

## Order execution principles

### Consents:

I acknowledge that I have received and accept these order execution principles.

I hereby also accept that:

- my orders, including parts of my orders, may be executed outside a regulated marketplace, multilateral trading facility (MTF), or an organised trading facility (OTF).
- my orders relating to securities that are admitted to trading on a regulated market or traded on a regulated market, MTF or OTF and that cannot be executed immediately due to prevailing market conditions are not immediately made public.

### 1. Introduction

These principles provide information relating to how Svenska Handelsbanken AB (publ) (the “Bank”) seeks to obtain the best possible results for its customers on a continuous basis when the Bank executes or transmits customer orders in financial instruments, as required by the Markets in Financial Instruments Directive 2014/65/EU (“MiFID II”) and thereto accompanying regulatory requirements.

This part of the order execution principles provides general information in respect to the Bank’s approach to best execution. It is supplemented by appendices which provide further details to the Bank’s considerations as they relate to different asset classes. The specific appendices must be read in conjunction with the general order execution principles.

### 2. What is best execution?

Best execution is the requirement of investment firms, such as the Bank, to take all sufficient steps to obtain the best possible results for their customers on a continuous basis when either executing transactions on customers behalf or when transmitting orders to other entities for execution, taking into account a range of so-called execution factors and determine their relative importance based on the characteristics of their customers, the types of financial instruments for which the Bank receives orders and the markets in which it operates. The execution factors which need to be considered are: price, cost, speed, likelihood of execution and settlement, size or any other considerations relevant to the execution of the order.

The Bank shall establish and implement effective arrangements and principles for complying with the above requirements. This requirement does not mean that the Bank must obtain the best possible result for customers on every single occasion. Rather, the Bank needs to verify on an ongoing basis that its arrangements and principles work well throughout the various stages of the order execution process.

There are two reporting requirements relating to best execution: to publish a quarterly execution quality report (execution venues only, such as when the Bank acts as systematic internaliser, market maker or other liquidity provider) and to at least annually publish top five execution venues where it has executed customer orders (all investment firms).

In addition to the rules of best execution, the Bank is always subject to the overarching obligation to act honestly, fairly and professionally in accordance with the best interests of its customers.

### 3. Scope of the Bank’s best execution requirements

- Investment firm:** Svenska Handelsbanken AB (publ) (i.e. the Bank)
- Types of customers:** These principles apply to both professional and retail clients (within the meaning of MiFID II). Customers have received a formal notification from the Bank informing them of their client categorization. Unless otherwise stated, these principles apply to customers in the same way regardless of whether they are an elective professional client (via an opt-up or opt-down mechanism) or a per se professional or retail client. Note that these principles do not apply to eligible counterparties; accordingly, the Bank will not owe best execution in transactions entered into with eligible counterparties, unless the Bank agrees otherwise. Nevertheless, the Bank will still act honestly, fairly and professionally and communicate in a way that is fair, clear and not misleading, taking into account the nature of the eligible counterparty and of its business.
- Investment services:** Best execution requirements apply to the following investment services (and combinations thereof) by the Bank:
  - Execution of orders on behalf of customers.** This is for instance the case where the Bank is a member/trading participant of a trading venue and executes the order in its own name on behalf of a customer. Other examples are where the Bank buys or sells units in investment funds on behalf of a customer directly from the management company and when the Bank accepts subscription form from a customer to buy shares in a new issue.
  - Reception and transmission of orders.** In this case the Bank receives the customer order and passes it on to another firm for execution, e.g. where the Bank is not a member of the trading venue where the instrument is traded. It also includes bringing together two or more investors, thereby bringing about a transaction between those investors, where applicable. Please note that, unless otherwise stated or obvious given the context, in these principles the term “execution of orders” or similar is used to also include the service reception and transmission of orders.
  - Dealing on own account/Principal trading.** The best execution obligations are also applicable when the Bank is acting in a principal capacity and the customer is placing a legitimate reliance on the Bank to protect its interests in relation to the execution of a transaction. In order to determine whether customers are placing legitimate reliance on the investment firm, the European

Commission has presented a four-fold test, also referred to as the “**legitimate reliance test**”. In accordance therewith, in order to determine whether the Bank owes best execution obligations to the customer when trading on own account, the Bank assesses the following:

- which party initiates the transaction;
- whether there is a market convention to “shop around”;
- the relative levels of price transparency within a market; and
- the information provided by the Bank and any agreement reached.

#### Retail clients

To act in the customer’s best interests, the Bank applies best execution to all trades on behalf of retail clients unless otherwise stated.

