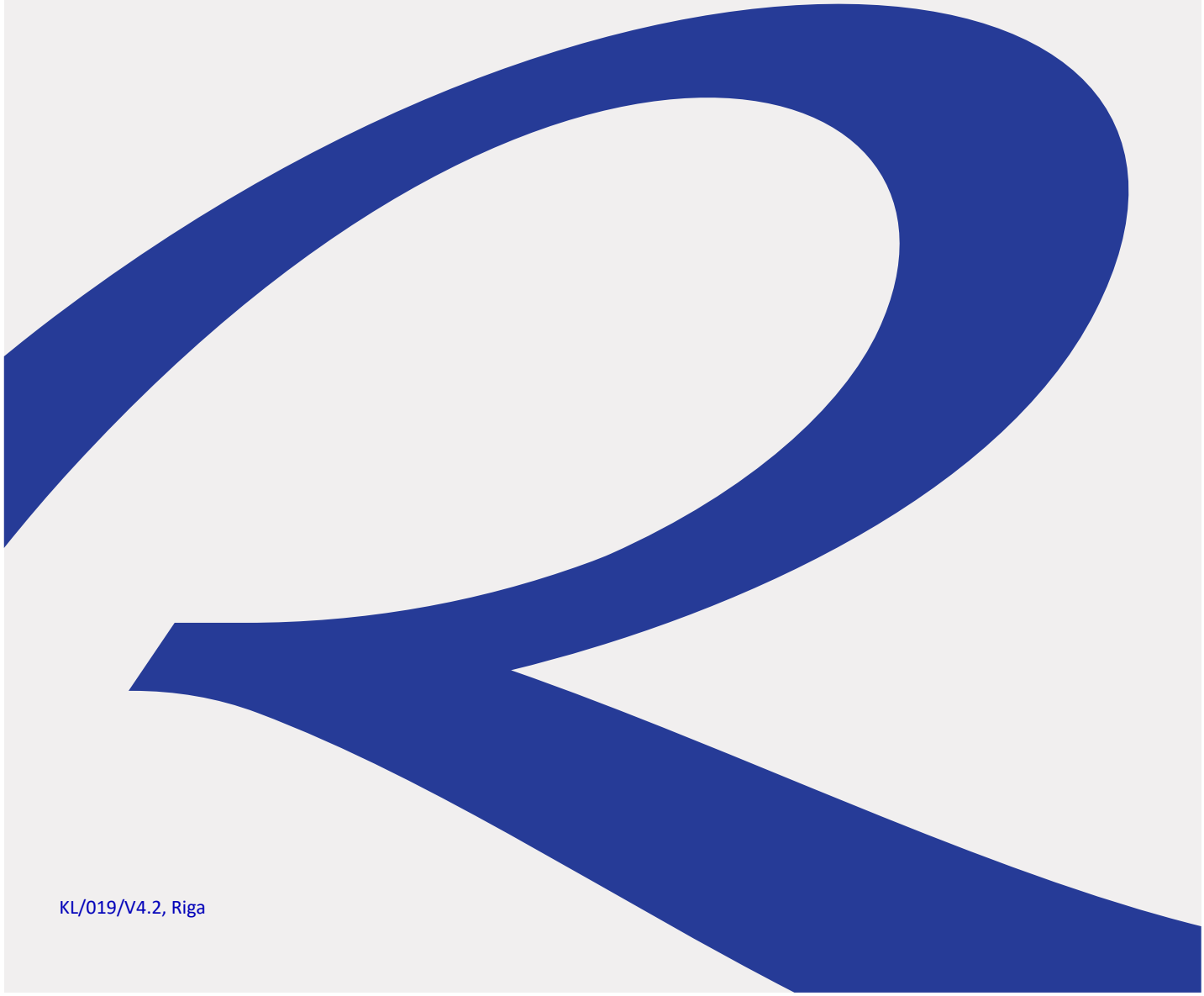
RIETUMU
BANKA

Excerpt from Client Categorisation, Appropriateness Assessment and Order Execution Policy



KL/019/V4.2, Riga

1. General provisions

1.1. Joint-stock company "Rietumu Banka" (hereinafter – the Bank) *Excerpt from Client Categorisation, Appropriateness Assessment and Order Execution Policy* (hereinafter – the Policy) defines the procedure whereby the Bank:

1.1.1. defines the categorisation procedure of the Clients who receive the Bank's Investment services/ancillary services and determines appropriate products/services for them or Suitability of products/services;

1.1.2. sets main principles that ensure qualitative execution of Orders achieving the best result while providing investment services to the Client and makes available the general Order execution procedure set out by the Bank;

1.1.3. manages the portfolio of the Client financial instruments;

1.1.4. provides ancillary investment services.

