

CLIENT ORDER EXECUTION POLICY (TRANSACTIONS IN FINANCIAL INSTRUMENTS)

1. Definitions and Interpretations

- 1.1. **Bank** means Joint Stock Company Baltic International Bank.
- 1.2. **Financial Instrument** means any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity (financial instruments and/or derivative financial instruments as well as Marginal FOREX and other similar instruments that the Client can use to give Orders to the Bank).
- 1.3. **Investment Services** means investment services (core services) and/or ancillary (non-core) services within the meaning of the Financial Instruments Market Act [Finanšu instrumentu tirgus likums] of the Republic of Latvia.
- 1.4. **Client** means a person to whom Bank provides Investment Services based on the Agreement made whereby the Bank ensures provision of insurance services to the Client or individual management of the Client's assets.
- 1.5. **Order** means an expression of the Client's will (to buy, sell, transfer to another account or to another person, deregister, pledge Financial Instruments etc.) submitted in the course of receipt of investment services in the form and manner determined by the Bank or an Order drawn up by the Bank on behalf of the Client.
- 1.6. **Order Execution** means the execution of Orders in the manner prescribed in Clause 3.10.1 or 3.10.2 hereof.
- 1.7. **Client's Status** means a categorisation (as an eligible counterparty, professional client or retail client) that is granted by Bank on the basis of an adequate assessment of the expertise, experience and knowledge of Client with respect to transactions in Financial Instruments.
- 1.8. **Counterparty** means a third party (either a local, i.e. domiciled in the Republic of Latvia, or foreign legal entity) which is eligible, pursuant to the applicable laws and regulations of the respective jurisdiction, to provide Investment Services and whom Bank engages to provide Investment Services, including execution of transactions in and keeping of Financial Instruments. The most important Counterparties shall be specified in the List of Counterparties approved by the Bank Board.
- 1.9. **Policy** means this "Client Order Execution Policy (transactions in financial instruments)".
- 1.10. **Multilateral Trading Facility (MTF)** means a multilateral system operated by an investment firm, credit institution or a market operator, which brings together multiple third-party buying and selling orders interests in financial instruments - in the system and in accordance with non- discretionary rules - in a way that results in a contract.
- 1.11. **Agreement** means an agreement made between the Bank and the Client whereby the Bank ensures provision of investment services to the Client or individual management of Client's assets.
- 1.12. **Specific Instructions** means the scope of express instructions given by Client as to how an Order is to be executed (e.g. the timing of execution, execution venue, price and the price- dependent size of the transaction, etc.).
- 1.13. **Execution Venue** means an Order execution venue as specified in Annex 1 – List of Execution Venues – of this Policy.
- 1.14. **FIFO Principle** means the principle of execution of several united Orders according to which Orders are executed in the order of their submission.
- 1.15. **FIMA** means the Financial Instruments Market Act of the Republic of Latvia.

- 1.16. **Simple financial instruments** means shares which are admitted to the regulated market of the Member States or to a foreign market that meets the requirements for the regulated market laid down in Chapter D Section I of the FIMA, cash market instruments, bonds or debt securities of any other kind (except for those bonds or debt securities which include derived financial instruments), investment fund unit certificates and other simple financial instruments to be regarded as such pursuant to the provisions of Clause 126² Part 13 of the FIMA.
- 1.17. **Types of Financial Instruments:** a short description of the types is provided in the document Description of Financial Instruments and Inherent Risks available on the Bank website www.bib.eu.

