



## **ORDER EXECUTION POLICY**

### **CARNEGIE AS**

Last updated December 2023

## *Appendix – Glossary*

**Best Execution** - The requirement to take all sufficient steps to obtain the best possible result for Clients, when executing or transmitting Orders on behalf of Clients

**Client(s)** - Means any natural or legal person to whom Carnegie provides Investment and/or Ancillary Services.

**Order(s)** - Means a transaction involving buying or selling one or more Financial Instruments, whether it is on behalf of Clients, or at the request of Clients.

**Execution Venue** - Means a specific place or method where an Order is executed or filled, i.e., a Regulated Market, an MTF, a Systematic Internaliser, or a market maker or other liquidity provider or an entity that performs a similar function in a third country to the function performed by any of the foregoing.

**Trading Venue** - Means a platform or marketplace where financial securities, such as shares, bonds, commodities, currencies, or derivatives, are bought and sold. These venues facilitate the exchange of assets between buyers and sellers in the financial markets, and includes, e.g., a Regulated Market, an MTF or an OTF.

**Financial Instrument** - Shall have the meaning given in the Securities Trading Act with regulations.

For the avoidance of doubt, "Financial Instruments" do not include spot foreign exchange transactions or loans.

**Investment Firm** – Means any entity whose regular occupation or business is the provision of one or more Investment Services to third parties and/or the performance of one or more investment activities on a professional basis as defined by a competent authority.

**Investment Services** - Means the provision of a service as listed in the Securities Trading Act with regulations.

**Regulated Market** – As defined in the Securities Trading Act Section 2-7 (4).

**Multi-lateral Trading Facility (MTF)** – As defined in the Securities Trading Act Section 2-7 (5).

**Organized Trading Facility (OTF)** – As defined in the Securities Trading Act Section 2-7 (6).

**Systematic Internaliser** - Means an Investment Firm which, on an organised, frequent and systematic basis, deals on own account by executing Orders outside of a Regulated Market or an MTF.

**OTC List** – Means an unregulated marketplace for unlisted shares (Over-the-Counter products), operated by the NOTC AS, a wholly owned subsidiary of Oslo Stock Exchange.

**Order Execution** – When Carnegie executes or transmits Orders on behalf of Clients.

**Professional Client(s)** - Means a Client that is either a *per se* professional client, institutional client or an elective professional client within the meaning of the Securities Trading Act.

**Non-professional Client(s)** - Means any Client which is not a Professional Client or eligible counterparty.

**Principal** - Means when Clients will be contracting directly with Carnegie as their market counterparty.

**Total Consideration** - Means the price of the relevant Financial Instrument plus the costs related to execution, such as clearing and settlement costs and costs to third parties involved in the Order Execution.

# 1 GENERAL PROVISIONS

## 1.1 Introduction

Best Execution is the requirement to take all sufficient steps to obtain the best possible result for Clients when executing or transmitting Orders on behalf of Clients (“Best Execution”). To achieve Best Execution, Carnegie AS (“Carnegie”), will take into account the relevant factors as set out in this Order Execution Policy (“Policy”). The main requirements on Best Execution are set forth in Article 27 of MiFID II, with additional detailed rules outlined in Articles 64 - 66 of the delegated regulation to MiFID II, addressing e.g., the relative importance of the execution factors, the execution policy and which information should be provided to Clients.

## 1.2 Scope

This Policy applies to orders in financial instruments that Carnegie receives and transmits, and executes on behalf of Professional and Non-professional Clients.

The Policy applies to Order Execution where Carnegie:

- is executing Client orders;
- receives/transmits orders; and
- is dealing on own account.

This Policy does not address settlement (handling of delivery and payment) after a Client's trade is placed but pertain only to the Order Execution.

The requirement outlined in this Policy does not mean that Carnegie must obtain the Best Execution for Clients on every single occasion. Instead, this Policy is designed to ensure that Carnegie consistently verifies the effectiveness of its arrangements and policies across all stages of the Order Execution process. In addition to the rules of Best Execution, Carnegie is bound by the overarching duty to act with honesty, fairness, and professionalism in alignment with the best interests of its Clients.

## 1.3 Relevant Order Execution Factors

Carnegie will take all sufficient steps to obtain the Best Execution for its Clients when choosing the execution method, taking into account the following factors:

- Price
- Costs
- Speed
- Likelihood of execution and settlement
- Size
- Nature
- Market impact
- Any other consideration relevant to the execution of the order

In order to determine the relevant importance of the Order Execution factors above, each class of Financial Instrument is assessed by Carnegie, taking into account the following characteristics:

- The Client classification of the Client as either a Non-professional or Professional Client (eligible counterparties are exempt from the Best Execution requirement);
- The Order, for example size or nature;
- The Financial Instrument pertaining to that Order; and
- The Execution Venue(s) to which that Order can be directed.