1.2. The Bank implements this Policy by meeting the following:

1.2.1. laws and regulations of the Republic of Latvia and the European Union;

1.2.2. international standards and recommendations of the sector.

1.3. The Bank provides Investment services/ancillary services to the Client when he/she has read and agrees with this Policy. The Client expresses his/her agreement in the Bank's standard form.

1.4. Within the framework of the individual portfolio management service the Client transfers cash funds and/or FI to the custody of the Bank. The Bank receives and manages the Assets on its own behalf but in the Client's interests and at the Client's expense according to *JSC "Rietumu Banka" and Client Agreement*. When providing individual portfolio management service and executing Orders the Bank ensures the principle of best execution and requests that the Counterparty to the custody of which the Bank has transferred execution of it's Client deals, meets the principle of best execution according to Section 9 herein.

2. Used Terms

Assets – cash funds and/or FI owned by Client.

BLOOMBERG – an operative information system for securities and currency quotations.

Specific instructions – the execution time and/or price and/or venue and/or size of the deal, and any other considerations in the Client Order concerning the deal.

Client – a corporate entity or a private individual or a legal arrangement or an association of such entities/individuals/arrangements to whom the Bank provides services or who has expressed willingness to receive them.

Client's representative – a person entitled to dispose of/deal with assets and/or submit Orders on Client's behalf, obtain information intended for Client and represent, in any other manner, Client in a private law relationship with Bank within the limits of powers granted to the representative.

Commission Delegated Regulation (EU) No. 2017/587 – Commission Delegated Regulation (EU) 2017/587 of 14 July 2016 supplementing Regulation (EU) No 600/2014 of the European Parliament and of the Council on markets in financial instruments with regard to regulatory technical standards on transparency requirements for trading venues and investment firms in respect of shares, depositary receipts, exchange-traded funds, certificates and other similar FI and on transaction execution obligations in respect of certain shares on a trading venue or by a systematic internaliser.

Counterparty – a third party with the intermediation of which Bank ensures execution of orders, custody of assets and acquisition of deposits.

Eligible counterparty – a Client categorised as Eligible counterparty in accordance with the provisions of Section 4 of the Policy.

Execution only – a procedure for execution of a Retail Client's Order where the service relates to Non-complex FI and the Bank is entitled not to request information on the Client's knowledge and experience in transactions with FI from the Client; the Client has been clearly informed that when providing this service the Bank does not assess the appropriateness of the product/service and thus the Client loses a certain protection; the Client assumes the liability for all risks and insists on execution of the transaction, and the Bank meets the requirements for preventing the conflict of interests.

Execution venue – a venue where a transaction is concluded. A transaction can be concluded on a Trading venue or outside a Trading venue.

FI – financial instruments within the meaning of the Law on Financial Instruments Market of the Republic of Latvia, including, but not limited to: transferable securities (stocks, bonds), money market instruments, investment fund certificates or alternative investment fund certificates; and options, futures contracts, forward transactions, swap transactions and other instruments.

Investment services/ancillary services – investment services (core services) and/or ancillary (non-core) services within the meaning of the Financial Instruments Market Act of the Republic of Latvia.

MTF – multilateral trading facility operated by an investment brokerage firm, a credit institution or a market operator which under equivalent conditions brings together multiple third-party buying and selling Orders of FI in a way that results in a transaction.

Non-complex financial instruments – (FI referred to in sub-clauses a), b), c), d) and e) of Paragraph 1 of Section 126.2 (12) of the Law on Financial Instruments Market of the Republic of Latvia):

a) shares which are quoted on the Regulated market of European Union member states or an equivalent foreign market, or MFT, except shares which include a derivative instrument;
b) money market instruments, except instruments which include a derivative instrument or the structure of which makes it difficult for the client to understand the risk related to the respective FI;
c) obligations or other forms of debt securities which are quoted on the Regulated market of European Union member states or an equivalent foreign market, except those obligations or debt securities which include a derivative instrument or the structure of which makes it difficult for the client to understand the risk related to the respective FI;
d) structured deposits, except those having the structure which makes it difficult for the client to understand the risk related to the structured deposits and profitability or costs related to early abandonment of the product;
e) exchange-traded funds, except exchange-traded funds of structured deposits.

Order – an instruction given by the Client duly filled in and submitted to the Bank and/or a Counterparty according to the Terms and Conditions which serves as a basis for the execution of transactions with the Client's FI and cash funds or the performance of other activities under the Terms and Conditions.

OTF – organised trading facility, which is not a regulated market or MTF and in which multiple third-party buying and selling interests in bonds, structured finance products, emissions allowances or derivative instruments are able to interact in a way which results in a contract.

Professional Client – a Client categorised as Professional Client in accordance with the provisions of Section 4 of the Policy.

