

Order Execution Policy

Last updated on 18 November 2015

Introduction

This document (the “Policy”) specifies the procedures which Skandinaviska Enskilda Banken AB (publ) and its subsidiaries (“SEB”) will follow when executing or transmitting orders in financial instruments on behalf of its retail and professional clients. SEB will take all reasonable steps in accordance with this Policy, with a view to obtaining the best possible results for its clients. Please note that although the procedures set out in the Policy are generally expected to produce the best possible result for SEB’s clients, there is no guarantee that circumstances will enable this to be achieved in every single transaction.

As such, the procedures set out herein constitute “Best Execution” in SEB’s view. ***By asking SEB to enter into a transaction with or for you, you agree to the transaction being executed in accordance with this Policy.***

Where a client requests a quote and accepts it, or where the terms (including the price) of a transaction are otherwise specifically agreed between SEB and the client prior to its execution, the resultant transaction will for a retail client be considered to constitute Best Execution, and will for a professional client be outside (i.e. not required to be covered by) the terms of this Policy.

A single client order may be executed in parts, using more than one of the methods described in this Policy.

Terms used in this Policy have the same meaning as defined under EU financial regulation.

Specific client instruction

Where a client gives SEB a specific instruction on how all or part of its order should be executed, the relevant execution will be effected in accordance with such instructions. Clients ***should be aware that providing specific instructions may prevent SEB from following the procedures set out in this Policy, which are considered likely to obtain the best possible result for them.***

The relative importance of different factors in execution

In executing a client’s order SEB will take into account the following matters:

- the price at which it is likely to be executed;
- the speed and likelihood of both execution and settlement;
- the size and nature of the order and its impact on the market; and
- any other factor which SEB reasonably considers to be relevant to the execution of the order, when it is in the best interest of the client.

Using its reasonable judgement, SEB will weight these factors at the time of execution in accordance with its client’s characteristics, the financial instrument involved and the prevailing market conditions.

Unless special circumstances apply, SEB's priority in executing transactions will generally be to obtain the best possible result in terms of the total consideration to be paid or received by the client.

Execution of orders in financial instruments regularly traded on external execution venues

This section applies to financial instruments traded with reasonable liquidity on a regulated market, an MTF (Multilateral Trading Facility) or with a market maker or any equivalent liquidity provider. Such instruments include, for example, certain:

- shares;
- bonds and other interest-bearing or discounted debt instruments, including index-linked bonds;
- standardised derivatives; and
- covered warrants, exchange traded funds (ETFs) and Exchange Traded Certificates (ETCs).

SEB will execute its client's order in such a financial instrument in the following way:

- The order will normally be routed for execution to the execution venue or venues which SEB considers to provide the best combined result for the client taking into account the factors identified above.
- Where the order is of a larger size, such that care is required in its execution in order to minimize the adverse impact of the order on the market, SEB will execute the order at such times, and in such separate parts, as appears in its reasonable judgement as to be likely to produce the best possible overall result for the client under the circumstances as they develop.
- Should circumstances make it appropriate, and provided that it appears to SEB that it will not operate to the client's overall disadvantage, SEB may choose to execute all or part of the order against either its own book, directly against a specific counterparty, or against the order of another of its clients. However, SEB will only do this if it appears likely at the time of dealing that the result obtained for the client is likely to be at least as good as would have been obtained in the market.
- SEB may offer to take an order of a larger size directly onto its own book at a price agreed with the client. It may do so where the client wants a firm price immediately or when, SEB considers it likely that the price agreed is no worse than the price that would have been obtained at an execution venue at the time for a transaction equal to the size of the order, notwithstanding that such price may be less advantageous than the price prevailing in the market for small volumes.
- Where a client requests SEB to make a quote for a transaction off its own books, SEB will take reasonable care to ensure that the price so quoted is fair in all the circumstances.

Execution of orders in financial instruments not regularly traded on external execution venues

This section applies to financial instruments which are not traded with reasonable liquidity on a regulated market or other execution venue, such as standardised but non-exchange traded instruments, and instruments created, whether by SEB or another intermediary, from one or more components (some of which may be listed or traded in their own right), for example in order to

provide an instrument designed to meet specific exposure requirements. Such instruments include, for example, certain:

- bonds and other interest-bearing or discounted debt instruments;
- OTC derivatives;
- instruments in which the return is linked to the performance of a specific index or reference rate;
- instruments based on, or involving, contracts for difference;
- shares not admitted to trading on a regulated market, an MTF or other execution venue; and
- fund units (other than ETFs).

