

## ORDER EXECUTION POLICY

### 1. Purpose of the policy

- 1.1. In compliance with the Directive 2014/65/EU (MiFID II) of the European Parliament and of the Council the investment companies have to adopt all adequate measures which would help them achieve the best possible result for their Clients at the execution of orders. These measures have to be in line with the provision of MiFID II and Commission Delegated Regulation (EU) 2017/565 documented in the Strategy on the best execution of orders. The Strategy on the best execution of orders is valid for the Clients who, according to MiFID II, are ranked among the non-professional and professional Clients and for financial instruments falling into the extent of this Directive. In case the Client does not provide a concrete order, Finax, o.c.p., a.s. (hereinafter only referred to as the "Broker") tries to execute the orders in compliance with this Strategy.

### 2. Best order execution approach (Best Execution)

#### 2.1 Elements of the best order execution manners

Execution of orders can be influenced by several factors (e.g. price, costs, speed, probability of the execution and settlement, size, nature, or another topic that is important at the execution of the order). The Broker considers the following criteria when setting the relative importance of the individual factors:

- a) the features of the Clients, including ranking the Client among non-professional or professional Clients;
- b) the features of the Client's order;
- c) category of financial instruments;
- d) the features of the execution venues, where this order can be sent.

With non-professional Clients, the best result is assigned based on consideration of all conditions that arise from the price of the financial instrument and of all costs related to the execution of the order, in particular transaction fees, clearing and settlement fees, and fees paid to third parties involved in the execution of the order.

In general, with professional Clients, factors like price and costs also play a rather important role to achieve the best possible result of the orders assigned by this type of Client.

The following factors are considered in further order: the probability of execution and settlement, the speed of execution of the order, the nature and size of the order.

The Broker is authorized, in the case of the Client, his orders, financial instruments, or execution venues, or in the case of providing a portfolio management service, to assign the highest priority to criteria other than price and costs, based on its own judgment, to reach the best possible result of execution. In such a case, the Broker shall proceed by evaluating the factors in the following order: the nature and size of the order, the probability of

execution, the price of the financial instrument, and other relevant factors, but the best outcome shall be determined in terms of the price and cost of executing the trades (execution venue fees, clearing and settlement fees, as well as fees to third parties involved in order execution).

In cases when the Broker executes orders of the Client in relation to financial instruments traded solely on OTC markets, he uses the probability of execution and settlement of this order as the priority criteria. In such a case the Broker, after having received the order related to financial instruments traded on OTC markets and after having acquired the approval of the Client with the execution of this order on OTC markets, shall secure immediate execution of the order of the Client based on criteria of the probability of execution and settlement of the order.

If circumstances occur under which other factors are important when executing orders of non-professional or professional Clients (e.g. orders exceeding the standard size of the market and order for non-liquid instruments), the Broker is authorized, based on its own judgment, to execute the orders based on other factors that, according to the Broker, will lead to securing the best interests of the Client. The Broker is not responsible for the non-execution of the order of the Client or for the non-execution of maximum efforts for securing the duties resulting from this Strategy in case the execution or settlement is not realized due to violation of the Client's obligations.

In compliance with this Strategy, comparison of results acquired based on applying this Strategy with results that could be reached on behalf of the Client by another financial institution based on applying this Strategy by execution of orders of this company or based on other structure of fees and commissions will not be deemed as evaluation of best possible results.

### **Execution of orders within the Broker's internal matching systems when managing the portfolio (outside of a trading venue)**

The Broker may execute trades by matching orders between individual portfolios under the Broker's management and custody and subsequently settle them within the internalisation of settlement in the Broker's systems. Order matching and execution within the Broker's internal systems occurs when there are trades (purchases and sales) relating to the same financial instrument within two or more portfolios. Such trade execution through internal matching pursues the best possible outcome for the Client.

The Broker uses matching in internal systems to reduce the overall cost of trading and does not charge any additional fees.

