

# ORDER EXECUTION POLICY FOR THE PROVISION OF INVESTMENT SERVICES IN THE FINANCIAL INSTRUMENTS MARKET

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## CONTENTS

|   |   |
|---|---|
| 1. General Provisions.....  | 2 |
| 2. Scope.....   | 2 |
| Clients.....  | 2 |
| Financial Instruments.....  | 2 |
| Investment Services.....  | 3 |
| 3. Order Handling Process. Recording, Storage and Reporting of Information.....     | 3 |
| 4. Types of Trading Orders.....   | 4 |
| 5. Order Aggregation and Allocation.....  | 4 |
| 6. Factors Affecting Order Execution.....   | 4 |
| General Overview of Factors.....  | 4 |
| Execution Factors in Respect of Retail Clients.....                                 | 5 |
| Execution Factors in Respect of Professional Clients.....                           | 5 |
| 7. Specific Instructions.....   | 5 |
| 8. Execution of Orders in Financial Instruments.....                                | 5 |
| General Provisions.....   | 5 |
| Financial Instruments Traded on Regulated Markets.....                              | 6 |
| Financial Instruments Not Traded on Regulated Markets.....                          | 6 |
| 9. Execution Venues and Brokers.....  | 7 |
| 10. Selection of Brokers.....   | 7 |
| 11. Difficulties of Execution in the Event of Failure or Disruption of Systems..... | 8 |
| 12. Market Abuse and Insider Trading.....   | 8 |
| 13. Reporting.....  | 8 |
| 14. Updating the Policy.....  | 8 |

## 1. GENERAL PROVISIONS

- 1.1. This "Order Execution Policy for the Provision of Investment Services in the Financial Instruments Market" (hereinafter – the Policy) defines the commitment of BluOr Bank AS (hereinafter – the Bank) to ensure the most favourable results when executing orders in financial instruments or transferring such for execution on behalf of its clients in accordance with the Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (hereinafter – MiFID II).
- 1.2. The Bank's commitment to providing the most favourable results for the client means that when providing investment services, the Bank undertakes to act as a decent and prudent manager and ensure the provision of services with due professionalism and care in the interests of the clients; however, the Bank undertakes no additional obligations than stipulated in applicable laws and regulations or in the mutual agreements concluded with the client.
- 1.3. The Bank takes every necessary measure to ensure the best possible results in the execution of client orders, but the Bank cannot guarantee that the execution of any order will achieve the best results for the client, especially in exceptional circumstances.
- 1.4. Upon submitting an order to the Bank for the execution of a transaction with financial instruments, the client agrees that the Bank complies with this Policy with respect to this order, and therefore the Bank recommends that the client carefully read the provisions of this Policy to make sure they are acceptable to the client.
- 1.5. The Bank is required to obtain the client's prior consent to the terms of this Policy. A client shall be deemed to have agreed to the terms of this Policy if, upon receipt of the client's confirmation of consent to this Policy, the client submits an order to the Bank for execution.
- 1.6. The Bank notifies clients on its website about significant changes in the Policy and order execution procedure. The client is entitled to disagree with the amendments to the Policy, in which case the client must inform the Bank in writing. If the client does not agree with the amendments to the Policy, the Bank does not have the right to provide the client with services related to the execution of orders for transactions with financial instruments for execution, acceptance and transfer of such orders.
- 1.7. This Policy is drafted in Latvian and translated into English and Russian. In case of linguistic or interpretative disputes, disagreements, the text of the Policy in Latvian shall be legally binding.

## 2. SCOPE

### Clients

- 2.1. The Bank is required to divide its clients into three categories:
  - 2.1.1. Eligible Counterparty;
  - 2.1.2. Professional Client;
  - 2.1.3. Retail Client.
- 2.2. This Policy applies to clients that fall under the category "Professional Client" or "Retail Client". The Policy does not apply to clients classified as "Eligible Counterparty". However, when executing orders of clients of the category "Eligible Counterparty", the Bank shall act honestly, fairly and professionally.

