

ORDER EXECUTION POLICY

I. AIM AND SCOPE OF THE POLICY

1. The Order Execution Policy (henceforth – the Policy) has been prepared in keeping with European Parliament and Council Directive 2004/39/EC and the Commission’s Directive 2006/73/EC, Law on Financial Instrument Markets of the Republic of Lithuania [Official Gazette, 2007, No. 17-627], Regulations on the Provision of Investment Services and Acceptance of Orders from Clients and their Execution as approved by the decision of the Securities Commission of the Republic of Lithuania [Official Gazette, 2007, No. 64-2500] and the Regulations on the Organisation of the Work Activities of Finance Brokerage Firms [Official Gazette, 2007, No. 56-2197].
2. The aim of the Policy is to establish the general principles for accepting orders, conveying them, aggregating them and executing them to be followed by Danske Bank A/S Lithuania Branch (henceforth – the Bank) as it executes the orders from its professional and non-professional clients for financial instruments. Eligible counterparties to transactions will be exempt from the Policy. The Policy also outlines criteria for selecting the orders execution venues and factors which the Bank must heed in an effort to execute orders under the best conditions for clients.
3. In following the provisions of this Policy, the Bank uses its resources and possibilities and makes every effort to try to execute orders on most favourable terms to clients; however, it has regard to the factual circumstances in the case of the execution of each order.
4. All the terms used in the Policy shall be understood in the way they are defined in the legislation mentioned in paragraph one of this Policy and in other legislation that regulates the activities of banks and financial institutions.

II. GENERAL PRINCIPLES FOR EXECUTION OF BANK’S CLIENT ORDERS

5. **When a client places an order with the Bank for a financial instrument, he thereby declares that he agrees to his order being executed under this Policy and also agrees that the rules and principles that the Bank applies to the execution of his order, which are stated in this Policy, are acceptable to him.**
6. The Bank does business in regulated markets, multilateral trading facilities and outside regulated markets or multilateral trading facilities.
7. The Bank can execute orders in regulated market if it is a member of that market, or through an intermediary. The Bank executes orders for financial instruments that are listed in regulated markets abroad through intermediaries with which the Bank has signed brokerage agreements.
8. Intermediaries with which the Bank has signed brokerage agreements are shown in the Danske Bank A/S Lithuania Branch list of execution venues, which you have been given together with this Policy and the Agreement on Investment Services and it is also published on the Bank’s website (www.danskebankas.lt).
9. The Bank executes orders for financial instruments that are available in regulated markets or multilateral trading facilities or outside regulated markets or multilateral trading facilities only if it has a clear mandate from the client.
10. **If a client gives specific instructions for the execution of an order that limit the Bank’s freedom of choice, the Bank may not be able to execute the order in accordance with its principles of executing orders to obtain the best possible result for clients, since the Bank has to execute such a client order precisely and without deviating from the directions specified, i.e. some specific client instructions may prevent the Bank from taking action as described in the Policy, seeking the best possible result for the client.** If the specific client instructions concern only part of the order, for the rest of the order the Bank adheres to its Policy principles in seeking to obtain, when executing the client’s orders, the best possible results for the client.

11. The Bank executes received orders immediately, in the sequence they arrive, strictly following the conditions specified in the order, unless the client's order or the contract with the Bank stipulates otherwise. In executing clients' orders, the Bank must:
 - 11.1. ensure that the orders are executed for the client's benefit and are accurately charged and allocated;
 - 11.2. to do similar client orders immediately and in the sequence they are received, except in instances where the nature of the order or the prevailing market conditions make that impossible or if that would not be in the best interests of the client;
 - 11.3. immediately inform a non-professional client, as soon as it becomes known to the Bank, about all the substantial difficulties that might influence the appropriate execution of the orders.
12. The Bank has no right to misuse any information relating to client orders and it must take all necessary steps to ensure that none of the individuals involved misuse this information.
13. The Bank may execute client orders even when the financial instruments that the party to the transaction requires are in custody of another financial broker's firm or depository and when the funds that the client has available to pay for the financial instruments are not kept in the firm of the financial broker executing the order, as long as all the legal groundwork for such actions has been done to make it possible to suitably execute orders that arise on the basis of those actions.
14. The Bank may do a direct transaction with a client for financial instruments that are not traded in regulated markets, where one of the parties to the transaction may be the Bank itself. Before undertaking such a direct transaction, the Bank must have regard to the client's interests, avoiding a conflict of interests, and must offer a fair price for the transaction, taking into account the time of the transaction, its size and other circumstances. When the Bank does this type of direct transaction for a client, this Order Execution Policy is not applicable.

