

Citigold

Best Execution Policy

Information for Clients

 **citi** handlowy®

1. SCOPE OF THE POLICY

- (a) This document is addressed to Clients and contains information concerning rules of executing orders by Bank Handlowy w Warszawie S.A. (the „Bank”) in relation to particular categories of financial instruments and rules of acting in the best interest of the Client in order to obtain the best possible results for the Client in connection with the execution of orders for the Client and the acceptance and transmission of orders by the Bank (the „Policy”).
- (b) This Policy only applies to orders placed by Clients classified by the Bank as Retail Clients, on the basis of agreements governed by the Terms and Conditions of Investment Products (in accordance with the definition in sub-clause 2 below).
- (c) The information contained in this Policy is aligned respectively depending on the type of a service provided by the Bank and a category of financial instrument.

2. DEFINITIONS

- (a) In this Policy, terms written in capital letters shall have the following meaning:
 - Debt Security** means a bond issued by the State Treasury or another debt security issued by a local or foreign entity, including a Structured Note;
 - DMBH** means Dom Maklerski Banku Handlowego S.A.;
 - Financial Instrument** means the financial instrument in the meaning of Article 2.1 of the Act;
 - Dual Currency Investment** means another derivative instrument developed on the basis of an agreement concluded between the Bank and the Client, whereunder the Client makes a specified sum of money in the base currency available to the Bank for disposal during the term of investment, and after the investment matures the Client receives in return a consideration in the form of interest;
 - Client** means a natural person being the consumer in the meaning of the Civil Code, classified by the Bank as the retail client in the meaning of Article 3.39c) of the Act;
 - Structured Note** means a debt security not admitted to trading in an organized market, issued by an entity with its headquarters outside the territory of Poland, linked to a market index the behavior of which determines a potential profit to the Client;
 - Security** means the financial instrument in the meaning of Article 3.1 of the Act;
 - Terms and Conditions of Investment Products** means the Bank's terms and conditions which lay down a general framework of the provision of the services by the Bank concerning specified financial instruments, including services which consist in executing orders on the Client's account concerning the purchase or sale of Debt Securities and in respect of the conclusion of Dual Currency Investment Transactions, as well as in connection with services of the acceptance and transmission of orders to purchase and repurchase, and deliver other statements of will concerning Fund Participation Titles, and services of the acceptance and transmission of orders to purchase or sell Securities;
 - Participation Title** means a participation unit in an open-end investment fund or a specialist open-end investment fund as well as a participation title in a foreign fund or an EU alternative investment fund in the meaning of the Act on Investment Funds and Alternative Investment Fund Management of 27 May 2004 as amended. This term does not encompass securities admitted to trading on a regulated market or introduced to an alternative trading system;
 - Brokerage Agreement** means an agreement on the execution of orders by DMBH to purchase or sell financial instruments and the maintenance of investment accounts;
 - Act** - means the Act on Trading in Financial Instruments of 29 July 2005;
 - Foreign Security** means a Debt Security issued on the basis of respective foreign legal provisions, registered with a foreign depository system the Bank is a participant of and in which the Bank holds open respective accounts for its Clients.
- (b) Terms which are not defined in this Policy should be interpreted in accordance with their respective meaning assigned to them in respective legal provisions.

3. TERMS AND CONDITIONS OF BEST EXECUTION POLICY

3.1 Financial instruments subject to the order execution service

The Bank provides a service which consists in executing orders on the Client's account and abides by the rules of acting in the best interest of the Client in connection with the execution of the above orders in the case of the following Financial Instruments:

- (i) Debt Securities, including Structured Notes and Foreign Securities; and
- (ii) Dual Currency Investments.