Regulated market – a multilateral system operated and/or managed by a market operator, which brings together or facilitates the bringing together of multiple third-party buying and selling interests in FI in the system, in accordance with its non-discretionary rules, in a way that results in a contract, in respect of the FI admitted to trading under its rules and/or systems, and which is authorised and functions regularly.

Retail Client – a Client that falls in neither the Professional client category nor the Eligible counterparty category.

SI – systematic internaliser; an investment firm or a credit institution which, on an organised, frequent systematic and substantial basis deals on own account when executing client orders outside a Regulated market, an MTF or an OTF without operating a multilateral system.

Suitability – a set of activities and analysis carried out to ascertain whether a particular investment service (portfolio management service) is suitable for a client, i.e., fits in with the level of the client's knowledge and experience in investment area, financial condition, ability to bear losses and take on risks, and investment objectives.

Terms and Conditions – *Terms and Conditions of JSC "Rietumu Banka" and Client Agreement*.

Trading venue – a Regulated market, MTF or OTF.

3. Goals and Objectives

3.1. This Policy is developed with an aim to ensure the execution of the services on the FI market provided by the Bank following the instructions given in Client Orders and meeting the Client's interests and contributing to the protection of the Clients' interest.

3.2. In order to achieve this goal, the Bank pursues the following objectives:
3.2.1. classifies the Bank's Clients by categorising them;
3.2.2. depending on the Client's categorisation, applies relevant Client interest protection for transactions in the FI market prescribed by legislation;
3.2.3. defines the product/service appropriateness to operations on the FI market in correspondence with information on the Client's or Client representative's knowledge and experience, which is available to the Bank;
3.2.4. assesses whether the product/service appropriateness to the retail Client's knowledge and experience in the investment area;
3.2.5. defines whether the provision of individual portfolio management service is Suitable for the Client;
3.2.6. defines the Client order submission procedure within the framework of the Terms and Conditions;
3.2.7. regulates the Bank's responsibilities when executing Client orders;
3.2.8. defines the procedure of aggregation and splitting of Client Orders;
3.2.9. defines the terms of best execution for the Client;
3.2.10. defines Trading venues regulations.

3.3. This Policy is not applicable to the Orders of the Clients who are categorised as Eligible counterparties.

4. Types & Criteria of Clients' Categorisation

4.1. Client can be categorised under one of the following headings:
4.1.1. a Retail Client;
4.1.2. a Professional Client;
4.1.3. an Eligible counterparty.

4.2. **Retail Client –** a Client who is not categorised as a Professional Client or an Eligible counterparty.

4.3. **Professional Client** – a Client who meets one of the following requirements:
4.3.1. an institution licensed and regulated to operate on the FI market in the Republic of Latvia or other country:
a) a credit institution;
b) an investment brokerage firm;
c) another licensed or regulated financial institution;
d) an investment fund or an investment management firm;
e) an alternative investment fund and an alternative investment fund manager;
f) an insurer;
g) a pension fund and a pension fund manager;
h) a commodity trader;
i) a firm, which operates in options, futures and other derivatives markets or markets of derivatives base assets on its own account, and which only purpose is to limit financial risks on derivatives markets; or a firm, which makes transactions on the market participants' account or sets them prices, and which are guaranteed by the participants of settlement systems in these markets and if these participants of settlement systems in the markets assume responsibility to ensure the performance of the contracts concluded by this firm;
j) other institutional investors.
4.3.2. a commercial company or another corporative entity which meets at least two of the following three requirements:
a) equity – no less than 2 million EUR;
b) net turnover – no less than 40 million EUR;
c) balance sheet value – no less than 20 million EUR.
4.3.3. a state institution that manages public debt, the state's central bank, the World Bank, the International Monetary Fund, the European Central Bank and other international financial institutions;
4.3.4. another commercial company which main activity is to invest in FI, including one which securitised financial assets or finances other transactions, and which makes such investments in significant size (1 000 000 EUR per year), and the value of the FI portfolio, which comprises FI and cash funds, exceeds 500 000 EUR at the moment of categorization;

4.3.5. Retail Clients, including public sector institutions, the Latvian public sector institutions, municipalities, and individual investors may express a request to the Bank to change their category to a Professional Client if they satisfy at least two of the following criteria:
a) the Client has carried out transactions in significant size in the FI market – at least 10 transactions per quarter over the previous four quarters;
b) the size of the Client's FI portfolio, defined as including FI and cash deposits, exceeds 500 000 EUR;
c) the Client has experience at the financial sector for at least one year in a position, which requires knowledge regarding transactions and services, which the person is planning to perform or receive as a Professional Client (for example: a financial market analyst, a broker, a dealer, a trader, a portfolio or investment fund manager, an investment strategist, an investment consultant and investment service monitoring expert).

