

# **STRATEGY FOR EXECUTING ORDERS**

**of the company**

**ZENIT kapital o.c.p., a.s.**

**Panenská 5, 811 03 Bratislava, Company ID: 35,931,949**

**Business register kept by the District Court Bratislava I, Section: Sro, Insert  
No: 3577/B**

## **ARTICLE I**

### **PRINCIPLES FOR THE BEST POSSIBLE ORDER EXECUTION**

1. When executing the Clients' orders, the Company shall act in compliance with the best interest of the Clients. Therefore, it has principles and rules created for executing such orders, so that it achieved the best possible outcome for the Client considering various factors influencing the order execution.

2. The best possible result shall be assessed when considering the price, costs, speed and probability of the order execution, deal execution, size and nature or any other criteria regarding the order, which in their character and nature might possibly influence the execution of the Client's order.

3. When executing the Client's orders for determining relative severity of the aforementioned factors, the following criteria shall be considered:

3.1 Client's features, including categorisation of the Client as Non-professional (Retail) or Professional Client;

3.2 Features (nature) of the Client's order, including when the order involves financing transaction via securities;

3.3 Features (characteristics) of the financial instruments that are the object of the particular order;

3.4 Features (characteristics) of the execution venues, where the particular instruction for order execution can be directed.

4. When executing the order on the Client's account, both for a Non-professional (Retail) and Professional Client, the best possible result shall be determined in terms of their total performance, which represents:

4.1 Financial instrument price,

4.2 Cost related to execution of the order, arising to the Client and directly connected with the order execution, including the fees for the execution venues, fees for clearing and settlement of any fees paid to third persons involved in the order execution.

5. Considering the diversity of Clients, financial instruments, execution venues as well as orders submitted, in some cases, with respect to the needs and interests of a particular Client in compliance with professional care in the Client's interest, the Company can assign higher priority to criteria other than total performance, which consists of mutual interaction of the financial instrument price and all the fees related to the order execution.

6. Another factors, that can influence execution of an order in the best way and are considered by the Company in creating the strategy for executing Client orders with reference to various types of financial instruments as well as various market structures or structures of the financial instruments themselves, include speed, probability of the order execution (e.g. execution rate of the order), availability and occurrence of price improvement as well as comparability and consolidation of the data related to the quality of order execution in various execution venues, where the highest quality of order execution for Clients is achieved.

7. The aforementioned shall be applied mainly in the cases if the transactions include an OTC financial instrument or if the Client's order shall be executed on an OTC basis. Since the OTC financial instrument is adapted for the Client and the contractual relationship is unique and adapted to the circumstances of the Client and the Company, for the purposes of executing an order in the best way, these transactions might not be comparable to the transactions involving the the shares marketed in the centralised execution venues. However, even in this case, in the interest of the best execution of orders, the Company should check the trading in OTC products or on OTC markets, in particular, in terms of whether or not the price suggested to the Client is just. This shall be checked by the Company through collecting data about the market used for estimating the price of such product, and if possible, also comparing to similar or comparable products.

8. In the event of circumstances that shall be considered as important when executing the Client's orders and which influence the execution of the Client's order significantly, (e.g. the instructions exceeding the standard size of the market or two orders for illiquid instruments), the Company shall be entitled, at its own discretion, to carry out these orders according to different factors, according to the Company leading to provision of the Client's best interests and the best result of the order execution.

9. In the event that there is more than one competitive execution venue for the particular financial instrument within the execution of the Client's order, criteria for determining the best possible result for the Client in this case include the commission amount, fees and costs of the Company for the execution of the order in each execution venue available for the order execution in the particular case.

10. It is forbidden to accept any reward, discount or non-monetary benefit for directing the Clients' orders to a specific point of sale or execution venue. Such action contradicts the requirements of the conflict of interests as well as these principles of achievement of the best result for the Client.

11. Should the Client issue a specific instruction regarding the order or its special character, the Company shall be obliged to execute the order according to such Client's specific instruction. Such execution of the order shall be considered as the fulfilment of the Company's obligation to achieve the best possible result for the Client.

