

Order Execution Policy in the Field of Rendering Investment Services

Approved

Signet Bank AS

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I Terms Used

- The following terms and abbreviations are used in this Policy:
 - ALCO** – Assets and Liabilities Committee of the Bank;



- 1.2. **Approved Counterparty** – counterparty which has gone through the Bank’s due diligence and is approved for trading. The Bank considers as Approved Counterparties those counterparties that have access to Execution Venues or with whom the Bank performs OTC trading;
- 1.3. **Bank** – Signet Bank AS;
- 1.4. **Classification of Clients** – protection requirements are calibrated in MiFID II to three different categories of clients: notably private clients, professionals, and eligible counterparties. The high level principle to act honestly, fairly and professionally and the obligation to be fair, clear and not misleading apply irrespective of client categorization;
- 1.5. **Execution Venue** – includes Trading Venues (Regulated Markets, Multilateral Trading Facilities (MTFs), and Organized Trading Facilities (OTFs)), as well as Systematic Internalisers (SI), market makers, other liquidity providers, Bank acting as the counterparty to a transaction, and institutions in a third country performing functions comparable to those mentioned;
- 1.6. **Financial Instrument** – an asset or evidence of the ownership of an asset, or a contractual agreement between two parties to receive or deliver another financial instrument. Instruments considered as financial are listed in MiFID II (Annex I);
- 1.7. **MiFID II** – Directive 2014/65/EU of 15 May 2014 on Markets in Financial Instruments and Related Regulations (‘MiFID II’);
- 1.8. **Multilateral Trading Facility (MTF)** – a system, or ‘venue’, which brings together multiple third-party buying and selling, interests in Financial Instruments in a way that results in a contract. MTFs can be operated by investment firms or market operators and are subject to broadly the same overarching regulatory requirements as Regulated Markets (e. g. fair and orderly trading) and the same detailed transparency requirements as Regulated Markets;
- 1.9. **Organised Trading Facility (OTF)** – a multilateral system which is not a Regulated Market or an MTF and in which multiple third-party buying and selling interests in bonds, structured finance products, emission allowances or derivatives are able to interact in the system in a way that results in a contract;
- 1.10. **Over the Counter (OTC) Trading** – a method of trading that does not take place on an organised venue such as a Regulated Market, an MTF or an OTF;
- 1.11. **Policy** – the regulatory document of the Bank 'Order Execution Policy in the Field of Rendering Investment Services';
- 1.12. **Regulated Market** – a multilateral system, defined by MiFID II (Article 4), which brings together or facilitates the bringing together of multiple third-party buying and selling interests in Financial Instruments in a way that results in a contract. Examples: the traditional stock exchanges such as the Frankfurt and London Stock Exchanges;
- 1.13. **Systematic Internaliser (SI)** – investment firm which, on an organised, frequent and systematic basis, deals on own account by executing client orders outside a Regulated Market or an MTF;
- 1.14. **Terms** – the Terms of Maintenance of the Financial Instruments Account and Entering into Transactions with Financial Instruments, developed and approved



by the Bank;

- 1.15. **Trading Venue** – an official venue where securities are exchanged; it includes OTFs, MTFs and Regulated Markets.

II Objective

2. The Policy sets out principles the Bank follows when executing or receiving and transmitting orders for execution for its retail and professional clients in Financial Instruments.

III General Provisions

3. The Bank has adopted the Policy in order to secure the best possible execution of client orders in Financial Instruments in accordance with MiFID II.
4. The Bank is required to act honestly, fairly and professionally in accordance with the best interest of its clients as well as to take all sufficient steps to obtain the best possible result for its clients when carrying out orders in Financial Instruments of the client.
5. This Policy defines the principles and methods applied by the Bank to obtain the best possible result when carrying out orders for its clients.