4.3.5.1. a transaction of significant size mentioned in Subclause a) of Clause 4.3.5 is a transaction with the specific FI made by the Client and used by the Bank as one of the criteria when categorizing the Client as a Professional Client. A transaction of significant size:
a) shares and investment funds – 50 000 EUR or an equivalent in another currency;
b) government and corporate bond – EUR 200 000 or an equivalent in another currency;
c) derivative contracts – the estimated value of a contract is at least 1 000 000 EUR or an equivalent in another currency.

4.3.6. a person who is categorised as a professional Client in a country having equivalent laws that regulate the activity in the investment services sector with the provisions of the Financial Instruments Market Law of the Republic of Latvia.

4.4. **Eligible counterparty –** the Bank is entitled to categorise the Client as an Eligible counterparty without his/her written consent if the Client meets one of the following categories:
a) an investment brokerage firm;
b) a credit institution;
c) an insurance company;
d) an investment management firm;
e) a pension fund and a pension fund manager;
f) other licensed financial institutions which operate under laws and regulations that regulate financial services of a member state of the European Union or the European Economic Area or a foreign country;
g) national governments and other state institutions that manage public debt, the state's central bank and supranational organizations.

4.5. The Bank is entitled to categorise the Client as an Eligible counterparty, upon receiving his/her written consent, to the following Clients:
a) a commodity trader;
b) a firm, which operates in options, futures and other derivatives markets or markets of derivatives base assets on its own account, and which only purpose is to limit financial risks on derivatives markets; or a firm, which makes transactions on the market participants' account or sets them prices, and which are guaranteed by the participants of settlement systems in these markets and if these participants of settlement systems in the markets assume responsibility to ensure the performance of the contracts concluded by this firm;
c) other institutional investors.

4.5.1. a commercial company and another corporative entity which meets at least two of the following three requirements:
a) equity – no less than 2 million EUR;
b) net turnover – no less than 40 million EUR;
c) balance sheet value – no less than 20 million EUR.

4.5.2. a state institution that manages public debt, the state's central bank, the World Bank, the International Monetary Fund, the European Central Bank and other international financial institutions.

5. Basic Principles for Client Categorisation Reassessment

5.1. The procedure and methodology on the Client categorisation are stipulated by this Policy.

5.2. The Client is entitled to request the Bank for his/her re-categorisation. The Bank has right to refuse the Client to change his/her categorisation without an explanation.

5.3. The Client who has been categorised as a retail Client is entitled to request to be regarded as a Professional Client. The Bank regards a Retail Client to be a Professional Client if the Client satisfies at least two of the three conditions set in Clause 4.3.5 herein.

5.4. The Bank prior to recognition of the person mentioned in Clause 4.3.5 as a Professional Client evaluates his/her competence, experience and knowledge in order to gain evidence that the Client (considering the provided Investment services/ancillary services to be potentially used) can take a decision on making deals with FI independently and acknowledges all the related risks.

5.5. If the Client wishes to get re-categorised, he/she contacts the Bank in written form with a respective request. The reason for the change shall also be specified. When receiving such a request the Bank warns the Client in written form about the loss of investor protection, by sending a notification to the Client about the change of the Client's current status: Notification on Re-categorisation (Professional Client) or Notification of Re-categorisation (Eligible Client). The Client when signing the notification confirms that he/she has received such a warning about the loss of investor protection and acknowledges consequences of the loss of such protection.

5.6. The Client who has been categorised as professional due to the provisions set in Clause 4.3.5 informs the Bank about the changes that can influence his/her Appropriateness conformity to requirements of a Professional Client. When receiving information from the Client, the Bank reviews the Professional Client's category assigned to the Client and informs the Client about the taken decision by sending a respective notification.

5.7. A Professional Client who requests to be categorised as a Retail Client contacts the Bank with a respective request. The reason for the change shall also be specified.

5.8. An eligible counterparty who requests to be categorised as a professional Client contacts the Bank in written form with the respective request. The reason for the change shall also be specified.

5.9. If an Eligible counterparty requests to be categorised as a Retail Client, the Bank informs the Client about a refusal to categorise him/her as a Retail Client.

6. Basic Principles for Client Product appropriateness and Service Suitability Assessment

6.1. The procedure and methodology of product appropriateness and service Suitability assessment made for the Client on the FI market is defined in the Bank's internal regulatory documents.

6.2. Before providing Investment services/ancillary services to Client or to Client's representative, Bank performs Suitability assessment or/and Appropriateness assessment in relation to the respective Investment service/ancillary service. For this purpose, Bank uses *Client Application Form for Operations on Financial Instruments Market* wherein Client or Client's representative presents information about his/her experience and knowledge of FI market, as well as, when making the Suitability assessment, Client's financial condition, ability to bear losses, investment objectives in FI market and risk resilience.

