

ORDERS EXECUTION POLICY

1.1 INTRODUCTION

This document “Orders Execution Policy” is an appendix of the “General Terms and Conditions” (hereafter “the Contract”) of UniCredit International Bank (Luxembourg) S.A. (hereafter “the Bank”).

This document aims to provide information about:

- the procedures adopted by the Bank concerning the reception and the transmission of orders to the intermediary in charge of their execution, i.e. UniCredit Bank AG Milan Branch, bank belonging to UniCredit Group (hereafter “the Intermediary”);
- the criteria adopted by the Bank for the choice of the Intermediary;
- the monitoring and update of the policies adopted for the transmission and execution of orders.

The Bank, when providing the Customer with services of reception and transmission of orders, undertakes to adopt all reasonable measures in order to obtain the “*best possible result*” for the Customer (the so-called “*best execution*”), to be intended as the “expected” *best possible result* and not as the “real” best result.

1.2 SECTION I: ORDERS TRANSMISSION STRATEGY

1.2.1 PROCEDURES ADOPTED BY THE BANK FOR TRANSMITTING THE ORDERS TO THE INTERMEDIARY

Orders can be given by the Customer to the Bank through the procedures agreed from time to time by the parties.

The procedures for the transmission of the orders to the Intermediary are the same independently from the channel used by the Bank for the reception of the Customer’s order. Orders are immediately recorded in the IT systems of the Bank and transmitted, through “electronic connection” systems, to the Intermediary which executes them in compliance with its own execution policy.

In case the Customer asks for the execution of the order in an execution venue which is not the one identified by the Intermediary in its execution policy, the Customer shall provide the Bank with specific instructions in which the chosen venue is identified; in this case the Bank will be obliged to comply with such instructions, it being understood that the instructions given by the Customer may affect the measures provided in the execution policy only within the limits of the elements being object of the instructions.

This procedure for the transmission of orders to be executed in a trading venue (hereafter “MTF”) applies when the Customer gives an order:

- (i) on financial instruments which are not traded on a trading venue;
- (ii) on financial instruments which are traded on trading venues but for which the Customer explicitly requires the execution not to be done on a trading venue;
- (iii) on financial instruments traded on a trading venue where the Intermediary does not have access.

In general, the Customer declares its explicit consent to the use of this procedure through the subscription of the Contract.

Orders referred to in this chapter are transmitted by the Bank to the Intermediary, which executes them in compliance with its execution policy. The Intermediary is allowed to execute such orders as direct counterparty through the provision of the service of dealing of own account, or through other intermediaries.

If the Customer gives an order for big volumes, or an order which could give rise to problems for its execution, on financial instruments traded on regulated markets or other trading venues, but for which the Customer itself requires the OTC execution, the Bank reserves the right to accept the order subject to verification with the Intermediary regarding the existence of the necessary conditions for its execution.

1.2.2 CRITERIA ADOPTED BY THE BANK FOR THE CHOICE OF THE INTERMEDIARY

The Bank has chosen the Intermediary as the sole entity for the transmission of orders considering the quality of the service provided in terms of research of the best possible result in the interest of customers, as consequence of the best quality of prices/costs with respect to the concentration of volumes and in terms of access to several markets for the same financial product. More information on the execution policy and the execution venues selected by the Intermediary is included in the Execution Policy of UniCredit Bank AG Milan Branch, available on the website www.unicreditint.lu/mifid/.

The Bank, when choosing the Intermediary, has taken into account the following elements:

- the Intermediary has adopted an execution policy consistent with the order of importance assigned by the Bank to the factors for the selection of the execution venues (so-called best execution factors). Such factors, and their order of priority, have been defined by the Bank considering that the main part of customers are classified as retail customers;
- the categories of financial instruments identified by the Intermediary for the selection of the execution venues correspond to those on which the Bank's customers mainly operate, and are defined as follows:
 - shares and similar instruments;
 - subscription rights;
 - bonds;
 - covered warrants and certificates.

1.2.3 Best execution factors identified by the Bank

The Bank has identified the following best execution factors:

- **Price of the financial instrument.** The assessment of the mechanism for determining the price of financial instruments traded on the execution venues identified by the Intermediary is mainly based on the consideration of the number of participants, the liquidity of the market, the average spreads applied by the *market makers*, if any;
- **Speed of execution.** This refers to the interval between the time the order is accepted and the time the order is capable of being executed on the execution venue. The speed of an execution venue is determined to a large extent by the type of market model it uses;
- **Execution cost of the order.** The execution cost of the order includes the fees of the Intermediary:
 - all fees and costs related to order execution, included the costs of the execution venue, the costs for compensations, the settlement and all other fees paid to third parties (e.g. *lead brokers*, *market makers*) for the execution of the order ;
 - costs paid by the Intermediary to other intermediaries, for those markets where the Intermediary does not access directly;
- **Probability of execution and settlement.** The probability of execution is affected by the structure and characteristics of the market where the financial instrument is traded. The probability of settlement refers to the risk of impossible delivery of the traded financial instrument or the impossibility to execute the related payments.

Due to the static nature of the Policy, "the order type and order volume" criteria have not been considered relevant in order to determine the best trading venue. However, on a single order basis, in the Client interest and under particular market conditions and/or for specific financial instruments, these factors are taken into account by the intermediary in order to decide whether to execute this type of orders or not.

1.2.4 Order of importance assigned by the Bank to the best execution factors

The Bank, taking into account the characteristics of its customers and of the traded financial instruments, has considered for the identification of the execution venues by the Intermediary the following best execution factors as being of overriding importance:

- the combination of the **price of the financial instrument** and all the **order execution costs** (the so-called "total result" of the transaction) for instruments traded on regulated markets or MTF;

- the **probability of execution and settlement** for all other instruments, under the condition that it is useful to provide the best possible result in terms of total result of the transaction for the customer.

The Customer has the right to ask the Bank to provide additional information concerning the execution policy adopted by the Intermediary.

1.3 SECTION II: MONITORING AND REVIEW

The Bank controls the effectiveness of measures adopted to obtain the best possible result for the Customer in compliance with this policy, and in particular assesses the quality of the orders execution by the Intermediary and finds remedy in case of shortcomings, if any.

The Bank re-assesses the adopted measures and this execution policy on a yearly basis as well as in case of relevant events which could affect the capability of the Bank to continue obtaining the best possible result for the Customer.