

**Öhman Bank S.A.**  
**Execution policy**

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## 1 Introduction

### 1.1 Objectives

The aim with this policy is to describe Öhman Bank's (hereinafter "the Bank" or "Öhman") Best execution policy (the "Policy"). It is based on the requirements in Article 27 of EU directive 2014/65/EU, as well as any Luxembourg or European law or regulation (hereinafter "MiFID II").

The Bank is a part of a Swedish family owned financial group founded in 1906 with the parent company E. Öhman J:or AB (the "Group"). The Group offers financial services with emphasis in asset management and private banking. The Group is represented in Sweden and Luxembourg.

The Bank holds a banking licence from, and is supervised by, the Commission de Surveillance du Secteur Financier ([www.cssf.lu](http://www.cssf.lu)) in Luxembourg. The Bank offers private banking services, on either advisory or discretionary basis, to High Net Worth Individuals as well as trade execution for institutional style investors.

### 1.2 Scope

Best execution includes an obligation to implement processes that contribute to best execution and make it possible to document achieved results. This execution policy defines best execution and it describes how the Bank has organised its trading on behalf of clients in financial instruments to obtain best execution.

This policy applies to **retail** and **professional** clients. There are some differences in how client orders are handled depending on whether a client is professional or retail. Note that this policy does not apply to clients classified as eligible counterparties.

**The Bank would like to draw the attention to that if a Client gives the Bank a specific instruction in relation to an order, then such instructions may prevent the Bank from performing best execution. As a result the Bank may not obtain the best possible result.**

**Best execution does not apply to FX spots, loan agreements and deposits.**

Regardless of the scope of this policy, the Bank will always act in the client's best interest.

## 2 Best execution

When executing client orders in financial instruments, the Bank will take all sufficient steps to obtain the best possible result for its clients on a continuous basis, taking into account the price, cost, speed, likelihood of execution and settlement, size, nature and any other factor relevant for the execution of the order. In addition to the aforementioned factors the Bank will consider the MiFID classification of the client, the characteristics of the client order, the characteristics of the financial instruments that are part of the order and finally where the orders may be placed. This means that when Öhman acts on behalf of a client, it has the obligation to deliver the best result to the client.

### 2.1 Retail clients

When the Bank executes orders on behalf of retail clients the provision of best execution will be determined in terms of total consideration. Total consideration means that the price of the relevant

financial instrument plus the costs related to the execution when passed on to the client is prioritised. These costs include expenses incurred that are directly related to the execution of the order, processing costs, clearing and settlement costs as well as stamp duty and financial transactions tax.

## 2.2 Professional clients

When executing an order for a professional client it is the Bank's aim to obtain the best possible result. However, speed and likelihood of execution may in some situations be prioritised over price and costs.

## 2.3 Timing and execution of orders

In cases where a client does not give specific instructions, the Bank will disclose and commence the execution of the order immediately after the receipt of the order from the client. If orders are received outside the marketplace opening hours, orders will normally be executed when the marketplace reopens.

## 3 Governance

### 3.1 Monitoring and review

Best execution procedures are in place to monitor execution quality. This includes continuous and thorough monitoring of the execution quality and the appropriateness of the execution arrangements. Where available, prices are benchmarked against relevant external reference prices to ensure that best execution is achieved on a consistent basis.

This Policy is subject to review at least annually, and when an update is needed due to material changes in the execution processes.

### 3.2 Execution venues

The Bank may transmit and execute orders on the following venues:

- ❖ A regulated market.
- ❖ Multilateral trading facilities ("MTF").
- ❖ Organised trading facilities ("OTF").
- ❖ Systematic Internalisers ("SI").
- ❖ Other brokers and market makers.

Client orders may be executed over-the-counter (OTC), *outside a trading venue*, the Bank may have asked its clients in certain product areas to consent to this under the standard documentation available to them.

### 3.3 Selection criteria for Execution firms

When the Bank executes orders on behalf of clients and when receiving and transmitting client orders it will choose an Executing firm for the execution of orders in accordance with this policy.

The Bank only selects Executing firms which are able to demonstrate to the Bank that they have in place execution arrangements, on a general and consistent basis, to achieve the best possible result for the Bank's Clients.