#### Professional clients

For professional clients and quote driven activity the presumption is that there is no legitimate reliance in such circumstances. These are generally the Bank’s prices, based on the Bank’s standard risk parameters, rather than necessarily being representative of the best prices in the market. Given the nature of the services and of the markets, characterized by negotiation with sophisticated counterparties with good market visibility and often alternative trading options available to them, and the Bank’s capacity as principal (and therefore counterparty) in the resulting transactions, the Bank has determined that the best execution rules do not apply to the majority of transactions entered into with this type of customers. However, the Bank will consider whether there are any such situations where customers may nevertheless be placing such legitimate reliance on the Bank, and where after a consideration of all the relevant factors it is concluded that customers are in fact placing legitimate reliance on the Bank, these principles will be applied to relevant quotes requested by customers.

- d **Product scope:** Best execution rules are applicable to execution of customer orders in financial instruments. An exhaustive list of financial instruments is included in Annex 1 Section C of MiFID II and attached hereto as appendix 1, and covers transferable securities, money-market instruments, units in collective investments, different types of derivatives, and emission allowances, whether publically listed or not.

Note that certain transactions, including those in foreign exchange/FX spot, are not regarded as financial instruments as per the above definition. However in line with the Bank’s commitment to high regulatory standards, the Bank will seek to apply equivalent compliance standards to all FX transactions, including those in FX spot, as part of best practices.

Other non-MiFID-business, for example business concerning loan agreements and deposits, which are not considered financial instruments, are not covered by these principles unless otherwise specified. Please note that, whether or not these principles apply to the relevant product, the Bank is committed to acting honestly, fairly and professionally in accordance with the best interests of its customers in relation to all of its business.

Given the differences in market structures or the structure of financial instruments, it is difficult to identify and apply a uniform standard of and procedure for best execution that would be valid and effective for all classes of financial instruments. The best execution obligations are therefore applied in a manner that takes into account the different circumstances associated with the execution of orders related to that particular type of financial instruments (see further appendices).

Financial instruments which are (i) not admitted to trading, or, (ii) not traded on a trading venue are referred to as “Over the Counter Products” (OTC Products). MiFID II requires firms which execute orders or take decisions to deal in OTC Products, where best execution applies, to check the fairness of price proposed to the customer, by gathering market data used in the estimation of the price of such product and, where possible, by comparing with similar and comparable products. The Bank has procedures and arrangements in place to evidence this as part of its ongoing monitoring of best execution.

#### 4. Customer specific instructions

If the customer provides a specific instruction, on a general basis or for a specific order, such instruction will have precedence over what is stated in this document, and the Bank will follow that instruction so far as is reasonably possible when executing the trade. Where the customer’s instruction relates to only part of the order, the Bank will continue to apply to the order execution principles to those aspects of the order not covered by the specific instructions. Examples of such instructions may include but are not limited to requests to execute on a particular venue, to use a specific algorithm, or to execute an order over a particular timeframe.

By following the customer’s specific instruction the Bank will have satisfied the obligation to provide best execution in the relevant respect. **A specific instruction may thus mean that the Bank will not be able to take the measures described in this document to obtain the best possible result** in respect of the portion of the trade covered by the customer’s specific instruction.

#### 5. Order execution – obtaining the best possible result

Subject to any specific instructions that may be given by the customer (see above), when executing orders on a customer’s behalf, the Bank will take all sufficient steps to obtain the best possible result taking into account the execution factors listed in Section 6 below.

The Bank will determine the relative importance of the execution factors by using the Bank’s commercial judgment and experience in light of market information available and taking into account the execution criteria described in Section 6 below.

#### 6. Execution factors, execution criteria, and relative importance

The execution factors that will be taken into consideration when orders are executed are:

price, costs, speed of execution, the probability that the order will lead to execution and settlement, size of the order, nature or any other consideration which the Bank deems to be relevant to the order execution.

Applying from 3 January 2018

(NB, these principles are subject to review; at each time applicable principles are available at [www.handelsbanken.se](http://www.handelsbanken.se))

### Retail clients

When dealing with or executing an order on behalf of a retail client, the provision of best execution will be determined in terms of "Total Consideration", which is the price of the financial instrument plus the costs related to execution (when and if passed on to the customer). These costs will include all expenses incurred by the customer which are directly related to the execution of the order (such as execution venue fees, clearing and settlement fees and any other fees paid to third parties involved in the execution of the order).

For orders from retail clients, speed, likelihood of execution and settlement, the size and nature of the order, market impact and any other implicit transaction costs are given precedence over the immediate price and cost considerations only insofar as they are instrumental in delivering the best possible result in terms of total consideration.

### Professional clients

In order to achieve best execution when executing an order on behalf of a professional client, the relative importance of the execution factors will be determined based on a number of execution criteria, namely the characteristics of:

- the customer, including classification and experience;
- the order, including any strategies or specific instructions, the size of the order and the likely market impact;
- the financial instruments, including liquidity, trading patterns, and transparency associated with the specific financial instrument; and
- the execution venue, market or counterparty to which the order can be directed.

