

# Order Execution Policy for clients of the SEB

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## SCHEDULE 1: List of financial instruments covered

### BUSINESS SPECIFIC APPENDICES:

- A. Equities
- B. Fixed Income
- C. FX
- D. Fund Units
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- F. Commodity derivatives and EU Emission Allowances

## 1. Introduction

- 1.1 This Order Execution Policy has been adopted in order to ensure that AB SEB Bank (“SEB”), delivers Best Execution to its clients when executing their orders or arranging transactions on their behalf, as and when required to do so by Article 27 of the Markets in Financial Instruments Directive 2014/65/EU, local legislation enacted pursuant to it in the relevant jurisdictions, and the accompanying Delegated Regulation 2017/576 (together “MiFID II”).
- 1.2 Best Execution is the technical requirement imposed on SEB to take all sufficient steps in executing orders for or on behalf of its clients in order to obtain the best possible result for them, and to act in their best interests when passing their orders on to others for execution. However, there are circumstances under which SEB does not owe Best Execution - for example, where it is effectively acting as a market counterparty and/or assuming positional risk under a transaction. Notwithstanding this, irrespective of whether or not SEB is subject to a duty of Best Execution, it is always subject to an overriding duty to act honestly, fairly and professionally in accordance with the best interests of its clients.
- 1.3 The Policy sets out the circumstances under which SEB will seek to deliver Best Execution, and the considerations which it will apply in delivering it in practice. It comprises both principles which will apply generally, and Product Appendices under which those principles are applied to specific classes of financial instruments.
- 1.4 Except in cases where the client has specified in all respects how it wishes its order to be executed, SEB’s staff will apply the considerations set out in the Policy as appears to be in the best interests of the client under the circumstances prevailing at the time. The processes set out herein are designed to ensure that SEB delivers Best Execution for its clients when required on a general and consistent basis. However, whilst every attempt will be made to achieve Best Execution for clients when required, this does not necessarily mean achieving the best price in each and every case, but rather the best price that can reasonably be expected given the information available during the execution process.
- 1.5 This Policy and other documents relevant to SEB’s Best Execution practice may be updated from time to time, and the current versions can be found on SEB’s website (at [www.seb.lt/eng/private/protection-investors](http://www.seb.lt/eng/private/protection-investors)).
- 1.6 By entering into transactions with SEB or giving it discretion to arrange them on their behalf, clients will be deemed to have accepted the terms of this Policy. In the event that a client has questions concerning the content or

application of the Policy, whether generally or in a specific instance, they should contact their SEB Client Representative.

- 1.7 For the avoidance of doubt, the fact that SEB has failed to observe any aspect of the Policy in a particular case will not *of itself* give any person a cause of action against SEB or any of its employees.

- 1.8 Definitions:

*Retail Clients* are those which are afforded the highest degree of protection under MiFID II – they are typically private individuals and small-scale businesses, or entities which have elected to be treated as such.

*Professional Clients* are those which meet certain thresholds laid down in MiFID II in terms of size, transactional frequency and/or financial experience – they are afforded slightly less protection under MiFID II, and are typically large scale businesses or those active in financial services, or entities which have elected to be treated as such.

*Eligible Counterparties* are afforded the lowest level of protection under MiFID II – and are typically regulated wholesale financial service businesses.

Other technical terms used in this Policy, such as Regulated Market, Systematic Internaliser, OTC Transaction etc., have the meanings ascribed to them under MiFID II.

## 2. Scope

### 2.1 Clients covered

The Policy applies to both Retail and Professional clients of SEB, but not to Eligible Counterparties who transact with it unless SEB has specifically agreed to provide them with Best Execution under exceptional circumstances.

All clients dealing directly with SEB will have been informed of their Client Categorisation, and they should contact their SEB Client Representative should they have any questions in this regard. They should note that (a) not all SEB Offices conduct business in the full range of relevant instruments or deal with Retail Clients, and (b) the provisions of this Policy may be supplemented by other contractual provisions in documents provided by SEB to its clients in relation to specific business areas.

### 2.2 Financial Instruments covered

The Best Execution requirement applies to transactions (including derivative, packaged and “repo” transactions) in a wide range of financial instruments, including transferable securities, money-market instruments, units in collective investment undertakings, different types of financial derivatives,

emission allowances and certain securities financing transactions. The full list of such instruments is set out in Schedule 1. However, “spot” transactions in F/X and commodities are not regarded as “financial instruments”, nor are loan agreements and deposits – and they are therefore not subject to any obligation of Best Execution.

### 2.3 Services covered

This Order Execution Policy applies where SEB provides the following services:

- execution of orders on behalf of clients;
- reception and transmission of client orders;
- portfolio management.

### 2.4 Overriding duty to act fairly

Irrespective of whether a specific transaction is covered by this Policy, SEB has an overriding duty to act honestly, fairly and professionally in accordance with the best interests of its clients.

## 3. The Best Execution Framework

SEB has put in place policies and procedures which are designed to obtain the best possible result for its clients on a consistent basis in transactions to which Best Execution applies, taking into account certain factors, criteria and available execution venues, as follows, (further information on each of these topics is also given under 5 below).

### 3.1 Execution Factors

SEB will take into account a number of factors, including:

- the price available in markets and execution venues to which SEB has access;
- transaction costs, including venue execution charges and settlement costs;
- speed of execution;
- the likelihood of execution and settlement, as impacted by market liquidity;
- the size and nature of the transaction;
- risks to SEB arising from execution (including hedging and residual risk);and
- any other circumstances SEB considers relevant.

In transactions where SEB assumes an element of risk, whether executed internally or on a venue external to it, the price may include a spread which reflects, in addition to charges specifically agreed with a client, SEB's counterparty risk, market risk, hedging activity, assumption of credit and/or clearing risk and capital charges. These factors are inherent in SEB's business model, and are outside the scope of Best Execution, except where expressly stated. Further details are provided in the relevant Product Appendices.

