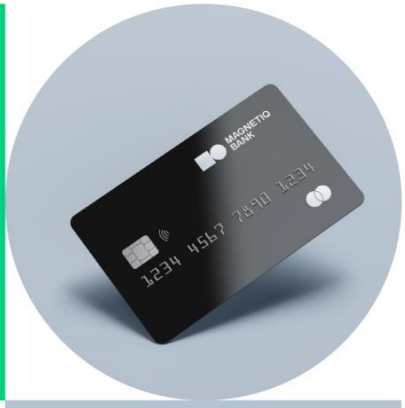
MAGNETIQ BANK

Magnetiq Bank Policy on the Execution of Client Transactions in Financial Instruments



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AS Magnetiq Bank

Policy for Executing Client Transactions in Financial Instruments

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1. Terms and Definitions

1.1. **Compliance Laws, Regulations and Standards –** laws and regulations governing the Bank's activities, standards set by self-regulatory bodies, codes of professional conduct and ethics and other best practice standards related to the Bank's activities.

1.2. **Bank** – AS Magnetiq Bank.

1.3. **Unallocated Metals** – unfinished precious metal bullion, i.e. gold (XAU) and silver (XAG), which is not deposited to a segregated Client account but is backed by the overall metal stock held by the Bank's Counterparty.

1.4. **MTF** – Multilateral Trading Facility.

1.5. **FI** – a financial instrument as defined in the Financial Instrument Market Law, regarding which the Client wishes to place Orders.

1.6. **Internal Regulations** – documents issued by the Bank that regulate the activities of the Bank and its individual structural units or Employees, such as policies, procedures, regulations or manuals.

1.7. **Client** – a person to which the Bank will be providing, or is providing, investment services and/or ancillary investment services under an Agreement.

1.8. **Contract for difference (CFD) –** a derivative FI constituting an arrangement between two parties, wherein one party undertakes to reimburse the other party for the difference between the market value of a certain asset (FI, exchange index, foreign currency, metal, oil or any other asset) at the time of opening the contract position (purchase or sale) and the time of closing the contract position (i.e. sale or purchase). The Agreement and this Policy specify a contract for difference as a Standardised Futures Contract (future) without a limited time of execution, and is subject to all provisions of the Agreement and of the Policy that apply to Standardised Futures Contracts (futures).

1.9. **Equivalent Third Country Market** – a trading venue equivalent to a regulated market in a third country (one that is not a member state of the European Union (EU) or the European Economic Area (EEA)), which the European Commission has, in accordance with Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU, as an equivalent third-country market.

1.10. **Agreement** – the agreement between the Bank and the Client regarding the provision of request investment services and ancillary investment services.

1.11. **Collateral Value** – the necessary minimum security provided by the Client in order to open or maintain an FI position with a Counterparty. Collateral applies both to marginal FIs (FOREX, CFDs, futures etc.) and to operations involving leverage (shares, bonds etc.)

1.12. **Non-Deliverable Forward (NDF) –** a non-deliverable future transaction where actual delivery of the underlying asset is not required, and where settlement is made for the difference between the contractual transaction value and the predominant value on the date of settlement.

1.13. **Margin Call** – a situation where the balance of the Client's account becomes lower than the Collateral Value as a result of transactions.

1.14. **OTF** – Organised Trading Facility.

1.15. **Affiliated Parties –** persons that are:

1.15.1. the chair, member of the Bank's board or council, an involved agent or other party that establishes civil liabilities for the Bank by making significant decisions on its behalf;

1.15.2. the chair, member of the board or council of an agent involved by the Bank that establishes civil liabilities for the Bank by making significant decisions on its behalf;

1.15.3. an employee of the Bank or its involved agent, or any other individual involved in the provision of investment services by the Bank, and whose activities are supervised by the Bank;

1.15.4. an individual directly involved in the provision of an outsourced service to the Bank or its involved agent, in the provision of investment services.

1.16. **Policy** – the Bank's Policy for executing client transactions in financial instruments.

1.17. **Order** – the Client's Order for transactions involving FIs which the Client places with the Bank, or an order drafted by the Bank on the Client's behalf.

1.18. **REPO Transaction** – a transaction wherein the Client, on a specific date (hereinafter referred to as hereinafter referred to as the Date of Sale), delivers into the disposal of the Bank's Counterparty a certain amount of FIs (hereinafter referred to as REPO FIs) at a given price (hereinafter referred to as the Sale Amount), for a given amount (hereinafter referred to as the Sale Amount), and for a specific duration (hereinafter referred to as the REPO Term), on specific terms, with the further obligation to repurchase them at a specific future date (hereinafter referred to as the REPO Date), at a pre-arranged price (hereinafter referred to as the REPO Price), for a given amount (hereinafter referred to as the REPO Amount); a REPO Transaction does not imply the transfer of ownership of the REPO FIs from the Client to the Bank's Counterparty – only the right of use is granted.

