Summary of ABN AMRO's order execution policy

May 2023

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1. Introduction

1.1. What is the purpose of this policy?

If you place an order with the bank, the bank must make sure that it executes your order with the best possible result. The bank has a policy on this.
This 'Summary of ABN AMRO's order execution policy' sets out the procedures and rules that the bank uses in order to execute your orders with the best possible result. The bank will adhere to this policy insofar as possible.

The bank may either execute your orders itself or instruct third parties to do so. If this policy states that the bank executes your orders, this means that your orders are executed by the bank or by a third party on the instructions of the bank. The bank carefully selects the third parties that execute your orders. For example, those third parties must also have an order execution policy or order execution procedures corresponding to the bank's policy for ensuring orders are executed with the best possible result.

The bank may arrange for certain orders to be executed by a specialised department within ABN AMRO.

1.2. To whom is this policy applicable?

This policy applies to all professional and non-professional investor clients. The bank does not draw any distinction between these clients when it executes orders. The obligation to execute orders with the best possible result does not apply if the client is an eligible counterparty. More information about the different groups of investors can be found in article 2.1 (Why does the bank classify me in a specific group of investors?) of the General Investment Conditions.

You and the bank might make other arrangements concerning the execution of your orders that are in keeping with the services you have agreed with the bank. In that case, the bank will execute your orders in accordance with those other arrangements.

1.3. Which investment products are covered by this policy?

This policy is applicable to the following types of investment products:

- shares;
- bonds;
- investment funds;
- derivatives (such as options and warrants); and
- structured products.

You can read more about these investment products in the Investment Appendix.

2. Characteristics

2.1. What does the bank take into account when performing best execution?

To execute your order with the best possible result, the bank looks at the following characteristics, among other things:

- the price at which your order can be executed;
- the costs of executing your order. By this we do not mean the usual transaction costs you pay the bank for your order, but possible additional costs, such as foreign transaction taxes in certain countries;
- the speed at which your order can be executed;
- the size of your order;
- the type of order (for example, an order with a price limit or time limit, or an order for which you have made separate arrangements with the bank); and
- the impact your order may have on the market price if your order is made publicly known.

The combination of price and cost is most important factor for most orders. More information can be found in section 6. (Execution of orders for specific investment products).

You pay transaction costs to the bank for your orders (see chapter 8 (Costs) of the General Investment Conditions). These usual transaction costs are separate from the possible additional costs referred to above, and do not affect the bank's decision in terms of where your order is executed. The transaction costs are shown in the cost information sheet for the investment service you use.

2.2. What other characteristics are important when the bank executes my order?

The bank follows fixed procedures practices and rules to determine where your order can be executed with the best possible result. In connection with this, the bank also takes into account the following characteristics:

- the place of execution (see chapter 4);
- special orders (see chapters 5 and 6); and
- specific investment products (see chapter 7).

If you give specific instructions to the bank for the execution of an order, for example to execute the order at a certain place, the bank will execute your order according to your instructions except in situations where the bank indicates that it is unable to do so. If the bank executes your order according to your instructions, this may mean that the bank cannot carry out each step it has defined and introduced in order to ensure execution of your order with the best possible result.

3. Execution

3.1. Place of execution

The bank generally executes your orders on a central financial market, which is also referred to as a trading venue. These are, in principle, only trading venues that are a regulated market (exchange), multilateral trading facility (MTF) or organised trading facility (OTF). These trading venues operate in accordance with fixed or statutory rules. Information about the trading venues where the bank executes orders is provided separately for each investment product in chapter 6. When the policy summary refers in general terms to an 'exchange', this refers to an exchange, MTF or OTF.

