



**EXECUTION POLICY
THE BEST EXECUTION POLICY
AND ORDER PROCESSING POLICY**

PPF banka a.s.

having its registered office at Prague 6, Evropská 2690/17, Post Code: 160 41, Company identification

No.: 47116129

registered in the Commercial Register kept by
the Municipal Court in Prague, Section B, Insert 1834

1. The Persons to Whose Attention the Execution Policy is Intended

- 1.1. Unless otherwise stated herein, the Execution Policy covers Orders placed both by Retail Clients and Professional Clients.
- 1.2. The Execution Policy will apply to processing and executing Client's Orders related to the Investment Services.
- 1.3. The Policy will apply accordingly also to accepting and transferring Orders related to the Investment Instruments to the Client's account and dealing with the Investment Instruments on own account, provided that such services are provided to the Client.
- 1.4. Furthermore, the Policy applies to accepting and executing Instructions only in a suitable extent.

2. Basic Principles of Execution of Orders

- 2.1. The Dealer executes Client's Orders as quickly as possible and fairly vis-à-vis Orders of other Clients.
- 2.2. The Dealer executes comparable Orders of Clients in the time order as accepted, unless the specific nature of an Order, Client's interest or the current market situation substantiates the application of other procedure.
- 2.3. When the Dealer provides the execution of an Order for the Provision of Transaction, it will also provide a proper Settlement of the transaction executed on the basis of such Order for the Provision of Transaction, unless the settlement of transactions is provided for the Client by another securities dealer, or a custodian.
- 2.4. In case the Limit Order is not executed immediately, the Dealer will execute such Limit Order immediately as soon as the market conditions allow it.

- 2.5. When executing Orders, the Dealer complies with the applicable provisions of the Act on Undertaking on Capital Market and the implementing regulations.

3. Order Aggregation

- 3.1. The Dealer is allowed in the extent permitted by the legal regulations and the rules of regulated markets to aggregate Orders for the Provision of the Client's Transaction with the Orders for the Provision of Transaction of other Clients, or, if appropriate, with the transactions executed on own account of the Dealer only if it is not likely that such aggregation of Orders for the Provision of Transaction will be less advantageous for the respective Clients than separate execution of each Order for the Provision of Transaction.
- 3.2. In case the aggregation of Order for the Provision of Transaction may be less advantageous for the Client than separate execution of the Order for the Provision of Transaction, the Dealer will notify the Client of this fact.
- 3.3. When aggregating Orders for the Provision of Transaction, the Dealer will provide that such aggregated Orders for the Provision of Transaction are executed and settled fairly and not to the detriment of any of the Clients. Final settlement of each Order for the Provision of Transaction is executed in the time order in which the Orders for the Provision of Transaction of Clients have been submitted to the Dealer.
- 3.4. If the aggregated Order for the Provision of the Client's Transaction and the transaction on own account of the Dealer was executed only partially, the Dealer will attribute the benefits and corresponding obligations preferentially to the Client, unless it is able to prove that the aggregated Order for the Provision of Transaction has been executed under more advantageous conditions than those which could have probably been achieved for separate Orders for the Provision of Transaction or that the separate Order for the Provision of Transaction would have not been executed at all, in which case the Dealer is entitled to divide the benefits and obligations proportionally.

4. Dealing with the Information in Relation to Execution of Orders

- 4.1. If any substantial difficulties occur during processing of the Client's Order, the Dealer will inform the Client of these difficulties immediately.
- 4.2. The Client asks the Dealer not to publish the Client's Limit Orders in relation to the Investment Instruments accepted for trading in the regulated markets having their registered office in the Member State of the European Union which are not immediately executed or transferred to the regulated market due to the currently prevailing market conditions, unless otherwise explicitly instructed by the Client at the moment of submitting the Limit Order.

