CLIENTS' TRADE ORDERS HANDLING PROCEDURE

VERSION CONTROL

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1	11/12/2018		AMLCO	Board of Directors	11/12/2018
2	30/09/2021	Updated to improve procedures	Brokerage Dept., Middle Office, Compliance Function	Board of Directors	30/09/2021
3	14/10/2021	Updated to improve procedures	Compliance Function	Board of Directors	14/10/2021

Applicability
This Procedure applies to all clientele of the Brokerage Department of Skanestas.

Definitions and interpretation

Authorized Means of Communications means a communication method indicated by the Client for the Broker as the official communication method, that the Broker has verified and registered in its Software. This can be telephone of the Client, their fax, email mailing address and such other means as the Client shall propose and the Broker can accept;

Broker means the Head of Brokerage department or any other member of the Brokerage department;

Client means a person who has entered into the Legal Agreement with Skanestas;

Client Cabinet means the personal area of the official website of Skanestas where the Client has to log in;

Desk phone means recorded telephone line of the Broker;

Deal Register means an internal register of Deals transacted by the Brokerage Department of Skanestas by Orders of the Clients of Skanestas and recorded in the Software;

File Server means a shared folder at Company's file server;

IT Support means IT Department of Skanestas;

Legal Agreements means legal agreements of any kind concluded between the Client and Skanestas with respect to specific type of trading activity;

Middle Office means Head of the Middle office or any other member of the Middle office department;

Order means the verbal or written instruction of the Client given to the Broker by the Client or one of the Client's authorized representatives, which incorporates the Basic Provisions of a transaction;

Order Journal means an internal register of Orders made by the Clients of Skanestas and recorded in the Software;

Skanestas/Company means Skanestas Investments Limited;

Specific Order means a Specific Instruction from the Client, with specific execution parameters, where the Company must carry out the order in accordance with that specific instruction and the Company is deemed to have complied with the best execution requirement to the extent of that instruction;

Software means 1C BackOffice or any other internal system or CRM that the Company shall use from time to time;

Terms of Business means Terms of Business for Provision of Brokerage Services as currently in force;

Warning List of Instruments means list of instruments prepared in accordance with various Regulatory documents (ESMA publications, EU/UN sanctions, CySEC directives).

Introduction
Skanestas currently offers a wide range of products to its Clients. List of products, referred to as the 'Instruments' in Table 1 below, available for a Client depends on the Client type. The list of products is not exhaustive.

Table 1

Type of Order	Instrument	Type of Client
1.Trade order (Terms of Business, Appendix 14 A)	Fixed income securities (Bonds, Eurobonds)	All types of Clients
	Equities, Depositary Receipts, ETFs	All types of Clients
	(i) Complex instruments with ISIN code; (ii) OTC derivatives, including Cash settled Forward on currency, futures, etc.; Cash settled Options (e.g. currency, equities and Depositary Receipts, commodities; (iii) Physically settled Options (e.g. currency, equities) (iv) Exchange traded derivatives	Professional Clients
2. Currency trade order (Terms of Business, Appendix 14 B)	Currency	All types of Clients
3. REPO trade order (Terms of Business, Appendix 14 C)	Fixed income securities (Bonds, Eurobonds), Equities, Depositary Receipts, ETFs	Professional Clients
4.Client Free-format instruction (Terms of Business, Appendix 14 C)	Provision of short-term loans	All type of Clients

Key steps in the Client Order processing can be identified as follows:

1. Client identification;
2. Taking Order (clarification of Clients' requirements);
3. Appropriateness check;
4. Limit / Margin status check;
5. Order acceptance/transmission;
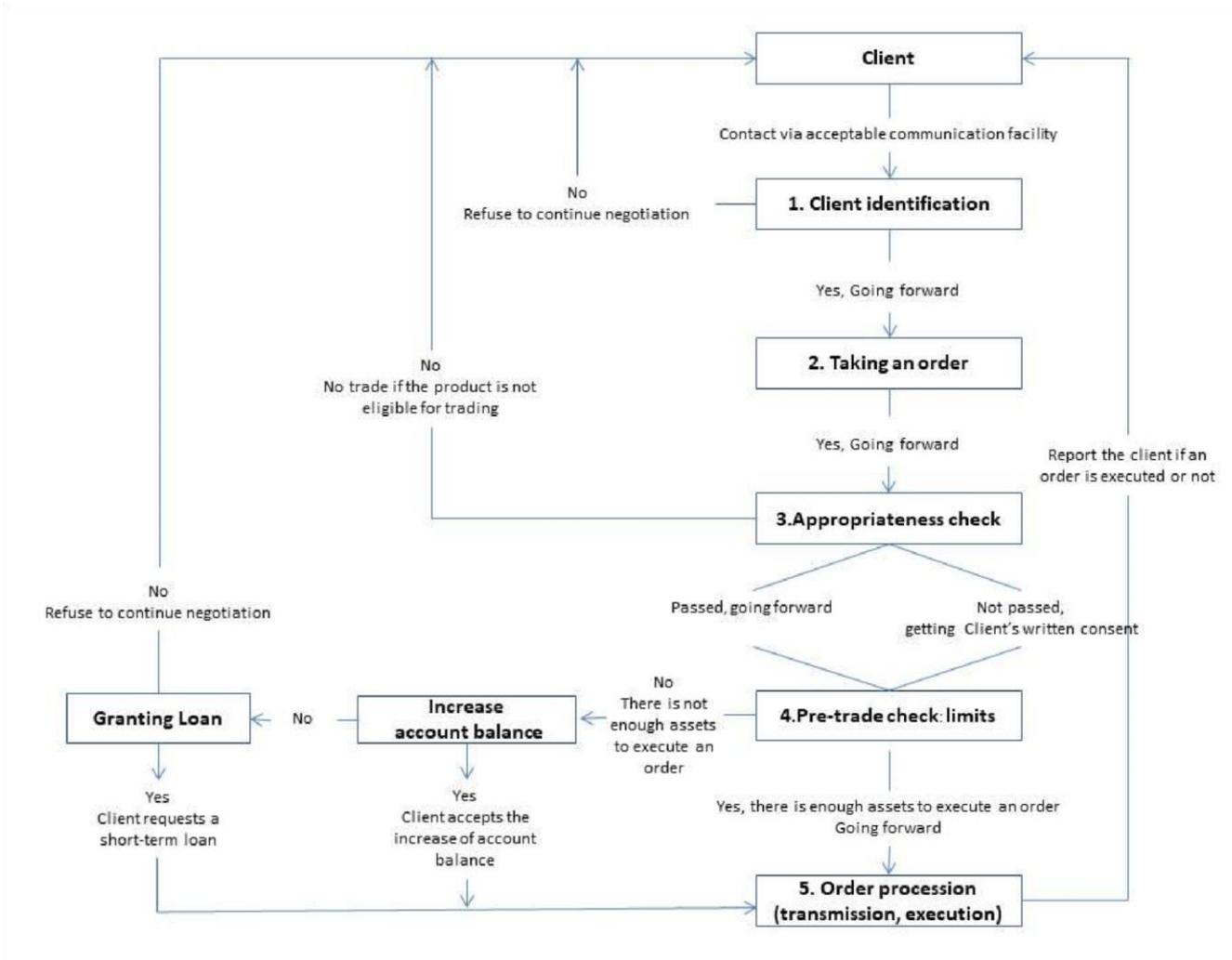6. Order Execution and Reporting.

Client Order processing scheme

Process Description

The process starts when the Client contacts the Broker.

1.   Client identification

(a)   Initial contact and recording of evidence

The Broker, first of all, needs to identify (recognize) the Client and ensure that the communication is made via Authorised Means of Communication, thus its evidence is recorded.
The Broker shall use only the device (mobile phone) approved by the Company and appropriate records of conversations shall be kept.
The Broker might receive initial contact from the Client via:
(i)   mobile phone (to the Company's property, non-privately owned devices, the Company ensures the conversations are duly kept);
(ii)   Desk phone;
(iii)   Bloomberg chat;
(iv)   E-mail;

(v)   In person to person conversation during a meeting. In this case the minutes of the meeting shall be prepared and stored by the Company;

(vi)   Text message (SMS), WhatsApp, Viber, etc.

If Client wants to give an Order, the Broker asks the Client to communicate only via

(i)   Desk phone;

(ii)   Fax;

(iii)   Authorized e-mail (the Authorized Means of Communications);

(iv)   Client Cabinet;

(v)   In person to the Broker in hard copy during a face-to-face meeting. The minutes of the meeting shall be prepared and stored by the Company.

Usage of mobile phones or any other means such as (i) in person to person conversation during a meeting, (ii) text message (SMS), WhatsApp, Viber, etc, except indicated in previous paragraph is strictly prohibited.