2. General Provisions

- 2.1. The Bank has developed and implements the Policy with a view to determining the basic principles and elements whereby quality execution of Orders is ensured, thus achieving better results, providing Investment Services to the Client, and for the purpose of making the general Bank procedure of the execution of Orders known.
- 2.2. Upon accepting and executing Client Orders in respect of Financial Instruments, the Bank shall observe the following basic principles:
- 2.2.1. Ensuring the best results in Client transactions with Financial Instruments is based on the proportionality between Client benefits and expenses according to the requirements laid down by laws and regulations;
- 2.2.2. Order Execution Venue and monitoring of Bank Counterparty activities.
- 2.3. The Policy has been developed in accordance with the FIMA.
- 2.4. While providing Investment Services, Bank exercises reasonable care, skill and diligence and at all times shall strive to render the services in a professional manner in Client's best interest. Bank takes all reasonable and appropriate steps to obtain, when executing Orders, the best possible result for its Clients. Bank uses its expertise, experience & knowledge as a guide, acts in line with accepted market practices (AMPs), and applies appropriate prudence.
- 2.5. Bank will only conduct transactions involving Financial Instruments owned or held by Client if Client and Bank have signed the Agreement and Client has expressly agreed to abide by this Policy.
- 2.6. The Client is obliged to acquaint himself with the Policy before signing the Agreement and before submitting each Order. Client confirms his/her consent to the Policy either by signing a form approved by the Bank, by entering into an Agreement with the Bank, or implicitly by submitting an Order. The Client will be deemed to have consented to the amendments of the Policy where he submits an Order to the Bank after the respective amendments have taken effect.
- 2.7. Upon Client's request, Bank provides proof of compliance (Bank has executed Order in compliance with the Policy).
- 2.8. In order to ensure that the Policy remains up-to-date and complies with the changes in the operation, structure of the Bank and external circumstances affecting the operation of the Bank, or following any amendments to laws and regulations governing the execution of Orders, the Policy shall be reviewed, together with its Annex: List of Execution Venues, by the Bank Council (referred to hereinafter as the Council) no less than once a year.
- 2.9. The Policy shall be approved by the Council. The Policy and any changes to it, including Annex 1 of the Policy and any changes to it, shall take effect as of 17 March 2016.
- 2.10. This Policy supersedes the "Client Order Execution Policy (transactions in financial instruments)" approved on 26 April 2013 (Council Meeting Minutes No 25-1/15/13).

3. Types, Manner of Submission and General Procedure of Execution of Client Orders

- 3.1. Client may submit the following types of Orders:
- 3.1.1. Limit Order – an Order whereby Client instructs Bank to execute a trade (to buy or sell a specific quantity of Financial Instruments) only at a specified price (the limit) or better;