6.3. Managing Client's Individual Portfolio, after Suitability assessment, Bank selects the appropriate FIs for Client, taking into account Client's sustainability preferences, which Client expresses in *Client Application Form for Operations on Financial Instruments Market* in accordance with the requirements set out in the *Excerpt from Policy on Integrating Sustainability Risks into Individual Portfolio Management*.

6.4. The Client or Client's representative is obliged no less than once a year or on the Bank's request to provide up to date information on his/her experience and knowledge on the FI market to assess appropriateness, as well as the Client's financial status, ability to incur loss and the investment purposes to assess Suitability, by filling in (regular) *Client Application Form for Operations on Financial Instruments Market*.

6.5. Those Clients who use Individual Portfolio Management service and who have high risk portfolio or/and are over 70 years old must update the information in *Client Application Form for Operations on Financial Instruments Market* at least once every 9 months.

6.6. The Bank is entitled not to assess the product/service Appropriateness to the Client's interests and automatically grant a Retail Client status to the Client, when executing transactions with the Execution only condition, if all the following conditions apply:
6.6.1. the service applies to Non-complex financial instruments;
6.6.2. the Bank warns the Client that, when providing the service, it does not assess whether the product or service appropriateness to the Client's interests and that the Client does not obtain the protection granted to the Retail Client;
6.6.3. the Client upon receipt of the Bank's warning assumes the liability for all risks and insists on execution of the Orders;
6.6.4. the Bank complies with the requirements of prevention of the conflict of interests.

7. Client Order Submission and Execution Procedure

7.1. The Client may submit FI transaction Orders in a written form in the Bank's head office on 7 Vesetas street, Riga, by phone or via the Bank's remote banking systems and other means of communication specified in the Terms and Conditions for submission of Orders.

7.2. The Bank executes Client orders according to the Order of their receipt. The Bank executes the Client Orders in time, efficiently and duly unless the Orders' specific features or current market conditions make them non-executable, or the Client's interests ask for different activities. The Bank timely informs the Retail Client on any significant complications related to due execution of the Orders.

7.3. When executing the Client Orders, the Bank may face various difficulties and risks, for example:
7.3.1. interruptions, disruptions or damage to the operation of technical, information, settlement, communication or trading systems;
7.3.2. risks that arise from special market conditions, liquidity problems, etc., and which makes it difficult or impossible to execute Orders or cause other negative consequences.

7.4. In the situations referred to in Section 7, the Bank uses all reasonable efforts to obtain the best possible result for the Client. The Bank has the right to deviate from the provisions of the Policy, incl. to suspend the execution of Orders, forcibly close positions at an acceptable market price, refuse to execute Order, terminate the transaction and notify the Client individually within a reasonable term or place the notification on the Bank's website www.rietumu.com.

8. Aggregation & Distribution of Client Orders

8.1. Prior to aggregating of Orders, the Bank has an obligation to inform each Client on its intention to aggregate the Client's Order with other Orders or split it and inform each Client, whose Order is to be aggregated or split on that the aggregation or splitting may have negative effect on the result of the Client Order execution or result in loss.

8.2. Execution and distribution of the aggregated Orders:
a) if the Bank has aggregated Client Orders and they are fully executed, after the execution of the deal the Bank divides the received cash funds and/or FI proportionally to the size of the aggregated Orders;
b) if the aggregated Client Orders are executed only partially and FI conditions allow, the amount, to which every separate Client Order is executed, is determined proportionally – by multiplying the total amount of FI or cash funds included in the Client Order with the result of the deal obtained by dividing the total amount of FI in the aggregated Order
or
if the FI conditions do not allow proportional division of the Order, the Order execution results are divided following the sequence they were submitted before their aggregation;
c) the division among the aggregated Orders of the Clients and the Bank, if the aggregated Orders are partially executed, is done in priority Order to the Client, fairly and objectively.

8.3. If the Client Order, which has been aggregated with the Bank's deal on its own account, is partially executed, the Bank allocates the assets, which are the subject of the deal, to the Client in priority Order, whereas the Client's interests are considered to be primarily. If without the above-mentioned aggregation, the Client Order could not be carried out in line with the respective terms or could not be executed at all, the Bank will divide the

result of this deal proportionally by dividing correspondingly the Bank's deal on its own account and the number of FI specified in the Client Order.

8.4. The Bank is entitled to split any Client Order submitted for execution if it improves the Order execution result.

8.5. The Bank provides additional information about the aggregation or splitting of the Client Order within 15 working days from the date a written Client's request hereof has been received.

9. Best Execution for the Client

9.1. The Bank applies the principle of best execution for the Client according to requirements of laws and regulations of the Republic of Latvia and considering the content and specific character of each Order. The principle of best execution is not applied in following situations:
9.1.1. if the Client is categorised as an Eligible counterparty;
9.1.2. in Spot FX deals.

