# Information on the order execution policy

## 1. SUBJECT MATTER

In order to achieve the best possible result in providing investment services to its clients, Patria Finance, a.s. ("**Patria**") has established and implemented general procedures for executing and transmission of orders to buy or sell investment instruments through Patria ("**Policy**").

## 2. GENERAL RULES FOR THE EXECUTION TRANSMISSION OF ORDERS

In the event that Patria itself executes instructions on behalf of the client, it takes all necessary steps to execute the order under the best conditions. Taking the necessary steps does not mean that the best possible result is achieved at every ocase, but it means that Patria continuously verifies that the arrangements described in this Policy work well at the various stages of the execution process. The factors that Patria takes into account when trying to achieve the best possible result are listed in Chapter 4 of this Policy.

Patria is not a direct member of all regulated markets or multilateral trading facilities ("**MTF**") member. Therefore, Patria transmits clients' orders to cooperating securities brokers who execute such orders on relevant markets. Orders in relation to investment instruments quoted on other foreign markets are transmitted to foreign securities brokers. A list of counterparties is available on the website https://cdn.patria.cz/Seznam-protistran.en.pdf. When selecting a counterparty, Patria takes into account the factors listed in Chapter 5 of this Policy.

Patria transmits clients' orders fairly and as soon as possible. Orders are transmitted chronologically pursuant to the time of their receipt, unless the nature of the respective order justifies other approach.

Patria Finance, a.s. (formerly Patria Direct, a.s.) is a member of Prague Stock Exchange, a.s., Bratislava Stock Exchange, a.s. and Budapest Stock Exchange, a.s. In these markets, Patria directly executes the received instructions. In other markets, instructions are transmitted to counterparties.

## 3. CHOICE OF THE RELEVANT MARKET

Patria provides its clients with the opportunity to place an order through an internet application, broker, or call centre. "Preferred Market" is the market, which allows Patria, according to this Policy, to achieve the best possible result when executing the client's order.

**a) Internet application**

In case of buy orders placed through an Internet application, the requested instrument is displayed to a client after the client looks up the given investment instrument in the tab „Trading" without the possibility of choosing the preferred market. If the given instrument is dual-listed and Patria allows this option on particular instrument, client can choose the market to which the order is placed.

In case of other investment instruments, the Preferred Market is chosen by Patria after considering the factors below and all relevant parameters, which could influence the quality of the execution. This also applies to dual listing where one of the listings is quoted on PSE.

As regards sell orders, the Preferred Market reflects the market on which the investment instrument was bought, unless a material change of conditions on respective markets justifies other approach (e.g. the investment instrument is de-listed from the relevant market).

**b) Order placed through a broker or call centre**

Both brokers and call centre employees act in accordance with the above rules. If the client shows interest to buy an investment instrument in a specific currency, Patria's employee, when choosing a market, will take into account the below Factors determining the choice of the Preferred Market (Section 4).

The client may place a sell order on other than the Preferred Market through a broker or a call centre only if the respective markets allow for mutual order execution.

## 4. FACTORS DETERMINING THE CHOICE OF THE PREFERRED MARKET

**a) Factors**

When choosing the Preferred Market, Patria takes into account various factors such as:

- price for the relevant investment instrument which can be achieved on a given market;
- costs relating to order execution;
- market liquidity, or the probability and speed of order execution, respectively;
- currency;
- settlement conditions;
- order parameters, particularly the volume and order type (see below), or other important factors for order execution.

In the process of execution and transmission of orders Patria considers the total consideration to be the most important factor. Total consideration represents the price of the financial instrument and the costs relating to execution, which shall include all expenses incurred by the client which are directly relating to the execution of the order, including execution venue fees, clearing and settlement fees and any other fees paid to third parties involved in the execution of the order.

Another important factor is liquidity, as liquidity influences the speed and probability of order execution. Higher market liquidity also contributes to its resistance against price volatility and generally allows investors to achieve a better execution price both on supply and demand side due to the fact that there is a smaller spread between the supply and demand prices on a more liquid market. However, subject to available information regarding current situation on respective markets, Patria may prefer another factor as the most important when choosing the Preferred Market for the execution of a particular order.