SEB will execute its client's order in such a financial instrument in the following way:

- SEB may execute the order against its own book, at a fair price. The price will take into account the prevailing market price available to SEB or level of the underlying asset, index or rate incorporated into the structure of the instrument, or other relevant market factors or events. The pricing will in addition take into account the risks and costs involved in SEB's business model for the instrument in question – such as costs inherent in the utilization of its own capital to support its dealings with clients, counterparty credit risk, operational risk or risk position assumed in creating the instrument and making it available to clients – and SEB's reasonable profit margin in the light of these.
- To be able to provide execution in securities for which there is no readily available market quote, SEB may execute the order against a counterparty outside a regulated market, MTF or other execution venue, or against the order of another of its clients.
- Specifically for fund units, SEB will carry out its client's order by transmitting it, directly or through an intermediary, to the fund management company (or equivalent) responsible for administering the fund in question.

Securities lending and primary market transactions

SEB will execute securities lending transactions against its own book at a fair price and in accordance with the specific terms agreed with the client.

SEB will execute primary market transactions in financial instruments either by transmitting the client order to the issuer, or the agent of the issuer, in accordance with the client's instruction, or by subscribing for the financial instruments in question in its own name in reliance on an order placed for them by the client, in either case in accordance with the terms and conditions for the issue in question.

Execution venues used by SEB

SEB participates in a variety of different regulated markets and, in addition, has direct access to certain other execution venues for instance MTFs or market makers, chosen in each case (amongst other reasons) because SEB reasonably expects them to assist it in executing orders to the best advantage of its clients (taking into consideration the relative importance of the different factors in execution considered above).

For a list of execution venues frequently used by SEB, please refer to www.seb.se. Note, however, that SEB may execute client orders on venues other than those on the list when it considers that this is

appropriate in the light of the circumstances at the time and that doing so is unlikely to produce a worse overall result for the client.

Placing and transmission of orders to third party brokers

When providing portfolio management services and/or transmitting its clients' orders, SEB will handle the placing of orders in the way that it regards at the time as likely to be in the best interest of the client, and, where it deems it appropriate, may use the services of a third party broker.

SEB will make a careful assessment of any third party broker it uses and will establish a relationship with it. When selecting a third party broker through which or by which client orders are executed, SEB will consider factors such as price, costs, speed and likelihood of both execution and settlement, as well as other factors that might be significant and in the best interest of the client at the time of placement and transmission of orders. SEB has procedures to assess the order execution quality provided by third party brokers on a regular basis.

Execution outside a regulated market or an MTF

SEB may execute client orders outside a regulated market or an MTF, provided that SEB has obtained the client's prior express consent in respect of financial instruments traded on a regulated market or an MTF. For the avoidance of doubt, execution of orders outside the trading system but pursuant to the rules of the specific market ("Negotiated Transactions") is considered as orders executed on the regulated market or MTF.

Client order handling

SEB will promptly execute client orders that are otherwise comparable, in the same sequence that they were received, unless it is impractical due to the characteristics of the order, prevailing market conditions or due to other factors in order to act in the best interest of the client.

SEB shall inform non-professional clients when there are substantial difficulties to execute an order when the bank learns of these difficulties.

Provided that it is unlikely to work to the overall disadvantage of the clients concerned, SEB may aggregate a client's orders with the orders of other clients, or with transactions that it is arranging for its own account. Whilst such aggregation is not expected to operate to a client's disadvantage in general, there can be no guarantee that it will not on other occasions work to the client's disadvantage in relation to a particular order.

Where SEB aggregates a client's order with other client orders, the combined trades will be allocated fairly between that client and the other parties whose interests have been aggregated.

Where SEB aggregates a client's order with transactions that it is arranging for its own account, the combined trades will be allocated fairly between that client and the bank. For aggregated orders that have only partially been filled, clients will be prioritized over the bank when allocating the combined trades.

The impact of disrupted markets, system failures etc

In some cases, whether as a result of trading suspensions, cancellation of transactions by the execution venue, disrupted markets, system failures or otherwise, SEB may feel that it is in a client's

best interests to execute or transmit its order using a method different to that normally used for the instrument in question. In such cases, SEB will take all reasonable steps to achieve the best possible overall result for the client under the prevailing circumstances.

If the events referred to above result in serious disruption in the markets, SEB will make reasonable efforts to contact clients whose orders have not yet been executed in order to obtain additional instructions. If SEB is unable to obtain such instructions, it will take such actions as reasonably seem to be in the best interest of the client, and the client will be bound by the result.

Where a market operator cancels or amends trades executed on its market, SEB and its clients will be bound by such steps, even if SEB has in the meantime confirmed that the transaction has been executed. SEB will take all reasonable steps to notify the client of such events as soon as possible after it has itself been informed of them, unless the circumstances makes such notification impracticable.

Changes and updates to this Policy

This Policy may be subject to change from time to time. The Policy, and the execution venues, third party brokers and execution arrangements referred to in it, as well as the results they produce, will be reviewed periodically in order to ensure that they remain likely to provide the best possible result for SEB's clients. This will be done as circumstances dictate, and at least annually. Any changes to the Policy will be published on SEB's website, and can be accessed on www.seb.se. SEB will also send any update to its clients on request. Such change and updates will take effect from the day following the day they are published on the website.