ABN·AMRO

ABN AMRO Order Execution Policy

April 2018

ABN AMRO Order Execution Policy

This is a translation of the original Dutch text. This translation is furnished for the customer's convenience only. The original Dutch text will be binding and shall prevail in case of any variance between the Dutch text and the English translation.

1. Introduction

1.1. What is the purpose of this policy?

This policy sets out the procedures and rules that the bank uses when executing your orders. The procedures and rules in this policy are designed to execute your orders with the best possible result. The bank will adhere to this policy insofar as possible. The bank can either execute your orders itself or instruct third parties to do so. If this policy states that the bank executes your orders, this means that your orders are executed by the bank or by a third party on the instructions of the bank. The bank may arrange for certain orders to be executed by a specialised department within ABN AMRO and may deviate from this ABN AMRO order execution policy in these cases.

1.2. When does the bank follow this policy and to whom is this policy applicable?

If you give an order to the bank, the bank must ensure that it executes your order with the best possible result. The policy applies to all investing customers of the bank.

1.3. Which investment products are covered by this policy?

This policy is applicable to the following types of investment products:

- Shares;
- Bonds;
- Investment funds;
- Derivatives (such as options and warrants); and
- Structured products.

You can read more about these investment products in the Investment Appendix.

2. Characteristics

2.1. What does the bank take into account when performing best execution?

To execute your order with the best possible result, the bank looks amongst others at the following characteristics:

- The price at which your order can be executed;
- The costs of executing your order;
- The speed at which your order can be executed;
- The probability that your order can be executed and settled;
- The size of your order;
- The type of order (for example, an order with a price limit or time limit, or an order for which you have made separate arrangements with the bank); and
- The influence that your order can have on the market price if it is made publicly known.

The combination of price and costs is the most important factor with most orders.

2.2. What other characteristics are relevant when the bank executes my order?

The bank follows fixed procedures and rules to determine where your order can be executed with the best possible result. In connection hereto, the bank also takes into account such characteristics as:

- The place of execution (see chapter 3);
- Special orders (see chapters 4 and 5); and
- Specific investment products (see chapter 6).

What if you give specific instructions to the bank for the execution of an order? And what if these deviate from the bank's order execution policy? Then the bank will carry out your order according to your instructions – unless the bank indicates that it cannot execute your order according to your instructions. If the bank executes your order according to your instructions, this may mean that the bank cannot carry out each step it has defined and introduced in order to ensure best execution of your order.

3. Execution

3.1 Place of execution

The bank generally executes your order on a stock exchange. These stock exchanges are also called trading platforms. They are, in principle, only exchanges that are a regulated market, multilateral trading facility or an organised trading facility. These exchanges operate in accordance with fixed or statutory rules. See also section 8.1 below.

Each year, the bank publishes on its website for each class of investment product the five most used execution venues where the bank executes orders and/or to which the bank transmits orders. There are various ways in which the bank can execute your order or arrange the execution of your order:

- The bank can execute your order directly on a stock exchange
- The bank can send a request for quote to various stock exchanges or intermediaries and then choose the best price for executing your order. The bank can also execute your order through an over the counter (OTC) trade.
- The bank can make use of various intermediaries for the execution of your order. These intermediaries are known as 'brokers'. The bank has made arrangements with these brokers for this purpose. The broker chooses the execution venue that is most suitable for the execution of your order. The brokers can in turn opt to execute your order in various ways. This can be:
  - on a stock exchange
  - through smart order routing (SOR), where the broker compares prices at various trading venues and selects the best price for the execution of your order
  - through an over the counter trade (OTC), where the broker makes special arrangements with a trading venue for the execution of your order.

3.2. Why does the bank not always choose the stock exchange that quotes the best price?

The bank has determined which stock exchanges are suitable for ensuring best execution. The bank does not choose all stock exchanges that are able to quote a price for a specific investment product. One reason may be that these stock exchanges charge higher costs for executing the order. Or that the costs of connecting the bank with these stock exchanges are high. This may mean that sometimes another stock exchange quotes a better price for your order than the stock exchange which the bank has selected. However, the total costs of that other stock exchange will usually be higher, so that the execution of most orders will in overall result in a less favourable result then at the stock exchange which was selected by the bank.

3.3. How do I know which stock exchanges the bank has chosen to execute my orders?

If you want to know which stock exchanges the bank has selected to execute your order, you can see this in the list of stock exchanges that is included in this policy. The bank can amend this list. Check the bank's website (abnamro.nl/beleggen) to view the list that is currently applicable. You can also ask for the up-to-date list from your advisor or by calling 0900 - 9215*.