12. In such case, the Company shall be obliged to inform the Client that by entering any specific instruction, they may prevent the Company from acting in compliance with its Strategy

for executing orders and thus from executing their order according to the principles for achieving the best possible result. Such information shall be provided to the Client by any authorised person from the Company accepting such instruction.

13. Within individual classes of financial instruments, the Company has license for, the principles for achieving the best result for the Client in executing orders are identical in principle for the following financial instruments:

13.1 Transferable securities,

13.2 Monetary market instruments,

13.3 Investment certificates or securities issued by foreign collective investment entities,

13.4 Options, futures, swaps, forwards and other derivatives from securities, currencies, interest rates or revenues, which can be settled by delivery or cash.

14. In compliance with this Strategy for executing orders, assessment of the best possible result for the Client will not be compared to the results possibly achieved for the Client by other institutions applying their strategies for executing Client orders or based on another structure of fees, costs and commissions.

## **ARTICLE II EXECUTION VENUE**

1. The execution venue shall mean the place used by the Company for executing Clients' orders within providing investment services of receiving and forwarding the Client's order regarding one or several financial instruments and execution of the Client's order on their account.

2. For the purpose of this Strategy, the execution venue of the Clients' order is:

2.1 Regulated market,

2.2 Multilateral Trading Facility – MTF,

2.3 Organised Trading Facility – OTF,

2.4 Systematic internaliser or market maker or other liquidity provider or entity, carrying out a similar function in a third country like the functions carried out by any of the aforementioned entities.

3. Client's order can be also executed outside the regulated market, multilateral trading facility, on the so called OTC markets (over the counter). The Company shall be obliged to inform the Client about execution of the order on this market prior to executing the order.

Communication shall be carried out by the authorised person who has received the order, in a demonstrable way. On such OTC market, the Company can execute the Client's order only with their prior express (written) consent with such means of order execution. Such consent may be granted to the Company by the Client in form of general consent to all Client's deals or individual consents for single deals only.

4. Apart from the aforementioned execution venues, the Company itself can be the execution venue of the Clients' orders. In such cases, the Company shall use any available information from the sources, considered by professional judgement as reliable, including information available from regulated market, multilateral trading facilities, systematic internalisers, market makers or other liquidity providers, all of the above in order to achieve the best possible result of the order execution.

5. The Company can also take the so called settlement place position. These are the cases when another Client of the Company will be in the counterparty position. This is not the case of execution or forwarding of the Client's order, however, the agreed deal is settled through financial settlement mutually between the Company Clients, within which the Company takes the so called settlement place position, with the instruction carried out in the Company's internal system.

6. In every case of execution of the Client's order or forwarding thereof, the Company shall choose such an execution venue or source of liquidity, where it is possible to achieve the best possible result on the particular financial instrument for the Client. Individual execution venues where the Company achieves the best possible result, are contained in the List of Execution Venues, enclosed as Annex No. 1 hereto. Should the Company conclude that, in order to achieve the best possible order execution result for the Client, another execution venue is in compliance with the Strategy, it can also use such other venue.

7. If a Client's order is forwarded for execution to another entity authorised to execute orders, so called counterparty, which can be e.g. Other securities dealer, bank, broker, member of stock exchange or multilateral trading facilities or securities issuer, the place where such counterparty would have executed the Client's order will be the execution venue.

8. The Company shall be obliged, at least on an annual basis, to assess, whether or not individual execution venues listed in the List of Execution Venues (Annex No. 1) ensure the best possible result for the Client or if there is a need to make changes to the execution mechanisms. Based on the assessment carried out, the Company shall subsequently update the List of Execution Venues. The updated List of Execution Venues shall be always available on the Company's website.

9. The Company can invite the Client to choose the execution venue. In such case, the Company shall provide the Client with clear, transparent and not misleading information to prevent the Client from choosing one execution venue over another only based on the price policy.

10. The Company can execute Client orders in a single venue only if it is able to prove that

such place enables it permanently to achieve the best means for executing the Client orders in compliance with the principles for achieving the best result.

11. On an annual basis, the Company prepares and publishes a summary of information from the five best execution venues and five best companies, it forwarded or submitted the Client orders for execution, in terms of the annual trading volume, executing the Client orders in the previous year and data on the achieved quality of the orders executed.

