ACCEPTANCE AND EXECUTION PROCEDURE FOR CLIENT ORDERS IN RELATION TO FINANCIAL INSTRUMENTS

1. PURPOSE AND SCOPE OF APPLICATION OF THE PROCEDURE

1.1. Acceptance and Execution Policy for Client Orders in Relation to Financial Instruments (hereinafter – the Procedure) implements the Order Execution Policy of AB Citadele bank (hereinafter – the Bank), and establishes the procedure for the acceptance and execution of Client Orders and delivery of notifications to Clients.

1.2. The Procedure was prepared in accordance with the Civil Code of the Republic of Lithuania, the Law on Markets in Financial Instruments (Official Gazette, 08.02.2007, No. 17-627), Rules on the Provision of Investment Services and the Acceptance and Execution of Client Orders (Bank of Lithuania Resolution No. 03-157 of 2 July 2012), and the provisions of the Bank's Policy on Avoidance of Conflict of Interests in Providing Investment Services.

1.3. The Procedure shall be observed by the employees of the Financial Brokerage Department of the Bank's Treasury Division, employees of the branches of the Bank, Private Banking Department and Customer Service Department acting as intermediaries between the Bank and its Clients in providing investment and/or ancillary services.

2. TERMS AND DEFINITIONS USED IN THIS PROCEDURE

2.1. “Questionnaire” means a list of questions designed to obtain information from a potential client who wants to use the Bank's investment services and/or ancillary services reflecting the level of investment knowledge held by that person as well as related risks.

2.2. “Responsible Employee” means an employee of the Bank's branches, of the Private Banking Department or of the Client Service Department acting as an intermediary between the FBD Broker and the Client.

2.3. “Representative” means a person authorized in the manner prescribed by the law. A person cannot act as a representative if he/she is associated with the Bank, i.e. if a person is an employee of the Bank related to the provision of investment services or a member of the senior management of the Bank.

2.4. “Bank” means AB Citadele bank.

2.5. “Exchange” means a regulated market, a multilateral trading system operated and/or managed by a market operator, which brings together or facilitates the bringing of multiple third-party buying and selling interests in financial instruments within the system in accordance with non-discretionary rules in a way that results in a contract in respect of the financial instruments admitted to trading under its rules and/or systems.

2.6. “BIS” means the Bank’s information system Forpost.

2.7. “Financial Instrument” means ownership or debt securities which can be traded on one or several regulated markets; other terms of Financial Instruments are used in the meaning as defined in the Law on Market in Financial Instruments.

2.8. “FBD” means the Financial Brokerage Department of the Bank's Treasury Division.

2.9. “FBD Broker” means a FBD employee holding a trader's or general license.

2.10. “Conflict of Interest” means a situation where an employee of the Bank or a Relevant Person associated with the Bank, in the performance of their duties or functions, must make a decision or participate in making a decision or perform function that are related to their private interests and/or the Bank's private interests.

2.11. “Client” means any natural or legal person who has entered into a Contract with the Bank.

2.12. “Order” means the Client's order given to execute a transaction in Financial Instruments.
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2.13. “Durable Medium” means medium in which the information meant personally for the Client is stored so that it could be made available for a period not shorter than reasonably expected by the Client to be able to check it and from which information is retrieved without changes.

2.14. “Account” means a personal securities or funds account containing the Client’s securities and funds used for settling transactions with Financial Instruments.

2.15. “Agreement” means an agreement for the handling of a securities account and for the provision of investment services.

3. GENERAL REQUIREMENTS

3.1. The FBD Broker, prior to execution of the Client’s Orders, must make sure whether an Agreement has been concluded with that Client and whether other requirements specified in the Procedure have been met.

3.2. The FBD Broker may execute transactions in respect of the Client’s Financial Instruments only in accordance with the Client’s Order and based on financial instruments transfer agreements or any other legal grounds (management contract, etc.).

