

Policy of executing orders and acting in accordance with the best interest of the Client in Bank Millennium S.A.

General provisions

§ 1.

1. The “Policy of executing orders and acting in accordance with the best interest of the Client in Bank Millennium S.A.”, hereinafter referred to as the “Policy”, sets forth the guiding principles applied by Bank Millennium S.A. while providing the service of concluding transactions for the Bank’s own account in order to execute Client orders and the service of acceptance and forwarding of Client orders. The Policy pertains to acting in accordance with the best interests of the Client and achieving the best possible performance for the Client in the provision of the above services in respect to financial instruments (“**Best Execution Requirement**”).
2. The Best Execution Requirement is not an obligation to achieve the best performance or the best price for the Client in each instance.

§ 2.

The terms used in this Policy take the following meanings:

- 1) Bank – Bank Millennium S.A.,
- 2) Brochure – Information brochure about the MIFID requirements for Clients of Bank Millennium S.A.,
- 3) MiFID – Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU,
- 4) Client – a client within the meaning of the agreements, classified by the Bank as a Retail Client or a Professional Client,
- 5) Retail Client – Retail Client within the meaning of the Brochure,
- 6) Professional Client - Professional Client within the meaning of the Brochure,
- 7) Mark-Up – difference between the Transaction price for the Client and the price of maintaining the Bank’s position, which may be defined as the difference between the Transaction price for the Client and the price of a hedging transaction on the interbank market adjusted by the costs of maintaining the Bank’s position,
- 8) Trading Facility – a regulated market, MTF (multilateral trading facility) or OTF (organized trading facility) within the meaning of MiFID and its delegated and implementing regulations,
- 9) Transaction – transaction concluded by the Client in financial instruments based on the relevant agreements and regulations,
- 10) Order – an order to buy or sell financial instruments or statement of will having equivalent effects, applicable to financial instruments.

§ 3.

This Policy applies solely to Retail Clients and Professional Clients.

Scope of the Policy

§ 4.

1. This Policy defines the rules for providing services:
 - 1) concluding transactions for the Bank’s own account in order to execute orders for the Client’s account.
 - 2) acceptance and forwarding of Client orders.

2. This Policy shall apply only to the Bank's activities conducted pursuant to Article 70 paragraph 2 of the Act of July 29, 2005 on trading in financial instruments.

Application of the Best Execution Requirement to Transactions concluded for the Bank's own account

§ 5.

1. With respect to Transactions concluded by the Bank with the Client on its own account, the Best Execution Requirement applies solely in the cases in which conclusion of a Transaction at the same time constitutes execution of an order on the Client's account.
2. The situations described in sec. 1 above may apply to the following financial instruments:
 - 1) currency-based forward and derivative instruments,
 - 2) interest rate-based forward and derivative instruments,
 - 3) debt securities issued by entities other than the State Treasury or the National Bank of Poland and not traded on a regulated market or a multilateral trading facility in the territory of Poland,
 - 4) debt securities issued by the State Treasury or the National Bank of Poland.
3. An order is executed on the Client's account in the following instances:
 - 1) in a situation, in which the Bank concludes Transactions acting in the *matched principal* model, i.e. concluding a Transaction with the Client on the condition that a reverse transaction is concluded at the same time, in order to avoid exposure to the market risk associated with the Transaction, or
 - 2) in a situation, in which the Client relies on the Bank to satisfy the Best Execution Requirement.
4. The Bank makes an assumption that the Client relies on the Bank to satisfy the Best Execution Requirement, except in the instances where the result of the four-fold test of the European Commission mentioned in item 5 shows that the Client does not place such reliance on the Bank and, for some types of transactions the Client declares that it is not relying on the Bank to satisfy the Best Execution Requirement.
5. The situations, in which the Client does not place such reliance on the Bank, are determined on the basis of the four-fold test of the European Commission ("**Commission Test**").
6. According to the Commission Test, the following criteria should be considered:
 - 1) **Which Party initiates the Transaction?**

The Bank by principle concludes Transactions following the model of quote requests by the Client where the Client is the party initiating conclusion of a Transaction.

If the Bank initiates conclusion of a specified Transaction then the Best Execution Requirement may apply. Such cases include situations, in which the Bank contacts the Client with an initiative to conclude a specific type of a Transaction on specific terms,

The Bank may provide Clients with general information about the Bank's products, including financial instruments or generic advice or market commentaries. Such information or materials will not constitute initiation of conclusion of a Transaction.

- 2) **What is the market convention among Clients in respect to price comparisons for a given type of financial instrument?**

If, according to the existing market convention, Clients do not compare prices in other banks or investment firms or have no such possibility then the Best Execution Requirement will apply.

If the given financial instrument type is available in the offering of other financial institutions and if the practice of the Clients is to conclude contracts with several

institutions, this indicates that there exists a market convention in respect to price comparisons.

The Bank recognizes that a price comparison market convention exists for the following financial instruments: forward foreign exchange transactions and currency swaps.

3) What is the transparency of market prices for a given type of Financial Instrument?

