

# STRATEGY OF ORDERS EXECUTION

## 1. Article Strategy purpose

1. In accordance with Directive 2014/65 / EU of the European Parliament and the Council (MiFID II.), investment companies must take all reasonable measures to achieve the best possible result for their clients when executing orders. These measures must be in accordance with the provisions of § 73p of Act no. 566/2001 Coll. on Securities and Investment Services and on amendments to certain Acts, as amended ("Securities Act") documented in the Best Execution Strategy. The best execution strategy applies to clients classified as non professional and professional clients under MiFID II and to financial instruments falling within the scope of this Directive. In the event that the client does not provide a specific instruction, U.P. o.c.p., a.s. (the "**Trader**") will attempt to execute orders in accordance with this strategy.

## 2. Article Access to the best execution of orders

### 2.1 Elements of the best execution of orders

The execution of an order may be affected by several factors (e.g. price, costs, speed, probability of execution and settlement, size, nature or other matter relevant to the execution of the order). To determine the relative importance of individual factors, the Trader takes into account the following criteria:

- a. the characteristics of the client, including the classification of the client as non-professional or professional client;
- b. characteristics of the client's order,
- c. the class of financial instruments;
- d. the characteristics of the execution venue to which this order may be sent.

For non-professional clients, the best result will be determined by considering all the conditions that are based on the price of the financial instrument and all the costs associated with the execution of the order.

For professional clients, in general, factors such as price and cost also play a relatively important role in achieving the best possible result of order given by this type of client.

The trader is entitled, at its own discretion in the case of the client, its instructions, financial instruments or execution venue, to give higher priority to criteria other than price and costs in order to achieve the best possible result of the final execution of the submitted order.

In cases where the Trader forwards a client's order in relation to financial instruments traded exclusively on OTC markets, it shall use the probability of execution and settlement of this order as a priority criterion. In such case, upon receipt of an order concerning financial instruments traded on OTC markets and obtaining the client's consent to execute this order on OTC markets, the Trader shall ensure the immediate transmission of the client's order based on the probability of execution and settlement of order.

If circumstances arise in which other factors are relevant in the execution of orders for non-professional or professional clients (e.g. orders that exceed the standard market size and orders on illiquid instruments), the Trader is entitled, at its own discretion, to submit orders according to other factors that will lead in Traders opinions to ensurance of the best interests of the client. The Trader shall not be liable for non-execution of the client's assigned order or for non-execution of maximum effort to secure the obligations arising from this Strategy in the event that the execution or settlement does not occur due to a breach of the client's obligations.

In accordance with this Strategy, a comparison of the results obtained from the application of this Strategy with the results that could be achieved for a client by another financial institution based on the application of that company's execution strategy or other structure of fees and commissions, will not be considered as assessment of the best possible outcome.

The principles described in this strategy do not limit the Trader in the proceedings only if it considers that such an action would not lead to the execution of the order in order to achieve the best possible result for the client. In such exceptional circumstances, the Trader will attempt to execute orders as expeditiously as possible under standard circumstances.

## 2.2 Execution venues

The list of Execution Venues used by the Trader for individual financial instruments is set out in Article 7. The list of execution venues is not exhaustive but includes execution venues that the Trader places emphasis on when following client orders in accordance with this Strategy or to which it directs its orders in portfolio management. At the same time, the Trader reserves the right, in cases where it deems it appropriate in connection with the implementation of the Strategy, to add or remove specific execution venues. The list of execution venues for individual financial instruments will be regularly reviewed and updated by the Trader in order to identify those execution venues that will enable the Trader to permanently obtain the best possible result of the execution of orders.

The Trader will update the list of execution venues, and the Trader is not obliged to inform clients of changes made to the Execution venues list. For this reason, the Trader recommends that the client follow the current list of execution venues, which will be continuously updated. The trader may, in certain circumstances, use execution venues, which are not listed in the list of execution venues, e.g. when executing an order of an unusual instrument for the Trader. The trader will periodically assess whether the

execution venues specified in the order execution strategy provide the best possible result for the client or whether there is a need to make changes to the execution mechanisms.

### 2.3 Specific instruction

In the event that the client enters specific instructions for the execution of the order, e.g. indicate the execution venue, the Trader shall transmit this order in accordance with the specific order and shall take into account all reasonable measures taken to achieve the best possible execution of this order in accordance with this specific instruction.