IV Scope

IV-1 Clients Covered

6. The Policy applies to both private and professional clients (within the meaning of MiFID II). Clients dealing with the Bank should have received a formal notification from it informing them of their client categorization.
7. The Policy does not apply to eligible counterparties. The Bank does not owe the best execution in transactions entered into with eligible counterparties, unless agreed otherwise.

IV-2 Covered Financial Instruments and Transactions

8. This Policy applies to the receipt and transmission of client orders for Financial Instruments and the execution of orders relating to such Financial Instruments:
 - 8.1. equities: shares, exchange traded funds, depositary receipts, warranty certificates;
 - 8.2. debt instruments: bonds (such as corporate bonds, convertible bonds, mortgage bonds, sovereign and municipal bonds), money-market instruments such as treasury bills, certificates of deposit, commercial paper, etc.;
 - 8.3. derivatives: options, futures, swaps on currency, equity, commodities and indices as well as foreign exchange derivatives;
 - 8.4. structured financial instruments;
 - 8.5. units in collective undertakings (units/ shares in funds).
9. The Policy also applies to the following complex transactions:
 - 9.1. short positions (only for derivative Financial Instruments);
 - 9.2. transactions using borrowed funds (incl. REPO and reverse REPO transactions).
10. 'Spot' transactions in FX and commodities as well as loan agreements and deposits are not regarded as Financial Instruments and are not subject to the basic principles set



forth in the Policy.

IV-3 Services

11. The Policy applies to services when the Bank receives and transmits orders for execution or executes client orders on behalf of the client.
12. The Bank shall execute or transmit for execution all client orders to buy or sell Financial Instruments:
 - 12.1. as an agent, on behalf of the client or,
 - 12.2. as counterparty to the transaction.

IV-4 Receiving and Transmitting Orders

13. Client orders relating to the purchase and sale of Financial Instruments (e.g. equities, exchange-traded units in collective investment funds, futures, third party structured products) are transmitted to an Approved Counterparty, for execution.
14. When the Bank transmits client orders, it shall use Approved Counterparties that take all sufficient steps to ensure the best possible execution result. The Bank's main responsibility is the proper selection and supervision of the Approved Counterparties. Approved Counterparties are selected to obtain the best possible result for the client on a consistent basis.

IV-5 Execution of Orders

15. The Execution Venues specified in this section reflect the venues where the Bank intends to consistently ensure the best possible result for the client in the respective categories of Financial Instruments. The choice of execution method shall be made taking into account the execution factors set out in Clause 18 of the Policy.
16. Depending on the type of Financial Instrument, the Bank shall execute client orders as follows:
 - 16.1. transactions in equity instruments or equivalent Financial Instruments and derivative Financial Instruments traded on the Regulated Market are transmitted to execution/ executed by the Bank using the Approved Counterparties that have access to the Regulated Market, where transactions with the above Financial Instruments take place, or directly on the Regulated Market, if the Bank has an access;
 - 16.2. orders to buy or sell debt securities listed on Nasdaq Baltic primarily shall be executed on the regulated market Nasdaq Baltic, on which the respective financial instrument is admitted to trading, in accordance with the provisions of the Policy on best execution;
 - 16.3. orders to buy or sell other debt securities and derivatives negotiated OTC, except OTC FX derivatives, shall be executed outside Trading venues through Approved Counterparties or market makers, by mutual agreement on the price and subject to the price fairness assessment set out in Clause 36 of the Policy;
 - 16.4. OTC FX derivative instruments shall be executed outside Trading venues (OTC), trading directly with the Bank as the counterparty to the transaction, by mutual agreement on the price and subject to the price fairness assessment set out in Clause 36 of the Policy;
 - 16.5. transactions involving borrowed financial resources (incl. *repo*, *reverse repo*) shall be executed outside Trading venues (OTC), trading directly with the Bank



as the counterparty, by mutual agreement on the price and subject to the price fairness assessment set out in Clause 36 of the Policy;

- 16.6. transactions in investment fund units that are not traded on a Regulated Market shall be executed by the Bank outside Trading Venues by submitting orders directly or through Approved Counterparties to the respective investment management company managing the relevant investment fund, in accordance with the rules of the respective investment fund. Information on the valuation, redemption, and other details of fund units is available from the management company of the respective fund;
- 16.7. orders relating to structured Financial Instruments issued by the Bank shall be executed outside Trading Venues (OTC), with the Bank acting as the counterparty to the transaction. In such cases, the Bank shall ensure compliance with the best execution obligation and perform an assessment of the fairness of the offered price.

