



## Policy of DB Securities S.A. for executing orders and acting in the best interest of the client

### Informational document

#### 1. PURPOSE AND SCOPE OF THIS DOCUMENT

DB Securities S.A. ("DBS"), when providing its brokerage services that involve execution of orders of purchase and sale of financial instruments as well as receiving and transferring orders concerning financial instruments, shall take any and all reasonable steps to achieve the best possible results for the Client, taking into account the price of the financial instrument, the costs of order execution, time and probability of concluding a transaction and the settlement thereof, scope of order, the nature of the order and other aspects having significant influence upon the order execution.

In order to perform the above obligation, DBS developed, implemented and applies, in its operations, the order execution policy and performs actions to the best interest of the Client (hereinafter referred to as "the Policy"), in accordance with the legal provisions<sup>1</sup> implementing the provisions of Directive 2004/39/EC of the European Parliament and of the Council of April 21, 2004 on markets in financial instruments and the Commission Directive 2006/73/EC of August 10, 2006 implementing Directive 2004/39/EC ("MiFID")

Pursuant to MiFID requirements, before concluding an agreement with a retail client for order execution or for receiving and transferring orders concerning the purchase or sale of financial instruments, DBS shall provide the Client with information concerning the Policy. This document is intended to provide the Client with such information.

#### 2. SCOPE OF THE POLICY AND EXCLUSIONS

This Policy applies to retail and professional clients.

The obligation of DBS to take any and all reasonable activities to achieve the best possible results for the Client in accordance with the Policy shall arise when DBS acts on behalf of the Client, i.e. in the following circumstances:

- in case of orders, lodged by the Client, which DBS agreed or undertook to execute or transfer for execution as the Client's agent acting in its own name but for the account of the Client, or
- when DBS does not act as the agent, but concludes a transaction directly with the Client being a party to the transaction, but assumes obligations similar to those of an agent. This may happen when DBS (i) concluding a transaction directly with the Client does not assume any price risk since it simultaneously concludes an opposite transaction for its own account or (ii) undertakes to apply the principles of the Policy but performs the Client's order by its own portfolio of DBS or
- when the Client authorised DBS to execute orders of the Client at the discretion of DBS (in case of orders at the discretion of the broker).

The obligation of DBS to implement and apply the Policy shall not arise in the following cases:

- when DBS executes orders of the Client at a single execution venue available only,
- when DBS, within the scope of the service of receiving and transferring orders to the benefit of the Client, transmits orders for the purpose of execution to a single entity only,
- when DBS, concluding a transaction with the Client, acts in its own name, for its own account and risk, executes an order with the own portfolio of DBS, and the Client legally does not rely on DBS within the scope of the protection of the Client's interests as regards the price, costs and other order execution factors. This will typically happen where DBS:
  - i. routinely provides financial instrument purchase and sale quotes or
  - ii. in response to specific enquiries of the

Client, provides its price quotes according to which the Client may conclude a transaction, and the Client decides to conclude a transaction with DBS at one or more prices offered by DBS

#### Eligible counterparties

DBS does not apply the principles of the Policy to the Client being an eligible counterparty as meant by MiFID unless DBS accepts the request of the eligible counterparty that the said counterparty be treated as a professional or retail client.

#### Specific instructions

If DBS receives specific instructions from the Client concerning the manner of execution or transfer of a given order, DBS shall follow these instructions. As a result this may prevent DBS from taking actions defined by the Policy to achieve the best possible result for the Client within the scope defined by those specific instructions.

#### 3. HOW THE POLICY IS APPLIED

When taking actions aiming at achieving the best possible results for the Clients, DBS shall exercise due diligence in accordance with the Policy and the relevant provisions and regulations. This does not mean that DBS assumes a contractual or other obligation to ensure the best possible result for the Client in any other manner than in accordance with those rules and regulations.

For this purpose it is assumed that DBS exercises due diligence if (i) it applies relevant processes and procedures that can reasonably be expected to lead to the delivery of the best possible result for the Client and (ii) effects reasonable efforts to follow those processes and procedures based on the resources available. DBS does not guarantee that the Client's order is executed with the best result for the Client in each case.

DBS, acting on behalf of the Client, may execute orders of the Client independently as detailed in this Policy or by intermediary of other entities eligible to execute orders, including other investment companies, banks, foreign investment companies as well as foreign credit institutions, including also entities affiliated with DBS.