Normally, the Bank will assign price as the most significant factor when executing an order on behalf of a professional client. However, there may be circumstances where the primary execution factors may vary and price shall no longer be the dominant execution factor; for example for execution in illiquid securities, or in large orders, likelihood of execution and market impact become more important. In taking all sufficient steps, the Bank's front office staff shall use their experience and commercial judgment, in the best interests of the customer, to evaluate the available market information in order to achieve the best balance across a range of sometimes conflicting execution factors. This does not mean achieving or guaranteeing the best price for every customer order, but the best possible result that can reasonably be expected given the environment and resources available to the Bank's front office.

## 7. Methods for execution

### 7.1 On venue trading or OTC

To obtain the best possible result, the Bank is able to execute an order by using one or a combination of the following methods described in this document for the execution:

- Orders which are executed **directly** on one or more regulated market, MTF, or OTF (trading venues), may be carried out when the Bank executes the order directly on a trading venue or – where the Bank is not a member or trading participant – through a third party.
- Orders which are executed **outside** a regulated market, MTF or OTF may be carried out by one order being matched against another customer's order; by executing the order with a systematic internaliser ("SI", i.e. a firm which on an organized, frequent, systematic and substantial basis deals on

its own account when executing customer orders outside a trading venue)(including the Bank's own SI); executed in another way on the Bank's own account (i.e. as principal, e.g. as liquidity provider); or by executing the order with a third party investment firm (broker), unless the customer has instructed the Bank that the intermediate order must not be executed outside a regulated market, MTF, or OTF. By consenting to this document, the customer also consents to such execution outside a regulated market, MTF or OTF.

NB, A transaction is deemed to be executed on a trading venue if it is carried out through the systems or under the rules of that trading venue. Thus, a transaction need not be executed in an order book to be considered as "on venue" trade. Also transactions which are negotiated off-book but reported to the venue in accordance with its rules are covered. Such manual trades must however benefit from a waiver from pre trade transparency requirements e.g. negotiated price waiver or large in scale waiver.

For a number of financial instruments traded on several trading venues, the Bank makes use of a so-called "Smart Order Router" (SOR) for optimization of order placement. The SOR may split the original order into smaller parts in order to execute according to these principles.

The Bank will not unfairly discriminate between execution venues or execution types but will make a decision based on a consideration of the execution factors and execution criteria relating to the execution venue's characteristics, e.g. its clearing schemes, circuit breakers, scheduled auctions, or any other relevant considerations. These factors will generally be secondary to the general execution factors listed in Section 6 above.

### 7.2 Trading capacity

When executing customer orders, the Bank may act as agent or principal.

#### Agency trading

When the Bank acts in an agency capacity it trades in its own name on the customer's behalf. This is the case where the Bank executes an order on behalf of a customer or receives and transmits an order. Subject to any specific instruction, the Bank always owes best execution obligations when acting in an agency capacity.

#### Principal trading and internalisation

The Bank may also act in a principal capacity and execute customer orders against its own books, including as systematic internaliser or market maker/liquidity provider. Trading as principal generally exposes the Bank to market risk. However, in some cases the Bank may act as riskless principal or matched principal (i.e. entering into a trade in the market as principal but on the basis that the Bank has an equivalent transaction with a customer). The obligation to provide best execution will also always arise in circumstances where the Bank is acting as riskless/matched principal.

For professional clients and quote driven markets, see the four-fold legitimate reliance test above.

The Bank may become a systematic internaliser (SI) for one or more financial instruments. In these circumstances, unless instructed otherwise and always subject to these principles, the Bank may choose to internalise a customer's order by executing it in part or wholly from the Bank's principal book.

Applying from 3 January 2018

(NB, these principles are subject to review; at each time applicable principles are available at [www.handelsbanken.se](http://www.handelsbanken.se))

### 7.3 Direct Electronic Access (“DEA”)

Direct electronic access (DEA) means an arrangement where the Bank, acting as a member or participant, permits a person to use its trading code so the person can electronically transmit orders relating to a financial instrument directly to the trading venue.

Direct electronic access can be divided into:

- DMA (Direct Market Access): the order is sent using the member’s infrastructure; or
- SA (Sponsored Access): the order is sent without using the member’s infrastructure, i.e. the person is connected directly to the trading system.

Where the Bank offers DEA this will be specified in the applicable appendix.

### 7.4 Smart Order Router (“SOR”)

A smart order router (SOR) is an algorithm used for optimization of order placement on different trading venues, in order to fulfil best execution. The SOR may split the original order into smaller parts in order to execute according to the execution principles.