9.2. When carrying out a Client Order, the Bank acts with an aim to deliver best execution taking into account the following factors: the price and expenses of the deal, the possibility of Order execution and settlement, the speed of Order execution, the size of the deal and other factors including costs of Order Execution venues, clearing and settlement fees and other forms of payments which are intended for third parties taking part in the Order execution, and other factors concerning the best execution for the Client.

9.3. Determining the priority Order execution factor, the Bank analyses the Order and the potential deal being guided by its experience and according to information on the market situation available to the Bank, taking into account the following criteria:
9.3.1. Client categorisation;
9.3.2. the type of a Client Order;
9.3.3. the category of FI, see Appendix 1;
9.3.4. the Order Execution venue (Regulated market, MTF, SI or another venue where execution of the respective Order is possible), taking into account the Bank's commission fees and costs of Order execution in each respective Trading venue.

9.4. If at the initiative of the Client an Order on execution of transactions with FI is submitted, the Bank warns the Retail Client if it has no information on the Client's knowledge and experience on financial markets, set in Clause 6.2 herein, necessary to assess the appropriateness of the product/service to the Retail Client's interests. If the Client refuses to provide the required information to the Bank/to fill in the *Client Application Form for Operations on Financial Instruments Market* and insists on the Order execution, the Bank conducts the order with the Execution only condition.

9.5. The Bank does not carry out appropriateness assessment, when the Order is submitted by the Eligible partner or Professional Client, to whom this status is granted in respect of the specific transaction and specific FI for which the Order has been submitted.

9.6. If the Bank receives for execution an order from another investment service provider having the right to provide the respective investment service, the Bank:
a) relies on the information provided by this investment service provider on the Client and the Order, and does not carry out the appropriateness assessment referred to in the Policy;
b) executes the Order in accordance with information or recommendation given to the Client by the respective investment service provider or if it is possible or does not comply with this Policy – refuses to execute the Order.

9.7. For the purpose of best execution, if there are no Specific instructions, the Bank will set priorities for the application of best execution factors to each individual Client in a manner, which is regarded by the Bank as the best for the particular Client.

9.8. When executing a Client order with Specific instructions the Bank is not obliged to immediately place information about the deal on the market, unless the Client has informed the Bank about such a necessity.

9.9. If a Client has sent an Order to the Bank with Specific instructions, it will act and execute the Order according to the given Specific instructions. In this case the Bank is released to satisfy its obligation for delivering best execution.

9.10. Hereby the Bank warns the Client that the Client's Specific instructions may prevent the Bank from carrying out operations which are developed and implemented under this Policy in order to achieve the best results in the execution of these Orders with regard to the elements included in these Specific instructions.

9.11. If a Client has sent an Order to the Bank without Specific instructions and there is more than one Trading venue to execute this Order, in order to ensure the best possible result for the Client, the Bank compares the conditions, under which the above-mentioned Order can be executed, and chooses the Trading venue, where it is more likely to deliver best execution according to the mentioned in Clause 9.2. herein.

9.12. For the purpose of best execution of transactions with FI the Bank is entitled to hand a Client order to a SI which envisages a trading algorithm (smart order or another trading algorithm available to the Bank for execution) for the Order execution. Such Order execution ensures splitting of the Order and executing it by parts in different Trading venues per different prices non-violating the set Order conditions. In this case the Bank may send a notification to the Retail Client on the Order execution per average execution price specifying that more detailed information on the actual execution time and venue of each part of the Order is available on a separate Client's request.

9.13. The Bank reviews whether the principle of best execution is followed in relation to a range of Client Orders but not to each separate Order.

9.14. If the Bank hands a Client order for execution to a third party, the Bank takes all reasonable steps to comply with the best execution principle, taking into account the execution factors, however, does not guarantee the best result for thus executed Order. When handing the Client Order for execution to a third party, the Bank cannot control all stages of the execution, as well as terms and conditions of the execution stipulated in this Policy, however, the Bank complies with conditions stipulated in the Policy on the choice of the third party.

9.15. The Bank does not conclude repurchase agreements and/or other contracts for the transfer of ownership of financial collateral with Clients who are categorised as Retail Clients.

10. Execution of Client Orders at the Trading Venue and Trading Venue Regulations

10.1. The Bank may, at its own discretion, use one or several of the following training venues when executing the Client order:
10.1.1. Regulated market;
10.1.2. MTF;
10.1.3. OTF;
10.1.4. SI;
10.1.5. a market maker;
10.1.6. another liquidity provider.

10.2. The Bank considers various factors to determine a Trading venue or Counterparties that allow to ensure the best possible execution result to the Clients:
10.2.1. liquidity and price;
10.2.2. credit risk and settlement risk;
10.2.3. activity models and infrastructure;
10.2.4. access speed, immediacy, and possibility of execution;
10.2.5. expenses of the Trading venue.