In such a situation the responsibility of DBS is limited to making certain that the entity being an intermediary in execution of orders by DBS applies solutions enabling DBS to act in accordance with the Policy. In case of entities acting as intermediaries outside the territory of any of the member states DBS requires that the orders be executed in accordance with the rules and regulations applicable in a given state.

#### 4. THE BEST POSSIBLE RESULT FOR THE CLIENT

The Policy of DBS concerning execution of orders and acting to the best interest of the Client focuses on:

- the selection of execution venues which, in accordance with the reasonable assessment, permanently enable DBS to achieve the best possible result for the Client,
- assessment of the factors taken into account for the selection of the execution venue,
- assessment of the characteristics of the Client, taking into account both specific requirements determined in an appropriate contract for rendering services and the type of service which DBS may offer to meet the requirements.

#### Execution venue

DBS, when executing orders on behalf of the Client, shall make all reasonable efforts to achieve the best possible results by selecting execution venues that will consistently and systematically allow for the best possible results to be achieved.

Execution venues may be:

- regulated markets on the territory of the member states (usually exchanges where companies had their primary listing or where the securities thereof are admitted to trading as well as the exchanges where derivatives are listed and traded),
- alternative trading systems,
- investment companies or foreign investment companies, including foreign credit institutions, executing orders of purchase or sale of financial instruments by concluding, for their own account, contracts of sale of financial instruments with the clients,
- other liquidity providers that have similar functions to those defined above (including regulated markets and entities outside the territory of the member states),
- banks mentioned in Art. 70 Item 2 of the act on trading in financial instruments that provide financial instrument liquidity (in case of securities issued by the State Treasury).

#### Execution venues particularly trusted by DBS

The execution venues used by DBS which, in accordance with the reasonable assessment, enable DBS to achieve the best possible results for the clients systematically, are listed in Appendix 1 to this document.

Financial instruments listed at a single execution venue

Some instruments may have a single execution venue only – this concerns for example a majority of shares listed on the Warsaw Stock Exchange. DBS will refer orders concerning such instruments to a relevant (exclusive) execution venue and this will be regarded as achieving the best possible result for the client

#### Access to the execution venues

The variety of execution venues to which DBS may refer orders of the client depends on the scope of services that DBS undertook to render to the benefit of the client under an appropriate contract. For example to refer the client's orders to foreign execution venues DBS may require that a separate agreement, providing for such a service, be concluded with the client.

#### Selection of intermediaries

DBS uses intermediation of third parties to execute orders of the client at execution venues to which DBS has no direct access. DBS chooses intermediaries at its own discretion from among reputable investment companies, foreign investment companies, including foreign credit institutions and other eligible entities authorised by appropriate supervisory bodies. These intermediaries may use intermediation of other investment companies which act at specific execution venues. DBS takes any and all reasonable steps to achieve the best possible result in case of orders of the Client referred to the execution venues by intermediation of third parties. The responsibility of DBS within that scope is limited to:

- appointment of the intermediary; DBS, however DBS shall not be obliged to use the services of more than one intermediary at a given execution venue,
- periodic review of the results achieved by the intermediary.

The list of entities by intermediary of which DBS may execute the orders of the clients and which, in accordance with a reasonable assessment, permanently allow for the achievement of the best possible result for the client is included in Appendix 1 to this document.

#### 5. ORDER HANDLING



**Factors and criteria of performance**

Upon receipt of the order to which this Policy applies, DBS transfers or refers the order directly to the execution venue, which may also be DBS itself.

**Orders from retail clients**

In the absence of specific instructions from a retail client, DBS determines the following factors of the instructions:

- 1) in accordance with §48 sec. 4 of the Resolution of the Polish Minister of Finance of 24 September 2012 on the procedures and conditions for investment companies, banks, referred to in Art. 70 sec. 2 of the Act on Trading in Financial Instruments, and custodian banks (Journal of Laws of 24 September 2012. Pos. 1078 as amended), in the first place the Brokerage House takes into account the price of a financial instrument and the costs related with its execution. The costs shall mean all costs incurred by the Client directly in relation to order execution, including fees in the execution venue, fees for clearing and settlement of transactions and any other fees related to the execution of the order,
- 2) in the second place, the Brokerage House takes into account the time and probability of the transaction, understood as executing the order immediately or at such a time that would ensure its immediate execution, even when it would be performed in its part,
- 3) in the third place, the Brokerage House takes into account the size of the Order, understood as the ability to guarantee to the Client the execution of the Order in its entirety.
- 4) in the fourth place, the Brokerage House takes into account fluctuations at the market where the Order is to be executed, i.e. in particular significant price fluctuations that may result in a failure to order or in its execution at a price unsatisfactory to the Client.

