



# ORDER EXECUTION POLICY RETAIL CLIENTS AND PROFESSIONAL CLIENTS CARNEGIE

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Carnegie Investment Bank AB including branches

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## TABLE OF CONTENTS

<b>1</b>	<b>PART A – GENERAL PROVISIONS .....</b>	<b>3</b>
1.1	Introduction .....	3
1.2	Scope .....	3
1.3	Relevant Order Execution Factors.....	3
1.4	Specific Client Instructions.....	4
1.5	Client Consent.....	4
1.6	Limit Orders.....	4
1.7	Carnegie as Systematic Internaliser.....	4
<b>2</b>	<b>PART B - EXECUTION AND TRANSMISSION OF ORDERS.....</b>	<b>5</b>
2.1	Selection of Orders Execution or Transmission Method.....	5
2.2	Execution of Orders on a Trading Venue (as a member).....	5
2.3	Execution of Orders on a Trading Venue (as a RTO) .....	5
2.4	Execution of Orders outside a Trading Venue .....	6
2.5	Carnegie dealing on own account or acting as a principal.....	6
<b>3</b>	<b>PART C – CRITERIA FOR SELECTION OF EXECUTION VENUES AND BROKERS .....</b>	<b>6</b>
3.1	Selection of Execution Venue .....	6
3.2	Criteria for Selection of Execution Venue when placing an Order .....	6
3.3	Selection of Brokers.....	7
3.4	Criteria for Selection of Brokers when placing an Order.....	7
<b>4</b>	<b>PART D – ORDER ALLOCATION .....</b>	<b>7</b>
4.1	General .....	7
4.2	Aggregation of Orders .....	8
<b>5</b>	<b>PART E – MONITORING AND REVIEW .....</b>	<b>8</b>
5.1	Monitoring.....	8
5.2	Review of Policy.....	8
	<b>APPENDIX – GLOSSARY .....</b>	<b>9</b>
	Annex A – Carnegie executing Orders on behalf of Clients.....	11
	Annex B – Carnegie as Receiver and Transmitter of Orders .....	12



# 1 PART A – GENERAL PROVISIONS

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## 1.1 INTRODUCTION

Best Execution is the requirement to take all sufficient steps to obtain the best possible result for Clients in executing or transmitting Orders on behalf of Clients (“Order Execution”). To achieve Best Execution, Carnegie Investment Bank AB including its branches, (“Carnegie”), will take into account factors such as price, costs, speed, likelihood of execution and settlement, size, nature and any other relevant considerations as further detailed in this Order Execution Policy.

## 1.2 SCOPE

This Policy sets out Carnegie’s Order Execution methodology in relation to Order Execution on behalf of Retail and Professional Clients (as defined in the Glossary).

The Policy applies to Order Execution where Carnegie executes the Orders:

- a) on a Trading Venue as a direct member,
- b) by transmission to or placement with Brokers (as defined in the Glossary) as a Receiver and Transmitter of Orders ("RTO"); and
- c) against Carnegie’s own account.

## 1.3 RELEVANT ORDER EXECUTION FACTORS

Carnegie will take all sufficient steps to obtain the best possible results for all Clients taking into account the below Order Execution factors:

- a) The price of the Financial Instruments which is offered by the relevant Execution Venue (as defined in the Glossary) or Broker;
- b) The direct and indirect costs related to execution of such Financial Instruments, such as:
  - i. All expenses incurred which are directly related to the execution of the Order,
  - ii. Execution Venue fees,
  - iii. Clearing and settlement fees; and
  - iv. Any other fees paid to third parties involved in the execution of the Order
- c) Speed;
- d) Likelihood of execution and settlement; and
- e) Any other relevant consideration (such as market impact and implicit transaction cost).

In Order to determine the relevant importance of the Order Execution Factors, each class of Financial Instrument is assessed by Carnegie , taking into account the characteristics of:

- i. The Client as either a Retail or Professional Client;
- ii. The Order, for example size or nature;
- iii. The Financial Instruments that are the subject of that Order; and
- iv. The Execution Venue or Brokers to which that Order can be directed.



Best Execution will be determined in terms of “Total Consideration”. Total Consideration is the price of the relevant Financial Instrument as described in (a) above, plus the costs related to the execution when passed on to the Client, as further specified in (b) above.