### Financial Instruments

- 2.3. This Policy applies to financial instruments and products as defined by MiFID II rules.
- 2.4. The Policy applies only in respect of orders in financial instruments listed below and available in the Bank:
  - 2.4.1. Equities;
  - 2.4.2. Depositary Receipts;
  - 2.4.3. Units of collective investment undertakings;
  - 2.4.4. Fixed income instruments (bonds, notes);
  - 2.4.5. Structured products;
  - 2.4.6. Exchange Traded Funds and Exchange Traded Notes;
  - 2.4.7. CFDs (Contracts for Difference);
  - 2.4.8. Forex margin trading;
  - 2.4.9. Exchange traded derivatives and OTC traded derivatives (options, futures, swaps, forwards and any other derivatives traded on a regulated market, a multilateral trading facility (MTF), an organised trading facility (OTF), or an OTC market).

- 2.5. Spot transactions in Forex and commodities are not considered financial instruments under MiFID II and are therefore not subject to the terms of the Policy.

## Investment Services

- 2.6. This Policy applies in cases where the Bank provides investment services to its clients as follows:
- 2.6.1. Execution of orders on behalf of clients and receipt and transfer of client orders to other persons for execution.
  - 2.6.2. Client portfolio management services.
- 2.7. The services referred to in Clauses 2.6.1 and 2.6.2 are provided by separate structural units of the Bank, completely separated from each other in functional and structural terms.
- 2.8. Execution of orders on behalf of clients means that the Bank executes client orders directly, at the order execution venues, or the Bank may act as a principal by dealing on its own account.
- 2.9. Receipt and transfer of client orders means for execution means that the Bank chooses to execute the client's order by transferring it for execution to another credit institution or investment firm (hereinafter – the Broker).
- 2.10. Portfolio management services are a type of service that a client receives when authorising the Bank to purchase or sell financial instruments on behalf of the client in accordance with a portfolio management agreement. Orders resulting from the decision of the portfolio manager to carry out transactions on behalf of the client are accepted by the Bank's structural unit providing brokerage services, and then transferred to the Broker for execution or executed by the Bank itself.

## 3. ORDER HANDLING PROCESS. RECORDING, STORAGE AND REPORTING OF INFORMATION

- 3.1. The client may submit an order via the internet bank, trading platform, over the phone, by e-mail, signed with a secure electronic signature (within the meaning of the Electronic Documents Law) or by visiting the Bank in person, provided that the relevant agreements for transactions with financial instruments have been concluded. Different ways of submitting an order implies different ways of processing this order before the Bank can begin to execute it.
- 3.2. The Bank executes client orders on time, efficiently, and in good faith. The Bank executes mutually comparable client orders sequentially, unless the characteristics of orders or prevailing market conditions make this impracticable, or else if the client's interests require different action by the Bank. Retail clients shall be informed in a timely manner of any significant difficulties in proper execution of orders.
- 3.3. In some circumstances, the Bank may provide clients with access to trading platforms with direct market access (DMA) offered by Brokers. Orders placed through trading platforms with DMA usually specify the specific parameters of the order (venue, price, size, nature and type of the order) and are sent directly to Brokers for execution without the Bank's involvement in the process of execution.
- 3.4. The Bank ensures the recording of communication with clients, including communication via the internet bank or by phone, and the storage of records in electronic form.
- 3.5. Communication with the client takes place as specified in Clause 3.1 of the Policy.
- 3.6. The Bank also ensures the storage of communication with clients or internet bank communications aimed at agreeing on transactions concluded on behalf of the client (or upon providing services that include the receipt and transmitting of client orders for execution), even if the said transactions are not concluded as a result of these conversations and communication.
- 3.7. The Bank informs the clients that client communications with the Bank regarding financial instrument orders are recorded and/or stored for the purposes of proof, and that clients are entitled to request such recordings of phone calls, digital and other communications, from the Bank. The Bank processes personal data in accordance with the Bank's Privacy Policy, which is available on the Bank's website.
- 3.8. The Bank ensures the storage of recordings of phone calls, digital and other communications in accordance with the provisions of laws and regulations.