3.3. Based on the Orders given by Clients, the FBD Broker enters into transactions on behalf of the Bank but for the account of the Client or on behalf of and for the account of the Client. Based on the written Orders of the Bank’s Head of the Administration or his authorized representatives, the FBD Broker enters into transactions on behalf of the Bank and for the account of the Bank.

4. MEANS OF GIVING ORDERS

4.1. Clients may communicate their Orders directly or through their Representative in the following ways:

4.1.1. By a visit to the Bank. The FBD Broker shall fill out the Order form as specified by the Client, print two copies and present them to the Client to sign. After the Client signs both copies of the Order, the FBD Broker shall countersign them and affix a FBD seal to the Order. One copy of the Order shall be given to the Client and the other shall be recorded in the Order Registration Book no later than the close of that working day, and placed into the Order Folder (Annex 6);

4.1.2. By phone. In this case, the conversation with the Client, in accordance with the Backup, Archiving and Recovery Procedure of the Bank’s information systems, must be recorded as described below:

- The FBD Broker, prior to accepting and registering an Order, shall establish the identity of the person who has given that Order, i.e. the Client shall quote his password (BIS code) which was assigned to the Client upon signing the Agreement;
- The FBD Broker must obtain all the data required to properly fill out an Order as specified in clause 5.2 of this Policy;
- The FBD Broker shall properly fill out the Order form (Annex 1) by specifying the Order acceptance method, the time when the Order was accepted, his name and surname and job title and shall sign this form. The completed and signed Order form shall be recorded in the Order Registration Book.

4.1.3. By fax (scanned Order sent via email);

4.1.4. Via electronic channels if the Client uses the Bank’s online banking services. In this case, once the Order is received, the FBD Broker shall immediately review it and if the Order meets all applicable requirements set out in Part 5 of the Procedure, the broker shall record and execute it. The FBD Broker shall, no later than the close of that working day, fill out the Order form (Annex 1) and shall record that Order in the Order Registration Book and place it in the Order folder. The FBD broker, after receiving an email notification about the Order given by the Client, shall immediately verify it (Annex 5) and record and execute it provided the Order meets applicable requirements.

4.2. If the Order is communicated by phone, by fax or via email, the Bank shall have the right to request that the Client submit a signed original of the Order.

Note: The Client, when giving Orders in the manner specified in points 4.1.2 – 4.1.3, must quote an identification code (password) assigned to him.

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4.3. If the Client gives Orders by phone, the Bank records the conversation with Clients and reserves the right to use those phone conversations as evidence in examining disputes between the Bank and Clients regarding the fact that a relevant Order has been given as well as its content.

4.4. An Order is deemed to be accepted when it is accepted by the FBD Broker (in cases where an Order is given by the Client or Client’s Representative during their physical visit to the Bank’s place of business or where an Order is given by phone) or when the Client receives an Order acceptance confirmation (in cases when the Order is transmitted by fax, registered mail or electronic means of communication).

4.5. The Bank, after accepting an Order shall, no later than the next working day, give the Client or the Client’s Representative an Order confirmation in a Durable Medium in the form as specified in the Agreement (Annex 2).

5. ORDER ACCEPTANCE PROCEDURE

5.1. The Client may give an Order to the FBD Broker to buy or sell Financial Instruments, a request to transfer Financial Instruments or an Order regarding Cancellation of Order.

5.2. The following Order details must be indicated in the Order:
- Date and time (hours and minutes) of giving the Order;
- Client’s name and surname or company name;
- Client’s identification number;
- Form of ownership (account GL clause);
- Investor’s group;
- National identification number or company registration number (for a legal person);
- Order type;
- Name of the Financial Instrument;
- ISIN code and other details of the Financial Instrument;
- Number of the Financial Instrument in which the transaction is being made / Investment amount and currency;
- Order execution conditions: limit price, term of validity, commission fee, conditions;

Note: The person filling out the Order should specify the method of Order receipt: by phone, in person or via the internet. In the Order to transfer Financial Instruments from the Client’s account with the Bank to another intermediary of public trading, the Client must indicate the name and account number of the intermediary of public trading in which account the Client’s Financial Instruments have been or will be deposited.
- Client’s signature. If the Client is a legal person, the following details should be specified: the name, surname, national identification number, job title and signature of the person representing the legal person.