### 7.5 The concepts of Orders and Request for Quotes

#### Order

As noted, the Bank owes best execution obligations when executing orders on behalf of a customer or receiving and transmitting such orders to other entities for execution. Generally speaking, an order is defined as a binding instruction from a customer to the Bank to purchase or sell a financial instrument.

#### Request for Quote (RFQ)

Best execution may apply where the Bank engages in trading on own account by quoting on a request for quote (RFQ) basis. Generally speaking, a RFQ is an invitation to provide an executable offer to buy or sell a specific financial instrument. In order to constitute a RFQ, sufficient information must be provided to allow the Bank, if it so chooses, to provide an executable quote in response. The Bank may also offer so called streaming quotes (where the customer receives a stream of quotes, valid for a limited period of time, instead of a single quote) or participate in or offer RFQ trading systems (which is a trading system where a quote or quotes are provided in response to a request for quote submitted by one or more other members or participants; where the quote is executable exclusively by the requesting member or participant).

## 8. Order execution, general

The Bank will normally process orders in financial instruments by:

- promptly placing the order – either directly or via a broker – with the execution venue(s) that the Bank considers provide(s) the best execution, after which the order, if it is not executed promptly in its entirety, may be sent to one or more other execution venues
- aggregating the order with other orders in accordance with section 13 below and thereafter sending the order to the execution venues that the Bank considers provide the best execution
- executing the order in several separate transactions on one of the execution venues
- executing the order on the Bank’s own account or by matching it against another customer’s order at a price corresponding to the market price, with the price on the most liquid execution

venue being used to determine the reference price or the equivalent.

As regards orders in respect of securities admitted to trading on a regulated market, or traded on a regulated market, MTF or OTF, where the customer has stated a minimum price for sale or a maximum purchase limit which does not correspond to prevailing market terms and which is therefore not executed by the Bank without delay, by accepting this document, the customer accepts that the Bank will not make these public immediately.

In some circumstances, the Bank may quote indicative or fixed prices directly to the customer, cf. Section 3(c)c. above. An agreement is then reached between the parties, either when the customer accepts a fixed price quoted by the Bank or, in the case of an indicative price, when the Bank has confirmed the price to the customer and the customer accepts the price. The prices will take into account the cost of utilisation of capital and counterparty risk, as well as profit margins on market terms. In these situations, an agreement is made between two parties. In relation to professional clients and quote driven markets, the Bank has determined, based on the legitimate reliance test (see above), that to the majority of transactions entered into with this type of customer the Bank does not execute the order on behalf of the customer and best execution is therefore not applicable. However, the Bank will consider whether there are any such situations where customers may nevertheless be placing such legitimate reliance on the Bank, and where after a consideration of all the relevant factors it is concluded that customers are in fact placing legitimate reliance on the Bank, these principles will be applied to relevant quotes requested by customers. In relation to retail clients, best execution shall apply as per the above.

The Bank shall, at a customer’s request, be able demonstrate to the customer that the Bank has executed the customer’s order in accordance with the Bank’s execution principles, and to competent authorities its compliance with the best execution requirements.

## 9. Execution venues principally used by the Bank for order execution and review of execution venues and brokers

The Bank participates in trading on various regulated markets and other execution venues. The Bank evaluates on a regular basis (at least once a year and whenever major changes occur) the execution venues that are to be used for order execution. In this connection, the Bank will consider qualitative factors like clearing schemes, circuit breakers, scheduled auctions, or any other relevant considerations. As a basis for its selection, the Bank will also analyze the quarterly execution quality reports published by execution venues.

For a list of execution venues principally used by the Bank in respect of each class of financial instruments, please see [www.handelsbanken.se](http://www.handelsbanken.se) or contact any of the Bank’s branch offices. This list of execution venues is not exhaustive but comprises execution venues on which the Bank places significant reliance.

In order to execute transactions in instruments which are traded on execution venues where the Bank does not participate in trading directly, the Bank will transmit the order to a trading participant with direct access to these execution venues. Selection of brokers will be based on objective criteria, such as access to trading venues and market coverage, and the Bank will ensure that the broker will provide best execution on a continuous basis, taking the execution factors into account. To this end, the Bank will

collect and review the execution policy/principles and arrangements of the broker, so that the Bank may satisfy itself that best execution is being met on a consistent basis and any conflict of interests are managed appropriately.

## 10. Trading obligation in shares and derivatives

The Markets in Financial Instruments Regulation 2014/600/EU ("MiFIR") introduces a so-called trading obligation for certain types of instruments. For instance, as a rule, shares admitted to trading on a regulated market or traded on a trading venue shall be traded on regulated markets, MTF or with an SI. OTC trade in shares is only possible where the trades either:

- (a) are non-systematic, ad-hoc, irregular and infrequent; or
- (b) are carried out between eligible and/or professional counterparties and do not contribute to the price discovery process.