- 3.1.2. Market Order (also sometimes referred to as a 'unrestricted order') – an Order whereby Client instructs Bank to execute a trade (to buy or sell a specific quantity of Financial Instruments) at the prevailing market price;
- 3.1.3. Other types of Orders as stipulated by the Agreement.
- 3.2. A Client may submit his/her Order to the Bank in any manner specified in the Agreement.
- 3.3. In case of receipt of a Client Order over the phone the Bank is entitled to record and will record the conversation with the Client in connection with the Order submission and may use the recording as the basis for the Order submitted.
- 3.4. Bank executes comparable Client Orders sequentially (in the order they are received) and promptly, unless the characteristics of a particular Order or prevailing market conditions make it impracticable (non-executable in 'as is' condition), or Client's interests require otherwise. However Bank retains the right to execute Orders in the order (sequence) as Bank considers appropriate to obtain the best possible result for Client. Client categorised as a 'Retail client' is notified in a timely manner of any material difficulty likely to affect the proper execution of Order.
- 3.5. Receipt and processing of Client Orders depend upon the manner whereby such Orders arrive. Also, the allocation of Orders for execution depends not only upon the time-of- receipt of Orders, but also upon the manner (method) whereby Orders are submitted.
- 3.6. In cases where a Client submits an Order of Simple Financial Instruments to the Bank, the Bank does not examine their suitability for and compatibility with the Client, therefore the Client does not obtain relevant protection that is ensured in cases where the Bank has to assess the suitability and compatibility of the provided investment service provided or the offered Financial Instrument with the Client. Where a Client wishes to execute a transaction in Financial Instruments other than Simple Financial Instruments, the Bank shall assess the suitability. If as a result of the assessment of suitability of the service or respective transactions in Financial Instruments the Bank finds that the investment service chosen by the Client or transaction in the respective Financial Instruments is not suitable for the Client, the Bank shall warn the Client about it. If following receipt of the Bank warning the Client nevertheless wishes to use a service or to purchase a Financial Instrument that is not suited to him/her, the Bank will be entitled to deem that the Client fully accepts all the risks related to the use of the respective investment service or purchase of the respective Financial Instrument.
- 3.7. Following the execution of a Client's Order (following the conclusion of the respective transaction and respective settlements) the Bank shall transfer the Financial Instruments and funds received as a result of the transaction to the Financial Instruments and/or Investment Account opened for the Client with the Bank.
- 3.8. Client is entitled to give Bank specific instructions with respect to (i) the execution of transactions in Financial Instruments and the allocation of Client Orders (when Bank manages Client's Financial Instruments on a discretionary basis); (ii) a person to whom Client's Order is to be routed for execution. Adherence to the specific instructions may prevent Bank from taking the steps that it has designed in its Policy to obtain the best possible results. Adherence to Client-provided specific instructions relieves and exempts Bank from its best execution obligations in respect of the elements (parts or aspects of Order) covered by those specific instructions. In this case Bank follows Client's specific instructions or refuses to execute Order.
- 3.9. In accordance with the provisions outlined in Chapter 9 of this Policy, Bank may aggregate (or 'bunch') Client's Orders with Orders of other Clients or Bank's own orders for transactions in Financial Instruments.
- 3.10. Bank records (registers) Client's Orders promptly and accurately in its electronic Order registry.
- 3.11. Bank ensures Order execution in the following manner:
 - 3.11.1. receives Order and transmits the Order to the respective Counterparty for execution
 - 3.11.2. Independently executes the Order at the respective Execution Venue.
 - 3.11.3. Any Orders in connection with the initial market (IPO) shall be executed by the Bank by transferring them to the issuer, authorised agent of the issuer according to the terms of the respective issue and/or special directions given by the Client.
- 3.12. Unless the Client has specified the Order validity term, it will be deemed that the Order will become null and void at the end of the day of submission thereof when the respective accessible Execution Venue is closed for trade.
- 3.13. If Bank, acting as the investment portfolio manager, submits Order, then the Order will be treated as Client's Order within the meaning of this Policy.

3.14. Any Orders submitted by the Bank to the Counterparty on behalf of the Client to ensure execution of the Client's transaction according to the terms and conditions of the Agreement (e.g. an Order in case of stop loss or on closing the Client's position) or in the event of disposal of the financial security will be deemed by the Bank to be Orders placed by the Client in person and the Policy will be applied in respect of them.