The Execution factors that the Bank will consider when choosing an Executing firm are as follows, in descending order:

- ❖ The Executing Firm's technical capabilities, prices, costs, liquidity and speed of execution and settlement.
- ❖ The Executing Firm's financial health.
- ❖ Depending on the situation, other complementary factors, such as market power, reputation, historic relationship etc., may be taken into account to obtain best execution on a consistent basis.

The Bank assesses, on an on-going basis, whether the Executing firms that the Bank has chosen to ensure best execution continue to meet the Bank's requirements. If not, the Bank will make the necessary changes.

### **3.4 Ranking of the top five execution venues and information on quality of execution**

For each class of financial instruments the Bank will publish on its website the ranking of the top five execution firms where trades have been transmitted to or placed along with information on the quality of execution obtained. This will be published based on Client Orders executed in the previous calendar year. This annual report will be available on the Bank's website starting April 2018.

### **3.5 Acceptance**

When signing a client agreement with the Bank, new clients are asked to accept the Bank's Execution policy. Later updates will be published on the Bank's website. The Bank shall consider these amendments approved by its clients if it has not received any written objection from clients within 30 days of notification or if clients carry out transactions before this deadline.

### **3.6 Complaints**

Any complaint concerning this policy can be sent to: [complaints@ohman.lu](mailto:complaints@ohman.lu)

## **4 Financial Instruments**

Financial instruments is defined in EU directive 2014/65/EU, Annex I; List of services and activities and financial instruments, section c financial instruments.

For all financial instrument categories clients normally trade with the Bank through the Bank's financial advisors or the Bank's execution desk. The orders may be placed via telephone or approved messaging systems, such as Bloomberg . Advisory clients may trade either based on advice received from the Bank or by giving an order to trade. Discretionary managed client orders are handled by the Bank's portfolio management team. Currently, clients are not able to place orders electronically.

### **4.1 Prioritising of execution factors**

The Bank's prioritization of execution is normally the following, in descending order:

- ❖ Price
- ❖ Transaction costs and risks relevant to the execution
- ❖ Speed of execution

- ❖ Likelihood of execution and settlement
- ❖ Size and nature of the order
- ❖ Any other consideration relevant to the order.

Öhman will normally execute orders for retail and professional clients the same way. The Bank would like to highlight that for professional clients there may be situations where speed and likelihood of execution will be prioritized over price.

## 4.2 Equities

This chapter describes the execution of Client Orders for equity instruments (“Equities”) and exchange traded funds (“ETF”). Equities and ETFs can be traded on primary and secondary markets. It can relate to a chain of transactions in equities such as short selling and stock lending.

The Bank accepts the following standard orders:

- ❖ *Market*  
Order at market conditions with no prior indication of price
- ❖ *Limit*  
The buyer or seller sets a price above/beyond which it does not wish to make the trade
- ❖ *Stop market*  
Order where the client wish to trade on the market as soon as a predetermined trigger price is reached.

By default Client orders will be placed through an Electronic Order Router on their way to the market unless the client gives any other special instruction. The Electronic Order Router is a system with several execution venues available to the Bank.

A client order will be executed off-exchange in the case when the Bank matches two client orders internally. A Client order in an Initial Public Offerings (“IPO”) is generally executed off-exchange. The company going public is responsible for selecting the financial intermediary responsible for undertaking the IPO and the Bank has therefore no influence over this decision.

**Short sales:** When a Client does not have enough securities in the account held with the Bank, the client can only sell, and the Bank can only transmit or execute the order, if the client is guaranteed to borrow the financial instrument (a securities financing transaction) as per the time of concluding the sale agreement.

## 4.3 Debt instruments

This chapter describes how the Bank executes transactions in debt instruments on behalf of clients. Types of debt instruments that the Bank typically trades in are bonds, floating rate notes and money market instruments.

The Bank may execute its’ client orders in bonds on bond trading platforms, that are MTFs, on which financial institutions make available their offerings to sell or buy in debt instruments.