In case of a specific Client instruction, the Client acknowledges that a specific Client instruction may prevent the Trader from taking the measures that the Trader has designed and implemented in its strategy in order to achieve the best possible result in following those instructions with respect to the elements contained in these orders.

### 2.4 Orders forwarding strategy

If the Trader accepts the client's order and forwards it to a third party (for example to another securities trader) for the purpose of its execution, it does not waive the obligation to take all necessary measures in order to achieve the best possible result for the client. The Trader forwards client orders only to third parties who have an execution policy in accordance with the "best execution policy". This strategy allows the Trader to comply with legal obligations when executing or forwarding orders to this entity for their execution. Third parties are stated in document List of execution venues.

The trader shall forward the orders to UniCredit Bank Czech Republic and Slovakia, a.s., pobočka zahraničnej banky, ID: 47 251†336.

## 3. Article

### Restrictions on portfolio management in relation to financial difference contracts

#### 3.1 Implementation of marketing and distribution restrictions or sale of financial difference contracts to retail clients

In managing the portfolio in relation to the financial instrument of a financial difference contract, the Trader shall proceed in accordance with the Resolution of the National Bank of Slovakia on the Intervention Measure in Relation to Financial Difference Contracts (hereinafter "NBS Resolution").

- a. The Trader requires the non-professional client to pay a protective initial margin in accordance with the NBS Resolution,
- b. The Trader provides non-professional clients with protection by closing at a certain margin in accordance with the NBS Resolution,
- c. The Trader provides the non-professional client with protection against a negative balance in accordance with the NBS Resolution,

- d. The Trader do not grant, directly or indirectly to non-professional client, a payment, monetary or excluded non-monetary advantage in relation to the marketing, distribution or sale of financial difference contracts other than the profits made on any financial difference contract provided;
- e. The Trader does not provide information directly or indirectly to non-professional client or does not disclose information to which a non-professional client has access regarding the marketing, distribution or sale of CFDs unless they contain the appropriate risk warning in accordance with the NBS Resolution
- f. In managing the portfolio in relation to a financial instrument of a financial difference contract, the Trader shall cooperate exclusively with such brokers who themselves adequately ensure compliance with the requirements set out in letter a) to e) of this point.

#### **4. Article**

##### **Monitoring and updating**

1. The Trader will monitor the effectiveness of the execution mechanisms and its own strategy in order to identify and, if necessary, eliminate any deficiencies. For example, the Trader will regularly assess whether the execution venues specified in the execution strategy provide the best possible result for the client or whether there is a need to make changes to the execution mechanisms. The Trader shall inform the client of any material changes to the mechanisms for executing orders or strategies

#### **5. Article**

##### **Expression of general consent of the client**

1. Client's consent is required if the Trader cannot move orders, but from time to time it would internalize orders or execute orders outside a regulated market or multilateral trading system. Client's prior consent is required even if, in some cases, limit instructions are not published in listed shares. Pursuant to §73p of the Securities Act, the Trader is obliged to provide its clients with information on the Order Execution Strategy, and at the same time, the Trader is obliged to obtain prior consent of the Client to the Order Execution Strategy before providing investment services.

#### **6. Article**

##### **Confirmation of the best execution method of orders**

1. The Client is entitled to ask the Trader to confirm that its instructions have been executed in accordance with this strategy on the best method of executing orders.

#### **7. Article**

##### **List of execution venues**

1. The list of execution venues that the Trader places emphasis on in compliance with its obligation under the Securities Act contains execution venues that permanently enable the Trader to obtain the best possible result when executing the client's orders.

In the event of changes in the list of investment services execution, this list will be updated.

2. The Trader reserves the right to use execution venues other than the execution venues listed in this list when executing the client's order, if it considers that this is in accordance with the purpose of achieving the best possible execution result for the client.
3. The Trader reserves the right to remove any execution venue from the list.
4. The trader is not obliged to inform the client about changes in the list of execution venue of the service. The list of execution venues is updated on the website [www.up.sk](http://www.up.sk) in the documents section.
5. The Trader ensures the execution of client orders through approved contractual counterparties - third parties.
6. Execution venues:

**For Securities:**

Trader forwards orders to UniCredit Bank Czech Republic and Slovakia, a.s., pobočka zahraničnej banky, ID: 47 251 336, which is connected to the following execution venues.