5.3. Orders are to be given to the FBD Broker during working hours: Monday to Thursday, between 8:00 a.m. and 5:00 p.m. Fridays and on the days before public holidays between 8:00 a.m. and 3:45 p.m.

5.4. The Client may give an Order directly or through his/her Representative who must have a notarized letter of authorization to act on behalf of the Client (letters of authorization/notarized copy are kept in the Client’s file). Such Representative, when giving an Order to the FBD Broker by phone, must be identified in the same manner as the Client (Clause 4.1.2 of the Procedure).

5.5. When accepting the Order, the FBD Broker must take into account the Client’s investment experience and risk profile which are assigned to the Client based on the Questionnaire filled in and signed by the Client. Client data is kept in the Client risk assessment table which is stored in the Bank’s internal database. This table contains a Risk profile assigned to each Client based on the data submitted by that Client:
- Conservative (C);
- Balanced (B);
- Aggressive (A);
- Very aggressive (A+).
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Note: Clients who do not have a risk profile assigned to them in accordance with the withdrawn Procedure for Concluding Securities Contracts and Opening and Closing Securities Accounts, are assigned with a Conservative risk profile until they submit a duly completed Questionnaire of a prescribed form to the Bank.

5.6. If an Order is given in relation to a Financial Instrument that has been recognized as unsuitable based on the risk profile assigned to the Client, and such Order is given at the initiative of the Client himself/herself, the Client shall be given a verbal warning and the Client shall confirm, by putting his/her signature on that Order (if the Order is presented to the Client when filling out the Order form) that such Order is given upon his/her own initiative and that the Client is duly informed that the Bank does not have a duty to assess the suitability of that Financial Instrument with regard to this Client. When opening an Account, the Client also signs a Recommendation (Annex 10 to the Procedure for Handling Securities Accounts and Concluding Investment Services Agreements) or Warning that the Client has refused to submit required information to the Bank. This suggests that the Client acts at his/her own discretion and risk, thus such warning is only preventive in nature. The Bank, when entering into the Agreement with the Client, shall provide him/her with a one-off notice against signature stating that the Bank shall not be liable for the transactions in relation to complex Financial Instruments (investment fund units, other derivative financial instruments) entered into at the Client’s initiative. For more information, see the Procedure for Handling Securities Accounts and Concluding Investment Services Agreements.

5.7. The Order to sell Financial Instruments which are a community property of spouses, must be kept along with the spouse’s letter of authorization (letters of authorization/notarized copy are kept in the Client’s file next to the Agreement) to sell specified Financial Instruments (the document must be signed by both spouses), in accordance with the Rules on the Provision of Investment Services and the Acceptance and Execution of Client Orders approved by the Bank of Lithuania (Bank of Lithuania Resolution No. 03-157 of 2 July 2012).

Note: A letter of authorization issued by one spouse to the other spouse to enter into transactions in Financial Instruments may be issued in a simple written form if transactions are entered into in relation to Financial Instruments listed for trading in a regulated market or in a multilateral trading system. Otherwise a notarized letter of authorization is required.

5.8. Orders to transfer Financial Instruments are accepted directly. If the Client is in a remote location at the time of giving the Order, he/she may sign the Order and send it to the FBD Broker by fax.

5.9. Where the Client, being a natural person, is represented by a Representative, or where the Client’s Financial Instruments are a community property of spouses (subject to the letter of authorization issued by a spouse), the FBD Broker, prior to executing the Order regarding the sales of these Financial Instruments, must ascertain that the letter of authorization has not expired.

Note: The original or notarized copies of all letters of authorization issued to the Client are kept in the Client files in the custody of the FBD.

5.10. Where the Order is given by a Client who is a legal person, the FBD Broker must ascertain that the person giving the Order has a written letter of authorization to act on behalf of that legal person on a relevant matter.