3.2 Terms and conditions and manners of executing orders by the Bank

- (a) The Bank executes the Clients' orders concerning Debt Securities and Dual Currency Investments on condition that the Bank has concluded respective framework agreements with the Clients and in accordance with the provisions of the Terms and Conditions of Investment Products. When executing the Clients' orders, the Bank must fulfil the following conditions:
 - (i) ensures that the orders are executed promptly and are thoroughly recorded and allocated;
 - (ii) executes subsequently and promptly the Clients' orders concerning particular types of Financial Instruments specified in sub-clause 3.1 unless the nature of a particular order or current market conditions make the handling of the orders in the above manner impossible or their execution would be contrary to the Client's interest; and
 - (iii) informs the Client of any and all major difficulties that might threaten the proper execution of the Client's orders, forthwith when the Bank becomes aware of such difficulties.
- (b) The Bank executes the Clients' orders concerning each category of the Financial Instruments specified in sub-clause 3.1 over-the-counter (i.e. beyond a regulated market, an alternative trading system or an organized trading platform). The Bank executes the Client's orders concerning:
 - (i) Dual Currency Investments which constitute the so-called products „to order“, on the basis of detailed terms and conditions of transaction agreed upon individually with the Client. On concluding a given transaction, a Dual Currency Investment is created;
 - (ii) Debt Securities are sold on conditions agreed upon with the Client following the Client's enquiry about a selling price. So to execute an order to sell, the Bank buys a Debt Security and next it may (but does not have to) conclude at a later time a transaction in selling such security to a third party. The Bank does not execute orders to purchase Debt Securities (other than the Structured Notes referred to in item (iii) below) because of the exclusion of such securities from the Bank's offer with effect from 3 January 2018.
 - (iii) in the case of Structured Notes, the Bank accepts from the Clients their orders to purchase only in the subscription term for Structured Notes and on a day specified in the conditions of issue delivers one subscription to the issuer for such number of Structured Notes as specified in the Clients' orders. Structured Notes so purchased by the Bank to its own portfolio are then transferred to collective accounts maintained by a foreign depository system. Clients who have placed the orders are beneficiaries of Structured Notes subscriptions in such accounts.
- (c) The execution of Orders over-the-counter is related, specifically on the part of the Client, to a risk of default, for instance in connection with the bankruptcy of or restructuring proceedings against the Bank (the so-called counterparty credit risk). At the Client's request, the Bank delivers additional information concerning consequences of concluding a transaction over-the-counter.
- (d) The Bank does not diversify per Client the manner in which it executes orders.

3.3 Acting in the best interest of the Client during the execution of orders

- (a) Acting in the best interest of the Client means that the Bank takes any and all efforts that ensure the best possible results for the Client in connection with the execution of orders for the Client taking into consideration the factors and criteria discussed in the further sections of this Policy.
- (b) So to act in the best interest of the Client, the Bank strives to assure that the Clients' orders are executed in a prompt, fair and due manner vis a vis other Clients' orders or orders of the Bank, taking into consideration market conditions and conditions which reflect a valuation of a financial instrument according to a model applied at the Bank, retaining the Bank's right to remuneration for the activities and risks taken by the Bank.
- (c) The Bank fulfils the requirement to take all possible efforts sufficient to ensure the accomplishment of the best possible result for the Client within the scope in which the Bank executes an order or within the scope of a specified aspect of the order in accordance with specified instructions received from the Client concerning the order or the specified aspect of the order.

3.4 Order execution systems

- (a) the Bank uses the Bank's own portfolio to execute orders placed by Clients in respect of all the categories of financial instruments indicated in sub-clause 3.1. As a result, in every transaction concluded when executing a respective Order, the Bank acts as a counterparty to the Client. When selecting own portfolio as the only system of executing orders, the Bank intends first and foremost to ensure on an ongoing basis the highest level of control and likelihood of the realization of the efforts taken in the best interest of the Client according to the criteria defined in further sections of this Policy.
- (b) So that the requirement of acting in the best interest of its Clients could be met, the Bank conducts regular assessments of the market situation with a view to determining whether there are alternative systems of executing orders that the Bank could use. Such assessment is based on market research, information and reports, specifically those released by investment firms on the basis of Commission Delegated Regulation (EU) 2017/576 of 8 June 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council with regard to regulatory technical standards for the annual publication by investment firms of information on the identity of execution venues and on the quality of execution (RTS27).