Carnegie will, using its reasonable judgement, weigh the execution factors at the time of execution in accordance with the Client’s characteristics, the type of Order, Financial Instrument involved and prevailing market conditions. However, depending upon the circumstances, factors (c) to (e) may occasionally be of more importance for a particular Order if they are instrumental in providing the best possible result for that particular Order or in terms of Total Consideration.

#### **1.4 SPECIFIC CLIENT INSTRUCTIONS**

Where a Client provides Carnegie with a specific instruction on how all or part of its Order should be executed, the Order will be executed in accordance with those instructions. This may prevent Carnegie from taking the steps it has designed and implemented in this policy to obtain the best possible result for the execution of those Orders in respect of any execution factors which may be affected or influenced by those instructions.

If the Client has only given a specific instruction which applies only to one part or one aspect of an Order, Carnegie may still owe Best Execution obligations in the part of the Order that is not covered by the specific instruction of the Client.

#### **1.5 CLIENT CONSENT**

This policy details the Order Execution and Order allocation arrangements Carnegie has put in place to meet its Best Execution obligations. Clients will be deemed to have accepted the arrangements put in place under this policy when they place an Order for execution with Carnegie, or where they wish to be provided with discretionary portfolio management services, they will be deemed to have accepted when they appoint Carnegie to provide these services.

#### **1.6 LIMIT ORDERS**

Where a Client provides an instruction to place an Order at a specific price limit or better, and for a specified size (a limit Order), then it may not always be possible to execute that Order under the prevailing market conditions. As a rule Carnegie will not publish the Order immediately, unless the Client has provided alternative instructions, and Carnegie considers, that the publication is in the best interest of the Client when executing each individual Order.

#### **1.7 CARNEGIE AS SYSTEMATIC INTERNALISER**

Carnegie will, at its discretion, act as a Systematic Internaliser (“SI”) for Nordic liquid equities and Nordic Corporate Bonds.

This service is open for all Carnegie’s Retail and Professional Clients. However, Carnegie, in its role as an SI, retains the right to refuse to enter into, or to discontinue, business relationships with any Client on the basis of commercial considerations such as the Client’s credit status, counterparty risk and the final settlement of the transaction.



Carnegie will only execute at Carnegie's publicly quoted prices in a size up to Standard Market Size (SMS) although Carnegie may execute larger trades at Carnegie's own discretion.

## 2 PART B - EXECUTION AND TRANSMISSION OF ORDERS

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### 2.1 SELECTION OF ORDERS EXECUTION OR TRANSMISSION METHOD

Carnegie will execute an Order through one, or a combination, of the following methods:

- a) on a Trading Venue where Carnegie is a member, i.e. on one of the following types of venue:
  - I. Regulated Market (as defined in the Glossary)
  - II. Multilateral Trading Facility (MTF) (as defined in the Glossary)
  - III. Organized Trading Facility (OTF) (as defined in the Glossary)
- b) as a RTO through Brokers
- c) outside a Trading Venue (OTC)
  - I. Against another Client's Order
  - II. Against own account where Carnegie is acting as SI, market maker or liquidity provider
- d) directly with the fund management company (or equivalent) when executing subscription/ redemption in fund units

### 2.2 EXECUTION OF ORDERS ON A TRADING VENUE (AS A MEMBER)

As further specified in Annex A, Carnegie executes Orders as a member on a Trading Venue, for the following classes of Financial Instruments:

- a) Equities – shares & depositary receipts
- b) Debt instruments
- c) Structured Finance Instruments
- d) Equity derivatives
- e) Securitized derivatives
- f) Exchange traded products (ETF)

### 2.3 EXECUTION OF ORDERS ON A TRADING VENUE (AS A RTO)

As further specified in Annex B, Carnegie is an RTO and uses Brokers for execution, for the following classes of Financial Instruments:

- a) Equities – Shares & Depositary Receipts
- b) Debt instruments
- c) Currency Derivatives
- d) Structured finance instruments
- e) Equity Derivatives
- f) Exchange traded products (ETF)
- g) Securities Lending



## 2.4 EXECUTION OF ORDERS OUTSIDE A TRADING VENUE

Best Execution may on occasions require execution outside a Trading Venue. In such cases, which are restricted to Financial Instruments admitted to trading on a regulated market, a MTF or an OTF, Carnegie will obtain the Client's prior consent.