If you instruct the bank to execute your order outside an exchange, MTF or OTF, for example because you think this will lead to a better price for you, you will run a greater risk that the parties involved in the execution and settlement of your order might not be able to fulfil their obligations (counterparty risk). You might then obtain a worse price, or receive no - or too few - investment products, or receive investment products much later. When selecting the counterparties, the bank will take all reasonable steps to mitigate this counterparty risk. If the bank executes your order – or part of your order – on an unregulated trading venue in accordance with your special instructions, the bank will do this in accordance with the execution rules with the best possible result. In this way, the bank will fulfil its obligation to execute your order with the best possible result.

Each year, the bank publishes on its website an annual report and, for each class of investment product, the five most-used execution venues where the bank executes orders and/or to which the bank transmits orders. There are various ways in which the bank can execute your order or arrange the execution of your order:

- The bank may execute your order directly on an exchange, MTF or OTF.
- The bank may request prices (Request for Quote) from various trading venues or intermediaries and then choose the best price for executing your order. The bank may also execute your order through an over-the-counter (OTC) trade, without the involvement of a trading venue.
- The bank may make use of various intermediaries for the execution of your order. These intermediaries are known as 'brokers'. The bank has made arrangements with these brokers for this purpose. The broker chooses the execution venue that is the most suitable for the execution of your order. The brokers can in turn choose to execute your order in various ways. They may do this:
  - on an exchange, MTF or OTF;
  - by means of smart order routing (SOR). This is an automated process the broker uses to compare prices - and possibly other characteristics - on different trading venues and select the best possible result for the execution of your order;
  - by means of a Request for Quote, in which the broker requests prices from various trading venues or intermediaries and then chooses the best price for executing your order;
    or:
  - through an over-the-counter (OTC) trade, in which the broker transmits your order to another party, without the involvement of a trading venue, so that this other party can execute your order.

3.2. Execution by a broker

In general, the bank will outsource order execution to a broker if outsourcing offers advantages in terms of quality, expertise, synergy and scale. The bank has determined which brokers are the least expensive for each type of investment product, and therefore which brokers are preferred for the execution of orders for those investment products.

The bank will immediately transmit your order to the preferred broker, with due speed and in order of receipt, unless this is impossible owing to the characteristics of the order or unless it is in your interest that we handle your order in a different way.

- The broker must in turn handle your order with expertise and due care.
- The broker must also exercise due care when selecting another market participant or counterparty

and when giving instructions to that party for the execution of your order. The broker selects these parties on the basis of their financial health (solvency) and their reputation. The broker also takes into consideration the parties' accreditation (proof of competence) and ability to access the place of execution.

- The broker primarily evaluates the competence, expertise and reputation in the market of each market participant or counterparty, in order to make sure they will execute the orders transmitted to them with the best possible result, in accordance with the bank's order execution policy.

3.3. Additional measures

The bank wants to make sure that the designated brokers deliver a high level of execution quality, that similar situations are treated equally (consistency) and that brokers can continue to execute orders (continuity). To this end, the following measures apply:

- The bank has formulated its own policy and procedures for how it organises and evaluates the execution of orders by brokers. The bank carries out random checks every quarter and produces an annual report on the services provided by the brokers.
- The bank must always have the most recent version of the policy or procedures of the brokers with which it works.
- The bank receives an annual report from each of its brokers. These annual reports include information on the random checks as well as other checks.
- The bank and its brokers have signed agreements that describe the services, rights and obligations of each party.
- There is no direct relationship between the costs the bank pays other parties for order execution and the transaction costs you pay the bank for your order.

3.4. Why does the bank not always choose the exchange that quotes the best price?

The bank has determined which exchanges are suitable for ensuring best execution. The bank does not select all exchanges that are able to quote a price for a specific investment product. For example, an exchange might not selected because it charges higher costs for executing the order, or because connecting the bank with that exchange involves significant costs. This may mean that sometimes another exchange quotes a better price for your order than the exchange which the bank has selected. However, the total costs of that other exchange will usually be higher, and therefore the execution of most orders on that other exchange would ultimately lead to a less favourable result than execution at the exchange that was selected by the bank.

