

EXECUTION POLICY
BEST EXECUTION POLICY
AND CLIENT ORDER HANDLING RULES

1. For Whom this Execution Policy is Intended

- 1.1. Unless stipulated otherwise, this Execution Policy shall apply to Orders given both by Retail as well as Professional Clients.
- 1.2. The Execution Policy shall be used for handling and execution of Client Orders relating to the Investment Services.
- 1.3. This Policy shall accordingly apply to reception and transmission of Orders relating to Investment Instruments on the account of the Client and to dealing in Investment Instruments on own account, if these services are provided to the Client.
- 1.4. This Policy shall appropriately apply to reception and transmission of the Instructions to Settlement.

2. Basic Principles of Executing Orders

- 2.1. The Securities Dealer shall execute Client Orders promptly and fairly in relation to the Orders of other Clients.
- 2.2. Comparable Client Orders shall be executed by the Securities Dealer sequentially in a chronological order in which they were received by the Securities Dealer, unless a different procedure is justified by the nature of the Order, the interest of the Client or prevailing market conditions.
- 2.3. Where the Securities Dealer provides for the execution of the Order to Provide Purchase or Sale of Investment Instruments, it shall also provide for a due settlement of the executed Order to Provide Purchase or Sale of Investment Instrument, unless the settlement of transactions is provided for by another securities dealer.
- 2.4. If a Limit Order is not executed immediately, the Securities Dealer shall provide for the execution of the Order as soon as allowed by prevailing market conditions.

2.5. When executing Orders, the Securities Dealer shall follow the applicable provisions of the Act on Undertaking on Capital Market and implementing decrees.

3. Aggregation of Orders

3.1. The Securities Dealer may to the extent allowed by the binding legal regulations and rules of the regulated markets, aggregate Orders of the Client with Orders of other Clients or with transactions on the Securities Dealer's own account, as the case may be, only if it is unlikely that such aggregation of Orders will work overall to the disadvantage of any client whose Order is to be aggregated compared to separate execution of the individual Orders in question.

3.2. Where the aggregation of Orders may (eventually) be less advantageous for the Client than separate execution of an Order, the Securities Dealer shall be obliged to disclose to the Client such information.

3.3. When aggregating Orders, the Securities Dealer must ensure that the execution and settlement of Orders aggregated is fair and does not harm the interest of any of the Clients. The final settlement of the individual Orders shall be performed in the chronological order in which these Client Orders were given to the Securities Dealer.

3.4. Where an aggregated Client Order and a transaction on the Securities Dealer's own account are executed only partially, the Securities Dealer shall award the outcome and the corresponding obligations preferentially to the Client, except where the Securities Dealer is able to prove that the aggregated Order was executed under more advantageous conditions than which could probably be achieved if the Orders were executed individually or if were not executed at all; in such case the Securities Dealer may distribute the outcome and the obligations proportionately.

4. Handling of Information Relating to Execution of Orders

4.1. Should any fundamental difficulties arise in handling a Client Order, the Securities Dealer shall notify the Client about such difficulties without delay.

4.2. Where a Client Limit Order relating to Investment Instrument which is share or equivalent Security admitted to trading on Regulated market is not executed without undue delay, the Securities Dealer shall make the information regarding the Order accessible to the other market participants, doing so on the basis of an express prior consent of the Client.

