

## ORDER EXECUTION PROCEDURE FOR FINANCIAL INSTRUMENTS

### I. GENERAL PROVISIONS

**1.1.** *Order Execution Procedure for Financial Instruments* (hereinafter – **Procedure**) regulates the provisions, conditions and requirements, which, in order to ensure the best result for clients, Šiaulių bankas AB (hereinafter referred to as the Bank) complies to in executing or transmitting orders from non-professional, professional or eligible counterparty clients for financial instruments.

**1.2.** The Procedure has been prepared in accordance with the *Law on Markets in Financial Instruments of the Republic of Lithuania* (hereinafter - **the Law**), *Commission Delegated Regulation (EU) 2017/565 of 25th April 2016* and other legal acts and guidelines of supervisory authorities regulating the market of financial instruments.

**1.3.** The Procedure complies with the Order Execution Policy, as provided for in the Law and other implementing legal acts, but based on the Procedure for the Preparation of Internal Legal Acts approved by the Bank's Board, in the context of the Bank's internal documents, this document is assigned to the competence of the Bank's Board, therefore it is called the Procedure.

**1.4.** The client is introduced to this Procedure before starting business relations with the Bank. The Client also confirms that he has familiarized with this Procedure and agrees to comply with it by submitting an order to the Bank.

**1.5.** A summary of the Procedure, intended specifically for non-professional Clients, is provided on the Bank's website.

### II. USED DEFINITIONS

**2.1. Multilateral Trading System** (hereinafter – **MTS**) - a multilateral system administered by a financial brokerage firm or a market operator, in which the intentions of third parties to buy and sell financial instruments, which lead to the execution of transactions on financial instruments, are coordinated according to rules that prevent arbitrary action.

**2.2. Financial Instrument** (hereinafter - **FI**) – is understood as defined in the Law.

**2.3. Client** - a natural person or legal entity, another organization or its division, and/or an entity that submits order to the Bank for FI or intends to perform operations with FI at the Bank.

**2.4. Agreement on the Provision of Investment Services** (hereinafter - **the Agreement**) - the agreement concluded by the Bank and the Client on the provision of investment services and the annexes to that Agreement.

**2.5. Organized Trading System** (hereinafter - **OTS**) - a multilateral system, which is not a regulated market or an MTS, and in which the intentions of third parties to buy and sell bonds and other FI are coordinated multilaterally in order to execute transactions.

**2.6. Order** - Client's instruction to perform a purchase, sale, transfer or exchange operation of FI. The client can also submit an instruction to no longer execute the previously submitted Order, i.e. cancel the Order.

**2.7. Order Execution Venue** is understood as the Regulated market, MTS, OTS, a financial brokerage company carrying out systematic trading, a market maker or another entity supporting FI liquidity. Order execution venues, where the Bank executes Client Orders, are listed in Appendix 1 of the Procedure.

**2.8. Regulated Market** - a continuously operating multilateral licensed system managed and/or administered by a market operator, in which, according to non-discretionary rules, it is facilitated or compatible with the intentions of third parties to buy or sell FIs, resulting in transactions in FIs that are admitted to trading in this system and ( or) which are traded according to the rules of the system.

**2.9. Trading Venue** - Regulated market, MTS or OTS.

**2.10. A Financial Brokerage Firm Engaged in Systematic Trading** means a financial brokerage firm that, when executing client orders outside the Regulated Market, DPS or OPS, conducts organized, frequent, systematic and large-scale transactions on its own account, but does not act as an operator of a multilateral system. The criteria of frequency, systematicity and large scale according to individual FI classes are set in *Commission Delegated Regulation (EU) 2017/565 of 04/25/2016*.

**2.11. Securities Financing Transaction** (hereinafter - **SFT**) - in this Procedure, it is considered a FI repurchase (repo) transaction, i.e. a repurchase transaction executed between the Bank and the Client, by which the Client sells FIs to Bank on the agreed date for the agreed price and undertakes to repurchase FIs on the end of the transaction for the value stipulated in the confirmation document for the conclusion of such a transaction.

**2.12.** Other concepts used in the Procedure are understood as they are defined in the Law.

### III. ACCEPTANCE, REGISTRATION AND EXECUTION OF ORDERS

**3.1.** The Bank only accepts Orders submitted by Clients, if the Orders submitted to the Bank are submitted in the manner agreed with the Client, and the Order form corresponds to the one established by the Bank.