Each of the above factors has a relative weight expressed as a percentage and presented in the table below:

Order execution factor	Relative weight
Factor specified in section 1)	50%
Factor specified in section 2)	25%
Factor specified in section 3)	15%
Factor specified in section 4)	10%

DBS reserves itself that in the event of the orders from retail clients, which execution is accessible via intermediaries on the exchange regulated markets outside the member states, DBS will transfer to execution only the orders regarding financial instruments which unit price is equal or higher than 1 USD

**Orders from professional clients**

In the absence of specific instructions from a professional client, DBS determines the following factors of the instructions

- 1) in the first place the Brokerage House takes into account the size of the Order, understood as the ability to guarantee to the Client the execution of the Order in its entirety
- 2) in the second place, the Brokerage House takes into account the time and probability of the transaction, understood as executing the order immediately or at such a time that would ensure its immediate execution, even when it would be performed in its part.
- 3) in the third place, the Brokerage House takes into account the price of a financial instrument and the costs related with its execution. The

costs shall mean all costs incurred by the Client directly in relation to order execution, including fees in the execution venue, fees for clearing and settlement of transactions and any other fees related to the execution of the order.

- 4) in the fourth place, the Brokerage House takes into account fluctuations at the market where the Order is to be executed, i.e. in particular significant price fluctuations that may result in a failure to order or in its execution at a price unsatisfactory to the Client.

Each of the above factors has a relative weight expressed as a percentage and presented in the table below:

Order execution factor	Relative weight
Factor specified in section 1)	50%
Factor specified in section 2)	25%
Factor specified in section 3)	15%
Factor specified in section 4)	10%

**Orders from other investment companies or credit institutions acting on behalf of their own clients**

If the Client is an investment company acting on behalf of or for the benefit of its clients, the DBS (unless otherwise agreed) for the purposes of this Policy, shall treat the Client's order as an order of a professional client.

**6. FINAL PROVISIONS**

**Monitoring the effectiveness of the Policy and the Policy review**

In order to monitor the effectiveness of the implemented solutions and this Policy DBS established the Order Execution Committee ("Committee").

The Committee reviews the Policy at least once a year and additionally, in case a significant change occurs that, in the opinion of the Committee, constantly affects the ability of DBS to continue to achieve the best possible results at individual execution venues.

On the basis of the results of the review of the Policy and on-going monitoring of its effectiveness, DBS appropriately adjusts the accepted solutions as regards the order execution and acting to the best interest of the client. DBS keeps the clients informed about the significant changes of the Policy on a durable carrier or via a website in advance, prior to the changes to take effect, so that the client, who fails to agree to the changes, has a possibility to terminate the contract with a termination-notice period stipulated in the service rendering regulations

This Policy cannot guarantee that in each case the client's order will be executed or transferred with the best result for the client, including all the conditions which led the client when placing the order.

Policy updates (via Internet and on a durable carrier).

This document and any updates thereof related with significant changes of the Policy is available at the website: <http://www.dbsecurities.com.pl/>. The retail clients who have no access to the Internet shall receive this document and any updates thereof by mail.

**Consent**

DBS shall obtain the client's consent to apply the Policy before providing the services of execution of orders and the service of receiving and transferring orders. DBS assumes that the client who lodges an order, after obtaining information from DBS about the applied Policy and any changes thereof in accordance with the

procedure described in this document, agrees to the provisions of the Policy, except the situations in which an express consent of the client is required.

**Express consent**

DBS offers its clients the execution of orders beyond the regulated market or alternative trading system, after obtaining an express consent of the client. DBS aims at obtaining the consent subject to the general rules, i.e. pursuant to an appropriate contract for rendering services or – upon request of the client – individually with regard to individual transactions. The express consent is not required for executing the orders on financial instruments which are not listed or admitted to trade on the regulated market or in an alternative trading system applicable on the territory of member states.

