

SUMMARY

OF THE ORDER EXECUTION POLICY FOR INVESTMENT SERVICES

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Introduction

1. This document is a summary of the Order Execution Policy for Investment Services (hereinafter - the "Policy") of the Joint Stock Company "Citadele banka" (hereinafter - the "Bank"), which has been prepared to provide the Bank's retail (non-professional) clients with a better understanding of the contents of the Policy, including the procedure for execution of orders in the field of investment services - orders for transactions with financial instruments (hereinafter - "Order") and the core principles for the provision of these services.
2. This document has been prepared in compliance with the Financial Instruments Market Law, Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 and Commission Delegated Regulation (EU) 2017/565 of 25 April 2016.
3. The full version of the Policy is available on the Bank's website <https://www.citadele.lv/lv/atbalsts/iegulditaju-interesu-aizsardziba/>.

Main principles of the Policy

4. The Bank has developed the Policy in order to ensure a high-quality Order execution process, to achieve the best possible results in Order execution and to ensure predictability and certainty in the Bank's relationship with the client, as well as to minimize the negative consequences which may result from the Order execution process.
5. The Bank implements the necessary measures and introduces procedures to ensure fair and fast execution of client orders in relation to other clients' orders or the Bank's own trading interests.
6. The following main principles are followed during the client's Order execution process:
 - 6.1. provision of the best possible results in a client's transactions with financial instruments (hereinafter - "FI") is based on the proportionality between the client's benefits and expenses within the framework of the requirements specified in legal acts;
 - 6.2. regular updating of the Policy;
 - 6.3. public availability of the Policy on the Bank's website and at client service centres;
 - 6.4. review of the Order execution venues and intermediaries.
7. The Bank applies the Policy terms to the relationship between the Bank and the client taking into account the status assigned to the client. The Bank usually applies equal treatment by providing the best possible execution result of clients Orders for both professional and retail clients.

Client's consent to the Policy

8. The Bank provides the investment service and ancillary service to the client, only if the client has agreed to the Policy, including all the Policy amendments.
9. The Bank deems that the client has unequivocally agreed to the Policy, including the Policy amendments, if after entering into force of the relevant amendments the client has submitted an Order to the Bank.
10. Before conclusion of a service agreement the Bank acquaints the client with the effective version of the Policy.

Types of Orders

11. While receiving investment services and ancillary services, the client may submit to the Bank a limit Order (an order to buy or to sell a particular amount of FI at a price set by the client or at a better price), a market order (an order to buy or to sell a certain number of FI at a market price without specifying the price) and other Orders, if this is prescribed by the relevant service or the service agreement.

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12. The Bank is entitled to set limitations in Orders (e.g., regarding the type of order, the validity period, the channels for submitting orders, etc.).

Submission of Orders

13. The client may submit the Order to the Bank according to service agreement.
14. The Bank processes Orders in accordance with the procedure of processing Orders referred to in the Policy.
15. The sequence of the Order execution depends not only on the time when an Order was submitted, but also on the manner of submission.
16. The Bank commences execution of client orders with similar characteristics in the sequence of their receipt, unless some Orders cannot be executed due to Order's specifics or market conditions, or client's interests require a different action.

Order aggregation and splitting

17. The Bank may aggregate the client's Order with the Order of another client or a transaction in the name of the Bank, if the Bank has no reason to assume that aggregation of Orders will be in conflict with, or harm interests of, one or more clients who have submitted those Orders. In each case of such aggregation the Bank informs the clients, whose Orders are aggregated, that such aggregation may cause losses with respect to these Orders. These clients shall inform the Bank if they do not agree to such aggregation.
18. If the Bank has aggregated transactions in the name of the Bank with one or several client Orders, then it splits or re-splits the relevant transaction without prejudice to the interests of clients.
19. If the Bank splits previously aggregated and executed Order, then monetary funds or FI received in the result of the Order execution are split in a fair and equitable manner in accordance with the rules set out in the Policy.

Order execution

20. The Bank ensures that clients' Orders are executed promptly and precisely, observing the terms of the Policy:
 - 20.1. executing the Order by itself;
 - 20.2. forwarding the Order for execution.
21. Ensuring the execution of a client's Order, the Bank may act:
 - 21.1. in the name of the Bank;
 - 21.2. in the name of the client.
22. When ensuring the Order execution, the Bank cannot guarantee that the transaction specified in the Order will be executed.

Order execution concluding the transaction independently by the Bank

23. If the Bank executes an Order by itself, the Bank is entitled to conclude the transaction, including:
 - 23.1. against the Bank's portfolio (i.e. when the Bank itself is a party to the transaction);
 - 23.2. against Orders of another clients of the Bank or third parties (e.g., when another client of the Bank, whose Order is executed by the Bank, is a party to the transaction).
24. The Service agreement provides specific provisions for conclusion of transactions between the client and the Bank as a party to the transaction. If such a possibility is not prescribed by the Service agreement, the Bank notifies the client that the transaction is concluded between the Bank and the client, and that the Bank is a party to the transaction.