Taking into account the type of financial instrument, the Broker may use, for example, the following benchmarks in order to determine the matching price: the average volume-weighted price achieved in an exchange trade, the quoted mid-market price, the closing market price. The Broker will predominantly use the volume-weighted average price achieved in an exchange trade to ensure equal treatment of clients.

There is operational risk associated with the execution and settlement of orders within the Broker's internal systems and risk arising from the possible mismanagement of financial instruments held. The Broker has adopted mechanisms within its internal systems as well as a four-eyes control system in order to eliminate this risk.

## 2.2 Execution Venues

The list of Execution Venues that the Broker uses for individual financial instruments is published in article 7. The list of Execution Venues is not comprehensive but it contains Execution Venues that the Broker stresses when executing the orders of the Clients in line with this Strategy. At the same time, the Broker reserves the right that in cases in which he finds it suitable in relation to the execution of this Strategy, he adds or removes a concrete Execution Venue. The list of Execution Venues for individual financial instruments will be revalued and updated by the Broker regularly with the purpose to identify such Execution Venues, by which the Broker can permanently get the best possible result of order execution.

The Broker will update the list of Execution Venues, while the Broker is not obliged to inform the Clients about changes executed in the list of Execution Venues. Due to this reason, the Broker advises the Clients to follow the actual list of Execution Venues that shall be continuously updated. The Broker can, under certain circumstances, use Execution Venues that are not indicated in the list of Execution Venues, e.g. at execution of the order of instrument unusual to the Broker. The Broker will evaluate regularly whether the best possible result for the Client is secured by the Execution Venues indicated in the Order Execution Policy or whether it is not necessary to execute changes in the executive mechanisms.

When selecting an execution venue, the Broker shall take into account, in particular, the liquidity of the execution venue and costs.

In relation to the routing of orders to a particular trading venue or execution venue, the Broker must not accept monetary or non-monetary benefits that would violate its obligations regarding the management of conflicts of interest and the acceptance of monetary or non-monetary benefits.

## 2.3 Execution of order

The Broker executes this order in compliance with this Strategy based on one of the following methods or by their combination.

- a) The order can be executed directly in the selected regulated market or a multilateral trading facility (MTF) or an organized trading facility (OTF). In case the Broker is not a direct member of the relevant market or MTF or OTF, the Broker can transfer the order to a third market participant at whom he applies mechanisms for the execution of orders on this regulated market or MTF or OTF.

- b) Execution of the order can be transferred to another investment company or Broker, while the Broker shall assign the final Place of execution and he shall provide sufficient order to other investment company or Broker or he shall secure them in a way that the investment company or the Broker have valid mechanisms that make it possible to the Broker to keep to his strategy on the execution of orders.
- c) An order from the list of financial instruments can be executed outside the regulated market or MTF or OTF (if the execution of the order is not subject to a trading obligation). However, to execute an order from the list of financial instruments outside the regulated market or MTF or OTF, the Broker has to get prior approval from the Client. The execution of an order on an OTC venue may, for example, result in a risk of counterparty default arising from the execution of an order outside of a trading venue. Upon the Client's request, the Broker will provide further information on the implications of this method of execution. In case the Client has assigned a concrete order, the contracting parties have agreed that neither these principles nor their parts can be applied.

## 2.4 Concrete instructions

In case the Client assigns concrete instructions for execution of the order, e.g. he assigns the place of execution, the Broker executes this order in compliance with the concrete instructions and he shall consider all adopted adequate measures for reaching the best possible execution of this order in terms of this concrete instruction.

In the case of specific instructions of the Client, the Client takes notice of the fact that a specific instruction of the Client can prohibit the Broker from adopting measures that were proposed by the company and have been implemented in its strategy to reach the best possible result at execution of these orders considering particularly the elements contained in these orders. If the Client issues a specific instruction regarding an order or its specific nature, the Broker is obliged to execute the order following that specific instruction. Such action shall be deemed to be in fulfilment of the obligation to obtain the best possible result for the Client.

