

# Order Execution Policy for Investment Services P00005



Publicly available document

Accepted by	Decision No 4/31/2022 of the Management Board of AS Citadele banka, dated 5 May 2022
Approved by	Resolution No 5/12/2022 of the Supervisory Board of AS Citadele banka, dated 19 August 2022
Version 3.1	Effective date: 19 August 2022

## Monitoring of Document

Version	Effective date	Amendments	Number of pages
3.1	19 August 2022	Document review; Clause 8 added; adjustments to Clause 69; amendments to Clauses 85.2, 86.2, 87.2, 90.1	9

## Table of Contents

<b>I Organizational and administrative provisions</b>	2
Purpose of the document	2
Applicability	2
Terms and abbreviations	2
<b>II Body of document</b>	2
Main principles of the Policy	2
Responsibilities and Controls	3
Client's consent to the Policy	3
Types of Orders	3
Submission of Orders	3
Order aggregation and splitting	3
Order execution	4
Order execution concluding the Transaction independently by the Bank	4
Order forwarding for subsequent execution	4
Warning to Client	4
Achieving the best possible result	5
Order execution venues. Types of financial instruments	6
Disclosure of Order execution venues	6
Difficulties in the Order execution process. Information on unexecuted Orders	7
Procedure of processing Orders	7
Control of the Policy implementation	7
Providing investment services, the Bank uses the following Order execution venues:	8
<b>III Binding documents</b>	9

## I Organizational and administrative provisions

---

### Purpose of the document

The purpose of the Policy is:

- to comply with the requirements of the Financial Instruments Market Law, DIRECTIVE No 2014/65/ES OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of May 15, 2014, COMMISSION REGULATION (EC) No (ES) 2017/565 of April 25, 2016, as well as to ensure the protection of the clients' interests upon rendering of investment services and ancillary investment services;
- to determine the Bank's procedure for the execution of client orders for transactions with financial instruments, as well as to determine the core principles and elements aimed at providing the qualitative services and the best possible results in transactions with financial instruments;
- to inform the client about the Order execution process determined at the Bank.

### Applicability

The Policy is binding for the Bank, the foreign branches of the Bank and their personnel who provide investment services. The Policy shall be applied taking into account the legal regulation of the country where the foreign branch is registered.

### Terms and abbreviations

**Bank** – the Joint Stock Company “Citadele banka”.

**Client** – a person with whom the Bank has signed the Service Agreement.

**Commission** – Financial and Capital Market Commission.

**FI** – financial instruments defined by the Financial Instruments Market Law of Republic of Latvia, for which the Bank renders investment services.

**Intermediary** – a business partner selected by the Bank (e.g. a broker, a bank) who executes the Order by himself, or forwards the Order for execution to another business partner.

**Limit Order** – an order to buy or to sell a particular amount of FI at a price set by the Client or at the better price.

**Market Order** – an Order to buy or sell a certain number of FI at the market price, without specifying the price.

**MTF** – multilateral trading facilities.

**Order** – the Client's assignment to the Bank to enter into a Transaction independently or via the Intermediary.

**Order execution process** – the process that commences when the Order is submitted to the Bank, and ends when settlements are completed regarding the Transaction, specified in the Order and correspondent accounting entries made in the Client's account, or at the moment when the Order is cancelled, or the validity period thereof has expired.

**Order execution venue** – venue where the Transaction is concluded. The Transaction can be concluded at the Trading venue or over-the-counter (OTC) with a systematic internalizer, market maker, or other liquidity provider or entity in a country which is not a Member State of the European Union (EU) and performs functions that are equal to those mentioned above.

**OTF** – organized trading facility.

**Policy** – This policy No. PO0005 “Order Execution Policy for Investment Services” jointly with all the subsequent amendments, changes and supplements thereto.

**Service agreement** – an agreement between the Bank and the Client regarding the rendering of relevant investment services and/or ancillary investment services.

**Trading venue** – regulated market, MTF, OTF.

**Transaction** – agreement on FI between the two parties, where one party is the Client or a person who concludes the transaction according to the received Order, which has been initially submitted by the Client to the Bank, and any third party, including the Bank.