### 3.2 Execution Criteria

In determining the weighting of each of the above Execution Factors relative to the others, SEB will take into account (in addition to any specific instructions which a client may give, for which see 5.3.1 below) the following:

- the client's characteristics, including its formal categorisation;
- the type of transaction (including size and likely market impact);
- the financial instrument involved;
- the execution venues to which the transaction may be directed; and
- any other circumstances SEB considers relevant.

### 3.3 Execution Venues

SEB will typically execute transactions on the following types of venue:

- Regulated Markets and their non-EEA equivalents;
- Multilateral Trading Facilities (MTFs) and their non-EEA equivalents;
- Organised Trading Facilities (OTFs) and their non-EEA equivalents
- Systematic Internalisers (SIs) and their non-EEA equivalents;
- order crossing networks and other electronic platforms;
- orders from other clients of SEB;
- SEB's own sources of liquidity, where SEB will be the counterparty;
- other brokers and market makers; and
- venues available to other parts of SEB.

In executing client transactions, SEB's staff will select such venues as appear to them at the time to produce the best result for the client in accordance with this Policy, including (where appropriate and taking into account any potential conflicts of interest involved) executing against SEB itself, whether acting as a Systematic Internaliser or in another principal capacity. Client transactions may therefore be filled by execution outside a Regulated Market, Multilateral Trading Facility or Organised Trading Facility – and SEB will have asked its clients in certain product areas to consent to this under the standard documentation made available to them.

Any client may request SEB to access or refrain from accessing specific venues or sources of liquidity in relation to a transaction, although SEB's ability to meet any request may vary according to the circumstances, and observing the client's request may limit the execution services SEB can offer or affect its ability to achieve Best Execution.

SEB will use reasonable endeavours not to discriminate unfairly between the execution venues selected. The criteria SEB uses to select the venues on which it considers doing business are described more fully at 6 below, and the main venues on which it executes transactions in each class of financial instrument are set out at [www.seb.lt/eng/private/protection-investors](http://www.seb.lt/eng/private/protection-investors).

### 3.4 Execution Capacity

In executing client orders or entering into transactions on their behalf, SEB may act in any of the following capacities, except where specifically agreed otherwise:

- as agent;
- in a riskless principal capacity, in which simultaneously on entering into the transaction with the client, SEB enters into a matching transaction with an execution venue or a third party, including another client, thereby ensuring that SEB assumes no positional risk under the transaction, taking no profit or loss between the two elements other than the agreed commission, fee or charge; or
- as principal, taking the transaction onto its own books and assuming the positional risks that this generates.

Large transactions may be broken into smaller constituent parts, which may be effected in more than one of these capacities.

Where SEB acts in a principal capacity and is not subject to a duty of Best Execution, it may trade ahead or alongside of its client's transactions, for example to execute the transactions of other clients, to hedge or source liquidity for market making purposes, or to manage its risks. Such activity may impact the price received by the client.

## 4. Application of Best Execution by Client Type

### 4.1 Retail Clients

SEB will afford its Retail Clients Best Execution, except in rare situations when they can be regarded as treating SEB as a market counterparty, as established under the Trading Relationship test set out below, and are thus not relying on SEB to protect their interests.

### 4.2 Professional Clients

SEB will always afford its professional Clients Best Execution when it acts in an agency capacity (whether pursuant to an express request or implicitly, as when executing a large order through a series of matched principal transactions), when it is acting pursuant to a formal discretionary, asset management or advisory mandate, or where it is obliged to do so pursuant to an express contractual provision entered into with the client.

In other circumstances (for example where SEB acts in a true (not riskless) principal capacity, thereby assuming positional risk under the transaction), the question of whether SEB owes a Best Execution obligation will depend on whether the client is relying on it to protect their interests, or can legitimately be regarded as treating it as their market counterparty.

### 4.3 Trading Relationship Test

The EU Commission has established a relationship-based “four-fold test” which can be used to determine whether or not a client, whether Retail or Professional, is indeed legitimately relying on a firm in a specific transaction or in effect treating the firm as a market counterparty. SEB, in common with other investment firms, will take account of this test, the four elements of which are as follows.

- *Who initiates the transaction.* Where the client has made the initial approach, it is less likely to be seeking to rely on SEB than, for example, where SEB has specifically suggested the transaction to the client pursuant to a formal advisory mandate. In this context, clients should note that SEB typically distributes to large numbers of its clients research and/or trading ideas which explicitly or implicitly suggest potential transactions; where a transaction results directly from this, the distribution will not of itself be regarded as having “initiated” it for the purposes of the test, since the suggestion will not have been tailored to the specific circumstances of the client.
- *The typical practice in the relevant market.* In some markets, such as the OTC (over-the-counter) derivatives and bond markets, for example, clients can typically access various alternative sources available to them, obtaining quotes from several counterparties. Under these circumstances, it is less likely that the client will be seeking to rely on SEB to protect its interests.
- *The relative levels of transparency in the market.* In many instances, a client approaching SEB will have as good a view of market conditions as SEB itself - or an even better one in cases where other market participants are happy to disclose information to their clients, but not to their competitors. In these circumstances the client is unlikely to be relying on SEB.
- *The information provided by the investment firm to the client and the contractual relationship between them* will also be of relevance: where they stipulate circumstances under which SEB will not owe a duty of Best Execution, it is less likely that the client will be relying on SEB under such circumstances.

Except where the question is otherwise specifically agreed between SEB and a client, SEB’s staff will use their reasonable judgement in good faith to apply the above principles in determining whether or not the client is seeking to rely on SEB in particular circumstances. Where none of the four elements of the test indicate that it is, SEB will assume that the client regards it as their market counterparty, and will thus not observe the formal Best Execution requirements - whilst nevertheless continuing to act honestly, fairly and professionally in accordance with the client’s best interests.

In general, where SEB has discretion over how certain aspects of a transaction are executed, then it is more likely that it will owe a duty of Best Execution; correspondingly, where SEB has no discretion and/or is assuming the full positional risk in a transaction, then it is less likely.