4. Best Result Assurance

- 4.1. When executing Order, Bank ensures the best possible result for Client, taking into account the following factors having impact on Order execution:
- 4.1.1. transaction-related price and associated costs and charges
 - 4.1.2. ease and speed of execution
 - 4.1.3. likelihood of execution and settlement
 - 4.1.4. size and nature of the transaction
 - 4.1.5. the type of Order (Clause 3.1 hereof)
 - 4.1.6. any other consideration relevant to Order execution.
- 4.2. In addition, Bank determines the relative importance of Order execution factors listed in Clause 4.1 hereof, using the following criteria:
- 4.2.1. Client characteristics, including Client status: private or professional Client;
 - 4.2.2. the type of Financial Instruments that form the subject matter of that Order
 - 4.2.3. the characteristics of the Execution Venues wherein that Order can be executed (a regulated market, DTS, market operator or another liquidity provider).
- 4.3. Where the Bank executes an Order on behalf of a Private Client, the Bank usually determines the best possible result as a total payment that includes the price of Financial Instruments and costs related to the execution, including all costs incurred by the Client in business relationships with the Bank directly in conjunction with the execution of the Order, including the Execution Venue charge, settlement fee, and the payment to other persons involved in the execution of the Order. However, in certain instances, depending on the nature of a particular Financial Instrument or Execution Venue-related features, Bank may attach greater importance to other execution factors (at individual or aggregate level) in a given situation, by providing the rationale for the achievement of the best possible result and adherence to the Policy upon Client's request (e.g., under liquidity constraints or where there is no access to previously used Execution Venue, Bank may regard the likelihood of execution as such as the decisive /key factor).
- 4.4. To provide the best possible execution result for Professional Clients, Bank takes into account the following significant aspects, such as ease and speed of execution, transaction size, likelihood of execution and settlement and nature of the transaction. The price of the Financial Instruments and execution-related costs are not regarded as priority factors.
- 4.5. Under the best execution policy, Bank assumes and discharges its best execution obligations only to the extent that they are stipulated by applicable laws and regulations which are binding upon Bank and to the extent that the obligations are agreed upon between Bank and Client at the time of signing the agreement.
- 4.6. Bank warns Retail Clients and Professional Clients of that the best possible execution result may also be impacted by other factors, such as the type of a particular Financial Instrument, likelihood of execution, Execution Venue, currency of the transaction, and others. For instance, liquidity is a significant factor for transactions in bonds or other over-the-counter (OTC) instruments. As for low-liquidity Financial Instruments, more importance is given to ease and speed of execution of the Order and the likelihood of execution in respect of the entire volume of the Order.
- 4.7. Although the Bank takes all necessary measures within its abilities to ensure the best results possible in the execution of Client Orders, the Bank cannot guarantee that each Order will be executed by providing the Client with the best possible result.
- 4.8. Where an Order is executed in the manner specified in Clause 3.10.1 of the Policy, the Bank cannot always control and guarantee achievement of the best result, incl. the best price, because not all Bank Counterparties are bound by the requirements to ensure the best result for the Client. However, the Bank assesses, on a regular basis, the quality of the services provided through the assistance of Bank Counterparties and the conformity of such services to the possibility to ensure the best result. The Bank assesses the speed and security of settlements, convenience, pricing policy and other terms in connection with Bank Counterparties.

4.9. If only one Execution Venue is accessible, then the comparison of attainable prices is difficult to do, and the execution of the Order in a particular Execution Venue is regarded as the achievement of the best possible result.

5. Selection of Execution Venues

- 5.1. Upon executing a Client Order the Bank selects an appropriate Execution Venue at its sole discretion. The List of Execution Venues to be used by the Bank, valid as of the effective date of the Policy, is added to the Policy as Annex 1.
- 5.1.1. The Bank shall, on a regular basis but no less than once a year, revise the List of Execution Venues and make changes to Annex 1 of the Policy, if necessary.
 - 5.1.2. The List of Execution Venues is not exhaustive and the Bank is entitled to choose for the execution of an Order an Execution Venue that is not specified in the List if the Client's interests so require (speed of execution of the Order, best price) or the Execution Venue specified in Annex 1 in case of unavailability.
- 5.2. When determining the Order Execution Venue for the respective category of Financial Instruments, the Bank will take into account the following factors:
- 5.2.1. safety and possibility of settlements;
 - 5.2.2. convenience;
 - 5.2.3. prices of Financial Instruments;
 - 5.2.4. accessibility of information;
 - 5.2.5. the shortest way of access to the respective Order Execution Venue;
 - 5.2.6. costs;
 - 5.2.7. liquidity.
- 5.3. When determining the Order Execution Venue, the Bank shall assess all the factors specified in Clause 5.2 as a whole. The Bank takes it into account that the chosen Order Execution Venue cannot always offer the best price.
- 5.4. When selecting the most appropriate execution venue for Retail Client's Orders, the value of the transaction will be regarded as the most important factor. However, in certain cases where -- because of the size or nature of the Order --the transaction may have an impact on a prevailing price of the Financial Instruments, the Order may be transmitted to an Execution Venue that can provide the best execution service (ease and speed of execution and probability of execution and settlement).
- 5.5. When selecting the most appropriate Execution Venue for Professional Client's Orders, speed of execution and settlement reliability will be regarded as the most important factors. Bank will route Client's Order to an Execution Venues that may ensure expeditious execution of the Order and settlement reliability.
- 5.6. In cases where more than one Execution Venue is capable of executing Client's Order for transactions in Financial Instruments, Bank assesses and compares the results for Client that would be obtained by executing the Order on each such Venue. In addition, Bank takes into account its own commissions and fees plus costs for executing the Order on each of the eligible Execution Venues.
- 5.7. In the case of separate Financial Instruments, one Execution Venue may only be accessible for the Bank. In this situation it will be assumed that the Bank has provided the Client with the best possible result by executing the Order in an Execution Venue accessible for the Bank.
- 5.8. Bank may execute Client's Order outside the relevant regulated market and MTF, unless Client's instruction specifically and expressly states that Client clearly does not wish to conclude the transaction outside the relevant regulated market or MTF.
- 5.9. Bank is entitled to purchase Client's Financial Instruments and to sell to Client Financial Instruments, as owned and possessed by Bank, in the following cases:
- 5.9.1. Clients requests that the Order-specified transaction be concluded with Bank
 - 5.9.2. Bank itself represents the only possible Execution Venue
 - 5.9.3. It is apparent from the Order that the transaction stipulated therein is concluded with Bank
 - 5.9.4. In the case of Clause 6.4 hereof.
- 5.10. In the cases of Clause 5.9 hereof, when concluding a transaction with Client, Bank acts in the capacity of a full-fledged counterparty. This means that Bank and Client conclude a standalone special agreement concerning