**3.2.** The Client's Orders are submitted to the Bank through i) the Bank's online securities trading platform (hereinafter - **the Platform**), which is accessed via Internet Bank, ii) in writing at the Bank's office, iii) via the Bank's e-mail specified by the Bank, iv) in non-written form - by telephone or v) in another manner acceptable to the Bank.

**3.3.** When the Client submits an Order to the Bank by phone or in another non-written form, as well as by e-mail or via the Platform, the Bank's conversations with the Client are recorded, and electronic communication with the Client is stored in accordance with the procedure established in the Bank's internal documents.

**3.4.** The Client must submit the order to transfer FIs to another financial intermediary to the Bank in writing at the Bank's office or send a signed order by e-mail. The Order

to transfer FIs to/from the account of another financial intermediary submitted to the Bank may also need to be submitted to the receiving/issuing financial intermediary, if the latter requires it.

**3.5.** The Client is informed about the Order submitted to the Bank's employee, except for the Order submitted via the Platform, by sending an immediate confirmation by e-mail, when the Client has chosen this method of notification and provided the Bank with his e-mail address. The status of the Order submitted through the Platform is available in the Client's Internet Bank.

**3.6.** Orders are executed or transmitted for execution immediately, but no later than by the end of the working hours of the Bank's central headquarters on the following day, according to the conditions set out in the Client's Order or Agreement.

**3.7.** The Bank executes the Client's Order in accordance with the conditions specified in the Order. A deviation from them is possible if, in the event of certain circumstances, it is necessary to protect the interests of the Client, and the Bank could not hear from the Client in advance or did not receive an answer to its inquiry within a reasonable period of time. In such a case, the Bank immediately informs the Client in one of the ways specified in clause 3.3 of the Procedure that the Order was executed under conditions other than those specified in the Order and, upon the Client's request, provides related documents and/or information confirming the need to change the terms of execution of the Client's Order.

**3.8.** In the event of a situation where the Bank cannot start executing the Client's Order due to certain obstacles, or the Order cannot be executed within a reasonable time due to unfavorable market conditions (significant price drop, lack of supply/demand, etc.), the Bank informs the Client and seeks to obtain the Client's instructions, what further action to take regarding the Order. This provision does not apply to Orders submitted by the Client via the Platform.

**3.9.** The Bank does not execute the Client's Order if the Client's investment account with the Bank has insufficient funds or FIs, except for the cases provided for in the Agreement.

#### **IV. CONTENT OF THE ORDER**

**4.1.** the Order submitted to the Bank must contain the details of FI, Trading Venue, type of operation (buy, sell, swap, transfer, cancel, etc.), FI quantity, FI price and the validity condition of the Order.

**4.2.** The Bank has the right to refuse to accept the Client Order if the information specified in the Order is incomplete, the Order is submitted in a manner not foreseen in clause 3.2 of this Procedure or without complying with other conditions set out in the Agreement, requirements of legal acts or good market practice, or the execution of which is impossible.

**4.3.** The Client may specify the price of the FI in the Order as:

**4.3.1.** Limit price (hereafter – LP) - the Order is executed at a fixed price (the specific price of the Order execution is specified in the Order). The Order may be executed at a lower price than indicated in the Order - i.e. in the event of a favorable market situation, the

Order may be executed at a lower price in case of purchase and in case of a higher selling price;

**4.3.2.** Limit price at the discretion of the broker (hereinafter – TO) - the Order is executed taking into account market conditions, possibly splitting the order into parts, up to the limit price specified by the Client (only when submitting the Order to Bank employees, not via the Platform);

**4.3.3.** Limit on Open (LOO) - the Order is submitted at the marginal price to the closest opening auction and expires at the end of the auction;

**4.3.4.** Limit on Close (LOC) - the Order is submitted at the marginal price to the closest closing auction and expires at the end of the auction;

**4.3.5.** Market price (hereinafter – MP) – the order is executed immediately under market conditions (no specific price is specified in the order). At the same time, one of the execution conditions must be specified - FOK ("Fill or Kill") or IOC ("Immediate or Cancel"). The FOK clause means that the Order is executed only if it can be executed immediately in full. Otherwise, the Order is automatically cancelled. IOC means that the Order is executed only if it can be executed immediately in full or in part (minimum execution quantity can be specified). The unfulfilled part of the Order is automatically cancelled;

**4.3.6.** Market on Open (MOO) - the Order is placed at the market price at the closest opening auction and expires at the end of the auction. MOO price is possible only with sell Orders;

**4.3.7.** Market on Close (MOC) – the Order is placed at the market price at the closest closing auction and expires at the end of the auction. MOC price is possible only with sell Orders;

**4.3.8.** FI price options listed in the clauses 4.3.3 - 4.3.7 of the Procedure are available only at those Order execution venues where the Bank has a membership (Baltic Stock Exchanges); listed in the clauses 4.3.1 - 4.3.2 – are available at all Order execution venues.