NAME	COUNTRY	MIC code
Australian Stock Exchange	Australia	XASX
Euronext Brussels	Belgium	XBRU
Nasdaq OMX Copenhagen	Denmark	XCSE
Berlin Stock Exchange	Germany	XBER
Düsseldorf Stock Exchange	Germany	XDUS
Frankfurt Stock Exchange	Germany	XFRA
Xetra classic Stock Exchange	Germany	XETR
Xetra Frankfurt 2 Stock Exchange	Germany	XETR
Hamburg Stock Exchange	Germany	XHAM
Hannover Stock Exchange	Germany	XHAN
Munich Stock Exchange	Germany	XMUN
Gettex	Germany	XMUN
EUWAX	Germany	EUWX
Stuttgart Stock Exchange	Germany	XSTU

NAME	COUNTRY	MIC code
Nasdaq Helsinki	Finland	XHEL
Euronext Paris	France	XPAR
Athens Stock Exchange	Greece	ASEX
London Stock Exchange	Great Britain	XLON
AQUIS Exchange	Great Britain	AQXE
Hong Kong Stock Exchange	Hong Kong	XHKG
Indonesia Stock Exchange	Indonesia	XIDX
Irish Stock Exchange	Ireland	XDUB
Borsa Italiana	Italy	XMIL
Tokyo Stock Exchange	Japan	XJPX
Toronto Stock Exchange	Canada	XTSE
TSX Venture Exchange	Canada	XTSX
Luxembourg Stock Exchange	Luxembourg	XLUX
New Zealand Stock Exchange	New Zeland	XNZE
Euronext Amsterdam	Netherlands	XAMS
Oslo Stock Exchange	Norway	XOSL
Vienna Stock Exchange	Austria	XWBO
Warsaw Stock Exchange	Poland	XWAR
Euronext Lisbon	Portugal	XLIS
Nasdaq OMX Stockholm	Sweden	XSTO
SIX Swiss	Switzerland	XSWX
SIX Structured Products Exchange	Switzerland	XSWX
SIX Swiss Exchange – Blue chips	Switzerland	XVTX
Singapore Stock Exchange	Singapoore	XSES

NAME	COUNTRY	MIC code
BME Spanish Exchanges	Spain	BMEX
Johannesburg Stock Exchange	Republic of South Africa	XJSE
Stock Exchange of Thailand	Thailand	XBKK
Prague Stock Exchange	Czech Republic	XPRA
Bratislava Stock Exchange	Slovak Republic	XBRA
Istanbul Stock Exchange	Turkey	XIST
Budapest Stock Exchange	Hungary	XBUD
OTC Pink Marketplace	USA	PINX
OTC Markets	USA	OTCM
NASDAQ	USA	XNAS
New York Stock Exchange ARCA	USA	ARCX
New York Stock Exchange	USA	XNYS

### For currency pairs - FOREX:

FOREX is a place where currencies or currency derivatives are traded on the principle of trading currencies in currency pairs. One currency is the base currency and the other currency is the reference currency, and the currency pair expresses the price of the primary currency against the reference currency. Forex is mainly traded on the over-the-counter market, where many players enter and therefore liquidity in this market is high.

U.P. o.c.p., a.s. provides its clients with a portfolio management service, with the portfolio containing selected currency pairs traded on the currency pair market (forex). There is no central market for currency pairs. Currencies are traded on the interbank market.

Unlike the stock market, the currency pair market does not have a physical central exchange such as the NYSE. Without central exchange, market makers form exchange rates. Banks constantly quote (Buy / Sell) based on expected currency movements, creating a market. Large banks process very large currency pair transactions, often in billions of units. These transactions cause the primary movement of currency prices in the short term.

The Trader executes clients' orders when trading on the currency pairs market through the following third parties, with whom it has concluded relevant contracts:

**LMAX Exchange**

Yellow Building, 1A Nicholas Road  
London W11 4AN  
United Kingdom  
+44 20 3192 2500

7. For each type of financial instrument, the trader is obliged to prepare and publish a summary of the top five execution venues in terms of trading volumes on an annual basis where client orders were executed in the previous year and data on the quality of orders executed.

**8. Article**  
**Final provisions**

1. This Order Execution Strategy was approved by the Trader's Board of directors on 15.07.2019, effective from 15.07.2019.
2. The Orders execution strategy was published on 15.07.2019