the provisions of the Order-specified transaction (including the price). Client explicitly agrees with Bank-indicated precise price (in the case of indicative price – when Client agrees with Bank-approved price). In such case Bank, to the greatest possible extent, will strive to obtain for Client the best possible execution result. However, Bank warns Client that providing the best execution may not always be possible.

- 5.11. The Bank is entitled to execute an Order fully or partially against the Order of another Bank Client. In this case the Bank executes the Order for a price that reflects the conditions prevailing on the world market and the Bank is deemed to be the Execution Venue of the Client's Order.
- 5.12. The Bank is entitled to execute a Client's Order for a certain quantity of Financial Instruments in separate Execution Venues and/or via different Counterparties where this is due to the volume of the Order.

6. Execution of Orders in Relation to Financial Instruments Admitted to Trading on a Regulated Market and Multilateral Trading Facilities (MTFs)

- 6.1. Bank primarily executes Client's Orders for trading in the following Financial Instruments admitted to trading on regulated markets and MTFs:
 - 6.1.1. stocks (shares) admitted to trading on a regulated market or MTF
 - 6.1.2. standardised derivative Financial Instruments admitted to trading on a regulated market or MTF
 - 6.1.3. units in collective investment undertakings (UCIUs) admitted to trading on a regulated market or MTF.
- 6.2. If Client submits a Limit Order for trading in stocks admitted to trading on a regulated market and under the existing market circumstances the Order has not been immediately executed, then Bank takes appropriate steps (unless otherwise expressly specified by Client) to ensure possibly expeditious execution, by making the Order public (disclosing the Order to the market). Bank has the right, but not the obligation, to substitute (without obtaining a prior approval from Client) Client's Market Order by a Limit Order if the Financial Instrument is liquidity-constrained or it is necessary to minimise (prevent) Client's potential loss.
- 6.3. Whenever Client gives Orders containing other type of instructions, such Orders will be considered as Orders containing „specific instructions“ and will be executed in accordance with the provisions of the Policy related to the execution of Orders containing specific instructions.
- 6.4. Whenever Client gives Order for a transaction in Financial Instruments that are normally traded on MTF's or regulated markets, Bank may execute the Order outside a regulated market or MTF by concluding with Client a transaction where Bank acts in the capacity of a full-fledged counterparty, if under the existing market circumstances Bank can (through such a method) obtain for Client the execution result not worse than those reasonably expected from the execution of Client's Order in an Execution Venue on a regulated market or MTF accessible to Bank.

