



HAITONG

REGULATION No. COM10.R12

**Order Execution Regulation
of Haitong Bank, S.A.**

Approved by the Board of Directors
on 01/03/2024

TABLE OF CONTENTS

1. OBJECTIVE.....	3
2. LEGAL FRAMEWORK	3
3. RECIPIENTS	3
4. RESPONSIBILITY AND MONITORING	3
5. DISCLOSURE	3
6. TERMS MOST FAVORABLE – RELEVANT FACTORS	4
7. TRANSMISSION & EXECUTION OF ORDERS	5
8. PRINCIPLES IN ORDER TRANSMISSION AND EXECUTION.....	7
8.1 GENERAL PRINCIPLES.....	7
8.2 PROVISION OF INFORMATION	7
8.3 RESTRICTIONS ON POTENTIAL ECONOMIC BENEFITS	8
8.4 SELECTION OF THE FINANCIAL INTERMEDIARY / TRADING VENUE	8
9. EXECUTION ON TERMS MOST FAVORABLE	9
9.1 SHARES, ETFs, WARRANTS & OTHER INSTRUMENTS	9
10. ORDER AGGREGATION.....	9
11. ALLOCATION OF TRANSACTIONS	10
12. SPECIFIC CLIENT’S INSTRUCTIONS	10
13. ARCHIVE	11
14. DISCLOSURE.....	11
15. CONTROL OF VERSIONS	12
16. ANNEXES	13
16.1 ANNEX I	13
16.2 ANNEX II	15

1. OBJECTIVE

- a. The current Regulation of Haitong Bank, S.A. (the “**Bank**”) aims to define the internal rules to be followed in the activities of order reception, transmission and execution, when the Bank provides such services, as well as, when the Bank intends to aggregate, in a single order, orders of different Clients, or orders of his Clients with proprietary trading orders.
- b. This Regulation is established and enforced by the Bank in line with the applicable legal regime, providing for the fair allocation of aggregated orders and transactions.

2. LEGAL FRAMEWORK

- a. This Regulation is subject to the legal framework laid out in Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 (“**MiFID II**”).

3. RECIPIENTS

- a. The content of this Regulation represents a minimum standard that shall apply to the Bank, its subsidiaries and branches (“**Haitong Bank Group**”), where and when order transmission and execution is applicable.
- b. In case of conflict between any provision of this Regulation and the local laws and regulations applicable to any Bank's subsidiary or branches, the relevant local laws and regulations shall prevail.

4. RESPONSIBILITY AND MONITORING

- a. This Regulation is prepared by the Compliance Department.
- b. This Compliance Department is responsible for monitoring the compliance with the Regulation.
- c. This Regulation is reviewed at least every two years, or whenever any amendment thereto becomes necessary.

5. DISCLOSURE

- a. This Regulation is available on the Bank's intranet and website and any change to the same should be duly communicated by e-mail to all the Bank's employees.

6. TERMS MOST FAVORABLE – RELEVANT FACTORS

When executing and transmitting client's orders, under Article 27 of MIFID II, the Bank shall take all the sufficient steps and approaches to obtain the best possible result for its clients. In this sense, the Bank takes into consideration the following set of factors:

- a) Price;
- b) Costs;
- c) Speed;
- d) Likelihood of execution and settlement;
- e) Size;
- f) Nature of the order; and
- g) Any other considerations deemed relevant for the execution of the order.

Additionally, such factors have different relative weight and other considerations should also be taken into account, such as the client's characteristics, including whether it is categorized as a *retail* or a *professional client*; the order characteristics themselves, including the size and its nature and, if applicable, whether it involves any securities-based lending; the characteristics of the financial instruments underlying the order; and, the characteristics of the execution venues to which the order is transmitted for execution.

The Bank shall be deemed to act *on behalf of its clients* whenever:

- a) It receives orders from clients for transmission to other entities;
- b) It receives orders from clients for execution;
- c) It issues orders on behalf of its clients for execution by itself or other entities following investment decisions made for clients as part of its discretionary portfolio management service.
- d) It receives orders from the clients through electronic means

Whenever the Bank decides that an order is not suitable for the client, it must notify the client in writing and request an acknowledgement of such decision.

Where and when the Bank transmits or executes orders on behalf of retail clients, the most favorable terms will be determined on the basis of the overall cash consideration represented by the price of the financial instrument and any execution-related costs, which will include all expenses directly or indirectly incurred by the client in the execution of the order, including the fees of the trading venue, settlement or clearing fees and any other fees paid to third parties involved in the execution of the order.