IV-6 Execution Venues and Approved Counterparties

17. The Policy requires the Bank to determine the appropriate Execution Venues where the client's orders can be executed by the Bank, or the appropriate Approved Counterparties to which the client's orders can be transmitted by the Bank for execution. The list of Approved Counterparties is published on the Bank's website (<https://signetbank.com/mifid>).
18. The Bank shall take into account various factors in determining the Execution Venue or Approved Counterparties that enable clients to obtain the best possible execution result:
 - 18.1. the primary Trading venue for equity securities and equivalent financial instruments, as well as bonds admitted to trading on Nasdaq Baltic;
 - 18.2. the price and transaction-related costs;
 - 18.3. liquidity;
 - 18.4. credit risk and settlement risk;
 - 18.5. operating models and infrastructure;
 - 18.6. speed of access, immediacy, and likelihood of execution.
19. The detailed relative importance of the execution factors is set out in the relevant section of this Policy.
20. The Bank may add or remove any counterparties from this list, as described in section VIII of the Policy.
21. The client gives prior express consent for orders to be executed or transmitted for execution outside a Regulated Market, MTF, or OTF. The client expressly acknowledges the risks associated with such execution.
22. In special circumstances (e.g. trading on a provisional basis, or to accommodate a client request to trade in an unusual instrument), the Bank may use venues or counterparties which do not appear on the list of Execution Venues and Approved Counterparties, following the procedures specified in the Bank's internal documents.



V Client Order Handling

V-1 Order Reception

23. Orders shall be accepted through the communication channels specified in the Terms and Conditions.

V-2 Recording of Information

24. When the Bank accepts the order, it is recorded promptly in the Bank's order system, and contains the following information:
- 24.1. Client name and account;
 - 24.2. Buy or Sell;
 - 24.3. Name of the Financial Instrument and/ or the security identifier (ISIN or other identifier);
 - 24.4. Currency;
 - 24.5. Quantity;
 - 24.6. Date and time of order reception;
 - 24.7. Price limit (if applicable);
 - 24.8. Special execution instructions, including period of validity, where applicable.

V-3 Sequential Execution/ Order Aggregation

25. Individual orders are executed or transmitted sequentially (first-in, first-out principle) in accordance with their time of receipt. Exceptions may apply where the characteristics of the order and prevailing financial market conditions make such execution impossible or where such execution would not ensure the protection of the client's interests.
26. The Bank may aggregate orders and execute them in one or more tranches, if market conditions allow achieving a better result for clients, the Bank believes that these orders will then be executed at an average price that the Bank considers generally favourable. Consequently, aggregation may be to the disadvantage of an individual order.
27. The Bank shall execute the order at the weighted average price where it aggregates client orders or transmits for execution/ executes orders through more than one transaction using the weighted average price.
28. If aggregated orders can be transmitted for execution/ executed only in part, the Bank allocates the executed part to the participating clients proportionately according to the size of the orders.
29. The Bank may deviate from the procedure referred to in Clause 28 of the Policy if the client's order to participate in the initial placement of Financial Instruments has been received. In this case, the order execution procedure is specified in the Financial Instruments Issuance Regulations.
30. If client orders have been aggregated with transactions carried out by the Bank in its own name, the Bank participates in the allocation only if all participating clients are satisfied in full. If a client order could not have been executed on the same favourable terms without aggregation, the Bank may distribute the transaction proportionately. This paragraph does not apply to initial placements of Financial Instruments.
31. For client orders received outside the normal exchange business hours of the market, the Bank transmits for execution the order when exchange trading resumes. Client



orders received outside the Bank's business hours are transmitted for execution applying a first-in, first-out principle, promptly as soon the Bank opens.