3.5. How do I know which exchanges the bank has selected to execute my orders?

If you want to know which exchanges the bank has selected to execute your order, you can see this in the List of Exchanges that is included in this policy. The bank may amend this list. The current list is available on the bank's website (abnamro.nl/ voorwaardenbeleggen), and can be obtained on request from your adviser or by calling 0900-9215*. The bank will check regularly, and in any case four times a year, whether the exchanges on this list still offer the best possible results. The bank will do this, for example, when there are major changes due to which the bank might not longer be able to execute your order with the best possible result. The bank will then amend the List of Exchanges. If the bank instructs a third party to execute your orders, the bank will make sure that the third party's order execution policy corresponds to the bank's policy.

4. Aggregated orders

4.1. What are aggregated orders?

If you consent to the bank's order execution policy (see also chapter 9), you give the bank permission to aggregate your order with orders from other clients. In such cases, the bank may then execute your order together with the orders of other clients for the same investment product at the same time and at the same price. The bank will then transmit these orders as a single order to an exchange. We call this an aggregated order. The bank will only do this if the bank thinks this is unlikely to be disadvantageous for you. With an aggregated order, you pay the average execution price for the executed part. If the bank aggregates orders, your order might not be executed immediately. It is also possible that your order will not be executed in its entirety. This may, in retrospect, turn out to be disadvantageous for you. If you use the bank's portfolio management services, in most cases the bank will aggregate your order with the orders of other clients of the bank who use the same type of portfolio management service.

4.2. What happens if the bank cannot execute an aggregated order in its entirety?

If the bank has aggregated your order and is not able to execute the aggregated order in full, then the bank will only execute the part of the aggregated order that can be executed at that time. In that case:

- the bank will not buy all the investment products it wanted to buy for you with a buy order, but instead will buy a smaller part of that order; or
- the bank will not sell all the investment products it wanted to sell for you with a sell order, but instead will sell a smaller part of that order.

This also applies to the other clients whose orders have been aggregated with your order. You receive a portion of the part of the aggregated order that was executed. Your order will be executed in the same proportion as the part of the total aggregated order that was executed.

An example

In the context of its portfolio management services, the bank places an order to buy 300 XYZ shares for you. The bank simultaneously places an order to buy 200 XYZ shares for client X and a further order to buy 100 XYZ shares for client Y. That is 600 XYZ shares in total. The bank aggregates the orders that have been placed for the three clients and transmits the aggregated order for the purchase of 600 XYZ shares to an exchange.
The aggregated order cannot be executed in its entirety. Instead, only half (50%) of this order can be executed. This means that a total of 300 (50% of 600) XYZ shares are purchased, instead of 600 XYZ shares. The following applies with regard to the part of the aggregated order that has been executed:

1. you receive 150 XYZ shares, which is half (50%) of your order for 300 shares.
2. client X receives 100 XYZ shares, which is half (50%) of the order for 200 shares; and
3. client Y receives 50 XYZ shares, which is half (50%) of the order for 100 shares.

5. Orders that exceed a specified threshold

If you place a 'large' order for an investment product, by which we mean an order that, for example, represents a large number or a high value or is regarded as large in view of how liquid (marketable) the investment product is, your order might exceed the threshold that applies for that investment product. This threshold depends on the following:

- the investment product;
- the place where your order is to be executed; and
- the market situation.

As these characteristics may constantly change, no thresholds for large orders are fixed in advance. Large orders might disturb the market. Besides the combination of price and costs, other important characteristics are the size of the order and the likelihood of achieving full execution of the order. If it turns out that the bank cannot execute your order in the usual way owing to the size of the order, the bank will pass on your order to a specialised department within ABN AMRO or a broker to enable your order to be handled with due care. The department or broker will then try to execute your order in a different way while ensuring your order does not disturb the market. The broker may also use computer algorithms that determine – either automatically or using parameters (measurable characteristics) specified by the bank – where and how your order can be executed with the best possible result.

