

# Execution policy of Schoellerbank AG

(As of March 2022)

## 1 General principles for order execution

### 1.1 Introduction

This execution policy of Schoellerbank AG (also referred to as “Schoellerbank” or the “bank” in the following) describes the principles for the execution of customer orders for the purchase and sale of financial instruments in the customer’s best interest. The General Terms and Conditions of Schoellerbank AG also apply.

For customer orders for the purchase and sale of financial instruments to be executed, the customer must accept the execution policy of Schoellerbank AG (also referred to as the “execution policy” in the following). If it is rejected, Schoellerbank will no longer accept such orders from the customer. If this acceptance is revoked, Schoellerbank will

- no longer accept buy orders;
- Schoellerbank will continue to accept sell orders and orders for the closing of open derivatives positions and will execute them on the basis of the customer’s specific instructions.

#### **Important notice:**

If the customer issues specific instructions to Schoellerbank for the execution of an order, this may prevent Schoellerbank from executing the order according to the criteria it has defined in its execution policy in order to achieve the best possible result in the execution of orders. The bank is not obligated to inform the customer of this effect of specific customer instructions before every order.

### 1.2 Determining customer interests

Pursuant to the Securities Supervision Act 2018 (Sections 62 to 65 WAG 2018) and Delegated Regulation (EU) 2017/565 (Articles 64–70), banks are obligated to create an execution policy for the fulfilment of customer orders for the purchase and sale of financial instruments (also referred to as the “execution policy” in the following) in order to achieve the best possible results for their customers in the execution of customer orders. Selecting the best possible execution venue does not guarantee that the best result will be obtained for each individual order. The bank must take all appropriate measures in order to consistently achieve the best possible results for the customer. The procedure followed for the execution of customer orders must typically lead to the best possible result for the customer.

The preparation of the execution policy falls under the legal requirements of the bank. It creates the execution policy at its own discretion taking the following aspects into account:

- The price of the financial instrument
- The costs associated with the execution of the order
- The speed of execution
- The probability of the execution and settlement of the order
- The scope and type of the order
- All other relevant aspects of order execution to obtain the best possible result
- Qualitative factors pertaining to the execution venues
- For additional aspects considered in the selection of execution venues, please refer to section 2 “Special principles for order execution by asset class”

When selecting the relevant execution venues, the bank considers the execution venues at which the given financial instruments are traded in a significant volume (home exchange).

For retail clients, the achievement of the best possible result is determined based on the overall valuation, which encompasses the price of the financial instrument and all costs associated with the execution of the order. The speed, probability of execution and settlement, scope and type of the order, market effects, and any other implicit transaction costs may be given preference over the immediate price and cost considerations if they contribute to achieving the best result for retail clients with regard to the total charge.

If the customer assesses individual aspects differently than they are defined by the bank in its execution policy and thus would like his/her order to be executed at an execution venue other than those specified in the execution policy, the customer must issue specific instructions regarding the desired execution venue.

The bank is not obligated to conclude such a transaction.

For orders under an agreement pertaining to an electronic banking product of the bank (online banking), the customer issues specific instructions regarding the desired execution venue.

In individual cases, order attributes may prevent the bank from defining an execution venue that complies with its execution policy in the interest of the customer. In this case, the bank only accepts orders based on specific customer instructions regarding the execution venue. If the bank executes an order according to specific customer instructions regarding the execution venue, it is not subject to any obligations to achieve the best possible result with regard to the selection of the execution venue. Such customer instructions must be issued for each individual transaction.

In the case of customer orders that are placed in connection with asset management services (discretionary asset management, investment consulting agreements, or similar agreements), the bank must determine at its own discretion at which of the execution venues specified in the execution policy the best possible result can be obtained consistently for the customer.

### **1.2.1 Price**

In order to determine the advantageousness of an execution venue in terms of the price, the bank evaluates the pricing mechanisms of the execution venues. In particular, the price quality depends on the number of market participants, the potential utilisation of market makers, and the orientation to a key exchange (reference market principle), if applicable.

### **1.2.2 Costs**

The costs are determined as part of the total charge, taking the following criteria into account:

#### **1.2.2.1 Commission transactions**

If the bank executes the orders of its customers as a commission agent, the costs include the fees and commissions of the bank as well as third-party fees (e.g. for the brokers, the exchanges, and specialists/market makers operating on the exchanges – this also includes the costs of a central counterparty) and all other fees that are paid to third parties involved in the execution of the order (taxes, clearing and settlement fees) to the extent these are charged to the customer.

#### **1.2.2.2 Fixed-price transactions**

The costs for fixed-price securities or foreign exchange transactions are reported separately (foreign exchange transactions, forward exchange agreements).