The bank will check regularly and in any case four times a year whether the stock exchanges on the list still offer the best possible results. The bank will do this, for example, when there are major changes due to which the bank may perhaps no longer be able to execute your order with the best possible result. The bank will then amend the list of stock exchanges. The bank will, in any case, check four times a year whether the best possible result is being achieved. If the bank instructs a third party to execute your orders, the bank will make sure that the third party's order execution policy corresponds with the bank's policy.

The bank will execute sell orders for shares on a stock exchange in the same country as where the bank executes buy orders for these shares. In principle, shares will be sold on the same stock exchange as where they were originally purchased.

4. Aggregated orders

4.1. What are aggregated orders?

If you consent to the bank's order execution policy (see also chapter 9), you give the bank consent to aggregate your order with orders of other customers. In such case, the bank is permitted to execute your order together with the orders of other customers for the same investment product at the same time and at the same price. The bank will then pass these orders on as a single order to the stock exchange. We call this an aggregated order. The bank will only do this if the bank thinks that it is unlikely to be disadvantageous for you. With an aggregated order, you pay the average execution price for the executed part. If the bank aggregates orders, your order may not be immediately executed. It is also possible that your order will not be executed in its entirety. This may, in retrospect, turn out to be disadvantageous for you. If you use the bank's portfolio management services, in most cases the bank will aggregate your order with the orders of other customers of the bank who use the same type of portfolio management service.

4.2. What happens if the bank cannot execute an aggregated order in its entirety?

If the bank has aggregated your order and is not able to execute the aggregated order in its entirety, then the bank will only execute the part of the aggregated order that can be executed at that time. In that case, one of the following applies:

- The bank will not buy all investment products it wanted to buy for you with a buy order, but instead a smaller part of that order; or

- The bank will not sell all investment products it wanted to sell for you with a sell order, but instead a smaller part of that order.

This also applies to the other customers whose orders have been aggregated with your order. You receive a portion of the part of the aggregated order that was executed. Your order will be executed in the same proportion as the part of the total aggregated order that was executed.

Example
In the context of its portfolio management services, the bank gives an order to buy 300 XYZ shares for you. The bank simultaneously gives an order to buy 200 XYZ shares for customer X and a further order to buy 100 XYZ shares for customer Y. That is 600 shares in total.
The bank aggregates the orders given for the three customers, and sends the aggregated order for the purchase of 600 XYZ shares to the stock exchange. The aggregated order cannot be executed in its entirety. Instead, only half (50%) of this order can be executed. This means that a total of 300 (50% of 600) XYZ shares are purchased instead of 600 XYZ shares. The following applies with regard to the part of the aggregated order that has been executed:

1. You receive 150 XYZ shares, namely half (50%) of your order for 300 shares.
2. Customer X receives 100 XYZ shares, namely half (50%) of the order for 200 shares.
3. Customer Y receives 50 XYZ shares, namely half (50%) of the order for 100 shares.

5. Orders that exceed a specified threshold

What if you want to give a 'large' order for an investment product? Here, 'large' means a large quantity of that investment product or a large value of that investment product. In that case, your order may exceed the threshold applicable to that investment product. This threshold depends on the following:

- The investment product;
- The stock exchange selected for the execution of your order; and
- The market situation.

As these characteristics may constantly change, there are no fixed thresholds for large orders. The investment adviser plays an important role in this respect. Large orders may disturb the market. Apart from the combination of price and costs, the size of the order and the chance of achieving the full execution of the order are crucial factors for large orders. If you want to give a large order, you can give this order through your investment adviser. The investment adviser will discuss your special wishes for this large order with you and will then pass your order on to a specialised department within ABN AMRO for execution.

As stated in section 4.1 (*What are aggregated orders?*), if you use the bank's portfolio management services, in most cases the bank will aggregate your orders with the orders of other customers of the bank who use the same type of portfolio management service. This ensures that the orders of all customers with the same asset management risk profile are executed in the same manner. As these merged orders are often too large to be simply placed on a stock exchange, they are executed through a broker. Where applicable, this takes place in the form of an 'over the counter' (OTC) transaction, where the bank asks a number of brokers for the price at which they want to execute the order. Alternatively, the bank can request the broker to execute the order whilst ensuring that the size of this order does not disturb the market.