5.11. The Client who requests conversion of funds deposited in his/her Account, shall agree on the currency conversion rate with the FBD employee and provide a written Request for conversion of funds deposited in his/her account (Annex 9). This request is kept in the custody of the Treasury Accounting Department. The Client can also provide such a request by phone (clause 4.1.2) or using online banking services (free-form application).

5.12. The Client, who wants to transfer his/her funds between accounts with the Bank, shall provide the FBD employee with a written Request to transfer funds (Annex 10). This request is kept in the custody of the Treasury Accounting Department. The Client can also provide such a request by phone (clause 4.1.2) or using online banking services (free-form application).

6. REGISTRATION AND STORAGE OF ORDERS

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6.1. Each Order is assigned with a particular number. All Orders must be registered in the order registration book in chronological order.

6.2. The FBD Broker shall record the information specified in clause 5.2 of the Procedure submitted by the Client in the order registration book.

**Note:** There shall be only one order registration book which shall be available in the MS Excel format. The head of the FBD shall be responsible for the accuracy and completeness of the entries contained in the order registration book. At the end of each working day, the entries made in the order registration book shall be printed and signed by the FBD Broker who has accepted these orders. The FBD Broker responsible for signing the order registration book shall be appointed by the head of the FBD. The head of the FBD must ensure timely registration of Orders.

6.3. The entries in the order registration book and their copies shall be kept in the manner prescribed by the procedures approved by the Central Securities Depository of Lithuania.

6.4. The order registration book shall be kept for a duration of 10 (ten) years from the date of the last entry. Orders and notices about the Order cancellation shall be kept for a duration of 10 (ten) years from the date of their acceptance.

7. ORDER EXECUTION

7.1. The FBD shall execute the following Orders given by the Client:

7.1.1. Orders to purchase Financial Instruments;

7.1.2. Orders to sell Financial Instruments;

7.1.3. Orders to transfer Financial Instruments and/or funds;

7.1.4. Orders regarding the cancellation of purchase and/or sale of Financial Instruments.

7.2. The Order given by the Client must contain sufficient information in order for the FBD Broker to be able to properly execute the Client's will; otherwise, the FBD Broker shall have the right to refuse to execute that Order.

7.3. When giving the Order, the Client must fulfill the following conditions, if not otherwise agreed:

7.3.1. The Client, prior to giving the Order to purchase Financial Instruments, must have a required amount of funds accumulated in his/her Account specified in the Agreement intended for the purchase of Financial Instruments and for the payment of a relevant fee to the Bank.

7.3.2. The Client, prior to giving the Order to sell Financial Instruments, must have a required amount of units of Financial Instruments accumulated in his/her Account handled by the Bank.

7.4. Only one transaction in relation to the Financial Instruments of the same issue may be included in one Order.

7.5. The FBD Broker, after making sure that all requirements set out in Part 5 of the Procedure for Order acceptance are met and all conditions of clause 7.3 of the Procedure are fulfilled, must start executing Orders (unless a later execution date is specified in the Order) promptly and under most favorable conditions for the Client.

7.6. If an Order is given to sell Financial Instruments which are a community property of spouses (GL clause 116 specified in the BIS form FRF_649) and the Client, being a natural person, does not have a notarized or a simple written letter of authorization from the other spouse, that Order may be executed in cases where:

7.8.1. An Order was jointly given by both spouses;

7.8.2. A spouse has provided a notarized or simple written letter of authorization issued by the other spouse to enter into such transaction **(See Note under clause 5.7 of the Procedure)**;

7.8.3. A spouse has provided written evidence that Financial Instruments in relation to which the Order is being given are his/her personal and not community property.

**Note:** All written evidence of this kind shall be kept in Client files in the custody of the FBD.

7.9. The price specified in the Order to sell Financial Instruments shall be deemed to be a minimum price for which the Client agrees to sell those Financial Instruments.

7.10. The price specified in the Order to purchase Financial Instruments shall be deemed to be a maximum price for which the Client agrees to purchase Financial Instruments.