Where and when the Bank transmits or executes orders on behalf of professional clients, the most favorable terms will also, in most cases, be determined on the basis of the overall cash consideration. However, the Bank may, under certain circumstances, consider that certain factors are more relevant than others, with a view to obtaining the best possible result.

Eligible counterparties do not benefit from the obligation to execute on terms most favorable to the clients. However, should they so wish and the Bank accepts, it may be subject to this obligation by contract.

The Bank takes into account the market knowledge and experience of its clients, their trading profile and the nature of the service required by them, as well as the specific and generic instructions given to it and which enables the Bank to execute client orders.

Under the terms of this regulation, when a transaction is carried out in accordance with the client's request, at a given price for a certain financial instrument, or is requested to be executed through a specific market or financial intermediary, and the client decides to trade the financial instrument on the basis of the conditions of his request, the Bank will not be subject to the principle of executing orders on the most favorable terms, respecting the investment decision of its clients. There may be cases where the Bank can also act on its own account for its own portfolio and the terms of the transaction have been negotiated directly with the client.

When the Bank's *counterparty is also a client*, with regard to the order transmission and execution service, the performance of any transaction with the counterparty in question must comply with the previous principles and be previously validated by the Compliance Department.

7. TRANSMISSION & EXECUTION OF ORDERS

The bank executes their orders through the financial Intermediaries that were previously authorized for this purpose, and are part of the Authorized Financial Intermediaries List. These entities execute the related orders in venues that are sources of liquidity and include:

- a) regulated markets;
- b) multilateral trading facilities ("MTFs");
- c) organized trading facilities ("OTFs");
- d) systematic internalisers;
- e) market makers;

- f) other liquidity providers; and
- g) entities outside the European Economic Area that perform a function similar to any of the abovementioned entities.

When directly executing client's order, for each financial instrument, the Bank indicates the execution venues deemed the most suitable to obtain the best possible result for the execution of its client orders, taking into consideration the relevant factors identified in Section 6. For more details about the regulated markets, MTFs and OTFs in which the Bank executes client orders, see Schedule I hereto.

In this respect, the Bank undertakes to summarize and disclose annually, for each type of financial instruments, the five major execution venues in terms of trading volume, to which, in the preceding year, it transmitted client orders, as well as information on the quality of execution obtained, which will be done by completing the template attached hereto as Schedule II.

The Bank may execute or transmit orders in a trading venue other than a regulated market, MTF or OTF provided that is permitted by the prevailing legislation and the client's prior express consent is obtained. In line with the prevailing legal framework, the client's consent may be given under a general agreement and not only in respect of a single transaction.

The obligation to obtain the best possible results applies to all financial instruments irrespective of being executed in trading facilities or *over the counter* (OTC). Accordingly, when executing orders or deciding to trade in OTC products, including tailor-made products, the Bank controls the fairness of the price offered to the client by collecting market data used to estimate the price of the product in question and, when feasible, by comparing this product with similar or comparable products.

The Bank also acts as execution counterparty, provided the requirements set forth in the Securities Code are met.

The financial intermediary will be selected in line with the nature of the financial instrument in question, with a view to obtaining the best execution possible for the client.

To this end, in line with the type of financial instrument in question, the Bank shall transmit the order for execution to one of the financial intermediaries listed in Schedule I to this Regulation. These financial intermediaries will be selected by means of an assessment process that will take into account their ability to offer the best possible result. The factors listed in Section 6, as well the reputation and creditworthiness

of the market operator, will be taken into account in the assessment process. The Bank will ensure that all financial intermediaries to which it transmits orders have order execution mechanisms that enable the Bank to perform its obligation to execute on terms most favorable to the clients.

The Bank will transmit the orders immediately and in line with the time of their reception, unless the client indicates otherwise.

8. PRINCIPLES IN ORDER TRANSMISSION AND EXECUTION

8.1 GENERAL PRINCIPLES

When the Bank executes or transmits client's orders, takes into consideration the following conditions:

- a) ensures that orders executed *on behalf of clients* are expeditiously and accurately recorded and allocated;
- b) executes comparable client orders sequentially and expeditiously, unless the characteristics of the order or the prevailing market conditions make it unfeasible or if safeguarding the Client's interests requires an alternative procedure;
- c) informs *retail clients* of any material difficulty for due execution of the orders without undue delay, as soon as it becomes aware of such difficulty.