This may include for example when Carnegie acts as a Systematic Internaliser or trading illiquid instruments such as corporate bonds.

## 2.5 CARNEGIE DEALING ON OWN ACCOUNT OR ACTING AS A PRINCIPAL

Carnegie may deal as Principal with the Client, for example where the Client has accepted a quote (RFQ) by Carnegie. Best Execution obligations will apply depending on whether the Client is legitimately relying on Carnegie to protect its interests in relation to the pricing and other elements of a transaction.

In Order to determine whether or not a Client legitimately relies on Carnegie owing Best Execution obligations, the following considerations will be taken into account:

- Which party initiates the transaction, Carnegie or the Client.
- Shop around – where market practice suggests that the Client takes responsibility for the pricing and the market practice is to obtain quotes from various sources.
- The relative levels of price transparency within a market. For markets where Clients do not have ready access to price, and Carnegie does, it is more likely that the Client will be placing reliance on Carnegie.
- The information provided by Carnegie and the terms of any agreements with the Client.

These factors are supporting the presumption that, in ordinary circumstances, a Retail Client legitimately relies on Carnegie to protect its interest in relation to the pricing and other parameters of the transaction. Similarly these factors are likely to lead to the presumption that a Professional Client does not rely on Carnegie in the same way.

# 3 PART C – CRITERIA FOR SELECTION OF EXECUTION VENUES AND BROKERS

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## 3.1 SELECTION OF EXECUTION VENUE

Carnegie's selection of Execution Venues is based on objective criteria e.g. liquidity, instrument coverage, geography. Carnegie will also base the selection on the reports, published by the Execution Venues, describing the quality of execution of transactions. Carnegie will only select Execution Venues that are operating in the EU/EES.

## 3.2 CRITERIA FOR SELECTION OF EXECUTION VENUE WHEN PLACING AN ORDER

When placing Orders, Carnegie will choose an Execution Venue that Carnegie considers to be the most appropriate to meet its Best Execution obligations.

Carnegie will generally assign a high relative importance to the price and costs related to each specific transaction. In certain cases, Carnegie may assign higher weight to other



factors, for example where the Order, due to its size or nature, may have a material affect on the price or an affect on the likelihood that it will be executed or can be settled or where, for any other reason, it is pertinent to attach greater importance to other factors other than the price and costs.

### **3.3 SELECTION OF BROKERS**

Subject to any exceptions detailed below, all Orders will be transmitted to and placed with Brokers that are able to demonstrate to Carnegie that they have in place execution arrangements enabling Carnegie to comply with its obligations to act in the best interests of its Clients. Carnegie will therefore, when relevant, collect and review the execution policy of each Broker.

Carnegie's selection of Brokers is made after evaluating the following criteria:

- A) The Broker's methodology in determining the relative importance of the above mentioned factors listed in section 1.3 and the Broker's commercial experience and judgement
- B) The Broker's assessment and use of Execution Venues in Order to enable that Broker, on a consistent basis, to achieve the best possible result when executing Orders.
- C) The Broker's processes, methods and reasons for executing Orders in a particular way as detailed in its own execution policy.
- D) The approach taken by the Broker to the aggregation of Orders.
- E) That Broker's processes and systems for monitoring its execution procedures and in particular in obtaining the best possible result in accordance with the factors detailed in section 1.3 above.

A list of Brokers in respect of each class of Financial Instruments can be found at Annex B. This list of Brokers is not exhaustive and will be kept under review and updated in accordance with this policy. Carnegie reserves the right to use other Brokers additional to those listed in Annex B where it deems appropriate in accordance with this policy.

### **3.4 CRITERIA FOR SELECTION OF BROKERS WHEN PLACING AN ORDER**

Carnegie's selection of Brokers is based on objective criteria e.g. access to Trading Venue, market coverage and the Order Execution factors as further specified in section 1.3 above.