**4.4.** The Client can specify the Order validity condition as:

**4.4.1.** day Order - The Order is valid until the end of the trading day;

**4.4.2.** until a certain date (Good Till Date - GTD) - The Order is valid until the specified date;

**4.4.3.** until a certain time (Good Till Time - GTT) - The Order is valid until the specified time on that trading day;

**4.4.4.** until cancellation (Good Till Cancel - GTC) - The Order is valid until it is canceled by the Client or the trading system due to certain circumstances;

**4.4.5.** in the opening auction - The Order is valid only in the opening auction;

**4.4.6.** in the closing auction - The Order is valid only in the closing auction.

**4.4.7.** Choices of Order validity conditions listed in the clauses 4.4.2. - 4.4.6 of the Procedure are available only in the Baltic stock exchanges; listed in the clauses 4.4.1 – are available in all exchanges. The options specified in the clause 4.4.1 of the Procedure may be applied to Client Orders submitted to the Bank employees, not through via platform).

**4.5.** The Client may specify additional conditions in the Order (within Baltic Stock Exchanges only):

**4.5.1.** Publicly displayed quantity, i.e. the part of the Order that will be displayed publicly in the market without revealing the total amount of the Order. There may be restrictions imposed by exchanges on the amount of publicly displayed quantity, which will accordingly affect the features of Order execution;

**4.5.2.** Imbalance Order (IOOP) - the Order placed at the opening auction and designed to balance the market. Orders of this type do not participate in determining the auction rate, but only fills supply and demand mismatch, i.e. if demand exceeds the supply, only sell balancing Orders will be executed to the extent that it does not exceed the difference in demand and supply. Orders of this type have time priority only over other balancing Orders;

**4.5.3.** Imbalance Order (IOOC) – The order is submitted for the closing auction and is intended to balance the market. Orders of this type do not participate in determining the auction rate, but only fills the gap between supply and demand, i.e. if demand is greater than supply, only sell balancing Orders will be executed and only in such a volume that does not exceed the difference between demand and supply. Orders of this type have time priority only over other balancing Orders.

**4.6.** The Order to transfer FIs to/from another financial intermediary and the Order when the transaction is settled via third party, must specify the exact settlement information of the other party.

## V. ORDER EXECUTION ON THE BEST TERMS

**5.1.** The Bank is bound by legislation and always strives to act honestly, correctly and professionally, taking into account the best interests of the Clients. When executing Client Orders, the Bank takes all sufficient steps to continuously achieve the best possible result for Clients.

**5.2.** However, although the measures defined in this Procedure should usually ensure the best results for the Bank Clients, the Bank objectively cannot guarantee that in each specific case and taking into account the specific circumstances such results will be achieved in the execution of each Order. In addition, the best possible result of Order execution may be different, since the Bank, as specified in this Procedure, must take into account a number of various execution factors and determine their relative importance, assessing the characteristics of the Clients, the Orders received and the markets in which the Bank, or the intermediaries used by the Bank, act.

**5.3.** In order to execute Client Orders under the best conditions, the Bank is guided by the Order execution conditions and their conditional significance set out in Chapter VI of the Procedure.

**5.4.** When the Bank acts as a party to the transaction and undertakes the risk of the transaction, the requirement to execute Orders under the best conditions for the Client does not apply, except in cases where, when executing the transaction, the Client

expects (*legitimate reliance*) that the Bank will ensure the protection of the Client's interests.

