



**RULES FOR BEST EXECUTION OF ORDERS AND RULES FOR PROCESSING ORDERS IN RELATION TO  
THE INVESTMENT INSTRUMENTS EXCEPT REGISTERED SECURITIES OF THE INVESTMENT FUNDS  
MANAGED BY THE COMPANY**

**Generali Investments CEE, investiční společnost, a.s.**

Na Pankráci 1720/123, 140 21 Praha 4

IČ: 43873766

**Generali Investments CEE, investiční společnost, a.s.**  
Na Pankráci 1720/123, 140 21 Praha 4  
IČ: 43873766



**PART 1**

**PROFESSIONAL CLIENT**



Table of contents:

1	INTRODUCTION	4
2	SUMMARY OF TERMS AND ABBREVIATIONS	4
3	ADDRESSEES OF THE ORDER EXECUTION RULES	5
4	BASIC PRINCIPLES OF THE ORDER EXECUTION	5
5	AGGREGATING OF THE ORDERS	6
6	HANDLING OF THE INFORMATION RELATED TO THE EXECUTION OF ORDERS	6
7	BEST EXECUTION OF ORDERS	7
8	EXECUTION VENUES AND CHOICE OF EXECUTION VENUES	8
9	MONITORING AND REGULAR EVALUATION OF THE EFFECTIVENESS OF THE ORDER EXECUTION RULES	8
10	CLIENT'S CONSENTS AND NOTIFICATIONS OF THE EXECUTION OF ORDERS	9
11	ANNEX 1 - LIST OF THE MAIN EXECUTION VENUES	9



## 1 Introduction

Best Execution Rules and Order Processing Rules in Relation to Investment Instruments, Except Registered Securities of Investment Funds Managed by the Company Generali Investments CEE, investiční společnost, a.s. (hereinafter the "**Order Execution Rules**") has been prepared in compliance with the law of the Czech Republic and with the EU legislation as of **15 January 2020**. The Order Execution Rules are available on request in the registered office of the company or at its web site <http://www.generali-investments.cz>.

Generali Investments CEE, investiční společnost, a.s. reserves the right to amend or supplement the Order Execution Rules at any time without prior notice. The up-to-dateness and adequacy of these rules is reviewed at least once a year or in the event of an important change affecting the Company's ability to continue to pursue the goal of achieving the best possible results for its Clients.

The Client will be informed in advance on any important changes. Important changes include, among other things, important changes in the investment instrument market (liquidity, price levels, margins) or in its regulation and important changes relating to order execution venues (inception of new ones or termination of existing ones).

The terms with initial letters written in capital letters, mentioned in this document, have, for the purpose of this document, the meaning defined in the Business Terms and Conditions Regulating the Provision of the Investment Services of Client Asset Management and Investment Advisory Generali Investments CEE, investiční společnost, a.s. if not further stipulated otherwise.

## 2 Summary of Terms and Abbreviations

**Company** – Generali Investments CEE, investiční společnost, a.s., with its registered office in Praha 4, Na Pankráci 1720/123, Post Code 140 21, Czech Republic, Company ID No.: 43873766, entered into the Commercial Register maintained by the Municipal Court in Prague, file number B 1031

**ACBCM** - Act No. 256/2004 Coll., on Conducting Business on the Capital Market, as amended

**AICIF** - Act No. 240/2013 Coll., on Investment Companies and Investment Funds, as amended

**Client** – natural or legal person in contractual relationship with the Company regulating the provision of investment services consisting in the management of the client's assets, receiving and transmitting orders relating to investments instruments and investment advisory services in terms of Section 11 par. 1 letter c), e) and f) of AICIF. For the purpose of this document (Part 1 – Professional Client), the Client is defined as a professional client within the meaning of Sections 2a and 2b ACBCM.

**Business Terms and Conditions** – Business Terms and Conditions Regulating the Provision of the Investment Services of Client Asset Management and Investment Advisory Generali Investments CEE, investiční společnost, a.s. Business Terms and Conditions

**Fund** – Securities Brokers Guarantee Fund

**order** - implementation of the decisions to trade with investment instruments received in connection with the portfolio management or within the service of receiving and transmitting orders

**Portfolio Manager** – an employee of the Company, who is providing management of the Client's asset and give orders, receives orders within the service of receiving and transmitting orders and provides Clients with investment advisory.

**Order execution rules** - this document RULES FOR BEST EXECUTION OF ORDERS AND RULES FOR PROCESSING ORDERS by Generali Investments CEE, investiční společnost, a.s.

### 3 Addressees of the Order Execution Rules

The Company provides the investment service of the Client's assets management which includes an investment instrument on the basis discretion within the framework of a contractual arrangement (portfolio management), receiving and transmitting orders relating to investment instruments and investment advisory services in accordance with the article 11 par. 1 letters c), e) and f) AICIF.

The Order Execution Rules shall apply to processing and executing of the orders, thus implementation of the decisions to trade with investment instruments received in connection with the portfolio management. The Company shall not execute orders, which the Company received within the investments service receiving and transmitting orders relating to investment instruments. Orders received within the investments service receiving and transmitting orders relating to investment instruments are always transmitted to investment firm or other suitable entity, who is entitled to execute the order according to generally binding legal regulation.

