

POLICY FOR EXECUTION OF ORDERS IN TRANSACTIONS WITH FINANCIAL INSTRUMENTS

1. GENERAL PROVISIONS

- 1.1. The Policy of JSC Industra Bank (hereinafter referred to as – the Bank) for execution of orders in transactions with financial instruments (hereinafter also referred to as – the Policy) is developed with a purpose to ensure high-quality process for execution of the Order for transactions with financial instruments, to facilitate achievement of better result in performance of Orders, as well as to promote predictability and certainty in relations of the Bank with the person, to whom the Bank provides investment services and/or investment ancillary services (hereinafter also referred to as – the Client), in accordance with the Agreement regarding investment services (hereinafter referred to as – the Agreement)
- 1.2. The Policy is developed on the basis of binding regulations for the field of financial instruments, provided under the Markets in Financial Instruments Directive 2014/65/EU (MiFID II), Markets in Financial Instruments Regulation No. 600/2014 (MiFIR).
- 1.3. The Bank has general obligation to act honestly, fairly and professionally, considering the best interests of the Client. In relation to execution of Orders, the Bank has a duty to perform all necessary arrangements, in order to constantly provide the Client with the best possible result.
- 1.4. This Policy for execution of orders in transactions with financial instruments provides a summary on how the Bank shall execute orders on behalf of the clients or delivers the orders of customers for execution to other financial agents.
- 1.5. The Policy shall refer to retail (non-professional) and professional clients. The Policy shall not be applied to the Clients of the Bank, who have been granted a status of the Eligible Counterparty.
- 1.6. The following basic principles should be complied with during the process of execution of orders:
 - 1.6.1. Public availability of the Policy on the website of the Bank <https://industria.finance>;
 - 1.6.2. Supervision of the execution venues of Orders and activity of cooperation partners of the Bank;
 - 1.6.3. Determination of the fit and proper requirements of transactions for the Clients;
 - 1.6.4. Ensuring the best results for transactions of the Client with financial instruments, based on proportionality between benefits and expenses of the Client within the framework of requirements determined by legal acts;
 - 1.6.5. Regular update of the Policy.
- 1.7. This Policy shall refer to investment services and/or auxiliary investment services:
 - 1.7.1. when executing the Orders on behalf of the Client;
 - 1.7.2. when accepting the Orders of a Client and delivering them for execution to the Cooperation Partner;
 - 1.7.3. when performing Direct transactions with the Client.
- 1.8. When accepting for execution the order of the Client, the Bank shall execute it in accordance with this Policy, unless the Client has provided any specific instructions with regard to the type of execution of his/her Order.
- 1.9. The Bank shall comply with the Policy during the execution process of the Orders for transactions with the following financial instruments:
 - 1.9.1. Equities – shares, depositary receipts (ADR/GDR) and other securities, where the right to acquire or alienate transferable securities are corroborated;
 - 1.9.2. Debt instruments – bonds and monetary market instruments;
 - 1.9.3. Derivative financial instruments – financial contracts for difference, options, standard forwards sold at the trade venues, swaps, interest rate forwards and any other derivatives related to securities, currencies, interest rates or profitability, emission allowances or other derivatives, financial indices or financial ratios that can be settled by physical delivery or in cash.
- 1.10. The Bank shall accept for execution the Order only in the case, if the Client has become acquainted with and agreed with the Policy and has proved it by entering in business relations with the Bank, entering into the Agreement about investment services.
- 1.11. When executing the Order, the Bank shall ensure the best possible execution of the Order. The best possible execution is a process, through which the Bank, when executing orders of Clients, seeks to obtain the best possible result. Ensuring of the best possible result is a variable process, because the Bank, when executing the Order, has to take into account a number of performance factors and has to determine the relative importance thereof, on the basis of characteristics of its Clients, received orders and markets, when the Bank operates.
- 1.12. This Policy shall be binding to all client services employees of the Bank, who perform transactions with financial instruments.