For the avoidance of doubt, where SEB provide portfolio management services and executes orders itself, it will always afford its clients Best Execution. Where SEB submits such order to other entities, SEB will, pursuant to and in accordance with policies mentioned in 2.4, require that any entity to which it forwards its clients' transactions for execution (whether this is another part of SEB or an external entity) does likewise.

The consideration of Different Scenarios at 5.3 below and the Product Appendices contain further information relevant to the application of the Trading Relationship Test in practice.

## 5. Providing Best Execution in practice

### 5.1 Retail Clients

Where SEB seeks to achieve Best Execution for its Retail Clients, it will aim to do so in terms of the client's total consideration - i.e. by optimising both the price achieved and the expenses incurred directly in relation to the execution, such as execution venue fees, clearing and settlement fees, and any other fees paid to third parties in relation to the transaction. The other Execution Factors listed at 3.1 and 3.2 above will only be taken into account to the extent that they help SEB to achieve the best possible result for the client in terms of its Total Consideration.

### 5.2 Professional Clients

Where SEB seeks to achieve Best Execution for its Professional Clients, it will take into account all of the Execution Factors and Execution Criteria listed at 3.1 and 3.2 above respectively, and then seek to execute the transaction on the execution venue that demonstrates the best price at the time. In normal circumstances, the prevailing price of the financial instrument will be the most significant factor; however, there will frequently be other, potentially conflicting factors to be taken into account, such as maintaining confidentiality and minimizing the price impact when executing a large transaction, optimizing the result in illiquid markets, or achieving speedy execution in rapidly moving markets. In such circumstances, SEB's staff will use their reasonable judgment and experience to execute the transaction in a manner which can be expected to achieve the optimum overall result for the client under the circumstances.



### 5.3 Different Scenarios

Notwithstanding the above, there are certain scenarios which will define how SEB will execute transactions and have a bearing on Best Execution, which include the following.

#### 5.3.1 Specific Client Instructions

Where a client provides SEB with a specific instruction on how all or part of its order should be executed, SEB will follow those instructions and as a consequence will be deemed to have provided Best Execution in relation to those aspects of the transaction covered by the instruction. Such instructions include order types which dictate the transaction's timing (e.g. "open", "close" or "stop" orders) or its target price (e.g. target benchmark orders such as "VWAP"). However where the instruction does not cover all aspects of the transaction, SEB will apply the principles set out in this Policy to its remaining aspects.

Therefore, when a client provides SEB with a restrictive instruction, this may correspondingly affect its ability to observe the requirements of this Policy in full, and may result in a less good result for the client than would otherwise have been achieved.

SEB's staff will always be prepared to discuss with a client on request the merits of any specific instruction which it may wish to give or have given, and will not seek to guide the client towards an instruction that could reasonably be expected to be against the client's interests. However, except where specifically asked to address the question, SEB cannot guarantee to bring to a client's attention the fact that an instruction a client has given may be against its best interests.

Orders which are specified as "at market" or "at best" will be always be afforded Best Execution unless circumstances make this impracticable, in which case SEB will make reasonable efforts to discuss the matter with the client.

SEB may refuse to follow an instruction by a client if SEB has any reason to suspect that such order would contravene the rules of the execution venue or relevant legislation such as the market abuse regulation.

#### 5.3.2 The treatment of Orders

- *Sub-division of orders:* Unless otherwise agreed, SEB may split any order into one or more transactions to be executed separately, in series or in parallel, possibly on different venues; where Best Execution requirements apply, they will do so equally to each such execution, as well as to the overall transaction.

- *Execution in sequence:* SEB will generally execute client orders that are otherwise comparable in the sequence in which they were received, unless this is impractical due to the characteristics of the order, prevailing market conditions, or due to other factors. Where there are substantial difficulties in executing an order, SEB will make reasonable endeavours (but does not guarantee) to inform the client when the difficulties become apparent to it.
- *Aggregation:* SEB may aggregate any client's order with those from other clients or with transactions which it is arranging for its own account and may execute them together, although it will not do so if it is reasonably foreseeable at the time that this will operate to the overall detriment of the clients concerned.
- *Allocation:* Where the Bank aggregates a client's order as above, the combined trades will be allocated fairly between that client and the other parties whose interests have been aggregated. All parties involved will receive the same price, unless this is not possible due to specific conditions given by a client as regards the price. For such aggregated orders which have only partially been filled, the combined trades will be allocated between the parties in a fair and equitable manner, although clients will be prioritized over SEB when its own transactions are included in the aggregation.
- *Time in force:* Except where the period/length of time an order is to remain in force is explicit in the nature of the order, or where it is otherwise expressly agreed at the time the order is given, each order will be valid for the day on which it is given, and will thereafter lapse. Orders for execution on a specific market that are received after the relevant market has closed will, in the absence of agreement to the contrary, remain in effect until the end of the following trading day on the relevant market.
- *Unexecuted limit orders:* Where a client places a limit order in Equities admitted to trading on an EEA regulated market, SEB is required to publish in the market the unexercised portion of that order unless the client has consented otherwise. If the client instructed SEB to execute the order in portions or to abstain from immediate execution of the order in any other manner, it will be considered that the client also instructed SEB not to publish the unexercised portion of that order in the market, unless the client specifically requested to do so.

### 5.3.3 Request for a Quote (RFQ) and executable prices

Where SEB agrees to provide a quote that is capable of immediate acceptance (as opposed to providing an indication of what might be achievable in the market), and irrespective of whether this is a two-way quote or only for a



purchase or sale, then it will be acting as principal and will be assuming the full positional risk in the transaction. The price which SEB quotes may be different from those prevailing in the markets, and it is up to the client to decide whether or not to accept it. The same applies where SEB provides such quotes through an externally accessible electronic platform, whether provided by it or a third party. In all such circumstances SEB will regard itself as being the client's market counterparty, and will have no duty to provide Best Execution.