### **ARTICLE III**

#### **LIMITED ORDERS, SPECIFIC INSTRUCTION, MERGER OF ORDERS**

1. A limited order shall mean an order to purchase or sell the financial instrument within the determined price limit or more conveniently, in the volume as determined.

2. In the case of limited orders from Clients regarding shares received for trading on a regulated market or traded in a point of sale that are not executed immediately according to the prevailing market terms and conditions, the Company shall be obliged to adopt (unless the Client issues other instructions) measures to enable the earliest possible execution of such order by immediate disclosure of such limited order in a way enabling easy access for other market participants.

3. In the case of limited orders received for trading on the regulated market or traded in the point of sale, the said obligation shall be considered as fulfilled by forwarding of the Client's limited order to the point of sale. In the event of shares received for trading on the regulated market only, the obligation shall be considered as fulfilled if the Client's limited order is forwarded to the regulated market or multilateral trading facility.

4. A specific instruction shall mean an instruction, where the Client determines the exact conditions regarding the execution of their order or its specific nature, where the Company is bound by such instruction and carries out the Client's order according to such instruction. Execution of the Client's order according to their specific instruction shall be considered as fulfilment of the Company's obligation to achieve the best possible result for the Client.

5. The Company is obliged to inform the Client in advance, that in the case of entering any specific instruction, they may prevent the Company from acting in compliance with this Strategy and in compliance with the principles of achieving the best possible result for the Client, as a result of which the Company is not liable for the achievement of the best possible result hereunder. The Client's specific instruction shall also mean submission of the order by the Client from the client terminal through the Company's trading server. Such information shall be provided to the Client by the authorised person receiving the order from the Client.

6. The Company shall be entitled to merge the orders of one Client with orders of another of its Clients, if this is purposeful for the execution thereof, bringing a better result for the Client. In

order to merge the Client orders, the following conditions shall be met:

- a) Purchase or sale orders,
- b) In the case of limited orders, orders with identical limit price,
- c) The deal executed based on merged orders is not less advantageous for any of the Clients, whose orders have been merged, compared to the deals that would have been executed according to each Clients' order separately, also considering the costs for settlement of the individual Clients.

7. If the Company merges an order with one or several orders of another Client and the merged order is partially executed, the Company shall subsequently allocate the related deals by proportionally distributing them among individual clients according to the weights of their requirements in the merged order. The costs and fees for execution of such merged order will be subject to the same proportional distribution.

#### **ARTICLE IV SUBMITTING ORDERS**

1. Clients shall submit orders to the Company for execution mainly in writing, whereas the e-mail form to [backoffice@zenitkapital.sk](mailto:backoffice@zenitkapital.sk) is also considered as written form, or by phone according to the rules of a separate directive. Apart from this form, they can submit their orders by fax, mail or in person by recording in the Company's registered office at a personal meeting, always according to the rules of a separate directive (telephone and electronic communication).

2. The Client's orders for execution within provision of investment services, auxiliary services, making transactions and deals, can be directed mainly to:

- a) Buy/sell of the financial instrument,
- b) Pick-up of funds,
- c) Execution of another service provided by the Company,
- d) Cancellation of the previous order,

e) Another action within the services provided by the Company based on the contractual relationship between the Client and Company.

3. The Client's order has to be complete, clear and unmistakable and has to meet the content requirements listed below, whereas the data contained therein have to be equally complete, accurate, clear and understandable. If the Client's order lacks some of the requirements or if the data are not clear and understandable, the Company shall notify the

Client of any deficiencies possibly threatening the execution of such order and invite the Client to remove them or to cancel the order.