When monitoring or settling any order already executed is the responsibility of the Bank, it takes all reasonable steps to ensure that any client's financial instruments or funds, received as a result of the settlement are expeditiously and accurately recorded in the client's account. The Bank does not make any unlawful use of any information on client's pending orders, and takes all reasonable steps to prevent any unlawful use of this data by any of its relevant persons.

8.2 PROVISION OF INFORMATION

Following a reasonable request, the Bank provides its potential or actual clients with information on the entities to which orders are transmitted for execution or, as applicable, on the execution mechanisms, this Regulation and its review.

The execution of *retail client* orders entails the provision of a summary of the relevant policies focusing on the general costs incurred and, when requested by the client, evidence that the orders were executed

in line with the following information, adapted in line with the type of financial instrument and the type of services provided, including:

- a) a description of the relative weight assigned by the Bank to the factors described in Section 6 and the process used by the Bank to determine the relative weight of these factors;
- b) a list of the financial Intermediaries and venues most trusted by the Bank with a view to performing its obligation to take all reasonable steps to obtain the best possible results in the execution of its client orders, as provided for in Schedule I;
- c) a list of the factors used to select a financial intermediary or trading venue, as provided for in Section 6, in line with the controls used by the Bank to evidence that the best execution terms were obtained;
- d) the way the factors listed in Section 6 are considered an integral part of all sufficient steps to obtain the best possible result for clients;
- e) if applicable, information that the Bank executes orders outside a trading facility and the corresponding consequences (e.g. counterparty risk) and, on the client's request, additional information on the consequences of this mode of execution; and
- f) a clear and prominently displayed warning that any specific instructions given by the client may prevent the Bank from adopting the steps it has designed and applied in the context of its order execution policy with a view to obtaining the best possible results in respect of the execution of such orders with regard to the particulars covered by such instructions.

8.3 RESTRICTIONS ON POTENTIAL ECONOMIC BENEFITS

In line with the prevailing legislation, the Bank shall not receive any payment, discount or non-cash consideration for transmitting an order to any given financial intermediary or, as applicable, executing any order in any given trading venue in breach of the applicable duties in matters of conflicts of interest, including the rules on unlawful benefits.

The Bank does not structure its fees in a way that induces unjustified discrimination between trading venues. Accordingly, differences in fees charged are justified to clients.

When the Bank charges more than one participant in a transaction, it will inform the client thereof, identifying the amount of any economic or non-economic benefits received.

For the reception, transmission and execution of orders, the bank shall charge the fees to each counterparty involved in the transaction.

8.4 SELECTION OF THE FINANCIAL INTERMEDIARY / TRADING VENUE

When deemed appropriate, the Bank may ask the client to select the financial intermediary or the trading venue to be used, to which end it is bound to provide accurate and clear information, not inducing the client to select any financial intermediary or trading venue more beneficial to the Bank under the pricing policy applied, which will be done by completing the templates attached hereto as Schedule II.

9. EXECUTION ON TERMS MOST FAVORABLE

9.1 SHARES, ETFs, WARRANTS & OTHER INSTRUMENTS

As previously stated, when transmitting an order, the Bank ensures that any financial intermediary to which the order is transmitted has, at the date of the order transmission, order execution mechanisms that enable it to perform its obligation to obtain the best possible result for its Clients.

The Bank selects the financial intermediaries to which the orders are transmitted and documents their selection process. *When* the Bank directly executes the orders, it will review the factors involved in the selection of execution venues. The Bank's decision is always be documented.

In this context, in compliance with the prevailing legislation, the Bank ensures through relevant and appropriate documentation the possibility of recreating the internal circuit followed by orders until their transmission or execution.

10. ORDER AGGREGATION

When executing Client's orders, the Bank may match Client's orders. To this end, the Bank established rules on the aggregation of own account transactions with one or more Client orders, as well on the aggregation of orders received from various clients.

The purpose of these rules is to ensure that this aggregation only takes place when it is neutral or beneficial for the Clients. If an aggregated order is only partially executed, in most cases it will be allocated first to the client, in the event of aggregation with an own account transaction, or allocated pro rata to the various clients, in other cases.

The aggregation of orders by the Bank must comply with the following rules:

- (i) As a general principle, the Bank aggregates, in a single order, orders of different Clients if the aggregation is in the best interest of the Clients considering, amongst other criteria, the price, costs, speed, probability of execution and volume;
- (ii) The Bank aggregates orders with the same instructions regarding their price and execution time.

- (iii) The Bank only aggregates orders if it is unlikely that the aggregation will work overall to the disadvantage of any Client whose order is to be aggregated;
- (iv) The Bank only aggregates orders after having disclosed to Clients whose order is to be aggregated, that his order will be executed with similar orders over the same instrument, with similar instructions in regard to price and volume and provided that the Client does not oppose to the aggregation of its order.

