

# Íslandsbanki hf.

## Execution Policy

### Introduction

This Execution Policy is set in accordance with Paragraph 2 of Article 18 of Act No. 108/2007 on Securities Transactions and Articles 44-46 of Regulation No. 995/2007 on Investor Protection and the Business Conduct of Financial Undertakings.

This policy shall not be interpreted as providing for any obligations beyond what is required by the relevant law and regulations, at each point in time. The definitions of the main terms used in this policy can be found in the Act on Securities Transactions.

### 1. Scope

This Execution Policy applies to the trading of retail and professional investors. In the absence of a specific demand to that effect by the relevant party, this policy does not apply to the trading orders of eligible counterparties, cf. Paragraph 3 of Article 22 of the Securities Transactions Act. This policy applies to trading orders issued by clients themselves, as well as by way of power of attorney on their behalf, irrespective of the classification of clients' representatives.

This Execution Policy only applies to trading in financial instruments, cf. Item 2 of the first paragraph of Article 2 of the Act on Securities Transactions, and applies when Íslandsbanki hf. (hereinafter "the Bank") provides the following services:

- i. Execution of trading orders on behalf of the client.
- ii. Receipt and transmission of trading orders to third parties on the client's behalf.
- iii. Provision of asset management services and the transmission of trading orders regarding financial instruments to third parties.

This policy does not apply when the Bank is executing or transmitting trading orders on behalf of clients, e.g. when the Bank publishes or gives an offer for the sale or purchase of financial instruments and the client transacts with the Bank on the basis of that offer.

### 2. Best execution practices

When executing trading orders the Bank shall, in accordance with Paragraph 1 of Article 18 of Act No. 108/2007 on Securities Transactions, take all reasonable steps to obtain the best possible result for its clients, taking into account the relevant factors. Nevertheless, whenever there is a specific instruction from the client, the trading order shall be executed following the specific instruction.

The Bank shall, at the request of the client, demonstrate execution of the client's trading order in accordance with this policy. To that end, the Bank shall register and/or store the necessary information regarding its clients and their business with the Bank in digital form. An assessment of whether the Bank has fulfilled its obligations with regard to best execution shall i.a. take into account the circumstances at the time the trading order is received, the type of financial instrument the trading order relates to and what demands can reasonably be made towards the Bank in the execution of the trading order. The assessment shall be comprehensive as to all trading in the relevant financial instrument over a period of time and not focus on individual trades.

#### 2.1. Factors and criteria regarding the execution of trading orders

In the execution of trading orders the Bank shall take all reasonable steps to obtain the best possible result for their clients, taking into account the following factors: price, costs, speed, likelihood of execution and settlement, size, nature and any other relevant consideration.

A comprehensive assessment of the aforementioned factors shall determine which market is chosen for the execution of the trading order. Price and cost are generally among the most important factors that are focused on regarding individual trades. Moreover, other factors may have an impact, e.g. due to the volume or type of financial instrument and the impact of these factors on either the market price of the financial instrument or the market in which the trade can be executed.

The Bank assesses the relative importance of the aforementioned factors on the basis of the following criteria:

- i. Client characteristics, including classification as retail investor or professional investor.
- ii. The nature of client instructions, including specific client instructions.
- iii. The characteristics of the financial instruments the trading orders pertain to.
- iv. The characteristics of markets which the Bank can direct trading orders to.

### 3. Markets

In the execution of trading orders of clients, the Bank can make use of the following types of markets: a regulated securities market, a multilateral trading facility (MTF), brokers, the Bank own account, other entities bringing together buyers and sellers of financial instruments and entities outside the European Economic Area performing similar functions to the aforementioned entities.

Article 7 contains a list of the markets the Bank mainly depends on in order to fulfil its obligation of taking all reasonable steps to consistently achieve the best possible results in the execution of trading orders. The Bank will in each case endeavour to choose the type of aforementioned market which is most likely to yield the best outcome for its clients, taking into account the factors mentioned in article 2.1.

In cases where there is more than one market competing for the execution of a client's trading order, in order to ensure the best execution, the Bank shall take into account the Bank's fees and costs for executing the orders in each market specified in Article 7 to assess and compare the likely results that it would be possible to achieve for the client.

The Bank is obliged to obtain the approval of clients beforehand, if a trading order is executed outside a regulated market or a multilateral trading facility (MTF). By approving this policy, the client confirms that he/she has been informed of the above and that the Bank is authorised to do so. Such execution is however contingent upon the Bank deeming the requirement to obtain the best possible result to be achieved by such execution and to be to the client's advantage.

#### 4. Specific instructions from the client

If a client of the Bank issues specific instructions regarding the execution of trades, the Bank will follow those instructions to the extent possible and execute orders accordingly. Attention is drawn to the fact that any specific instruction from a client may hinder the Bank from achieving best execution of trading orders, cf. this policy. This policy however applies to the aspects of trading orders not covered by a client's specific instructions.

#### 5. Receipt and transmission of trading orders

Unless otherwise instructed by the client and if it benefits the client, the Bank is authorised to approach third parties for the execution of trading orders. In such cases care shall be taken to ensure that the transmission of instructions serves the interests of the client and that the factors and criteria provided in Article 2.1 are taken into account.

#### 6. Supervision and reviews

This Execution Policy shall be reviewed annually, as well as every time a considerable change occurs impacting the ability of the bank to achieve the best possible results from the execution of trading orders. The Bank monitors the effectiveness of this policy regularly in order to identify any shortcomings and make improvements when appropriate.

The Bank assesses regularly whether the markets, envisaged by this policy for the execution of trading orders, result in the most favourable outcome for the client. The Bank moreover regularly assesses its choice of third parties for the execution or transmission of trading orders.

Any change to this policy will result in its updated version being published on the site: [www.islandsbanki.is/investorprotection](http://www.islandsbanki.is/investorprotection) and shall be valid from the date on which it is published.

#### 7. Registry of markets and third parties

Overview of the markets and third parties which the Bank particularly relies on for the execution of trading orders:

Market	Type	Shares	Bonds/Treasury bills
Nasdaq Iceland	RSM	x	x
Nasdaq Stockholm	RSM	x	
Nasdaq Copenhagen	RSM	x	
First North Iceland	MTF	x	
Linear Investments Limited, London	B	x	
Deutsche Bank, London	B		x
UBS, London	B		x
Commerzbank, London	B		x
Danske Bank, Copenhagen	B	x	

RSM = Regulated Securities Market

MTF = Multilateral Trading Facility

B = Broker/Brokerage

O = Other entities that bring together buyers and sellers of financial instruments.

The Bank is authorised, in exceptional cases, when it is for the benefit of the client and leads to the best possible result, to use another market than one of those specified in the above list.