

SUMMARY OF EXECUTION PROCEDURE OF ORDERS FOR FINANCIAL INSTRUMENTS

1. General provisions

Execution Procedure of orders for Financial Instruments of Šiaulių Bankas AB (hereinafter - the Bank) prepared in accordance with Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on Markets in Financial Instruments (hereinafter – Directive), Regulation (EU) 600/2014 of the European Parliament and of the Council of 15 May 2014 on Markets in Financial Instruments (hereinafter – the Regulation), the Law on Markets in Financial Instruments of the Republic of Lithuania (hereinafter - the Law) complies with the Policy of order Execution, as provided in the Directive and the Law, but, based on the Preparation Procedure of Internal Documents approved by the Board of the Bank, in the context of Bank's internal documents, this document is attributed to the competencies of the Board of the Bank, therefore it is called the Procedure.

Procedure regulates the provisions, conditions and requirements which, in order to ensure the best result for the clients, the Bank complies with by executing or transferring orders from retail and professional clients for financial instruments.

2. General principles of reception, registration and execution of clients' orders

The Bank accepts clients' orders in the manner established by the Bank - through the Bank's on-line platform of securities trading, by writing at the Bank's office, by e-mail and in unwritten form by telephone.

All orders received by the Bank from the clients together with the Bank's investment decisions are registered in the Bank's registration journal of orders.

The clients' orders are executed by the Bank in accordance with the terms specified in the order, deviations from them are possible if, in certain circumstances, this is necessary to protect the interests of the client, and the Bank was not able to ask the client in advance, or within a reasonable time, did not receive a response to his request.

The Bank does not abuse information relating to clients' orders.

The Bank applies measures to prevent market manipulation.

When accepting and executing client orders, the Bank applies measures to avoid conflicts of interest as set out in the Conflict of Interest Prevention Procedure approved by the Board of the Bank.

3. Conditions and the importance of execution of orders

The Bank, when executing clients' orders, takes all reasonable steps in order to execute in the best conditions for the client therefore, in all cases, evaluates the following:

- the price of financial instruments (further FI) - the total amount of FI price and order execution costs is considered to be the most important factor;

- the speed of the order execution - this is especially relevant in cases where the FI market price is changing rapidly and the order execution speed may affect the final FI price. The orders are executed and transferred in accordance with the principle of priority of order delivery, except for cases when execution of orders is rejected to prevent the market manipulation;

- the probability of execution of orders and settlement - the Bank aims executing the orders in the locations of order execution with the highest probability of execution and settlement, and the non-settlement risk is minimal;

- the size and nature of the order - these factors are important in choosing how the order shall be executed. In order to avoid a negative impact on the market and in order to achieve the best result for the client, the Bank may execute a large order in instalments and, depending on the size of the order, choose the appropriate execution venues. Conditions of execution of the order (not all quantity of FI, etc.) are compatible with the client during acceptance of the order from the client;

- order execution costs, content and other circumstances important for the execution of the order.

If the client submits a specific instruction to the Bank, such client's instruction shall be executed accurately and without prejudice to the terms and conditions set forth in the instruction.

When assessing the significance of performance under best conditions, the Bank takes into account the specific characteristics of the order:

- client-specific characteristics, including its category (retail or professional);

- the characteristics of the FI on which the order is placed;
- the characteristics of the execution venues where the client's order may be executed.

The Bank, when executing a retail client order, when identifying the best possible result for the client, considers the key criterion to be the total amount of settlement, which consists of the FI price and the cost of the execution of the order. In order to ensure that the client would receive the best possible result, when a retail client's order is executed in the absence of specific instructions from the client, the Bank shall take 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 which consists of the FI's price and execution costs.

Execution speed, execution and settlement probability, size and nature of the order, market effect and any other implied transaction costs may be preferred to direct costs and direct costs only if they help to achieve the best possible result (in terms of the total amount) for the retail client.

In conducting trading with the clients at its own expense, the Bank shall treat the execution of the client's orders and comply with the obligations related to the requirement to execute the client's orders for the best conditions for the client.

4. Execution venues

When the Bank accepts the order for FI which is allowed to trade on the Regulated Market, MTS or OTS, the Bank usually executes the order at the execution venue itself acting as the client's Agent or, if the Bank is not a participant in the relevant trading venue, to transfer the order to another Broker. The Bank executes client's orders in the selected execution venues. The Bank may deviate from its list of order execution venues, and execute the order in other execution venues or over the counter (OTC) in exceptional cases, for example, when executing the client's order with specific instructions, if in existing places or the client in the required time its execution is not possible and so on. The Bank may unsystematically execute orders outside the execution venue at its own expense or in concluding transactions with other parties.

In cases where there are several suitable execution venues for FI, the possible results that would result from the execution of the client's order in each of the venues will be assessed and compared, and the most favourable option for the client is chosen in each case.

The Bank does not establish or apply commissions so that some of the order execution venues are privileged or discriminated in comparison with others.

Orders for FI, which are not traded on execution venues, are executed by the Bank outside the execution venue.