5. Best Execution Policy

- 5.1. The Securities Dealer has adopted policy the purpose of which is to achieve the best possible result when execution Client's Orders.
- 5.2. When applying this Policy, the Securities Dealer shall take into account certain factors that have significance for the execution of an Order. In particular, it shall take into account the price of an Investment Instrument, the associated costs, speed and probability of the execution of the Order, the volume of the requested transaction and the conditions for its settlement.
- 5.3. When determining the factors significant for the execution of an Order, the Securities Dealer assesses the following criteria:
 - (a) classification of the Client, i.e. if the Client is a Retail or a Professional Client;
 - (b) nature of the Client Order;
 - (c) type of Investment Instrument to which the Order relates;
 - (d) nature of the Trading Venue where the Order is to be executed.
- 5.4. Where the Securities Dealer executes an Order given by a Retail Client, the Securities Dealer shall take into account the price of the Investment Instrument and the costs associated with the execution of the Order, including all fees associated to its execution.
- 5.5. Where the Securities Dealer executes an Order given by a Professional Client, the Securities Dealer shall take into account its discretion and the objectives of Professional Client in question, such as the speed and the likelihood of execution of the Order.
- 5.6. The relatively most important factors in the Securities Dealer's view are the price, achievable at a Trading Venue and the costs of Order execution. However, this does not rule out the possibility that in executing Orders, the Securities Dealer, having regard to the available information on the prevailing market conditions, may give preference to other factors, such as the speed, the probability of execution and settlement, the volume and the type of an Order, the liquidity of the Investment Instrument in question and other factors decisive for achieving the best possible result for the Client.

6. Trading Venues and Their Selection

- 6.1. For the execution of Order the Securities Dealer shall select such Trading Venue that allows for best execution of the Client Order. In selecting the specific Trading Venue, the Securities Dealer shall take into account the Investment

Instrument in question, its particularities and the particularities of the relevant Trading Venue. To ensure that the Order is executed as promptly as possible, the Securities Dealer shall choose a Trading Venue of those Venues which are open for trading at the time when the Order is received.

- 6.2. Where a given Investment Instrument is traded on several Trading Venues, the Securities Dealer shall prefer the Trading Venue with the highest liquidity and shall further take into account the venue and the currency of settlement of the transaction concluded. Where the Order execution venues are comparable, the Securities Dealer shall take into account solely the costs related to the execution of the Order at the individual venues, including its own commission.
- 6.3. Once the Trading Venue has been selected, the Order shall be transmitted for execution at this Venue, where it shall remain until its full or partial execution or until expiry of the validity or cancellation of the Order as the case may be.
- 6.4. In accordance with the Execution Policy, the Securities Dealer shall execute Orders in one or in combination of the following methods:
 - (a) Client Order may be executed directly at a Regulated Market or a Multilateral Trading Facility. If the Securities Dealer is not a direct member of a given Regulated Market or a Multilateral Trading Facility, it shall have the right, for the purpose of executing an Order, to enter the Regulated Market or the Multilateral Trading Facility through a third party which may be a participant of the Regulated Market or the Multilateral Trading Facility;
 - (b) Order may be passed on for execution to another securities dealer or to another suitable person from the financial group of which the Securities Dealer is a member. In such case the Securities Dealer shall verify that such securities dealer has implemented and applies measures allowing the Securities Dealer to proceed in accordance with the this Execution Policy when executing Client's Order. In the opposite case, the Securities Dealer shall determine the Trading Venue and instruct the other securities dealer on due procedure. However, the Securities Dealer shall not be obliged to evaluate the execution policy of another securities dealer in Investment Instruments if the Securities Dealer provides the investment service according to section 1.3 hereof;
 - (c) Having received a prior express consent of the Client and in accordance with this Execution Policy, the Securities Dealer shall be entitled to execute an Order outside a Regulated Market or outside a Multilateral Trading Facility;
 - (d) In case of Securities of funds of collective investment an Order may be transmitted for execution to the transfer agent.

6.5. The list of the Trading Venues is available at the Securities Dealer's website – www.ppfbanka.cz.

7. Refusal, recommendation not to execute an instruction

7.1. On the basis of information provided by the Client in the Investment Questionnaire and in view of the Client's requirements regarding the investment service (the method for the provision thereof) and the investment instrument which is to be the subject of the service, the Securities Dealer may consider an Instruction sought by the Client to be inconsistent with the Client's expertise and experience, or unsuitable for the Client (from the perspective of the Client's expertise, experience, financial background and financial objectives). If the Client refuses to provide the required information, or if the information provided by the Client is inadequate or incomplete, the Securities Dealer will not be able to classify an Order as suitable for the Client. Following this assessment, the Securities Dealer shall inform the Client of the recommendation not to execute the Order or of the refusal to execute the Order.