**5.5.** The Bank, in order to assess whether the Bank can be considered a party to the transaction for the Client at the time of execution of the transaction, as well as to determine whether the Order will be executed in order to achieve the best result for the Client, follows the four fold test of the European Commission, and evaluates below specified criteria:

**5.5.1.** Party initiating the transaction. If the transaction is initiated by the Client, it is less likely that the Client expects that the Bank will act to ensure the best result of the Order execution for the Client. For example, it is likely that the Order execution under the best conditions for the Client does not have to be ensured if the price of the derivative FI is indicated to the Client at his request (RFQ) or in other relevant cases or taking into account the test specified in this part of the Procedure;

**5.5.2.** Normal market practice. In certain markets, e.g. bond markets, the Clients can rely on various alternative sources of information and check the price offers of at least several financial intermediaries (shopping around), so for this reason it is less likely that the Client in such circumstances will expect the Bank to act to protect the Client's interests and execute the Order in order to achieve the best result for the client;

**5.5.3.** Market transparency. When information about FI prices is public and transparent, and it can be reasonably assumed that the Client has the opportunity to obtain it, as well as in cases where the Client may know additional information that the Bank does not have (e.g. financial intermediaries tend to disclose more information in their clients rather than other financial intermediaries), it is unlikely that the Client will reasonably expect that the Bank will act in order to achieve the best result of the execution of the Order for the Client. In those markets where the Bank has access to prices in the relevant markets and the Client does not, it is more likely that the Client will be inclined to rely on the Bank and expect that the Bank will act to execute the Order under the best conditions for the Client.

**5.5.4.** Information provided by the Bank and the agreements concluded with the Client may affect the execution of Orders under the best conditions, e.g. circumstances may be agreed upon, in the event of which the Bank is not obligated to ensure the best result of the Order execution for the Client.

**5.6.** If none of the conditions specified in clause 5.5 of the Procedure does not oblige the Bank to act in order to achieve the best possible result of the execution of the Order, it is considered that the Bank acts as a counterparty to the Client and, acting honorably, honestly and professionally, has no obligation to ensure the execution of the Order under the best conditions for the Client.

**5.7.** In most cases, when concluding transactions with non-professional Clients and executing their Orders, the Bank will have the obligation to ensure the execution of Orders under the best conditions for the Client.



## VI. TERMS OF ORDER EXECUTION AND THEIR SIGNIFICANCE

**6.1.** When executing Client Orders, the Bank takes all sufficient steps in order to execute the Order under the best conditions for the Client, therefore, taking into account the category of the Client who submitted the Order, assesses the price of FI, the speed of Order execution, the probability of execution and settlement according to the executed Order, the size and nature of the Order, costs, content and other circumstances relevant to the execution of the Order.

**6.2.** If the Client submits a specific instruction to the Bank, for example, to execute the Order at a certain Trading Venue or in a certain way, such instructions of the Client are given priority in relation to the requirements of this Procedure. Therefore, a specific instruction given by the Client may mean that the Bank, in carrying out the Client's instructions, cannot fully or partially comply with this Procedure. However, if the Bank acts according to the relevant instructions (instructions) of the Client, it is considered that the Bank has made every effort to execute the Order under the best conditions for the Client.

**6.3.** The Bank, assessing the significance of the conditions referred to in clause 6.1, takes into account the following criteria:

**6.3.1.** Client-specific characteristics, including its category (non-professional, professional, eligible counterparty);

**6.3.2.** features of the Client Order;

**6.3.3.** characteristics of the FI for which the Order is submitted;

**6.3.4.** characteristics of Order Execution Venues where the Client Order can be executed.

**6.4.** When executing orders, the Bank takes into account many factors, including, but not limited to:

**6.4.1.** total amount of FI price and Order execution costs;

**6.4.2.** Order execution speed is relevant in cases where the FI market price changes rapidly, and the Order execution speed can affect the final FI price. In any case, Orders are executed and transmitted in compliance with the principle of order submission time priority, with the exception of the cases specified in clause 3.9 of the Procedure;

**6.4.3.** Probability of Order execution and settlement – the Bank executes Client Orders at such Order Execution Venues, where there is the highest probability of execution and settlement, and the risk of non-settlement is minimal. The Bank strives to have access to Trading Venues that ensure high liquidity and the ability to execute Client Orders of any size, but there may be markets where, due to liquidity or market practice, the size of the Order may affect the probability of execution of the Order.

**6.5.** When executing an Order of a non-professional Client, determining the best possible result for the Client, the Bank considers the total amount payable by the Client as the main criterion, which consists of the FI price and the costs of Order execution. The cost of Order execution consists of all the costs incurred by the

Client, directly related to the Order execution, including fees of the Order Execution Venue, clearing and settlement fees and all other fees additionally paid by the Client to third parties involved in the Order execution. Other factors specified in clause 6.4 of the Procedure are assessed in cases where, based on them, it is possible to achieve the best result of Order execution for the Client, taking into account the total amount payable by the Client.