## 4. TYPES OF TRADING ORDERS

- 4.1. If the client has decided to buy or sell a financial instrument, the client may choose between different order types.
- 4.2. The Bank is entitled to limit the types of orders offered to the client (e.g., market orders, limit orders, stop limit or stop market), even if the execution venue of the instrument in question allows for several other types of orders.
- 4.3. Below are the types of orders that may apply to some but not all financial instruments (the list is not exclusive):
  - 4.3.1. Limit order — an order to buy or sell a specific number of financial instruments at a particular price or at a better price. A Limit order may be executed partially;
  - 4.3.2. Market order — an order to buy or sell a specific number of financial instruments at the best available market price. A Market order may be executed partially, should the market depth be insufficient to execute the order in full, or in case some trading venue limitations or other obstacles are in place;
  - 4.3.3. Stop Market order – an order to buy or sell becomes active only after specified price level has been reached (“the stop level”). Stop orders submit market order to the market once the stop level has been reached;
  - 4.3.4. Stop limit order – an order to buy or sell becomes active only after specified price level has been reached (“the stop level”). Stop orders submit limit order to the market once the stop level has been reached.
- 4.4. In addition to the above-mentioned parameters, the client may specify the validity period of the order, that is, how long the order will remain in the market until it is cancelled (Day order, Good till Cancelled, Good till date etc.).
- 4.5. The Bank may limit any order or apply a shorter validity term of the order than specified at the respective execution venue.

## 5. ORDER AGGREGATION AND ALLOCATION

- 5.1. The Bank is entitled to aggregate a client’s order with any transaction on its own behalf as well as with orders of other clients, in all cases where the Bank considers that in this way a better result can be provided to the client than if the order were executed individually. The Bank is entitled to aggregate orders only if the aggregation of orders is unlikely to harm the interests of the clients whose orders are aggregated by the Bank.
- 5.2. In cases where client orders have been aggregated, the respective aggregated transactions shall be distributed in good faith and without discrimination between the clients whose orders were aggregated after the transaction has been executed.
- 5.3. An aggregated order that has been executed in full shall be allocated at the price of execution in accordance with the volume of each individual order.
- 5.4. In case of an aggregated order that has been executed partially or through more than one transaction and at different prices, individual orders of clients shall be allocated and satisfied according to time and price priorities, i.e., the last individual order shall be executed only in the case and in the amount when the previous order is fully executed.
- 5.5. The Bank may only allocate an aggregated order that has been executed partially on a pro rata basis in accordance with the volume of individual orders at the price of execution if the consent of all clients whose orders were aggregated is received.
- 5.6. If the Bank aggregates a client’s order with a transaction executed in its own name and the aggregated order is partially executed, the Bank will allocate the respective transactions in priority order — first in favour of the client and then the Bank. If the Bank can reasonably demonstrate that without such aggregation, it would not have been able to execute the order under such favourable conditions or could not have executed it at all, the Bank may apply a proportional income allocation for the transaction executed in its own name.
- 5.7. While providing portfolio management services, the Bank may aggregate client orders in accordance with market practice, ensuring the principle of mutual fairness in relation to the portfolios of these clients.
- 5.8. When providing portfolio management services, aggregated client orders (executed partially or in full) shall be allocated on a pro rata basis in accordance with the initial volume of such orders at the average price.

## 6. FACTORS AFFECTING ORDER EXECUTION

### General Overview of Factors

- 6.1. Unless the client has given specific instructions for executing a transaction in financial instruments or placing an order, the Bank considers the following execution factors and their relative importance:
  - 6.1.1. Price at which such transaction might be executed,
  - 6.1.2. Volume and nature of the transaction and its impact on the market;

- 6.1.3. Costs related to execution;
  - 6.1.4. Speed – time taken to execute a client transaction;
  - 6.1.5. Likelihood of transaction execution and settlement – the likelihood that the Bank will be able to complete client transaction;
  - 6.1.6. Other factors considered by the Bank to be important in the execution of the transaction.
- 6.2. When determining the importance of the above factors, the Bank takes into account the following aspects:
- 6.2.1. Status of the client (retail or professional);
  - 6.2.2. Type of the client's order;
  - 6.2.3. Type of the financial instrument that is the subject of the order;
  - 6.2.4. Market conditions, as well as the possible venue for the execution of orders.
- 6.3. In most cases where the order conforms to the standard market volume and is traded on the regulated market or on a multilateral trading facility, the transaction price shall be treated as the most important criteria in determining the best execution for the client. However, if the client has the status of a professional client and the execution of the transaction could affect the market price or the likelihood and speed of settlement of the execution of the transaction, the Bank reserves the right to execute the client's order in such manner as it deems necessary in order to achieve the most favourable result for the client at the particular moment of time.