10.3. The Bank regularly, no less frequently than once a year, reviews the list of Order Execution venues and Counterparties and amends it, if necessary.

10.4. The list of Order Execution venues is available of the Bank's website under the chapter Brokerage/Open a Financial Instruments Account *List of Trading Venues and Counterparties for Deals with Financial Instruments*.

10.5. The list of Trading venues is not exhaustive, and the Bank is entitled to choose to execute the Client order on the venue not specified in the list if it is required for best execution in the Client's interests or when the Trading venues are unavailable.

10.6. Orders on transactions with shares which are quoted on the Regulated market or are traded on a Trading venue are executed by the Bank only on the Regulated market, MTF, at SI or equivalent third country market, except for if the transactions with these shares

are not systematic, are random, irregular or rare, or the transaction is concluded between the Eligible counterparties or Professional Clients and it does not affect the share price disclosure process in accordance with the requirements of Section 2 of the Commission Delegated Regulation (EU) No. 2017/587.

10.7. If the Client has submitted the restricting Order on shares which are quoted on the Regulated market or traded on MTF, and this Order in the current circumstances is not executed immediately, the Bank, unless otherwise clearly specified by the Client, takes measures in Order to ensure that the Order is executed as soon as possible, disclosing publicly information on this Order. The Bank executes this requirement, by submitting the Order for execution on the specific Regulated market or MTF, or submitting an Order for publishing to the data reporting service provider registered in a member state of the European Union or the European Economic Area, if the Order can be easily executed, as soon as permitted by the current market conditions.

10.8. If the non-executed Client Order referred to in Clause 7.1. is a large Order compared to regular market volume, the Bank may ask the permission of the Financial and Capital Market Commission in accordance with Section 128.1 (4) of the Law of Financial Instruments Market of the Republic of Latvia not to publish this Order. The Order is considered to be a large Order if it meets the criteria specified in Section 7 of the Commission Delegated Regulation (EU) No. 2017/587.

10.9. The Bank is entitled but not obliged without a separate Client's consent to change the Client's free Order to the restricting Order if the respective FI has limited liquidity or it is required to minimise (eliminate) the Client's loses or possible loses.

10.10. In the cases when the Client places an Order on a transaction with FI which are usually quoted on the Regulated market, MTF or OTF, the Bank may execute the Client's order outside the Regulated market, MTF or OTF, by entering with a Client a transaction as an eligible party, if under the current market conditions the Bank in such a way is able to ensure the execution of the Client Order with the result which is not worse the result, if the Bank would execute the Client Order at a Trading place available to the Bank on the Regulated market, MTF, OTF or at SI of the respective FI.

10.11. The Bank, when acting according to regulations of this Policy, is entitled to buy and sell FI to the Client from the Bank's personal portfolio or to the Bank's personal portfolio, thus acting as the party to the deal.

10.12. For particular FI the Bank can use one Trading venue, and in such circumstances the Bank will believe that the best execution has been delivered to the Client.

Appendix 1 to
Excerpt from Client Categorisation,
Appropriateness Assessment and Order Execution Policy

Categories of Financial Instruments

FI CATEGORY	HOW THE BANK ENSURES THE BEST RESULT	PRIORITY OF THE BEST PERFORMANCE FACTORS
EQUITIES: – SHARES; – DEPOSITARY CERTIFICATES	For equities, the obligation to ensure best execution always arises in circumstances where the Bank receives and sends Orders, forwards Orders to the Execution venues (including third-party market makers or other external liquidity providers). When executing an Order through a Counterparty that provides direct trading access to the Trading venue, "direct market access", the Bank executes the Order for the transaction with the FI at the place of execution, if the Client does not specify otherwise, which is the main Trading venue for this instrument or which has the most liquidity. In cases where the Bank acts as a principal in a risk price transaction and thus assumes the risk regarding the transaction it has concluded with the Client, the Bank does not consider (unless there is a clear agreement otherwise) that it is obliged to comply with the principle of best execution in relation to the Client	1. Transaction price 2. Transaction expenses 3. Possibility of execution of the Order 4. Speed of execution of the Order 5. Transaction volume 6. Other factors relating to the execution of the Order
EXCHANGE-TRADED PRODUCTS: – EXCHANGE-TRADED FUND (ETF); – EXCHANGE-TRADED NOTE (ETN); – EXCHANGE-TRADED COMMODITY (ETC); – EXCHANGE-TRADED STRUCTURED PRODUCTS	For exchange-traded products, the obligation to ensure best execution always occurs in circumstances where the Bank receives and sends Orders, forwards Orders to Execution venues (including third-party market makers or other external liquidity providers). When executing an Order through a Counterparty that provides direct trading access to the Trading venue, "direct market access", the Bank executes the Order for the transaction with the FI at the place of execution, unless the Client specifies otherwise, which is the main Trading venue for this instrument or which has the most liquidity. In cases where the Bank acts as a principal in a risk price transaction and thus assumes the risk regarding the transaction it has concluded with the Client, the Bank does not consider (unless there is a clear agreement otherwise) that it is obliged to comply with the principle of best execution in relation to the Client	1. Transaction price 2. Transaction volume 3. Speed of execution of the Order 4. The possibility of execution of the Order 5. Transaction expenses 6. Other factors relating to the execution of the Order
DEBT INSTRUMENTS: – BONDS; – MONEY MARKET INSTRUMENTS; – DEBT SECURITIES WITH EMBEDDED DERIVATIVES OR THE STRUCTURE OF DERIVATIVES	For debt instruments, the obligation to ensure best execution always arises in circumstances when the Bank receives and sends Orders, forwards Orders to Execution venues (including third-party market makers or other external liquidity providers). In Order to ensure the best result of the execution, as far as possible (if the market conditions and the contractors with whom the Bank has concluded relations allow), the Bank conducts a survey of FI prices of various contractors and chooses the best offered price, as well as for additional control it is compared with the Bloomberg screen "All quotes" indicative prices. The price of FI instruments is the one indicated in BLOOMBERG/contractor or other information systems. In cases where the Bank acts as a principal in a risk price transaction and thus assumes the risk regarding the transaction it has concluded with the Client, the Bank does not consider (unless there is a clear agreement otherwise) that it is obliged to comply with the principle of best execution in relation to the Client	1. Transaction price 2. Transaction volume 3. Speed of execution of the Order 4. The possibility of execution of the Order 5. Transaction expenses 6. Other factors relating to the execution of the Order