<sup>1</sup> i.e. in particular those of the Regulation of the Minister of Finance of September 24, 2012 on the procedures and conditions of proceedings of investment companies, banks mentioned in Art. 70 Item 2 of the act on trading in financial instruments and trust banks



## Annex 1

### I. EXECUTION VENUES

The list of execution venues used by DBS which, in accordance with a reasonable assessment, permanently enable DBS to achieve the best possible result for the client (by individual types of financial instruments):

1. Shares and other instruments of similar nature (e.g. GDRs, ADRs), investment certificates / bonds and other financial instruments admitted to organised trading, trading on foreign regulated markets or in organised trading systems conducted beyond the territory of the member states, excluding bonds
  - 1.1. Regulated stock markets accessible directly by DBS as a stock market member.  
Warsaw Stock Exchange.
  - 1.2. Regulated OTC markets, accessible directly by DBS  
Catalyst (market operated by Bondspot S.A.)
  - 1.3. Foreign regulated markets (operated on the territory of member states) accessible via intermediaries  
London Stock Exchange  
NYSE Euronext (Paris, Amsterdam, Brussels, Lisbon)  
Virt-x Exchange limited  
Deutsche-Boerse (Xetra)  
Frankfurt Stock Exchange  
Stuttgart (Euwax)  
Athens Stock Exchange (ASE)  
Wiener Boerse  
Borsa Italiana  
Madrid Stock Exchange  
Norex Alliance of Exchanges Bucharest Stock Exchange  
Prague Stock Exchange  
Budapest Stock Exchange
  - 1.4. Regulated markets outside the member states, accessible via intermediaries  
American Stock Exchange  
Australian Stock Exchange  
Bermuda Stock Exchange  
Bolsa Mexicana de Valores

- Bourse de Monreal Inc  
Channel Islands Stock Exchange  
Chicago Stock Exchange  
Dubai International Exchange  
Hong Kong Exchanges & Clearing Limited  
International Capital Markets Association  
Istanbul Stock Exchange  
Johannesburg Stock Exchange  
Korea Stock Exchange  
National Association of Securities Dealers Automatic Quotations (NASDAQ)  
New York Stock Exchange  
New Zealand Stock Exchange  
Osaka Securities Exchange  
Pacific Exchange  
Philadelphia Stock Exchange  
Saudi Arabian Stock Exchange (The Tadawul)  
Singapore Exchange  
The Swiss Stock Exchange (SWX)  
Tokyo Stock Exchange  
Toronto Stock Exchange
- 1.5. Alternative trading systems accessible directly by DBS  
New Connect (market created by Warsaw Stock Exchange)
  - 1.6. Alternative trading systems accessible via intermediaries  
Alternative Investment Market (market created by London Stock Exchange)
  - 1.7. Investment companies and foreign investment companies, including foreign credit institutions executing orders of purchase or sale of financial instruments by the conclusion, for their own account, of the contracts of sale of financial instruments with the clients  
DB Securities S.A.  
Deutsche Bank AG  
other entities of Deutsche Bank Group
  - 1.8. Banks mentioned in Art. 70 Item 2 of the act on trading in financial instruments providing for the liquidity of financial instruments (in case of securities issued by the State Treasury)  
Deutsche Bank Polska S.A.
2. Derivative instruments (derivative

- instruments admitted to organised trading e.g. futures, options, warrants)
- 2.1. Regulated markets accessible directly by DBS as a stock market member  
Warsaw Stock Exchange
  3. Property rights and non-public market instruments (structured products and derivative instruments not admitted to organised trading)
  - 3.1. Investment companies and foreign investment companies, including foreign credit institutions executing orders of purchase or sale of financial instruments by the conclusion, for their own account, of the contracts of sale of financial instruments with the clients  
DB Securities S.A.  
Deutsche Bank AG  
or other entities of Deutsche Bank Groups.
  4. Bonds allowed to organized trading or organized trading system in Poland:
  - 4.1. Regulated stock markets accessible directly by DBS as a stock market member  
Warsaw Stock Exchange
  - 4.2. Regulated OTC markets accessible directly by DBS  
Catalyst (market operated by Bondspot S.A.)

### II. INTERMEDIARIES

1. In order to execute orders at execution venues to which DBS has no direct access, DBS uses the intermediary of the following foreign investment firms, including foreign credit institutions or other entities authorised to execute orders related with financial instruments:
  - Deutsche Bank AG,
  - ConvergEx Ltd.
  - Patria Finance a.s.
2. DBS reserves itself that in the event of the orders from retail clients, which execution is accessible via intermediaries on the exchange regulated markets outside the member states, DBS will transfer to execution only the orders regarding financial instruments which unit price is equal or higher than 1 USD.