### **1.2.3 Other aspects of order execution**

The bank also considers the following aspects of order execution in accordance with the legal requirements:

#### **1.2.3.1 Speed of execution**

The speed of execution is defined as the period from the acceptance of the customer order until it can theoretically be executed at the execution venue. The speed of execution at the execution venue is largely determined by the type of market model.

### **1.2.3.2 Probability of execution and settlement**

The probability of order execution at an execution venue is largely dependent on the liquidity of the given execution venue. Under this aspect, the bank also considers the risk of the partial execution of orders, which can have a direct effect on the total costs of settlement.

The probability of settlement depends on the settlement risks of the individual execution transactions, which can adversely affect the delivery of financial instruments.

### **1.2.3.3 Type and scope of the order**

The bank also considers the type and scope of the order in line with the attributes of the customer order. An order type that is executed at a certain execution venue can simultaneously represent an exclusion criterion for another execution venue.

### **1.2.3.4 Qualitative factors pertaining to the execution venues**

The bank considers qualitative factors such as the home exchange (principal venue), electronic access to the execution venue, the monitoring of trading by a market surveillance unit, the management and processing of complaints, the trading hours of the individual execution venues, the binding force of quotes and other price information, the selection of order instructions and execution types, the counterparty risk of the trading partners, and the probability of settlement.

## **1.3 Customer categorisation**

The bank categorises the customer as a “retail client” or “professional client” or as an “eligible counterparty” in accordance with the legal regulations and informs the customer of his or her categorisation.

## **1.4 Asset classes**

Financial instruments with the same features are combined into so-called asset classes and are handled in the same way under the execution policy.

## **1.5 Scope**

The bank applies this execution policy to the execution of orders from retail clients and professional clients issued to the bank for the purpose of buying or selling securities or other, non-securitised financial instruments.

Discretionary orders or orders placed in a similar form that do not allow for the determination of a single execution venue are executed by the bank at its own discretion in the customer’s interest. The bank will also strive to achieve the best possible result for the customer in the execution of these orders.

## **1.6 Trading hours of the bank**

Customer orders received by the bank outside of its normal trading hours are processed based on the chronological order in which they were received when trading resumes.

## **1.7 Execution venues and execution types**

While preparing this policy including the list of execution venues, the bank considered and assessed the domestic and foreign exchanges and multilateral trading facilities (MTFs) in particular.

The current list of execution venues is available at every Schoellerbank branch or on our website at [www.schoellerbank.at](http://www.schoellerbank.at) under “Legal References”/“Securities Supervision Act”.

The bank utilises financial intermediaries such as a commission agent. The bank works with UniCredit Bank AG as a commission agent on a regular basis. The selected financial intermediaries have provided fast and reliable execution in the past without any observable quality differences. In order to achieve the most favourable execution conditions possible in the interests of its customers, the bank regularly monitors the quality of the financial intermediary or financial intermediaries.

Based on the customer’s acceptance of this execution policy, the bank is entitled to execute orders in the interest of the customer directly or indirectly at a regulated market (exchange), a multilateral trading facility (MTF), an organised trading facility (OTF), a systematic internaliser (SI), or other execution venue.

Control procedures in connection with the selection of execution venues:

The factors listed for the selection of execution venues are reviewed on a regular basis. The securities and derivatives markets specified in the list of execution venues are obligated to regularly publish data about the quality of execution. This information is available on the websites of the execution venues.

### **1.8 Market conformity check**

When orders are executed outside of a regulated market, the bank checks that the price offered to the customer is fair using market data that were used in the estimation of the price for the given product and – if possible – compares this price to similar products.

### **1.9 Combination of orders**

The bank executes comparable customer orders without delay and in order according to the time they are received unless the nature of the order or the prevailing market conditions make this impossible or another course of action must be taken in order to protect the interests of the customer.

In these cases, the bank reserves the right to combine customer orders with the orders of other customers. However, orders may only be combined when this is not expected to be disadvantageous for the customer(s).

It must generally be noted, however, that the combination of an order with other orders and transactions can also be disadvantageous with regard to certain orders.

For example, if order execution is delayed due the combination of orders, it is possible that combined orders will only be partially executed due to their size or that certain orders will not be executed at the price at the time of the order placement but rather at a more positive or more negative price at the time of the order execution. In addition, trading suspensions or the early closing of a subscription can delay or prevent the execution of orders.

In order to ensure the fair allocation of combined orders and transactions, an automated settlement system is in place at Schoellerbank that determines and effectively implements the allocation of combined orders. This automated settlement system administers the fair allocation of combined orders and transactions including with regard to how the volume and price of orders affect the allocation and partial processing of orders. Schoellerbank will allocate the combined transactions in accordance with its automated settlement system for the allocation of orders.

In order to keep the processing costs low and to allow for the sale of non-tradable units (sale of fractional shares), the bank combines orders for the sale of subscription rights in the interest of its customers.