As stated in section 4.1 (*What are aggregated orders?*), if you use the bank's portfolio services the bank will usually aggregate your orders with the orders of other clients of the bank who use the same type of portfolio management service. This ensures that the orders of all clients with the same portfolio management risk profile are executed in the same manner. As these aggregated orders are often too large to simply place on an exchange, the bank asks a broker to take care of order execution while ensuring the size of the relevant order does not disturb the market. The bank may also ask a number of counterparties to quote the price at which they would be willing to execute the order (Request for Quote). In this context, the bank may also execute the order through an OTC trade.

6. Execution of orders for specific investment products

For most orders, the combination of price, costs and – in many cases – liquidity (marketability) is the most important characteristic. Special situations can apply to certain investment products. The bank will therefore also look at other characteristics to determine where your order can be executed with the best possible result. This chapter explains how the bank executes orders for different investment products and in different situations. The characteristics and risks of these investment products are set out in chapter 2 of the Investment Appendix.

6.1. How does the bank execute orders for shares?

In the case of orders for shares, the most important characteristics are price, costs and liquidity (marketability). The bank uses these characteristics as a basis for determining which exchanges are suitable for executing orders for shares and similar investment products. The bank may execute your orders directly on these exchanges or transmit them to a broker.
If shares are being sold, when determining where the order will be executed the bank takes into consideration the place where the shares in question are currently held in safekeeping, with a view to ensuring cost-effectiveness. In many cases, this will be on the same exchange where the shares were originally purchased.

6.2. How does the bank execute orders for bonds?

In the case of bonds, the most important characteristics are price, costs and liquidity. The bank may execute orders for bonds directly on an exchange, MTF or OTF. The bank may also transmit the order to a specialised department within the bank or to a broker.

6.3. How does the bank execute orders for investment funds?

Orders for most investment funds cannot be executed at any time during the opening hours of an exchange. Although you may place your order for an investment fund with the bank at any time, the exchange or broker will only collect orders for the investment fund at a fixed time once during the trading day so that settlement can take place. We refer to this fixed time as the cut-off time. In the case of these investment funds, the bank only looks at the costs for settling the order. In this way, the bank determines where it can execute your order with the best possible result.

The bank is able to execute orders for certain investment funds at any time during the opening hours. This is the case with exchange traded funds (ETFs), for example. In such cases, the bank selects the exchange according to the customary rules for shares.

6.4. How does the bank execute orders for investment funds using the investor giro?

Certain investment funds can be bought and sold both on an exchange and also using the bank's investor giro. If the bank executes your order for these investment funds using the investor giro, you will obtain the price referred to in article 2.3 of the Investor Giro Conditions (*How does the bank execute my orders for the investor giro?*) Your costs for executing your order using the investor giro are generally lower because the bank aggregates your order with the orders of other clients. See also section 4.1. (*What are aggregated orders?*) The bank will therefore execute orders for investment funds using the investor giro wherever possible – unless you indicate that you do not want the bank to execute your order using the investor giro. More information about the investor giro can be found in the Investor Giro Conditions.

6.5. How does the bank execute orders for derivatives?

Derivatives include options and warrants. The bank transmits orders for domestic options directly to the options exchange where the option is listed. The bank transmits orders for foreign options to a broker.
The bank transmits orders for domestic warrants directly to the stock exchange where the warrant is listed. The bank transmits orders for foreign warrants to a broker.

6.6. How does the bank execute orders for structured products?

All structured products sold through the bank are issued by an eligible counterparty. The bank selects, monitors and assesses these parties using a set of qualitative and quantitative criteria, in order to minimise counterparty risk. Trading in structured products usually takes place away from an exchange (OTC trading). In the case of structured products, the most important characteristics are price, costs, speed of execution, liquidity (marketability) and quality of service. The counterparty is usually the issuer of the investment product, and in most cases only one provider is available. Depending on the type of structured product, structured products might also be treated as if they were a share or a bond.