## **4 PART D – ORDER ALLOCATION**

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### **4.1 GENERAL**

Carnegie will execute or transmit Orders in a prompt, fair and expeditious manner relative to other Orders or to its own trading interests. Carnegie will ensure that executed Orders are promptly and accurately recorded and allocated. Carnegie will carry out otherwise comparable Orders sequentially in accordance with the time of their reception unless:

- a) The characteristics of the Order or prevailing market conditions make this impracticable; or
- b) The interests of the Client require otherwise.



Orders are not treated as otherwise comparable if they are received by different media and it would not be practicable for them to be treated sequentially.

## 4.2 AGGREGATION OF ORDERS

Orders or transactions will not be carried out in aggregation with another Order unless the following conditions are met:

- a) It is unlikely that the aggregation of Orders and transactions will work overall to the disadvantage of any Client whose Order is to be aggregated.
- b) Where an aggregated Order is partially filled, allocation to Clients will take place on a strict pro-rata basis. In all instances, the allocation must be in the best interests of all relevant Clients and any allocation must be undertaken on a fair and reasonable basis.

Further the client should be aware that the effect of the aggregation may actually work to its disadvantage in relation to a particular Order.

## 5 PART E – MONITORING AND REVIEW

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### 5.1 MONITORING

Carnegie will regularly monitor the effectiveness of the execution arrangements it has in place with Execution Venues and Brokers and assess these results against its obligation to provide Best Execution against the execution factors under section 1.3. Where material deficiencies are identified these will be corrected.

The predominant number of executions will be monitored through an automated monitoring system and the reports from the system will be reviewed on a regular basis. If any deficiency should be discovered the matter will be promptly escalated and handled accordingly depending on the type and materiality of the deficiency.

Some executions cannot be monitored automatically and for these transactions manual routines will be developed that will detect and analyse deficiencies.

### 5.2 REVIEW OF POLICY

This Policy will be reviewed regularly and its provisions will be reviewed annually and also whenever a material change occurs that affects Carnegie's ability to continue to obtain the best possible result for its Clients. Moreover, Carnegie will notify Clients of any material changes to execution arrangements or the Policy.

Carnegie will classify any significant event that could impact parameters of Best Execution such as cost, price, speed, likelihood of execution and settlement, size or nature or any other consideration relevant to the execution of the Order as a material change.

However, the addition or removal of Execution Venues or Brokers is generally not considered a material change unless it is one of the main Trading Venues that Carnegie relies on for execution for a certain class of Financial Instrument. Non material changes will only be published on Carnegie's website.





## APPENDIX – GLOSSARY

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**Agent** - Where we are acting as Agent, we are facilitating a transaction between a Client and a market counterparty or another Client.

**Best Execution** - The requirement to take all sufficient steps to obtain the best possible result for Clients, when executing or transmitting Orders on behalf of Clients

**Broker** - Means entities to which Carnegie may transmit Orders for execution.

**Client** - Means any natural or legal person to whom Carnegie provides Investment and/or Ancillary Services.

**Orders/Order** - Means a transaction buying or selling one or more Financial Instruments, whether it is on behalf of Clients, or at the request of Clients.

**Execution Venue** - Means a Regulated Market, an MTF, a Systematic Internaliser, or a market maker or other liquidity provider or an entity that performs a similar function in a third country to the function performed by any of the foregoing.

**Execution of Orders on behalf of Clients** - Has the meaning set out in Part A I (1) of this policy.

**Financial Instrument** - According to the specification in the Delegated Regulation 2017/576.

- a) Equities – Shares & Depositary Receipts
- b) Debt instruments
- c) Interest rates Derivatives
- d) Credit Derivatives
- e) Currency Derivatives
- f) Structured finance instruments
- g) Equity Derivatives
- h) Securitized Derivatives
- i) 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

For the avoidance of doubt, "Financial Instruments" do not include spot foreign exchange transactions or loans.

In Carnegie, Other instruments will include securities lending.

**Investment Firm** – Means any person whose regular occupation or business is the provision of one or more Investment Services to third parties and/or the performance of one or more investment activities on a professional basis as defined by a competent authority.