Particularly due to high transaction and settlement costs which are connected with a transfer on a different market, Patria, when choosing the Preferred Market for a sell order, chooses a market on which the respective investment instrument was bought.

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Placing an order through a broker or call centre enables Patria, when choosing the Preferred Market, to also consider the currency required by the client as well as the fact whether some of the markets considered are open or closed for trading at a given moment.

When determining the relative importance of specific factors, Patria, apart from the above, takes into account also the following criteria:

- categorization of the client as a retail or a professional client;
- type of the order, including whether any specific instructions are given;
- type of the investment instrument that is subject of the order;
- structure of the execution venue on which the order can be executed.

Once a specific market is chosen, whether by Patria or its client, the whole order is transmitted to this market and stays there until it is completely or partially executed, its validity expires, or is cancelled.

## b) Execution venues and procedures

In order to achieve the best execution for its client, Patria may use one or more of the following execution venue types when executing clients' orders:

- regulated markets;
- MTF;
- systematic internalizers;
- trading on Patria's own account;
- market makers, trading facility specialists or entities performing similar functions; or
- similar entities with its registered office outside the EU.

Apart from any specific instruction given by a client, Patria executes orders in accordance with the Policy in the following fashion:

- The Policy provides for the possibility that a client order may be executed outside a regulated market or MTF, for example by way of trading on Patria's own account, on condition that Patria fulfills its obligation towards best execution of such order. However, in order to execute client orders outside a regulated market or MTF, Patria is obliged to obtain a prior express consent of the client.
- The order can be executed directly on the regulated market or MTF. In case Patria is not a direct member of the relevant market or MTF, it may enter such regulated market or MTF, for the purposes of client order execution, through a third party market participant (e.g. a member of a given stock exchange).
- The order can, in case of units in collective investment undertakings, be transmitted for execution to a transfer agent.

The list of markets on which Patria executes orders is available at https://cdn.patria.cz/Seznam-prevodnich-mist.en.pdf.

## 5. SPECIFIC INSTRUCTION

Any specific instruction given by a client may prevent Patria from the realization of procedures included in the Policy to achieve the best result; nevertheless, Patria, within the scope of the client's instruction, will do its best to achieve the best possible result when executing the client's order.

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## 6. COMBINING ORDERS

Patria may combine the client's orders with the orders of other clients and with orders executed by Patria on its own account, assuming that:

a) these are only orders for either purchase or sale;
b) it is unlikely that a transaction made on the basis of the combined order will be less advantageous for the client than separate execution of the order, also taking into account the costs of settling such a transaction;
c) the other clients whose orders are to be combined with the client's order have also been informed by Patria in advance of the possibility of orders being combined;
d) the allocation of performance and obligations from the combined order will not damage any client;
e) the order or the Agreement explicitly indicates the opposite.

If Patria combines clients' orders, it has the following obligations:

a) keep proper identification of the orders being combined;
b) ensure that a lack of funds or investment instruments on the part of the client or Patria does not prevent or endanger the execution of another client's order;
c) fairly divide up the purchased investment instruments and the costs incurred among the individual clients whose orders were combined;
d) if the whole combined order cannot be satisfied in its full amount, preferentially satisfy the clients' orders at least proportionately unless it can prove that it would not be possible to satisfy the clients' orders under better conditions or at all without its order.

## 7. MONITORING AND PERIODIC REVIEW

Patria continually monitors the effectiveness of the Policy and chosen procedures for orders execution in order to identify and, where appropriate, correct any deficiencies.

In particular, Patria regularly assesses whether the execution venues set out in the Policy enable the best execution of clients' orders, or whether the chosen procedures or chosen counterparties need to be amended. In the event that a mistake is found in a given counterparty, the cooperation with the counterparty will be reviewed from the point of view of achieving the principles of best execution.

When evaluating counterparties, as well as transactions in which Patria is a member of a regulated market, the parameters listed in Chapter 4 of these Rules are reviewed.

Patria reviews the Policy at least annually. Patria undertakes to notify its clients of any material change to the chosen procedures or the Policy.