3.5 Factors taken into consideration when acting in the best interest of the Client

- (a) In order to ensure the best possible results for the Client in respect of each of the categories of financial instruments referred to in sub-clause 3.1, the Bank considers first and foremost the price factor and treats this factor as the primary criterion. The Bank treats any non-price factors as secondary criteria.
- (b) In reference to sub-clause 3.5(a), the Bank assigns the following ranks to particular factors in relation to particular financial instruments:

Factor	Debt Security			Dual Currency Investment
	Foreign Security	Structured Note	Other Debt Security	
price	high	high	high	high
costs of order execution	low	low	low	low
transaction completion time	low	low	low	low
likelihood of order execution and settlement	low	low	low	low
size of order	low	low	low	low
nature of order	low	low	low	low
other aspects which affect order execution	low	low	low	low

The Bank informs that the price includes the cost of order execution concerning particular financial instruments indicated above. This is why the Bank assigns a low rank to the cost of order execution.

- (c) The Bank defines the importance of the factors described in sub-clause 3.5 items (a) and (b) on the basis of own experience and own assessment based on market information then available.

- (d) when executing orders or making a decision to conclude a transaction in respect of each of the categories of financial instruments referred to in sub-clause 3.1, the Bank reviews the fairness of the price proposed to the Client by gathering market data used to estimate a price for such product and, if possible, by comparing it with other similar or comparable products.
- (e) Prior to proposing the Client the purchase of Structured Notes on specified conditions, the Bank compares conditions offered by selected financial institutions which might issue such Structured Notes with market conditions and selects the offer of sale of that institution which proposes the most attractive conditions of issue for particular Structured Notes.
- (f) The Bank reserves its right to change the factors and their ranks referred to in sub-clause 3.5 items (a), (b) and (c) above, on the basis of the Bank's assessment of the factors which affect the Bank's ability to act in the best interest of the Client.

3.6 Exception to the obligation to act in the best interest of the Client

- (a) Determining of detailed conditions by the Client, on which an order is to be executed for any of the categories of financial instruments referred to in sub-clause 3.1, may preclude the Bank from obtaining the best possible results for the Client to the extent of such detailed conditions. Specifically, such a situation may occur when the Client has specified such conditions as:
 - (i) price;
 - (ii) costs associated with order execution;
 - (iii) transaction completion time;
 - (iv) likelihood of order execution and settlement;
 - (v) size of order and its nature;
 - (vi) other aspects which affect order execution.
- (b) In the event of an order, for which the Client specifies its execution conditions, specifically when the Client submits detailed instructions as to the manner of execution, the Bank is obliged to act in the best interest of the Client to the extent of such detailed conditions defined by the Client.

3.7 Other provisions

- (a) The provisions concerning the Bank's obligations to act in the best interest of the Client are not applicable to orders to purchase Structured Notes on the primary market. Such orders are always executed in accordance with detailed conditions specified by the Client, including the conditions concerning the Structured Note purchase price, which is always an issue price set by the issuer of Structured Notes.
- (b) The Bank executes the Client's orders concerning the financial instruments described in sub-clause 3.1 over-the-counter (a regulated market, an alternative trading system or an organized trading platform) if the Bank has obtained to this effect express consent from the Client.

4. TERMS AND CONDITIONS OF THE ACCEPTANCE AND TRANSMISSION OF ORDERS AND ACTING IN THE BEST INTEREST OF THE CLIENT IN CONNECTION WITH THE ACCEPTANCE AND TRANSMISSION OF ORDERS

4.1 4.1 Financial instruments subject to the order execution service

The Bank renders services which consist in accepting and transmitting orders within the following financial instruments:

- (a) Securities which are the subject-matter of the service consisting in executing orders rendered by DMBH, the types of which are defined in the document presented to the Client entitled „MiFID - Information Brochure”, and
- (b) Participation Titles.

