

# Summary of ABN AMRO Order Execution Policy

*This information is only addressed to clients who on 31 August 2019 were already a client of ABN AMRO Bank N.V. and/or have become a client of ABN AMRO Bank N.V. after 31 August 2019*

## 1. Introduction

### 1.1. What is the aim of this policy?

This policy sets out the procedures and rules used by the bank when executing your orders. In this policy document, the bank has set out the procedures and rules used to execute your orders, so that the best results can be achieved. The bank will adhere to this policy insofar as possible.

The bank can either execute your orders itself or have them executed by other third parties. If this policy states that the bank executes your orders, this means that it executes your orders itself or has them executed by a third party on the instructions of the bank.

### 1.2. When does the bank observe this policy and to whom does it apply?

If you give an order to the bank, the bank must ensure that it executes your order with the aim of achieving the best possible result. This policy applies to all investing customers of the bank.

### 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 (such as options, futures and warrants); and
- ▶ structured products.

## 2. Characteristics

### 2.1. What does the bank take into account when performing best execution?

The bank considers the following characteristics when assessing your order as a means of achieving the best possible result:

- ▶ the price at which your order can be executed;
- ▶ the costs of executing your order;
- ▶ the speed at which your order can be executed;
- ▶ is the probability that your order will be executed and settled;
- ▶ the size of your order;
- ▶ what type of order it is (for example, an order with a price or time limit, or an order for which you have made a separate arrangement with the bank); and
- ▶ the influence that your order may have on the market price, if this is made public.

For most orders, the combination of price and cost is the most important consideration.

### 2.2. What other characteristics are relevant when the bank executes my order?

The bank follows fixed procedures and rules as a means of assessing where the bank can execute your order, so that the best results can be achieved. In doing so, the bank also takes into account the following characteristics:

- ▶ the place of execution (see chapter 3);
- ▶ special orders (see chapters 4 and 5); and
- ▶ specific investment products (see chapter 6).

If you provide the bank with specific instructions for executing an order and those instructions deviate from this policy, then the bank will execute your order as instructed. This is unless the bank informs you that it is unable to execute your order in line with your instructions. If the bank executes your order as instructed this may mean that the bank is unable to complete all of the steps it has set out and introduced in order to be able to ensure that your order is executed as effectively as possible.

## 3. Place of execution

In most cases, the bank will execute your order on a stock exchange. In principle, this only concerns such stock exchanges that are defined as a regulated market or a multilateral trading facility. These stock exchanges operate in accordance with fixed or statutory rules. For more information on this, see paragraph 8.1. There is a range of ways via which the bank can execute your order or have it executed:

- ▶ The bank may execute your order directly.
- ▶ The bank can make use of various intermediaries to have your order executed. These intermediaries are known as 'brokers'. The bank has made arrangements with these brokers for this service. The broker selects which stock exchange is most appropriate to execute your order. The brokers, in turn, may also choose from a range of ways via which to execute your order. These may include:
  - ▶ on a regulated stock exchange;
  - ▶ on a multilateral trading facility (MTF);
  - ▶ through 'over the counter' (OTC) trading. With regard to OTC, the broker makes special arrangements with a trading facility to execute your order.

### 3.1. Why does the bank not always select the stock exchange with the best price quotations?

The bank has determined which stock exchanges are suitable for executing your orders in order to obtain the best possible result. The bank does not select all stock exchanges that can give a price for a specific investment product. This is because, for example, these stock exchanges charge higher fees for executing an order. Alternatively, it may be expensive to link the bank to these stock exchanges. This may mean that sometimes, a different stock exchange can give a better price quotation for your order than the stock exchange chosen by the bank. However, the total costs at this stock exchange are generally higher, meaning that for the majority of orders, a worse result will be obtained than if the order was executed on the stock exchange chosen by the bank.

### 3.2. How do I know which stock exchanges the bank has selected to execute my orders?

If you would like to know which stock exchanges the bank has chosen to execute your order, you can find it in the list of stock exchanges included in our order execution policy. The bank may amend this list. To view the current list, please visit the bank's website. You can also request a copy of the current list from your advisor or relationship manager.

The bank will check regularly to ensure the stock exchanges on this list continue to offer the best possible results. The bank does this, for example, in the case of major changes, as a result of which the bank can no longer execute your order with the best possible result. In the event of this, the bank will revise the list of stock exchanges. It also does so once per year as standard practice. If the bank instructs another third party to execute your orders, the bank will ensure that the order execution policy of the third party matches that of the bank.

The bank shall execute sell orders for shares on a stock exchange in the same country in which the bank executes purchase orders for the same share. When selling shares, it is assumed they will be sold on the stock exchange where they were originally purchased.

## 4. Aggregated orders

### 4.1. What are aggregated orders?

If you consent to the bank's order execution policy (see chapter 9 for more information), you are authorising the bank to aggregate your order with those of other clients. In this case, your bank may execute your order along with those of other clients for the same investment product at the same time and for the same price. The bank will then pass these orders on to a stock exchange as a single order. This is known as an aggregated order. The bank will only do this if the bank thinks that it is unlikely to be disadvantageous for you. For an aggregate order, you pay the

average execution price of the part executed. If the bank aggregates orders, your order may not be executed directly. Your order may not be executed in its entirety either. This may turn out to be disadvantageous for you. When it comes to managing assets, your bank will, in some situations, add your order to orders from other clients of the bank with the same type of asset management.

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

If the bank has aggregated your order and is unable to fully execute it, the bank will only execute the part of the aggregated order that can be executed at that time. If this happens:

- ▶ the bank will not buy all of the investment products that the bank wanted to buy for you with a purchase order, and instead only purchases a smaller share; alternatively,
- ▶ the bank does not sell all of the investment products that the bank wanted to sell for you with a sales order, and instead only sells a smaller share.