The service receiving and transmitting orders relating to investment instruments is provided only to Clients with whom this investment service is negotiated under an investment management contract and for the following investment instruments:

- Stocks
- Bonds

### 4 Basic Principles of Execution and transmitting of orders

The Company transmits and executes the orders as promptly as possible and in a fair and just manner, considering the other orders. Comparable orders shall be transmitted and executed by the Company on the "first issued/received, first served" basis unless the nature of the order or the current situation on the market justified a different approach.

Company is entitled to use a third party to provide the investment service (hereinafter the "services provider") of execution of orders concerning investment instruments in relation to service of portfolio management, if the Company in advance

- evaluates that the services providers are authorized to provide the investment services in accordance with *ACBCM* or similar authorization in the case of a foreign entity
- verifies that providers are obliged to comply and comply with comparable rules for best execution of orders in accordance with applicable legislation
- notifies the client of this fact and
- follows the internal procedures to check whether providers comply with rules for best execution orders

As part of the service of receiving and transmitting orders, the Company always authorizes a third party to execute orders relating to investment instruments in respect of which:

- evaluates that the service providers are authorized to provide the investment service in accordance with the *ACBCM* or a similar authorization in the case of a foreign entity,
- verify that providers are obliged to comply with and comply with comparable rules for best execution of orders in accordance with applicable legislation,
- follows the internal procedures to check whether providers comply with rules for for best execution orders.

The received order can be cancelled by the Customer only if it has not been transmitted to a third party or until irreversible steps have been initiated to execute it.



For a list of entities with which orders are entered or to which the Company transmits orders for execution, see Annex 1. At the request of the Client or potential Client, the Company will provide additional information on entities to which it transmits, or with which it enters, orders for execution.

If a limit order is not executed immediately, the Company shall arrange for executing the order as soon as the conditions on the market allow. When executing orders, the Company abides by the applicable provisions of the ACBCM and the implementing legislation.

In accordance with applicable legislation, annually as of 30 April the Company publishes and annually review on its website a list of the five best execution venues where the Company executes orders, and the top five third parties to whom it transmits orders sorted by type of investment instrument.

The Company receives no fees, rebates or non-cash benefits in connection with directing orders to a particular trading system/execution venue that would contravene the requirements relating to conflicts of interest or incentives.

## **5 Aggregating of the Orders**

The Company is entitled to aggregate orders only with the consent of the Client. Aggregating of the orders means grouping of the individual orders which are to be aggregated into a single aggregated order either exclusively for purchase, or exclusively for sale of the same investment instrument for the account of the Clients.

The sole purpose of aggregating orders is to achieve the most favourable conditions in the implementation of the investment intent for the Clients, primarily:

- a) To execute (via aggregating orders) trades for Clients in smaller volumes than a similar type of trades commonly entails (such as trades with debentures/bonds), or to achieve such terms with respect to such trades that are comparable to trades in standard, high volumes.
- b) To execute trades for Clients in markets or trading systems which must be accessed via third parties whose fees either include a fixed component, or exhibit a degressive character – or constitute a combination of both approaches. In such case, the increase of the total volume of the order reduces the costs of trading in the respective market or trading system, as applicable.
- c) To execute trades for Clients under fair and equitable terms when all clients wish to purchase/sell the same investment instrument at one moment

The aim of aggregating orders is to achieve more favourable conditions for the Client; hence, the procedure is only implemented if more favourable conditions are likely to attain. Nonetheless, the aggregation of an order may ultimately be less favourable for the Client than a separate execution thereof.

The allocation of performance and commitments from an aggregated order and trade, including the determination of the influence which the volume and price of the trade have on the allocation of performance and commitments from the executed aggregated order and the rules of allocation in the case of a partial execution of order, is implemented in such manner that the allocation is fair and equitable and sufficiently accurate for each Client.

## **6 Handling of the Information Related to the Execution of Orders**

If a Client's limit order concerning an investment instrument which is a share or a similar security is not executed without undue delay, the Company makes the information regarding



the order available to the other participants on the regulated market or the multilateral trading facility, only in case of the Client's explicit prior consent.

## **7 Best Execution of Orders**

The Company has adopted rules which should guarantee the best possible result for the Client.

When applying these rules, the Company takes account of the factors important from the perspective of the purpose of executing or transmitting the order.

When determining the factors important for the execution of orders, the Company evaluates the following criteria:

- (a) nature of the order;
- (b) type of the investment instrument to which the order relates;
- (c) the nature of the execution venue where the order is to be executed;
- (d) the Portfolio Manager's discretion and intentions, such as the speed and the likelihood of execution of the order;
- (e) specific requirements of the Client concerning the order in case of receiving of order of the Client.

The Company considers the price achievable in the execution venue or of the third party and the costs of executing the order to be the relatively most important factors. This does not mean, however, that with respect to the available information regarding the current situation on the markets in investment instruments, the Company may not prioritize other factors when executing orders.