III. EXECUTION OF ORDERS UNDER THE BEST CONDITIONS FOR CLIENTS

15. The Bank has the right to deviate from the instructions in a client's order when executing the order if, given certain circumstances, this becomes necessary in the client's interest and the Bank was not able to get prior consent from the client or did not receive a reply on time. In this case the Bank must keep together with the order any evidentiary documents that show why it was necessary to change the conditions for executing the client's order (the evidence is to be shown to the client if requested) and it must immediately inform the client that his order was executed under different conditions than those specified in the order.
16. In seeking to obtain, when executing the client's order, the best possible result for the client, the bank has regard to and assesses factors such as:
 - 16.1. price of the financial instruments;
 - 16.2. type and size of the order;
 - 16.3. expenses of executing the order;
 - 16.4. timeliness and likelihood of the execution;
 - 16.5. conditions for settlement and their likelihood.
17. The Bank's experience shows that the price and the expense of executing the order have the greatest importance to obtain, when executing a client's order, the best possible result for the client, unless the nature of the client's order dictates that other factors may be more important.
18. Other aspects, such as the client's right to protect his investments, the client's characteristics, his category (professional or non-professional), the circumstances dominating in the market, the scope and nature of the order and the financial instruments and markets involved in the order are also brought into the general assessment of executing the client's order to obtain the best possible result for the client and they are analysed to the extent that they might justifiably influence the general assessment.
19. When the Bank executes an order for a non-professional client, the most important

consideration for achieving the best possible result is the overall settlement amount, which consists of the cost of the financial instruments plus all the direct expenses for executing the order. In certain circumstances, when seeking to implement a non-professional client's order following the requirement to obtain the best possible result for the client, some factors may be more important than others because of certain characteristics of the financial instruments or the places where the trading takes place.

20. For a professional client, the most important considerations for achieving the best possible result are the cost of executing the order, the size of the order and the speed of execution.
21. The above-mentioned aspects and factors when implementing clients' orders, whether professional or non-professional, are assessed on the basis of the Bank's experience, publicly available market information about the prices of financial instruments and the dynamics of interest rates, supply and demand, the price of similar financial instruments and information about suppliers to the market.
22. The Bank reserves the right not to execute a client's order in the case of an extraordinary situation in the market. The Bank informs the clients whose orders were not executed because of such circumstances and takes all steps to get further instructions from the clients.