1.19. **Counterparty** – an individual or legal entity (including a bank, branch of a foreign bank, investment brokerage company etc.) engaged in the provision of Investment Services or Ancillary Investment Services (in the interpretation of the Financial Instrument Market Law) on the FI market. A Counterparty may or may not be a member of the Trading Venue where the relevant FI is being purchased or sold.

1.20. **Standardised Futures Contract (futures)** – a derivative FI, the obligation to purchase or sell a certain volume of assets (FI, exchange index, foreign currency, metal, oil or any other asset subject to the conclusion of standardised futures contracts (futures) on global regulated (exchange) markets), at a specific price, at a certain future date.

1.21. **Stop loss** – a condition where the Collateral Value is insufficient, enabling the Bank's Counterparty to, in accordance with the provisions of the agreement concluded with the Client, close an open position and thereby realise the financial collateral.

1.22. **Swap Transaction** – the holding of the Client's open position in accordance with a certain exchange transaction ("Spot"), using the value date and accruing the current swap market rate, where the Bank closes a position opened by the Client in accordance with a concluded exchange transaction ("Spot"), which the Client has not closed by end of day, and simultaneously opening the same position for the Client with a future value date ("Spot+Next").

1.23. **“Spot” Transaction** – an exchange operation with a value date on the second business day following the date of concluding a transaction.

1.24. **Trading Venue –** a regulated market, MTF or OTF.

2. Purpose

The purpose of the Policy is to define the core principles and elements enabling the provision of quality service to the Client and the achievement of best execution in FI transactions, as well as to determine the procedure of acquainting the Client with the Policy.

3. General Provisions

3.1. By developing the Policy, the Bank makes it known that, in accepting and executing the Client’s Orders in FIs, the Bank follows the following core principles:

3.1.1. ensuring best execution in the Client’s transactions involving FIs based on the proportionality of the Client’s profits and expenses, within the framework of requirements defined in applicable regulations;

3.1.2. regular updating of the Policy;

3.1.3. public availability of the Policy on the Bank’s website;

3.1.4. monitoring of Order execution venues and of the Bank’s Counterparties.

3.2. Although the Policy is aimed at enabling best execution for the Client in FI transactions, it does not exclude the possibility of failure to achieve, in the Client’s opinion, best possible execution.

3.3. The Bank immediately and accurately records Orders executed on behalf of the Client.

3.4. The Bank may not execute transactions in FIs owned or held by the Client, unless, upon concluding the Agreement, it has secured the Client’s consent to this Policy. Before concluding the Agreement, the Bank notifies the Client about the approved Policy, including any amendments hereto. The Bank provides the following information on the Policy to Clients:

3.4.1. a report on the factors applicable to Order execution venues which the Bank deems significant, in order to satisfy the requirement of providing best execution for the Client, or the procedure in accordance with which the Bank evaluates and ranks such factors (see section 12);

3.4.2. a list of Order execution venues where the Bank intends to continuously provide best execution in the execution of the Client’s Orders (see sections 7.9 and 12);

3.4.3. clear and unequivocal warning that any special instructions made by the Client may hinder the Bank’s performance in achieving best execution for Orders executed for the Client under the Policy, for elements affected by such instructions.

3.5. If the Client wishes to transact in FIs that are not considered non-complex FIs (see section 8 of the Policy), the Bank asks the Client for information regarding their experience and knowledge in investment services and, according to the provisions of the Bank’s Client Status Policy, evaluates the appropriateness of the relevant investment service and chosen FI for the Client. If, as a result of performing such a

appropriateness assessment, the Bank identifies that the relevant investment service or FI is not appropriate for the Client, i.e. that the Client does not possess the necessary experience or knowledge to understand the risks inherent to their chosen service or FI, the Bank warns the Client to this effect. If, following the Bank's warning, the Client chooses to receive the relevant service or transact in the relevant FIs, the Client undertakes any and all risks inherent to the use of the investment service or purchase of the FI, and the Bank is not liable for any potential consequences of such actions for the Client.

3.6. The Policy is reviewed at least once per year by the Council in order to ensure its relevance and conformance to changes in the activities of the Bank and external circumstances affecting the activities of the Bank, including amendments to Compliance Laws, Regulations and Standards that affect the execution of Orders. The necessary amendments to the Policy are approved by the Bank's Council.

3.7. In fulfilling the requirements of the Policy, the Bank's structural units and employees are obliged to comply not only with the Internal Regulations, but also with binding Compliance Laws, Regulations and Standards.