Best Execution will be assessed based on the concept of “Total Consideration”. Total Consideration is the price of the relevant Financial Instrument, plus the costs related to the execution when passed on to the

Client. Such costs include all direct expenses, execution venue fees, clearing and settlement fees, taxes/stamp duty etc.

In relation to Non-Professional Clients, Best Execution will be determined on the basis of the Total Consideration the Client pays in connection with the Order Execution. This means that factors such as speed, likelihood of execution, and settlement will only be prioritized over the Total Consideration if Carnegie assesses that it will contribute to the Best Execution.

Carnegie will, using its reasonable judgement, weigh the Order Execution factors at the time of execution in accordance with the Client's characteristics, the type of Order, Financial Instrument involved and prevailing market conditions. However, depending upon the circumstances, factors like liquidity, speed, likelihood of execution and settlement and market impact may occasionally be of more importance for a particular Order if they are instrumental in providing the best possible result for that particular Order or in terms of Total Consideration.

When a Client Order is received, Carnegie will endeavour to select the venue(s) that Carnegie believes, taking all factors above into consideration, is sufficiently likely to achieve Best Execution for the Client.

#### **1.4 *Specific Client Instructions***

Where a Client provides Carnegie with a specific instruction on how all or part of its Order should be executed, the Order will be executed in accordance with those instructions. This may prevent Carnegie from taking the steps it has designed and implemented in this Policy to obtain the best possible result for the execution of those Orders in respect of any execution factors which may be affected or influenced by those instructions.

Where the Client has given a specific instruction which is limited to one part or one aspect of an Order, Carnegie may still owe Best Execution obligations in the part of the Order that is not covered by the specific instruction of the Client.

When placing a non-specific Order, the Client entrusts Carnegie to safeguard their interests regarding price and other transaction-related factors, which may be influenced by the broker's choices during Order Execution

#### **1.5 *Client Consent***

This Policy details the Order Execution and Order allocation arrangements Carnegie has put in place to meet its Best Execution obligations. Clients will be deemed to have accepted the arrangements put in place under this Policy when they place an Order for execution with Carnegie.

#### **1.6 *Limit Orders***

Where a Client provides an instruction to place an Order at a specific price limit or better, or for a specified size (a limit Order), then it may not always be possible to execute that Order under the prevailing market conditions. Carnegie will not necessarily publish the entire Order immediately, unless the Client has provided alternative instructions, and Carnegie considers, that the publication of whole or parts of the Order is in the best interest of the Client when executing each individual Order.

#### **1.7 *Smart Order Router***

Carnegie uses a smart order router to access liquidity and multiple venues. The use of smart order routing is subject to monitoring and review in accordance with this Policy. Carnegie may adjust and override the smart order router to avoid certain Execution Venues and trading patterns based on a continuous monitoring, in order to ensure the Best Execution.

#### **1.8 *Carnegie as Systematic Internaliser***

Carnegie will, at its discretion, act as a Systematic Internaliser (SI) for Norwegian listed liquid equities. Carnegie will through its affiliate Carnegie Investment Bank AB act as an SI for Nordic listed liquid equities. Carnegie quotes prices through BATS in the opening hours of the Oslo Stock Exchange.

This service is open for all Carnegie's Clients. However, Carnegie, in its role as an SI, retains the right to refuse to enter into, or to discontinue, business relationships with any Client on the basis of commercial considerations such as the Client's credit status, counterparty risk and the final settlement of the transaction.

Carnegie will only execute at Carnegie's publicly quoted prices in a size up to Standard Market Size (SMS) although Carnegie may execute larger trades at Carnegie's own discretion.

## **2 TRADING AND EXECUTION VENUES**

### ***2.1 Selection of Orders Execution methods and Execution Venues***

Carnegie will execute an Order through one, or a combination, of the following methods:

- on a Trading Venue where Carnegie is a member, i.e., on a Regulated Market, an MTF or an OTF (see Annex 1 to this Policy);
- on an Execution Venue where Carnegie is not a member, but can access through third party providers (see Annex 2 to this Policy); or
- outside of a Trading Venue.

A non-exhaustive list of accessible Trading Venues is listed in Annex 1, which Carnegie believes enables us to consistently obtain the best possible result for the Order Execution based on our ongoing monitoring of our Best Execution efforts. Carnegie may from time to time execute Orders on venues that are not included in Annex 1, if that venue is deemed to satisfy the Best Execution obligation set out in this Policy.