Orders for units of investment funds are executed at execution venues or directly through the managers of such investment funds and their agents.

In the event that the Bank is a member of the regulated market, the submission of the client's order to execute on that regulated market shall be considered as the execution of the order in the best conditions for the client.

The Bank regularly at least once a year assesses whether there are no alternative order execution venues in the market that would allow the client to achieve a better result. In carrying out its assessments, the Bank analyses the market and evaluates the potential costs and possible results for the client. Indirect costs related to a specific execution venue may also be transferred to the client. If the calculations justify the optimal execution of the transactions, the Bank has the right to have only one execution venue of a particular FI group, e.g. if FI is included in only one execution venues' trading list.

5. Transferring and connection of the orders, distribution of FI

The Bank, in cases where due to the FI specified in the client's order is not able to directly mediate or is not a specific member of the Regulated Market, transfers the client's order to another broker chosen by the Bank, which has the right to provide investment services. The brokers through whom clients' orders are executed shall be carefully selected by the Bank, taking into account its reliability, membership in the Regulated Markets, professionalism, impeccable reputation, execution of orders and the efficiency and costs of order execution.

The Bank may accept clients' orders and, in such cases, where the FI is held in another bank or brokerage firm, but the client himself is responsible for providing the necessary directions and instructions on the proper execution of the transaction to that bank or financial brokerage firm.

If the amount of the order is less than the minimum amount of the order specified in the Bank's Provision Rates of Investment Services, the Bank may not execute the client's order if it is impossible to combine the client's order with other clients' orders.

In cases where the best result for the client is achieved by combining his order with other clients' orders of the Bank, including the lower execution costs of the order, and in those cases where the unclosed order could not be executed, the Bank merges the client's order with other clients' orders of the Bank or executes the order at its own expense.

If the Bank combines several clients' orders or its investment decision with the client's order, and the joint order is executed in part, the Bank shall distribute the related transactions in accordance with the following policies:

if the Bank combines its investment decision with the client's order and the joint order is executed in part, the Bank shall distribute the related transactions in a manner favourable to the client, i.e. firstly, the client's order shall be executed, and the Bank shall execute the remaining part of the transaction on its own expense;

- if multiple clients' orders are received for the same operation with the same FI, but at different prices, and the orders have been executed by combining them up to the maximum price specified in the Combined orders, the priority shall be given not for the price, but for the time of submission of the order;

in the case of participation in the initial distribution of FI, the quantity of FI purchased is distributed in proportion to the amount specified in the orders for both clients and the orders placed on behalf of the Bank, except in such cases, when the organizers of the initial public distribution of FI determine specific instructions for FI distribution (allocation);

if the participation in the initial distribution of FI acquires a very low quantity of FI and the costs potentially incurred by the clients in connection with the purchase or subsequent sale of the FI are inadequately large, then the Bank has the right to allow the clients to refuse to purchase the quantity of their FI if other clients have expressed their willingness get them additionally. In this case, the FI is distributed in proportion to the clients who expressed their willingness to purchase additional quantity of FI;

if the combined order was executed at different prices, in the allocation of transactions, the price of the FI is deemed to be the weighted average purchase or sale price of the FI at which the interconnected orders were executed;

the combination of a small client's order with a large order of another client, while the small order is at least 10 times smaller than the large one, if the execution of a small order as a separate one is not possible, the principle of time priority is not applied, and if the joint order is not fully executed by dividing the purchased quantity of FI, priority is given to the client who submitted a larger order.

6. Other agreements with the clients

It is considered that the client, when establishing contractual relations with the Bank and / or submitting the orders, is informed and gives consent to the Bank to execute orders not on trading venues in cases specified in this Procedure. The client is informed about the risks arising in these cases:

- risk of the counterparty where the counterparty may partially or completely fail to execute the transaction;
- execution for a substantially different price than the quoted price or offer or the last published price;
- partial execution of orders or execution of large orders in several transactions at different prices;
- delay in execution of the order when the Bank has to search for counterparties or market makers;
- the opening price of another day may differ substantially from the closing price of the previous day (for example, if the order is executed not in trading venue in a time between two trading sessions);
- incompatibility between prices of purchase and sale, which does not make it possible to fulfil the order.

In the event that the client submits the order to the Bank with a specific instruction, the client in all cases undertakes the risk of executing such order, as such specific instruction of the client, if possible, will be executed by the Bank accurately, without deviating from the conditions specified in the order, and such specific instruction of the client may prevent the Bank from taking action, which he has determined and applied in this Procedure for the best result for the client.

The client's order for the size of the order, market circumstances, nature of the FI, can be carried out by the Bank at its own expense. The Bank will do this in such a case if the results achieved during the execution of the transaction are as good as they could be at the trading venue.

7. Other information

The Procedure is reviewed when there is a fundamental change that affects the Bank's ability to use the Order execution venues specified in the Procedure or other circumstances, but at least once a year.

The Procedure and its amendments are published on the Bank's website at www.sb.lt.

All changes and updates to the Procedure take effect the day after their publication on the website.