

## SUMMARY OF EXECUTION PROCEDURE OF ORDERS FOR FINANCIAL INSTRUMENTS

### 1. General provisions

*Order Execution Procedure for Financial Instruments* (hereinafter referred to as the “**Procedure**”) of AB Artea bankas (hereinafter referred to as the “**Bank**”), which has been prepared in accordance with the *Law on Markets in Financial Instruments of the Republic of Lithuania* (hereinafter referred to as the “**Law**”), the *Commission's Delegated Regulation (EU) No. 2017/565* of April 25, 2016 (hereinafter referred to as the “**Regulation**”), as well as with the other legislation and the Supervisory Authorities' guidelines, is in accordance with the execution of the order execution policy, as foreseen in the Regulation and in the Law; however, in accordance with the procedure of preparation of the Internal Legal Acts, approved by the Board of Directors, the present document is attributed to the competence of the Board of Directors of the Bank, and is therefore referred to as the "Procedure".

The Procedure regulates the provisions, conditions and requirements which, to ensure the best result for clients, the Bank complies with by executing or transmitting the execution of client orders for financial instruments. The following is a summary of the Procedure for non-professional clients.

### 2. General principles of acceptance, registration and execution of clients' orders

The Bank accepts client orders in the following ways: via the online securities trading platform of the Bank, in writing at the Bank's headquarters, by e-mail, in non-written form - by telephone or in another way acceptable to the Bank.

The Bank executes or transmits client orders immediately in accordance with the conditions specified in the order, deviation from which is possible only if, in the event of certain circumstances, it is necessary to protect the interests of the client, and the Bank could not ask the client in advance or did not receive an answer to its inquiry within a reasonable time.

The bank does not misuse client order information and applies measures to prevent market manipulation.

When accepting and executing client orders, the Bank applies measures to avoid conflicts of interest, as determined in the *Procedure for Avoiding Conflicts of Interest in the Provision of Investment Services*.

### 3. Order execution under the best conditions

The bank always strives to act honestly, fairly and professionally, considering the best interests of its customers. When executing client orders, the Bank takes all sufficient steps to continuously achieve the best possible result for clients.

To execute client orders under the best conditions, the Bank is guided by the terms of order execution and their conditional significance.

When the Bank acts as a party to the transaction and undertakes the risk of the transaction, the requirement of order execution under the best conditions for the client is not applied, except for cases where the client expects the Bank to ensure the protection of the client's interests when executing the transaction.

The Bank, to assess whether it can be considered a party to the transaction for the client at the time of the transaction, as well as to determine whether the order will be executed to achieve the best result for the client, follows the European Commission's 4 conditions test. If none of the conditions provided for in the test obligates the Bank to act to achieve the best result for the client, it is considered that the Bank has no obligation to ensure order execution under the best conditions for the Client.

In most cases, when executing transactions with non-professional clients and executing their orders, the Bank will have the obligation to ensure order execution under the best conditions for the client.

### 4. Conditions and the importance of order execution

When executing client orders, the Bank takes all sufficient steps to achieve execution under the best conditions for the client, therefore, considering the following: client category, price and execution costs of financial instruments (hereinafter - **FI**), the speed of order execution, the probability of execution and settlement, order size and nature and other circumstances important for the order execution.

If the client gives the Bank specific instructions, for example, to execute order at a certain place of execution or in a certain way, it is considered that the Bank has made every effort to execute the order

under the best conditions for the client.

When assessing the importance of executing client orders under the best conditions, the Bank considers the following criteria: client specific characteristics, including its category; characteristics of the client's order; characteristics of the FI for which the order is submitted; characteristics of order execution venues where the client's order can be executed.

When determining the best possible result for the client order execution, the Bank considers the total amount payable by the client, which consists of the price of the FI and the costs of executing the order, as the main criterion.

In order to ensure that the best possible result for the client is achieved when the client's order is executed in the absence of specific instructions, the Bank takes into account all the factors on the basis of which the best possible result can be achieved, taking into account the total amount consisting of the price of the FI and the costs related to the execution.

Speed of execution, probability of execution and settlement, order size and nature, market impact and any other implied transaction costs may be preferred over direct price and direct costs if they help to achieve a better outcome for the client.

## **5. Execution venues and intermediaries**

The Bank executes client orders at the selected execution venues, which, in the Bank's opinion, ensure the best results for the client. When choosing order execution venues and intermediaries, the Bank considers the technical capabilities of a specific trading venue and/or intermediary, FI prices, order execution speed, fees charged by the execution venue, liquidity, settlement conditions, as well as the publicly published information of transactions executed at the execution venue or with the intermediary.