2. TERMS AND ABBREVIATIONS

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| Transaction | Agreement between two parties, where one of the parties is the Client or a person, who enters into the transaction, and any third person regarding purchase, sale, exchange, move, ordering or redemption of financial instruments, as well as other transactions with financial instruments, being related to the services provided by the Bank. |
| Financial Instruments, FI | An agreement, which concurrently creates financial assets for one person, but financial liabilities or capital securities for another |
| Investment services | Acceptance and delivery of Client's order about FI and/or execution of the Client's orders at the expense of the Client or transactions in its name with a purpose to acquire or transfer into FI or other investments services, provided by the Bank, in accordance with a separate agreement |
| Client status | Classification of the Client performed by the Bank, taking into account the competence, knowledge and experience of the Client in transactions with financial instruments, in accordance with the <i>Policy for determination of the status of the Client developed by the Bank for provision of the investment services and/or auxiliary services</i> . One of the following statuses shall be granted to the Client - <i>Retail Client, Professional Client or Eligible Counterparty</i> |
| Client | A natural or legal person, to whom the Bank wishes to provide or provides investment services and/or auxiliary services |
| Law | <i>Financial Instrument Market Law</i> of the Republic of Latvia |
| Retail Client | The Client, which is neither the Professional Client, nor the Authorised Transaction Partner, i.e. the Client, which does not have sufficient knowledge, skills and experience, in order to independently adopt reasonable decisions about investments or properly assess the risks related to them |
| Professional Client | The Client having the respective experience, knowledge and competence in order to take an investment decision independently and properly evaluate risks to be undertaken. |
| Order | Expression of will of the Client or its accordingly authorised person in relation to FI (to purchase, sell, transfer to another account, de-register, pledge), on the basis of which the Bank initiates the execution of the Transaction |
| Cooperation Partner | A legal person, being entitled to provide agency services for transactions with FI and being attracted by the Bank for holding of FI and/or execution of Customer's Orders on transactions with financial instruments, such as depository, brokers, credit institutions, investment companies etc. |
| Trade place | Regulated market, multilateral trade system, systematic internaliser, market holder or any other liquidity provider. |
| Eligible Counterparty | Investment firm, credit institution, insurance company, investment management company, investment funds for the purpose of Directive 2014/91/EU of the European Parliament and of the Council amending Directive 2009/65/EC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) as regards depository functions, remuneration policies and sanctions, pension fund and its management company, other financial institutions, being licensed and performing activities in accordance with the legal acts of the European Union governing the financial services or regulatory enactments of the member state of the European Union or the European Economic Area, national governments and other state administration authorities, governing the national debt, central banks, other persons determined in Section 124.2 of the Law and other persons, to whom the status of the Authorised Transaction Partner has been granted |
| Direct transaction | Agreement on purchase or sale of FI, concluded between the parties of the transaction (the Bank and the Client) on the basis of direct agreement, as a result of which the Client agrees with the price/ quote offered by the Bank and other terms and conditions, and the place of execution of the transaction is the Bank |

3. TYPES, CRITERIA, PLACES OF EXECUTION AND PROCEDURE FOR EXECUTION OF TRANSACTIONS

3.1. The Client may give the following Orders to the Bank:

3.1.1. Market Order – an order to perform a trade transaction of certain volume at the best currently available market price. Usually such Order is executed without delay (or as soon as possible). The Bank has a duty to execute it regardless of changes in prices;

3.1.2. Limit Order – an order to perform trade transaction of certain volume at a specified price determined by the Client (*Stop loss order*) or for a better price (*Limit order*). For such Orders the Client may determine limited deadlines – i.e., to submit the Order, which is valid until the end of the trade day, when it was submitted (or until the end of the next business day, if the Order was accepted during weekend or during non-working hours of the Bank). the Order, which is valid until the date set by the Client. The Order, which is valid for an indefinite period of time or until cancellation thereof (which is determined by the Client). When the price of FI reaches the price specified in the Limit Order, it becomes a Market Order and is executed in accordance with the terms and conditions of Market Orders. When executing the Market Orders and Limit Orders of Clients, the Bank shall follow the following criteria:

- a) Price – market price or price specified in the Order, for which the Order is executed;
- b) Order execution speed – the time, which is necessary for execution of the Order;
- c) Expenses, which may arise, when executing the Order in any particular way. If the Bank applies different fees, depending on the place of execution, it shall explain in sufficiently detailed way the differences, in order to make the Client to understand the advantages and shortages of the certain execution of Orders;
- d) Possibility of execution and payment, that the Bank will be able to make payments for the Transaction in a timely manner and in full amount;
- e) Scope and type of Order – the type in which the Bank executes a non-standard order (for example, for non-standard transaction volume on the market, whether the Transaction has any other specific features);
- f) Other factors – all other factors related to the Order, affecting the efficiency of execution of the Order (for example, impact on the market etc.).

3.2. The Bank shall provide the Client with the access to several places for execution of transactions with financial instruments <https://industria.finance/dokumenti>

3.3. The Bank shall use also the services of Cooperation Partners in order to ensure access to those places for transactions, where the Bank does not have a direct access.

3.4. When executing the Order, the Bank shall choose among the Cooperation Partners the execution venue of the Transaction, which at the discretion of the Bank is the most appropriate in order to ensure the best transaction result for the Client, as well as shall execute the Order outside the regulated market and multilateral trading system, except for cases, when the request not to execute the Orders outside the regulated market is expressed in the Order.

3.5. If for some FI Bank has access only to one execution venue of transactions, then the use of it for the execution of the Order shall be considered as provision of the best transaction results for the Client.

3.6. The Bank shall execute the Orders of the Client immediately and in accordance with the sequence of their submission, unless peculiarities of the Orders or the existing market circumstances make them as non-executable in such a form or the interests of the Client requires another action.

3.7. The Bank shall not combine the Orders of several Clients in one transaction, but it may combine the Order of one Client and the Bank in one transaction in accordance with the following requirements of the Law:

3.7.1. the Orders shall be combined only in the case if there is a small possibility that the combination of orders or transactions will harm the interests of the Client, the order of whom is combined;

3.7.2. prior to the combination of Orders or transactions the Bank shall have an obligation to inform the Client, whose Order is combined with the Order of the Bank, that such a combination may cause loss in relation to the specific Order;

3.7.3. If the Bank has combined the transaction at its own expense with the Order of one Client, then it shall divide or redistribute the respective transaction without making a harm to the interests of the Client;

3.7.4. If the Bank combines the Order of the Client with the transaction at its own expense and the combined Order is executed partially, then it shall divide the respective transactions in order of priority – at first, in favour of the Client and then to the Bank. If the Bank may reasonably prove that it would not have been able to execute the order in accordance with such beneficial conditions or would not have been able to execute it at all without such a combination, then it may apply the distribution of proportional income on its own expense in relation to the transaction.

- 3.8. If the Client has submitted the Order regarding shares, which are included in the regulated market, and such Order has not been promptly executed in the circumstances of the current market, then the Bank, unless the Client has clearly indicated otherwise, shall perform measures in order to ensure the execution of the above mentioned Order as soon as possible by disclosing the information on this order to the market, including by submitting the Order at any other Trade venue.
- 3.9. If the Client has specified in the Order the Bank as the execution venue of the Order, it shall be considered as the Order with special instructions, i.e., with specific execution venue.
- 3.10. The Bank may conclude Direct Transactions and/or execute Orders versus Banking Book only with the Clients, to whom the status of the Professional Client has been granted.
- 3.11. When entering into the Direct Transaction with the Client, the Bank may offer to the Client the price and the terms and conditions of the Transaction, if the Client requires that, or independently, at its own initiative, if the Client agrees with the price and terms and conditions of the Transaction.
- 3.12. When executing Orders with derivatives, the Bank shall offer to the Client, which is a legal person, a possibility to delegate to the Bank the reporting on behalf of the Client to the repository, in accordance with the requirements of the Regulation No. 648/2012 of the European Parliament and Council (EMIR).