Orders for the purchase or sale of units in domestic and foreign investment funds are combined and forwarded to the appropriate party that accepts orders (depository, fund company, or financial intermediary), also with the goal of keeping the processing costs low. If order execution is delayed due the combination of orders, particularly in the case of the purchase or sale of investment fund units that cannot be redeemed daily in the event of fund closures or fund liquidations, it is possible that individual orders will not be able to be executed or will not be able to be executed immediately.

The bank reserves the right to combine customer orders submitted under asset management mandates (discretionary asset management, investment advisory agreements, and similar agreements) with other customer orders. The special order execution principles (see item 2) also apply for such combinations. In the case of discretionary asset management services, the bank must determine at its own discretion at which of the execution venues specified in the execution policy the best possible result can be obtained consistently for the customer. In order to save costs for the customer, the bank combines subscription orders pertaining to the issue of equities on a daily basis in accordance with the standard market practices for the purpose of collectively forwarding such orders to the lead manager for the issue.

### **1.10 Allocation for issues**

For initial public offerings (IPOs) and for subscriptions for capital increases, the shares are allocated by the lead manager for the issue (lead bank appointed by the issuer).

If no requirements for the allocation are provided by the lead manager or the allocation ratio received is too low, the bank must select an allocation method. The following allocation methods are possible: percentage

allocation, allocation based on order quantity, allocation according to the order of the receipt of the subscription orders, allocation according to a special code, or random selection.

The bank will ensure that the allocation is fair and – if possible – in tradable minimum quantities in the interests of all customers regardless of the selected method.

### **1.11. Execution venues**

Orders for stocks and securities similar to stocks are forwarded for execution to financial intermediaries that generally have access to their home exchange. The bank is subject to the order execution principles of the financial intermediary utilised for the execution. Therefore, the bank cannot guarantee execution directly on the exchange and thus cannot accept specific customer instructions to this effect for such orders. However, the bank can accept specific customer instructions for orders for securities for which a financial intermediary belonging to UniCredit Group has direct access to an exchange by way of an exchange connection. When the customer order is placed during the relevant trading hours, orders in this asset class are regularly forwarded directly to electronic trading systems for execution because they consistently offer the highest liquidity and fast and cost-effective execution. Orders placed after the close of trading may be executed by way of floor trading, if available. Orders that are not executed will be processed on the subsequent business day based on the chronological order in which they were received, provided that the orders are valid for a longer period of time.

The bank provides no guarantee that an order will actually be executed at the selected execution venues. Orders that are not executed on the same day remain at the given execution venues provided that this is stipulated based on the order type and the customer did not specify the expiry of the order (e.g. in the case of day orders).

If an instrument included in this asset class is not traded on the specified exchange or if trading events occur (reference market disruptions, disruptions due to volatility, etc.), orders may be executed at an alternative domestic exchange or over the counter in the interest of the customer. If orders are cancelled by the exchange due to trading events, the customers will be informed by the bank.

## **2 Special principles for order execution by asset class**

### **2.1 Stocks and securities similar to stocks**

Along with stocks and securities similar to stocks, this asset class includes exchange traded funds (ETFs).

Domestic stocks are primarily traded in Austria, and the Vienna Stock Exchange is generally the suitable execution venue due to the required price quality and lower execution costs.

Therefore, the bank will execute orders for Austrian stocks in the electronic trading system of the Vienna Stock Exchange because it consistently offers the highest liquidity and fast and cost-effective execution.

Foreign stocks are primarily executed on the home exchange because this offers the highest liquidity and, as a result, consistently offers the highest execution probability and probability of the best pricing.

### **2.2 Subscription rights**

Along with conventional subscription rights, this asset class includes tradable purchase rights and redemption rights.

Due to the limited subscription period, the criteria of probability and speed of execution are to be assigned a higher weighting for subscription rights held in safekeeping abroad.

Orders for domestically listed subscription rights are executed on the Vienna Stock Exchange.

Orders for assets held in safekeeping abroad are executed on the exchange in the relevant country.

In order to keep the processing costs low, the bank combines such orders in the interest of its customers.

### **2.3 Bonds, securities similar to bonds, and structured securities**

This asset class includes bonds (debt securities, fixed-income securities) and money market instruments as well as other securities similar to bonds and structured bonds.

The bank will execute orders for the purchase or sale of assets via suitable financial intermediaries in the form of a commission transaction directly or indirectly at a regulated market (exchange), a multilateral trading facility (MTF), an organised trading facility (OTF), a systematic internaliser (SI), or other execution venue.

#### **2.4 Investment fund units**

The purchase and sale of units in investment funds for which Schoellerbank is the depository are executed by Schoellerbank as the depository at the net asset value (plus the fee in the amount of the front-end surcharge defined in the prospectus) and at the redemption price.