5. Best Execution of Orders for the Provision of Transaction

- 5.1. The Dealer adopted the policy which should lead to achieving the best possible result for the Client.
- 5.2. When applying the Execution Policy the Dealer will take into account the factors which are relevant with respect to the purpose of the execution of the Order for the Provision of Transaction. It will mainly consider the price of the Investment Instrument, related costs, speed, probability of execution of the Order for the Provision of Transaction, volume of the requested transaction and conditions of settlement thereof.
- 5.3. When determining which factors are relevant for the execution of Orders for the Provision of Transaction, the Dealer considers the following criteria:
 - a) classification of the Client, i.e. whether the Client is a Professional Client or a Retail Client;
 - b) nature of the Client's Order for the Provision of Transaction;
 - c) type of the Investment Instrument to which the Order for the Provision of Transaction relates;
 - d) nature of a Trading Venue where the Order for the Provision of Transaction is to be executed.
- 5.4. When the Dealer executes the Order for the Provision of Transaction submitted by a Retail Client, the Dealer shall take into account the price of the Investment Instrument and the costs associated with the execution of the Order for the Provision of Transaction, including all charges related therewith.
- 5.5. When executing the Order for the Provision of Transaction submitted by a Professional Client, the Dealer shall take into account own judgment and the intention of the Professional Client, such as speed and probability of execution of the Order for the Provision of Transaction.
- 5.6. The Dealer considers the price achievable at the Trading Venue and the costs of execution of the Order for the Provision of Transaction to be relatively the most relevant factor. This, however, does not prevent the Dealer, when executing Orders for the Provision of Transaction, from preferring other factors, such as speed, probability of execution and settlement, volume and type of the Order for the Provision of Transaction, liquidity of the respective Investment Instrument and other factors relevant for achieving the best possible result for the Client with respect to the available information on the current situation prevailing in the investment instrument markets.

6. Trading Venues and Selection Thereof

- 6.1. The Dealer shall select for the execution of the Order for the Provision of Transaction such Trading Venue which will enable the Order for the Provision of the Client's Transaction to be executed under the best conditions. When selecting the particular Trading Venue, the Dealer shall take into account the respective Investment Instrument, its specifics and the specifics of the respective Trading Venue. If the Order for the Provision of Transaction is to be executed

as soon as possible, the Dealer will select the Trading Venue from the venues which are open at the time of receipt of the Order for the Provision of Transaction.

- 6.2. If the respective Investment Instrument is traded at more Trading Venues, the Dealer will prefer the Trading Venue with the highest liquidity, while also taking into account where and in which currency the transaction is to be settled. If the venues for execution of the Order for the Provision of Transaction are comparable, the Dealer shall take into account only the costs of execution of the Order for the Provision of Transaction at each venue, including its commission.
- 6.3. As soon as the Trading Venue is selected, the Order for the Provision of Transaction will be transferred to the venue where it will stay until the execution or partial execution thereof or until the expiration of its validity or cancellation of the Order for the Provision of Transaction.
- 6.4. In accordance with the Execution Policy the Dealer executes the Orders for the Provision of Transaction by one of the following methods or the combination thereof:
 - a) Order for the Provision of the Client's Transaction may be executed directly in a Regulated Market or in a Multilateral Trading Facility. In case the Dealer is not a direct member of the respective Regulated Market or the Multilateral Trading Facility, it is entitled to enter the Regulated Market or the Multilateral Trading Facility through a third person which may be e.g. a participant in the Regulated Market or a participant in the Multilateral Trading Facility in order to execute the Order for the Provision of Transaction.
 - b) The Order for the Provision of Transaction may be transferred to another securities dealer or another suitable entity which is a member of the same financial group as the Dealer. In such case the Dealer will verify whether such dealer has implemented and applies the measures which will enable the Dealer to act in accordance with the present Execution Policy. In other case the Dealer will determine the Trading Venue and provide the dealer with further instructions how to duly proceed. The Dealer is not, however, obliged to evaluate the execution policy of other investment instrument dealer, when providing the investment service pursuant to Article 1.3 hereof;
 - c) Upon a Client's previous explicit consent the Dealer may execute the Order for the Provision of Transaction outside a Regulated Market or a Multilateral Trading Facility, while complying with the Execution Policy;
 - d) In case of collective investment securities the Order may be transferred for execution to an authorized transfer agent.
- 6.5. The list of Trading Venues is available at the website www.ppfbanka.cz.