This also applies to the other clients whose orders are aggregated with yours. You will receive part of the share of the aggregated order that was successfully executed. Your order will be executed in the same proportion as the part of the overall aggregated order that is executed.

## 5. Orders exceeding a certain threshold

If you would like to submit a 'large' order for an investment product, (where 'large' means a significant amount of that investment product or a significant value of that investment product), your order may exceed the threshold that applies to that particular investment product. This threshold depends on:

- ▶ the investment product;
- ▶ the stock exchange on which your order is executed; and
- ▶ the market situation.

As these characteristics may differ at any time, there is no fixed threshold for large orders. Investment advisors play an important role here. Large orders may disturb the market. Apart from the combination of price and cost, the size of the order and the likelihood that the order will be executed in full are essential to consider for large orders. If you would like to submit a large order, you can do so through your investment advisor. The investment advisor can discuss your special preferences for this large order and then pass your order on to a specialist department of ABN AMRO to be executed.

## 6. Executing specific investment products

Special situations may apply to certain investment products. This is why the bank also considers other characteristics when assessing where it can execute your order, so that the best results can be achieved. The bank does this for the investment products listed below.

### 6.1. How does the bank execute investment fund orders?

For the majority of investment funds, orders are not permitted to simply be executed at any time during the stock exchange's opening hours. This means that while you can submit your order to the bank at any time, the bank can only execute the order at a specific time during trading hours. For investment funds, the bank only looks at the costs charged by the stock exchange in order to execute the order. This is also how the bank decides where it can execute your order, so that the best results can be achieved. There are also investment funds through which the bank can execute your order at any time during their opening hours. In this case, the bank will decide which stock exchange to use in line with the normal rules.

### 6.2. How does the bank execute orders for investment products that are less actively traded?

If you submit an order for an investment product that is less actively traded – known as less liquid investment products – the bank may not be able to execute your order with the best possible result. This may happen, for instance, if you submit an order for an investment product:

- ▶ with limited supply and demand;
- ▶ with limited liquidity. This means it is not easy to buy and sell this investment product on a continuous basis; alternatively,
- ▶ where it is not clear how the product's price is determined.

In these cases, you can request a better price from a different investment firm. This is your own responsibility, and the bank is not required to do anything for you in this regard.

The bank communicates to you the prices at which the bank is able to execute your order for this investment product on the stock exchange. If you accept the prices communicated to you by the bank and you instruct the bank to execute your order, the bank will meet its obligations to you as stipulated by this policy.

If the bank created this investment product itself or acts as a market maker for this product, you can ask the bank in advance how it sets the price for this investment product.

### 6.3. How does the bank execute orders for options?

The bank passes your orders on to the option exchange where the option is listed. For foreign options, this is an option ex-

change in the country where the option is listed.

### 6.4. How does the bank execute orders for structured products?

Structured products are only issued by the bank through an eligible counterparty. ABN AMRO defines, monitors and reviews these parties based on a set of qualitative and quantitative criteria. These products are generally traded outside of stock exchanges.

## 7. Special market situations

This policy does not apply when special market conditions prevail. This is the case:

- ▶ if the market is extremely volatile, such as during an economic crisis; or,
- ▶ if the bank's systems or systems of third parties fail.

During special market conditions, the most critical characteristic for the bank when executing orders is that orders are executed on time when possible. During disruptions, the bank may be unable to reach all of the stock exchanges selected by the bank to execute orders. If this happens, the bank will inform you when you submit an order. The bank also has arrangements in place with most brokers to have a back-up broker in place. This means that if a broker is unable to execute orders at a certain time due to disruptions, the back-up broker will take over from the original broker and execute your order if possible.

## 8. Monitoring and policy changes

The bank shall monitor the quality of this policy. The bank shall regularly assess whether the stock exchanges selected by the bank to execute orders are still suitable under this policy.

### 8.1. How will I know if the bank has amended this policy?

The bank shall amend this policy immediately if necessary. In the case of major, critical amendments, the bank shall inform you before they enter into effect. For more minor amendments, the bank shall post the amendments on its website when they enter into effect. If the bank amends the list of stock exchanges, the bank will post this amended list on its website.

If the bank includes a stock exchange in its policy which does not operate according to strict or legal rules (by which we mean stock exchanges that are not categorised as regulated markets or multilateral trading facilities), the bank will, on occasion, ask you for your approval in advance. The bank will only do so if it requires your approval and in a manner that suits your situation.

### **8.2. How often does the bank assess this policy?**

The bank will review this policy at least once a year to make sure it is still appropriate. By doing so, the bank can guarantee it will continue to execute your orders with the best possible result.

### **8.3. Can I ask the bank how it applied this policy when executing my order?**

If you would like to know how the bank applied this policy to your order that the bank executed, you can ask the bank to explain it to you.

## **9. Consent and express consent**

If you have received this policy and subsequently submit an order to the bank, then you are agreeing to the bank's order execution policy. By submitting an order, you are also indicating that you have read and understood these conditions and that you have given express consent to have your orders executed on stock exchanges that are not categorised as regulated markets or multilateral trading facilities – unless the bank has asked for your approval in advance (see paragraph 8.1).

ABN AMRO Bank N.V. has its seat at 1082 PP Amsterdam (The Netherlands), Gustav Mahlerlaan 10 and is registered at the Chamber of Commerce of Amsterdam under number 34334259. ABN AMRO Bank N.V. has a Belgian branch at 2600 Berchem, Roderveldlaan 5 box 4, which is registered at the Crossroads Bank for Enterprises, RLP Antwerp, under number (TAV BE) 0819.210.332.