4. The Client's order for purchase or sale has to contain at least the following requisites:

4.1 Name and surname / title of the Client and name and surname of the person authorized to act

on behalf of the Client,

4.2 Relevant code for the order execution from the code chart assigned to the Client,

4.3 Financial instrument name,

4.4 Relevant identification of the financial instrument (ISIN, BIC or another identification number),

4.5 Statement whether the particular financial instrument shall be purchased or sold,

4.6 The volume, number in relation to the particular financial instrument to be purchased or sold or statement of the maximum amount to be used to purchase such instrument or statement of the minimum amount to be acquired by selling thereof,

4.7 Signature of the Client or authorised person.

5. Apart from the basic requisites of the order, the Client's order should also contain additional requisites important for its execution:

5.1 Price limit, above which the financial instrument in question must not be purchased or price limit, under which it must not be sold. If such limit is not determined, it is assumed that the Company will submit an order for realisation on the public market without providing the limit price,

5.2 Determination of the market, through which the order shall be executed. If the market is not determined by the Client, the order shall be executed according to the principles of achieving the best result for the Client,

5.3 Order validity period (max. 30 days). If the validity period is not specified, the order shall be valid from the moment of its receipt by the Company until the end of the normal business day, when the order was received,

5.4 Determination, whether the order can be also executed partially. If the order does not contain such determination, it is assumed that the Client agrees to a partial execution of the order,

5.5 Other conditions, under which the order shall be executed in agreement with the Company, if concluded.

6. If the order refers to procurement or sale of a security, in the case of materialised securities, the Client is obliged to hand over such Security to the Company. If dematerialised security is the object of the order, which is not kept on the Client asset account in the

Company, the Company shall be bound by such Client's order until registration of of suspension of the right to handle such security (PPN) for the dematerialised security in question at the authorised entity registering the security in question. The Client is obliged to provide the Company with any necessary cooperation for registration of the particular PPN. For this purpose, a foreign security has to be registered on a designated Company account.

7. In the case of an order for the procurement of sale of a financial instrument, the Client is obliged, at the Company's request, in a sufficiently credible way, prove their ownership of such financial instrument or ownership of the person on behalf of which they are acting as well as the fact that handling of such financial instruments is not restricted in any way.

8. In the case of an order for the procurement of purchase of a financial instrument, the Client is obliged, unless they agree with the Company otherwise, to make a deposit equal to the volume of financial instruments, which shall be procured, including any added value of the aliquot interest revenue (AIR), costs, fees and the Company's reward. Such deposit shall comprise the free funds on the Client account, whereas the free funds shall mean any funds that are not blocked for settlement of another order, or the Client shall make the deposit in form of cashless or cash deposit to the Client account. The deposit has to be credited to the Client's account at least one business day prior to the order submission.

9. By submitting an order, the Client authorises the Company to any legal actions related to the registration of financial instruments, if such registration refers to the financial instruments.

10. If the Client's order shall be carried out on the day when it was delivered to the Company, the Client shall be obliged to submit such order in a way to be delivered to the Company at the specified time, depending on its possible specifications, as well as the market specifications and the Company's options for execution. Such order has to be submitted to the Company in a way objectively enabling it to execute it considering any circumstances.

11. The Client can cancel or modify their submitted order only until the time when the Company would have carried out actions directing at its execution, that cannot be revoked or changed.

## **ARTICLE V EXECUTION OF THE CLIENT'S ORDERS**

1. The Company is not a member of domestic or foreign stock exchange and does not have access to trading on regulated markets, in the multilateral trading facility – MTF, or with the market makers.

2. Firstly, when executing the orders of its Clients, the Company adheres to the following conditions:

2.1 Ensures that the orders executed on behalf of the Client were recorded and allocated quickly and accurately,

2.2 Executes otherwise comparable Client orders in the exact order and quickly, with the exception of the cases when the properties of the order or the prevailing market conditions do not enable so or if it is not in the Client's interest,

2.3 Informs a Non-professional (Retail) Client about any serious difficulties regarding the proper execution of the orders immediately after finding them.