SEB's quotes remain open for acceptance for a limited time period – where this period is not expressly stated when the quote is given or otherwise, SEB will endeavor to inform the client when it is about to expire, but does not guarantee to do so. Where a client seeks to accept a quote after such a time limit has expired, SEB has the right to accept the transaction on the basis that the client is happy with the price, but may also reject it.

In some products SEB uses electronic platforms to provide indications of the prices at which it may be able to execute transactions: except where such indications are expressly made in the form of an offer capable of immediate acceptance by clients, these are merely an indication of the price at which SEB is prepared (but not obligated) to transact when an actionable order is entered into the relevant system. However, SEB reserves the right under such circumstances to take a "last look" in order to establish that there have not been any material price moves in the meantime – and where it decides to accept the transaction, may in its discretion retain or pass on to the client the costs or benefits inherent in such moves. SEB will reject transactions where the "last look" price is outside any trade acceptance tolerances which it has set, and will apply such tolerances symmetrically, i.e. irrespective of whether the potential benefit is in SEB's or the client's favour. A client may ask SEB to dis-apply the symmetrical application of such tolerances in relation to its business, which may reduce the number of rejected transactions and narrow the spread of quotes provided.

SEB will monitor the calibration and operation of its trade acceptance tolerances, with a view to providing clients with competitive prices and certainty of execution, whilst protecting SEB from harmful exploitation.

#### 5.3.4 OTC Derivative Transactions

When SEB provides a client with an OTC derivative price, it will typically be responding to an RFQ or will be in an analogous position, and, pursuant to the Trading Relationship Test, will not be subject to a duty of Best Execution. However, where certain aspects of the transaction (such as the strike price) depend upon a market reference price, SEB will provide Best Execution in applying this reference. Equally, where a derivative price is partially dependent upon a hedge which SEB enters into with third parties specifically

in order to effect the transaction, SEB will consider this hedge to be subject to Best Execution, since the client will be relying on it to protect their interests in such circumstances.

## 6. Execution Venue / Counterparty selection

In contemplating the execution of client orders subject to the obligation of Best Execution and/or discretionary and asset management transactions, SEB will take into account conditions on the types of venue and/or third parties (which may include other parts of the SEB Group) listed at 3.3 that are available to it at the time, and will execute on one or more of them in order to achieve Best Execution pursuant to this Policy, taking into account any specific instructions the client has given.

As part of its standard client documentation process in certain relevant product areas, SEB will have sought the client's permission to execute their orders outside a Regulated Market, MTF or OTF, and, where such approval has been obtained, (assuming that they consented) SEB reserves the right to arrange all or part of their order by executing internally against the orders of other clients or SEB's own positions. SEB will periodically publish aggregate data of such business, which can be accessed here at [www.seb.lt/eng/private/protection-investors](http://www.seb.lt/eng/private/protection-investors).

SEB will exercise its discretion in choosing venues and third parties with which it will make arrangements to execute transactions, aiming to optimize its ability to achieve Best Execution pursuant to this Policy. In making this choice, it will take into account the relevant venue's or party's technical capabilities, typical prices, speed of execution, liquidity, ease of settlement and costs and charges, and will have regard to any public information which the relevant entity publishes periodically on the transactions arranged on or with them. The list of the main venues on which SEB executes transactions in each class of financial instrument is set out at [www.seb.lt/eng/private/protection-investors](http://www.seb.lt/eng/private/protection-investors).

## 7. Governance

SEB has put in place arrangements to monitor and periodically review the operation of this Policy.

A full review of this Policy and the arrangements put in place pursuant to it will be conducted at least annually, with the most recently updated version of the Policy being made available here at [www.seb.lt/eng/private/protection-investors](http://www.seb.lt/eng/private/protection-investors).

## 8. Demonstration of Best Execution

If a client wishes to obtain a formal demonstration of how SEB has observed the procedures set out in this document in relation to one or more specific transactions, they should either raise the issue with their usual SEB contact, making it clear that they require the explanation to be in writing.

## SCHEDULE I

### List of financial instruments covered

(as defined in 'DIRECTIVE 2014/65/EU, ANNEX I, LISTS OF SERVICES AND ACTIVITIES AND FINANCIAL INSTRUMENTS, SECTION C, Financial instruments')

- (1) Transferable securities;
- (2) Money-market instruments;
- (3) Units in collective investment undertakings;
- (4) Options, futures, swaps, forward rate agreements and any other derivative contracts relating to securities, currencies, interest rates or yields, emission allowances or other derivatives instruments, financial indices or financial measures which may be settled physically or in cash;
- (5) Options, futures, swaps, forwards and any other derivative contracts relating to commodities that must be settled in cash or may be settled in cash at the option of one of the parties other than by reason of default or other termination event;
- (6) Options, futures, swaps, and any other derivative contract relating to commodities that can be physically settled provided that they are traded on a regulated market, a MTF, or an OTF, except for wholesale energy products traded on an OTF that must be physically settled;
- (7) Options, futures, swaps, forwards and any other derivative contracts relating to commodities, that can be physically settled not otherwise mentioned in point 6 of this Section and not being for commercial purposes, which have the characteristics of other derivative financial instruments;
- (8) Derivative instruments for the transfer of credit risk;
- (9) Financial contracts for differences;
- (10) Options, futures, swaps, forward rate agreements and any other derivative contracts relating to climatic variables, freight rates or inflation rates or other official economic statistics that must be settled in cash or may be settled in cash at the option of one of the parties other than by reason of default or other termination event, as well as any other derivative contracts relating to assets, rights, obligations, indices and measures not otherwise mentioned in this Section, which have the characteristics of other derivative financial instruments, having regard to whether, inter alia, they are traded on a regulated market, OTF, or an MTF;
- (11) Emission allowances consisting of any units recognised for compliance with the requirements of Directive 2003/87/EC (Emissions Trading Scheme).