When selecting an execution venue or the third party, the Company takes into account the following factors, sorted by importance:

<b>Execution venue selection factor</b>	<b>Factor type</b>	<b>Relative importance</b>
Investment instrument price achievable in the execution venue	Quantitative	High
Costs of executing and settling the order	Quantitative	High
Speed of order execution	Quantitative	High
Volume of the requested trade	Quantitative	High
Probability of order execution	Qualitative	High
Probability of order settlement	Qualitative	Medium
Investment instrument's liquidity	Qualitative/Quantitative	Medium
Trade settlement currency	Qualitative	Medium
Terms of trade settlement, clearing systems, interruption mechanisms, planned measures	Qualitative	Low
Type of order	Qualitative	Low

## **8 Execution Venues and Choice of Execution Venues**

The Company shall select the execution venue or the third party which will allow best execution of the Client's order. When selecting a particular execution venue or the third party, the Company shall take into consideration the respective investment instrument and the specific features thereof as well as the specific features of the respective execution venue or the third party. For each order, the Company shall evaluate the execution venue or the third party selection factors described in Section 7 and shall select the execution venue or the third party that enables the respective order to be executed under the best possible terms. Where preference of a certain factor (e.g. speed) over price and costs is required for a particular order, greater weight will be attributed to that factor in the evaluation process.

If the execution venues or the third parties are comparable in terms of the above factors, the Company shall consider only the costs of executing the order in the individual venues or the third party, including its own commission.

As soon as the execution venue or the third party is selected, the order will be transmitted for execution to the venue where it stays until execution or partial execution, or until the validity of the order expires or the order is cancelled.

In compliance with the Order Execution Rules, the Company executes or transmits orders by one of the following methods or a combination thereof:

- (a) The order can be executed directly on a regulated market or a multilateral trading facility. If the Company is not a direct member of the regulated market or the multilateral trading facility, the Company is entitled to enter the regulated market or the multilateral trading facility through the medium of a third party for the purpose of executing the order, such as a participant in the regulated market or a participant in the multilateral trading facility;
- (b) The order, within the service of portfolio management of the Client's assets, can be transmitted for execution to another investment firm (securities broker/dealer) or any other suitable person, who is entitled to execute order according to generally binding regulation.
- (c) With the Client's prior express consent and observing the Order Execution Rules, the Company is entitled to execute the order outside a regulated market or multilateral trading facility;
- (d) In the case of collective investment securities, the order can be transmitted for execution to an authorized broker (transfer agent).

In legitimate cases, orders may be executed outside a trading system, which may expose the Client to counterparty risk.

For a list of main execution venues and a list of third parties with which orders are entered or to which the Company may transmit Clients' orders for further processing, see Annex 1 of this document.

## **9 Monitoring and Regular Evaluation of the Effectiveness of the Order Execution Rules**

The Company shall regularly, on a quarterly basis, evaluate whether the Order Execution Rules are effective and whether their application indeed guarantees best execution of orders for the Clients. Shortcomings (if any) are eliminated without undue delay.

Execution venues and third parties with which the Company enters orders or to which the Company transmits orders for execution are evaluated for both quantitative (retrospective evaluation of the frequency of best price provision and other factors) and qualitative (negative references in the media, benchmarks, operational problems, quality of communication and settlement, experience with the back office, etc.) parameters as part of the evaluation process.



## 10 Client's Consents and Notifications of the Execution of Orders

Before executing any order, the Company is obliged to obtain the Client's consent with these Order Execution Rules. If the Client does not consent with these Order Execution Rules, the CMUA and the implementing legislation prohibit the Company from providing the investment service portfolio management to the Client.

Before executing an order outside a regulated market or a multilateral trading facility, the Company is obliged to obtain the Client's consent with such procedure. The Client is aware of and agrees that if he or she fails to give the Company his/her consent with executing orders outside a regulated market or a multilateral trading facility, the Client risks that the Company will be unable to provide the investment service portfolio management to investment instruments which are not traded on regulated markets or multilateral trading facilities.

Within the investment service of receiving and transmitting of orders relating to investment instruments, the Company provides the Customer with confirmation of the execution of the order immediately upon its receipt from the person executing the order.

## 11 Annex 1 - List of the Main Execution Venues

For order execution and transmitting, the Company significantly relies on the following execution venues and, where relevant, the following entities with which orders are entered or to which the Company transmits orders for execution.

### Securities

The Company entrusts a third party with trades in securities. Examples of specific third parties are as follows:

- **Concorde Securities Private Limited**, with the registered office: 1123 Budapest, Alkotás u. 50, Hungary, entered into the Commercial Register maintained by the Metropolitan Court of Registration in Budapest, file number 01-10-043521,
- **Česká spořitelna, a.s.**, with the registered office: Praha 4, Olbrachtova 1929/62, Czech Republic, ID No: 45244782, entered into the Commercial Register maintained by the Municipal Court in Prague, file number B 1171,
- **Komerční banka, a.s.**, with the registered office: Praha 1, Na Příkopě 969/33, Czech Republic, ID No: 45317054, entered into the Commercial Register maintained by the Municipal Court in Prague, file number B 1360,
- **Merrill Lynch International**, with the registered office: Farring Don Road, EC1M 3NH, London, Great Britain,
- **Patria Finance, a.s.**, with the registered office: Výmolova 353/3, Radlice, 150 00 Praha 5, Delivery postal code: 15027, Czech Republic, ID No: 26455064, entered into the Commercial Register maintained by the Municipal Court in Prague, file number B 7215,
- **PPF banka a.s.** with the registered office: Praha 6, Evropská 2690/17, 16041, Czech Republic, ID No: 47116129, entered into the Commercial Register maintained by the Municipal Court in Prague, file number B 1834,
- **Raiffeisen Centrobank AG**, with the registered office: Tegetthoffstrasse 1, 1010 Vienna, Austria,
- **SWISS CAPITAL S.A.**, with the registered office: Bulevardul Dacia 20, 013714 Bucharest, Romania, entered into Trade Register, registration no. J40/4107/1996.
- **WOOD & Company Financial Services a. s.**, with the registered office: Praha 1, Palladium, Náměstí Republiky, 1079/1a, Czech Republic, ID No: 26503808, entered into the Commercial Register maintained by the Municipal Court in Prague, file number B 7484.

When providing the investment service of receiving and transmitting orders, a third party is always authorized.

When the Company is not transmitting orders for execution to third party, the Company usually employs, when trading in securities, regulated markets according to the place of issue of the respective share. If the respective share is traded on more than one regulated market, the Company gives preference to the market that enables the respective order to be executed under the best possible terms with respect to the execution venue selection factors under consideration.

Examples of the individual execution venues employed by the Company in the respective European countries including references to the websites of the respective execution venues where the clients can get acquainted with the trading conditions and the trading time schedule:

Czech Republic	Burza cenných papírů Praha [Prague Stock Exchange] ( <a href="http://www.pse.cz">www.pse.cz</a> )
Germany	XETRA Frankfurt ( <a href="http://www.xetra.de">www.xetra.de</a> ), EUWAX ( <a href="http://www.euwax.de">www.euwax.de</a> )
Austria	Vienna Stock Exchange ( <a href="http://www.wienerborse.at">www.wienerborse.at</a> )
Poland	Warsaw Stock Exchange ( <a href="http://www.gpw.pl">www.gpw.pl</a> )
Hungary	Budapest Stock Exchange ( <a href="http://www.bse.hu">www.bse.hu</a> )
Switzerland	Zurich Stock Exchange ( <a href="http://www.swx.com/index_en.html">www.swx.com/index_en.html</a> )
France	Paris Stock Exchange ( <a href="http://www.euronext.com">www.euronext.com</a> )
Great Britain	London Stock Exchange ( <a href="http://www.londonstockexchange.com">www.londonstockexchange.com</a> ) FTSE International ( <a href="http://www.londonstockexchange.com">www.londonstockexchange.com</a> )
Spain	Madrid Stock Exchange ( <a href="http://www.bolsamadrid.es">www.bolsamadrid.es</a> )
Benelux, Portugal	Euronext ( <a href="http://www.euronext.com">www.euronext.com</a> )
Russia	MICEX ( <a href="http://www.micex.com">www.micex.com</a> )

As concerns trades in shares issued in North America, the Company usually employs the following execution venues:

NASDAQ ([www.nasdaq.com](http://www.nasdaq.com)), New York Exchange ([www.nyse.com](http://www.nyse.com)), American Stock Exchange ([www.amex.com](http://www.amex.com))

As concerns trades in shares issued in other countries, the Company chooses a regulated market in the respective country according to the current market conditions or employs the markets in Germany and Great Britain, provided the respective share is traded on such markets.

The Prague Stock Exchange website [www.pse.cz](http://www.pse.cz), the “world exchanges” section, provides information to the clients about the conditions of trading and the trading time schedule in the other execution venues which can be chosen by the Company for the execution of the client’s order according to the preceding text.



## **Bonds**

Bonds are usually traded by the Company on the OTC (over-the-counter) markets or multilateral trading facilities. As concerns transactions with bonds the Company can employ a third party. Examples of specific third parties are:

Česká spořitelna, a.s., with its registered office at: Prague 4, Olbrachtova 1929/62, Postal Code 140 00, ID No. : 45244782, registered in the Commercial Register maintained by the Municipal Court in Prague, Section B, File 1171,

PPF banka a.s. with the registered office: Praha 6, Evropská 2690/17, 16041, Czech Republic, ID No: 47116129, entered into the Commercial Register maintained by the Municipal Court in Prague, file number B 1834

Komerční banka, a.s., with its registered office at Prague 1, Na Příkopě 33 No. 969, postal code 114 07, ID No. : 45317054, registered in the Commercial Register maintained by the Municipal Court in Prague, Section B, File 1360

When providing the investment service of receiving and transmitting orders, a third party is always authorized.

## **Derivatives traded on the regulated markets**

As concerns transactions with derivatives admitted to trading on the regulated markets, the Company employs a third party, EUWAX ([www.euwax.de](http://www.euwax.de)) and EURONEXT ([www.euronext.com](http://www.euronext.com)) or another market with better liquidity and better resulting consequences for the client, or the OTC markets.

## **Other derivatives**

Derivatives which are not admitted to trading on the regulated markets are traded by the Company on the OTC markets, in compliance with its internal regulations.