6. Execution of orders for specific investment products

Special situations can apply to certain investment products.
The bank will therefore also look at other characteristics to determine where the bank can execute your order with the best possible result. The bank will do this with the investment products that are mentioned below. For the characteristics and risks of these investment products, see chapter 2 of the Investment Appendix

6.1. How does the bank execute orders for investment funds?

For most investment funds, orders cannot be executed at any time during the hours that a stock exchange is open for business. This means that you can give your order at any time to the bank, but the bank can only execute such an order at one fixed time during the trading day. In the case of these investment funds, the bank looks only at the charges for settling the order. And in this way determines where the bank can execute your order with the best possible result.

There are also investment funds for which the bank can execute your order at any time during the opening hours.

In such cases, the bank chooses the stock exchange according to the customary rules.

6.2. How does the bank execute orders for investment funds using the investor giro?

Certain investment funds can both be bought and sold on a stock exchange, as well as using the investor giro of the bank. If the bank executes your order for these investment funds using the investor giro, then you get the price referred to in section 2.3 of the Investor Giro Conditions (*How does the bank execute my orders for the investor giro?*). Your costs for executing your order using the investor giro are generally lower because the bank aggregates your order with the orders of other customers. See also section 4.1 (*What are aggregated orders?*). The bank will therefore execute orders for investment funds using the investor giro wherever possible – unless you indicate that you do not want the bank to execute your order using the investor giro. More information about the investor giro can be found in the Investor Giro Conditions.

6.3. How does the bank execute orders for investment products that are less actively traded?

What if you give the bank an order for an investment product that is less actively traded? We also refer to these as less liquid investment products. In that case, the bank may not be able to execute your order with the best possible result.
Such situations can occur when, for example, you give the bank an order for an investment product:

- With a limited supply and demand;
- With limited liquidity. This means that this investment product is not easy to buy and sell on a continuous basis; or
- Where it is not clear how the price is determined.

In these situations, you can ask for a better price at another investment firm. You are personally responsible for this. The bank does not need to do this for you.
The bank communicates to you the prices for which the bank can execute your order on the stock exchange for this investment product. If you accept the prices that the bank passes on to you, and you instruct the bank to execute your order, this means that the bank has met its obligations to you in accordance with this policy. If the bank has made this investment product itself or acts as market maker for this product, you can ask the bank in advance how it determines the price for this investment product.

7. Special market conditions

This policy does not apply to special market conditions. This is the case in the following circumstances:

- When the market is extremely volatile, such as in an economic crisis; or
- When systems of the bank or other parties fail.

If special market conditions occur, the bank's key criterion for order execution is that orders are executed in time, if possible. In the case of malfunctions, the bank may not be able to reach all stock exchanges it has selected for the execution of orders. If this happens, the bank will inform you when you give an order to the bank.
The bank has also arranged with most of the brokers that a back-up broker will be on standby. If, for instance, the broker is unable to execute orders due to a technical failure, the back-up broker takes over the broker's tasks in order to execute your order if possible.

8. Monitoring and policy changes

The bank will monitor the quality of this policy. The bank will regularly assess whether the stock exchanges that the bank has selected for the execution of orders are still in line with the policy.

8.1. How do I know whether the bank has changed the policy?

The bank will immediately process changes in this policy if necessary. The bank will inform you of any major and significant changes before these changes will take effect. In the case of less important changes, the bank will post these changes on its website at the time when these take effect. If the bank changes the list of stock exchanges, it will post this amended list on its website.

8.2. How often does the bank review the policy?

The bank will check whether it is still pursuing the right policy at least four times a year. The bank thus guarantees that it can continue to execute your orders with the best possible result.

8.3. Can I ask the bank how it applied the policy when executing my order?

If you want to know how the bank applied the policy when executing your order, you can ask the bank for an explanation.

9. Consent and express consent

Have you received this policy document and subsequently given an order with the bank? Then you accept the bank's policy on order execution. By giving an order, you also indicate that you have read and understood these conditions. And that you have given your consent for your orders to be executed on stock exchanges that are not a regulated market, multilateral trading facility or organised trading facility. If the bank uses an investment firm that is a systematic internaliser, the bank will ask for your consent separately.

By systematic internaliser is meant an investment firm that deals for its own account and at its own risk outside a regulated market or multilateral trading facility. The investment firm does not then execute your order via a stock exchange, but buys the investment products from you, itself, or sells them to you, itself.

ABN AMRO Bank N.V.
Amsterdam, January 2018

ABN AMRO Bank N.V., registered office in Amsterdam
Amsterdam CoC Trade Register no. 34334259

* Call charges: for this call you pay your usual charges set by your telephone provider.

0900 - 0024
Call charges: for this call you pay your usual charges set by your telephone provider.
abnamro.nl