If the Financial Instruments are traded on a Trading Venue, Carnegie will normally execute the Order on Oslo Stock Exchange/Euronext Expand, as Carnegie considers that this method of execution generally will provide Best Execution for the Client. If, however, Carnegie considers that the Execution Venue with the highest liquidity in relation to the relevant Financial Instrument will provide Best Execution for the Client, Carnegie will execute the Order at the Execution Venue where the Financial Instrument has the highest liquidity.

### ***2.2 Execution of Orders outside a Trading Venue***

Best Execution may occasionally require execution outside a Trading Venue. In such cases, which are restricted to Financial Instruments admitted to trading on a regulated market, an MTF or an OTF, Carnegie will obtain the Client's prior consent.

This may include for example when Carnegie acts as a Systematic Internaliser, trading illiquid instruments such as corporate bonds and executing equity block trades.

If an unlisted Financial Instrument is registered on the Norwegian OTC List, Carnegie will place the Order as an interest in the OTC system and then contact another Investment Firm that has shown a corresponding interest in the OTC system. Carnegie will negotiate with this Investment Firm in order to achieve the best possible price for the Client. If the Financial Instrument is not registered on the OTC List, Carnegie will use its best efforts in order to facilitate a transaction on the best possible terms for the Client. For Financial Instruments traded outside a Trading Venue, confirming Best Execution may be challenging. While Best Execution provisions may not fully apply, Carnegie is still required to ensure fair pricing by collecting market data or comparing with similar products.

If Carnegie has received Orders to both buy and sell the same Financial Instrument, and these Orders can be matched internally, Carnegie will normally place the Orders in the Oslo Stock Exchange/ Euronext Expand's trading system (provided that the Financial Instrument is listed on such Trading Venue). The trading system will automatically make a matching of the Orders to the market price. Alternatively, the Orders will be executed by Carnegie on our own account on behalf of the Clients. Carnegie will diligently safeguard Clients' interests, determining the price of Financial Instruments based on the stock exchange rate or, if unavailable, a price that is considered reasonable in the market.

### **2.3 *Carnegie dealing on own account or acting as a Principal***

Carnegie may deal as Principal with the Client, for example where the Client has accepted a quote (RFQ) by Carnegie. Best Execution obligations will apply depending on whether the Client is legitimately relying on Carnegie to protect its interests in relation to the pricing and other elements of a transaction.

In order to determine whether or not a Client legitimately relies on Carnegie owing Best Execution obligations, the following considerations will be taken into account:

- Which party initiates the transaction, Carnegie or the Client.
- Shop around – where market practice suggests that the Client takes responsibility for the pricing and the market practice is to obtain quotes from various sources.
- The relative levels of price transparency within a market. For markets where Clients do not have ready access to price, and Carnegie does, it is more likely that the Client will be placing reliance on Carnegie.
- The information provided by Carnegie and the terms of any agreements with the Client.

These factors are supporting the presumption that, in ordinary circumstances, a Non-professional Client legitimately relies on Carnegie to protect its interest in relation to the pricing and other parameters of the transaction. Similarly, these factors are likely to lead to the presumption that a Professional Client does not rely on Carnegie in the same way.

If Carnegie acts as Principal, this information will be disclosed on the confirmation statement from the broker or similar. In cases where Carnegie acts as Principal in relation to a Client Order, it will be executed at a price aligned with the best available price in a trading system, such as the market price. Exceptions may apply if, in its capacity as a market maker, Carnegie upon the Client's direct request, quotes a price at which it is willing to either buy or sell the relevant Financial Instruments, and the Client accepts this price.

## **3 CRITERIA FOR SELECTION OF EXECUTION VENUES AND BROKERS**

### **3.1 *Selection of Execution Venue***

Carnegie's selection of Execution Venues is based on objective criteria e.g., liquidity, instrument coverage, geography. Carnegie will also base the selection on the reports, published by the Execution Venues, describing the quality of execution of transactions. Carnegie will only select Execution Venues that are operating in the EU/EEA.

### **3.2 *Criteria for Selection of Execution Venue when placing an Order***

When placing Orders, Carnegie will choose an Execution Venue that Carnegie considers to be the most appropriate to meet its Best Execution obligations.

Carnegie will generally assign a high relative importance to the price and costs related to each specific transaction. In certain cases, Carnegie may assign higher weight to other factors, for example where the Order, due to its size or nature, may have a material effect on the price or an effect on the likelihood that it will be executed or can be settled or where, for any other reason, it is pertinent to attach greater importance to other factors other than the price and costs.