Furthermore, MiFIR sets out a trading obligation for certain derivatives which are subject to the clearing obligation under EMIR and deemed sufficiently liquid under MiFID II. If caught by the trading obligation, the derivative may only be traded on regulated market, MTF or OTF (not through systematic internaliser). The Commission will adopt technical standards regarding which derivatives that will be caught by the trading obligation for derivatives.

The Bank shall ensure that trades it undertakes are in compliance with such trading obligation.

## 11. Order execution regarding fund units which are not admitted to trading on a regulated market or MTF (Multilateral Trading Facility).

The Bank will execute orders in respect of fund units by forwarding the order to the relevant fund management company (or equivalent) or by forwarding the order to another securities institution which in turn will send the order to the fund management company for execution in accordance with the fund regulations (or equivalent). See the applicable appendix for further information.

## 12. Portfolio management

When the Bank provides discretionary portfolio management and at the same time executes orders received or decisions to trade, this will be done in accordance with this document.

## 13. Processing trades, aggregation and allocation of orders

The Bank will execute customer orders quickly, efficiently and fairly, and executed orders shall promptly and accurately be recorded and allocated. Otherwise comparable customer orders will be executed promptly and in chronological order of their receipt, unless the characteristics of the order or prevailing market conditions make this impracticable, or the interests of the customer require otherwise.

The Bank may not aggregate one customer's order with other customers' orders and/or with transactions for the Bank's own account unless it is unlikely that the aggregation will work overall to the disadvantage of any customer whose order is included. The aggregation may be disadvantageous in respect of an individual order.

An aggregated order which is executed in its entirety is allocated at the average price. If an aggregated order is only partly executed, the part that has been executed will be equally allocated at the average price. If, at execution, an order has been aggregated with another transaction for the Bank's own account and it has only been partly executed, the customer order will normally have precedence over the Bank's order, unless the Bank, on reasonable grounds, is able to demonstrate that without this combination it would not have been able to carry out the order on such advantageous terms, or at all, in which case it may allocate the transaction for own account proportionally, in accordance with established order allocation principles. An allocation of related trades shall not be made in a way that is detrimental to a customer.

## 14. Disruptions in the market or trading systems

In the case of disruptions in the market or in the Bank's own systems due to, for example, interruptions or insufficient availability of technical systems, it may, in the opinion of the Bank, be impossible or inappropriate to execute orders according to the methods described in this document. The Bank will then take all reasonable steps to execute the orders on the best terms possible for the customer.

## 15. Amendments

The Bank will regularly review and, if so required, update this document. Such amendments will be available on the Bank's website [www.handelsbanken.se](http://www.handelsbanken.se) or at the Bank's branch offices. Customers with whom the Bank has an ongoing client relationship shall be notified of any material changes to the Bank's order execution arrangements or these principles. The amendments are effective from when they are published on the website.

## 16. Obligation to report potential market abuse

Within the EU, there is an obligation for banks, other securities companies and marketplaces etc. to report to the local supervisory authority if they detect orders or transactions that can be assumed to constitute or have a connection with insider crime or market manipulation. For example, orders and/or transactions where the customer trades with itself (makes buy/sell orders in the same financial instrument) may be reported. Transactions of this type may constitute undue market manipulation. For additional information, see Regulation No 596/2014 on market abuse (MAR), and Directive 2014/57/EU on criminal sanctions for market abuse (CS MAD) of 3 July 2016.

## 17. Best execution reporting

The Bank will summarise and make public on an annual basis, for each class of financial instruments as set forth in the appendices, the top five execution venues in terms of trading volumes where it has executed customer orders in the previous year. The Bank will also publish a summary of the analysis and conclusions drawn from the Bank's detailed monitoring of the quality obtained on the execution venues where the Bank executed all customer orders in the previous year. These shall be published on the Bank's website in a machine-readable electronic format, available for downloading by the public.

Furthermore, where the Bank acts as systematic internaliser, market maker or other type of liquidity provider, the Bank shall on a quarterly basis, on the first day of February, May, August and November, make available to the public free of charge, data relating to the quality of transactions on that venue for each

Applying from 3 January 2018

(NB, these principles are subject to review; at each time applicable principles are available at [www.handelsbanken.se](http://www.handelsbanken.se))

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market segment it operates and for each type of financial instruments.

### **18. Monitoring and review**

The Bank has implemented a governance framework and control process to monitor the execution quality obtained, and the quality and appropriateness of its execution arrangements and these principles, to identify and, where appropriate, correct any deficiencies. The Bank will review its order execution arrangements and principles at least annually or whenever a

material change occurs that affects the Bank's ability to obtain the best result for the execution of the customers' orders on a consistent basis.