## II Body of document

---

### Main principles of the Policy

1. The Bank has developed the Policy in order to ensure a high-quality Order execution process, to achieve the best possible results in Order execution and to ensure predictability and certainty in the Bank's relationship with the Client, as well as to minimize the negative consequences which may result from the Order execution process. The Bank has incorporated the guidelines for expeditious and efficient resolving of situations which substantially encumber the Client's Order execution process in the Policy.
2. The Bank implements necessary measures and introduces procedures to insure fair and fast execution of Client orders in relation to other Clients' orders or the Banks own trading interests.
3. By introducing the Policy, the Bank declares that, during the Client's Order execution process, the following main principles are followed:
  - 3.1. provision of the best possible results in the Client's Transactions with FI is based on the proportionality between the Client's benefits and expenses within the framework of requirements specified in the legal acts;
  - 3.2. regular updating of the Policy;
  - 3.3. public availability of the Policy on the Bank's website and at Client service centres;
  - 3.4. review of the Order execution venues and Intermediaries.
4. The Bank applies the Policy terms to the relationship between the Bank and the Client taking into account the status assigned to the Client. The Bank usually applies equal treatment by providing the best possible execution result of Clients Orders for both professional and retail Clients.
5. The Policy shall not apply to the relations between Bank and Client to whom eligible counterparty status has been assigned, except when an agreement to the contrary has been achieved with the Client.
6. The Bank develops internal rules necessary for implementing the Policy.

7. A summary of the Policy specifically intended for retail (non-professional) clients and the Policy can be found at website of the Bank <https://www.citadele.it/en/support/docs/> . The summary will provide a link to the most recent execution quality data for each execution venue listed in this Policy as soon as such information is available.

## Responsibilities and Controls

8. The Bank has developed internal procedure for rendering of brokerage services and order handling in line with this Policy. The Financial Markets Division of the Bank is responsible for Clients' order acceptance, transmission for execution and conclusion of the transaction. Order flow is monitored on daily basis by the Financial Instrument Operations Division and is subject to periodic compliance control.

## Client's consent to the Policy

9. The Bank provides the investment service and ancillary investment service to the Client, only if the Client has agreed to the Policy, including all the Policy amendments.
10. The Bank deems that the Client has unequivocally agreed to the Policy, including the Policy amendments, if after entering into force of the correspondent amendments the Client has submitted an Order to the Bank.
11. Before conclusion of the Service agreement the Bank acquaints the Client with the effective version of the Policy.

## Types of Orders

12. While receiving investment services and ancillary investment services the Client may submit Limit Order, Market Order or other Orders to the Bank if this is prescribed by the relevant service or the Service agreement.
13. The Bank is entitled to set the following limitations in Orders:
  - 13.1. limit the types of Orders (e.g. Market Orders, Limit Orders);
  - 13.2. to apply a shorter Order validity period than the Order validity periods valid at the relevant Order execution venue;
  - 13.3. to set other limitations.
14. The Client is entitled to include specific instructions in the Order, but the Bank warns the Client that the specific instructions may hinder or prevent the Bank from performing the Order in such a way as to ensure achieving the best possible result for the Client in Order execution in accordance with the Policy with respect to the elements included in these instructions.

## Submission of Orders

15. The Client may submit the Order to the Bank according to Service Agreement.
16. The Bank processes Orders in accordance with the Procedure of Processing Orders referred to in the Policy.
17. The sequence of the Order execution depends not only on the time when an Order was submitted, but also on the manner of submission.
18. The Bank commences execution of Client orders with similar characteristics in the sequence of their receipt unless some Orders cannot be executed due to Order's specifics or market conditions, or Client's interests require a different action.
19. If the Order is submitted to the Bank's Client service centre, to the branch or by using the remote account management systems, then processing of such a document may take a much longer time before it is submitted for execution than an Order which has been submitted by telephone or using the trading system (if applicable).
20. The Orders submitted in cases when the Bank exercises an authorization assigned by the Client and/or the following rights determined in Service agreements, in the Policy or other documents applicable to the relationship between the Bank and the Client are deemed by the Bank as Orders submitted by the Client in person to the Bank:
  - 20.1. to place Orders in 'Stop Loss' cases;
  - 20.2. to dispose of FI by using the financial collateral;
  - 20.3. to close the Client's open position;
  - 20.4. enter into an opposite transaction.