V-4 Difficulties in Order Handling

32. If the Bank encounters significant difficulties related to the proper execution or transmission of an order for execution, the Bank shall inform the client immediately upon becoming aware of such difficulties.
33. In certain cases, due to specific reasons (including disruptions in order execution systems or extraordinary circumstances in the financial markets), the Bank may be required to use execution methods other than those specified in the Policy. Even in such circumstances, the Bank shall take all sufficient steps to transmit for execution or execute client orders while acting in the client's best interests and taking into account the specific circumstances.
34. For large-volume transactions or transactions that may significantly impact the market or the price of a particular Financial Instrument, the Bank may apply a specific execution approach, taking into account the Client's interests, the risk of market impact, the liquidity of the Financial Instrument, and the likelihood of execution.

VI The Best Execution Framework

VI-1 General Provisions

35. The Bank has put in place policies and procedures which are designed to consistently achieve the best possible result for its clients on a basis in transactions to which best execution applies, taking into account certain factors, criteria and available Execution Venues.
36. In transactions involving debt securities and other Financial Instruments traded outside trading venues, the Bank shall, prior to the execution of the transaction and to the extent possible, assess the fairness of the offered price, taking into account available market data, prices of comparable Financial Instruments, yield curves, the level of credit risk/ spread, issuer-specific circumstances, transaction volume, instrument liquidity, and other objectively justified pricing criteria.

VI-2 Considered Execution Factors and Criteria

37. In order to achieve the best possible result for the client, the Bank takes into account various Execution factors to determine the best result for the client. Although some of the below factors are considered to be more important than others, there are situations where the relative importance of these factors may change.
38. The execution factors that the Bank considers are:
 - 38.1. price: the price a Financial Instrument order is executed at;
 - 38.2. costs: include implicit costs such as the possible market impact, explicit external costs, e.g. exchange or clearing fees and explicit internal costs which represents the Bank's own remuneration through commission;
 - 38.3. speed: the time it takes to execute a client order;
 - 38.4. likelihood of execution and settlement: the likelihood that the Bank will be able to complete a client order;
 - 38.5. size and nature: the order size and how the particular characteristics of a client



order can affect how best execution is achieved;

- 38.6. any other circumstance which, in the Bank's opinion, is relevant to the execution/ transmission of a particular order.
39. Whilst the Bank sets out the order of relative importance of the execution factors for each asset class, a variety of criteria are taken into account in assessing this, and appropriate considerations are made based on a transaction by transaction basis.
40. In order to determine the relative importance of each execution factor, the Bank takes into account the following criteria:
 - 40.1. the client's situation and the objective of the order;
 - 40.2. current market conditions;
 - 40.3. the specific Financial Instrument that the order concerns;
 - 40.4. relevant Execution Venues.
41. Where a Financial Instrument is traded on multiple Execution Venues and/ or may be executed via multiple Approved Counterparties, the Bank may determine that the transaction should be executed in the market, where liquidity is the highest, considering that this is the most appropriate option for the client regarding the most advantageous execution in terms of price, execution speed and probability of settlement.
42. It may not always be possible to execute an order at the best available price, however the Bank shall take all sufficient steps to execute the client's order in accordance with the Policy.