EXCHANGE-TRADED DERIVATIVES: – EXCHANGE-TRADED FUTURES AND OPTIONS INCLUDED FOR TRADING ON TRADING VENUES	For exchange-traded derivatives, the obligation to ensure best execution always occurs in the circumstances where the Bank receives and sends Orders, forwards Orders to Execution venues (including third-party market makers or other external liquidity providers). When executing an Order through a Counterparty that provides direct access to the Trading venue, "direct market access", the Bank executes the Order for the transaction with the FI at the place of execution, unless the Client does not specify otherwise, which is the main Trading venue for this instrument or which has the most liquidity. In cases where the Bank acts as a principal in the risk price transaction and thus assumes the risk regarding the transaction it has concluded with the Client, the Bank does not consider (unless there is a clear agreement otherwise) that it is obligated to comply with the principle of best execution in relation to the Client	1. Transaction price 2. Transaction volume 3. Speed of execution of the Order 4. The possibility of execution of the Order 5. Transaction expenses 6. Other factors relating to the execution of the Order
CURRENCY EXCHANGE DERIVATIVES: – FX FORWARD	For currency exchange derivatives, the obligation to ensure best execution always occurs in circumstances where the Bank receives and sends Orders, forwards Orders to the Execution venue (including third-party market makers or other external liquidity providers). In cases where the Bank acts as a principal in a risk price transaction and thus assumes the risk regarding the transaction it has concluded with the Client, the Bank does not consider (unless there is a clear agreement otherwise) that it is obliged to comply with the principle of best execution in relation to the Client	1. Transaction price 2. Transaction volume 3. Speed of execution of the Order 4. The possibility of execution of the Order 5. Transaction expenses 6. Other factors relating to the execution of the Order
FUND SHARES: – UNDERTAKINGS FOR COLLECTIVE INVESTMENT IN TRANSFERABLE SECURITIES (UCITS); – ALTERNATIVE INVESTMENT FUND (AIF); – OTHER OPEN TYPE COLLECTIVE INVESTMENTS	If and when the Bank has accepted the Order, it will be executed at the first opportunity by sending the said Order to the relevant fund service provider for execution. This will be done either directly or through a third party, via e-mail, SWIFT, fax or other channels intended for this purpose. The execution prices will be the prices determined by the individual fund management company	1. Transaction price 2. Transaction volume 3. Speed of execution of the Order 4. The possibility of execution of the Order 5. Transaction expenses 6. Other factors relating to the execution of the Order
OTHER FINANCIAL INSTRUMENTS	The obligation to ensure best execution always arises in circumstances where the Bank receives and sends Orders, forwards Orders to the Execution venue (including third-party market makers or other external liquidity providers). In cases where the Bank acts as a principal in a risk price transaction and thus assumes the risk regarding the transaction it has concluded with the Client, the Bank does not consider (unless there is a clear agreement otherwise) that it is obliged to comply with the principle of best execution in relation to the Client	1. Transaction price 2. Transaction volume 3. Speed of execution of the Order 4. The possibility of execution of the Order 5. Transaction expenses 6. Other factors relating to the execution of the Order