## Order aggregation and splitting

21. The Bank may aggregate the Client's Order with the Order of another Client or a Transaction in the name of the Bank, if the Bank has no reason to assume that aggregation of Orders will be in conflict with, or harm interests of, one or more Clients who have submitted those Orders. In each case of such aggregation the Bank informs the Clients, whose Orders are aggregated, that such aggregation may cause losses with respect to these Orders. These Clients shall inform the Bank if they do not agree to such aggregation.
  - 21.1. If the Bank has aggregated Transactions in the name of the Bank with one or several Client Orders, then the Bank splits or re-splits the relevant Transaction without prejudice to the interests of Clients.
22. If the Bank splits previously aggregated and executed Order, then monetary funds or FI received in the result of the Order execution are split as follows:
  - 22.1. if the aggregated Order is executed in full, the Bank splits the received monetary funds or FI taking into account the Order execution average price and on the basis of the amount of every particular Order;
  - 22.2. if the aggregated Order is executed partly, the Bank splits the received monetary funds or FI on a pro rata basis between Customers, according to amount of Customers' Orders before aggregation and based on the Order execution average price;
  - 22.3. in case of the aggregation of a Client Order with a Transaction in the name of the Bank and partial execution of such Order, the Bank splits the received monetary funds or FI in a priority manner, first in favour of a Client, and then in favour of the Bank. If the Bank can prove that without such Order aggregation it would not have executed the Order on such favourable conditions or would not have executed it at all, then the Bank can apply the pro rata split of the received income in respect of Transaction in the name of the Bank;
  - 22.4. if the Bank receives particular instructions on the FI split (within FI initial offering) from the FI issue organizer, the issue agent or the FI issuer, then the Bank splits the received funds or FI according to these instructions;

- 22.5. the Bank may refrain from the execution of the Client Order if after proportional splitting of an aggregated and partially executed Order, the value of FI or funds to be received by the Client is less than the commission amount to be applicable to the Client. In such cases the Bank executes the Order subject to additional approval of the Client (obtaining the Client's consent to the conditions of the Order execution) or refrains from execution of the Order.
- 23. The Bank may apply the procedure for the splitting of the previously aggregated and executed Order that is different from the one specified in Clause 22 of the Policy by giving a prior notice to the Client.
- 24. FI or funds which have not been used, because the Bank refrained from execution of the Order pursuant to Clause 22.5 of the Policy, are distributed between the Bank and the remaining Clients, whose Orders were aggregated and pursuant to the procedure defined by Clause 22 of the Policy.
- 25. The Bank, upon receipt of Client's instructions or orders in regard to provision of investment services from another financial institution, may rely on the Client's information provided by this other financial institution, as well as all recommendations regarding services and transactions provided to the Client by another financial institution.

## Order execution

- 26. The Bank ensures the Clients' Orders are executed promptly and precisely, observing the terms of the Policy:
  - 26.1. executing the Order by itself;
  - 26.2. forwarding the Order for execution.
- 27. Ensuring the execution of a Client's Order, the Bank may act:
  - 27.1. in the name of the Bank;
  - 27.2. in the name of the Client.
- 28. When executing an Order in the name of the Bank, the Bank may ensure the paired trade if it is impossible to execute Order otherwise or it is the market practice of execution of the Order in respect to a certain type of FI: the Bank does not bear any market risk, the selling and purchasing occurs simultaneously with the Client and the Intermediary. The transaction is concluded at the price with which the Bank has no other profit or loss, except for previously revealed commissions for the Transactions.
- 29. When ensuring the Order execution, the Bank cannot guarantee that the Transaction specified in the Order will be executed.

## Order execution concluding the Transaction independently by the Bank

- 30. If the Bank executes an Order by itself, the Bank is entitled to conclude the Transaction, inter alia:
  - 30.1. against the Bank's portfolio (i.e. when the Bank itself is a party to the Transaction);
  - 30.2. against the Orders of other Clients of the Bank or the third parties (e.g. when another Client of the Bank, whose Order is executed by the Bank, is a party to the Transaction).
- 31. The Bank can conclude the Transaction specified in the Order directly with the Client, inter alia, if:
  - 31.1. such a possibility is prescribed by the Service agreement;
  - 31.2. the Client itself has requested to conclude the Transaction with the Bank;
  - 31.3. the nature of the service implies the conclusion of Transaction with the Client;
  - 31.4. the Client is notified that the Bank concludes the Transaction with it; or
  - 31.5. the Bank is unable to execute the Client's Order otherwise.
- 32. The Service agreement provides specific provisions for conclusion of Transactions between the Client and the Bank as a party to the Transaction. If such a possibility is not prescribed by the Service agreement, the Bank notifies the Client that the Transaction is concluded between the Bank and the Client, and that the Bank is a party to the Transaction.
- 33. When the Bank executes an Order according to Clauses 30 - 32. of the Policy, the Order is executed at the price that reflects the dominating market conditions, and the Bank is deemed the Client's Order execution venue. The Bank informs the Client thereof in the Order execution report.