## **Money market instruments**

The Company executes transactions with money market instruments usually on the OTC markets. In order to participate in the primary auctions of the Treasury Bills of the Czech Republic, the Company employs third parties who are direct participants in said auctions.

## **Other assets**

The Company proceeds according to the specific rules laid down in the internal regulation and communicates these rules at the Customer's request.

## **Third parties for OTC trades**

On the OTC markets, the Company trades with counterparties approved as part of an internal process. Criteria for accepting a counterparty for OTC trading include but are not limited to: credit quality, operational risks, and the quality of contractual documentation.

## **Company's information about the authorization to transmit orders to third parties for execution**



The Company is, in compliance with the applicable legislation, entitled to transmit orders to third parties for execution, provided the respective third parties possess licences to provide investment services and provided they are members of the execution venue or the multilateral trading facility which was chosen for the execution of the orders. Before the Company transmits the order to the third party for execution, the Company is obliged to check whether the respective third party has introduced rules and adopted measures which ensure execution of the client's order under the best conditions.

### **Securities financing transactions (SFTs)**

The Company carries out SFTs, in particular repo transactions and buy/sell transactions, in accordance with applicable legislation. Such transactions are entered into with counterparties approved for the respective type of transaction with which the required contractual documentation has been concluded. The key factors considered during the approval process are as follows: the counterparty's credit rating, country of origin, asset structure and legal status; the regulatory supervision which the counterparty is subject to; the counterparty's financial strength, internal control processes and reputation; and political and other factors that could influence the stability of markets where the counterparty operates. Any type of asset that conforms to the REGULATION (EU) 2015/2365 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012 on SFTs can be used for such transactions.

**Generali Investments CEE, investiční společnost, a.s.**  
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**PART 2**

**RETAIL CLIENT**

**Table of contents:**

12	INTRODUCTION	15
13	SUMMARY OF TERMS AND ABBREVIATIONS	15
14	ADDRESSEES OF THE ORDER EXECUTION RULES	16
15	BASIC PRINCIPLES OF THE ORDER EXECUTION	16
16	AGGREGATING OF THE ORDERS	16
17	HANDLING OF THE INFORMATION RELATED TO THE EXECUTION OF ORDERS	17
18	BEST EXECUTION OF ORDERS	17
19	EXECUTION VENUES AND CHOICE OF EXECUTION VENUES	18
20	MONITORING AND REGULAR EVALUATION OF THE EFFECTIVENESS OF THE ORDER EXECUTION RULES	19
21	CLIENT'S CONSENTS AND NOTIFICATIONS OF THE EXECUTION OF ORDERS	19
22	ANNEX 1 - LIST OF THE MAIN EXECUTION VENUES	19



## 12 Introduction

Best Execution Rules and Order Processing Rules in Relation to Investment Instruments, Except Registered Securities of Investment Funds Managed by the Company Generali Investments CEE, investiční společnost, a.s. (hereinafter the "**Order Execution Rules**") has been prepared in compliance with the law of the Czech Republic and with the EU legislation as of **15 January 2020**. The Order Execution Rules are available on request in the registered office of the company or at its web site <http://www.generali-investments.cz>.

Generali Investments CEE, investiční společnost, a.s. reserves the right to amend or supplement the Order Execution Rules at any time without prior notice. The up-to-dateness and adequacy of these rules is reviewed at least once a year or in the event of an important change affecting the Company's ability to continue to pursue the goal of achieving the best possible results for its Clients.

The Client will be informed in advance on any important changes. Important changes include, among other things, important changes in the investment instrument market (liquidity, price levels, margins) or in its regulation and important changes relating to order execution venues (inception of new ones or termination of existing ones).

The terms with initial letters written in capital letters, mentioned in this document, have, for the purpose of this document, the meaning defined in the Business Terms and Conditions Regulating the Provision of the Investment Services of Client Asset Management and Investment Advisory Generali Investments CEE, investiční společnost, a.s. if not further stipulated otherwise.

## 13 Summary of Terms and Abbreviations

**Company** – Generali Investments CEE, investiční společnost, a.s., with its registered office in Praha 4, Na Pankráci 1720/123, Post Code 140 21, Czech Republic, Company ID No.: 43873766, entered into the Commercial Register maintained by the Municipal Court in Prague, file number B 1031

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**Client** – natural or legal person in contractual relationship with the Company regulating the provision of investment services consisting in the management of the client's assets and investment advisory services in terms of Section 11 par. 1 letter c) and f) of AICIF. For the purpose of this document (Part 2 – Retail Client), the Client is defined as a retail client within the meaning of Sections 2a and 2b ACBCM.

**Business Terms and Conditions** – Business Terms and Conditions Regulating the Provision of the Investment Services of Client Asset Management and Investment Advisory Generali Investments CEE, investiční společnost, a.s. Business Terms and Conditions

**Fund** – Securities Brokers Guarantee Fund

**order** - implementation of the decisions to trade with investment instruments received in connection with the portfolio management

**Portfolio Manager** – an employee of the Company, who is providing management of the Client's asset and give orders

**Order execution rules** - This document RULES FOR BEST EXECUTION OF ORDERS AND RULES FOR PROCESSING ORDERS by Generali Investments CEE, investiční společnost, a.s.