4. ENSURING THE BEST RESULT FOR THE CLIENT

- 4.1. The Bank, when accepting and delivering for execution the Orders on transactions with FI, shall ensure as good as possible results for the Client, taking into account the price, costs, execution speed, execution and payment possibility of the transaction, the scope, specifics of the transaction or any other considerations in relation to the execution of the Order of the Client.
- 4.2. The Bank shall not be obliged to ensure as good as possible results for the Client, who have the status of the Professional Client.
- 4.3. The Bank, upon making a decision regarding the type for execution of the order of the Client, shall be guided by the following factors:
 - 4.3.1. the characterisation of the Client, including the status of the Client – Retail or Professional Client;
 - 4.3.2. Type, description of the Order – for example, affecting the market, etc.;
 - 4.3.3. type of the Financial instrument, which is a subject matter of the Order – such as FI liquidity;
 - 4.3.4. description of the execution venue of the transaction, where the Order could be executed - regulated market, multilateral trade system, market keeper or other.
- 4.4. The price for the execution of the transaction and expenses related to it shall be considered as the most important factors of the execution of the transaction. There may be cases acceptable, when other factors are considered as more important than the price for the execution of the Order and expenses related to it. Market liquidity indicators and significant volume of transactions shall be taken into account as specific circumstances.
- 4.5. If the Bank executes Orders on behalf of the Retail Clients, the best possible execution shall be determined, on the basis of the total price. Total price is the price of FI and total expenses, related to execution of the Order, including all expenses of the Client, being directly related to the execution of the Order, for example, expenses related to the execution venue, including all expenses of the Client, directly related to execution of the Order, payment costs, other costs, paid to third persons involved in the execution of the Order. Upon assessing, whether the best possible execution is reached, the Bank shall not consider its standard fees, which should be paid by the Client, regardless of the fact, in what form the Order is executed.
- 4.6. If the Bank executes the Order, it shall make reasonable judgments, in particular on behalf of Professional Clients, in order to consider different factors for execution during execution, in accordance with the execution criteria determined in Paragraph 4.3.
- 4.7. In order to ensure the best results for the Client in the case, when the Order of the Client for the Transaction may be executed in several trading venues provided for in the Policy, the Bank shall evaluate the results to be achieved for the Client in each trading venue and compare these results. In the estimate the Bank shall additionally take into account the commission fee set by it and expenses for the execution of Order in each trading venue. When setting the commission fee for the execution of the Order, the Bank shall not be entitled to unreasonably discriminate different trading venues.
- 4.8. If the transaction of the Client is divided into steps, then the best result shall be ensured for the Client in each step. For repo transactions (credit for the acquisition of financial instruments) ensuring the best result for the Client shall not be applied for a single step, but for the whole scheme.

- 4.9. The Bank shall be exempted from the obligation to ensure as good as possible results for the Client in accordance with the Policy if the Client has given special instructions regarding the fact, how the transactions with Financial instruments shall be executed, regarding the placement of orders when performing individual administration of the Financial instruments of the Client, regarding a person, to whom the order of the Client shall be delivered for execution. In such a case the Bank shall comply with the special instructions of the Client.

5. ORDERS FOR TRANSACTIONS WITH FINANCIAL INSTRUMENTS, WHICH ARE TRADED IN REGULATED MARKET IN MULTILATERAL TRADING SYSTEMS

The Bank shall perform transactions with financial instruments listed in the regulated markets and multilateral trading systems. Orders of the Client shall be executed in accordance with the market price by ensuring the best possible result of the transaction to the Client. If the Order of the Client contains special instructions, then the respective Order shall be executed in accordance with the principles of this Policy.

