

EQUILOR Befektetési Zrt. Execution policy

I. Introduction

The purpose of this Execution Policy is to define all principles and procedures intended to ensure the most favourable execution of clients' orders, in accordance with the rules set out in Act CXXXVIII of 2007 on investment companies, commodity brokers and the regulations governing their activities, which was passed with the aim of implementing Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 in Hungary, as well as the Commission Delegated Regulation (EU) No. 2017/565 (Regulation) supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive.

Unless otherwise requested by the client, EQUILOR Zrt. shall proceed in keeping with this execution policy when performing the orders of retail and professional clients. Based on the principle of most favourable execution, during the performance of orders, EQUILOR Zrt. shall take all steps required in order to achieve the best possible solution for the client during the performance of the financial instrument-related order.

Should the client deviate from the execution principles outlined in this policy when giving instructions affecting these principles, then the execution policy shall not be applicable in that specific case but the order shall be performed in full accordance with the client's instructions. In that way, the client may prevent EQUILOR Zrt. from applying the execution method which it considers to be the most favourable one.

EQUILOR Zrt. reserves the right to modify its Execution Policy without giving any prior notification to the clients. You are kindly asked to regularly contact our employees or visit our homepage to learn about any potential modification of the execution policy.

II. Scope and application of the execution policy

The scope and the application of the execution policy is defined on the basis of the specific transaction, type of financial instrument and partner category in Section X, similarly to the cases with limited or no enforcement of the execution policy.

With respect to ensuring the best execution, three basic execution methods exist:

- A) EQUILOR Zrt. executes the client's orders directly on the given market (regulated market (stock exchange), Multilateral or Organised Trading Facility - MTF, OTF, OTC market)
- B) EQUILOR Zrt. executes the client's orders through the intervention of an intermediate investment company, a trading partner or a bank in order to provide the client with an even wider range of financial instruments, and to make available a larger number of trading places (forwarding orders).
- C) EQUILOR Zrt. performs the commission as own-account transaction.

III. Forwarding orders

In the cases where the clients' orders are performed indirectly, through the intervention of an intermediate investment company, a trading partner or a bank, EQUILOR Zrt. shall follow its best execution principles by choosing the most appropriate intermediary. When choosing its partners, EQUILOR Zrt. pays particular attention to ensuring that its intermediaries operate in a properly regulated legal environment meeting EU (MiFID) or equivalent criteria, working under the necessary official control. When selecting the execution venue, the Company shall also take into account the following aspects:

- The capital market rating, size and reliability of the execution venue
- the availability of the partner, business hours, communication channels
- various quality factors (e.g. settlement schemes; circuit breakers)

- client needs
- counterparty risk.

IV. Different order types

In order to mitigate the risk related to the liquidity of the markets, the price volatility of certain financial instruments, we recommend that our clients consider the differences between the main order types which are summarised below.

- The **market price order** is the simplest form of orders in which the client requests the purchase or sale of a certain quantity of a given financial instrument at the current market price. In this case, the broker cannot take into account price fluctuations when performing the order. Strong market fluctuations may entail the risk of a significant change in prices which occurs between the dates when the client submits the order and when the order is entered in the trading system.
- In the case of a **limit price order**, the client specifies a price level which shall serve as a reference, meaning that EQUILOR Zrt. shall not perform the order at a price which is less favourable than the price specified. It means that buy orders shall not be performed at a higher price, and sell orders shall not be performed at a lower price than the price level specified. Accordingly, the date of performance of the order may significantly differ from the order date, i.e. if the market movement does not meet the client's expectations and the limit price is not achieved, the order shall not be performed.
- **Grouping orders based on their validity period:**

Various options may be available on each market to determine the validity period of orders and offers regarding trading platforms and certain financial instruments. The orders and offers are typically valid for the specific trading day, unless specified otherwise, i.e. they are cancelled if they are not fulfilled during the day. Based on the client's specific instruction, and as long as the specific trading channel, market or system make it possible, for certain financial instruments, so-called fixed-term offers may also be specified, when a specific period or day can be recorded as the validity period of offers.