3. The Company shall execute Client orders in compliance with this Strategy of executing orders, applying one of the following methods or a suitable combination thereof:

3.1 Orders shall be executed directly on the selected regulated market or MTF. If the Company is not a direct member of the respective regulated market or MTF, the order can be forwarded to a third person, with which the Company applies the mechanisms for executing orders on such regulated market or MTF;

3.2 Execution of an order can be transferred to another securities dealer, broker, bank or entity authorised for such order execution. The Company shall determine a final execution venue and provide relevant instruction to such securities dealer, broker, bank or other entity authorised for executing orders and at the same time provide for execution of the orders using mechanisms that enable the Company to adhere to its own Strategy for executing orders;

3.3 Orders related to financial instruments specified in Art. II. par. 13 hereof can be executed by the Company even outside the regulated market or MTF, if the Company itself is the execution venue. For such case, the Company has to acquire an unambiguous and demonstrable consent from the Client. Such consent is not requested for the execution of orders, outside the regulated market or MTF, regarding the financial instruments not specified in Article II. par. 13 of this Strategy, if such action is in compliance with the granted permission of the Company, as well as in the case when the Client submitted a particular instruction for execution, containing the execution of the order outside the regulated market or MTF.

4. After receiving the order, the Company shall check the order submitted in terms of content of its requisites, or is sufficiently understandable, clear, complete or contains code generated from the coded table for executing orders and the signature of the client or authorised person if this is applicable considering the form of the order. Further, it shall be verified whether the Client has sufficient financial instruments or funds on the Client account in the Company to execute the order.

5. Subsequently, after receiving an order regarding financial instruments traded on a regulated market or in the case of trading through OTC, the Company shall proceed as follows:

5.1 Address other of its Clients with the offer of trade in financial instruments and if some of the Company Clients accepts the offer, execute the order within its trading system (currently the AMS system), where the Company itself will be the execution venue,

5.2 Forward the Client's order for execution to another entity authorised to execute orders, so called counterparty, which can be e.g. Other securities dealer, bank, broker, member of stock exchange or multilateral trading facilities or even directly to the securities issuer.

6. When executing the Clients' orders through forwarding to be executed by the counterparty, the Company shall proceed according to the following criteria when selecting counterparties from the list of approved counterparties:

6.1 Most advantageous realisation price

The Company shall select a counterparty, which can achieve the most advantageous realisation price for the Client, i.e. the lowest purchase price or highest selling price of the financial instrument;

6.2 Minimisation of costs

In the case of existence of two or several counterparties and markets providing the same realisation price, the next criterion for choosing the counterparty is the amount of fees of the counterparty or market so that the Client's order was executed at the lowest possible realisation cost;

6.3 Liquidity

Another decisive criterion in the case of existence of two or several counterparties and markets with the same costs for execution of the order is the liquidity of the particular market and counterparty. The counterparty or market with larger volume of trading in financial instruments has a higher priority. If the order execution requires increased speed of execution, transaction or deal due to rapidly changing market conditions, the liquidity of the financial instrument on the particular market is the most important execution condition. In such case, in order to achieve the lowest purchase price or highest selling price, the Company shall prefer to execute the order on a more liquid market to cost minimisation.

7. If the Company decides to forward a received Client's order for the purpose of execution to another entity entitled to its execution, to the so called counterparty, it undertakes to carry out any reasonable actions so that the best possible result of the order execution was achieved. The Company shall provide the Client, always on their reasoned request, information about the entities it has forwarded the Client's order for execution.

8. The selected Counterparty issues an order based on own strategy of order execution, however, at the same time, is responsible for executing the order with the aim of achieving the best possible result for the Client.

9. The Client's orders regarding the foreign exchange transactions in financial instruments shall be executed by the Company always on the accounts of the bank of Client's choice. Primarily, following the entry of such order, the Company shall verify the account coverage by the Client's funds in the same currency. If the order is not sufficiently covered, the Company shall refuse such order. The Company shall inform the Client who submitted the order about the refusal, justifying the refusal of the order. The Client shall be informed by the authorised person who had received the order.

10. If the volume of the foreign exchange deal specified in the order is higher than the bank's

minimum limit for foreign exchange operation, the Company shall carry out the order. The conditions shall follow the contract concluded with the bank on the provision of the relevant banking service. If the transaction volume specified in the Client's order is lower than the bank's minimum limit for foreign exchange operation, the Company can, on the Client's request, issue a transfer order between the Client's bank accounts kept in the relevant currency. The Client can cancel or modify the order only until the Company will have executed irrevocable actions to fulfil the original order. The Client has to be demonstrably informed about this in advance. The Client shall be informed by the authorised person who had received the order.