## Order forwarding for subsequent execution

- 34. Forwarding of the Order for subsequent execution means that the Bank receives and processes the Client's Order, but the Transaction specified in the Order is executed by a third party. The Bank forwards the Order for subsequent execution to the Intermediary.
- 35. The Bank is entitled to forward the Order for subsequent execution to the Bank's Intermediary, if the Bank does not have direct access to the relevant Trading venue, where the FI specified in the submitted Order are traded. The Bank's Intermediary executes the Order pursuant to the regulations and policies thereof or forwards the execution of the Client's Order to its intermediary.
- 36. When forwarding the Order for subsequent execution, the Bank attracts such Intermediaries, which in the Bank's opinion are able to execute the Orders, taking into consideration the Bank's obligation to achieve the best possible result for the Client. The Bank selects the Intermediaries, who are able to achieve at least such results in the Client Order execution, which the Bank would have reasonably planned to achieve by its cooperation with other intermediaries or business partners.
- 37. The Bank ensures execution of the Orders related to an initial public offering (IPO) by forwarding them to the issuer, to the issuer's authorised agent pursuant to the terms of the relevant issue and/or pursuant to the Client's specific instructions.
- 38. Following the Client Order execution of the Client's Order (after conclusion of the Transaction specified in the Order), the Bank immediately (within a reasonable period of time) transfers the received FI or funds to the relevant Client's account pursuant to the terms of the Service agreement, but if the Transaction was concluded with the Bank, then the Bank itself ensures the delivery of the relevant FI/funds for the execution of settlements.

## Warning to Client

- 39. If at the Client's initiative the Order is submitted in respect of non-complex FI, the Bank does not evaluate appropriateness of the provided service or FI for the Client. Thus, the Client does not receive protection it would have in case when Bank assessed the Client's experience and knowledge in FI transactions and informed the Client on non-appropriate products.

When rendering the Order execution services upon the Client's initiative, the information available to the Bank about the Client may not be sufficient for full assessment of the Client's appropriateness for the FI target market, and the Bank cannot evaluate whether such products are fully appropriate for the Client.