6. ORDERS FOR TRANSACTIONS WITH FINANCIAL INSTRUMENTS, WHICH ARE TRADED OUTSIDE THE REGULATED MARKET

- 6.1. Orders with FI, which are sold outside the regulated market, shall be executed as follows
- 6.1.1. When entering into the Direct Transaction with the Client, executing the Order versus the Banking Book, in accordance with the principles determined in this Policy.
- 6.1.2. With the Cooperation partners of the Bank, the list of which is published <https://industria.finance/dokumenti>
- 6.2. In the situations, when FI is actively sold on both, the regulated market (Trade venues) as well as outside the regulated market, the Orders of the Client may be executed outside the regulated market only, when execution of such Order provides the best result for the Client.
- 6.3. The Bank may execute the Order outside of the exchange in its name or with contractors of other transactions.
- 6.4. When executing the Orders outside the exchange, the Bank shall verify the objectivity of the price offered to the Client, summarizing market data, which are summarized by assessing the price of such FI, and, if possible, comparing it with similar or comparable FI.
- 6.5. The Bank shall inform the Client and the Client is aware of the fact that, when engaging in the Transaction outside exchange, there are risks, related to execution of transactions outside of exchange:
- 6.5.1. Transaction Partner risk – a risk that the Transaction Partner will not be able to partially or completely execute the obligations arising from the Transaction;
- 6.5.2. execution for the price, which significantly differs from the quoted price, or from the last announced price at the moment of entering of the Order, as well as partial execution of the Order or execution of large Orders in several Transactions for different prices;
- 6.5.3. delay in the execution of the Transactions, when the Bank is searching for the Cooperation Partner;
- 6.5.4. initial prices, which may significantly differ from the end price of the previous day;
- 6.5.5. other risks;
- 6.5.6. The Bank shall submit transactions with investment certificates of investment funds directly or through mediators for the respective investment administration company, which shall administer the specific investment fund in accordance with the investment fund regulations of the above mentioned investment company. Pricing of the shares of funds, withdrawal and other kind of information shall be available with the particular fund administration company.
- 6.6. For transactions with Financial Instruments the provisions and prices, it has agreed with the Client, are applied. In such cases the transaction shall not be executed in accordance with this Policy, but aligned with the particular Client and considered as ensured with the best possible result for the Client.

7. EVALUATION OF PARTNERS AND DELIVERY OF ORDERS OF CLIENTS FOR EXECUTION TO THE PARTNERS

- 7.1. The Bank shall regularly, but not less than once a year, assess Cooperation Partners, to whom execution of Orders of the Clients are entrusted, assessing the ability of the relevant Partner (institution) to ensure execution of Orders of the Client, in accordance with the Policy of the Bank and reputation on the financial market.
- 7.2. The following factors shall be assessed during the assessment process:
- 7.2.1. Information available to the Bank in relation to the Partner, in particular the information, certifying the reputation of the Partner institution;

- 7.2.2. Principles set in the policy for the execution of the Orders of the Cooperation Partner and understanding of the Partner on the desires and priorities of the Clients of the Bank;
- 7.2.3. Trading venues used by the Cooperation Partner.
- 7.3. When selecting the appropriate venues for execution of orders and Cooperation Partners, the Bank shall take into account both, the qualitative as well as quantitative describing factors:
 - 7.3.1. liquidity;
 - 7.3.2. expenses applied by the particular execution venue;
 - 7.3.3. execution and payment possibility;
 - 7.3.4. other important factors.

8. SEPARATE STORAGE OF RESOURCES OF THE CLIENT AND THE BANK

- 8.1. The Bank shall present the cash funds owned by the Client in its balance sheet. The Bank shall be entitled not to ensure separate holding of the cash funds of the Client from cash funds of the Bank.
- 8.2. The Bank shall ensure separate holding of Financial Instruments owned by the Client from Financial Instruments of the Bank.
- 8.3. The Bank shall be entitled to use the Financial Instruments owned by the Client for transactions at the expense of the Client or at the expense of any other client, including for securities funding transactions, only in the case if the Client has provided a written consent for such kind of transactions or if such kind of transactions are performed in accordance with special provisions determined by the Client by submitting an Order to the Bank.

9. BEHAVIOUR OF THE BANK IN THE CASE OF SYSTEM DAMAGES AND INTERRUPTIONS IN MARKET OPERATIONS

If the system damages and/or interruptions in market operations have occurred, then the Bank shall not be able to perform the execution of the Order of the Client in accordance with the Policy. The Bank shall inform the Client regarding such circumstances individually or by posting information on the web-page of the Bank. In the case of system damages and/or interruption in market operations, the Bank shall be entitled to withdraw from the requirements of this Policy, when executing or delivering Orders by taking into account the interests of the Bank and Clients.