## Execution Factors in Respect of Retail Clients

- 6.4. In respect of retail clients, the best result is determined as the total consideration. The total consideration is the price of the financial instrument and the sum of all costs related to the execution of the transaction, including the client's expenses. For example, execution venue fees, processing and settlement fees, and other fees paid to third parties involved in the execution of the order.
- 6.5. Other execution factors are evaluated as a whole – speed and likelihood of execution, speed and likelihood of settlement, amount and type of order execution, etc. – shall be equivalent to an overall cost.
- 6.6. The Bank is aware that different clients may have different priorities regarding the importance of execution factors. Similarly, factors may differ in priority depending on the type of financial instrument or execution venue. The evaluation of factors may differ depending on whether the Bank executes the order itself or transfers it for execution to Brokers.

## Execution Factors in Respect of Professional Clients

- 6.1. In respect of professional clients, the best possible result is determined depending on the speed of possible execution of the transaction and the execution volume.
- 6.2. Other factors are evaluated as a whole – such as the total consideration, likelihood and speed of the settlement and transaction type – are of the same importance as the factors of execution speed and transaction volume.

# 7. SPECIFIC INSTRUCTIONS

- 7.1. If a client provides the Bank with specific instructions regarding the order or any aspect of it, including selection of execution venues and/or Brokers, the Bank will execute the order in accordance with such specific instructions to the extent reasonably possible and, in doing so, the Bank fulfils its obligation to ensure the best possible results.
- 7.2. Special instructions of the client may prevent the Bank from taking measures that it would otherwise take to comply with this Policy. Therefore, by acting in accordance with such specific instructions, the Bank may not be able to ensure the best execution of the order with regard to trading aspects.

# 8. EXECUTION OF ORDERS IN FINANCIAL INSTRUMENTS

## General Provisions

- 8.1. The Bank may limit the list of financial instruments available to the client, i.e. the client may not be able to trade all of the financial instruments which are available on the venues, which the Bank has direct or indirect (through Brokers) access to.

- 8.2. The Bank informs that it may execute transactions outside a trading venue (a regulated market, an MTF or an OTF). By agreeing to this Policy, the client agrees that their orders may be executed outside the execution venue. The above does not apply to cases when the client has informed the Bank that the particular order may not be executed outside the execution venue, which is directly or indirectly (through Brokers) available to the Bank.
- 8.3. In cases where the client submits a limit order for shares admitted to trading on a regulated market, where the order cannot be executed under prevailing market conditions, the Bank is entitled not to publish the limit order in accordance with the instructions of the client.