## Achieving the best possible result

40. The Bank takes all reasonable measures to achieve the best possible result in the Order execution.
41. Having received the Client's Order, the Bank ensures its execution thereof with prudence and following the market practice, as well as its own knowledge and experience to achieve the best possible result for the Client.
42. In executing the Client's Orders, the Bank will take reasonable measures to execute Orders on FI purchase at the lowest possible offer price, and the Orders on the FI sale – at the highest possible offer price.
43. When executing Orders or making decision on trading with over-the-counter products, the Bank checks the impartiality of the price offered to the Client by aggregating the market data used to estimate the price of such a product and, if possible, comparing the prices of similar or comparable products.
44. The Bank ensures the execution of Limit Orders submitted by the Client taking into consideration the validity period thereof and provisions of Clause 42 of the Policy, however, the Order execution shall not be performed unless it is possible to execute thereof in full or in part at the price specified in the Order or at a better price.
45. When executing the Client's Limit Order (usually in respect of bonds or other debt securities), the Bank, if it is possible during the validity term of the Order, will try to execute the Order at the price specified in the Order or at a better price. If the Bank executes the Limit Order at a better price, i.e. the Bank concludes a transaction with its counterparty at a better price than the limit price specified in the Client's Order, for achieving the best possible result for the Client, the Bank is entitled to retain partly or fully the difference between the limit price and the actual execution price (mark-up) for covering the costs of the Bank's capital charges and counterparty's risk charges, as well as for the Bank's business profit. The particular remuneration amount is specified in the Bank's price list for products and services.
46. In cases specified in the applicable law, the Bank may be obligated (under a trading obligation) to trade certain FI on the EU Trading venue or another Trading venue recognized as equivalent thereto. When executing an Order of such FI at such Trading venues, the Order execution price may not yield the best price comparing to the prices available to the Bank at other Trading venues, however, also in this case the Policy regarding the execution of Orders shall be deemed to have been observed and the best possible result to have been achieved.
47. When independently ensuring execution of the Orders in cases prescribed by the Policy, the Bank usually takes into consideration one or several of the following factors:
  - 47.1. the price - this is the price at which the FI Order is executed;
  - 47.2. costs - this includes indirect costs (for example, the possible market impact), direct external costs (e.g. exchange or clearing fees) and direct internal costs which represent the Bank's own remuneration through commission or spread;
  - 47.3. the feasibility of execution and settlement - the feasibility that the Bank will be able to complete the Order execution and settlements for the transaction;
  - 47.4. the speed – the time necessary to execute the Order;
  - 47.5. the volume – the quantity of FI specified in the Order, taking into account how this affects the price of execution;
  - 47.6. the type of the Order and any other factors - given that the particular characteristics of the Client's Order can affect how execution is performed, and taking into account the impact on the market, Order's execution efficiency, consistency and the permanence of the Order's execution process.
  - 47.7. The sequence of priority of factors is specified in the Section "List of the Order Execution Venues and Intermediaries for financial instruments transactions".
48. In order to determine the significance of the above factors in the Order execution, the Bank additionally assesses the below listed criteria, taking into account that none of the factors referred to in Clause 47 of the Policy is decisive and the Bank assesses the impact of each factor on the execution of the Order in the relevant factual circumstances:
  - 48.1. the Client's characterization, including the status of the Client – a retail or professional Client;
  - 48.2. the characteristics and amount of the Client's Order;
  - 48.3. the characteristics of FI, which is the subject matter of the Client's Order;
  - 48.4. the characteristics of the Client's Order execution venue.
49. The Bank determines the choice of the Trading venue for the particular FI category as follows:
  - 49.1. in case of the FI traded on a regulated market, where the Bank has direct access, the Orders are primarily submitted by the Bank for execution on this particular regulated market;
  - 49.2. in case of the FI traded on a regulated market, where the Bank has no direct access, the Orders are handed over to the Bank's Intermediary, taking into account the criteria indicated in Clause 47 and 48 of the Policy;
  - 49.3. if the Bank has both direct access to the regulated market and the MTF where the FI are traded, the Bank primarily submits the Order for execution to the particular regulated market.
50. Before entering into cooperation with a Trading venue, where the Bank has direct access, the Trading venue is evaluated in accordance with the Bank's procedure (for example, the settlement speed, safety, convenience, achievement of the best possible result or other factors mentioned in Clause 51 of the Policy are evaluated). However, none of the above evaluation criteria are decisive and the Bank evaluates them in conjunction.
51. When forwarding the Order for subsequent execution it is not always possible for the Bank to control and ensure that the best possible result for the Client is achieved, inter alia, whether the best price is obtained, since not all Bank's Intermediaries are bound by the EU legal acts prescribing the requirement to achieve the best possible for the Client (even though the Bank submits Orders for execution to such Intermediaries who have approved procedures for the provision of the best possible result in execution of the Orders). However, the Bank regularly assesses the quality of services provided with the assistance by the Bank's Intermediaries and whether these services conform to the possibility to achieve the best possible result. The Bank inter alia assesses the following factors:
  - 51.1. the speed, safety and convenience of settlements;
  - 51.2. pricing principles;

- 51.3. commission fees and expenses for the Order execution set by the Intermediary;
  - 51.4. the Order execution terms of the Intermediary available to the Bank;
  - 51.5. information about the Intermediary's reputation available to the Bank;
  - 51.6. the shortest possible access to the relevant Order execution venue;
  - 51.7. other substantial conditions which in the Bank's opinion affect the Intermediary's possibility to ensure the Order execution.
52. If the Bank has access to several Order execution venues for the particular FI, the Bank can assess order submission amongst several Order execution venues (unless the Bank has to act differently in accordance with Clause 46 of the Policy). When determining the Order execution venue, the Bank usually assesses all the factors specified in Clause 47 and/or 51 of the Policy jointly and none of the mentioned factors is decisive. It should be taken into account that the selected Order execution venue cannot always offer the best price, however, in any case the Policy regarding the Order execution is followed.
  53. The Bank informs the Client about the Order execution venue following execution of the Order.
  54. If the FI specified in the Order is included on the trading list at several Trading venues, the Bank usually selects the venue where the Bank has access and where there is the highest liquidity.
  55. If the Bank executes the Order on behalf of a private Client, the best possible result is determined by the Bank considering all the factors, in particular, the Price Costs. Other factors may be given precedence over the direct Price and Cost considerations only insofar as they are instrumental in delivering the best possible result considering all the factors substantial for the private Client.
  56. If only one Order execution venue is available to the Bank where execution of the Client's Order is possible, then it is deemed that the best possible result is achieved when the Bank ensures execution of the Client's Order at this venue, although the prices available at this venue are different from the prices existing on the market, but not available to the Bank.
  57. The Bank might not achieve the best possible result of execution of the Order, if the Client submits the Order with specific instructions to the Bank, e.g. a specific type of the Order submission, a specific Order execution venue (outside the Trading venue) and a specific execution time etc however, upon ensuring execution of such the Client's Order, the Bank will always act as a diligent and careful owner with due professionalism. It is considered that the Bank has taken all necessary actions to achieve the best possible result of execution of the Order for the Client, if the Bank has executed the Order or any of its parts (aspects) by following the specific instructions related to it provided by the Client.
  58. It is deemed that the Order has been submitted to the Bank with specific instructions, for example, if:
    - 58.1. the Client itself has requested to conclude the Transaction with respect to the FI, whose listing thereof is performed by the Bank, or the Client wishes to conclude the Transaction directly with the Bank;
    - 58.2. the Client has specified a particular Order execution venue;
    - 58.3. the Order is submitted outside the working hours of the relevant Trading venue.
  59. The Bank assesses the quality of execution of Orders as well as provision of the best possible result in execution of Orders at least once a year and the Bank further considers the result of the assessment providing execution of the Client's Orders and selecting the Order execution venue.