VI-3 Total Consideration

43. When transmitting or executing a client order, price and cost are generally considered as being the most important execution factor in obtaining the best possible result. This is called the 'Total Consideration'. It represents the price of the Financial Instrument and the costs related to the execution, which include all expenses, which are directly related to the execution of the order and are incurred by the client. It includes Execution Venues fees, clearing and settlement fees, the Bank's own commissions and any other fees paid to third parties involved in the execution of the order.
44. When transmitting or executing orders, the Bank may determine that in some instances, taking into account the execution criteria, other execution factors may have a higher relative importance than price and cost (for example, in case of low liquidity).
45. A detailed view on the relative importance of execution factors per asset class can be found below.
46. In principle, associated costs are communicated to the client by the Bank before transmitting or executing the order. The client is informed in good time prior placing an order about any fees charged by counterparties or third parties. In case aggregated orders have been placed, a pro-rata split of costs and benefits is conducted based on the order notional.

VI-4 Relative Importance of Execution Factors per Asset Class

47. The Bank prioritizes execution factors per asset class as follows:
 - 47.1. **Equities:**
 - 47.1.1. Total Consideration (Price & Cost);
 - 47.1.2. Likelihood of Execution;



- 47.1.3. Size;
- 47.1.4. Speed;
- 47.1.5. Other Consideration;
- 47.2. **Debt Instruments:**
 - 47.2.1. Total Consideration (Price & Cost);
 - 47.2.2. Likelihood of Execution;
 - 47.2.3. Size;
 - 47.2.4. Speed;
 - 47.2.5. Other Considerations.
- 48. When transmitting or executing orders, the Bank may determine that, in some instances, other execution factors may have a higher relative importance, taking into account the execution criteria. Consequently, in cases where the price may not have been the best available, this does not necessarily constitute a violation of the Bank's obligation to attain the best execution of client orders:
 - 48.1. **Derivatives (ETD):**
 - 48.1.1. Total Consideration (Price & Cost);
 - 48.1.2. Likelihood of Execution;
 - 48.1.3. Size;
 - 48.1.4. Speed;
 - 48.1.5. Other Consideration.
 - 48.2. **Derivatives (OTC):**
 - 48.2.1. Total Consideration (Price & Cost);
 - 48.2.2. Likelihood of Execution;
 - 48.2.3. Size;
 - 48.2.4. Speed;
 - 48.2.5. Other Consideration.
 - 48.3. **Structured Products:**
 - 48.3.1. Total Consideration (Price & Cost);
 - 48.3.2. Likelihood of Execution;
 - 48.3.3. Size;
 - 48.3.4. Speed;
 - 48.3.5. Other Consideration.
- 49. Orders relating to investment fund units shall be transmitted for execution to the fund administrator selected as the Execution Venue by the fund or by the management company of that fund. The Bank has no influence over this decision. For the purposes of managing the risks related to the counterparty, the Bank may reject a fund administrator. In this case, the Bank reserves the right not to accept the order.
- 50. The execution price for orders to buy/ sell investment fund units shall be the calculated Net Asset Value (NAV) determined by the fund administrator in accordance with the procedure set out in the respective fund's prospectus, provided that the order has been received by the cut-off time specified in the investment fund's prospectus.



VII Specific Instructions

51. If the client provides the Bank with instructions regarding an order or any conditions of the order, the Bank is executing the order in accordance with such instructions, to the extent possible.
52. Any kind of specific instructions of the client may prevent the Bank from obtaining the best possible result for the execution of the client's order in accordance with the Policy. When executing specific client instructions, the Bank shall be deemed to have fulfilled its best execution obligation only in respect of those aspects of the order covered by such instructions.
53. Examples of specific instructions may include, but are not limited to, requests to execute on a particular venue, at specific target price or to execute an order over a particular timeframe.
54. If the client's instructions do not include all the terms of the transaction, the Bank applies the principles set out in the Policy to its remaining conditions.
55. If the client gives an instruction specifying a price limit for an order, in respect of Financial Instruments admitted to trading on a Regulated Market, and if this order is not immediately executed under the then prevailing market conditions, the Bank, in order to facilitate the earliest possible execution, transmits the order to the market so that it is easily accessible to other market participants, unless the client has provided other instructions or the nature of the order itself is not compatible with the publication requirement (for example, a large-in-scale transaction).
56. The Bank may refuse specific client instructions to carry out an order on a specific Execution Venue or with a specific counterparty.