- **Other order types which do not fall into the above categories.**

Some financial instruments, trading platforms, channels and places enable the specification of order types that are different from the above. For information about their characteristics, please contact your broker, and review the regulations of the involved trading channels and locations regarding the trading scheme.

V. Transactions performed outside regulated markets (stock exchange), multilateral, organised trading systems (MTF, OTF) and electronic stock exchange and OTC trading systems

If expressly requested by clients, EQUILOR Zrt. may also perform certain orders outside regulated markets or multilateral trading systems. This option is only available if the client makes a statement accepting that. The above-mentioned statement is also a condition for own-account fulfilment.

In this case, the transaction is concluded upon acceptance of the purchase or selling price defined by the client, of other conditions and of the OTC partner's offer; this type of transaction is out of the scope of the execution policy.

Orders given by the Client directly via the electronic trading system (EQUILOR TRADER) may logically not be regulated by this policy, since using the system, the client clearly specifies all parameters for the transaction, see Section 4.

VI. Joint execution of orders, partial execution and publication of orders and own-account trading

EQUILOR Zrt. shall not execute orders related to its own-account investment activity jointly with the clients' orders, meaning that it shall manage its own orders and the clients' orders separately.

Own-account fulfilment of orders

EQUILOR fulfils commissions with respect to the below financial instruments in the frame of own-account trading or as commission agent. Conditions of the fulfilment in the frame of own-account trading – via sale-purchase – must be from the Client's viewpoint more favourable than or just as favourable as the fulfilment as commission agent.

Own-account trading is applied in the following cases

- government bond, discounted treasury bond, company and other securities, mortgage bond
- securities not introduced on regulated market
- investment certificate and securities issued by a collective investment form
- In the other cases listed under the various asset categories in Annex 1.b.1 to the execution policy

In the case of certain orders – e.g. an order for significant quantities compared to market liquidity – forwarding, immediately forwarding, publishing and disclosing the order as a whole may work against the client's interests, which is why it may be reasonable to apply partial orders. EQUILOR Zrt. shall be entitled to do so upon the client's authorisation given to the Company in the form of a statement.

VII. Best execution of clients' orders

EQUILOR Zrt. defines the primary execution places and trading channel ensuring best execution with regards to the respective group of financial instrument with a complex process.

Steps of categorisation of the execution places and trading channels

- a) Defining groups of financial instruments
- b) Assigning available trading channels and places of execution to the groups of financial instruments
- c) weighting the criterion of best execution per groups of financial instruments based on below considerations laid down in Article 62.(2)a) of the Hungarian Act on investor protection (Act CXXXVIII of 2007)
 - *client characteristics, including the client's retail or professional rating;*
 - *specifications of the client order, including whether or not the order involves a securities financing transaction;*
 - *specifications of financial instruments in the order;*
 - *characteristics of the places of execution where the order can be forwarded;*
 - *the specific instruction of the client regarding the order or a defined element of the order.*

The Company does not make an unfair distinction between places of execution through the imposition of commissions or composition thereof.

During the performance of orders regarding the trade of over-the-counter products that also include personalised products or during the decision on the trade thereof, the Company checks the fairness of the price offered to the client by collecting the information used for determining the price of the product and, if possible, by comparing identical or similar products

- d) The valuation of places of execution available from the perspective of the specific group of financial instruments is weighted according to Section c), based on the below criteria, and is

followed by determining the primary execution venue or trading channel achieving the highest ranking.

- *Price of the financial instrument concerned by the order (net price)*
- *Fees and costs related to the execution of the order*
- *Time needed for the execution of the order*
- *Probability that the order can be executed and fulfilled*
- *Magnitude of the order*
- *Any other considerations regarding the nature of the order or any other aspects relevant to the performance of the order*

When defining the measures required for ensuring the best possible result for the client, the following parameters shall be taken into account as per the above defined order, as follows:

- price costs;
- speed;
- probability of execution;
- any other relevant factors.

The Company wishes to ensure the enforcement of the principle of best execution through the evaluation of these circumstances in accordance with the above.

Upon determining the most favourable execution option for the client, EQUILOR Zrt. takes into account the client's expenses and fees that are directly related to the specific transaction, by applying the total cost approach.