**6.6.** In order to ensure that the best possible result is achieved for the Client, when the Order of a non-professional Client is executed in the absence of specific instructions from the Client, the Bank takes into account all the factors on the basis of which it is possible to achieve the best possible result taking into account the total amount consisting of the FI price and the costs related to execution. The speed of execution, probability of execution and settlement, size and nature of the Order, market impact and any other implied transaction costs may be prioritized over the direct price and direct costs if it helps to achieve a better result (in terms of the total amount) for the retail Client. The principles of Order execution and factors based on which the best result for the Client is sought, according to FI classes, are presented in Appex 3.

**6.7.** In order to achieve the best possible result in accordance with clause 6.1 of the Procedure, when the Order can be executed at more than one competing Order Execution Venue, in order to assess and compare the Client's results that would be obtained by executing the Order at each of the Order Execution Venues, in such an assessment, the Bank takes into account the Bank's own commission fee and each from the venues suitable for the Order execution, the costs of execution of the Order.

**6.8.** The Bank strives for the best conditions for the Client even when the Order, in the cases specified in Part IX of the Procedure, is executed outside the Trading Venue.

**6.9.** If, due to settlement or the actions of the Trading Venue operator, the transactions concluded on the market, which the Bank has already approved for the Client, are suspended, changed or canceled, the Client must agree to such actions of the relevant authorities.

## VII. ORDER EXECUTION VENUES AND INTERMEDIARIES

**7.1.** The Bank executes Client Orders at selected Order Execution Venues, which, in the Bank's opinion, ensure the best results for the Client. When choosing Order Execution Venues and intermediaries, the Bank takes into account the technical capabilities of a specific Trading Venue and/or intermediary, FI prices, order execution speed, fees applied by the execution venue, liquidity, settlement conditions, as well as the public nature of transactions carried out at that place of Order execution or with that intermediary published information.

**7.2.** The selection of entities to which the Bank entrusts Order execution is carried out by regularly reviewing the ability of such entities to ensure the

execution of the Client Orders under the best conditions for the Client and to ensure the Bank's ability to fulfill its obligation to execute the Client Orders under the best conditions for the Client, in accordance with the *Procedure of Assessment of Order Execution Venues and Intermediaries* approved by the Bank.

**7.3.** When choosing Order Execution Venue to which the Bank will transmit Order execution, the Bank, in addition to the factors mentioned above, may take into account other factors that are important to the Bank at that time.

**7.4.** In certain cases, the Bank may deviate from the list of Order Execution Venues listed in Annex 1 of this Procedure and execute the Order at other Order Execution Venues or outside the Trading Venue, for example, when the Order execution is not possible at the existing trading venues, with clear instructions from the Client, as well as due to such critical situations such as suspension of trading, cancellation of Orders at a specific place of execution of Orders, collapse of markets, systematic errors, etc., when the Bank may decide that, in order to ensure the best possible result for the Client, it is necessary to execute or transmit his Order in a different way than is usually applied to such FIs and etc. With the prior consent of the Client, the Bank may unsystematically execute Orders at its own expense or enter into transactions with other Clients or other parties.

**7.5.** Order Execution at another Order Execution Venue may have a negative impact on the price of FI, ordinary costs of Order execution, speed of Order execution.

**7.6.** When the Bank accepts an Order for FI traded on the Regulated Market, MTS or OTS, the Bank usually executes the Order at the Trading Venue itself, acting as the Client's representative, or, if the Bank is not a member of the relevant Trading Venue, transmits the Order for execution to another intermediary.

**7.7.** In cases where there are several suitable Order Execution Venues, the possible results that would arise from the execution of the Client Order at each of the Order Execution Venue are assessed and compared, and the most favorable option for the Client is chosen in each specific case.

**7.8.** The Bank does not set or apply commissions in such a way that some Order Execution Venues are privileged or discriminated against others.

**7.9.** Orders for FIs, which are not traded at Trading Venues, are executed by the Bank outside the Trading Venue.

**7.10.** When executing transactions on its own account, the Bank may simultaneously execute transactions with several Clients or contract parties for the same FI. The Bank may also hold significant positions in such FIs and carry out hedging or trading activities that may affect the market.