Client instructions may contain additional conditions for their execution, provided that they do not conflict with specific rules and regulations for the execution of transactions.

## 2.5 Order transmitting strategy

When the Broker receives the Client order and transmits the order to another party (e.g. another broker) for execution, the Broker is obliged to guarantee all necessary measures to provide the best execution for the Client. The Broker transmits the Client orders only to those third parties, that enforce execution strategy in line with the best execution policy. This strategy enables the Broker to follow his duties according to the law, whilst executing orders and transmitting orders to other parties for execution. These third parties are mentioned under the section List of execution venues.

## 2.6 Order allocation and aggregation

The Broker shall ensure that orders executed on behalf of Clients are promptly and accurately recorded and allocated. Orders shall be executed in the order in which they are received, except when:

- (a) the terms of the order specified by the Client state otherwise; or
- (b) the characteristics of the Client's order or prevailing market conditions do not permit it; or
- (c) the Client's interest requires a different method of execution.

The Broker shall inform the non-professional client of any substantial difficulties relating to the proper execution of orders as soon as they are identified.

Client orders or transactions for own account may only be aggregated with the orders of another Client if the aggregation of orders and transactions is not likely to be overall disadvantageous to any of the Clients whose orders are to be aggregated, and if an order allocation policy that ensures fair allocation of aggregated orders and transactions, including the way in which the volume and price of orders determine allocations and the treatment of partial executions of orders, is in place and effectively implemented. Notwithstanding the foregoing, the effect of the aggregation in relation to a particular order may be to the Client's detriment.

When managing portfolios, the Broker aggregates client orders as follows:

- algorithm reviews the clients' objectives and generates individual orders in accordance with the strategy of the investment account,
- the algorithm aggregates equivalent orders,
- orders are executed according to the terms of the best order execution method,
- transactions are recorded in the client's account.

## 3. Best execution based on the category of financial instruments

The principles described in this Strategy do not limit the Broker in his actions unless he would consider that such actions would not lead to the execution of an order with the purpose of reaching the best possible result for the Client. Under such extraordinary circumstances, the Broker tries to execute orders as profitably as possible under standard conditions.

### 3.1 Stocks/ETP (ETF, ETC, ETN)

The Broker considers whether the most liquid market provides the best possible general conditions in the field of prices and costs.

### 3.2 Bonds / money market instruments

The Broker will transfer the orders for bonds and for money market instruments on the domestic market under the condition that reasonably high liquidity is secured for such an

instrument in the given place. In case the Broker concludes that no place of execution meets the criteria set internally for sufficient liquidity, the order shall be executed outside the regulated market or MTF or OTF.

#### **4. Monitoring and updating**

- 4.1 The Broker will follow the effectiveness of the mechanisms for the execution of orders and own strategy to find out and in case of need to remove any shortness. For example, the Broker shall regularly evaluate whether the best possible result for the Client is secured by the execution venues indicated in the Strategy for the execution of orders or whether it is not necessary to execute changes in executive mechanisms. The Broker shall inform the Client about all serious changes related to mechanisms for the execution of orders or strategy by posting them on its website <https://www.finax.eu/en/legislation>.
- 4.2 The Broker shall review the Order Execution Policy at least once a year. Such review shall also be conducted whenever there is a substantial change that affects the Broker's ability to secure the best possible result for its clients when directing orders for execution to other entities or when executing client orders at the execution venues included in the Strategy. A substantial change is a significant event that could affect the parameters of the best execution, such as cost, price, speed, probability of execution and settlement, size, nature, or any other aspect relating to the execution of an order.

#### **5. General consent of the Client**

- 5.1 The Client's consent is required if the Broker internalizes orders or executes the orders outside the regulated market or MTF or OTF. Prior consent of the Client is also required in some cases when limit orders in quoted stocks are not published. In terms of MiFID II, the Broker is obliged to provide its clients with information about the Order Execution Policy, and, at the same time, it is obliged to get the Client's consent to the Order Execution Policy before providing the investment service. The said consents are granted by the Client when concluding a contract with the Broker (in the case of portfolio management service provision, this can be found in Article 6 of the Discretionary Portfolio Management Agreement).