If a customer makes a reasonable and proportionate request for information about the Bank's principles or arrangements and how they are reviewed the Bank shall answer clearly and within a reasonable timeframe.

Applying from 3 January 2018

(NB, these principles are subject to review; at each time applicable principles are available at [www.handelsbanken.se](http://www.handelsbanken.se))

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### Appendices

The Bank provides in the appendices an overview of when and how the Bank will provide best execution in relation to transactions executed for different classes of financial instruments and for different activities in relation thereto.

Please note that, within the asset classes, there may be particular transactions which will not be subject to the general position and the Bank highlight these where possible.

In limited circumstances, there may also be specific facts in relation to a particular order which may alter the general position outlined.

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## Appendix 1 Financial Instruments

### Instruments to which the Bank's order execution principles apply

The principles apply to the following exhaustive list of MiFID II financial instruments (cf. Annex 1 Section C of MiFID II).

1. Transferable securities;
2. Money-market instruments;
3. Units in collective investment undertakings;
4. Options, futures, swaps, forward rate agreements and any other derivative contracts relating to securities, currencies, interest rates or yields, emission allowances or other derivatives instruments, financial indices or financial measures which may be settled physically or in cash;
5. Options, futures, swaps, forwards and any other derivative contracts relating to commodities that must be settled in cash or may be settled in cash at the option of one of the parties other than by reason of default or other termination event;
6. Options, futures, swaps, and any other derivative contract relating to commodities that can be physically settled provided that they are traded on a regulated market, a MTF, or an OTF, except for wholesale energy products traded on an OTF that must be physically settled;
7. Options, futures, swaps, forwards and any other derivative contracts relating to commodities, that can be physically settled not otherwise mentioned in point 6 of this Section and not being for commercial purposes, which have the characteristics of other derivative financial instruments;
8. Derivative instruments for the transfer of credit risk;
9. Financial contracts for differences;
10. Options, futures, swaps, forward rate agreements and any other derivative contracts relating to climatic variables, freight rates or inflation rates or other official economic statistics that must be settled in cash or may be settled in cash at the option of one of the parties other than by reason of default or other termination event, as well as any other derivative contracts relating to assets, rights, obligations, indices and measures not otherwise mentioned in this Section, which have the characteristics of other derivative financial instruments, having regard to whether, inter alia, they are traded on a regulated market, OTF, or an MTF;
11. Emission allowances consisting of any units recognised for compliance with the requirements of Directive 2003/87/EC (Emissions Trading Scheme).

In addition to the above, and as set forth in the principles, the Bank will also seek to apply equivalent compliance standards to other transactions in FX, e.g. FX spot transactions, as part of best practices.



## Appendix 2.1 CASH EQUITIES

	Best execution applicable	Comments
<b>Request for quote (RFQ)</b>		
Where firm price is offered	No unless the client legitimately relies on us	
Where the final price is dependent on the Bank's quality of execution	Yes	
Executable (two way) price	No unless the client legitimately relies on us	
<b>Execution of orders</b>		
With discretion	Yes	
With specific instructions and no discretion	No	
<b>Unwinds and restructurings</b>	Not applicable	
<b>Transaction consecutive to provision of investment advice</b>	Yes	

### Relative importance of execution factors

1. Price
2. Costs
3. Speed
4. Likelihood of execution and settlement
5. Size
6. Nature of the transaction or any other consideration relevant to the execution of the transaction

### Exceptions to the general position;

The Primary execution factor for the purposes of fulfilling the best execution obligation will usually be price. However, the sales trader will consider all key execution factors in light of the execution criteria, assessing their relative weighting in light of a wide range of elements that could influence the outcome of the execution. The assessment of these considerations will determine the appropriate interaction with the market.

### Examples:

- For large or illiquid orders, speed and likelihood of execution along with likely market impact will be more important.
- For block trades: Price, likelihood of execution; Likelihood of Settlement
- If we guarantee a specific benchmark best execution will not apply.

## Appendix 2.2 DEBT INSTRUMENTS

i) Bonds  
(ii) Money Market Instruments

	Best execution applicable	Comments
Request for quote (RFQ)		
Where firm price is offered	No unless the client legitimately relies on us	Based on industry practice, professional clients will generally pass the four fold test
Executable (two way) price	No	
Execution of orders		
With discretion	Yes	
With specific instructions and no discretion	No	
Unwinds and restructurings		
Handelsbanken issued products on secondary market	No unless the client legitimately relies on us	Market practice in this case is generally for clients to obtain competing quotes
<b>Transaction consecutive to provision of investment advice</b>	Yes	

Order on Primary issue - when a client places an "order" in relation to an auction, the Bank fulfils its best execution obligations when filling that order, fully or partially, at the auction price.

