



**Order Execution Policy
for clients of the
SEB Wealth
Management Finland Ltd**

derived from SEB Group Order Execution Policy and the Instruction for the President and
Chief Executive Officer

adopted by the Board of the SEB Wealth Management
Finland Ltd
On 3 January 2018

Order Execution Policy for clients of the SEB Wealth Management Finland Ltd

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1. Introduction

- 1.1 This Order Execution Policy has been adopted in order to ensure that Skandinaviska Enskilda Banken AB (publ) and its subsidiaries, in this case SEB Wealth Management Finland Ltd, ("**SEB**"), delivers Best Execution to its clients when executing their orders or arranging transactions on their behalf, as and when required to do so by Article 27 of the Markets in Financial Instruments Directive 2014/65/EU, local legislation enacted pursuant to it in the relevant jurisdictions, and the accompanying Delegated Regulation 2017/576 (together "**MiFID II**").
- 1.2 Best Execution is the technical requirement imposed on SEB to take all sufficient steps in executing orders for or on behalf of its clients in order to obtain the best possible result for them, and to act in their best interests when passing their orders on to others for execution. However, there are circumstances under which SEB does not owe Best Execution - for example, where it is effectively acting as a market counterparty and/or assuming positional risk under a transaction. Notwithstanding this, irrespective of whether or not SEB is subject to a duty of Best Execution, it is always subject to an overriding duty to act honestly, fairly and professionally in accordance with the best interests of its clients.
- 1.3 The Policy sets out the circumstances under which SEB will seek to deliver Best Execution, and the considerations which it will apply in delivering it in practice. It comprises both principles which will apply generally, and Product Appendices under which those principles are applied to specific classes of financial instruments.
- 1.4 Except in cases where the client has specified in all respects how it wishes its order to be executed, SEB's staff will apply the considerations set out in the Policy as appears to be in the best interests of the client under the circumstances prevailing at the time. The processes set out herein are designed to ensure that SEB delivers Best Execution for its clients when required on a general and consistent basis. However, whilst every attempt will be made to achieve Best Execution for clients when required, this does not necessarily mean achieving the best price in each and every case, but rather the best price that can reasonably be expected given the information available during the execution process.
- 1.5 This Policy and other documents relevant to SEB's Best Execution practice may be updated from time to time, and the current versions can be found on SEB's website at www.sebgroup.com/mifid and for SEB Wealth Management Finland Ltd at SEB Finland website at www.seb.fi/tietoa-sebsta).
- 1.6 **By entering into transactions with SEB or giving it discretion to arrange them on their behalf, clients will be deemed to have accepted the terms**

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of this Policy. In the event that a client has questions concerning the content or application of the Policy, whether generally or in a specific instance, they should contact their SEB Client Representative.

- 1.7 For the avoidance of doubt, the fact that SEB has failed to observe any aspect of the Policy in a particular case will not *of itself* give any person a cause of action against SEB or any of its employees.

1.8 Definitions:

Retail Clients are those which are afforded the highest degree of protection under MiFID II – they are typically private individuals and small-scale businesses, or entities which have elected to be treated as such.

Professional Clients are those which meet certain thresholds laid down in MiFID II in terms of size, transactional frequency and/or financial experience – they are afforded slightly less protection under MiFID II, and are typically large scale businesses or those active in financial services, or entities which have elected to be treated as such.

Eligible Counterparties are afforded the lowest level of protection under MiFID II – and are typically regulated wholesale financial service businesses.

Other technical terms used in this Policy, such as Regulated Market, Systematic Internaliser, OTC Transaction etc., have the meanings ascribed to them under MiFID II.

2. Scope

2.1 Clients covered

The Policy applies to both Retail and Professional clients of SEB, but not to Eligible Counterparties who transact with it unless SEB has specifically agreed to provide them with Best Execution under exceptional circumstances.

All clients dealing directly with SEB will have been informed of their Client Categorisation, and they should contact their SEB Client Representative should they have any questions in this regard. They should note that (a) not all SEB Offices conduct business in the full range of relevant instruments or deal with Retail Clients, and (b) the provisions of this Policy may be supplemented by other contractual provisions in documents provided by SEB to its clients in relation to specific business areas.

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2.2 Geographies covered

The Policy applies whenever an SEB entity located in the European Economic Area provides a client or persons acting on behalf of a client with any covered service.