## Order execution venues. Types of financial instruments

60. When ensuring execution of the Client's Orders in order to achieve the best possible result from the Client's point of view, the Bank can use one or several of the following Order execution venues:
  - 60.1. regulated markets;
  - 60.2. other stock exchanges;
  - 60.3. systematic internalisers;
  - 60.4. MTF;
  - 60.5. market makers;
  - 60.6. OTF.
61. The list in Clause 60 of the Policy is not exhaustive and the Bank can also use other Order execution venues and other types of Order execution.
62. The Bank is entitled to execute the Client Order outside the Trading venue.
63. If the Bank has direct access to the relevant Order execution venue, then the Bank usually executes the Order by itself, but if there is no direct access, the Order is transferred to the Intermediary.
64. The Bank accepts Orders and usually ensures execution thereof at the Trading venue with respect to the following categories of FI:
  - 64.1. shares;
  - 64.2. bonds;
  - 64.3. exchange traded investment funds;
  - 64.4. derivatives of financial instruments.
65. The Bank accepts and usually ensures the Client Order execution outside the Trading venue with respect to currency, swaps and forwards.
66. The Bank applies Clauses 64 and 65 of the Policy equally to both professional and retail Clients' Orders.

## Disclosure of Order execution venues

67. The Bank, in the course of executing the Orders, in accordance with the procedures laid down in the legislation, on annual basis summarizes and publishes five Order execution venues for each category of the FI, which have had the highest trading volume and at which the Clients' Orders were executed during the preceding year, and publishes the summary of information on actual execution quality.

## Difficulties in the Order execution process. Information on unexecuted Orders

68. Execution of any Order, including the Order submission, as well as the Order execution process in its entirety is subject to a number of risks and is related to various factors, which can encumber or make impossible not only the Order execution, but also the completion of the Order execution process itself or can cause negative consequences in the future.
69. Such factors or risks, which the Bank and the Client can identify, include also factors and risks related to specific market conditions, liquidity, settlements, fulfilment of events, **sanctions or other restrictions**, errors of the Bank and/or Intermediaries, as well as related to means of communication and/or trading systems, to communication and/or connection errors or defects, etc. **With regard to sanctions, among others, such sanctions risks are possible: financial instrument under sanctions, issuer under asset freeze sanctions; customer is non-resident (e.g., RU, BY) to whom some sanctions restrictions apply.**
70. If the circumstances specified in Clause 69 of the Policy exist, the Bank is entitled to deviate from the terms of the Policy, inter alia, to subject the Order to another assessment, as well as to select other Order execution venues and take measures different from those prescribed in the Policy.
71. The Bank informs the retail Client within a reasonable time regarding any difficulties in execution of the Order.
72. If there are disagreements between the Bank and the Client, regarding execution of the Order or the Order execution process, and if such disagreements have occurred in connection with:
  - 72.1. the fact of the Order submission;
  - 72.2. the effectiveness and the validity period of the Order;
  - 72.3. the FI specified in the Order, the price, the number of FI units, the type of the Transaction or other substantial terms of execution of the Order;
  - 72.4. other unexpected circumstances because of which the Client obtains an open position, including a short position, in the relevant FI;The Bank commences to resolve disagreements mentioned herein immediately acting pursuant to Clause 73 of the Policy.
73. All disagreements in cases referred to in Clause 72 of the Policy are resolved through mutual agreement with the Client. If the agreement with the Client cannot be reached within a short period of time or if there is no possibility to contact the Client via means of communication specified in the Service Agreement, the Bank is entitled, without waiting for resolution of disagreement unilaterally, without the Client's additional acceptance, to perform one or more actions listed below and subsequent to their completion to continue resolution of the disagreement:
  - 73.1. to suspend execution of the Order with respect to which the disagreement occurred (if possible);
  - 73.2. to execute at the market price the transaction, which is opposite to the transaction regarding which the disagreement occurred (i.e. for purchase – to execute sale, whereas for sale – to execute purchase);
  - 73.3. to close an open position at the market price (with respect to currency transactions).The Bank is entitled to perform actions referred to herein regardless of whether or not at that particular moment the Order, with respect to which the disagreement has occurred, causes profit or loss to the Client.
74. If the Client has submitted the Limit Order regarding the shares included on the EU regulated market, or traded on Trading venues in the EU and the Order under the current market conditions has not been executed immediately, then the Bank, if the Client has not clearly stated otherwise, takes measures in order to ensure the most expeditious execution of the Order by publicly disclosing information about this Order in a manner easily accessible to the other market participants (for example, the Order is submitted to another Trading venue in the EU, or the Order is published by data reporting service provider registered in an EU Member State and the Order can be easily executed as soon as it is possible under the market conditions).
75. The Bank, in cases and in accordance with the procedures specified in the legislation, is entitled not to fulfil the obligation inferred in Clause 74 of the Policy to make public the Limit Order, which is large in scale compared to a normal market volume.
76. The Bank shall not misuse the information regarding unexecuted Clients' Orders available to it.