3.8. To comply with the requirements of the Policy, the Bank's structural units and employees ensure the performance of their duties to such an extent and quality that, as a result of the performance of their occupational duties, the Bank does not violate the requirements of the Internal Regulations and binding Compliance Laws, Regulations and Standards, Regulations and Standards.

3.9. The Bank applies the provisions of the Policy to the relationship between the Bank and the Client based on the status assigned to the Client. The Bank generally implements an equal attitude in ensuring best execution on Orders for both retail and professional Clients.

4. Client Orders

4.1. The Bank accepts an Order for execution if the Client consents to the Policy:

4.1.1. before concluding the Agreement, by submitting to the Bank a "Risk Disclosure and Customer's Confirmation" form, which includes the Client's consent to the Policy; or

4.1.2. following conclusion of the Agreement, in accordance with the procedure specified in the Agreement.

4.2. In executing a Client's Order, the Bank operates as an agent of the Client, or on behalf of the Client.

4.3. The Bank treats Orders which the Bank places with its Counterparty or with a chosen intermediary on behalf of the Client in accordance with the concluded Agreement (e.g. an Order for the event of Stop Loss or closure of the Client's position), or the liquidation of financial collateral, as Orders placed by the Client in person, and applies the Policy to such. In cases specified in this section, the Bank is entitled to collect from the Client any losses incurred by the Bank in cases specified in the Agreement.

4.4. In executing the Client's Orders and effecting settlement for executed Client Orders, the Bank operates as a dutiful and careful owner, ensuring the execution of the Client's Order with due professionalism.

5. Types of Client Orders

5.1. The Client may place the following Orders with the Bank:

5.1.1. limit Order – an Order to purchase or sell a certain quantity of FIs at the indicated or better price;

5.1.2. market Order – an Order to purchase a certain quantity of FIs at a market price, without a specific indicated price;

5.1.3. other Orders as specified in the relevant service or in the Agreement.

5.2. The Bank is entitled to restrict the range of Orders available to the Client (e.g. market Order, limit Orders) even if the relevant FI Order execution venue may accept a range of other Orders.

5.3. The Bank is entitled to restrict, and apply a shorter term to, the execution of an Order compared to the Order execution terms available with the relevant Order execution venue.

5.4. The Bank executes any Client Orders to purchase FIs at the lowest available ask price, and any Client Orders to sell FIs at the highest available bid price.

5.5. The Bank executes a limit Order placed by the Client in accordance with sections 5.3 and 5.4 of the Policy, but does not execute the Order until the Order can be executed in full or in part at the price indicated in the Order or better.

5.6. If the Client places a limit Order for shares listed on an EU regulated market or traded on the EU MTF, and such an Order is not executed immediately given the state of the market, then the Bank – unless expressly specified otherwise by the Client – takes measures to ensure execution of the Order as soon as possible, publicising information about the Order in a way that makes it easily available to other market participants (e.g. by submitting the Order to another Trading Venue within the European Union, or having the Order published by a data reporting service provider registered in an EU member state, where the Order may easily be executed as soon as the state of the market allows this).

5.7. The Client is entitled to include special indications in an Order, although the Bank warns the Client that special indications may delay or prevent the execution of the Order in a way that, in accordance with the Policy, accomplishes best execution for the Client with regard to elements of the Order induced in such indications.

5.8. Where feasible, the Bank follows the special indications given in the Client's Order even if the special indications prevent the accomplishment of best execution for the Client.

5.9. The Bank is free from the obligation to ensure best execution for the Client under the Policy if the Client gives special indications for how transactions in FIs should be executed or how Orders should be placed. In the event specified herein, the Bank observes the special indications given by the Client.

5.10. If the Bank is executing an Order on behalf of a retail Client, best execution is expressed as the total cost, including the price of FIs and expenses related to execution, including all costs arising for the Client in direct connection with executing the Order, including trading venue fees, settlement fees, and payments to other parties involved in executing the Order.

6. Order Placement

6.1. The Client may place an Order with the Bank in person, by arriving at the Bank's head office, over the phone, or using the Internet Bank. The Bank's Agreement may include restrictions on, or specifications of other, means of placing Orders not specified in the Policy.

6.2. In accepting Client Orders, the Bank records any interaction with the Client pertaining to the placement of Orders, and is entitled to use such records in order to substantiate a placed Order or concluded transaction.

6.3. Receipt and processing of Orders is dependent on the manner of receipt. The sequence of Order execution depends not only on the time of placement of an Order, but also on the means by which the Order has been placed.

6.4. The Bank executes the Client's Orders in due time, effectively, and fairly. The Bank executes Clients' Orders in order of receipt, unless the specifics of the Orders or the current market conditions preclude their execution, or unless the interests of a Client require some other action towards the accomplishment of best execution.