7. Orders Relating to Financial Instruments Admitted to Trading Outside a Regulated

- 7.1. Market
- 7.2. Before executing Orders, Bank notifies Client of the possibility to execute Orders outside a regulated market or the MTF if such an execution possibility is not stipulated by the Agreement.
 - 7.2.1. Bank mainly executes Client's Orders for transactions in the following Financial Instruments admitted to trading outside a regulated market or MTF:
 - 7.2.2. Debt securities
 - 7.2.3. Money market instruments (MMIs)
 - 7.2.4. Non-standardised derivative financial instruments
 - 7.2.5. Other Financial Instruments traded over-the-counter (OTC).
- 7.3. Where Client gives Bank an Order for a transaction involving fund shares (units) and such shares are traded outside a regulated market or MTF, Bank transmits and /or executes Client's Order for a transaction involving fund shares (units) and abides by the rules of the respective investment fund.
- 7.4. Where transactions are conducted outside a regulated market or MTF, the price is established based on the market price or on the value of the underlying assets.

8. Routing of Orders for Execution

- 8.1. When executing Client Orders for transactions in Financial Instruments that are traded in the Execution Venues not directly accessible to Bank, Bank routes Client's Orders to its Counterparties. Routing an Order means that the transaction specified in the Order is carried out by a third party, and the Bank informs its Clients that the Bank Counterparty is entitled to entrust execution of the Order to its intermediary.
- 8.2. For the execution of Orders the Bank attracts Counterparties that in the opinion of the Bank are capable of executing Orders, considering the Bank obligation to ensure the best result for its Clients. When choosing its Counterparties, the Bank examines the Counterparty carefully and determines compliance of the Counterparty to the internal regulations of the Bank. The Bank revises the List of Counterparties on a regular basis but no less than once a year.
- 8.3. The current List of regular Execution Venues valid on the effective date of the Policy is added to the Policy as Annex 1 hereof and is updated according to the procedure specified in Clause 5.1 and 11.1 of this Policy.
- 8.4. The Bank is entitled to choose a Counterparty not specified in the List in cases where the Client's interests so require (speed of execution of the Order, best price) or in case of unavailability of the Counterparties specified in the List of Counterparties.
- 8.5. When routing Client's Order for execution to a particular Counterparty, Bank encloses the following information, whenever Bank possesses such information pursuant to applicable laws and regulations binding upon Bank:
 - 8.5.1. Information received by the Bank from the Client according to the FIMA requirements for the purpose of assessing the suitability for and compliance of the service provided with the Client's interests;
 - 8.5.2. information about recommendations and advice provided to Client by Bank (if any).
- 8.6. Bank's Counterparty executes Bank-routed Orders in accordance with the Counterparty's adopted policies and rules for carrying out transactions, by using the existing access to regulated markets and MTFs, or by routing the Orders to other intermediary entities.
- 8.7. Bank warns Client as follows: when transmitting Client's Orders to Bank's Counterparty, Bank is not in a position to maintain direct control over the Order execution process and adherence to the Order execution principles as outlined in this Policy. The Bank therefore cannot guarantee that it will always be able to provide the best possible result in relation to each Order executed through the Counterparty. However, Bank regularly assesses whether Counterparties delivers the best execution result for Client's Orders.

9. Bunched Orders and Allocation of Trades

- 9.1. Bank may aggregate (or 'bunch') Client's Order with own orders of Bank (acting as a party involved in the transaction) or with Orders of other Clients, on the basis that such bunching fosters the achievement of the best possible result for and satisfy the interests of the group of Clients. However, Bank cautions that there is a likelihood that the effect of aggregation may work overall to the disadvantage of any Client, taking into account the cases referred to in Clause 9.4 hereof.
- 9.2. Before bunching Orders the Bank notifies each Client whose order is bunched about bunching the Order with the Order of another Customer and/or Bank and gives a warning that the bunching may cause losses in respect of the specific Order. If the Client does not agree to the bunching, the Client shall notify the Bank thereof immediately, otherwise it will be assumed that the Client accepts said bunching of Orders.
- 9.3. Where the Bank has bunched Client Orders and a bunched Order is executed fully then, following the execution of the transaction when the Bank receives the Financial Instruments and/or funds of the Clients, the Bank shall apportion the respective funds and/or Financial Instruments in proportion to the volumes of the combined Orders.
- 9.4. In the event of a partial fill on a bunched Order:
 - 9.4.1. in respect of Financial Instruments traded outside a regulated market (OTC instruments) and bonds, the trades are allocated on a pro rata basis to all other participants. To this end, the quantity of the Financial Instruments or the amount of money stated in Client's Order is multiplied by the result obtained after dividing the cumulative quantity of the Financial Instruments (for which the bunched order has been filled / executed) by the cumulative quantity of the Financial Instruments included in the bunched Order;