Where an aggregated order is executed, allocation will be made on a pro-rata basis in accordance with the terms set out in this Regulation.

11. ALLOCATION OF TRANSACTIONS

When an aggregation of orders takes place, the Bank takes into consideration the instructions of the Client in respect of the orders' price and volume, to ensure the fair allocation of aggregated orders and transactions in case of partial execution.

Accordingly, the Bank uses the following rules in the allocation of trades:

- (i) When the Bank aggregates orders of several Clients and there is an agreement among them for the trade allocation, the Bank allocates the trades according to the existing agreement;
- (ii) In the absence of an agreement among the Clients involved, the Bank allocates the trades in proportion to the orders of each Client, that is, on a pro rata basis at the weighted average price.

12. SPECIFIC CLIENT'S INSTRUCTIONS

Without prejudice to the specific rules of each trading venue, or restrictions on the actions of a certain financial intermediary, when a Client gives *specific instructions* in respect to an order, including specifications on its execution by a certain financial intermediary, or in a specific trading venue, the Bank executes the order in accordance with the Client's instructions.

The existence of any specific instruction in respect to any particular aspect of an order will not exclude the Bank from its obligation to execute orders on terms most favorable to the Client in respect of any other aspect not covered by such specific instruction.

Any specific instruction given by a Client may prevent the Bank, in respect of the conditions covered by such instruction, from following all or some of the steps of its order execution policy. These steps have been designed to obtain the best possible result in the execution of orders.

13. ARCHIVE

- a. This Regulation, and all the documents associated, are subject to the general archiving rules laid down in the procedure ADM12.PM220 – Archive Management.

14. DISCLOSURE

- a. This Regulation is available on the Bank's intranet and website and any change to the same should be duly communicated by e-mail to all the Bank's employees.

15. CONTROL OF VERSIONS

Table 1: Information about the Document

Name of the Document	Order Execution Regulation
Version	Version 7.0
Prepared by (Name/Department)	Compliance Department
Endorsed by (Committee name)	n.a.
Approved by (Committee name)	Board of Directors (BoD)

Table 2: Versions' update

Update and Approval Date	Main Changes
Version 1.0 – Approved by ExCom on 1 November 2007	Original Version
Version 2.0 – Approved by ExCom on 10 February 2014	
Version 2.1 – Approved by ExCom on 19 May 2014	
Version 3.0 – Approved by ExCom on July 2017	
Version 3.1 – Approved by ExCom on 18 December 2017	
Version 4.0 – Approved by ExCom on 26 February 2019	Annual Update By BoP recommendation
Version 5.0 – Approved by ExCom on 30 June 2020	
Version 5.1 – Ratified by BoD on 15 September 2020	
Version 6.0 – Approved by BoD on 25 February 2021	Annual Update
Version 7.0 – Approved by BoD on 01/03/2024	Annual Update – it is the resulting merger of R01, which was incorporated in this document.

16.ANNEXES

16.1 Annex I

Schedule I

List of the financial intermediaries to which Haitong transmits orders for execution and the execution venues used to execute orders.

Financial Intermediaries for the Haitong Bank Group

BROKERS USED BY HAITONG BANK									
Brokers	Rating	Execution	Sales	Custody	Limit € Million	Markets	Product *	Channel	Purpose
Autonomous Research LLP	NR	✓	✓	-	20	Europe / US	S / ETF	Phone / Electronic Routing / BBG chat	Execution / Sales
CaixaBank BPI	BBB	✓	✓	-	50	Iberia	S / B / W / ETF	Phone	Asset Management
Canaccord Genuity Limited	bb	✓	✓	-	50	All	S / ETF	Phone / Electronic Routing / BBG chat	Execution / Sales
Cantor Fitzgerald Europe	bb	✓	✓	-	30	Europe / US	S / ETF	Phone / BBG chat	Execution DMA
Kepler Cheuvreux	bb	✓	✓	-	20	Europe	S / B / W / ETF	Phone	Asset Management
Equilor Investment Ltd.	NR	✓	✓	-	20	Europe	S	Phone / BBG chat	Execution / Sales
Fidentis	NR	✓	✓	-	20	Iberia	S / B / W / ETF	Phone	Asset Management
Global Menkul Degerler	NR	✓	✓	-	40	Turkey	S	Phone / BBG chat	Execution / Sales
Hauck and Aufhauser Privatbankiers KGaA	bb+	✓	✓	-	30	Europe	S / ETF	Phone / BBG chat	Execution / Sales
HSBC	A-	✓	✓	-	50	Europe	S / ETF	Phone	Asset Management
Instinet	bbb	✓	✓	-	50	Europe	S / B / W / ETF	Phone / Electronic Routing	Execution
Intermoney	NR	✓	✓	-	20	Iberia	S / ETF	Phone	Asset Management
JB Capital Markets	bbb-	✓	✓	-	20	Europe	S / ETF	Phone	Asset Management
Jefferies International limited	BBB+	✓	✓	-	30	Europe / US	S / ETF	Phone / BBG chat	Execution / Sales
Meksa Yatirim Menkul Degerler AS	NR	✓	✓	-	20	Turkey	S	Phone / BBG chat	Execution / Sales
Morgan Stanley	BBB+	✓	✓	-	100	Europe	S / B / W / ETF	Phone / Electronic Routing	Execution / AM
Patria Finance a.s.	NR	✓	✓	-	30	Europe	S	Phone / Electronic Routing / BBG chat	Execution / Sales
Soc Gen	A-	✓	✓	-	50	Europe	S / B / W / ETF	Phone	Asset Management
UBS	A-	✓	✓	-	50	Europe	S / B / W / ETF	Phone	Asset Management

