brokers about calling on a reserve broker. If, for example, the broker cannot execute orders at some point due to a breakdown, then the reserve broker will take over the role of broker and execute your order, if possible.

9. Implicit and explicit consent

Did you receive a copy of this policy and subsequently placed an order with the bank? Then you have implicitly accepted the bank's order execution policy. By submitting an order, you also indicate that you have read and understood these terms and conditions. And that you explicitly authorise the bank to execute orders for financial instruments that can be traded on a regulated market, MTF or OTF, and also outside the regulated market, MTF or OTF. In this case and until its final settlement, the transaction will involve a risk of default by the counterparty. The bank will take all reasonable steps to mitigate this risk during the counterparty selection process. The bank will exercise this option to execute orders outside of this regulated market, MTF or OTF in accordance with the principles of best execution.



10. Declaration

With regard to the statutory information obligations imposed regarding “best execution,” the bank will publish each year data on the quality of execution, plus information on the main places of execution used by it and its broker(s). This information allows clients to evaluate the bank’s execution practices and its compliance with its own policy. This information will be available free of charge on the bank’s website in electronic form for at least 2 (two) years.