6.5. The Bank takes every measure necessary and reasonable in order to accomplish best execution for the Client in accordance with the provisions of the Policy.

6.6. Upon receipt of the Client's Order, the Bank executes it with due care and on account of market practice, its knowledge and experience, aiming to accomplish best execution for the Client.

6.7. In executing the Client's Orders or accepting and submitting for execution the Client's Orders regarding transactions in FIs, the Bank ensures the best possible execution for the Client considering the transaction price, costs, speed of execution, feasibility of execution and settlement, the volume and specifics of a given transaction, and any other considerations regarding the execution of the Order. In executing an Order, the Bank considers one or more of the following criteria:

6.7.1. FI price indicated in the Order;

6.7.2. execution expenses (fees and the costs of executing the Order);

6.7.3. feasibility of execution;

6.7.4. security and feasibility of settlement;

6.7.5. execution speed;

6.7.6. amount of FIs specified in the Order;

6.7.7. Order type;

6.7.8. any other factors affecting the effectiveness and expedience of executing the Client's Order, as well as the continuity of the Order execution process.

6.8. To determine the importance of the factors listed in section 6.7 during Order execution, the Bank factor evaluates the following criteria, noting that no factor listed in section 6.7 of the Policy is decisive, and the Bank evaluates the impact of each factor on Order execution given the circumstances at hand:

6.8.1. the Client's standing and status, i.e. retail or professional Client;

6.8.2. description of the Client's Order, including whether the Order involves a securities financing transaction;

6.8.3. description of the FI that is the subject of the Client's Order;

6.8.4. description of the Order execution venue (regulated market, MTF, OTF, systematic internaliser, market maker or other liquidity provider).

7. Client Order Execution

7.1. A retail Client is notified in due time (within a reasonable period) about any significant difficulties with adequate execution of the Order.

7.2. Following execution of the Client's Order (concluding the relevant transaction and performing settlement), the Bank immediately (within a reasonable period) remits the FIs or funds received to the relevant account of the Client.

7.3. The Bank is entitled to execute the Client's Order outside a Trading Venue upon receiving prior consent from the Client regarding each individual Order, or by stipulating such an option in the Agreement. The Bank clearly notifies its Clients about the option of executing the Client's Order outside of a Trading Venue.

7.4. The Bank is entitled to execute the Client's Order, in full or in part, at the Bank's expense, by offsetting one against another Client's Order or a third party's Order. In such cases, the Bank executes the Order at the price reflecting the predominant market conditions, and the Bank is considered the Order execution venue.

7.5. Orders pertaining to the primary market (IPO) are executed by forwarding them to the issuer or the issuer's authorised agent in accordance with the issue terms and/or the Client's special indications.

7.6. If the Bank has no direct access to the relevant trading venue where FIs indicated in the Order are traded, the Bank forwards the Client's Order for execution to the Bank's intermediary or Counterparty, and is further entitled to execute such an Order by itself entering into a transaction with the Client. The forwarding of an Order means that the relevant transaction would be executed by a third party. The Bank's intermediary or Counterparty is also enabled to forward the execution of the Client's Order to its intermediary.

7.7. The Bank involves such intermediaries and Counterparties in the execution of Client Orders which, in the opinion of the Bank, are capable of executing the Orders given the Bank's obligation to accomplish best execution for its Clients. The Bank selects intermediaries or Counterparties that are capable of accomplishing results in the execution of Client Orders which the Bank would reasonably intend to accomplish in its cooperation with other intermediaries or Counterparties.

7.8. Not all intermediaries and Counterparties of the Bank are bound by regulations that specify the accomplishment of best execution for Clients, so the Bank may not always monitor and ensure that best execution will be achieved for the Client, including best price. However, the Bank regularly evaluates the quality of services received with the assistance of its intermediaries and Counterparties, and their capability of accomplishing best execution. The Bank evaluates the speed and security, convenience of settlement, pricing policy and other conditions pertaining to intermediaries.

7.9. The list of the Bank's Counterparties and intermediaries is publicly available on the Bank's website, www.magnetiqbank.com (List of order execution venues, brokers, partners and custodians). The list of Order execution venues is not exhaustive, and the Bank may use other venues and means for Order execution.

7.10. In executing Orders or adopting decisions on trading in over-the-counter (OTC) products, the Bank verifies the objectivity of the price being offered to the Client by

compiling market data used in the cost estimate of such a product, and comparing it to similar or comparable products where possible.