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25. The Order is executed at a price that reflects the dominating market conditions and the Bank is deemed to be the client's Order execution venue. The Bank informs the client thereof in the Order execution report.

Order forwarding for subsequent execution

26. Forwarding of the Order for subsequent execution means that the Bank receives and processes the client's Order, but the transaction specified in the Order is executed by a third party. The Bank forwards the Order for subsequent execution to the intermediary.
27. The Bank is entitled to forward the Order for subsequent execution to the Bank's intermediary, if the Bank does not have direct access to the relevant trading venue, where the FI specified in the submitted Order are traded (hereinafter – the "Trading venue"), i.e., regulated market, multilateral trading facility (hereinafter – "MTF") or organised trading facility (hereinafter – "OTF") or does not have direct access to the respective Order execution venue.

Order execution venues and financial instruments categories

28. When ensuring execution of the client's Orders for achieving the best possible result from the client's perspective, the Bank may, among others, use one or several of the following Order execution venues:
- 28.1. regulated markets;
 - 28.2. other stock exchanges;
 - 28.3. systematic internalisers;
 - 28.4. MTF;
 - 28.5. market makers;
 - 28.6. OTF.
29. The Bank is entitled to execute the client's Order outside the Trading venue.
30. The Bank accepts Orders and usually ensures their execution at the Trading venue with respect to the following categories of FI:
- 30.1. shares;
 - 30.2. bonds and other debt instruments;
 - 30.3. exchange traded investment products.
31. The Bank accepts and usually ensures the client Order execution outside the Trading venue with respect to currency, swaps and forwards.

Warning to client

32. If at the client's initiative the Order is submitted in respect of non-complex FI, the Bank does not evaluate appropriateness of the provided service or FI for the client. Thus, the client does not receive protection it would have in case when Bank assessed the client's experience and knowledge in FI transactions and informed the client on non-appropriate products. When rendering the Order execution services upon the client's initiative, the information available to the Bank about the client may not be sufficient for full assessment of the client's appropriateness for the FI target market, and the Bank cannot evaluate whether such products are fully appropriate for the client.

Achieving the best possible result

33. The Bank takes all reasonable measures to achieve the best possible result in the Order execution.

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34. Having received the client's Order, the Bank ensures its execution thereof with prudence and following the market practice, as well as its own knowledge and experience to achieve the best possible result for the client.
35. When executing the client's Orders, the Bank will take reasonable measures to execute Orders on FI purchase at the lowest possible offer price, and the Orders on the FI sale – at the highest possible offer price.
36. In cases specified in the applicable law, the Bank may be obliged to trade certain FI on the EU Trading venue or another Trading venue recognised as equivalent thereto. When executing an Order for such FI on such Trading venues, the Order execution price may not yield the best price comparing to the prices available to the Bank on other execution venues.
37. When independently ensuring execution of Orders in cases set out in the Policy, the Bank usually takes into consideration one or several of the following factors:
 - 37.1. the price at which the FI transaction is executed;
 - 37.2. costs - this includes indirect costs (e.g., the possible market impact), direct external costs (e.g., currency exchange commissions) and direct internal costs, which represent the Bank's own remuneration through commission or spread;
 - 37.3. the feasibility of execution and settlement - the feasibility that the Bank will be able to complete the Order execution and settlements for the transaction;
 - 37.4. the speed - the time necessary to execute the Order;
 - 37.5. the volume - the quantity of FI specified in the Order, taking into account how it affects the price of execution;
 - 37.6. the type of Order and any other factors.
38. In order to determine the significance of the above factors in the Order execution, the Bank additionally assesses the below listed criteria:
 - 38.1. client's characteristics, including client's status – a retail or professional client;
 - 38.2. the characteristics and amount of the client's Order;
 - 38.3. the characteristics of FI which is the subject matter of the client's Order;
 - 38.4. the characteristics of the client's Order execution venue.
39. The Bank determines the choice of the Trading venue for the particular FI category as follows:
 - 39.1. in case of the FI traded on a regulated market, where the Bank has direct access, the Orders are primarily submitted by the Bank for execution on this particular regulated market;
 - 39.2. in case of the FI traded on a regulated market, where the Bank has no direct access, Orders are handed over for execution to the Bank's intermediary;
 - 39.3. if the Bank has direct access to both the regulated market and the MTF where the FI are traded, then the Bank primarily submits the Order for execution on the particular regulated market.
40. Before entering into cooperation with a Trading venue, where the Bank has direct access, the Trading venue is evaluated in accordance with the Bank's procedure.
41. The Bank uses reasonable endeavours to attract such intermediaries which the Bank considers capable of executing Orders, taking into account the Bank's obligation to ensure the best possible result for the client. The Bank regularly assesses the quality of the services provided with the assistance of the Bank's intermediaries and whether these services conform to the possibility to achieve the best possible result. The Bank, among other, assesses the following factors:
 - 41.1. the speed, safety and convenience of payments;
 - 41.2. pricing principles;
 - 41.3. commission fees and expenses for the Order execution set by the intermediary;