Where the client submits "at best" orders and doesn't specify price level or specific time of execution, the Bank will accept such order as an "at market" order thus best execution will apply.

**Relative importance of execution factors**

1. Possibility of Execution
2. Price
3. Size
4. Speed
5. Cost
6. Nature of the transaction

**Appendix 2.3 INTEREST RATES DERIVATIVES i) futures and options admitted to trading on a trading venue  
(ii) swaps, forwards, and other interest rate derivatives**

	Best execution applicable	Comments
<b>Request for quote (RFQ)</b>		
Where firm price is offered	No unless the client legitimately relies on us	Based on industry practice, professional clients will generally pass the four fold test
Where the final price is dependent on the Bank's quality of execution	Yes	
Executable (two way) price	No unless the client legitimately relies on us	Based on industry practice, professional clients will generally pass the four fold test
<b>Execution of orders</b>		
With discretion	Yes	
With specific instructions and no discretion	No	
<b>Unwinds and restructurings</b>		
Derivatives and non-Handelsbanken issued products on secondary market	No unless the client legitimately relies on us	Based on industry practice, professional clients will generally pass the four fold test
Handelsbanken issued products on secondary market	No unless the client legitimately relies on us	Based on industry practice, professional clients will generally pass the four fold test
<b>Transaction consecutive to provision of investment advice</b>	Yes	

The Rates business will normally only accept Orders in situations where such order types do not give rise to any legitimate reliance.

Relative importance of execution factors

1. Price
2. Possibility of Execution
3. Size
4. Nature of the transaction or any other consideration relevant to the execution of the transaction
5. Speed
6. Cost

## Appendix 2.4 CURRENCY DERIVATIVES swaps, forwards, and other currency derivatives

	Best execution applicable	Comments
<b>Request for quote (RFQ)</b>		
Where firm price is offered	No unless the client legitimately relies on us	Based on industry practice, professional clients will generally pass the four fold test
Where the final price is dependent on the Bank's quality of execution	Yes	Only applicable to options
Executable (two way) price	No unless the client legitimately relies on us	Based on industry practice, professional clients will generally pass the four fold test
<b>Execution of orders</b>		
With discretion	Yes	
With specific instructions and no discretion		See order types below
<b>Unwinds and restructurings</b>		
Derivatives and non-Handelsbanken issued products on secondary market	No unless the client legitimately relies on us	
Handelsbanken issued products on secondary market	No unless the client legitimately relies on us	
<b>Transaction consecutive to provision of investment advice</b>	Yes	

Stop/Loss orders - when the client sends a "stop" order, the client must specify the price level at which the order is to be triggered and the time for which the order will remain valid. The "stop" order will be triggered when market conditions permit execution, once it is triggered the order becomes an "at market" order, we do not guarantee that the order will be filled at the "stop" level.

Take profit orders – the order will be triggered when market conditions permit execution and quantity is available, fully or partially.

Benchmark orders – such as "Fixing" order, in the case that the whole size cannot be filled the remaining volume will be treated as a market order thus best execution will apply.

Where the client submits "at best" orders and doesn't specify price level or specific time of execution, the Bank will accept such order as an "at market" order thus best execution will apply.

### Relative importance of execution factors

1. Possibility of Execution
2. Price
3. Size
4. Speed
5. Cost
6. Nature of the transaction

## Appendix 2.5 STRUCTURED PRODUCTS

### (i) Other Bonds (ii) Securitized Derivatives

	Best execution applicable	Comments
Request for quote (RFQ)		
Where firm price is offered	No unless the client legitimately relies on us	Based on industry practice, professional clients will generally pass the four fold test
Executable (two way) price	No	
Execution of orders		
With discretion	Yes	
With specific instructions and no discretion	No	
Unwinds and restructurings	Not applicable	
Handelsbanken issued products on secondary market	Yes	
<b>Transaction consecutive to provision of investment advice</b>	Yes	

Regarding the primary market, since retail clients and their IFAs have the ability to source comparable structured products from a variety of dealers, and the transparent nature of the issuance process and related disclosures, the initial issuance of these products is not subject to best execution.

Secondary market sales are conducted on a risk basis – we quote a price as principal, which the retail client (who may be acting through an intermediary) is free to accept or reject. In practice, we are typically the only source of pricing for our own issued structured products.