If market prices are not transparent, i.e. in particular if the sources of market prices are not generally available to Clients then the Best Execution Requirement applies.

Availability of quotes or indicative prices in generally available information services will indicate that the market prices are transparent.

The Bank recognizes that market prices are transparent for the following financial instruments: forward foreign exchange transactions and currency swaps.

4) What does the legal documentation between the Bank and the Client and information provided by the Bank to the Client indicate?

If documents or information provided to the Client indicate that the Client can reasonably rely on the Bank to satisfy the Best Execution Requirement then the Best Execution Requirement applies.

7. If the circumstances specified in the Commission Test do not indicate that the Best Execution Requirement applies, the Bank may assert that the Best Execution Requirement does not apply.
8. If the Bank asserts that the Best Execution Requirement does not apply, it accepts a representation to that effect from the Client.

Assurance of the Best Execution Requirement for Transactions concluded for the Bank's own account

§ 6.

1. Since the Transactions are concluded following the requests for quotes model, which result in Transactions concluded for the Bank's own account, the Bank considers the price criterion included in the terms and conditions of the Transaction as the only criterion of the Best Execution Requirement (probability of conclusion and speed of Transaction are ensured if the Client accepts the quote).
2. In such a case, the Best Execution Requirement is satisfied by ensuring fairness of the price stated by the Bank in the quote, which, if accepted, results in conclusion of a Transaction.
3. Examination of the fairness of the price involves ensuring that the price proposed by the Bank for Transaction, excluding Mark-Up, corresponds to the price incurred by the Bank to maintain the position associated with the Transaction.
4. At the same time, the Bank ensures that the Mark-Up included in the Transaction price, which includes margin and covers the Bank's costs not included in the remaining portion of the Transaction price, is not higher than the maximum Mark-Up for a given Transaction type, whose amount has been notified to the Client in a relevant report presenting estimated costs related to Transactions in the financial instrument.
5. By determining the price of maintaining the position, the Bank considers a number of factors including in particular: Transaction type, its terms and conditions, market for that type of Transactions available to the Bank (or absence of such a market) and other market data and valuation models used by the Bank.

Conclusion of Transactions outside of Trading Facility

§ 7.

1. The Bank concludes Transactions in the model of concluding transactions for the Bank's own account, which means that the Bank is the place of concluding each Transaction and therefore Transactions are concluded outside of a Trading Facility.
2. Execution of instructions and concluding of Transactions outside of a Trading Facility may entail additional risks, such as:
 - 1) risk of obtaining a worse price than in the Trading Facility,
 - 2) risk of absence of access to potential liquidity available in Trading Facilities,
 - 3) risk associated with transparency lower than when transactions are concluded in Trading Facilities.

Warning pertaining to Client's detailed instructions

§ 8.

Detailed instructions of any kind, defining specifically elements of an Order, Transaction or its execution may prevent the Bank from taking the steps described in this Policy to satisfy the Best Execution Requirement with respect to the elements specified in the instruction.

Acceptance and forwarding of Client orders in accordance with the best interest of the Client

§ 9.

1. This Policy of accepting and forwarding Client orders in accordance with the best interest of the Client applies to:
 - 1) units in funds, investment certificates issued by closed-end funds and shares in foreign funds,
 - 2) financial instruments included in the Bank's offering.
2. The Best Execution Requirement applies to all the situations in which the Bank accepts and forwards orders.

§ 10.

1. Client orders are forwarded to an investment fund company or a company managing a specific investment fund immediately, taking into account the Client's instructions, but no later than on the business day following the receipt of the order and in accordance with the time limit specified in the agreement with the Client and in the prospectus of a given investment fund.
2. The principles governing the execution of the purchase or sale order of fund units/shares and investment certificates of a fund are defined by the individual investment fund; the Bank is not responsible for these principles and does not participate in the order execution process.

§ 11.

In connection with the policy of acting in accordance with the best interests of the Client, in order to achieve the best possible performance for the Client, the Bank considering: the Client's category, particulars of the order, features of the financial instrument subject to the order, type and particulars of the possible locations of the execution, considers the shortest time of acceptance and forwarding of an order as the main factor of importance for achieving the specified goal, while assigning to it the highest possible weight.

Monitoring and review of the Policy

§ 12.

1. The Bank monitors effectiveness of this Policy on an ongoing basis.

2. With respect to the execution of orders for the Client's account, the Bank implements a process under which it reviews on a daily basis the quality of satisfaction of the Best Execution Requirement.
3. Based on the results of these activities, the Bank reviews and where necessary amends the Policy. The Policy is reviewed at least once a year and if the manner of providing investment services changes or in case of another significant change that may affect the bank's capacity to satisfy the Best Execution Requirement.

§ 13.

The Bank informs Clients about all the significant amendments made to the Policy that may affect the Bank's ability to act in accordance with the best interests of the Client in respect to the provision of the service of concluding transactions for the Bank's own account in order to execute Client orders and the service of acceptance and forwarding of Client orders. This information is provided using the communication method agreed with the Client and by posting the relevant information on the Bank's website.