2.3 Financial Instruments covered

The Best Execution requirement applies to transactions (including derivative, packaged and “repo” transactions) in a wide range of financial instruments, including transferable securities, money-market instruments, units in collective investment undertakings, different types of financial derivatives, emission allowances and certain securities financing transactions. The full list of such instruments is set out in Schedule 1. However, “spot” transactions in F/X and commodities are not regarded as “financial instruments”, nor are loan agreements and deposits – and they are therefore not subject to any obligation of Best Execution.

2.4 Services covered

This Order Execution Policy applies where SEB provides the services of execution of orders on behalf of clients; or portfolio management where SEB itself executes relevant orders. Where SEB provides portfolio management services but does not execute related orders itself, or, where SEB receives and transmits an order to another investment firm, other policies apply. Please contact your Portfolio Manager for further details.

2.5 Overriding duty to act fairly

Irrespective of whether a specific transaction is covered by this Policy, SEB has an overriding duty to act honestly, fairly and professionally in accordance with the best interests of its clients.

3. The Best Execution Framework

SEB has put in place policies and procedures which are designed to obtain the best possible result for its clients on a consistent basis in transactions to which Best Execution applies, taking into account certain factors, criteria and available execution venues, as follows, (further information on each of these topics is also given under 5 below).

3.1 Execution Factors

SEB will take into account a number of factors, including:

- the price available in markets and execution venues to which SEB has access;
- transaction costs, including venue execution charges and settlement costs;
- speed of execution;
- the likelihood of execution and settlement, as impacted by market liquidity;
- the size and nature of the transaction;

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- risks to SEB arising from execution (including hedging and residual risk); and
- any other circumstances SEB considers relevant.

In transactions where SEB assumes an element of risk, whether executed internally or on a venue external to it, the price may include a spread which reflects, in addition to charges specifically agreed with a client, SEB's counterparty risk, market risk, hedging activity, assumption of credit and/or clearing risk and capital charges. These factors are inherent in SEB's business model, and are outside the scope of Best Execution, except where expressly stated. Further details are provided in the relevant Product Appendices.

3.2 Execution Criteria

In determining the weighting of each of the above Execution Factors relative to the others, SEB will take into account (in addition to any specific instructions which a client may give, for which see 5.3.1 below) the following:

- the client's characteristics, including its formal categorisation;
- the type of transaction (including size and likely market impact);
- the financial instrument involved;
- the execution venues to which the transaction may be directed; and
- any other circumstances SEB considers relevant.

3.3 Execution Venues

SEB will typically execute transactions on the following types of venue:

- Regulated Markets and their non-EEA equivalents;
- Multilateral Trading Facilities (MTFs) and their non-EEA equivalents;
- Organised Trading Facilities (OTFs) and their non-EEA equivalents
- Systematic Internalisers (SIs) and their non-EEA equivalents;
- order crossing networks and other electronic platforms;
- orders from other clients of SEB;
- SEB's own sources of liquidity, where SEB will be the counterparty;
- other brokers and market makers; and
- venues available to other parts of SEB.

In executing client transactions, SEB's staff will select such venues as appear to them at the time to produce the best result for the client in accordance with this Policy, including (where appropriate and taking into account any potential conflicts of interest involved) executing against SEB itself, whether acting as a Systematic Internaliser or in another principal capacity. Client transactions may therefore be filled by execution outside a Regulated Market, Multilateral Trading Facility or Organised Trading Facility – and SEB will have asked its clients in certain product areas to consent to this under the standard documentation made available to them.

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Any client may request SEB to access or refrain from accessing specific venues or sources of liquidity in relation to a transaction, although SEB's ability to meet any request may vary according to the circumstances, and observing the client's request may limit the execution services SEB can offer or affect its ability to achieve Best Execution.

SEB will use reasonable endeavours not to discriminate unfairly between the execution venues selected. The criteria SEB uses to select the venues on which it considers doing business are described more fully at 6 below, and the main venues on which it executes transactions in each class of financial instrument are set out at www.sebgroup.com/mifid and for the SEB Wealth Management Finland Ltd at www.seb.fi/tietoa-sebsta.

3.4 Execution Capacity

In executing client orders or entering into transactions on their behalf, SEB may act in any of the following capacities, except where specifically agreed otherwise:

- as agent;
- in a riskless principal capacity, in which simultaneously on entering into the transaction with the client, SEB enters into a matching transaction with an execution venue or a third party, including another client, thereby ensuring that SEB assumes no positional risk under the transaction, taking no profit or loss between the two elements other than the agreed commission, fee or charge; or
- as principal, taking the transaction onto its own books and assuming the positional risks that this generates.

Large transactions may be broken into smaller constituent parts, which may be effected in more than one of these capacities.