Orders for the purchase or sale of units in domestic investment funds for which Schoellerbank is not the depository are forwarded to the Austrian depository for execution. If the depository is not the party that accepts orders, the orders are forwarded directly to the fund company or a financial intermediary for execution.

Orders for the purchase or sale of units in foreign investment funds are forwarded to an international fund order routing platform (e.g. Vestima) for execution. If the fund ordered by the customer does not participate in this fund order routing platform, the orders are forwarded to the party that accepts orders for the fund. The party that accepts orders can be the fund company, the depository, or a financial intermediary.

#### **2.5 Participating certificates**

The bank will handle all orders for listed participating certificates similar to stocks and bonds according to the criteria defined in item 1.11.

If no execution venue can be determined that consistently offers the highest liquidity and thus fast and cost-effective execution, the bank can accept orders for over-the-counter execution for these securities.

#### **2.6 Warrants**

The bank will execute orders for warrants it issues itself or warrants issued by third parties in the form of commission transactions via financial intermediaries or exchanges.

Orders for the subscription of warrants are executed over the counter through financial intermediaries or the issuer.

#### **2.7 Certificates**

The purchase and sale of certificates issued by the bank or by third parties (structured investment products) are executed directly or indirectly at a regulated market (exchange), a multilateral trading facility (MTF), an organised trading facility (OTF), a systematic internaliser (SI), or other execution venue.

The bank will execute orders in the form of commission transactions through financial intermediaries or directly via an adequate execution venue that consistently offers the highest liquidity and thus fast and cost-effective execution. If no adequate execution venue can be determined, the bank will forward orders for execution by financial intermediaries via the home exchange or the issuer.

Orders for the subscription of certificates (structured investment products) are executed over the counter through financial intermediaries or the issuer.

#### **2.8 Non-securitised financial instruments**

##### **2.8.1 Exchange traded derivatives contracts**

Due to the differing forms of non-securitised financial instruments on the various regulated markets, specific customer instructions are required for the selection of an exchange for this asset class. The bank is not obligated to conclude such a transaction. A list of the exchanges for which orders can be placed for non-securitised financial instruments is contained in the list of execution venues, which is available in every branch and online at [www.schoellerbank.at](http://www.schoellerbank.at) under "Legal References"/"Securities Supervision Act".

##### **2.8.2 Non-exchange traded derivatives contracts**

The bank offers the option of concluding transactions in non-securitised financial instruments directly with the bank at prices that are updated on an ongoing basis (forward exchange agreements). Such transactions are concluded at a fixed price agreed with the bank (a so-called fixed-price transaction). The bank is not obligated to conclude such a transaction. If a fixed-price transaction is concluded, the bank provides

immediate price confirmation for these instruments during its typical trading hours, taking the market situation into account and including all costs associated with this execution.

## **2.9 Securities financing transactions**

Similar to non-exchange traded derivatives contracts, these are agreements concluded between the bank and the customer on an individual basis. For example, this includes securities repurchase agreements (repo, securities lending) and buy-sell back transactions.

An alternative execution venue is not available. The transaction is concluded directly with the bank at the agreed terms. The bank ensures that the agreement is concluded in accordance with the regulatory requirements regarding the fairness of the price. The bank is not obligated to conclude such a transaction.

## **3 Final provisions**

If individual financial instruments cannot be assigned to an asset class, the customer must provide specific instructions on the execution venue.

If the bank cannot execute the order at the specified execution venue at the time the order is placed because of holidays, trading events, or technical limitations, the order can also be executed in the interest of the customer at a different execution venue. If the execution venues that have been chosen by the bank as suitable alternatives are also unavailable, the customer must provide specific instructions about the execution venue.

If an order is received outside of the trading hours of the intended execution venue, the customer must provide specific instructions about the selection of the execution venue if he or she does not wish to have the order executed on the following trading day according to this execution policy. In the event of an order with the specific customer instructions "no relocation of the execution venue", the bank will place the order even when the order is not or cannot be executed by the selected execution venue for a longer period of time. For orders that are not executed immediately or on the first day of validity, the bank will note the order and will inform the customer about any events (e.g. capital measures, trading suspensions) that lead to the nullification of the order.

The implementation of this execution policy is also supported by the trading system. If this technical support is temporarily unavailable, the bank will select an execution venue at its discretion without this technical assistance and according to this execution policy, and therefore in the interests of the customer.

The execution policy, including the list of execution venues, is reviewed regularly (at least once per year) and adapted when needed. Customers will be informed in an appropriate manner about every material change to the execution policy. The current version of the execution policy can be obtained free of charge at all Schoellerbank branches and can be viewed on Schoellerbank's website at [www.schoellerbank.at](http://www.schoellerbank.at) under "Legal References"/"Securities Supervision Act".