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7.11. The FBD Broker may not sell Financial Instruments for a price below the limit price specified in the Order to sell Financial Instruments, and vice versa, the broker may not purchase Financial Instruments for a price above the price specified in the Order to purchase Financial Instruments.

7.12. The Order to purchase/sell/cancel a transaction in the Exchange shall be entered in the trading system by the FBD Broker from his/her workplace connected to the Exchange trading system via a computer network.

7.13. When executing Orders in the Exchange, the FBD Broker must observe the exchange trading rules of NASDAQ OMX Vilnius.

7.14. When executing Orders outside a regulated market, the FBD Broker shall follow the Bank’s Procedure for Entering into Transactions in Securities outside Regulated Markets or outside Multilateral Trading Facilities.

7.15. The Client shall pay a commission fee to the Bank for each fully or partially executed Order in accordance with the approved FBD’s price rates. The fee shall be payable in percentage from the transaction value or as a minimum absolute value of the executed (partially executed) Order. A detailed procedure for commission fee calculation and entry into BIS for each transaction entered into by the Client is described in the “Securities Accounting Instruction”. Service rates are available on the Bank’s website at [www.citadele.lt](http://www.citadele.lt)

7.16. In cases where due to certain hindrances the FBD Broker is unable to start execution of the Order or the Order cannot be executed within a reasonable period of time due to any unfavorable circumstances existing in or outside a regulated market (decrease in the price, lack of demand, etc.), the FBD Broker, in the manner prescribed in the Agreement, shall notify the Client according to the procedure specified in the Agreement, specifying these hindrances or circumstances that prevent the broker from executing a specific Order. The FBD Broker shall execute the Order in strict compliance with the terms of the Order. The FBD Broker shall have the right not to observe these terms if, in cases where certain circumstances occur, it is necessary for the Client’s interests and the broker has been unable to obtain the Client’s prior advice or the Client has not responded to the broker’s enquiry. In such case, the FBD Broker shall immediately notify the Client in the manner specified in the Agreement.

7.17. The FBD Broker, prior to executing the Order to purchase investment fund units the exact purchase price of which will only become known after receiving a transaction confirmation, must calculate mathematically a potential price deviation for such a product and purchase such quantity of those units that ensure that the funds transferred by the Client will be sufficient to pay for financial instruments and a commission fee payable to the Bank for services rendered.

8. MERGER OF ORDERS AND DISTRIBUTION OF TRANSACTIONS

8.1. If the FBD Broker has reasonable suspicions that the merger of Orders will have an adverse effect for obtaining the best possible result for the Client, the Orders shall not be merged but shall be executed separately.

8.2. Distribution of Orders shall depend on the Order execution strategy chosen to obtain the best possible result for the Client.

8.3. The FBD Broker, taking into account a particular situation, shall select one of the following transaction distribution methods:

- The number of Financial Instruments allocated to the Bank during initial public offering is distributed proportionately to all Orders submitted, except those cases where the organizers of the Initial Public Offering (IPO) set specific instructions for distributing allocated Financial Instruments;

- If very small number of Financial Instruments is acquired during initial public offering, and the costs related to the purchase or later sale of those Financial Instruments to be incurred by Clients are unreasonably high, the Bank shall have the right to allow its Clients to refuse to purchase the number of Financial Instruments that are due to them if other Clients have expressed a wish to receive additional number of such Financial Instruments. In such case, Financial Instruments shall be distributed proportionally to Clients who have expressed a wish to acquire an additional number of those Financial Instruments;
The merger of Orders of several Clients and the distribution of transactions shall be subject to the principle of priority of time, i.e. priority shall be given to Orders submitted at an earlier date;

8.4. The FBD Broker shall be entitled to execute the Client’s Order by merging his/her Order with that of another Client if all of the following conditions are met:

- There are no reasonable suspicions that the merger of Orders and transactions will have an adverse effect on the interests of the Clients whose Orders are being merged.
- Each Client whose Order is planned to be merged, shall be notified that the merger of Orders may have an adverse effect on a specific Order and a prior consent (in writing or by phone if conversations are recorded) has been obtained from the Client to merge such an Order.