Where SEB acts in a principal capacity and is not subject to a duty of Best Execution, it may trade ahead or alongside of its client's transactions, for example to execute the transactions of other clients, to hedge or source liquidity for market making purposes, or to manage its risks. Such activity may impact the price received by the client.

4 Application of Best Execution by Client Type

4.1 Retail Clients

SEB will afford its Retail Clients Best Execution, except in rare situations when they can be regarded as treating SEB as a market counterparty, as

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established under the Trading Relationship test set out below, and are thus not relying on SEB to protect their interests.

4.2 Professional Clients

SEB will always afford its professional Clients Best Execution when it acts in an agency capacity (whether pursuant to an express request or implicitly, as when executing a large order through a series of matched principal transactions), when it is acting pursuant to a formal discretionary, asset management or advisory mandate, or where it is obliged to do so pursuant to an express contractual provision entered into with the client.

In other circumstances (for example where SEB acts in a true (not riskless) principal capacity, thereby assuming positional risk under the transaction), the question of whether SEB owes a Best Execution obligation will depend on whether the client is relying on it to protect their interests, or can legitimately be regarded as treating it as their market counterparty.

4.3 Trading Relationship Test

The EU Commission has established a relationship-based “four-fold test” which can be used to determine whether or not a client, whether Retail or Professional, is indeed legitimately relying on a firm in a specific transaction or in effect treating the firm as a market counterparty. SEB, in common with other investment firms, will take account of this test, the four elements of which are as follows.

- *Who initiates the transaction.* Where the client has made the initial approach, it is less likely to be seeking to rely on SEB than, for example, where SEB has specifically suggested the transaction to the client pursuant to a formal advisory mandate. In this context, clients should note that SEB typically distributes to large numbers of its clients research and/or trading ideas which explicitly or implicitly suggest potential transactions; where a transaction results directly from this, the distribution will not of itself be regarded as having “initiated” it for the purposes of the test, since the suggestion will not have been tailored to the specific circumstances of the client.
- *The typical practice in the relevant market.* In some markets, such as the OTC (over-the-counter) derivatives and bond markets, for example, clients can typically access various alternative sources available to them, obtaining quotes from several counterparties. Under these circumstances, it is less likely that the client will be seeking to rely on SEB to protect its interests.
- *The relative levels of transparency in the market.* In many instances, a client approaching SEB will have as good a view of market conditions as SEB itself - or an even better one in cases where other market

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participants are happy to disclose information to their clients, but not to their competitors. In these circumstances the client is unlikely to be relying on SEB.

- *The information provided by the investment firm to the client and the contractual relationship between them* will also be of relevance: where they stipulate circumstances under which SEB will not owe a duty of Best Execution, it is less likely that the client will be relying on SEB under such circumstances.

Except where the question is otherwise specifically agreed between SEB and a client, SEB's staff will use their reasonable judgement in good faith to apply the above principles in determining whether or not the client is seeking to rely on SEB in particular circumstances. Where none of the four elements of the test indicate that it is, SEB will assume that the client regards it as their market counterparty, and will thus not observe the formal Best Execution requirements - whilst nevertheless continuing to act honestly, fairly and professionally in accordance with the client's best interests.

In general, where SEB has discretion over how certain aspects of a transaction are executed, then it is more likely that it will owe a duty of Best Execution; correspondingly, where SEB has no discretion and/or is assuming the full positional risk in a transaction, then it is less likely.

For the avoidance of doubt, where SEB provide portfolio management services and executes orders itself, it will always afford its clients Best Execution. Where SEB submits such order to other entities, SEB will, pursuant to and in accordance with policies mentioned in 2.4, require that any entity to which it forwards its clients' transactions for execution (whether this is another part of SEB or an external entity) does likewise.

The consideration of Different Scenarios at 5.3 below and the Product Appendices contain further information relevant to the application of the Trading Relationship Test in practice.

5. Providing Best Execution in practice

5.1 Retail Clients

Where SEB seeks to achieve Best Execution for its Retail Clients, it will aim to do so in terms of the client's total consideration - i.e. by optimising both the price achieved and the expenses incurred directly in relation to the execution, such as execution venue fees, clearing and settlement fees, and any other fees paid to third parties in relation to the transaction. The other Execution Factors listed at 3.1 and 3.2 above will only be taken into account

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to the extent that they help SEB to achieve the best possible result for the client in terms of its Total Consideration.