11. The Company is bound by the Client orders and when executing thereof, cannot deviate from the conditions of their execution entered by the Client, apart from the case when it is in the Client's interest and considering the time of execution, the Company cannot request timely consent from the Client with the change of execution thereof.

12. The Company is not bound by the Client's order under the following conditions:

12.1 If its content is in contradiction or circumvents the generally binding legal regulations, contractual provisions and the Company's general business terms and conditions,

12.2 If there is suspicion of connection of the order with a criminal act,

12.3 If the order is unclear, incomplete, incomprehensible,

12.4 If it was submitted in contradiction with the method of submitting orders,

12.5 If it does not contain the relevant generated code from the code chart and signature of the Client or a person authorised to act on behalf of the Client, which has to be identical with the signature registered by the Company on the specimen signature (if the order is submitted in the form, where the aforementioned applies).

13. The Company is entitled not to execute / refuse to execute the Client's order, mainly if the order for refusal is some of the following circumstances. The Client shall be informed about non-execution or refusal with relevant reasoning, on durable media, making a record about such event:

13.1 The Company concludes that the order execution might result in violation of transparency of the financial market,

13.2 The Company believes that the order execution could result in a conflict of interests within the applicable legal regulations and/or the Company's internal regulations,

13.3 If the Client's obligation relating the deposit when purchasing financial instruments has not been met, when the Client fails to meet the condition of identifying the payment by a variable symbol, which is identical with the Client's identification number, based on which it is not possible to identify the Client's payment, and the Client fails to subsequently submit a proof of posting,

13.4 In other cases according to the applicable legal regulations and/or internal regulations of the Company.

14. The Company shall not be responsible for non-execution of the Client's order and/or for non-performance of maximum effort to ensure the obligations resulting from this Strategy in the event that such executions or settlements of deals and transactions are not performed due to violation of some of the obligations on the part of the Client, whose order or instruction is supposed to be executed.

15. After executing an order, the Company shall send the Client, whose order was executed, a confirmation containing information from the statement regarding the order executed and data about the price, costs, speed and probability of the order execution. Subsequently, this confirmation shall be signed by the Client, whose order was executed, and send it back to the Company, confirming and accepting the information provided by the Company on the order executed.

16. After executing the order and confirming the confirmation by the Client, depending on the type of financial instrument referred to by the order, settlement of the trades is carried out.

17. The purchased domestic dematerialised securities shall be transferred, according to a purchase order, to the Client's account at the competent registrar, with registered suspension of the right to handle such securities, unless the Client determines otherwise. The domestic materialised securities are deposited in the register with the competent registrar or at the Company, until the Client invites the Company to hand them over. Foreign securities are registered on the Company's account opened for these purposes.

18. After deducting costs, fees and commission, the funds of the Clients acquired through sale of financial instruments shall be credited to the Client account for the benefit of the Client and are considered as the deposit for future orders to purchase financial instruments. Financial settlement of a purchase is executed against the Client's deposit for the purchase of financial instruments

kept on the Company's Client account.

## **ARTICLE VI**

### **FINAL PROVISIONS**

1. This Strategy shall become valid and effective on the date of being approved by the Company's Management Board. From the effective date hereof, any previous internal standards regulating the area relevant for this directive, regardless of their form.
2. In the event of changes to the provisions of the relevant legal regulations regarding some of the provisions of this Strategy, their application shall take into account the relevant change and at the same time, this Strategy shall be modified without undue delay in

order to be aligned with the current legal status.

3. This Strategy shall be binding for all bodies of the Company, employees of the Company as well as any third persons providing execution of some activities for the Company on a contractual basis, and other authorised persons, based on their relation to the Company, possibly subject to the provisions hereof. In such case, the Company Management Board shall provide for their binding nature.
4. The Company Management Board shall be obliged to ensure that any employee and affected person were demonstrably made familiar with this Directive, and that every employee had non-stop access to this internal regulation.
5. The List of Execution Venues is enclosed as the Annex No. 1.

On: 29/03/2018

**Appendix No. 1**

**List of Execution Venues,**

ZENIT kapital o.c.p., a.s.

ING bank Slaski A.S. OTC

markets