IV. CHOICE OF ORDER EXECUTION VENUES

23. The Bank executed client orders for financial instruments in trading places that the Bank values as venues which offer the most advantageous possibilities for the best execution of the orders. In choosing the order execution venue, the Bank cannot discriminate them.
24. When choosing the execution venue, the Bank takes into account the following factors:
 - 24.1. costs of executing an order;
 - 24.2. timeliness and efficiency in executing orders;
 - 24.3. professionalism;
 - 24.4. liquidity;
 - 24.5. transparency in price-setting;
 - 24.6. likelihood of the order being executed;
 - 24.7. reliability;
 - 24.8. additional services that the intermediary can offer to the Bank's clients.
25. In entrusting its client orders to be executed, the Bank uses any service offered by the intermediary that can ensure, in the Bank's estimation, that the Bank's client orders will be executed in conformity with the Bank's commitment to execute all orders seeking to obtain the best possible results for the client.
26. If a client specifies in his order that he wants a particular intermediary to execute his order, the Bank will do this only if it already has in place the required agreement with the intermediary specified in the order.
27. The Bank chooses the place for executing the order depending on the particular financial instrument for which the client has placed the order or on the special characteristics of executing the particular order:
 - 27.1. orders for shares are executed in regulated markets of which the Bank is a member or through intermediaries with whom the Bank has already made the required agreements;
 - 27.2. trade in bonds or other loan securities is done in regulated markets, multilateral trading facilities or outside of regulated markets or multilateral trading facilities, whenever the Bank can be a direct buyer or seller;
 - 27.3. orders for investment fund units are transferred directly or through intermediaries to the fund's governing body that is responsible for managing the particular fund.
28. When a client places a limit order for financial instruments that are traded in a regulated market, and/or in a multilateral trading facility and this order is not executed immediately under the usual market conditions, the Bank must take steps to speed up the execution of the order, immediately making the client's limit order accessible to be known to other market participants. This duty shall be considered fulfilled if the client's limit order is

consigned to be executed in a regulated market and/or a multilateral trading facility.

29. In executing client orders, the Bank continually monitors and assesses places where orders may be executed and has regard to the factors mentioned in paragraph 24.
30. A continually updated list of places where orders may be executed is presented on the Bank's internet website at www.danskebankas.lt.

V. AGGREGATION OF ORDERS AND ALLOCATION OF TRANSACTIONS

31. The Bank has the right to execute several orders at once if they are for the same financial instruments (aggregation of orders) into one or several parcels, when there is a demand for them, and when several orders can be aggregated and thereby executed at an average price not worse than the price specified by the clients in their orders.
32. Orders can be aggregated and executed in one or several groups when it can be seen from the demand or supply that several orders can be promptly executed according to a mutually beneficial average price. In certain instances the aggregation may have negative consequences for a particular order; however, the likelihood of this is very small.
33. The allocation of the aggregated executed orders is done as soon as the Bank receives documents confirming the execution of the transaction.
34. If an aggregated order is only partly executed, the Bank allocates the executed parcel proportionally (according to the quantities of financial instruments specified in the separate orders) to the clients who placed the orders.
35. The Bank does not have the right to execute a client's order or to perform a transaction at its own expense if the order being executed or the transaction being performed is aggregated with another client's order, except in cases where the following conditions are satisfied:
- 35.1. there is no reason to believe that the aggregation of orders and transactions will have any negative effect on the interests of any of the clients whose orders it is intended to aggregate;
 - 35.2. every one of the clients whose orders it is intended to aggregate has been warned that the aggregating of orders with a Bank order may have a negative effect on the order of a particular client.
36. If a client's order is aggregated with a Bank employee's order or a Bank order and this aggregated order is executed in part, the associated transactions will be allocated giving a client's order priority over a Bank employee's order or the Bank's order and the Bank will not have the right to allocate the associated transactions in a way that is unfavourable to a client. However, if the Bank can demonstrate with good reason that without the aggregating it would not have been able to execute the order under such favourable terms or may not have been able to execute it at all, then the Bank can allocate the transaction proportionally.

VI. REVIEW AND CHANGE OF POLICY

37. The Bank is constantly monitoring whether its Order Execution Policy is effective; and if shortcomings are established, the Bank is obliged to remedy them. The Bank is constantly monitoring and analysing whether the order execution venues specified in the Policy enable the best results to be achieved for the clients.
38. The Policy is reviewed and, if needed, updated at least once a year.
39. The Bank informs its clients about all substantial changes to the Policy in its website at www.danskebankas.lt. The first time a client places an order after changes to the Policy are published on the website, it will be considered that the client agrees with the Policy changes.
40. The Policy is presented to clients as an annex to the Agreement on Investment Services; an electronic version of it is available to clients on the Bank's website at www.danskebankas.lt.