## Appendix A: Equities

Products in scope:

- Shares
- Exchange Traded Funds (ETFs)
- Fractional shares of Exchange Traded Funds (available only for Robo-advisor discretionary portfolio management clients)
- Depositary Receipts
- Certificates
- Other equity-like financial instruments

### 1. Introduction

This appendix provides further details and an overview of the order- and quote-handling process, as well as when and how SEB will provide Best Execution, in relation to transactions executed for the products shown above.

The appendix should be read in conjunction with the overarching Order Execution Policy for Clients in the SEB Group (the “Policy”).

SEB may execute trades in different capacities as further described in the Policy, i.e. as agent or as principal. In cases where SEB acts as principal, it is important for the client to note that SEB may rely on the Trading Relationship Test, as described in the Policy section 4.3. When indicated by the Test, SEB will assume that the client regards it as their market counterparty, as a result of which SEB will not observe the formal Best Execution requirements.

The fractions of Exchange Traded Funds that are defined as a proportion of less than one unit of an Exchange Traded Fund and other Exchange Traded Products that are derivatively priced (including Exchange Traded Notes) are covered by Appendix E.

### 2. The order/quote handling process

Clients may elect to transact with SEB either by giving an order to trade, responding to proposals from SEB sales staff, or by a Request For Quote (RFQ). In the latter case, SEB will provide a price which the client may accept or not.

Retail Clients will normally trade through telephone, internal SEB channels, such as SEB’s investment advisors or different internet bank solutions . Normally all orders will be routed for execution to the trading venue.

Where SEB is not member or participant of the trading venue on which a financial instrument is traded, it may use other investment firms to execute its client’s orders, i.e. transmit the client’s order to a third party for execution with SEB as agent.



When SEB provides the investment service “execution of order on client behalf”, it acts to conclude agreements to buy or sell financial instruments on behalf of its client. This is for instance the case where SEB is a member of a trading venue and executes the order in its own name on behalf of a client, or when it receives the client order and passes it on to another firm for execution.

SEB may execute orders directly on a trading venue (Regulated Market or a Multi-lateral Trading Facility). For those markets SEB is not a member, SEB may trade indirectly through a third party investment firm (e.g. broker) which is member on such venue. A transaction is deemed to be executed on a trading venue or manually reported to the trading venue if the transaction is negotiated outside the orderbook.

SEB may also execute orders outside a trading venue, if SEB has the clients express consent. SEB may execute an order, outside a trading venue, in the capacity as Systematic Internaliser. A systematic Internaliser (SI) is a firm which “on an organised, frequent and substantial basis” deals on own account when executing client orders outside a trading venue. When SEB execute client orders outside a trading venue, the trade is reported to an Approved Publication Arrangement (APA).

### 3. How SEB applies Best Execution

In those cases where the Trading Relationship Test or other circumstances dictate that SEB owes a duty of Best Execution pursuant to the Policy, the following considerations will apply.

Where transaction prices are published on a relevant market, SEB will normally judge Best Execution in relation to them.

The following factors and the relative importance given to them are indicated below in the order of relative priority which will be typically given to them. A variety of criteria will be taken into account in assessing their prioritisation as the circumstances dictate in relation to each specific transaction:

- Price will normally be the most important factor, although it will depend on the type of order. For aggressive orders price will always have precedence, while it for passive orders will be of minor importance.
- Order depth in the market will have minor importance for passive orders, but be of medium importance for aggressive orders.
- Traded volume will have no importance in relation to aggressive orders, but will be of major importance for passive orders.
- Latency (delays in communication to execution venues) will be of major importance to aggressive orders, but of minor importance to passive orders.
- Transaction costs (external fees) will always be subordinate to price, but will be of medium importance for aggressive orders, and no importance for passive orders.



# SEB

- Venue type will be of medium importance for aggressive orders, but of no importance for passive orders.

*A passive order* is an order that *adds* liquidity to the order book (a buy-order with price lower than the best ask or an sell-order with price higher than the best bid).

*An aggressive order* is an order that *removes* liquidity from the order book (a buy-order with price equal, or higher, than the best ask or an sell-order with price equal, or lower than the best bid).

## Appendix B: Fixed Income

Products in scope:

- Fixed Income instruments (cash and derivatives), typically being Government Bonds, Covered Bonds and IRS.
- Credit-based instruments (both cash and derivatives), typically being those issued by, or based on, the credit risk inherent in, financial institutions, municipalities, corporates (and in the latter case, portfolios of assets assembled by them).
- Fixed Income Futures

### 1. Introduction

This appendix provides further details and an overview of the order- and quote-handling process, as well as when and how SEB will provide Best Execution in relation to transactions executed for the products shown above.

The appendix should be read in conjunction with the overarching Order Execution Policy for clients of the SEB Group (the “Policy”).

SEB may execute trades in different capacities as further described in the Policy, i.e. as agent or as principal. In cases where SEB acts as principal, it is important for the client to note that SEB may rely on the Trading Relationship Test as described in the Policy section 4.3. When indicated by the Test, SEB will assume that the client regards it as their market counterparty, as a result of which SEB will not observe the formal Best Execution requirements.

### 2. The order/quote handling process

Clients may elect to transact with SEB either by giving an order to trade, responding to proposals from SEB sales staff, or by a Request For Quote (RFQ). In the latter case, SEB will provide a price which the client may accept or not.

Clients may elect to transact with SEB electronically via Bloomberg or approved messaging solutions, by e-mail, or by using SEB’s Trading Station, which offers a choice of trading mechanisms including RFQ and streaming price technology. They may also choose to place orders through SEB’s sales staff, who interact with its trading desk.

Retail Clients will normally trade through other internal SEB channels, such as SEB’s investment advisors, who in turn route orders to the Fixed Income sales staff or traders. .

Clients may also transact with SEB via analogue means – for example by e-mail, approved messaging systems or by telephone. In these instances:



- Quotes may be customised according to SEB's understanding of the clients' needs.
- All orders will be handled in a fair and consistent manner according to execution factors noted below.