- 9.4.2. in respect of Financial Instruments admitted to trading on a regulated market, the Order execution results are allocated according to the first-in-first-out (FIFO) principle whereby the income earned in the form of money and Financial Instruments is allocated according to the sequence in which Orders have been received before the aggregation.
- 9.5. Where the Bank has bunched a Client Order with a transaction at the expense of the Bank and the bunched Order is executed only partially, the Bank arranges the respective funds or Financial Instruments thus obtained in a priority order: firstly for the benefit of the Client then for the Bank. If the Bank can demonstrate on reasonable grounds that it would not have executed the Client's Order on such advantageous terms or would not have executed it at all unless the orders had been bunched, the Bank may apply a proportionate distribution of income in respect of the transaction at the expense of the Bank and in respect of the Client's Order, i.e. to divide it proportionately between the number of Financial Instruments contained in the transaction at the expense of the Bank and specified in the Client's Order.

10. Disruption and Malfunctions in Trading Systems. Difficulties Relevant to Proper Execution of Orders

- 10.1. While executing Orders, Bank may encounter various difficulties and risks, such as:
- 10.1.1. disruptions, malfunctions or failures in technical, information, settlements, communications or trading systems;
 - 10.1.2. risks associated with exceptional market circumstances, liquidity problems, etc., which can hamper Order execution of Order or make it impossible, or cause other adverse consequences.
- 10.2. In cases mentioned in Clause 10.1 hereof, Bank may derogate from certain provisions of the Policy, including the following steps (suspend the execution of Order, stop out the trading position (compulsory closure) at the readily available market price, refuse to execute Order, terminate the transactions). Bank notifies Client thereof within a reasonable time frame, or posts the respective information on the Bank website.

11. Responsibility and Control

- 11.1. The Assets Management and Brokerage Services Department is responsible for the revision and updating of the Policy on a regular basis but no less than once a year, taking into account changes to the laws and regulations of the Republic of Latvia, Bank activities and strategy, or as required, and for ensuring compliance of the related internal regulations of the Bank with it.
- 11.2. The Bank informs the Client of any changes to the Policy by publishing the current version of the Policy on the Bank website at <http://www.bib.eu/lv/documents> and ensuring its availability at the main offices of the Bank at 6 Grecinieku iela in Riga and at the representative offices of the Bank.
- 11.3. The List of major Counterparts is approved by the Bank Board and it is published on the Bank website www.bib.eu.
- 11.4. The Customer is obliged to acquaint himself/herself with the Policy, List of Execution Venues (Annex 1 to the Policy) and the List of Counterparts prior to submitting each Order and to follow up, on a permanent basis, any changes to said documents published by the Bank on the Bank website <http://www.bib.eu/lv/documents>.
- 11.5. Control over the implementation of the Policy is exercised by the Board.

Annex 1: List of Execution Venues.

List of Execution Venues

Execution Venues (access to the Execution Venues is ensured via the intermediation of Counterparties):

<u>Shares:</u>	Australian Securities Exchange Deutsche Borse Frankfurt Stock Exchange London International Exchange London Stock Exchange MICEX Milano Stock Exchange NASDAQ Capital Markets NASDAQ Global Markets NASDAQ Global Selection NASDAQ OMX NYSE AMEX NYSE ARCA NYSE Euronext RTS Swiss Exchange Tokyo Stock Exchange Toronto Stock Exchange Vienna Stock Exchange Over-the-counter
<u>Futures:</u>	CME GLOBEX EUREX Intercontinental Exchange Over-the-counter
<u>Debt securities:</u>	Over-the-counter