**7.11.** The Bank acts as a party to the transaction with the Client (executes transactions on its own account) in the course of trading in currency derivatives. In all cases, the Bank has an obligation to the Client to execute the Client Orders under the best conditions for

the Client, except for the situations described in the V section of the Procedure.

**7.12.** The Bank regularly, at least once a year, reviews the quality of Order Execution of the Bank's selected Trading Venues and intermediaries, and also assesses whether there are any new Order Execution Places or intermediaries that are acceptable and suitable for the Bank, which would allow to achieve better Order execution results for the Client.

**7.13.** The Bank annually publishes on its website the five largest Order execution places and intermediaries to whom the Bank entrusts the execution of Client Orders, as well as provides an assessment of the quality of Order execution - a summary of the analysis and conclusions.

**7.14.** The Bank does not accept any reward, discount or non-monetary benefit for transmitting Client Orders for execution to a specific Trading Venue, if this would violate the clauses 5.1.-5.7. of the Procedure or the duty to avoid conflicts of interest.

**7.15.** In cases where the Bank is unable to mediate directly due to the FI specified in the Client Order or is not a member of a specific Regulated Market, the Bank transmits the Client Order to another intermediary selected by the Bank who has the right to provide investment services. The Bank carefully selects intermediaries through which it executes Client Orders, taking into account their reliability, membership in Regulated Markets, professionalism, impeccable reputation, promptness and efficiency of Order execution, and order execution costs. Intermediaries selected by the Bank, to whom the Bank entrusts the execution of Orders to the Order Execution Venues, are presented in Annex 2 of the Procedure.

## VIII. JOINT ORDERS

**8.1.** In cases where the best result for the Client will be achieved by combining the Client Order with the orders of other Bank Clients, including lower cost of Order execution due to the combination and such cases when the uncombined Order could not be executed, the Bank may combine the Client Order with the Orders of other Bank Clients or execute the Order at its own expense, if the Bank can ensure that the Order will be executed under the conditions specified in the Order or better, or if there is no reason to believe that the consolidation of Orders and transactions will have a negative impact on the interests of any of the Clients whose Orders are intended to be combined.

**8.2.** The results of the Consolidated Order are fairly distributed to the Clients and other parties whose Orders were combined. If the joint Order is executed partially, the result of the transactions is distributed to all parties to the transaction fairly and proportionally, giving priority to the Clients' Orders.

## IX. ORDER EXECUTION OUTSIDE TRADING VENUES

**9.1.** Client Orders may also be executed outside Trading Venues with the express prior written consent of the Client. Clients, when establishing contractual relations with the Bank and submitting Orders, are

informed and give their consent to the Bank executing Orders outside the Trading Venue.

**9.2.** Client Orders may be executed outside Trading Venue both when (i) FIs are not permitted to trade or are not traded on a Trading Venue, and (ii) FIs are permitted to trade or are traded on a Trading Venue. In both cases, the Bank has an obligation to the Client to execute the Client Orders under the best conditions for the Client, except for the situations described in Chapter V of the Procedure.

**9.3.** When FIs are allowed to trade or are traded on a Trading Venue, Client orders may be executed outside the Trading Venue only if such execution of Orders ensures the best result for the Client.

**9.4.** When executing Orders outside Trading Venue, the Bank verifies the correctness of the price offered to the Client by collecting market data used to assess the price of such an instrument and, when possible, comparing similar or comparable instruments.

**9.5.** The Client is informed of the following risks related to the Order execution outside the Trading Venue:

**9.5.1.** counterparty risk, where the counterparty may partially or completely fail to execute the transaction;

**9.5.2.** execution at a substantially different price than the quoted price or offer, or the last published price;

**9.5.3.** partial execution of orders or execution of large orders in several transactions at different prices;

**9.5.4.** delay in order execution when the Bank has to look for counterparties or market makers;

**9.5.5.** the next day's opening price may be significantly different from the previous day's closing price (for example, if the Order is executed outside the Trading Venue between two separate trading sessions);

**9.5.6.** incompatibility of purchase and sale prices, making it impossible to execute the Order.

## **X. LIABILITY AND INTERNAL CONTROL**

**10.1.** All divisions, employees and departments mentioned in this Procedure are responsible for the proper execution of the functions specified in the Procedure in a timely manner.

**10.2.** The compliance specialist carries out the control of the implementation of this Procedure in accordance with the Bank's internal legal acts regulating the activities of the compliance function.