6.7. How does the bank execute orders for investment products that are not listed on an exchange?

Meeting the obligation to execute orders with the best possible result is more difficult in the case of investment products that are not listed on an exchange. The bank will try to execute your orders for such unlisted investment products at a price that is fair and is competitive with the market price.

6.8. How does the bank execute orders for investment products that are less actively traded?

If you place an order with the bank for an investment product that is less actively traded (also referred to as a less liquid investment product), the bank might not be able to execute your order with the best possible result. Such situations can arise if, for example, you place an order with the bank for an investment product:

- with a limited supply and limited demand;
- with limited liquidity. This means that this investment product is not easy to buy and sell on a continuous basis; or
- where it is not clear how the price of that product is determined.

In these situations, you may request a better price from another investment firm yourself. You are responsible for doing this. The bank does not need to do this for you. The bank communicates to you the prices at which the bank can execute your order for this investment product on the exchange. If you accept the prices that the bank communicates to you, and you instruct the bank to execute your order, this means that the bank has fulfilled its obligations to you in accordance with this policy.

If the bank created the investment product itself or acts as the market maker for this product, you may ask the bank in advance how it determines the price for this investment product.

7. Special market conditions

This policy does not apply when special market conditions occur. This is the case in the following circumstances:
- when the market is extremely volatile, such as in an economic crisis; or
- when systems of the bank or other parties fail.

If special market conditions occur, the bank's main criterion for order execution is that orders are executed in time if possible. In the case of system malfunctions, the bank might not be able to reach all the exchanges it has selected for order execution. If this happens, the bank will inform you about this when you place an order with the bank. You can then decide either that you still want your order to be executed by the bank in this way or that you no longer want your order to be executed.

The bank has also agreed with most of the brokers that a back-up broker will be on standby. If, for instance, the broker is unable to execute orders due to a technical failure, the back-up broker takes over the broker's tasks in order to execute your order if possible.

8. Monitoring and policy changes

The bank will monitor the quality of this policy. The bank will regularly assess whether the exchanges it has selected for the execution of orders are still in line with the policy.

8.1. How do I know if the bank has changed the policy?

The bank will immediately process changes to this policy if necessary. The bank will inform you of any major and significant changes before these changes take effect. In the case of less important changes, the bank will post these changes on its website when they come into effect. If the bank changes the List of Exchanges, it will post this amended list on its website.

8.2. How often does the bank review the policy?

The bank will check whether it is still pursuing the right policy at least four times a year. In this way, the bank guarantees that it can continue to execute your orders with the best possible result.
Once a year, the bank publishes an annual report on the quality of execution plus the results for the top five execution venues and brokers. These documents can be found on the bank's website.

8.3. Can I ask the bank how it applied the policy when executing my order?

If you want to know how the bank applied the policy when executing your order, you may ask the bank for an explanation.

9. Consent

This summary of the order execution policy forms part of the Investment Conditions. The Investment Conditions are part and parcel of the Investment Agreement. If you have signed the Investment Agreement and you subsequently place an order with the bank, then you accept the bank's order execution policy. By placing an order, you also indicate that you have read and understood those conditions, and that you have given your consent for your orders to be executed on exchanges that are not a regulated market, multilateral trading facility or organised trading facility in certain situations.

If the bank uses an investment firm that is a systematic internaliser, the bank will ask you to give separate consent for this.
By a systematic internaliser, we mean an investment firm that deals for its own account and risk outside a regulated market or a multilateral trading facility. The investment firm does not execute your order via an exchange, but buys the investment products from you, or sells them to you, itself.

ABN AMRO Bank N.V., Amsterdam, May 2023

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* Within the Netherlands only. Calls are charged at the standard rate set by your telephone provider.

0900 - 0024
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