## 8. TYPES OF ORDERS

When providing investment services, Patria executes the following orders:

| Market Order | Market order is an order without a limit price specified in the order setting. The maximum purchase or the minimum sale price at which the order can be executed is therefore not limited. Order is executed |
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| | for the best bid or offer available at the time, when the order reaches market. |
| Limit Order | Limit order is an order with a limit price specified in the order setting the maximum purchase or the minimum sale price at which the order can be executed. |
| Entry Order | Buy (sell) entry order allows for placing orders at a price lower (higher) than the current market price. This order is activated only if the market price reaches the amount specified in the order. In case there is insufficient liquidity on the required price level, Limit order (purchase below the current price, or sale above the current price) does not have to be executed immediately. Stop order (purchase above the current price, or sale below the current price), after its activation, behaves in the same way as a market order with the instruction "At best". |
| Stop Market Order | Stop market order is a market order to sell (buy) a financial instrument that is activated once a trade is executed for a stop-price, or at a price lower in a sell stop order, or at a price higher in a buy stop order. The final price at which the order is executed may significantly differ from the designated stop price. |
| Stop Limit Order | Stop limit order is an order to sell (buy) a financial instrument in case a limit order is activated once a trade is executed for a stop-price, or at a price lower in a sell stop-limit order, or at a price higher in a buy stop-limit order. The final price at which the order is executed cannot be worse that the limit price designated by the client. Attention – on the Boerse Frankfurt Zertifikate, the Stop Limit Order is activated by the BID/OFFER price being below/above the stop-price, NOT by the last print. |
| Trailing Stop Order | Trailing stop order is an adjustable stop-limit order where its stop-price and limit-price parameters are automatically adjusted according to the financial instrument's price development. Typically, this order is used to lock in profits in a situation where the price of the purchased financial instrument is developing in client's favor. |
| Bracket Order | Bracket order is an order to sell (buy) a financial instrument that consists of a limit order and a stop-limit order. Both orders must be in the same direction, ie. to buy or sell. The order is executed either by a limit order at a given profit or by a stop-limit order at a given loss. |
| Iceberg Order | Order Display amount (Iceberg) allows to display only a part of the total order volume on the market. The residual amount of the order remains hidden to market participants. After the visible part of the order is executed, the prior volume is displayed again until its satisfaction or cancellation. Typically, this order is used in case of placing large orders. |

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| Immediate or Cancel (IOC) Order | IOC order is designed for an immediate (even partial) execution. |
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| Fill or Kill (FOK) Order | FOK order is designed for an immediate execution; however, such order cannot be partially executed. In case the order cannot be immediately and fully executed, it is, without any execution, automatically cancelled. |
| Volume-Weighted Average Price (VWAP) Order | Volume-Weighted Average Price is a weighted average of prices of individual trades; the weights reflect the volume of given trades of the relevant financial instrument during a certain time frame. In VWAP order the client can submit specific instructions regarding the order execution price, for example to specify a limit price. |

The ability to execute respective order types depends on the specifics of a particular market.

## 9. DURATION (VALIDITY) OF ORDERS

If no further specification is provided, a received order is automatically considered a Day Order. Setting a longer time frame for the expiration of the order must be indicated when filling out the trading form in the trading application or when giving the instruction by phone.

- Day Order: Expires at the end of the trading session on the day when the order was entered.
- Good till date: Expires at the end of the trading session of a pre-determined date.
- Immediate or Cancel and Fill or Kill: See above.

## 10. ASSET CLASSES

### a) Bonds (Debentures)

The asset class can be traded on an exchange or over the counter (off exchange). The orders to buy and sell bonds are distributed to the exchange market only if Patria is a member of the exchange (Prague Stock Exchange, Bratislava Stock Exchange). All other transactions with bonds are executed outside the regulated market with chosen contract counterparty.

Patria always acts as agent in bond transactions and does not execute clients' orders against Patria's own position.