The selection of entities to which the Bank transmits orders is carried out by regularly reviewing the ability of such entities to ensure order execution under the best conditions for the client and to ensure the Bank's ability to fulfill its obligation to execute client orders under the best conditions for the client. The intermediaries carefully selected by the Bank, to whom the Bank transmits order execution to the execution venues, are presented in Appendix 2 of the Procedure.

In certain cases, with the prior consent of the client, the Bank may execute the order at other execution venues or outside the execution venue, when the Bank may decide that, in order to ensure the best possible result for the client, it is necessary to execute or transmit his order in a different way than is usually applied to such FIs, etc.

In cases where there are several suitable places for order execution, the possible results that would arise from the execution client order at each of the order execution venues are assessed and compared, and the most favorable option for the client is chosen in each specific case.

The Bank does not set or apply commissions in such a way that the execution venue is privileged or discriminated against others.

When executing transactions on its own account, the Bank can simultaneously execute transactions with several clients or parties to the contract for the same FI.

The Bank regularly, at least once a year, reviews the quality of the execution venues and intermediaries chosen by the Bank, and assesses whether there are any new order execution venues or intermediaries acceptable and suitable for the Bank, which would allow to achieve better order execution results for the client.

The Bank does not accept any remuneration, discount or non-monetary benefit that it transmits client orders for execution to a specific execution venue, if this violates the requirements of the Procedure or the obligation to avoid conflicts of interest.

Information on the five largest order execution venues and intermediaries to which the Bank passes client orders, as well as an assessment of the quality of order execution in the form of a summary of the analysis and conclusions, is published on the Bank's website at the following [link](#).

## **6. Consolidation of orders**

In cases where the best result for the client will be achieved by combining the client's order with the orders of other clients of the Bank, including lower order execution costs due to the combination and such cases when the uncombined order could not be executed, the Bank may combine the client's order with the orders of other Bank clients or execute the order at its own expense, if the Bank can ensure that the order will be executed according to the conditions specified in the order or better, or if

there is no reason to believe that combining orders and transactions will have a negative impact on the interests of any of the clients whose orders are to be combined.

The results of the combined order are fairly distributed to clients and other parties whose orders were combined. If a joint order is partially executed, the result of transactions is distributed to all parties to the transaction fairly and proportionately, giving preference to client orders.

## **7. Order execution outside trading venues**

Client orders may be executed outside trading venues with the clear prior written consent of the Client. Client orders may be executed outside trading venues both when (i) FIs are not permitted to trade or are not traded on any execution venue, and (ii) FIs are permitted to trade or are traded on a execution venue. In both cases, the Bank has an obligation to the client to execute the client orders under the best conditions for the client, except for the situations described in Chapter V of the Procedure.

When executing orders outside trading venues, the Bank verifies the correctness of the price offered to the client and, when possible, by comparing similar or comparable FIs.

When the Bank executes client orders outside the execution venue, clients are informed about inherent risks: counterparty risk, transaction price risk, risk of order execution delay, risk of incompatibility of purchase and sale prices, etc.

## **8. Costs and charges**

Trading financial instruments may incur costs to the Client. Details of the fees charged by the Bank and the Client's potential costs associated with certain instruments and/or services, depending on the channel of order placement, the market or the type of transaction, are available on the Bank's website at the following [link](#).

In addition to direct costs, Client may also incur indirect costs, such as management and other fees applicable to units/shares of Collective Investment Undertakings (CIU) acquired, which are usually expressed as a gross expense ratio. Information on all direct and indirect costs incurred by the Client in connection with the execution of orders for financial instruments and the subsequent custody of financial instruments purchased and their impact on the return on investment, together with examples of costs by different classes of financial instruments, is available on the Bank's website by clicking on the following [link](#).

## **9. Other information**

The Bank constantly monitors the effectiveness of the Procedure and the quality of order execution and immediately corrects recognized deficiencies.

The Procedure is reviewed when there is a significant change that affects the Bank's ability to use the execution venues provided for in the Procedure or when other circumstances change, but at least once a year.

The Procedure approved by the Bank's Board and its amendments are published on the Bank's website at [www.artea.it](http://www.artea.it).

All changes and updates of the Procedure take effect the day after the date of their publication on the website.