Fees charged may vary depending on the execution venue. These fees are itemised in EQUILOR Zrt.'s prevailing List of Conditions (<https://www.equilor.hu/kondicioslista/>).

Deviations from the specifications of the Fee Schedule may only be made based on an agreement with the client as well as the fees applied by the specific execution venue.

EQUILOR Zrt. does not accept any remunerations, discounts or non-cash benefits for directing the client's orders to a specific execution venue.

During the execution of the transaction, EQUILOR Zrt. only evaluates the direct expenses, fees and other financial commitments directly related to the transaction, and determines the total cost of the order on this basis. During the most favourable execution, EQUILOR Zrt. does not evaluate indirect expenses and fees that are not directly related to the transaction.

Regarding the choice of trading platforms, the different criteria have been taken into account based on the following weighting scheme:

Financial instruments	a) price of the financial instrument subject of the order (net price),	b) costs of the order,	c) time needed for the execution of the order,	d) the probability of the executability and performance of the order,	e) the magnitude of the order,	f) any other considerations regarding the nature of the order or any other aspects relevant to the performance of the order
Hungarian stock exchange shares	40	15	10	15	10	10
Hungarian corporate bond	50	10	20	10	5	5
Hungarian derivative product	45	15	10	15	5	10
Hungarian government security	20	20	15	15	15	15
Hungarian investment certificates	30	10	15	20	15	10
Commodities (cereals)	50	10	10	10	10	10
Commodities (raw materials, precious metals)	50	10	10	10	10	10
Securities denominated in PLN, admitted to the Polish regulated market	35	10	10	20	10	15
Securities admitted to the Czech regulated market	35	10	10	20	10	15
CEE shares (excluding HU, CZ, PL)	35	10	10	20	10	15
Warrants, turbos	40	15	10	20	5	10
CFDs	40	20	10	15	5	10
Foreign shares (excluding CEE, HU, PL, CZ)	40	20	15	15	5	5

Financial instruments	a) price of the financial instrument subject of the order (net price),	b) costs of the order,	c) time needed for the execution of the order,	d) the probability of the executability and performance of the order,	e) the magnitude of the order,	f) any other considerations regarding the nature of the order or any other aspects relevant to the performance of the order
Debt securities denominated in a foreign currency	25	20	20	20	10	5
Foreign investment certificates	30	25	20	15	5	5
Futures foreign exchange contracts	40	10	3	30	7	10
Option contracts in foreign currencies	50	10	15	15	5	5

VIII. Places of execution

In order to perform orders on behalf of its clients, EQUILOR Zrt. has permanent access to the following places of execution and trading platforms:

Direct stock exchange memberships

- Budapest Stock Exchange – BSE (XETRA/MMTSII)
- Prague Stock Exchange – PSE (XETRA)
- Warsaw Stock Exchange (WSE)

EQUILOR Zrt. employs the above mentioned regulated markets as primary place of execution with respect of securities introduced to these (except for investment certificates, company bonds, treasury bonds, treasury notes). If the security concerned has been introduced to several regulated markets listed above, the foreign exchange of the security, or, in case of purchase, that of the available coverage determines the place of execution.

Further places and channels of trade

- INTERACTIVE
- EQUILOR TRADER / Saxo
- Own-account trading
- Takarékbank
- Erste Bank
- ERSTE BEFEKTETÉSI ZRT.
- Bloomberg
- OTC

The relevant CEO's Directive contains the list of the markets significant for each product category as well as the primary places of execution respective for each market

Based on this execution policy, EQUILOR Zrt. also has the option to execute the client orders outside of a trading venue. Should EQUILOR Zrt. execute the order outside of a trading venue, EQUILOR Zrt. provides information about its consequences, especially the resulting counterparty risk, and provides additional information upon client's request on the manner of execution.

EQUILOR Zrt. may execute the order outside of a trading venue only with Client's prior explicit consent. Client may give this consent to EQUILOR Zrt. in the form of a general agreement.

IX. Information to clients concerning the place of execution of the order

EQUILOR Zrt. shall indicate the execution venue for the given transaction in all order confirmations. If the given transaction was performed through own-account trading, this shall be indicated separately in the Buy and Sell Agreements of the confirmation.