7.11. In cases specified in applicable regulations, the Bank has the obligation (trading duty) to execute all transactions in shares listed on the regulated market or traded on an MTF in an EU or EEA member state, only at a Trading Venue in the EU, EEA member state or an Equivalent Third Country Market – except where transactions in such shares are unsystematic, one-off, irregular or rare, or if a transaction is being concluded between eligible counterparties and/or professional clients, and has no impact on the share price disclosure process in accordance with Article 2 of Commission Delegated Regulation (EU) 2017/587.

7.12. In executing an Order involving shares at an EU, EEA Trading Venue or Equivalent Third Country Market in accordance with section 7.11 of the Policy, the Order execution price might not be the best comparing to prices available to the Bank at other Order execution venues, although in this case it is to be considered that the Policy is being observed with regard to Order execution, and the best possible execution of the Order will be accomplished.

8. Execution of Orders in Non-complex FIs

8.1. If the Client, of their own initiative, chooses to place an Order in non-complex FIs, the Bank does not evaluate their suitability and appropriateness for the Client, and the Client does not receive adequate protection provided in cases where the Bank must evaluate such suitability and appropriateness for the Client.

8.2. The following FIs are considered non-complex FIs:

8.2.1. Shares admitted to trading on an EU member state's regulated market or an Equivalent Third Country Market or an MTF, excluding shares that embed a derivative FI;

8.2.2. money market instruments, excluding those that embed a derivative FI or incorporate a structure which makes it difficult for the Client to understand the risk involved;

8.2.3. bonds or other debt securities admitted to trading on an EU member state's regulated market or an Equivalent Third Country Market or an MTF, excluding bonds and debt securities that embed a derivative FI or incorporate a structure which makes it difficult for the client to understand the risk involved;

8.2.4. shares or units in UCITS, excluding structured UCITS;

8.2.5. structured deposits, excluding those that incorporate a structure which makes it difficult for the Client to understand the risk of return or the cost of exiting the product before term;

8.2.6. other non-complex FIs as per the criteria provided in Article 57 of Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive:

8.2.6.1. they do not fall within Article 4(1)(44)(c) of Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU: "any other securities giving the right to acquire or sell any such transferable securities or giving rise to a cash settlement determined

by reference to transferable securities, currencies, interest rates or yields, commodities or other indices or measures", or points (4) to (11) of Section C of Annex I to the aforementioned Directive;

8.2.6.2. there are frequent opportunities to dispose of, redeem, or otherwise realise such instruments at prices that are publicly available to market participants and that are either market prices or prices made available, or validated, by valuation systems independent from the issuer;

8.2.6.3. tie not involve any actual or potential liability for the client that exceeds the cost of acquiring the instruments;

8.2.6.4. they do not incorporate a clause, condition or trigger that could fundamentally alter the nature or risk of the investment or pay out profile, such as investments that incorporate a right to convert the instrument into a different investment;

8.2.6.5. they do not include any explicit or implicit exit charges that have the effect of making the investment illiquid even though there are technically frequent opportunities to dispose of, redeem or otherwise realise it;

8.2.6.6. adequately comprehensive information on their characteristics is publicly available and is likely to be readily understood so as to enable the average retail client to make an informed judgment as to whether to enter into a transaction in such instruments.

9. Order Merging, Splitting, and Use of the Client's FIs

9.1. The Bank may merge the Orders of multiple Clients and combine them with a transaction at the Bank's expense if, in the opinion of the Bank, only a slight probability exists that the merging of Orders and/or the transaction at the Bank's expense would harm the interests of the Clients whose Orders are being merged by the Bank. The merging and execution of merged Orders specified in this section takes place in accordance with the following:

9.1.1. the Bank may merge the Client's Order with another Client's Order and/or a transaction at the Bank's expense if information available to the Bank does not indicate that the merging of Orders would contradict or infringe the interests of the Clients whose Orders are being merged. Prior to merging Orders, the Bank is obliged to notify each Client whose Order is being merged with another Client's Order and/or a transaction at the Bank's expense that such merging may lead to losses concerning the relevant Order. The Bank must obtain statements of consent to the merging from such Clients. Unless consent to merging Orders is received, the Bank may not merge an Order placed by a Client who did not provide consent to the merging of Orders;

9.1.2. the Bank performs fair apportioning of merged Orders and transactions at the Bank's expense and indicates specifically that the volume and price of the Orders affects the apportioning of Orders in each individual case, in accordance with the provisions of sections 9.1.3 to 9.1.7;

9.1.3. the Bank may merge Orders with one another or with transactions at the Bank's expense only if the Orders and/or the transaction at the Bank's expense being merged indicate the same price. Thus, the prices of the Orders would not affect the apportioning of the Orders;

9.1.4. if the Bank has merged Clients' Orders, then, once the Bank receives the Clients' FIs or funds upon execution of the transaction, the Bank apportions the received funds and/or FIs in proportion to the number of FIs indicated in the merged Client Orders;

