

## Principles for Executing Financial Instrument Orders (hereinafter: Execution Principles)

### A. Preamble

#### 1 Application Area

##### **Marcard, Stein & Co AG (hereinafter referred to as: the Bank) Requires Client Instructions for Executing Financial Instrument Orders.**

In the rare case where such instruction is absent by coincidence or design (for instance in asset management), the following principles shall apply.

These principles apply to private individuals that are our investment banking clients (investment clients within the meaning of article 67, paragraph 3 of the German Securities Trading Act) or professional clients that are our investment banking clients (professional clients within the meaning of article 67, paragraph. 2 of the German Securities Trading Act; both investment and professional Clients will hereinafter be referred to as Clients) when they place orders to buy or sell financial instruments (see item 2, section A). These principles are constituent parts of the Special Terms and Conditions for Securities Trading and therefore also constituent parts of the Bank's General Terms and Conditions.

Execution of orders under these principles means that the Bank enters into a corresponding execution transaction (commission transaction) or purchase agreement with eligible Counterparty in a suitable market based on the Client's order, behalf, and account (fixed price transaction). Items 2 through 8, section A of these Execution Principles shall apply to such commission transactions. To the extent that these Execution Principles permit order execution outside of regular markets and multilateral trading systems the Bank shall obtain explicit Client approval either per transaction or in general.

If the Bank and its Client enter into a fixed price agreement the rules and regulations for fixed price transactions (see item 9, section A) shall apply. If the Bank acquires or sells financial instruments under its duties to its Clients under an asset management agreement on the Client's behalf and account, the execution principles of section C shall additionally apply.

The bank will not execute the client's order itself, but rather transmit it to another financial service provider for execution in observance of these policies. The client's order is then processed according to the arrangements made by the other financial service provider to achieve best execution.

#### 2 Financial Instruments/Product Groups

Based on the Bank's range of products and services these Execution Principles apply to the following orders:

- Stocks / stock certificates
- Bonds
  - Debt certificates
  - Money market instruments
- Interest rate derivatives (futures contracts, options contracts, and swaps)
- Currency derivatives (futures contracts, options contracts, and swaps)
- Structured financial products
- Stock derivatives (futures and options contracts)
- Securitized derivatives (options, certificates, and other securitized derivatives)
- Commodities derivatives and emission certificate derivatives (options contracts and futures)
- Exchange traded products (exchange traded funds (ETFs), exchange traded notes (ETNs), and exchange traded commodities products (ETCs)).

#### 3 Best Practice Principles for Executing Various Kinds of Financial Instrument Orders (Decision Making Criteria)

Client orders may be executed regularly via various execution channels or on various execution venues (see section D for list of execution venues) that are general trading venues within the meaning of the Second EU Financial Market Directive, MiFID II:

- by direct presence at exchanges or other execution places at home and abroad,
- by electronic trading at home and abroad,
- by over-the-counter trading,
- via intermediaries (other financial service providers, including brokers),
- by systematic internalizer (SI),
- by multilateral trading facility (MTF).

Section B describes execution pathways and venues for the most typical financial instruments that usually provide consistently best execution for the Client. As such the Bank will primarily using these for Client orders.

The Bank considers the Client's order, account, and instrument characteristics, as well as the following, weighted criteria:

High Weighting:

- Price of the financial instrument
- Cost of order execution
- Order scope

Medium Weighting:

- Speed of order execution
- Probability of order execution

Low Weighting:

- Settlement or billing probability
- Qualitative factors (e.g. emergency security)

Orders Will be Placed According to the Following Principles:

The Bank will select the actual execution venue based on the assumption that the Client prefers to pay or realize the best possible price after all costs associated with the transaction. As securities are usually subject to price fluctuations and therefore any price development detrimental to the Client in the time after order placement is possible, the bank may furthermore consider in its choice of venue the probability of prompt and complete execution thanks to sufficient liquidity conditions. Total expense is the only criterion for determining the best possible order execution for private Clients.

The Bank will execute orders for financial instrument trading at the best available conditions considering all available information at the time of order placement. The Bank will make its order execution decision based on factors relevant to achieving the best possible result.