## **XI. FINAL PROVISIONS**

**11.1.** The owner of the Procedure is the Markets and Treasury Department, which is responsible for the administration and periodic review of the Procedure.

**11.2.** The Bank constantly monitors the effectiveness of this Procedure and whether Client Orders are executed in a high-quality manner, and if it detects that there are deficiencies, it immediately corrects them. The review must be repeated every time there is a material change that affects the Bank's ability to continue to achieve the best possible result in the execution of Client Orders. If deficiencies or inconsistencies with legal acts are identified, the identified deficiencies must be eliminated by changing and/or supplementing this Procedure, including changes to places of Order execution or intermediaries or introduction of new ones, criteria by which compliance of the Order execution result with the best interests of the Client is assessed, and changes in their relative importance etc.

**11.3.** The Procedure is reviewed when there is a significant change that affects the Bank's ability to use the Trading Venue provided for in the Procedure or when other circumstances change, but at least once a year.

**11.4.** The Procedure and its amendments are published on the Bank's website at [www.sb.lt](http://www.sb.lt).

**11.5.** All changes and updates of the Procedure take effect the day after the date of their publication on the website.

**11.6.** The Procedure is approved, changed and canceled by the the Board of the Bank by its decision.

### **ANNEXES:**

Annex 1. Order Execution Venues.

Annex 2. Intermediaries to whom the Bank transmits Order execution.

Annex 3. Order execution procedure and factors.

**ORDER EXECUTION VENUES**

The table indicates Order Execution Venues where the Bank has a membership or to which the Orders are transmitted via other intermediaries. The Bank, in order to obtain the best results for the Client, may use other Order Execution Venues in accordance with the Procedure.

<b>Order Execution Venues</b>	<b>Financial Instruments</b>
NASDAQ Vilnius Stock Exchange	Equities, Debt securities
NASDAQ Riga Stock Exchange	Equities, Debt securities
NASDAQ Tallinn Stock Exchange	Equities, Debt securities
NASDAQ First North Vilnius MTS	Equities, Debt securities
NASDAQ First North Riga MTS	Equities, Debt securities
NASDAQ First North Tallinn MTS	Equities, Debt securities
BLOOMBERG MTS	Debt securities
The Management companies of the respective collective investment undertaking (hereinafter – CIU) entities and agents of these entities	Units/shares of CIU not traded on the stock exchange (hereinafter – Units of CIU)
Australia Stock Exchange	Equities, Exchange traded funds (hereinafter – ETFs)
Austria (Vienna) Stock Exchange	Equities, ETFs
Belgium (Brussels) EURONEXT Stock Exchange	Equities, ETFs
Bulgaria Stock Exchange	Equities, ETFs
Czech (Prague) Stock Exchange	Equities, ETFs
Denmark NASDAQ Stock Exchange	Equities, ETFs
Great Britain (London) Stock Exchange	Equities, ETFs
Great Britain AIM Stock Exchange	Equities, ETFs
Greece (Athens) Stock Exchange	Equities, ETFs
Stock Exchange of Georgia	Equities, ETFs
Hong Kong Stock Exchange	Equities, ETFs
Spain (Madrid) Stock Exchange	Equities, ETFs
Italy (Milan) Stock Exchange	Equities, ETFs
Japan (Tokyo) Stock Exchange	Equities, ETFs
US AMEX Stock Exchange	Equities, ETFs
US NASDAQ Stock Exchange	Equities, ETFs
US (New York) Stock Exchange	Equities, ETFs
Canada (Toronto) Stock Exchange	Equities, ETFs
Croatia (Zagreb) Stock Exchange	Equities, ETFs
Poland (Warsaw) Stock Exchange	Equities, ETFs
Luxembourg Stock Exchange	Equities, ETFs
The Dutch EURONEXT Stock Exchange	Equities, ETFs
Norway (Oslo) Stock Exchange	Equities, ETFs
Portugal (Lisbon) EURONEXT Stock Exchange	Equities, ETFs
French (Paris) EURONEXT Stock Exchange	Equities, ETFs
Romania (Bucharest) Stock Exchange	Equities, ETFs
RTS Stock Exchange of Russia	Equities, ETFs
Russian MICEX Stock Exchange	Equities, ETFs
Serbia (Belgrade) Stock Exchange	Equities, ETFs
Singapore Stock Exchange	Equities, ETFs
Slovakia (Bratislava) Stock Exchange	Equities, ETFs
Slovenia (Ljubljana) Stock Exchange	Equities, ETFs
Finland (Helsinki) NASDAQ Stock Exchange	Equities, ETFs
Sweden (Stockholm) NASDAQ Stock Exchange	Equities, ETFs
SIX Swiss Stock Exchange of Switzerland	Equities, ETFs
Turkey (Istanbul) Stock Exchange	Equities, ETFs
Hungary (Budapest) Stock Exchange	Equities, ETFs
Germany XETRA Stock Exchange	Equities, ETFs
Germany (Frankfurt) Stock Exchange	Equities, ETFs