9.1.5. if a merged Order has been executed in part, the Bank allocates the funds and/or FIs received as a result of executing the Orders in proportion to the number of FIs indicated in the merged Client Orders;

9.1.6. if the Bank merges a transaction at the Bank's expense with one or more Clients' Orders, it allocates or apportions the relevant transaction without impairing the interests of its Clients;

9.1.7. if the Bank merges a Client's Order with a transaction at the Bank's expense, and the merged Order is executed in part, it allocates received funds or FIs in order of priority: first in favour of the Client, then the Bank. If the Bank may prove that, without such merging of Orders, it would not have executed the Client's Order on such favourable conditions, or would not have executed it at all, the Bank may apply proportionate allocation of proceeds to the transaction at the Bank's expense and the Client's Order, i.e. distribute them in proportion to the number of FIs indicated in transaction at the Bank's expense and the Client's Order.

10. Collateral Value Monitoring, Margin Call, Stop Loss

10.1. The Bank's Counterparties monitor the adequacy of the Collateral Value on the Client's account considering current market conditions.

10.2. If the Client has multiple accounts open, each account of the Client is monitored separately.

10.3. The Client understands and consents to the fact that the Client themselves is obliged to keep track of maintaining the necessary Collateral Value on the Client's account and to ensure that the Client's open position is closed before the amount of losses from maintaining the position open reaches a balance of below "0" on the Client's account. If the balance of the Client's account falls below "0" after an open position is closed, the Client undertakes to remedy the negative account balance within 2 (two) business days. The provisions of this section notwithstanding, the Bank is entitled to remedy the Client's negative account balance via any other accounts of the Client without prior coordination with the Client, in accordance with the procedure specified in the Agreement.

10.4. The Client understands and consents to the fact that the Bank holds the FIs and funds of its Clients with third parties (Counterparties) and, Client assets are divided among two or more Counterparties, such FIs and funds may only serve as collateral with the respective Counterparties with which they happen to be placed. FIs and funds held with a single Counterparty may not be considered collateral if a margin call/stop loss situation occurs with another Counterparty, unless agreed upon otherwise with the Bank.

10.5. The Client understands and consents to the fact that the Bank's Counterparties that offer margin trading and/or REPO Transaction services may apply other methods of calculating the margin level ("ML") and/or stop loss values (see sections 13.6.2 and 13.7.3). In such cases, "ML" or "Stop loss" are determined/established using the method that triggers earliest.

11. Information on the Client's Outstanding Orders

The Bank and Affiliated Parties may not use available information on the Client's outstanding for selfish ends.

12. Determining the Execution Venue for the Client's Orders

12.1. To ensure best execution for the Client, if the Client's Order for an FI transaction may be executed at a number of Order execution venues specified in the Policy, the Bank evaluates the outcome that would be accomplished for the Client at each Order execution venue and compares these outcomes. In its assessment, the Bank further considers its fees and the cost of executing the Order at each Trading Venue. In determining the fee for executing the Order, the Bank may not unjustifiably discriminate among Trading Venues.

12.2. In executing the Client's Order with the aim of accomplishing the best outcome from the point of view of the Client, the Bank may use one or more of the following Order execution venues:

12.2.1. regulated market;

12.2.2. systematic internaliser;

12.2.3. MTF;

12.2.4. OTF;

12.2.5. market maker*;*

12.2.6. investment service provider, bank or other third party;

12.2.7. internal or external liquidity provider.

12.3. Upon forwarding an Order for further execution, the Bank is not always able control or secure that best execution is ensured for the Client, including the best price, as not all intermediaries or Counterparties of the Bank are bound by EU regulations stipulating best execution for the Client (although the Bank does forward Orders to such intermediaries and Counterparties that have approved procedure in place for achieving best execution of Orders). However, the Bank regularly assesses the quality of services provided with the assistance of its intermediaries and Counterparties, and their ability to accomplish best execution. In determining the Order execution venue for a given FI category and forwarding an Order for execution, the Bank considers the following factors:

12.3.1. settlement security, speed and convenience;

12.3.2. pricing;

12.3.3. availability of information;

12.3.4. distance of access to the Order execution venue being as short as possible;

12.3.5. fees and Order execution costs with an intermediary or Counterparty;

12.3.6. liquidity;

12.3.7. other significant conditions the Bank believes would affect the ability of the intermediary or Counterparty to ensure Order execution.

12.4. In determining an Order execution venue, no factor listed in section 12.3 is decisive. The Bank evaluates all factors mentioned in section 12.3 in aggregate.

The Bank considers the fact that a chosen Order execution venue might not always that offer the best price.