7. Rejection, Non-Recommendation of Execution of Order

- 7.1. Based on the information provided by the Client in the Investment Questionnaire and the Client's requirements regarding the investment service/method of provision thereof/ and the investment instrument which should be the subject of such service, the Dealer may assess the

Order for the Provision of Transaction required by the Client as not corresponding with the Client's professional knowledge and experience or as unsuitable for the Client (with respect to the Client's professional knowledge, experience, financial background and financial targets). If the Client rejects to provide the requested information or the information provided by the Client is insufficient or incomplete, the Dealer will not be able to assess the Order for the Provision of Transaction as an adequate or suitable for the Client. Following the assessment the Dealer will inform the Client on not recommending or rejecting the Order for the Provision of Transaction.

- 7.2. When the Order for the Provision of Transaction is not recommended for execution, the Client may ask the Dealer explicitly to execute the respective Order for the Provision of Transaction. In such case the Dealer is, however, released of liability for provision of investment service which is not adequate to the Client's knowledge and experience pursuant to the respective provisions of the Act on Undertaking on Capital Market.
- 7.3. If the Order for the Provision of Transaction is rejected, the Dealer cannot execute the required Order for the Provision of Transaction, not even when explicitly asked by the Client to do so, as the execution of such Order for the Provision of Transaction would constitute a breach of the Dealer's obligations imposed upon it by the respective provisions of the Act on Undertaking on Capital Market.

8. Execution Only Mode

- 8.1. If the Dealer provides a Direct Investment Service (i.e. accepting and transferring of orders related to Non-Complex Investment Instruments*, or execution of orders related to Non-Complex Investment Instruments on the Client's account), or, as the case may be, additional investment services related to it, upon the Client's request and such services relates only to a Non-Complex Investment Instrument, the Dealer is not required to ask the Dealer for information about his/her professional knowledge and/or experience in investing.
- 8.2. In Execution Only Mode the scope of Client's protection provided by the Dealer is limited.
- 8.3. In the Execution Only Mode the Dealer neither provides the Client with any consultancy services nor evaluates adequacy and suitability of the Direct Investment Service with respect to knowledge, experience or financial background and investment targets.
- 8.4. In the Execution Only Mode the Dealer is not liable to any extent for the executed transaction (results, conclusions, and consequences) and the liability is fully born by the Client.

9. Client's Explicit Instruction

- 9.1. When executing orders the Dealer shall take into account the factors described in Article 5.2 above, considering the criteria stipulated in 5.3 hereof. If, however, the Client in its Order for the Provision of Transaction explicitly instructs the Dealer otherwise, the Dealer will execute the Order for the Provision of Transaction according to the Client's specific instruction.

10. Monitoring and Regular Assessment of the Effects of the Execution Policy

- 10.1. The Dealer regularly assesses whether the Execution Policy is effective and whether it actually leads to the Order for the Provision of the Client's Transaction being executed under the best conditions. All and any shortcomings will be removed without undue delay.
- 10.2. The Dealer assesses the Execution Policy and related procedures at least once a year. The Dealer informs its Clients of any material change in the Execution Policy as described in the Investment Instrument Terms and Conditions. The last version of the Execution Policy is available at the website www.ppfbanka.cz.

11. Approvals of a Client and Reporting about the Execution of Order

- 11.1. Before an Order for the Provision of Transaction is executed, the Dealer shall obtain the Client's approval of the present Execution Policy.
- 11.2. When accepting this Execution Policy, the Client acknowledges that an Order for the Provision of Transaction containing an explicit specific instruction may lead to the Dealer not being able to proceed in accordance therewith.
- 11.3. The Dealer fulfills his reporting duty in accordance with the applicable legal regulations and contractual documents in the manner specified in the Investment Services Terms and Conditions.
- 11.4. Before an Order for the Provision of Transaction is executed outside a Regulated Market or a Multilateral Trading Facility, the Dealer will obtain the Client's approval of such procedure.
- 11.5. The Client is further entitled to ask the Dealer as regards the particular Order for the information whether it has been or is being executed in accordance with herewith.

*Non-Complex Investment Instrument is defined in Section 15k par. 2 of the Act on Undertaking on Capital Market.