## **14 Addressees of the Order Execution Rules**

The Company provides the investment service of the client's assets management which includes an investment instrument on the basis discretion within the framework of a contractual arrangement (portfolio management) and investment advisory services in accordance with the article 11 par. 1 letters c) and f) AICIF.

The Order Execution Rules shall apply to processing and executing of the orders, thus implementation of the decisions to trade with investment instruments received in connection with the portfolio management.

## **15 Basic Principles of the Order Execution**

The Company executes the orders as promptly as possible and in a fair and just manner, considering the other orders. Comparable orders shall be executed by the Company on the "first issued, first served" basis unless the nature of the order or the current situation on the market justified a different approach.

Within the service of portfolio management of Client assets the Company is entitled to use a third party to provide the investment service (hereinafter the "services provider") of execution of orders concerning investment instruments, if the Company in advance

- evaluates that the services providers are authorized to provide the investment services in accordance with *ACBCM* or similar authorization in the case of a foreign entity
- verifies that providers are obliged to comply and comply with comparable rules for best execution of orders in accordance with applicable legislation
- notifies the client of this fact and
- follows the internal procedures to check whether providers comply with rules for best execution orders

For a list of entities with which orders are entered or to which the Company transmits orders for execution, see Annex 1. At the request of the Client or potential Client, the Company will provide additional information on entities to which it transmits, or with which it enters, orders for execution.

If a limit order is not executed immediately, the Company shall arrange for executing the order as soon as the conditions on the market allow. When executing orders, the Company abides by the applicable provisions of the *ACBCM* and the implementing legislation.

In accordance with applicable legislation, annually as of 30 April the Company publishes and annually reviews on its website a list of the five best execution venues where the Company executes orders, sorted by type of investment instrument.

The Company receives no fees, rebates or non-cash benefits in connection with directing orders to a particular trading system/execution venue that would contravene the requirements relating to conflicts of interest or incentives.

## **16 Aggregating of the Orders**

The Company is entitled to aggregate orders only with the consent of the Client. Aggregating of the orders means grouping of the individual orders which are to be aggregated into a single aggregated order either exclusively for purchase, or exclusively for sale of the same investment instrument for the account of the Clients.





The sole purpose of aggregating orders is to achieve the most favourable conditions in the implementation of the investment intent for the Clients, primarily:

- a) To execute (via aggregating orders) trades for Clients in smaller volumes than a similar type of trades commonly entails (such as trades with debentures/bonds), or to achieve such terms with respect to such trades that are comparable to trades in standard, high volumes.
- b) To execute trades for Clients in markets or trading systems which must be accessed via third parties whose fees either include a fixed component, or exhibit a degressive character – or constitute a combination of both approaches. In such case, the increase of the total volume of the order reduces the costs of trading in the respective market or trading system, as applicable.
- c) To execute trades for Clients under fair and equitable terms when all clients wish to purchase/sell the same investment instrument at one moment

The aim of aggregating orders is to achieve more favourable conditions for the Client; hence, the procedure is only implemented if more favourable conditions are likely to attain. Nonetheless, the aggregation of an order may ultimately be less favourable for the Client than a separate execution thereof.

The allocation of performance and commitments from an aggregated order and trade, including the determination of the influence which the volume and price of the trade have on the allocation of performance and commitments from the executed aggregated order and the rules of allocation in the case of a partial execution of order, is implemented in such manner that the allocation is fair and equitable and sufficiently accurate for each Client.

## **17 Handling of the Information Related to the Execution of Orders**

If a Client's limit order concerning an investment instrument which is a share or a similar security is not executed without undue delay, the Company makes the information regarding the order available to the other participants on the regulated market or the multilateral trading facility, only in case of the Client's explicit prior consent.

## **18 Best Execution of Orders**

The Company has adopted rules which should guarantee the best possible result for the Client.

When applying these rules, the Company takes account of the factors important from the perspective of the purpose of executing the order.

When determining the factors important for the execution of orders, the Company evaluates the following criteria:

- (a) nature of the order;
- (b) type of the investment instrument to which the order relates;
- (c) the nature of the execution venue where the order is to be executed.
- (d) the Portfolio Manager's discretion and intentions, such as the speed and the likelihood of execution of the order.

The Company considers the price achievable in the execution venue and the costs of executing the order to be the relatively most important factors. This does not mean, however, that with respect to the available information regarding the current situation on the markets in investment instruments, the Company may not prioritize other factors when executing orders.

When selecting an execution venue, the Company takes into account the following factors, sorted by importance:

Execution venue selection factor	Factor type	Relative importance
Investment instrument price achievable in the execution venue	Quantitative	High
Costs of executing and settling the order	Quantitative	High
Speed of order execution	Quantitative	Low
Volume of the requested trade	Quantitative	Low
Probability of order execution	Qualitative	Low
Probability of order settlement	Qualitative	Low
Investment instrument's liquidity	Qualitative/Quantitative	Low
Trade settlement currency	Qualitative	Low
Terms of trade settlement, clearing systems, interruption mechanisms, planned measures	Qualitative	Low
Type of order	Qualitative	Low

## 19 Execution Venues and Choice of Execution Venues

The Company shall select the execution venue which will allow best execution of the Client's order. When selecting a particular execution venue, the Company shall take into consideration the respective investment instrument and the specific features thereof as well as the specific features of the respective execution venue. For each order, the Company shall evaluate the execution venue selection factors described in Section 18 and shall select the execution venue that enables the respective order to be executed under the best possible terms. Where preference of a certain factor (e.g. speed) over price and costs is required for a particular order, greater weight will be attributed to that factor in the evaluation process.