## Financial Instruments Traded on Regulated Markets

- 8.4. The Bank may execute orders in one or more order execution venues as a direct participant or indirectly by transferring orders through Brokers.
- 8.5. The Bank executes client orders for transactions with financial instruments quoted on regulated markets as follows:
- 8.5.1. The order is transferred for execution to a trading venue available to the Bank where, in the Bank's opinion, the best possible result can be ensured for the client, which in most cases will be the execution venue with the highest liquidity of the financial instrument specified in the client's order. Higher liquidity of the order execution venue also ensures faster execution of orders, thus reducing the risk of possible change of the market price over the period from acceptance of the client's order until its effective execution. In cases where one and the same financial instrument is traded on more than one market and the Bank may provide access to more than one trading venue for the client, best execution for the client shall be secured by execution of the order on the most liquid market; for a client with the retail client status – the market on which the order can be executed at the best price shall be chosen, considering the price of the financial instrument at the relevant trading venue, the Bank fees, and other costs associated with the execution of the order;
- 8.5.2. In cases where the order volume is commensurate with the standard volume on the market, the order shall be executed as soon as possible after its receipt. In individual cases where the Bank believes that aggregation of the order with the orders of other clients or the Bank's own transactions will not have a negative impact on the client's result, the Bank may delay execution of the order in order to aggregate it with other orders. In the event of such delay, the Bank undertakes to notify the client immediately, using the agreed means of communication;
- 8.5.3. In cases where the client's order significantly exceeds or is not equal to the standard market volume and its execution might adversely affect the overall result of execution of the client's order, the Bank may execute the order on its own behalf, execute it in parts, aggregate it with orders of other clients or in any other way that, in the Bank's opinion, will provide the best possible result for the client, taking into account the transaction and market conditions;
- 8.5.4. In certain cases, the Bank may execute client orders against the Bank's own portfolio or any other client's portfolio in order to ensure the best results for the clients. In such cases, the order execution price reflects the market situation and should not discriminate against clients. By agreeing to the policy, the client agrees to such exceptional cases, unless the client gives specific instructions to the contrary.
- 8.6. In certain cases where the client specified the Bank as the counterparty to a transaction, the Bank will quote a price – indicative or exact – to the client as a risk price. In such cases, a transaction agreement is concluded between the two parties: either the client agrees to the quoted fixed price or, in case of an indicative price, the Bank confirms the exact price and the client agrees to it. Since in such cases the Bank and the client conclude a bilateral agreement and the client has given specific instructions, the Bank considers that it does not transfer the order further and does not execute the order on behalf of the client. Consequently, the Policy does not apply to the above cases. Despite this, the Bank makes every effort to protect the interests of the client and avoid conflicts of interest. The aforementioned does not apply to cases when the client has notified the Bank that a particular order may not be executed outside a trading venue to which the Bank has direct or indirect (through Brokers) access.

## Financial Instruments Not Traded on Regulated Markets

- 8.7. The Bank executes client orders for transactions in financial instruments that are not traded on regulated markets (bonds and other debt securities, currency and fixed-income derivatives, OTC (Over the Counter) derivatives, structured products, etc.) as follows:
- 8.7.1. Client orders are usually executed by requesting a price from Brokers and counterparties listed or orders are sent for execution to the Broker;
- 8.7.2. The Bank may execute the client's order on its own behalf (deal on own account) at a reasonable price that conforms to the market value of the financial instrument. In respect of such instruments, the Bank will offer a price – indicative or exact – to the client as a risk price. In such cases, a transaction agreement is concluded between the two parties: either the client agrees to the quoted fixed price or, in case of an indicative price, the Bank confirms the exact price and the client agrees to it. Since in such cases the Bank and the client conclude a bilateral agreement and the client has given specific instructions, the Bank considers that it does not transfer the order further and does not execute the order on behalf of the client;

- 8.7.3. The client may offer the Bank to conclude an agreement, which in itself is not a transaction with financial instruments, but rather a transaction related to financial instruments (as one possible example, but not limited to, a securities financing transaction). In such cases, the Bank may conclude a transaction with the client by agreeing on the parameters of the particular transaction;
- 8.7.4. In cases where the Bank has to execute an order on behalf of the client, the Bank normally executes it at a market-appropriate price against the Bank's portfolio. The price is calculated on the basis of the prices available on the market for the relevant financial instrument when the transaction is concluded;
- 8.7.5. The Bank transmits orders in units of investment fund certificates either directly or through Brokers to the relevant investment management company that manages the specific investment fund in accordance with the rules of such investment management company's investment fund. The fund's share price, repurchase information and other information are available from a specific fund management company;
- 8.7.6. When the client participates in the initial offer (issue) of a financial instrument, the Bank will execute such primary market transaction either by transferring it for execution to the issuer, the issuer's authorised representative or Brokers in accordance with the instructions of the client and the conditions of the new issue (prospectus);
- 8.7.7. Transactions in financial instruments or products developed by the Bank individually for any specific client shall be subject to the conditions and the price agreed with the client. In such cases, the Bank will substantiate the conditions and price of the transaction upon the client's request.