**Investment Services** - Means the provision of a service in relation to a Financial Instrument which may include:



- a) reception and transmission of Orders in relation to one or more Financial Instruments;
- b) Execution of Orders on behalf of Clients;
- c) dealing on own account;
- d) portfolio management;
- e) the making of a personal recommendation;
- f) underwriting of Financial Instruments and/or placing of Financial Instruments on a firm commitment basis;
- g) placing of Financial Instruments without a firm commitment basis;
- h) operation of multilateral trading facilities as defined in relevant Swedish external legislation.

**Multi-lateral Trading Facility (MTF)** - Means a multilateral system operated and/or managed by an Investment Firm or market operator, which brings together multiple third-party buying and selling interests in Financial Instruments in the system and in accordance with its non-discretionary rules in a way that results in a contract and which is authorised and functions regularly and in accordance with the provisions.

**Organized Trading Facility (OTF)** – Means a multilateral system, which is not a Regulated Market or MTF and in which multiple third party buying and selling interests in bonds, structured finance products, emissions allowances or derivatives are able to interact in the system in a way which results in a contract.

**Order Execution** – When Carnegie executes or transmits Orders on behalf of Clients.

**Professional Client** - Means a Client that is either a per se Professional Client or an elective Professional Client in the meaning of Directive 2014/65/EU.

**Principal** - Where we are acting as Principal, Clients will be contracting directly with Carnegie as their market counterparty.

**Retail Client** - Means any Client which is not a Professional Client or eligible counterparty.

**Receiver and Transmitter of Orders (RTO)** - The transmission to or placement with Brokers of Orders received from Retail and Professional Clients.

**Regulated Market** - Means a multilateral system operated and/or managed by a market operator, which brings together or facilitates the bringing together of multiple third-party buying and selling interests in Financial Instruments in the system and in accordance with its non-discretionary rules in a way that results in a contract, in respect of the Financial Instruments admitted to trading under its rules and/or systems, and which is authorised and functions regularly and in accordance with the provisions.

**Systematic Internaliser** - Means an Investment Firm which, on an organised, frequent and systematic basis, deals on own account by executing Orders outside a Regulated Market or an MTF.

**Total Consideration** - Total Consideration is the price of the relevant Financial Instrument plus the costs related to execution.

**Trading Venue** - Means a Regulated Market, an MTF or an OTF.



**ANNEX A – CARNEGIE EXECUTING ORDERS ON BEHALF OF CLIENTS**

<b>Class of Financial Instruments</b>	<b>Trading Venue</b>
Equities – Shares & Depositary Receipts	Spotlight
	Bats
	Chi-X
	First North
	Nasdaq Copenhagen
	Nasdaq Helsinki
	Nasdaq Stockholm
	NGM Equity
	Nordic MTF
Debt instruments	Bloomberg MTF
	BTFF
Structured finance instruments	Nasdaq Stockholm
	NDX
Equity Derivatives	Nasdaq Stockholm
	Nasdaq Copenhagen
Securitized Derivatives	Nasdaq Copenhagen
	Nasdaq Stockholm
	Bloomberg MTF



## ANNEX B – CARNEGIE AS RECEIVER AND TRANSMITTER OF ORDERS

<b>Class of Financial Instruments</b>	<b>Broker</b>
Equities – Shares & Depositary Receipts	Goldman Sachs
	UBS
	Danske Bank
	Stifel Securities
	JP Morgan
	Berenberg
	Carnegie Norway
	Virtu (fd ITG)
	DNB
	SEB
	Nordea
Debt instruments	ABG
	Pareto
	JP Morgan
	Jyske Bank
	Goldman Sachs
	Lind Capital
	Nordea
	Danske Bank
	Nykredit
	Berenberg
	DNB
	Santander
	Handelsbanken
	Swedbank
	SEB
	BNP Paribas
Societe Generale	
Credit Suisse	
Currency Derivatives	SEB
	Nordea
	VP Bank
Equity Derivatives	Gallardo
	TFS
	BGC
	GFI
	Mariana
	Lombard
	VP Bank
Exchange traded products (ETF)	Goldman Sachs



	Danske Bank
	JP Morgan
	Flow Traders
	Jane Street
	Societe Generale
	Kempen
	Virtu (fd ITG)
	Berenberg
Securities Lending	Handelsbanken
	SEB
	Nordea
Commodities derivatives	VP Bank