Moreover, the Bank will apply the following criteria in selecting brokers who will execute Client orders subject to our Execution Principles:

- Exchange access (regular markets)
- Access to multilateral trading fora (MTF)
- Qualification as systematic internalizer (SI)
- Access to organized trading fora (OTF)

In executing orders or making decisions about trading in over the counter (OTC) products including custom products, the Bank shall verify the integrity of the offer made to the Client by analyzing market data used for assessing the price for such products and - to the extent possible – compare data across similar products.

#### **4 No Commission for the Bank**

The Bank shall not receive remuneration, rebate, or other non-monetary commission for referring Client orders to a specific trading or execution venue.

#### **5 Individual Other Execution**

If unusual market conditions or market disturbances necessitate an order execution other than stated by these principles, the Bank will decide what procedure to follow heeding the best interest of its client. The bank is committed to achieve the best possible results for its Clients even under adverse conditions.

#### **6 Bank Publications**

Die Bank publishes annually statistics on the five leading venues (by order volume in the preceding year) where it executed Client orders (Top 5 Trading Places Reports - Venues). The Bank will also regularly publish statistics on the five leading brokers (by order volume) that it commissions Client orders to (Top 5 Trading Places Reports - Intermediaries). The Bank furthermore regularly publishes information on its execution quality. You may find these reports on our homepage (<https://www.marcard.de/en/contact-and-information/Information/>).

#### **7 Information**

If you so wish, the issuers of securities will forward to their prospective and current investors information on institutions that accept direct or referred order placements. Clients interested in information on strategies, regulations, and audits procedures may direct their inquiries to the bank and will get a corresponding answer within a reasonable period.

#### **8 Execution Principles Audit**

The bank will regularly – at least once a year – audit its Execution Principles. We will additionally audit our principles if there are material changes in the market environment that may make it harder to achieve the best possible results for our Clients using the

existing Execution Principles. We will publish any such changes to our Execution Principles on our homepage homepage (<https://www.marcard.de/en/contact-and-information/Information/>) without delay. We also regularly audit our internal procedures to maintain our principles, order execution quality, and qualification of the brokers the Bank collaborates with.

## 9 Fixed Price Transaction

The Execution Principles shall apply to a limited extent if Bank and Client enter into a purchase agreement for financial instruments at a fixed or determinable price (fixed price transaction). In this case there is no order execution in the above-stated sense while Bank and Client are rather immediately obligated under that contract to deliver the financial instruments and pay the purchase price, respectively. The purchase price already includes the Bank's costs, expenses, and trade margins – unless otherwise agreed. That means there are no additional costs. Under such fixed price transactions, the Bank meets its obligation to the best possible execution by offering prices close to the market.

The Execution Principles state when the Bank will usually offer a fixed price transaction. However, the Bank is not obligated to enter into a fixed price transaction. Fixed price transactions are part of our Top 5 Execution Venue Reporting.

## B. Execution Venues for Various Types of Financial Instruments

### 1 Stocks and Stock Certificates

The Bank executes Client orders at the following venues:

Stocks and Stock Certificates of Domestic Issuers	XETRA or other regular trading venue if not listed on XETRA
Stocks and Stock Certificates of Foreign Issuers	Applicable foreign exchange or XETRA at domestic listing exchange or multilateral trading fora (MTF)
The Bank offers fixed price transactions for some stocks and/or off-floor order execution. Such offers may be limited to select distribution channels.	
The Bank shall obtain explicit Client approval for executing orders outside regular markets and multilateral trading fora.	

### 2 Bonds

The Bank offers the option to directly buy and sell fixed-income securities (including zero-coupon bonds). Contact the Bank for current offers and, especially, prices. The purchase and sale prices will then be contractually fixed (fixed price transaction).

Under a fixed price contract, the Bank will commission order execution the order over the counter (OTC) or as follows:

Income Securities (Bonds and Money Market Instruments)	Execution at a Bank approved exchange or multilateral trading forum (MTF)
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### 3 Options

The Bank will execute Client orders as follows:

Domestic Stock Options	XETRA or other domestic regular trading venue if not listed on XETRA
Foreign Stock Options	Applicable foreign exchange or XETRA at domestic listing exchange or multilateral trading fora (MTF)

### 4 Investment Fund / Investment Company Shares or Exchange Traded Funds (ETFs)

Issue and buyback of investment fund and investment company shares according to the German Capital Investment Act (Kapitalanlagegesetzbuch, KAGB) or the Luxembourg Investment Act are not subject to statutory regulations for best possible execution. The Bank buys and sells investment fund/company shares at a fixed price corresponding to respective, current stipulations of the KAGB or Luxembourg Investment Act on their net inventory value (Nettoinventarwert, NIW) plus applicable commissions. Clients may explicitly request execution on the exchange.