## 9. EXECUTION VENUES AND BROKERS

- 9.1. When executing a client's order, the Bank chooses the execution venues and Brokers that it believes consistently provide clients with the best possible result for the execution, or receipt and transmission of client orders.
- 9.2. The list of current Bank order execution venues and Brokers (applies to private clients and professional clients) is approved by the Bank's Investment Committee; it is available on the Bank's website. The Bank may execute client orders at non-listed order execution venues and by attracting non-listed Brokers if the Bank considers that they are appropriate and are unlikely to provide the client with worse overall results.
- 9.3. The Bank executes client orders at execution venues to which the Bank has direct access, or through Brokers.
- 9.4. The Bank reviews at least once a year the order execution venues to which the Bank has access to ensure that the selected order execution venues provide the best results for the Bank's clients.
- 9.5. The Bank normally uses Brokers in cases when the Bank is not a member of the order execution venue where financial instruments are traded. When the Bank transmits orders for execution to other Brokers, the Bank ensures that these Brokers comply with policies and procedures that ensure the fulfilment of the Bank's obligation to act in the best interests of clients.

## 10. SELECTION OF BROKERS

- 10.1. The Bank regularly, but not less than once a year, evaluates the Brokers whose services the Bank uses in order to evaluate their ability to provide the best result to the client. The evaluation process shall consider the following factors:
  - 10.1.1. Access to order execution venues to ensure the best possible results on a regular basis;
  - 10.1.2. Connectivity and speed of execution;
  - 10.1.3. Coverage of products and markets;
  - 10.1.4. Awareness of desires and priorities of the Bank's clients;
  - 10.1.5. Additional services offered (custody services, settlement and clearing services, reporting)
  - 10.1.6. Reputation and competence;
  - 10.1.7. Principles established in the Policy and transparency of information.
- 10.2. The Bank shall document the available information about Brokers and may, upon the client's request, provide the client with access to such information.



## 11. DIFFICULTIES OF EXECUTION IN THE EVENT OF FAILURE OR DISRUPTION OF SYSTEMS

- 11.1. In exceptional cases, when failures occur in the systems of the Bank or order execution venue, or when disturbances occur in the normal functioning of the market, the Bank may, taking into account its own interests and those of its clients, deviate from the Policy in relation to the execution and transmission of orders. In such cases, when executing orders, the Bank takes all possible and reasonable actions to ensure the best possible result for the client.
- 11.2. In case of system (including phone communication) failures or disruptions, it may be impossible for clients to submit orders, and the Bank believes that in such cases it is impossible or even inappropriate to execute orders in accordance with the Policy. In cases of such technical difficulty, the Bank will notify the client as soon as possible, either individually or by placing the relevant information on the Bank's website.
- 11.3. If the Bank considers that in such cases the executed order may significantly impair the result provided to the client in comparison with the order executed under normal circumstances, before executing the order the Bank shall contact the client to obtain confirmation that the client still wishes to execute the order. In cases where the Bank has acted in good faith in execution of the client's order, such order execution shall be binding upon the client even when before the order execution it has not been made sure that the client wishes to execute the order.
- 11.4. The Bank shall notify retail clients about any substantial difficulties in order execution as soon as the Bank becomes aware of such difficulties. It is therefore in the client's best interests to ensure that all contact data given to the Bank is accurate and up to date. If substantial difficulties in the order execution system do not depend on an individual order, but arise in the above cases, clients shall be informed by placing information on the Bank's website.

## 12. MARKET ABUSE AND INSIDER TRADING

- 12.1. If the Bank suspects market abuse or insider trading, the Bank has the right not to execute an order.

## 13. REPORTING

- 13.1. The Bank annually publishes information on the quality of client order execution, separately for each category of financial instruments, and per category of clients.
- 13.2. Information on the top five execution venues and Brokers will include proportion of orders and proportion of trading volumes executed on those venues, together with a summary of the quality obtained from execution venues and Brokers.
- 13.3. Such information is published on the Bank's website and is available for download.

## 14. UPDATING THE POLICY

- 14.1. The Board of the Bank has the right to make amendments to the Policy and to submit proposals to the Council of the Bank regarding the amendments made.
- 14.2. The Council of the Bank shall review the Policy at least once a year, assessing its relevance, and approve it.
- 14.3. The Bank shall inform clients about the approval of the new version of the Policy by sending relevant notifications to clients. The Policy with the amendments shall be published on the Bank's website and shall be effective from the date of publication.