7.2. If an Order is not recommended for execution, the Client shall be entitled to demand explicitly that the Securities Dealer execute the Order. In this case, however, the Securities Dealer shall be absolved of responsibility for the provision of an investment service which is inconsistent with the knowledge and experience of the Client under the relevant provisions of the Capital Market Act.

7.3. In case of refusal to execute an Order, the Securities Dealer cannot execute the instruction requested by the Client, even if the Client explicitly demands that the Order be executed, because execution of such an Order would be a violation of the Securities Dealer's obligations under the relevant provisions of the Capital Market Act.

8. System of direct service provision (Execution only)

8.1. If a Direct Investment Service (i.e. the receipt and forwarding of instructions relating to Simple Investment Instruments*, or the execution of instructions relating to Simple Investment Instruments on behalf of a Client), or a related supplementary investment service, is provided by the Securities Dealer on the initiative of the Client and concerns only a Simple Investment Instrument, the Securities Dealer shall not be obliged to ask the Client for information about the Client's professional knowledge and skills and/or his experience in the field of investment.

8.2. In the system for the direct provision of a service (execution only), the scope of Client protection provided by the Securities Dealer is limited.

- 8.3. In the system for the direct provision of a service, the Securities Dealer shall not provide the Client with advice and shall not assess the adequacy or suitability of a Direct Investment Service in relation to knowledge, experience, financial background or investment objectives.
- 8.4. In the system for the direct provision of a service, the Securities Dealer shall accept no responsibility for the transaction (the results, conclusions and consequences thereof); this responsibility rests entirely with the Client.

9. Explicit Client Instruction

- 9.1. When executing Orders, the Securities Dealer shall take into account the factors mentioned in section 5.2 above and the criteria according to section 5.3 hereof. However, if the Client stipulates explicitly otherwise in its Order, the Securities Dealer shall execute the Order following the specific instruction of the Client provided that other conditions provided for by legal regulations are met.

10. Monitoring and Regular Evaluation of Effectiveness of Execution Policy

- 10.1. The Securities Dealer shall carry out regular evaluation as to whether the Execution Policy is effective and whether its application in fact facilitate achieving best execution of Client Orders. Any potential imperfections shall be remedied without undue delay.
- 10.2. The Securities Dealer shall conduct assessment of the Execution Policy and the related procedures once in a year, at the minimum. The Securities Dealer shall notify its Clients on any fundamental change in its Execution Policy in a method stipulated in the Investment Services Terms and Conditions. The current version of the Execution Policy is available at the Securities Dealer's website - www.ppfbanka.cz.

11. Client Approvals and Notices on Execution of Orders

- 11.1. Before executing an Order, the Securities Dealer shall be obliged to obtain Client's prior consent to this Execution Policy.
- 11.2. By approving this Execution Policy, the Client acknowledges that it is aware that an Order containing an explicit specific instruction may affect the Securities Dealer's ability to proceed in accordance herewith.
- 11.3. The Securities Dealer fulfills its disclosure obligation in accordance with the applicable legal regulations and contractual documentation, in a manner stipulated by the Investment Services Terms and Conditions.

- 11.4. Before executing Order outside a Regulated Market or a Multilateral Trading Facility, the Securities Dealer shall be obliged to obtain prior Client's consent to such procedure.
- 11.5. The Client shall have right in respect of a particular Order to require the Securities Dealer to provide information about the accomplished or proceeding execution of Order in accordance herewith.

*A **Simple Investment Instrument** is defined in Section 15k(2) of Act No 256/2004 on business on the capital market