If the execution venues are comparable in terms of the above factors, the Company shall consider only the costs of executing the order in the individual venues, including its own commission.

As soon as the execution venue is selected, the order will be transmitted for execution to the venue where it stays until execution or partial execution, or until the validity of the order expires or the order is cancelled.

In compliance with the Order Execution Rules, the Company executes orders by one of the following methods or a combination thereof:

- (a) The order can be executed directly on a regulated market or a multilateral trading facility. If the Company is not a direct member of the regulated market or the multilateral trading facility, the Company is entitled to enter the regulated market or the multilateral trading facility through the medium of a third party for the purpose of executing the order, such as a participant in the regulated market or a participant in the multilateral trading facility;
- (b) The order can be transmitted for execution to another investment firm (securities broker/dealer) or any other suitable person.
- (c) With the Client's prior express consent and observing the Order Execution Rules, the Company is entitled to execute the order outside a regulated market or multilateral trading facility;



- (d) In the case of collective investment securities, the order can be transmitted for execution to an authorized broker (transfer agent).

In legitimate cases, orders may be executed outside a trading system, which may expose the Client to counterparty risk.

For a list of main execution venues and a list of third parties with which orders are entered or to which the Company may transmit Clients' orders for further processing, see Annex 1 of this document.

## **20 Monitoring and Regular Evaluation of the Effectiveness of the Order Execution Rules**

The Company shall regularly, on a quarterly basis, evaluate whether the Order Execution Rules are effective and whether their application indeed guarantees best execution of orders for the Clients. Shortcomings (if any) are eliminated without undue delay.

Execution venues and third parties with which the Company enters orders or to which the Company transmits orders for execution are evaluated for both quantitative (retrospective evaluation of the frequency of best price provision and other factors) and qualitative (negative references in the media, benchmarks, operational problems, quality of communication and settlement, experience with the back office, etc.) parameters as part of the evaluation process.

## **21 Client's Consents and Notifications of the Execution of Orders**

Before executing any order, the Company is obliged to obtain the Client's consent with these Order Execution Rules. If the Client does not consent with these Order Execution Rules, the CMUA and the implementing legislation prohibit the Company from providing the investment service portfolio management to the Client.

Before executing an order outside a regulated market or a multilateral trading facility, the Company is obliged to obtain the Client's consent with such procedure. The Client is aware of and agrees that if he or she fails to give the Company his/her consent with executing orders outside a regulated market or a multilateral trading facility, the Client risks that the Company will be unable to provide the investment service portfolio management to investment instruments which are not traded on regulated markets or multilateral trading facilities.

## **22 Annex 1 - List of the Main Execution Venues**

For order execution, the Company significantly relies on the following execution venues and, where relevant, the following entities with which orders are entered or to which the Company transmits orders for execution.

### **Securities**

The Company entrusts a third party with trades in securities. Examples of specific third parties are as follows:

- **Concorde Securities Private Limited**, with the registered office: 1123 Budapest, Alkotás u. 50, Hungary, entered into the Commercial Register maintained by the Metropolitan Court of Registration in Budapest, file number 01-10-043521,
- **Česká spořitelna, a.s.**, with the registered office: Praha 4, Olbrachtova 1929/62, Czech Republic, ID No: 45244782, entered into the Commercial Register maintained by the Municipal Court in Prague, file number B 1171,

- **Komerční banka, a.s.**, with the registered office: Praha 1, Na Příkopě 969/33, Czech Republic, ID No: 45317054, entered into the Commercial Register maintained by the Municipal Court in Prague, file number B 1360,
- **Merrill Lynch International**, with the registered office: Farring Don Road, EC1M 3NH, London, Great Britain,
- **Patria Finance, a.s.**, with the registered office: Výmolova 353/3, Radlice, 150 00 Praha 5, Delivery postal code: 15027, Czech Republic, ID No: 26455064, entered into the Commercial Register maintained by the Municipal Court in Prague, file number B 7215,
- **PPF banka a.s.** with the registered office: Praha 6, Evropská 2690/17, 16041, Czech Republic, ID No: 47116129, entered into the Commercial Register maintained by the Municipal Court in Prague, file number B 1834,
- **Raiffeisen Centrobank AG**, with the registered office: Tegetthoffstrasse 1, 1010 Vienna, Austria,
- **SWISS CAPITAL S.A.**, with the registered office: Bulevardul Dacia 20, 013714 Bucharest, Romania, entered into Trade Register, registration no. J40/4107/1996.
- **WOOD & Company Financial Services a. s.**, with the registered office: Praha 1, Palladium, Náměstí Republiky, 1079/1a, Czech Republic, ID No: 26503808, entered into the Commercial Register maintained by the Municipal Court in Prague, file number B 7484.

