



HAITONG

REGULATION No. 01

**Order Aggregation and Trade Allocation
of Haitong Bank S.A**

Approved by the Board of Directors
on 15th September 2020

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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 intends to aggregate, in a single order, orders of different clients, or orders of his clients with proprietary trading orders (“**Regulation**”). This Regulation is established and enforced by the Bank in line with the applicable legal regime and Haitong’s Regulation on Order’s Transmission and Execution, providing for the fair allocation of aggregated orders and transactions.
- b. This Regulation is subject to Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 (“MiFID II”).
- c. This Regulation shall be read together with the Order Transmission and Execution Regulation.

2. RECIPIENTS

- a. The content of this Regulation represents a minimum standard that shall apply to the Bank and its subsidiaries and branches (“**Haitong Bank Group**”), where 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 branch, the relevant local laws and regulations shall prevail.

3. GOVERNANCE

- a. This Regulation is prepared by the Compliance Department, with inputs from other business areas.
- b. This Regulation is approved by the Board of Directors.
- c. This Regulation is reviewed by the Compliance Department on an annual basis or whenever necessary to comply with applicable rules.

4. DISCLOSURE

- a. The Board of Directors ensures that the Regulation referred to in the preceding paragraph is properly implemented in the institution, which is subject to periodic reviews and is disclosed internally to all employees.
- b. This Regulation is available on Bank’s intranet and website.

- c. After any amendments are approved to this Regulation, the Compliance Department informs by e-mail all Bank's staff within 30 (thirty) days from the approval date and requests the upload of the most updated versions of the Regulation on the Bank's intranet and website.

5. PRINCIPLES

- a. This Regulation aims at establishing mechanisms to ensure that, at the level of client order handling, in any case, the aggregation is not detrimental to any client and the client is informed of the order allocation regulation.
- b. This Regulation aims at ensure compliance with the principles of order allocation regulation.

6. Aggregation of Orders

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

- (i) As a general principle, the Bank shall aggregate, 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 shall aggregate orders with the same instructions regarding their price and execution time.
- (iii) The Bank shall only aggregate 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 shall only aggregate orders after having disclosed to clients whose order are 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.

7. Allocation of Trades

When an aggregation of orders takes place, the Bank shall take into consideration the instructions of the Clients 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 shall use 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 shall allocate the trades according to the existing agreement;
- (ii) In the absence of an agreement among the clients involved, the Bank shall allocate the trades in proportion to the orders of each client, that is, on a pro rata basis at the weighted average price.

8. ARCHIVE

- a. The Compliance Department maintains an archive in digital format of this Regulation. This digital archive is maintained in the Compliance Department's shared folder "Comply".

9. ENFORCEMENT

- a. The Compliance Department monitors compliance with this Regulation by undertaking ad-hoc testing actions.
- b. The Compliance Department coordinates with the Administrative Department this Regulation on the Bank's intranet and website.

10. CONTROL OF VERSIONS

Table 1: Information about the Document

Name of the Document	Order Aggregation and Trade Allocation Regulation of Haitong Bank S.A
Version	Version 3.0
Prepared by	Compliance Department
Appreciated on	Board of Directors
Approved by (Committee name)	Board of Directors

Table 2: Versions' update

Update and Approval Date	Main Changes
Version 1.0 approved by the Executive Committee on 2 December 2013	Original version
Version 2.0 approved by the Executive Committee on 18 December 2017	Minor changes

Version 3.0 approved by the Board of Directors
on 15 September 2020

Minor changes