**INTERMEDIARIES TO WHOM THE BANK TRANSMITS ORDER EXECUTION**

The table lists the markets and intermediaries to whom the Bank transmits the execution of orders to the markets where the Bank has no membership. This list can be extended at the Bank's discretion after finding new opportunities to reach the best results for the Client.

Intermediary	Markets	FI types			
		Equities	ETFs	Units of CIU	Debt securities
AB Luminor Bank	Global	+	+		+
AB SEB bankas	Global	+	+	+	+
AB Swedbank	Global	+	+	+	+
Baader Bank AG	Ireland, Belgium, Czech Republic, Greece, Italy, Canada, Hungary, Norway, Sweden, Finland, France, USA, Denmark, Switzerland, Netherlands, Germany, Portugal, Spain	+	+		
Bank of Georgia	Georgia	+			+
Banka Srpske A.D.	Bosnija	+			
Galt & Taggart	Georgia				+
Global Securities	Turkey	+	+		
Karoll AD	Bulgaria	+	+		
KIT Finance Europe AS	Russia	+			
Patria Finance A.S.	Austria, Turkey, Romania, Serbia, Slovakia, Bulgaria, Slovenia	+	+		
Raiffeisen Bank International AG	Global			+	
Swiss Capital AG	Romania	+			
UAB FMJ Orion Securities	Poland	+			
UniCredit bank Srbija	Serbia	+			
WOOD & Company	Poland	+			

The Bank can execute Client Orders at its own expense. This is usually how transactions are concluded for FIs traded outside Trading Venue:

- Transactions for debt securities (bonds);
- currency forward transactions.

The Bank can also enter into SFT with the Client at its own expense for the types of FIs listed in the table in Annex 2.



ORDER EXECUTION PROCEDURE AND FACTORS

FI class	Used Order Execution Venues	Client category	Order execution outside Trading Venue	Order execution process	Main execution factors
Equities (shares and depository receipts), ETFs	Regulated markets, MTS, financial brokerage companies conducting systematic trading	Non-professional and professional	Yes, in individual cases	The Order is executed in the regulated market, if the Bank is a member of the relevant stock exchange or is transmitted to other Trading Venue via intermediaries, or by executing transactions with a financial brokerage company conducting systematic trading or directly with in the MTS.	<ol style="list-style-type: none"> <li>1. Price and execution costs</li> <li>2. Execution speed</li> <li>3. Probability of execution (liquidity)</li> <li>4. Amount, nature of the Order</li> </ol>
Bonds	Regulated markets, MTS, OTS, financial brokerage companies conducting systematic trading	Non-professional and professional	Yes	Request to submit quoted price offers from several trading parties through MTS, OTS or directly (outside Trading Venue). In individual cases where, due to FI's illiquidity or order size, receiving a larger number of bids would have an impact on the market price or a negative impact on the received price, the number of requested bids may be sensibly limited (up to one bid).	<ol style="list-style-type: none"> <li>1. Price and execution costs</li> <li>2. Probability of execution and settlement (liquidity)</li> <li>3. Order size</li> </ol>
Units of CIU	CIU Management Company or other distributor of units of CIU	Non-professional and professional	Yes	A CUI management company usually engages an agent under a prospectus or similar document. An agent or other designated distributor is usually a separate execution venue to which orders are directed to subscribe for or redeem units of CIU.	<ol style="list-style-type: none"> <li>1. Execution speed</li> <li>2. Likelihood of execution and settlement</li> </ol>
Currency forward transactions	-	Non-professional and professional	Yes	The transaction is executed on the basis of the signed <i>Derivative Financial Instruments Agreement</i> in accordance with the request submitted by the Client.	<ol style="list-style-type: none"> <li>1. Price and execution costs</li> <li>2. Likelihood of execution</li> <li>3. Execution speed</li> </ol>