Data quotes are derived from a mix of selected internal and external market data and are distributed to clients via a number of channels both electronic and analogue.

Trades are executed OTC, dealer-to-dealer or dealer-to-investor. This means that there is no central record of all of the transaction prices in the relevant market. Furthermore, the sheer volume of issues outstanding means that some securities may not trade for days, weeks or even months at a time. Under these circumstances, it is less easy to establish precisely what the fair price for a given security is.

Note that where SEB acts as principal on a risk price transaction and thus assumes risk in relation to a transaction it has entered into with a client, it does not consider (unless explicitly agreed otherwise) that it owes the client Best Execution, pursuant to the Trading Relationship Test. The price offered to the client in such cases may include a spread or a mark-up which reflects SEB's counterparty risk, market risk, liquidity risk and regulatory capital requirements, amongst other things. These factors are inherent in SEB's business model, and are outside the scope of Best Execution save where expressly stated. The spread or price in such cases will also reflect the creditworthiness of the issuer.

Where SEB is requested to locate specific instruments on behalf of a client, SEB will not recognize such a request as an "order" and will not execute on behalf of the client without first obtaining the client's express consent to the price of the transaction. Thereby, SEB will not owe the client Best Execution in these circumstances, unless explicitly agreed otherwise.

Where transaction prices are published on a relevant market, SEB will normally judge Best Execution in relation to them.

### 3. How SEB applies Best Execution

In those cases where the Trading Relationship Test or other circumstances dictate that SEB owes a duty of Best Execution pursuant to the Policy, the following considerations will apply.

As there are few external execution venues, such as regulated markets, on which SEB may execute transactions in the relevant securities at a set price, most trades will be executed against SEB's own book based on a price or spread offered to the client. This price may not be comparable with other prices available at the time because it will be dependent on the following factors and the relative importance

given to them in each case. Whilst these are indicated below in the order of relative priority which will be typically given to them, a variety of criteria will be taken into account in assessing their prioritisation as the circumstances dictate in relation to each specific transaction:

- Price - will normally be the most important factor, although it will depend on each of the market risk (a higher rating will result in a smaller spread, and thus a better price), SEB's exposure to similar instruments and the regulatory capital requirements that it must comply with.;
- Speed of execution;
- Size and nature of the order (which may affect the price, depending on the circumstances);
- Likelihood of execution (potentially more important than price in an illiquid market) and settlement;
- Likely market impact (may affect the way SEB executes, as a block or by partial execution);
- Transaction costs and risks relevant to the execution;
- Nature of the market for the financial instrument (market practice for the relevant instrument); and
- Any other consideration deemed relevant to the execution of an order, such as whether the instrument has a floating or fixed interest rate.

In order to determine the relative importance of these Execution Factors, SEB will also take into account the characteristics of:

- The client, including its categorisation and counterparty risk according to SEB's internal risk-scoring of clients (the better the risk score, the lower the add-on or spread)
- The circumstances behind the client's order (eg. whether it has issued an RFQ);
- The financial instruments that are the subject of the client order (the liquidity for the relevant instrument); and
- The execution venues to which the client order can be directed.

## Appendix C: FX

Products in scope:

- FX Forwards
- FX Swaps
- FX Options
- Non Deliverable FX Forwards (NDFs)

### 1. Introduction

This appendix provides further details and an overview of the order- and quote-handling process, as well as when and how SEB will provide Best Execution, in relation to transactions executed for the products shown above.

The appendix should be read in conjunction with the overarching Order Execution Policy for Clients of the SEB Group (the “Policy”).

SEB may execute trades in different capacities as further described in the Policy, i.e. as agent or as principal. In cases where SEB acts as principal it is important for the client to note that SEB may rely on the Trading Relationship Test as described in the Policy section 4.3. When indicated by the Test, SEB will assume that the client regards it as their market counterparty, as a result of which SEB will not observe the formal Best Execution requirements.

### 2. The order/quote handling process

Clients may transact using SEB’s Trading Station with price streaming technology.

Clients may also transact with SEB via free-format channels – for example by e-mail, approved messaging systems or by telephone. In these instances:

- Quotes maybe customised according to SEB’s understanding of the client’s needs.
- Customisation may affect the form of currency pair, price, size & frequency of update.
- All orders will be handled in a fair and consistent manner according to execution factors noted below.

In order to achieve an accurate picture of market liquidity data quotes are derived from a selection of internal and external market data sources. SEB’s interpretation of the market is distributed to clients via a number of channels both electronic and analogue.

SEB supports a range of benchmark orders, for example those based on WM/Reuters Fixings, and will charge clients an agreed rate for management and execution of such orders. The agreed fee will be embedded in the rate that the client receives, which will be communicated to it after the relevant fixing has taken place.

Note that where SEB acts as principal on a risk price transaction and thus assumes risk in relation to a transaction it has entered into with a client, it does not consider (unless explicitly agreed otherwise) that it owes the client Best Execution, pursuant to the Trading Relationship Test. The price offered to the client in such cases may include a spread or mark-up which reflects SEB's counterparty risk, market risk, liquidity risk and regulatory capital requirements, amongst other things. These factors are inherent in SEB's business model, and are outside the scope of Best Execution save where expressly stated. The spread or price in such cases will also reflect the creditworthiness of the client.

Where transaction prices are published on a relevant market SEB will normally judge best execution in relation to them.

### 3. How SEB applies Best Execution

In those cases where the Trading Relationship Test or other circumstances dictate that SEB owes a duty of Best Execution pursuant to the Policy, the following considerations will apply.