## Procedure of processing Orders

77. When accepting the Clients' Orders, the Bank records telephone conversations and electronic communications with the Client, which is related to the submission, execution, cancellation of the Order and uses these records to justify the submitted Order or Transaction details.
78. The Bank ensures the recording and storage of recorded telephone conversations and electronic communications with the Client.
79. The Bank informs the Clients that the Client's communication with the Bank regarding the Order is recorded, and that the Client has the rights to request recordings of such telephone conversations and electronic communications from the Bank. The Bank is entitled to apply a reasonable fee for preparation and issue of the recordings.
80. The Bank ensures the storage of records of telephone conversations and electronic communications for a period of at least 5 years (or 7 years, if determined by the competent authority) from the time the record is made. Upon expiration of the storage period, records of telephone conversations and electronic communications are deleted.

## Control of the Policy implementation

81. The Bank regularly reviews the conformity of the Policy to the actual situation, its effectiveness, as well as the conformity of execution of the Clients' Orders to the Policy.
82. The Bank revises the Policy on a regular basis (at least once per year) or in cases when substantial changes occur, which might affect the achievement of best possible result in the Order execution process.
83. Any amendments to the Policy are available on the website: [www.citadele.lv](http://www.citadele.lv) at least within the 7 (seven) business days of the Bank prior to such amendments taking effect. The Client is entitled not to agree to Policy amendments by informing the Bank thereof in writing prior to such amendments taking effect.

## List of Order execution venues and Intermediaries for financial instruments transactions

84. Providing investment services, the Bank uses the execution venues (Trading venues - regulated market, the multilateral trading facility, the systematic internalizer or other liquidity provider) and brokerage (Intermediaries) services:

Providing investment services, the Bank uses the following Order execution venues:

85. Bonds and other debt securities

85.1. The Bank is a member of the following stock exchanges and multilateral trading facilities and the Bank has direct access to the:

- 85.1.1. NASDAQ Riga, AS, Latvia regulated market
- 85.1.2. NASDAQ Vilnius, AB, Lithuania regulated market
- 85.1.3. Bloomberg MTF, United Kingdom/Netherlands multilateral trading facilities
- 85.1.4. UBS Europe SE, Germany systemic internalizer

85.2. The Bank has indirect access to the trading venues through the following Intermediaries:

- 85.2.1. [Allfunds Bank S.A.U, Luxembourg branch, Luxembourg](#)
- 85.2.2. Banca Promos S.p.A., Italy
- 85.2.3. Banca Zarattini & CO. SA, Switzerland
- 85.2.4. Barclays Bank PLC, Ireland
- 85.2.5. [Credit Suisse Securities \(Europe\) Limited, Spain](#)
- 85.2.6. [Goldman Sachs, Bank Europe SE, Germany](#)
- 85.2.7. Luminor Bank AS Lithuanian branch, Lithuania
- 85.2.8. Mitsubishi UFJ Trust International Limited, United Kingdom
- 85.2.9. Raiffeisen Bank International AG, Austria
- 85.2.10. Reuss Private AG, Switzerland
- 85.2.11. Saxo Bank AS, Denmark
- 85.2.12. SMBC Nikko Capital Markets Limited, United Kingdom
- 85.2.13. SEB bankas AB, Lithuania
- 85.2.14. The Toronto-Dominion Bank, Canada
- 85.2.15. UBS Europe SE, Germany
- 85.2.16. Zürcher Kantonalbank, Switzerland