12.5. If the FI stated in an Order is listed on multiple Order execution venues, the Bank generally chooses the venue with the highest liquidity.

12.6. Following Order execution, the Bank notifies the Client about the Order execution venue.

12.7. If the Bank has access to only one Order execution venue where the Client's Order may be executed, best execution is deemed achieved once the Bank executes the Client's Order at such venue, although the prices available at the venue might differ from those observed on the market but unavailable to the Bank.

12.8. The Bank might not accomplish best execution of an Order if the Order is placed with the Bank with special indications, e.g. using a certain means of Order placement, stating a certain Order execution venue (outside a Trading Venue), timing etc., but, in ensuring the execution of such an Order for the Client, the Bank always acts as a dutiful and careful owner with due professionalism. The Bank is deemed to have taken every necessary measure to accomplish best execution of the Client's Order if the Bank has executed the Order or some part (aspect) thereof in accordance with the applicable special indications from the Client.

12.9. At least once per year, the Bank evaluates the quality of Order execution and whether best execution is ensured for Orders; the result of such evaluation is subsequently considered while providing execution of Client Orders and selecting Order execution venues.

12.10. A Client to whom the Bank has recommended or with whom it has traded FIs, or to whom the Bank has provided a Key Information Document (PRIIPS KID), and who had or has had a standing relationship with the Bank over the course of a year, is annually provided information on all charges and fees related to the Client's FIs, as well as Investment Services and Ancillary Investment Services. In fulfilling the requirements of this section, information is compiled on all charges and fees, including any charges and fees applicable to Investment Services, Ancillary Investment Services and/or FIs not caused by a core market risk event – so that the Client may understand the overall costs and their cumulative effect on investment yield. Charges and fees are indicated as an amount of funds as well as a percentage.

13. FI Categories

13.1. If the Bank has direct access to an Order execution venue, the Bank generally executes the Order independently; if it has no such access, the services of the Bank's intermediary or Counterparty are recruited.

13.2. The Bank accepts Orders, and generally ensures execution thereof at a Trading Venue, for the following categories of FIs:

13.2.1. shares;

13.2.2. exchange-traded investment certificates or investment fund certificates;

13.2.3. option and futures contracts (etc.) traded at a Trading Venue;

13.2.4. OTF-traded CFDs (contracts for difference), marginal Forex and NDFs.

13.3. The Bank accepts Orders, and generally ensures execution thereof outside of a Trading Venue, for the following categories of FIs:

13.3.1. derivative foreign exchange and interest rate contracts;

13.3.2. bonds (notes);

13.3.3. other structured FIs;

13.3.4. OTC derivative FIs (bilateral arrangements on FIs traded outside of a Trading Venue);

13.3.5. Unallocated Metals (XAU, XAG).

13.4. The provisions of sections 13.2 and 13.3 of the Policy apply equally to the Orders of retail Clients and professional Clients.

13.5. While executing Orders, in compliance with the procedure specified in applicable regulations, the Bank annually compiles and publishes the names of five Order execution venues for each category of FI having the highest volume of trading that executed Clients' Orders in the previous year, as well as publishing a summary of information on the actual quality of execution. If, for some category of FI, the Bank has fewer than five execution venues, the Bank reflects the actual state of affairs in its summary. The Bank's Treasury Department is in charge of compiling and publishing the information.

13.6. By concluding a REPO Transaction, the Client understands and consents to the fact that:

13.6.1. all REPO Transaction provisions are stipulated individually with the Client prior to each transaction of this kind (i.e. interest rate, necessary amount of collateral, duration etc.);

13.6.2. for the execution of REPO Transactions, the Bank relies on the services of third parties (a Counterparty), and in this case the Bank only acts as an intermediary (agent). Counterparties may apply their own REPO Transaction provisions, which the Bank relays to the Client.

13.6.3. the Client represents that the REPO FIs are not pledged or otherwise encumbered in favour of third parties;

13.6.4. if, on the REPO Date, the Client's account holds insufficient funds to fully repurchase the FIs being the subject of the REPO Transaction, the Bank is entitled to at any time liquidate all REPO FIs, or part thereof, at a free market price, without prior coordination with the Client, and to allocate the proceeds towards discharging the amount due to the Bank and to the Counterparty;

13.6.5. if, upon request from the Bank or a Counterparty, the Client fails to take action to improve the state of the FI account given the collateral requirements, the Counterparty and the Bank are entitled to at any time liquidate REPO FIs, or part thereof, at a free market price, without prior coordination with the Client, and to allocate the proceeds towards discharging the amount due to the Bank and to the Counterparty.