Schedule II

Template for annual disclosure of information on the financial intermediaries/execution venues used and their corresponding quality of execution

In compliance with its legal obligation reflected in Section 7, the Bank will disclose, annually and for each type of financial instruments, the top five execution venues in terms of trading volume to which it transmitted client orders in the preceding year, as well as the quality of execution achieved.

In this context, this disclosure will be made as laid down in Delegated Regulation (EU) 2017/576, by completing the templates attached as a schedule hereto and fully reproduced here.

Table 1

Class of Instrument					
Notification if <1 average trade per business day in the previous year	Y / N				
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Name and Venue Identifier (MIC or LEI)					
Name and Venue identifier (MIC or LEI)					
Name and venue identifier (MIC or LEI)					
Name and venue identifier (MIC or LEI)					
Name and venue identifier (MIC or LEI)					

Table 2

Class of Instrument					
Notification if <1 average trade per business day in the previous year	Y / N				
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
Name and Venue Identifier(MIC or LEI)					
Name and Venue identifier(MIC or LEI)					
Name and venue identifier(MIC or LEI)					
Name and venue identifier(MIC or LEI)					
Name and venue identifier(MIC or LEI)					

Table 3

Class of Instrument		
Notification if <1 average trade per business day in the previous year	Yes / No	
Top 5 Venues ranked in terms of volume (descending order)	Proportion of volume executed as a percentage of total in that class	Proportion of orders executed as percentage of total in that class
Name and Venue Identifier(MIC or LEI)		
Name and Venue identifier(MIC or LEI)		
Name and venue identifier(MIC or LEI)		
Name and venue identifier(MIC or LEI)		
Name and venue identifier(MIC or LEI)		

16.2 Annex II

Classes of financial instruments

- (a) Equities – Shares & Depositary Receipts
 - (i) Tick size liquidity bands 5 and 6 (from 2000 trades per day)
 - (ii) Tick size liquidity bands 3 and 4 (from 80 to 1999 trades per day)
 - (iii) Tick size liquidity band 1 and 2 (from 0 to 79 trades per day)
- (b) Debt instruments
 - (i) Bonds
 - (ii) Money markets instruments
- (c) Interest rates derivatives
 - (i) Futures and options admitted to trading on a trading venue
 - (ii) Swaps, forwards, and other interest rates derivatives
- (d) credit derivatives
 - (i) Futures and options admitted to trading on a trading venue
 - (ii) Other credit derivatives
- (e) currency derivatives
 - (i) Futures and options admitted to trading on a trading venue
 - (ii) Swaps, forwards, and other currency derivatives
- (f) Structured finance instruments
- (g) Equity Derivatives
 - (i) Options and Futures admitted to trading on a trading venue
 - (ii) Swaps and other equity derivatives
- (h) Securitized Derivatives
 - (i) Warrants and Certificate Derivatives
 - (ii) Other securitized derivatives
- (i) Commodities derivatives and emission allowances Derivatives
 - (i) Options and Futures admitted to trading on a trading venue
 - (ii) Other commodities derivatives and emission allowances derivatives
- (j) Contracts for difference
- (k) Exchange traded products (Exchange traded funds, exchange traded notes and exchange traded commodities)
- (l) Emission allowances
- (m) Other instruments