85.3. The Bank may conclude these transactions also on own account.

85.4. Priority of execution factors (liquid debt instruments):

Factor	Priority
Price	1
Costs	2
Feasibility of execution and settlement	5
Speed	4
Volume	3
Type of order and any other factors	6

85.5. Priority of execution factors (illiquid debt instruments):

Factor	Priority
Price	2
Costs	3
Feasibility of execution and settlement	5
Speed	4
Volume	1
Type of order and any other factors	6

86. Stocks, deposit certificates (ADR, GDR) and other equity securities

86.1. The Bank is a member of the following stock exchanges and the Bank has direct access to the following:

- 86.1.1. Nasdaq Riga, AS, Latvia regulated market
- 86.1.2. Nasdaq Vilnius, AB, Lithuania regulated market
- 86.1.3. Nasdaq Tallinn AS, Estonia regulated market

86.2. The Bank has indirect access to the trading venues through the following Intermediaries:

- 86.2.1. AK Jensen Limited, United Kingdom
- 86.2.2. Barclays Bank PLC, Ireland
- 86.2.3. Saxo Bank A/S, Denmark

86.3. Priority of execution factors:

Factor	Priority
Price	1
Costs	2
Feasibility of execution and settlement	6
Speed	4
Volume	3
Type of order and any other factors	5



87. Investment funds (incl. UCITS)
- 87.1. The Bank is a distributor of CBL Asset Management IPAS Investment Funds (UCITS). The Bank has direct access to the following:
- 87.1.1. CBL Asset Management, IPAS, Latvia
- 87.1.2. Schroder Investment Management (Europe) S.A., Luxembourg
- 87.1.3. State Street Fund Services (Ireland) Limited, Ireland
- 87.2. The Bank has indirect access to the trading venues through the following Intermediaries:
- 87.2.1. AK Jensen Limited, United Kingdom
- 87.2.2. Clearstream Banking S.A., Luxembourg
- 87.2.3. Raiffeisen Bank International AG, Austria
- 87.2.4. [Allfunds Bank S.A.U\\*, Luxembourg branch, Luxembourg](#)  
\*only for certain professional clients

87.3. Priority of execution factors:

Factor	Priority
Price	1
Costs	2
Feasibility of execution and settlement	6
Speed	4
Volume	5
Type of order and any other factors	3

88. Exchange traded products (ETF, ETN, ETC)

88.1. The Bank uses services of the following Intermediaries:

88.1.1. AK Jensen Limited, United Kingdom

88.1.2. Saxo Bank AS, Denmark

88.1.3. Raiffeisen Bank International AG, Austria

88.2. Priority of execution factors:

Factor	Priority
Price	1
Costs	2
Feasibility of execution and settlement	5
Speed	4
Volume	3
Type of order and any other factors	6

89. Currency Swaps and currency Forward (FX SWAP, FX Forward)

89.1. The Bank is dealing on its own name on own account when concluding these transactions as a party to the transaction. The Bank is the order execution venue for these transactions.

90. Providing ancillary investment services, the Bank uses the following FI custodians:

90.1. Custodians:

90.1.1. [Allfunds Bank S.A.U, Luxembourg branch, Luxembourg](#)

90.1.2. Clearstream Banking S.A., Luxembourg

90.1.3. Nasdaq CSD SE, Latvia

90.1.4. Raiffeisen Bank International AG, Austria

90.1.5. Saxo Bank AS, Denmark

90.2. Fund register maintainers:

90.2.1. Schroder Investment Management (Europe) S.A., Luxembourg

90.2.2. State Street Fund Services (Ireland) Limited, Ireland

90.3. The list of Trading venues and Intermediaries, as well as the list of custodians is subject to change. The Bank may also use the services of other Trading venues and Intermediaries, as well as other custodians.

### III Binding documents

---

Financial Instrument Market Law of the Republic of Latvia.

Regulation of the European Commission No. 2017/565.