X. Scope and cases of application of the execution policy, exceptions

1. Client classification

The execution policy shall be applied with regards to clients classified as consumer clients and professional partners not qualifying as acceptable partners. As for acceptable (acceptable – professional) partners the rules of best execution are only applied if the client is expressly requesting this in writing.

2. Orders that can be executed via one trading channel only

In the event that a given order, due to the nature of the instrument, can only be executed at only one place of execution, on one market and with the intervention of one partner, then in view to the best execution only the speed of the execution can be a factor to be taken into account. Considering the price as a relevant factor with regards to the best execution is already excluded in these cases (e.g. a share that has only been listed or traded in one regulated market only).

3. Technical transactions executed in order to perform client obligations towards EQUILOR Zrt.

Transactions initiated by EQUILOR Zrt. in order to enforce claims arising from the client's liabilities or debts toward the Company under the general business conditions or the contracts concluded with the Company, in particular forced liquidation due to the lack of coverage are not within the scope of the execution policy.

Furthermore, the execution policy is not applicable to conversion commissions and to securities with limited liquidity that can only be traded via OTC transactions (e.g. company bonds, shares of private limited companies).

4. Instructions for the execution of the clients' orders and transactions

In the event that the Client provides the broker with instructions concerning the aspects of the best execution, EQUILOR Zrt. as commission agent is obliged to execute the transaction in the way specified by the Client, in conformity with legal provisions, and the Company shall be released from the obligation to ensure the best execution. - *Example: the Client specifies that he/she intends to buy a given security or instrument only on a given market, through a given trading platform or at a given price.* - In this case, EQUILOR Zrt. shall not be held responsible for choosing the place of execution or the best price, however the fastest possible execution of the order remains a primary factor in such cases, as well.

In particular, the following individual client instructions influence the application of the execution policy as described above:

- Trading platform or market specified by the Client
- Execution date for the order, specified by the Client
- Client order for partial fulfilment (order of large volume compared to the financial instrument's turnaround to be fulfilled in more trading items, record in the trading system so that the order does not have an extreme effect on the exchange rate).

5. Other cases

- In case the financial instrument concerned is traded at several trading places, the principles of best execution only apply to trading channels and platforms which EQUILOR Zrt. has access to.

6. Trading activity, public issuance, auctions

The scope of this best execution policy does not extend to the securities sold or redeemed as part of the trading activity (e.g. certain government securities and investment certificates), financial instruments traded as part of initial issuance (subscriptions), and public auctions.

With regards to your commissions please note that special instructions on the orders' execution might impede EQUILOR Zrt. to apply measures and procedures in this execution policy.

XI. Review of the execution policy

EQUILOR Zrt. shall review and amend its execution policy and procedures on a yearly or on as-needed basis in order to be able to ensure the most competitive service to its Clients and to perform their orders in the most exact and most favourable manner possible.

Notes

The best execution policy and the contents thereof cover a process defined by the above-mentioned system of criteria the result of which will not only be reflected in the dealing price of the instrument concerned, due to the complexity of transactions effected on financial markets and of the related system of criteria.

Under some special circumstances, in particular under extreme market conditions, e.g. failure or downtime of electronic trading systems and supporting IT systems, EQUILOR Zrt. reserves the right to disregard the present execution policy, in which cases the primary factor will be the fastest possible execution of orders. In the case of the failure of electronic trading systems, it may happen that some of the trading platforms described in the execution policy are not available.

XII. Selection of the location of execution and evaluation of the quality of execution

EQUILOR puts suitable internal procedures in place when selecting the trading venues used for executing client orders and selecting partners, and it regularly evaluates the quality of execution.

XIII. Informing clients

Regarding the execution venues in this execution policy, data and information about the quality of execution as specified in Bszt. and the Regulation are published by EQUILOR on its website – www.equilor.hu –, taking into account the deadlines indicated in the relevant legislation.

For an explicit written request of client, EQUILOR shall prove in writing that the client's order has been implemented in accordance with the Execution policy, by presenting the application of the provisions of the execution policy.