13.7. In concluding a transaction in margin FIs (futures, Forex, CFDs, NDFs etc.) or FIs involving margin lending (shares, Unallocated Metals (XAU, XAG) etc.), the Client is aware that:

13.7.1. by opening an FI position, the Client undertakes to maintain the required Collateral Value on its account as determined by a regulated market organiser (exchange) or by a Counterparty;

13.7.2. a Counterparty may unilaterally change the required Collateral Value;

13.7.3. the Counterparties used by the Bank may apply dissimilar Margin Call/Stop Loss provisions;

13.7.4. unless the Client takes action to improve the state of the FI account given the collateral requirements upon request from a Counterparty or the Bank, the Counterparty and the Bank are entitled to at any time liquidate all FIs, or part thereof, at a free market price, without prior coordination with the Client;

13.7.5. the Bank's intermediary or Counterparty may apply a further fee if the funds of the Client with the relevant Counterparty are below the required Collateral Value. In such cases, the fees of the Counterparty are relayed to the Client;

13.7.6. the Client is fully liable to the Bank for any losses on open FI positions, including where such losses exceed the required Collateral Value;

13.7.7. the Client grants the Bank the right to, without the Client's prior consent, on a daily basis, remit proceeds to the Client's FI Cash Account and debit losses from the Client's FI Cash Account. In the event that the Collateral Value is inadequate to cover the Client's losses, and the balance of the Client's FI Cash Account is negative, the Client grants the Bank the right to, without the Client's express consent or acceptance, debit funds in favour of the Bank from any other account of the Client with the Bank, in the amount necessary to cover the Client's losses. if the Client's accounts hold insufficient funds to cover the Client's losses, the Bank is entitled to sell the Client's other assets held with the Bank in the amount necessary to cover the Client's losses. The Client hereby authorises the Bank to perform the aforementioned operations on the Client's account.

13.8. In concluding a transaction involving Unallocated Metals (XAU, XAG), the Client is aware that:

13.8.1. Unallocated Metals (XAU, XAG) purchased in favour of the Client according to the Client's Order, and any changes in the cash balance, are reflected on the Client's FI account;

13.8.2. Because, in transactions involving Unallocated Metals (XAU, XAG), the Bank operates in its own name but following the Client's Order, in the Client's interest and at the Client's expense, the Client is aware, consenting, and represents that they independently assume any and all risks, and the consequences thereof, as related to the operation of such an account, the Bank's intermediary or Counterparty, and the capacity of the relevant Counterparty to fulfil its obligations. By consenting to the Policy, the Client relieves the Bank from possible liability and waives any potential complains or claims against the Bank arising as a result of:

13.8.2.1. inadequate fulfilment or non-fulfilment of obligations by the Bank's intermediary or Counterparty, the legality of its establishment or functioning, or its solvency, financial collateral standing or good-faith conduct;

13.8.2.2. complete or partial loss of Unallocated Metals (XAU, XAG) and the funds invested therein;

13.8.2.3. decrease in the value of Unallocated Metals (XAU, XAG);

13.8.2.4. potential complaints or claims by third parties;

13.8.2.5. potential losses, except those intentionally caused for the Client by the Bank.

13.8.3. The Client is entitled to place an Order with the Bank to convert acquired Unallocated Metals (XAU, XAG) into physical bullion and to request the delivery of physical bullion owned by the Client, by concluding an ancillary arrangement with the Bank and paying the cost of manufacturing, transportation of the bullion, and other costs related to this process.

14. Monitoring

14.1. The Bank's Treasury Department regularly reviews the conformity of the Policy to the actual state of affairs and the compliance of execution of the Client's Order with the Policy.

14.2. In accordance with the procedure specified in the Agreement concluded with the Client, the Bank notifies Clients about changes to the Policy. Clients may get acquainted with the Policy at the office of the Bank or on the Bank's website, www.magnetiqbank.com.

15. Related Documents

15.1. Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive.

15.2. Commission Delegated Regulation (EU) 2017/576 of 8 June 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council with regard to regulatory technical standards for the annual publication by investment firms of information on the identity of execution venues and on the quality of execution.

15.3. Commission Delegated Regulation (EU) 2017/587 of 14 July 2016 supplementing Regulation (EU) No 600/2014 of the European Parliament and of the Council on markets in financial instruments with regard to regulatory technical standards on transparency requirements for trading venues and investment firms in respect of shares, depositary receipts, exchange-traded funds, certificates and other similar financial instruments and on transaction execution obligations in respect of certain shares on a trading venue or by a systematic internaliser.

15.4. Financial Instrument Market Law.

15.5. The Bank's Client Status Policy.

15.6. The Bank's Client Status Procedure.

15.7. The Bank's Procedure for Providing Investment Services and Ancillary Investment Services.