5.2 Professional Clients

Where SEB seeks to achieve Best Execution for its Professional Clients, it will take into account all of the Execution Factors and Execution Criteria listed at 3.1 and 3.2 above respectively, and then seek to execute the transaction on the execution venue that demonstrates the best price at the time. In normal circumstances, the prevailing price of the financial instrument will be the most significant factor; however, there will frequently be other, potentially conflicting factors to be taken into account, such as maintaining confidentiality and minimizing the price impact when executing a large transaction, optimizing the result in illiquid markets, or achieving speedy execution in rapidly moving markets. In such circumstances, SEB's staff will use their reasonable judgment and experience to execute the transaction in a manner which can be expected to achieve the optimum overall result for the client under the circumstances.

5.3 Different Scenarios

Notwithstanding the above, there are certain scenarios which will define how SEB will execute transactions and have a bearing on Best Execution, which include the following.

5.3.1 Specific Client Instructions

Where a client provides SEB with a specific instruction on how all or part of its order should be executed, SEB will follow those instructions and as a consequence will be deemed to have provided Best Execution in relation to those aspects of the transaction covered by the instruction. Such instructions include order types which dictate the transaction's timing (e.g. "open", "close" or "stop" orders) or its target price (e.g. target benchmark orders such as "VWAP"). However where the instruction does not cover all aspects of the transaction, SEB will apply the principles set out in this Policy to its remaining aspects.

Therefore, when a client provides SEB with a restrictive instruction, this may correspondingly affect its ability to observe the requirements of this Policy in full, and may result in a less good result for the client than would otherwise have been achieved.

SEB's staff will always be prepared to discuss with a client on request the merits of any specific instruction which it may wish to give or have given, and will not seek to guide the client towards an instruction that could reasonably be expected to be against the client's interests. However, except where specifically asked to address the question, SEB cannot guarantee to bring to a client's attention the fact that an instruction a client has given may be against its best interests.

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Orders which are specified as "at market" or "at best" will be always be afforded Best Execution unless circumstances make this impracticable, in which case SEB will make reasonable efforts to discuss the matter with the client.

5.3.2 The treatment of Orders

- *Sub-division of orders:* Unless otherwise agreed, SEB may split any order into one or more transactions to be executed separately, in series or in parallel, possibly on different venues; where Best Execution requirements apply, they will do so equally to each such execution, as well as to the overall transaction.
- *Execution in sequence:* SEB will generally execute client orders that are otherwise comparable in the sequence in which they were received, unless this is impractical due to the characteristics of the order, prevailing market conditions, or due to other factors. Where there are substantial difficulties in executing an order, SEB will make reasonable endeavours (but does not guarantee) to inform the client when the difficulties become apparent to it.
- *Aggregation:* SEB may aggregate any client's order with those from other clients or with transactions which it is arranging for its own account and may execute them together, although it will not do so if it is reasonably foreseeable at the time that this will operate to the overall detriment of the clients concerned.
- *Allocation:* Where the Bank aggregates a client's order as above, the combined trades will be allocated fairly between that client and the other parties whose interests have been aggregated. All parties involved will receive the same price, unless this is not possible due to specific conditions given by a client as regards the price. For such aggregated orders which have only partially been filled, the combined trades will be allocated between the parties in a fair and equitable manner, although clients will be prioritized over SEB when its own transactions are included in the aggregation.
- *Time in force:* Except where the period/length of time an order is to remain in force is explicit in the nature of the order, or where it is otherwise expressly agreed at the time the order is given, each order will be valid for the day on which it is given, and will thereafter lapse. Orders for execution on a specific market that are received after the relevant market has closed will, in the absence of agreement to the contrary, remain in effect until the end of the following trading day on the relevant market.

- *Unexecuted limit orders*: Where a client places a limit order in Equities admitted to trading on an EEA regulated market, SEB is required to publish in the market the unexercised portion of that order unless the client has consented otherwise. SEB will have asked its clients in the relevant product areas to consent to this as part of the standard client documentation made available to them, and will therefore not publish such information unless specifically requested to do so

5.3.3 Electronic Order Routing and other algorithms – orders forwarded to SEB Group

Regarding orders that have been forwarded to SEB Group for execution the following should be noted. When SEB accesses markets electronically, it may do so in certain products through the SEB Smart Order Router (“SOR”). SOR makes use of proprietary algorithms, applying objectively observed and calculated parameters to direct the order to the best available match – be it in a Regulated Market, Multilateral Trading Facility, Organised Trading Facility, Systematic Internaliser, another third party, or a source of liquidity internal to SEB (including the requirements of other clients or its proprietary positions). Where SEB owes a duty of Best Execution, these algorithms are designed to provide it intelligently, with the primary goal being quality and certainty of execution – and accordingly, SEB will regard transactions executed through SOR as having received Best Execution. In such cases, the prevailing price will be the major factor – venues are visited dynamically based upon available prices for taking liquidity, and the venue’s costs are usually a secondary consideration. In cases where the algorithm splits an order into smaller-sized sub-orders, these may be sent to different execution venues, either in parallel or in sequence, and Best Execution will be achieved both in respect of the sub- orders and the transaction as a whole.