Otherwise the Company usually employs, when trading in securities, regulated markets according to the place of issue of the respective share. If the respective share is traded on more than one regulated market, the Company gives preference to the market that enables the respective order to be executed under the best possible terms with respect to the execution venue selection factors under consideration.

Examples of the individual execution venues employed by the Company in the respective European countries including references to the websites of the respective execution venues where the clients can get acquainted with the trading conditions and the trading time schedule:

Czech Republic	Burza cenných papírů Praha [Prague Stock Exchange] ( <a href="http://www.pse.cz">www.pse.cz</a> )
Germany	XETRA Frankfurt ( <a href="http://www.xetra.de">www.xetra.de</a> ), EUWAX ( <a href="http://www.euwax.de">www.euwax.de</a> )
Austria	Vienna Stock Exchange ( <a href="http://www.wienerborse.at">www.wienerborse.at</a> )
Poland	Warsaw Stock Exchange ( <a href="http://www.gpw.pl">www.gpw.pl</a> )
Hungary	Budapest Stock Exchange ( <a href="http://www.bse.hu">www.bse.hu</a> )
Switzerland	Zurich Stock Exchange ( <a href="http://www.swx.com/index_en.html">www.swx.com/index_en.html</a> )
France	Paris Stock Exchange ( <a href="http://www.euronext.com">www.euronext.com</a> )
Great Britain	London Stock Exchange ( <a href="http://www.londonstockexchange.com">www.londonstockexchange.com</a> ) FTSE International ( <a href="http://www.londonstockexchange.com">www.londonstockexchange.com</a> )
Spain	Madrid Stock Exchange ( <a href="http://www.bolsamadrid.es">www.bolsamadrid.es</a> )
Benelux, Portugal	Euronext ( <a href="http://www.euronext.com">www.euronext.com</a> )
Russia	MICEX ( <a href="http://www.micex.com">www.micex.com</a> )

As concerns trades in shares issued in North America, the Company usually employs the following execution venues:



NASDAQ ([www.nasdaq.com](http://www.nasdaq.com)), New York Exchange ([www.nyse.com](http://www.nyse.com)), American Stock Exchange ([www.amex.com](http://www.amex.com))

As concerns trades in shares issued in other countries, the Company chooses a regulated market in the respective country according to the current market conditions or employs the markets in Germany and Great Britain, provided the respective share is traded on such markets.

The Prague Stock Exchange website [www.pse.cz](http://www.pse.cz), the “world exchanges” section, provides information to the clients about the conditions of trading and the trading time schedule in the other execution venues which can be chosen by the Company for the execution of the client’s order according to the preceding text.

### **Bonds**

Bonds are usually traded by the Company on the OTC (over-the-counter) markets or on multilateral trading facilities. As concerns transactions with bonds the Company can employ a third party. Concrete examples of third parties:

Česká spořitelna, a.s., with its registered office at: Prague 4, Olbrachtova 1929/62, Postal Code 140 00, ID No.: 45244782, registered in the Commercial Register maintained by the Municipal Court in Prague, Section B, File 1171,

PPF banka a.s. with the registered office: Praha 6, Evropská 2690/17, 16041, Czech Republic, ID No: 47116129, entered into the Commercial Register maintained by the Municipal Court in Prague, file number B 1834,

Komerční banka, a.s., with its registered office at Prague 1, Na Příkopě 33 No. 969, postal code 114 07, ID No.: 45317054, registered in the Commercial Register maintained by the Municipal Court in Prague, Section B, File 1360

### **Derivatives traded on the regulated markets**

As concerns transactions with derivatives admitted to trading on the regulated markets, the Company employs a third party, EUWAX ([www.euwax.de](http://www.euwax.de)) and EURONEXT ([www.euronext.com](http://www.euronext.com)) or another market with better liquidity and better resulting consequences for the client, or the OTC markets.

### **Other derivatives**

Derivatives which are not admitted to trading on the regulated markets are traded by the Company on the OTC markets, in compliance with its internal regulations.

### **Money market instruments**

The Company executes transactions with money market instruments usually on the OTC markets. In order to participate in the primary auctions of the Treasury Bills of the Czech Republic, the Company employs third parties who are direct participants in said auctions.

### **Other assets**

The Company proceeds according to the specific rules laid down in the internal regulation and communicates these rules at the Customer's request.

### **Third parties for OTC trades**

**Generali Investments CEE, investiční společnost, a.s.**

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IČ: 43873766



On the OTC markets, the Company trades with counterparties approved as part of an internal process. Criteria for accepting a counterparty for OTC trading include but are not limited to: credit quality, operational risks, and the quality of contractual documentation.

**Company's information about the authorization to transmit orders to third parties for execution**

The Company is, in compliance with the applicable legislation, entitled to transmit orders to third parties for execution, provided the respective third parties possess licences to provide investment services and provided they are members of the execution venue or the multilateral trading facility which was chosen for the execution of the orders. Before the Company transmits the order to the third party for execution, the Company is obliged to check whether the respective third party has introduced rules and adopted measures which ensure execution of the client's order under the best conditions.