#### Relative importance of execution factors

7. Possibility of Execution
8. Price
9. Size
10. Cost
11. Speed
12. Nature of the transaction

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**Appendix 2.6a EQUITY DERIVATIVES**

	Best execution applicable	Comments
Request for quote (RFQ)		
Where firm price is offered	No unless the client legitimately relies on us	Based on industry practice, professional clients will generally pass the four fold test
Executable (two way) price	No	
Execution of orders		
With discretion	Yes	
With specific instructions and no discretion	No	
Unwinds and restructurings	Yes, where applicable	
Handelsbanken issued products on secondary market	Yes, where applicable	
<b>Transaction consecutive to provision of investment advice</b>	Yes	

**Relative importance of execution factors**

1. Price
2. Cost
3. Speed
4. Size
5. Possibility of Execution
6. Nature of the transaction

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**Appendix 2.6b EQUITY SWAPS**

	Best execution applicable	Comments
Request for quote (RFQ)		
Where firm price is offered	No unless the client legitimately relies on us	Based on industry practice, professional clients will generally pass the four fold test
Executable (two way) price	No	
Execution of orders		
With discretion	Yes	
With specific instructions and no discretion	No	
Unwinds and restructurings	Yes	

**Relative importance of execution factors**

1. Possibility of execution
2. Price
3. Size
4. Cost
5. Speed
6. Nature of the transaction

**Appendix 2.7 COMMODITIES DERIVATIVES (i) futures and options admitted to trading on a trading venue  
(ii) other commodities derivatives**

	Best execution applicable	Comments
Request for quote (RFQ)		
Where firm price is offered	No unless the client legitimately relies on us	Based on industry practice, professional clients will generally pass the four fold test
Where the final price is dependent on the Bank's quality of execution	Yes	
Executable (two way) price	Not applicable	Uncommon in this market
<b>Execution of orders</b>		
With discretion	Yes	
With specific instructions and no discretion	No	
Unwinds and restructurings		
Derivatives and non-Handelsbanken issued products on secondary market	No unless the client legitimately relies on us	Based on industry practice, professional clients will generally pass the four fold test
Handelsbanken issued products on secondary market	No unless the client legitimately relies on us	Based on industry practice, professional clients will generally pass the four fold test
<b>Transaction consecutive to provision of investment advice</b>	Yes	

The venue on which a commodity futures contract should be executed has to be agreed with the client prior to execution.

Stop/Loss orders - When the client sends a "stop" order, the client must specify the price level at which the order is to be triggered and the time for which the order will remain valid. The "stop" order will be triggered when market conditions permit execution, once its triggered the order becomes an "at market" order, we do not guarantee that the order will be filled at the "stop" level.

Benchmark orders – "Market on close" and "Trading at Settlement" orders may be transmitted to other thirdparty brokers, and in the case that the whole size cannot be filled the remain volume will be treated as a market order thus best execution will apply.

**Relative importance of execution factors**

1. Price
2. Possibility of Execution
3. Size
4. Nature of the transaction or any other consideration relevant to the execution of the transaction
5. Speed
6. Cost



## Appendix 2.8 EMISSION ALLOWANCES

	Best execution applicable	Comments
Request for quote (RFQ)		
Where firm price is offered	No unless the client legitimately relies on us	Based on industry practice, professional clients will generally pass the four fold test
Executable (two way) price	Not applicable	Uncommon in this market
Execution of orders		
With discretion	Yes	
With specific instructions and no discretion	No	See Stop/Loss and Benchmark orders below.
<b>Transaction consecutive to provision of investment advice</b>	Yes	

Stop/Loss orders - When the client sends a “stop” order, the client must specify the price level at which the order is to be triggered and the time for which the order will remain valid. The “stop” order will be triggered when market conditions permit execution, once its triggered the order becomes an “at market” order, we do not guarantee that the order will be filled at the “stop” level.

Benchmark orders – “Market on close” and “Trading at Settlement” orders may be transmitted to other third party brokers, and in the case that the whole size cannot be filled the remain volume will be treated as a market order thus best execution will apply.

### Relative importance of execution factors

1. Price
2. Possibility of Execution
3. Size
4. Nature of the transaction or any other consideration relevant to the execution of the transaction
5. Speed
6. Cost

## Appendix 2.9 OTHER INSTRUMENTS

(i) securities lending transactions  
(ii) repo transactions

	Scenario applicable	Best execution applicable	Comments
<b>Request for quote (RFQ)</b>			
Where firm price is offered	Yes	No unless the client legitimately relies on us	Based on industry practice, professional clients will generally pass the four fold test.
Where the final price is dependent on the Bank's quality of execution	Yes	Yes	
Executable (two way) price	No	No	
<b>Execution of orders</b>			
With discretion	Yes	Yes	
With specific instructions and no discretion	Yes	No unless the client legitimately relies on us	Based on industry practice, professional clients will generally pass the four fold test.
<b>Transaction consecutive to provision of investment advice</b>	Yes	Yes	

**Relative importance of execution factors**

1. Price
2. Type of collateral lender
3. Type of collateral borrower
4. Availability of applicable instruments
5. Size
6. Nature of the transaction or any other consideration relevant to the execution of the transaction