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- 41.4. the Order execution terms of the intermediary available to the Bank;
- 41.5. information about the intermediary's reputation available to the Bank;
- 41.6. the shortest possible access to the relevant Order execution venue;
- 41.7. other relevant provisions.
- 42. If the Bank has access to several Order execution venues for the particular FI, it can assess the submission of Orders amongst several Order execution venues (unless otherwise specified in the Policy).
- 43. The Bank informs the client about the Order execution venue following execution of the Order.
- 44. If the FI specified in the Order is included on the trading list at several Trading venues, the Bank usually selects the venue where the Bank has access and where there is the highest liquidity.
- 45. If the Bank executes the Order on behalf of a private client, the best possible execution result is determined by the Bank considering all the factors, in particular, price and costs. Other factors may be given precedence over the direct price and cost considerations only insofar as they are critical to delivering the best possible result, considering all the factors substantial for the private client.
- 46. The Bank might not achieve the best possible result in the execution of an Order where an Order is submitted to the Bank with a specific instructions to the Bank, however, upon ensuring execution of such client's Order, the Bank will always act as a diligent and careful owner with due professionalism.

List of Order execution venues and intermediaries for financial instruments transactions

- 47. In providing investment services, the Bank uses Order execution venues and brokerage (intermediaries) services. The Policy sets out a list of Order execution venues and intermediaries (including the priority of execution factors), as well as a list of places where FI are held.

Disclosure of Order execution venues

- 48. The Bank, in the course of executing the Orders, in accordance with the procedures laid down in the legislation, on annual basis summarises and publishes five Order execution venues for each category of the FI, which have had the highest trading volume and at which the clients' Orders were executed during the preceding year and publishes the summary of information on actual execution quality.
- 49. The most recent execution quality data for each Order execution venue is available here <https://www.citadele.lv/lv/atbalsts/iegulditaju-interesu-aizsardziba/>.

Difficulties in the Order execution process. Information on unexecuted Orders

- 50. Execution of any Order, including the Order submission, as well as the Order execution process in its entirety is subject to a number of risks and is related to various factors (circumstances), which can encumber or make impossible not only the Order execution, but also the completion of the Order execution process itself or can cause negative consequences in the future.
- 51. In such case, the Bank is entitled to deviate from the terms of the Policy, including to subject the Order to another assessment, select other Order execution venues and take measures different from those set out in the Policy.
- 52. The Bank informs the retail client within a reasonable time regarding any substantial difficulties in execution of the Order.
- 53. In the event of any disagreement between the Bank and the client regarding the execution of an Order or the Order execution process, the Bank promptly commences to resolve such disagreement in accordance with the procedures set out in the Policy.

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54. The Bank publicly discloses information about an unexecuted limited Order in the cases and in the manner set out in the Policy in order to ensure the fastest possible execution of the Order.

Procedure for processing Orders

55. When accepting the clients' Orders, the Bank records telephone conversations and electronic communications with the client, which is related to the submission, execution, cancellation of the Order and uses these records to justify the submitted Order or transaction details.
56. The Bank informs the clients that the client's communication with the Bank regarding the Order is recorded, and that the client has the rights to request recordings of such telephone conversations and electronic communications from the Bank. The Bank is entitled to apply a reasonable fee for preparation and issue of the recordings.

Costs

57. FI trading imposes costs on the client. Detailed information on service costs related to particular instruments, orders and transaction types is available in the Price List of the Bank's products and services on the Bank's website [at https://www.citadele.lv/lv/private/fees/](https://www.citadele.lv/lv/private/fees/) and particular costs may be reflected in the service contract.
58. In general, costs include indirect costs (e.g., related to possible market effects), direct external costs (e.g., currency exchange) and direct internal costs, which represent the Bank's own remuneration in the form of commission or spread. Examples of costs can be found on the Bank's website <https://www.citadele.lv/lv/support/investment/>.

Control of the Policy implementation

59. The Bank revises the Policy on a regular basis (at least once per year) or in cases when substantial changes occur, which might affect the achievement of best possible result in the Order execution process.
60. Any amendments to the Policy are available on the website: www.citadele.lv at least 7 (seven) Bank business days prior to such amendments taking effect. The client is entitled not to agree to the Policy amendments by informing the Bank thereof in writing within the period specified in this paragraph.