### **3.3 *Market disruptions***

In the event of disruptions on an Execution Venue or trading system (such as suspensions, cancellations, or similar events), Carnegie may employ alternative methods other than those outlined above, which Carnegie reasonably believes will provide the Client with the Best Execution. The relevant Execution Venue and/or trading system may cancel or modify trades executed within their systems. Carnegie cannot be held responsible for such cancellations or modifications, regardless of whether the Client has received confirmation from the broker and/or a final notice from Carnegie. Carnegie may also deviate from this Policy in cases where the relevant markets are highly volatile or subject to market disruptions.

## **4 ORDER ALLOCATION**

### **4.1 General**

Carnegie will execute or transmit Orders in a prompt, fair and expeditious manner relative to other Orders or to its own trading interests. Carnegie will ensure that executed Orders are promptly and accurately recorded and allocated. Carnegie will carry out otherwise comparable Orders sequentially in accordance with the time of their reception unless (i) the characteristics of the Order or prevailing market conditions make this impracticable; or (ii) the interests of the Client require otherwise. Orders are not treated as otherwise comparable if they are received by different media and it would not be practicable for them to be treated sequentially.

For the avoidance of doubt, Carnegie always has the right to refrain from executing an Order in case of suspicion of market abuse or insider trading. If the Order is received outside the market's opening hours, the Order will typically be executed when the market reopens.

### **4.2 Aggregation of Orders**

Carnegie reserves the right to aggregate the Orders of the Clients with Orders from other Clients, persons or firms, irrespective of whether these are associated with Carnegie. Orders or transactions will not be carried out in aggregation with another Order unless the following conditions are met:

- a) It is unlikely that the aggregation of Orders and transactions will work overall to the disadvantage of any Client whose Order is to be aggregated.
- b) Where an aggregated Order is partially filled, allocation to Clients will as a main rule take place on an equal split basis. However, the allocation must be in the best interests of all relevant Clients and any allocation must be undertaken on a fair and reasonable basis at Carnegie's discretion.

Furthermore, Carnegie reserves the right to aggregate the Client's Orders with transactions conducted for Carnegie's own account. If the total Order is only partially executed, the Client's Order will generally take priority over Carnegie's. Exceptions apply if Carnegie could not have executed the trade on similarly favourable terms without aggregation.

Additionally, the Client should be aware that, from time to time, the effect of the aggregation may work to the Client's disadvantage in relation to an individual Order.

## **5 MONITORING AND REVIEW**

### **5.1 Monitoring**

Carnegie will regularly monitor the effectiveness of the execution arrangements it has in place with Execution Venues and brokers, measuring these outcomes against its commitment to deliver Best Execution in accordance with the execution factors outlined in section 1.3. Where material deficiencies are identified these will be corrected.

The predominant number of executions will be monitored through an automated monitoring system and the reports from the system will be reviewed on a regular basis. If any deficiency should be discovered the matter will be promptly escalated and handled accordingly depending on the type and materiality of the deficiency.

Some executions cannot be monitored automatically and for these transactions manual routines will be developed in order to detect and analyse deficiencies.

### **5.2 Review of Policy**

This Policy will be reviewed regularly, and its provisions will be reviewed annually and also whenever a material change occurs that affects Carnegie's ability to continue to obtain Best Execution for its Clients. Moreover, Carnegie will notify Clients of any material changes to execution arrangements or the Policy. The latest version of this Policy, along with the current list of employed Execution Venues, is accessible on Carnegie's website. Clients are expected to stay informed about its content.

Carnegie will classify any significant event that could impact parameters of Best Execution such as cost, price, speed, likelihood of execution and settlement, size or nature or any other consideration relevant to the execution of the Order as a material change.

However, the addition or removal of Execution Venues or brokers is generally not considered a material change unless it is one of the main Trading Venues that Carnegie relies on for execution for a certain class of Financial Instrument. Nonmaterial changes will only be published on Carnegie's website.



*Annex 1 – Carnegie AS' execution as member*

<b>Financial instruments</b>	<b>Trading Venue</b>
Listed shares, primary capital certificates, ETP	Oslo Børs
	Euronext Expand
	Euronext Growth
Non-listed shares	NOTC
Debt instruments, listed	Oslo Børs/Bloomberg MTF
Debt instruments, non-listed	Nordic ABM/ Bloomberg MTF

*Annex 2 – Carnegie AS' execution via third parties*

<b>Financial instruments</b>	<b>Third party</b>
Stocks	Carnegie Investment Bank AB Virtu Beech Hill Securities Forte Securities Susquehanna International Securities
Debt instruments	Carnegie Investment Bank AB Virtu
FX derivatives	Nordea
OTC derivatives	Nordea DNB SB1 Markets Pareto