8.5. If the Order has been merged, the FBD Broker shall explain to the Client the terms and principles based on which the transactions were distributed.

9. AMENDMENT AND CANCELLATION OF THE ORDER TERMS

9.1. The Client shall be entitled to amend the Order terms only by cancelling the previous Order and by giving a new Order. The FBD Broker, having received a notification about the cancellation of the Client’s Order, shall, no later than the next working day, submit an Order cancellation confirmation to the Client in a Durable Medium (in the form established in the Agreement) (Annex 8). If the Client cancels the Order by phone, the notification about the cancelation shall not be sent to the Broker provided the phone conversation has been recorded, and the FBD Broker has confirmed the cancelation of the Order during that phone conversation (such conversation must be recorded).

9.2. The Client shall be entitled to cancel the Order provided its execution has not yet started or if the Order is only partially executed. If the Order execution has been completed only partially, the cancelation shall only apply to the part of the Order that has not yet been executed.

10. PROVISION OF INFORMATION TO CLIENTS AND TIME LIMITS

10.1. If the FBD Broker ascertains that all conditions are met for the acceptance and execution of the Order given by the Client, the FBD Broker shall immediately, but no later than the next working day, provide an Order confirmation to the Client in a Durable Medium in the manner set forth in the Agreement (Annex 2).

Exception: Confirmation may not be sent if the Client has given the Order in person or by phone directly to the FBD Broker who has informed the Client about the acceptance of the Order by phone, and such phone conversation was recorded and this recording may be used as evidence of the fact and of the time of providing a confirmation to the Client.

10.2. After executing the Client’s Order, the FBD Broker shall immediately, but no later than the next working day, provide an Order completion confirmation to the Client in a Durable Medium (Annex 3) immediately after the Bank’s securities accountant enters a commission fee payable to the Bank for each transaction and approves the transactions imported to the BIS. The confirmation shall be provided to the Client in the same form as that in which the Order was submitted or in any other manner specified in the Agreement.

10.3. If the Order has been executed in parts, the FBD Broker shall provide information about the price of each completed part of the Order. If the Client’s Order was executed by another intermediary of public training, the Order completion notification shall be provided to the Client no later than the next working day after the Bank receives an Order completion confirmation from the intermediary of public training who has executed the Order.

10.4. The FBD Broker, when providing information about the completion of the Order to the Client, shall quote only the total amount of the commission fee which was withheld from the Client’s Account. If the Client presents a written request for a detailed explanation of such a commission fee, the FBD Broker shall submit a request to the accountant of the Treasury Accounting Department asking for a summary breakdown of the commission fee (the components of the final commission fee) and shall provide the Client with a printed copy of it signed by the accountant of the Treasury Accounting Department who has drawn up this document.
10.5. After the end of the calendar year, the FBD shall provide all Clients with reports on the Orders completed for their account during the previous calendar year as well as on the portfolio of financial instruments held and the balance of cash on the Account with the Bank as of the end of the reporting period. Reports are submitted until the end of the first quarter of the current year in the manner established in the Agreement (Annex 4). The Client shall have the right to receive a report in the manner not specified in the Agreement by submitting a written request to the Bank (in free form).

11. FINAL PROVISIONS

11.1. The Procedure may be amended, supplemented or cancelled upon the decision of the Bank’s Board.

11.2. The Bank reserves the right to amend or supplement the provisions of the Procedure. A current version of the Procedure shall be made available on the Bank’s website at www.citadele.lt no later than the next working day after the approval of amendments by the Bank’s Board. Clients will not be notified separately of any changes to the Procedure.

11.3. If the Client does not agree to the changes in the current version of the Procedure, he/she shall be entitled to unilaterally terminate the Agreement subject to 30 (thirty) calendar day prior notice to the Bank.

11.4. The head of the FBD shall regularly review this Procedure and, if necessary, shall supplement it and submit for the Bank’s Board approval.