VIII Initiation and Monitoring of Cooperation with Approved Counterparties

VIII-1 Initiation of Cooperation with the Approved Counterparties

57. When accepting and transmitting client orders for execution, the Bank shall use Approved Counterparties that take all sufficient steps to satisfy the requirement for best execution of orders. For this purpose, the Bank has established ALCO, which monitors the selection procedure, the Bank's execution framework and its operational arrangements.
58. The Bank selects its Approved Counterparties, based on a selection procedure, which encompasses qualitative factors, such as:
 - 58.1. access to Execution Venues allowing for best execution on a regular basis;
 - 58.2. connectivity;
 - 58.3. regional market coverage;
 - 58.4. availability of trading information;
 - 58.5. access to market makers' prices;
 - 58.6. access to clearing institutions and connectivity for settlement purposes;
 - 58.7. quality of middle and back office support.

VIII-2 Monitoring of Approved Counterparties

59. The Bank monitors its arrangements with the Approved Counterparties through ALCO. In addition, the Bank performs due diligence on its Approved Counterparties on a



regular basis.

IX Review and Monitoring

IX-1 General Provisions

60. The Policy and execution arrangements with Approved Counterparties are reviewed by the Bank at least annually or if material changes occur. Material changes are defined as changes influencing the Bank's ability to continue to obtain the best possible result for its clients on a consistent basis using the venues and Approved Counterparties published in the Bank's website.

IX-2 Review and Amendments

61. The Bank reviews its execution framework in its daily business as well as through regular assessments of its Approved Counterparties. The Bank monitors and verifies that the best possible result is consistently achieved for clients. As further described, the Bank assesses whether it could obtain better execution results if it were to:

- 61.1. include additional Approved Counterparties or exclude existing ones, or
- 61.2. assign different relative importance to the execution factors;
- 61.3. modify any other aspects of the Policy or arrangements.

62. If necessary, the Bank shall amend and publish the updated version of the Policy and/ or the list of Approved Counterparties; the amendments to the Policy are published on the Bank's website (<https://signetbank.com/mifid/>).

63. The Bank shall consider that the client has agreed to the Policy and its subsequent amendments if the client submits an order to the Bank after the relevant amendments have entered into force.

64. A client is entitled not to consent to amendments of the Policy notifying the Bank in writing.

65. In case the client wishes to object to such amendments or updates to the Policy, the Bank may refuse to accept or to transmit individual client orders to counterparties for execution.

IX-3 Execution Monitoring

66. The Bank regularly and systematically monitors order execution and the effectiveness of the Policy in order to identify and remedy deficiencies, as well as to assess whether the Execution Venues used and the order execution arrangements ensure the best possible result for the client.

67. The Bank evaluates a random sample of transactions executed per asset class for this purpose. Besides quantitative evaluation criteria (such as price, speed, and likelihood of execution), the Bank also takes into account qualitative criteria (such as efficiency of the settlement process) for this assessment.

68. If, as a result of such monitoring, it is identified that compliance with the Policy has not been ensured, the Bank shall, where necessary, conduct an investigation and make the required amendments.

69. The Bank annually publishes information on the quality of execution obtained on its top five Execution Venues/ counterparties based on volume by asset class on its website.



X Client Requests for Further Information

70. The client is entitled to submit reasonable and proportionate requests for information regarding the Bank's Policy, its application, arrangements with Approved Counterparties, and the assessment and monitoring of such counterparties, as well as to request information on how a specific order has been executed in accordance with the Policy and the applicable best execution obligation. The Bank shall ensure that such requests are reviewed and responded to within a reasonable timeframe with a clear, substantiated, and comprehensible reply, in compliance with the applicable external regulatory enactments and the Bank's internal normative documents.

XI Related Internal Regulatory Documents

1. ["Internal Governance Policy"](#).

XII Applicable External Regulations

1. [Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments.](#)

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