If a client asks SEB to modify the SOR to meet the client’s specific requirements, the algorithm provided and/or the modifications made will be regarded as specific instructions given by the client

6. Execution Venue / Counterparty selection

In contemplating the execution of client orders subject to the obligation of Best Execution and/or discretionary and asset management transactions, SEB will take into account conditions on the types of venue and/or third parties (which may include other parts of the SEB Group) listed at 3.3 that are available to it at the time, and will execute on one or more of them in order to achieve Best Execution pursuant to this Policy, taking into account any specific instructions the client has given.

As part of its standard client documentation process in certain relevant product areas, SEB will have sought the client's permission to execute their orders outside a Regulated Market, MTF or OTF, and, where such approval has been obtained, (assuming that they consented) SEB reserves the right to arrange all or part of their order by executing internally against the orders of other clients or SEB's own positions. SEB will periodically publish aggregate data of such business, which can be accessed for the SEB Group here at www.sebgroup.com/mifid or for the SEB Wealth Management Finland Ltd here at www.seb.fi/tietoa-sebsta.

SEB will exercise its discretion in choosing venues and third parties with which it will make arrangements to execute transactions, aiming to optimize its ability to achieve Best Execution pursuant to this Policy. In making this choice, it will take into account the relevant venue's or party's technical capabilities, typical prices, speed of execution, liquidity, ease of settlement and costs and charges, and will have regard to any public information which the relevant entity publishes periodically on the transactions arranged on or with them. The list of the main venues on which the SEB Group executes transactions in each class of financial instrument is set out at www.sebgroup.com/mifid and for the SEB Wealth Management Finland Ltd is set out at www.seb.fi/tietoa-sebsta.

7. Governance

SEB has put in place arrangements to monitor and periodically review the operation of this Policy.

A full review of this Policy and the arrangements put in place pursuant to it will be conducted at least annually, with the most recently updated version of the Policy for the SEB Group being made available here at www.sebgroup.com/mifid and for the SEB Wealth Management Finland Ltd here at www.seb.fi/tietoa-sebsta.

8. Demonstration of Best Execution

If a client wishes to obtain a formal demonstration of how SEB has observed the procedures set out in this document in relation to one or more specific transactions, they should either raise the issue with their usual SEB contact, making it clear that they require the explanation to be in writing.

SCHEDULE I

List of financial instruments covered

(as defined in 'DIRECTIVE 2014/65/EU, ANNEX I, LISTS OF SERVICES AND ACTIVITIES AND FINANCIAL INSTRUMENTS, SECTION C, Financial instruments')

- (1) Transferable securities;
- (2) Money-market instruments;
- (3) Units in collective investment undertakings;
- (4) Options, futures, swaps, forward rate agreements and any other derivative contracts relating to securities, currencies, interest rates or yields, emission allowances or other derivatives instruments, financial indices or financial measures which may be settled physically or in cash;
- (5) Options, futures, swaps, forwards and any other derivative contracts relating to commodities that must be settled in cash or may be settled in cash at the option of one of the parties other than by reason of default or other termination event;
- (6) Options, futures, swaps, and any other derivative contract relating to commodities that can be physically settled provided that they are traded on a regulated market, a MTF, or an OTF, except for wholesale energy products traded on an OTF that must be physically settled;
- (7) Options, futures, swaps, forwards and any other derivative contracts relating to commodities, that can be physically settled not otherwise mentioned in point 6 of this Section and not being for commercial purposes, which have the characteristics of other derivative financial instruments;
- (8) Derivative instruments for the transfer of credit risk;
- (9) Financial contracts for differences;
- (10) Options, futures, swaps, forward rate agreements and any other derivative contracts relating to climatic variables, freight rates or inflation rates or other official economic statistics that must be settled in cash or may be settled in cash at the option of one of the parties other than by reason of default or other termination event, as well as any other derivative contracts relating to assets, rights, obligations, indices and measures not otherwise mentioned in this Section, which have the characteristics of other derivative financial instruments, having regard to whether, inter alia, they are traded on a regulated market, OTF, or an MTF;
- (11) Emission allowances consisting of any units recognized for compliance with the requirements of Directive 2003/87/EC (Emissions Trading Scheme).