As there are few external execution venues, such as regulated markets, on which SEB may execute transactions in currency on the client's behalf at a set price, most trades will be executed against SEB's own book based on a price or spread offered to the client. This price, may not be comparable with other prices available at the time because it will be dependant on the following factors and the relative importance given to them in each case. Whilst these are indicated below in the order of relative priority which will be typically given to them, a variety of criteria will be taken into account in assessing their prioritisation as the circumstances dictate in relation to each specific transaction:

- Price - will normally be the most important factor, but it will depend on each of the market risk, SEB's exposure to similar instruments and the regulatory capital requirements that it must comply with;
- Transaction costs and risks relevant to the execution;
- Speed of execution;
- Likelihood of execution (potentially more important than price in an illiquid market) and settlement;
- Size and nature of the order;
- The likely market impact;
- The nature of the market for the financial instrument; and
- Any other consideration deemed relevant to the execution of an order.

In order to determine the relative importance of the Execution Factors, SEB will also take into account these characteristics of:

# SEB

- The client, including its categorisation and counterparty risk according to SEB's internal risk scoring of clients (the better the risk score, the lower the add-on or spread);
- The circumstances behind the client's order (eg. whether it has issued an RFQ);
- The financial instruments that are the subject of the client order (the liquidity for the relevant instrument); and
- The execution venues to which the client order can be directed.

SEB trades as principal at prices which are independent of any particular benchmark or fixes unless specifically agreed the price given to the client will reflect the underlying FX price and a margin to reflect SEB's risks and cost of capital etc. as stated above.

## Appendix D: Fund Units

Products in scope:

- Undertakings for Collective Investment in Transferable Securities (UCITS)
- Alternative Investment Funds (AIF)
- Other collective investment undertaking of open-ended type

### 1. Introduction

This appendix provides further details and an overview of the order- and quotehandling process as well as when and how SEB will provide Best Execution in relation to transactions executed for the products shown above.

The appendix should be read in conjunction with the overarching Order Execution Policy for Clients of the SEB Group (the “Policy”).

### 2. The order/quote handling process

Clients may transact with SEB either by giving an order to trade or responding to proposals from SEB staff / client executives or through portfolio management agreements.

The client can communicate with SEB either in person, in a meeting or by e-mail, telephone, internet banking solutions or approved messaging system.

Each order and its settlement instructions will be subject to several controls such as balance checks, validation etc before being placed in SEB’s fund-ordering system. To the extent that an exchange of currency is involved, SEB will arrange this with the client at this point. If and when an order is accepted by SEB it will be executed as soon as possible by sending the order to the relevant fund provider. This will be done either directly or via a third party, and either by e-mail, SWIFT, fax or through other channels designated for this purpose. Once the fund provider has processed the order, the details will be confirmed back to SEB directly or via third party, which will arrange for settlement

### 3. How SEB applies Best Execution

All orders will be executed properly within the relevant cut-off times set by SEB. These cut-off times may be different from those set by the individual fund managers and will, except for funds executed through SEB’s investor services, be available at [www.seb.it](http://www.seb.it) or through the internet banking platform. Execution price will however be the prices set by the individual fund management company, given that they are received in time for this. In the absence of agreement otherwise, the order will thus be filled at the Net Asset Value (NAV) set by the relevant fund manager for the day in question. Orders received or registered by the fund manager after the cut-off will be executed at next day’s NAV.



## Appendix E: Investment Products

Products in scope:

- Exchange Traded Products (ETPs)
- Exchange Traded Notes (ETNs), whether listed or not  
both of which are often also described as structured products
- Other products within the SEB Structured Product Group.

### 1. Introduction

This appendix provides further details and an overview of the order- and quote-handling process as well as when and how SEB will provide Best Execution in relation to transactions executed for the products shown above.

The appendix should be read in conjunction with the overarching Order Execution Policy for Clients in the SEB Group (the “Policy”).

In addition to the Policy and this appendix, the issuer of the products concerned will normally issue additional documentation that further describes the product’s specifications, pricing and trading.

SEB may execute trades in different capacities as further described in the Policy, i.e. as agent or as principal. In cases where SEB acts as principal it is important for the client to note that SEB may rely on the Trading Relationship Test as described in the Policy section 4.3. When indicated by the Test, SEB will assume that the client regards it as their market counterparty, as a result of which SEB will not observe the formal Best Execution requirements.

ETPs are securities that are derivatively priced and trade intra-day on a national securities exchange at a price based on the prices of other investment instruments, such as a commodity, a currency, a share price or an interest rate. ETPs include, inter alia, ETNs and ETFs (Exchange Traded Funds), although ETF’s are not covered in this Appendix, but in Appendix A.

ETNs are often defined as a type of unsecured, unsubordinated debt security (bond) based on the performance of a market index minus applicable fees, with no period coupon payments distributed and no principal protections – although they may also have periodic coupons and be priced relative to one or more individual shares. They may also be principal protected. ETNs are often listed on regulated markets, but are traded OTC with reporting obligations to the relevant market. Non-listed ETNs are not subject to such reporting obligations.

### 2. The order/quote handling process

Clients may elect to transact with SEB either by telephone, by giving an order to trade, responding to proposals from SEB sales staff, or by issuing a Request For



Quote (RFQ). In the latter case, SEB will provide a price which the client may accept or not.

Clients may elect to transact with SEB electronically via Bloomberg or similar approved messaging solutions, or by e-mail. Unless otherwise agreed, Retail Clients will normally trade through other internal SEB channels, such as SEB's investment advisors who route transactions to SEB's sales staff or traders or through SEB's Internet Bank-platform.

In cases where Clients transact with SEB via analogue means – such as messaging systems or telephone for example - quotes maybe customised according to our understanding of the client's need. All orders will be handled in a fair and consistent manner according to execution factors noted below.

Clients may trade either in the primary market (where the issuer either distributes the product via a public offer or a private placement) or in the secondary market following the issue date of the product.

In a public offer, SEB will market the product during the defined offer period, during which it will gather orders from clients at a fixed price.

In a private placement, clients normally transact by giving an order for the product at the fixed price without a set final terms.

In the secondary market, SEB may buy back or offer for sale notes which it itself has issued. Such trades are normally based on client orders, but are executed through SEB as principal and traded OTC. As these products are normally listed on an exchange, SEB will have a reporting obligation towards the relevant regulated market.