4.2 4.2 Terms and conditions and manners of accepting and transmitting orders by the Bank

- (a) The Bank accepts and transmits orders concerning:
 - (i) Securities indicated in sub-clause 4.1(a), to DMBH only. The Bank renders the above service on condition that an agreement has been concluded with the Client on the provision of services by the Bank which consist in accepting and transmitting orders to buy or sell securities and in accordance with the provisions of the Terms and Conditions of Investment Products, and if the Client has entered into a Brokerage Agreement with DMBH;
 - (ii) Participation Titles to a respective transfer agent, investment fund company or manager in the EU that represents a given fund - the issuer of Participation Titles if the Bank has entered into a respective agreement with the Client on the provision of such a service and in accordance with the provisions of the Terms and Conditions of Investment Products, and taking into consideration the fund's articles of association, an information prospectus or an issue prospectus.
- (b) Subject to the provisions of the subsequent sentence, the Bank accepts and transmits orders promptly and in the order of their receipt. In the case of orders concerning Participation Titles, the Bank transmits accepted orders to a given fund within timeframes envisaged in such fund's regulations and provisions.
- (c) The Bank receives and transmits each of the Client's orders in an individual manner (no acceptance, combination and transmission of Clients' orders as one joint order).

4.3 Acting in the best interest of the Client in connection with the acceptance and transmission of orders

- (a) To provide the service of the acceptance and transmission of orders on conditions which are best possible for the Client, the Bank, when accepting and transmitting the orders:
 - (i) ensures that its employees are prepared to service the Client professionally; and
 - (ii) ensures that the Clients of the same category of the adopted classification, i.e. Retail Client and Professional Client categories, are treated consistently.
- (b) In respect of the Securities indicated in sub-clause 4.1(a):
 - (i) When accepting and transmitting an order to DMBH, the Bank identifies a parameter being the shortest time from the acceptance of the order to its effective transmission to DMBH, as the key factor dependent on the Bank, considered by the Bank in its efforts to act in the best interest of the Client and obtain the best possible results for the Client by assigning the highest possible rank to it.
 - (ii) As regards the choice of DMBH as a brokerage house collaborating with the Bank, to ensure the best possible conditions of a service provided to its Clients, the Bank considered the following criteria:
 - time of transmitting the orders to a brokerage house,
 - assurance of due security and protection for transmitted instructions and orders,
 - automated testing of the coverage and promptness of the transmission of funds from a bank account to a brokerage house,
 - reduction to the minimum of the Client's transaction costs related to the execution of the Client's orders.

Cooperation with DMBH is subject to a regular review by the Bank with a view to optimizing the above criteria.

- (iii) When accepting and transmitting an order to DMBH, the Bank has no impact on costs related to the execution of order, the price of security, the likelihood of transaction conclusion and settlement, the promptness of transaction conclusion, the size of order or any other aspects which may have an effect on the execution of a respective order.
 - (iv) Rules of acting in the best interest of the Client on the part of DMBH applied while executing orders received from the Bank, are defined in DMBH's separate policy „Policy of Execution of Orders Placed by Dom Maklerski Banku Handlowego S.A.'s Clients” made available to the Clients prior to the conclusion of a Brokerage Agreement and which can also be found at the website www.dmbh.pl
 - (v) The Bank accepts and transmits orders regarding Securities for which the main execution venue is an organized market in Poland, including:
 - (A) stock market - execution venue: Giełda Papierów Wartościowych w Warszawie S.A (“GPW”) (Warsaw Stock Exchange “WSE”),
 - (B) regulated OTC market - execution venue - BondSpot S.A. (“BondSpot”),
 - (C) alternative trading system (“ATS”) - organized by GPW or BondSpot.A foreign regulated market can act as a special order execution system for a service that consists in executing orders concerning financial instruments quoted on foreign regulated markets and the Bank itself by acting on the interbank market in the case of treasury bonds.
 - (vi) The Bank accepts subscriptions for Securities offered in a public and non-public offer, based on agreements concluded by DMBH with the issuer of the Securities. In this regard, acting in the best interest of the Client consists in delivering the complete set of information to the Client concerning a given issue and its conditions, and taking up any and all activities required from an entity that accepts subscriptions specified in respective issue documentation for a given Security.
- (c) In the case of Participation Titles:
- (i) the Bank accepts orders concerning Participation Titles of those Funds only which are in the Bank's offer. The Bank's offer includes Participation Titles of those Funds which fulfil defined quantitative and qualitative criteria envisaged in the Bank's internal policies and procedures (due diligence), such as the stability of a managing team, the quality of investment process and risk management, the stability of obtained results.
 - (iii) When accepting and transmitting an order to a transfer agent, investment fund company or a manager from the EU which represents a given fund - the issuer of Participation Titles, the Bank has no impact on costs related to order execution, subject to item (iii) below, the price of Participation Title, the likelihood of transaction conclusion and settlement, the promptness of transaction execution, the value of order or any other aspects which have an effect on the execution of a respective order.
 - (iii) The Bank agrees with investment fund companies or managers from the EU on the rates of a handling fee collected in connection with the distribution of given Participation Titles which cannot be higher than an amount defined in articles of association of given funds and in applicable legal provisions. The above fee affects the total cost related to order execution referred to in item (ii) above and is due and payable to the Bank.
 - (iv) Rules of executing an order to purchase or sell Participation Titles of a respective fund are defined in articles of association of a given fund and the Bank is not responsible for such rules and does not participate in the process of executing a respective order.