#### **6. Confirmation of best execution**

- 6.1 The Client is authorized to ask the Broker for confirmation that his orders were executed in line with this Strategy about the best execution of orders.

#### **7 List of Execution Venues**

- 7.1 The List of the Execution Venues includes the execution venues which permanently enable the Broker to obtain the best possible result in the realization of the Client's orders. In case of a change in the list of execution venues of investment services, the list will be updated.

- 7.2 In the realization of a Client`s order, the Broker reserves the right to use any other execution venues in addition to the venues mentioned in this list in case it concludes that it complies with the purpose of the achievement of the best possible result of performance for the Client.
- 7.3 The Broker reserves the right to remove any execution venue from the list.
- 7.4 The Broker shall not be obliged to inform the Client of the changes in the list of the execution venue of service. The list of execution venues is updated at [www.finax.eu/en](http://www.finax.eu/en).
- 7.5 The Broker may ensure the execution of the Clients` orders directly or through the approved contracting counterparties – third persons.

**7.6 Execution Venues:**

American Stock Exchange	NASDAQ Stock Market
Bolsa de Madrid	New York Stock Exchange
Borsa Italiana	OMX Nordic Exchange - Stockholm
Budapest Stock Exchange	Prague Stock Exchange
Bucharest Stock Exchange	RTS
Bulgarian Stock Exchange – Sofia	Stuttgart Stock Exchange
Burza cenných papierov Bratislava	Swedish Stock Exchange
Deutsche Börse (XETRA)	Swiss Exchange
EUREX	Toronto Stock Exchange
Euronext	Turquoise
Frankfurt Stock Exchange	Vienna Stock Exchange
CHI-X Europe LTD	VIRT-X
Ljubljana Stock Exchange	Warsaw Stock Exchange
London Stock Exchange	Zagreb Stock Exchange
MICEX	

- 7.7 Finax, o.c.p., a.s. executes the Clients` orders through the below listed third persons:

KBC BANK NV/SA

AK JENSEN LIMITED

The Broker is obliged to publish a list of the top five execution venues in terms of trading volumes and information on the quality of order execution attained on its website <https://www.finax.eu/en/legislation> once a year.

Upon reasonable request of a Client, the Broker shall provide its clients with information on the entities to which it has directed or submitted orders for execution.

## 8. Final provisions

- 8.1 This Order Execution Policy was approved by the Board of Directors of the Broker on 5 January 2024.
- 8.2 The Order Execution Policy was published on 13.02.2024.

## Summary of the Order Execution Policy

- *The best order execution method*

For retail clients, the best order execution method will be determined based on price and cost. The Broker may assign a higher priority to criteria other than price and cost in order to achieve the best possible execution result.

- *Place of execution*

The Broker transmits orders to third parties that have access to trading venues:

KBC BANK NV/SA

AK JENSEN LIMITED

- *Internal matching and trade execution conducted within portfolio management*

As a part of portfolio management activities, the Broker executes and matches orders in its internal system.

- *Aggregating orders*

When managing the portfolio, the Broker matches client orders as follows:

- algorithm reviews the clients' objectives and generates individual orders in accordance with the strategy of the investment account,
- the algorithm aggregates equivalent orders,
- orders are executed according to the terms of the best order execution method,
- transactions are recorded in the client's account.

- *Specific instructions*

If the Client gives a specific instruction regarding an order or its specific nature (if the nature of the service provided by the Broker allows it), the Broker is obliged to execute the order in accordance with this specific instruction. Such action shall be deemed to be in fulfilment of the obligation to obtain the best possible result for the Client.

- *Monitoring*

The Broker shall review the Order Execution Policy at least once a year. The Broker shall notify the Client of any material changes to the order execution mechanisms or strategy by posting them on its website [www.finax.eu/en/legislation](http://www.finax.eu/en/legislation).