**Accepted types of orders:**

- Market Order
- Limit Order

**Relevant factors for execution:**

- Price
- Costs
- Volume
- Likelihood of execution and settlement
- Type of order
- Speed

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## b) Stock (Shares)

Patria executes transactions with this asset class exclusively as exchange transactions where the trading order is sent directly to the market or to the contract counterparty. Patria sends an order directly to the exchange if Patria is a member of the respective exchange (Prague Stock Exchange, Bratislava Stock Exchange). As concerns the choice of the execution venue used for the execution of orders, Patria primarily uses volume markets (markets with the highest liquidity, usually domestic markets). In any other case, Patria or the contract counterparty, as applicable, shall choose another execution venue where the best possible execution shall be secured. For a list of execution venues, please refer to the website https://cdn.patria.cz/Seznam-prevodnich-mist.en.pdf. After an order is received which contains an explicit (specific) instruction, Patria or the contract counterparty, as applicable, will have regard to the instruction when sending the order to the market; Best Execution Policy shall apply to the remaining execution factors.

**Accepted types of orders:**

- Market Order
- Limit Order
- Stop Loss
- Stop Limit
- Bracket Order
- Trailing Stop
- If Order
- Immediate or Cancel Order
- Fill or Kill Order
- Iceberg Order
- Algorithmic Order

**Relevant factors for execution:**

- Price
- Anticipated impact of the order on the market environment
- Volume
- Likelihood of execution and settlement
- Type of order
- Costs

## c) ETF/ETC/ETN

Patria executes transactions with this asset class exclusively as exchange transactions where the trading order is sent directly to the market or to the contract counterparty. As concerns the choice of the execution venue used for the execution of orders, Patria primarily uses volume markets (markets with the highest liquidity, usually domestic markets). In any other case, Patria or the contract counterparty, as applicable, shall choose another execution venue where the best possible execution shall be secured. For a list of execution venues, please refer to the website https://cdn.patria.cz/Seznam-prevodnich-mist.en.pdf.

After an order is received which contains an explicit (specific) instruction, Patria or the contract counterparty, as applicable, will have regard to the instruction when sending the order to the market; Best Execution Policy shall apply to the remaining execution factors.

**Accepted types of orders:**

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- Market Order
- Limit Order
- Stop Loss
- Stop Limit
- If Order
- Iceberg Order
- Algorithmic Order

**Relevant factors for execution:**

- Price
- Anticipated impact of the order on the market environment
- Volume
- Likelihood of execution and settlement
- Type of order
- Costs

### d) Investment Certificates, Leverage Certificates, Warrants

Patria executes transactions with this asset class exclusively as exchange transactions where the trading order is sent to the contract counterparty. The primary execution venue for trading these instruments is Zertifikaten Börse Frankfurt and Börse Stuttgart, where liquidity is secured by the issuer of the respective instrument. In any other case, Patria or the contract counterparty, as applicable, shall choose another execution venue where the best possible execution shall be secured. For a list of execution venues, please refer to the website https://cdn.patria.cz/Seznam-prevodnich-mist.en.pdf.

After an order is received which contains an explicit (specific) instruction, Patria or the contract counterparty, as applicable, will have regard to the instruction when sending the order to the market; Best Execution Policy shall apply to the remaining execution factors.

If investment certificates are traded directly with the issuer (ČSOB a.s., Commerzbank AG), the transaction is executed over the counter. Best execution is guaranteed by the issuer of the given product.

**Accepted types of orders:**

- Market Order
- Limit Order
- Stop Loss
- Stop Limit
- If Order
- Algorithmic Order

**Relevant factors for execution:**

- Price
- Anticipated impact of the order on the market environment
- Volume
- Likelihood of execution and settlement
- Type of order
- Costs

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### e) Mutual Funds

Transactions with mutual funds are executed directly with the issuer who secures the best possible execution. For a list of issuers, please refer to the website https://cdn.patria.cz/Seznam-prevodnich-mist.en.pdf.

### f) SFT – Securities financing transactions

These are transactions to secure financing of business activities (e.g. lending, repo operations, reverse repo operations, buy-sell back operations or sell-buy back operations).

The list of counterparties with which SFT transactions are concluded is available on the website https://cdn.patria.cz/Seznam-protistran.en.pdf.

## 11. EFFECTIVE DATE

The Policy becomes effective on 22nd March 2021 towards all Patria's clients who have not been classified as an eligible counterparty.

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