Should client make a reasonable and proportionate request for information about the Execution policy and solutions, as well as about how EQUILOR Zrt. reviews them, EQUILOR Zrt. shall give a clear answer within a reasonable time.

In addition, for a reasonably justified request by the client or potential client, EQUILOR Zrt. shall, besides the content of this Execution policy, also provide information about organisations that execute the forwarded or placed orders.

EQUILOR Zrt. shall inform its clients of any amendments of this Execution policy and the entry into force thereof in accordance with the General Business Terms and Conditions.

Annexes:

Annex 1.a - *List of financial instruments and execution venues*

Annex 1.b.1 - *Ranking of instrument groups and execution venues, primary places of execution*

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Annex 1.a

List of financial instruments and execution venues

• Financial instruments

1. Hungarian stock exchange shares
2. Hungarian corporate bond
3. Hungarian derivative product
4. Hungarian government security
5. Hungarian investment certificates
6. Commodities (cereals)
7. Commodities (raw materials, precious metals)
8. Securities denominated in PLN, admitted to the Polish regulated market
9. Securities admitted to the Czech regulated market
10. CEE shares (excluding HU, CZ, PL)
11. Warrants, turbos
12. CFDs
13. Foreign shares (excluding CEE, HU, PL, CZ)
14. Debt securities denominated in a foreign currency
15. Foreign investment certificates
16. Futures foreign exchange contracts
17. Option contracts in foreign currencies

• Places of execution

1. BSE
2. PSE
3. WSE
4. INTERACTIVE
5. EQUILOR TRADER / Saxo
6. Own-account trading
7. Takarékbank
8. Erste Bank
9. ERSTE BEFEKTETÉSI ZRT.
10. Bloomberg
11. OTC

Annex 1.b.1 - Ranking of instrument groups and execution venues, primary places of execution

<i>Hungarian stock exchange shares</i>
1. BSE
2. Own-account trading
3. OTC
<i>Hungarian corporate bond</i>
1. Bloomberg
2. Own-account trading
3. BSE
<i>Hungarian derivative product</i>
1. BSE
2. EQUILOR TRADER / Saxo
<i>Hungarian government security</i>
1. Own-account trading
2. Bloomberg
3. BSE
<i>Hungarian government security</i>
1. Own-account trading
2. OTC
3. BSE
<i>Hungarian investment certificates</i>
1. OTC
2. BSE
3. Own-account trading
<i>Hungarian investment certificates</i>
1. OTC
2. BSE
3. Own-account trading
<i>Commodities (cereals)</i>
1. BSE
2. EQUILOR TRADER / Saxo
3. INTERACTIVE
<i>Commodities (raw materials, precious metals)</i>
1. EQUILOR TRADER / Saxo
2. INTERACTIVE
<i>Securities denominated in PLN, admitted to the Polish regulated market</i>
1. WSE
2. INTERACTIVE
3. EQUILOR TRADER / Saxo
<i>Securities admitted to the Czech regulated market</i>
1. PSE
2. INTERACTIVE
3. EQUILOR TRADER / Saxo
<i>CEE shares (excluding HU, CZ, PL)</i>
1. ERSTE BEFEKTETÉSI ZRT.
2. INTERACTIVE
3. EQUILOR TRADER / Saxo
<i>Warrants, turbos</i>
1. INTERACTIVE
2. ERSTE BEFEKTETÉSI ZRT.
3. BSE
<i>CFDs</i>
1. EQUILOR TRADER / Saxo
<i>Foreign shares (excluding CEE, HU, PL, CZ)</i>
1. INTERACTIVE

2. EQUILOR TRADER / Saxo
3. ERSTE BEFEKTETÉSI ZRT.
Debt securities denominated in a foreign currency
1. Bloomberg
2. Own-account trading
3. EQUILOR TRADER / Saxo
4. INTERACTIVE
Foreign investment certificates
1. ERSTE BEFEKTETÉSI ZRT.
2. Bloomberg
Futures foreign exchange contracts
1. Takarékbank
2. Erste Bank
3. EQUILOR TRADER / Saxo
4. BSE
Option contracts in foreign currencies
1. Takarékbank
2. EQUILOR TRADER / Saxo
3. BSE
4. Erste Bank