In some cases the Bank may execute a client’s bond order off-exchange; the trade is then made over the counter (“OTC”) directly with another financial intermediary. When a transaction is concluded OTC there is no central record of all transaction prices in the market, therefore the best execution factor prioritization listed in 4.1 is not guaranteed. Due to the characteristics of debt instruments other execution factors such as liquidity in the relevant market, speed of execution, likelihood of execution and settlement and size of the order may take precedence over price.

## 4.4 Investment funds

This chapter describes how the Bank executes client trades in investment funds.

Investment funds may invest in different strategies. The Bank recommends that Clients carefully read the investment fund's prospectus, the key investor information document or any other relevant fact sheet.

Subscriptions to or redemptions from an investment fund are normally made by the Bank via a trading platform for funds or directly with the intermediary responsible for keeping the fund register, the transfer agent. The fund promoters select the transfer agents and the Bank has therefore no influence over this decision.

Client orders can only be at Arm's length as the execution price of a fund is not known before cut-off. The cut-off time is until the transfer agent accepts investment fund orders for execution on the next net asset value ("NAV") date. If the transfer agent receives the order after cut-off the execution price may not be that of the next NAV but rather the one after that.

## 4.5 Exchange traded derivatives

The Bank offers trading in exchange traded derivatives. Derivatives referred to in this section are only offered to clients categorized as professional. The most important execution factors for this category of financial instruments is therefore the client, including its categorization and the execution venues to which the client order can be directed. Otherwise execution factors will follow the ranking in section 4.1.

The Bank offers trading in exchange traded derivatives ("ETD"), more specifically call and put options. Stock exchanges offer standardized contracts on different underlyings with different maturities.

When executing trades in ETDs on behalf of clients the Bank always uses an Executing firm for derivatives admitted to trading on a stock exchange. The standard order is normally a market order, whereby there is no prior indication of price.

## 4.6 FX derivatives

This chapter concerns FX derivatives, with emphasis on FX forwards.

FX derivatives will be executed against the Bank's own book or on a matched principal basis through an Executing firm's electronic platform or execution desk. FX trades are OTC instruments traded off-exchange.

Öhman will always seek to quote a fair price, based on the bid/ask price Öhman can expect to obtain under the prevailing market conditions, and a margin. Margins will vary based on several factors, such as the size of the transaction, and liquidity in the relevant market.

All quotes provided to clients are indicative quotes unless otherwise indicated. Any price quoted to a client in this type of instrument is an "all-in" price which includes a margin.

## 4.7 Financial contracts for difference

The Bank offers trading in financial contracts for difference ("CFD"). The high degree of gearing or leverage is a particular feature of CFDs. Due to this complexity, CFD trading is therefore only offered to clients categorized as professional. The most important execution factors for this category of financial instrument are therefore the client, including its categorization and experience and knowledge in the financial instrument in question. Execution quality in this type of financial instrument will be highly determined by the volatility of the underlying and the liquidity of the instrument at a given time.

Transactions in CFDs are OTC instruments undertaken off-exchange, and they are always executed through an Executing firm.

#### **4.8 Securities financing transaction**

The Bank's security financing transaction offering is limited to securities lending and is only offered to clients on the prerequisites that a client is categorized as professional. It is furthermore a limited service, and due to the characteristics of this type of service the Bank has a contract with a single financial intermediary to execute securities lending transactions. Securities lending transaction on behalf of clients is engaged in for the purpose of short sale transactions in equities.

It is important to note that formal best execution requirement will not apply. The ability to borrow a security will depend on factors such as scarcity of the security in question, exposure or concentration risk, terms and conditions of the transaction, costs and collateral to be posted for the transaction.

### **5 List of Execution platforms and firms**

Below is a list of execution platforms in which Öhman Bank places significant reliance in its obligation to take all reasonable measures to obtain the best possible result when executing orders on behalf of Clients.

- ❖ Skandinaviska Enskilda Banken, Stockholm.
- ❖ MTF – Bloomberg.
- ❖ Goldman Sachs Asset Management International, London.
- ❖ Morgan Stanley & Co International Plc, London.
- ❖ Nordea Bank, Sweden.
- ❖ Svenska Handelsbanken, Stockholm.
- ❖ MFEX, Stockholm.
- ❖ E. Öhman J:or Fonder AB, Stockholm.
- ❖ Danske Bank, Stockholm.
- ❖ Sigma Broking, London.