4.4 Exception to the obligation to act in the best interest of the Client

In the event that the Client defines detailed conditions on which an order accepted by the Bank is to be transmitted in respect of any of the categories of financial instruments referred to in sub-clause 4.1, taking up activities aimed at obtaining the best possible conditions for the Client in the framework of such defined detailed conditions, may appear to be impossible to the Bank.

5. CLIENT'S RIGHTS, MONITORING OF THE EFFECTIVENESS OF THE POLICY AND POLICY REVIEWING

- 5.1 The Client receives this document before the conclusion of an agreement for executing orders or accepting and transmitting orders by the Bank, and confirms in writing the receipt of the document and the acceptance of the Policy by delivering a respective statement contained in that agreement concluded with the Client. In the case of Clients who have concluded the agreement for executing orders or accepting and transmitting orders by the Bank prior to the effective date of the Policy, such confirmation of the Client's receipt of this document and the acceptance of the Policy is made in writing/orally at the moment of placing the first order, to which the provisions of the Policy apply. The text of this document is also available on the Bank's website www.citihandlowy.pl.
- 5.2 At the Client's reasonable and proportionate request, the Bank provides information concerning the Bank's strategy and Policy as well as describes a review process.
- 5.3 When executing orders for Retail Clients, the Bank provides information to them concerning the Policy applied in this regard, including information on total costs incurred by them, along with a link to the recent data concerning the quality of execution.
- 5.4 The Bank monitors on an ongoing basis the effectiveness of the implemented measures and Policy. A periodical review consists of i.a.:
 - (a) verification of the effectiveness of services rendered by the Bank which consist in executing orders and accepting and transmitting orders;
 - (b) verification of the manner of implementing the rules of acting in the best interest of the Client, also by an entity which executes Clients' orders, i.e. DMBH; and
 - (c) verification of other obligations of the Bank resulting from this Policy.
- 5.5 The Bank reviews the Policy a minimum of once a year. In addition to the periodical review, the Bank also reviews the Policy when a material change occurs having a permanent effect on the Bank's ability to continue to obtain the best possible results for the Client within the order execution systems defined in this Policy.
- 5.6 Information on the amendment of the provisions set out in this Policy is published at the Bank's website www.citihandlowy.pl or delivered to the Client in the form of a durable medium.
- 5.7 This Policy comes into effect on 03 January 2018.

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Bank Handlowy w Warszawie S.A. with its registered office in Warsaw, ul. Senatorska 16, 00-923 Warsaw, entered in the Register of Entrepreneurs of the National Court Register maintained by the District Court for the Capital City of Warsaw in Warsaw, 12th Commercial Division of the National Court Register, under number KRS 000,000 000 1538, Tax Identification Number (NIP) 526-030-02-91; share capital of PLN 522.638.400, fully paid up. Citi and Citi Handlowy are registered trademarks of Citigroup Inc., used under a license. Citigroup Inc. and its subsidiaries have also rights to some other trademarks used herein. This advertising material is only issued for information purposes and is not an offer within the meaning of Article 66 of the Civil Code.