Investment fund / company shares returned through the asset management company will be settled at the respective net inventory value (buyback price) minus any applicable buyback discount.  
The Bank will execute Client orders as follows:

Exchange Traded Funds (ETFs)	The Bank assigns a domestic or foreign regular exchange and market maker to each International Securities Identification Number (ISIN) or makes a direct transaction with the asset management company / depository
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## 5 Options, Certificates and Other Securitized Derivatives

The Bank offers the possibility to buy or sell certificates (including other structured bonds) and options of its own and select other issuers as well as other securitized derivatives for subscription or purchase (or buyback if applicable) at fixed prices (fixed price transaction) or on commission over the counter (OTC transaction).

If no such fixed price transaction or OTC commission transaction comes about and the Client does not instruct the Bank on execution venue, the Bank will execute the Client order as follows:

Domestic Options / Certificates (Securitized Derivatives)	Domestic regular exchange or directly over the counter with the issuer or an intermediary
Foreign Options / Certificates (Securitized Derivatives)	Foreign regular exchange or directly over the counter with the issuer or an intermediary

## 6 Financial Derivatives (Futures and Options Contracts)

This includes finance futures that can be standardly exchange traded in some cases as well as non-standard derivatives that are traded individually over the counter between Bank and Client. Depending on the respective financial instrument these may be subject to special conditions and agreements (Master Agreement on Entering Into Finance Futures Contracts with Special Conditions for Futures Contracts, Master Agreement for Finance Futures Transactions etc.).

The Bank will execute the order as follows:

Exchange Traded Derivatives	EUREX or foreign futures exchange
Over the Counter Derivatives (OTC)	Direct transaction between Bank and Client

## C. Supplementary Principles

### 1 Execution of Trading Orders

The Bank will act through an intermediary (broker, other banks, or financial service providers) if it does not have immediate access to an execution venue. It is within the Bank's discretion to select a suitable intermediary and execution venue.

The Bank shall select its intermediaries from its internal List of Brokers and Counterparties heeding all supervisory regulations particularly pertaining to these Execution Principles using its own good judgment and considering the pertinent German and Luxembourg laws and regulations.

### 2 Order Stacking

The Bank will stack buy and sell orders for the portfolio accounts of several Clients and execute them as aggregate orders (block orders) if order volume, security type, market segment, current market liquidity, and price sensitivity of the trading block make this advisable in the interest of the respective Clients. Please note that such stacking may be disadvantageous for individual orders in a given block. Die Bank will only stack orders if it deems detriment to individual Clients unlikely. The Bank will furthermore stack order blocks dutifully and according to its principles of order allocation.

## D. Trading Venue List

Trading Venues	Stocks & Stock Certificates	Bonds	Derivates	Structured Financial Products	Other Exchange Traded Products
Domestic Exchanges					
Xetra (XETR)	✓	✓	✓	✓	✓
Eurex			✓		
Frankfurt (XFRA)	✓	✓	✓	✓	✓
Stuttgart (XSTU)	✓	✓	✓	✓	✓
München (XMUN)	✓	✓	✓	✓	✓
Hamburg (XHAM)	✓			✓	✓
Hannover (XHANA)	✓			✓	✓
Düsseldorf (XDUS)	✓			✓	✓
Bremen (XBRE)	✓			✓	✓
Berlin (XGRM)	✓			✓	✓
Foreign Exchanges	✓		✓		
Multilateral Trading Fora					
Bloomberg MTF	✓	✓	✓	✓	✓
MarketAxess		✓			✓

We access foreign exchanges / trading venues via intermediaries.

## E. Broker List (Excerpt)

We requested this information from our Markets and Institutional Banking department (M.M. Warburg & CO (AG & Co.).