In relation to products issued by other issuers, SEB will normally act as agent.

Products issued through means of a private placement will normally not be listed on a regulated market, and thus no reporting obligations will exist for these products – although in exceptions where they are listed, reporting obligations will apply.

Note that where SEB acts as principal on a risk price transaction and thus assumes risk in relation to a transaction it has entered into with a client, it does not consider (unless explicitly agreed otherwise) that it owes the client Best Execution, pursuant to the Trading Relationship Test. Thus the price offered to the client in such transactions may include a spread or mark-up which reflects SEB's counterparty risk, market risk, liquidity risk and regulatory capital requirements. These factors are inherent in SEB's business model, and are outside the scope of Best Execution save where expressly stated. The spread or price in such cases will also reflect the credit worthiness of the issuer.

Where transaction prices are published on a relevant market, SEB will normally judge best execution in relation to them.

### 3. How SEB applies Best Execution

In those cases where the Trading Relationship Test or other circumstances dictate that SEB owes a duty of Best Execution pursuant to the Policy, the following considerations will apply.

The execution factors listed below are taken into consideration for all trading, although their relative weight may vary according to the product traded and the underlying liquidity of the instruments involved.

The price offered to the client or the price at which SEB has executed a transaction for the client may not be comparable with other prices available at the time because it will be dependent on the following factors and the relative importance given to them in each case. Whilst these are indicated below in order of relative priority which will typically be given to them, a variety of criteria will be taken into account in assessing their prioritisation as the circumstances dictate in relation to each specific transaction.

In the secondary market, trades will be executed as buy-backs or offers by SEB with either the client or third party distributor.

Trades are executed OTC, which means that there is no central record of all of the transaction prices in these products. Furthermore, the sheer volume of issues outstanding means that some products may not trade for days, weeks or even months at a time. Under these circumstances, it is less easy to establish precisely what a fair price for a transaction in a given security is. SEB seeks to show indicative bid/offer prices on an exchange or a public website (at [seb.se](http://seb.se)) where products are widely distributed, but will only make them available on request (for example on Bloomberg) in the case of less widely distributed products, for example where access has been restricted to a third party distributor of the security in question. Under these circumstances, it is less easy to establish precisely what the fair price for a given security is:

- Price will normally be the most important factor, and for transactions in the primary market this will be fixed by the issuer. Where SEB is the issuer, the price includes transaction costs and SEB's funding costs, as well as the cost for the derivative side of the product. The derivative will normally be bought from other market participants based on a best price basis. For transactions in the secondary market for which there are published prices, SEB will normally judge best execution in relation to this;



- After sales service, the potential unwinding price, valuation and collateral costs;
- The nature of the market for the financial instrument (market practice for the relevant instrument);
- Speed of execution;
- The likelihood of execution and settlement (potentially more important than price in an illiquid market);
- Likely market impact (may affect the way SEB executes, as a block or by partial execution); and
- Any other consideration deemed relevant to the execution of an order.

In order to determine the relative importance of these Execution Factors, SEB will also take into account the characteristics of:

- The client, including its categorisation and counterparty risk according to SEB's internal risk-scoring of clients (the better the risk score, the lower the add-on or spread);
- The circumstances behind the client's order (eg. whether it has issued an RFQ);
- The financial instruments that are the subject of the client order (the liquidity for the relevant instrument); and
- The execution venues to which the client order can be directed.

## Appendix F: Commodity derivatives and EU Emission Allowances

Products in scope:

- EU Emission Allowances (Secondary Market)
- Commodity Forwards
- Commodity Swaps
- Commodity Options

### 1. Introduction

This Appendix provides further details and an overview of the Commodity derivatives and EU Emission Allowance orders and instructions handling process as well as when and how SEB will provide Best Execution in relation to reception and transmission of orders for the products shown above.

The Appendix should be read in conjunction with the overarching Best execution policy.

SEB does not itself execute Commodity derivatives and EU Emission Allowance orders received, but transmits such orders to Skandinaviska Enskilda Banken AB (SEB AB), which:

- executes such orders itself on a trading venue
- places them with other entities for execution
- acts as counterparty to the transaction (dealing on own account)

### 2. Order handling process

Clients may submit their orders to SEB by email and/or telephone. SEB emphasizes that in case where the client gives a specific instruction SEB will transmit the order in compliance with that instruction, which might not be in line with this Appendix and the Policy and might not be, in the Bank's opinion, in the best interest of the client.

### 3. How SEB applies Best Execution

As a receiver and transmitter of the client's orders, SEB will act in the best interest of the client when it receives and transmits orders for execution to SEB AB, as described in the following section. SEB AB executes the orders according to the Order Execution Policy for Clients in the SEB Group.

As a general rule, in accordance with the Policy SEB will transmit received and accepted orders quickly, efficiently and fairly. All received, accepted and transmitted orders will be promptly and accurately recorded.

#### 4. Selection of an intermediary for the execution of client's orders

SEB transmits all received and accepted Commodity derivatives and EU Emission Allowance orders for execution to SEB AB, which, as an intermediary, has all the necessary technical and software tools to ensure the speed and security of order execution and follows the SEB Group's risk management and other policies. Client orders through SEB AB are executed on market conditions in accordance with the best execution factors specified in the Order Execution Policy for Clients in the SEB Group, ensuring the best result for the client. The selection of a new intermediary for the execution of transmitted client orders would require significant investments in IT systems to implement the functionality for order submission, execution and settlement of transactions, custody and accounting services. The investment costs of changing the chosen intermediary for execution of orders to another market intermediary would be transferred to the client fee, which would increase the costs of executing client orders, which would significantly worsen the current pricing offered to clients, change the terms of settlement of transactions, and custody fees. SEB AB has been selected as intermediary for the execution of transmitted client orders due to its technical capabilities, speed of execution, liquidity, ease of settlement, overall cost consideration and accessibility of public information which it publishes periodically on the transactions arranged with it.