In order to meet the specific Client's demands, the following procedure of obtaining Orders can be implemented for the Orders given by the Client:

- The Client may place an Order using an authorized e-mail expressly stating at least Basic Provisions (as provided in the Terms of Business) necessary for the processing and execution of the Order. The Broker in this case may also make a call back on the authorized phone number;

- If the Order is placed through the Desk phone, it is advised that an email including the details of the Order is also sent to the Company within reasonable time period from the Order placement date;

- For REPO transactions with open date (and consequently with automatic roll) the Client may sign only the opening and closing REPO instructions. It is not necessary to sign each instruction related to the automatic roll over. The Client also may in addition send an email confirmation of the acceptance of deals undertaken in Order to roll the REPOs over a Trade Register of REPO deals. However, the absence of disagreement with any such roll over transactions within five working days after information about relevant transactions was forwarded, published or otherwise made available to the Client is deemed to constitute Client's acceptance of the said transactions in any case.

The Client's Orders that are received by any Authorised Means of Communications, listed (i)-(v) above, shall be saved in proper directory on the File Server, as per Record keeping policy of Skanestas and shall be uploaded and/or attached to the corresponding order in the Order Journal. All conversations made with the Client over Desk phone and e-mails are stored by Skanestas IT Support for at least 5 (five) years.

(b)   Recognition

The Broker or Middle office verifies the Client's identity or the identity of Client's authorized representative and ensures proper identification of the relevant person, in accordance with the Company's Anti-money Laundering procedures and clients' acceptance policy.

The Broker needs to recognize the Client right after the contact is initiated. If the contact is made through the Desk phone, the Broker shall verify if it is made from the Client's authorized telephone number. In addition, the Client shall fully introduce himself to the Broker and name its company or account number with Skanestas.

Any telephone communication that results or may result in transaction is recorded by the Company and is stored in accordance with the applicable national legislation. The required prior notifications (that calls are recorded by the Company) are in place.

If any Client has several accounts with Skanestas, or has an account in its own name and at the same time acts as an authorized representative of any other Client, or acts as an authorized representative of several Clients, the person is asked to specify which Client the person represents in relation to a particular transaction. Relevant authorization document shall be checked to be in place.

The Software database is used as a source of information regarding Client's authorized e-mail accounts, signatories and directors. Front-office department is responsible for updating it and keeping it up to date.

2.   Taking Order

Once the Client is identified and validated (step 1), the Broker can take the Order and/or Client specific requirements.

The Order may refer to (i) a new deal with a new instrument; (ii) a new deal with an instrument the Client dealt in the past or (iii) termination (in full or in part) of an existing position.

If the Order refers to a new deal, the Broker proceeds with Appropriateness check (step 3), otherwise Broker proceeds with Limit status check (step 4) and Order acceptance (step 5).

3.   Appropriateness check

At the moment when the Client enters the Legal Agreement with Skanestas the Client is also asked to fill in and sign the Client Questionnaire. Through this document Skanestas obtains information regarding Client's experience, knowledge and financial position. It enables Skanestas using a Decision tree (Appendix 3 and 2b, Customer Request Form and Questionnaire) to evaluate whether the Client has the necessary experience and knowledge in order to understand the risks involved in the investment services provided and the financial instruments traded. This information allows Skanestas to warn the Client when Skanestas consider that a financial product is not appropriate for the Client.

Once the Broker takes the new Order with a new instrument from the Client, the Broker needs to judge if required instrument is appropriate for this Client according to its category. The Client's category is identified by the Front-Office and based on the replies of the Client to assessment questions in the Client Questionnaire.

The decision of the Broker shall be subject to market conditions. If the Broker is unsure the Broker shall do a check against the Warning List of Instruments. The Broker may also address this issue to the Compliance officer and Managing Director of Skanestas.

If the instrument is eligible for trading, but is not appropriate to the Client, the Broker may accept an Order only after prior warning of the Client of instrument's inappropriateness and getting Client's consent in writing.

4. Limit Status check (pre-trade check)

Once the Broker completes Appropriateness check the Broker needs to assess if the Client has sufficient assets on Client's account to settle the trade (including initial margin requirements, etc.).

The Broker estimates (i) if the Client has to pay or to deliver anything under the trade on the Trade Date and what the size of relevant Client's obligations is and (ii) if the Client has sufficient assets on its account to perform its obligations (as per (i) above).

If the Broker identifies that the Client does not have sufficient assets to settle the trade, the Broker:
(i)   informs the Client regarding the situation and requests whether the Client wishes to supplement his account including, but not limited to, closing some positions;
(ii)   requests if the Client wants to supplement account by means of Skanestas loan. If the Client agrees with the proposal and accepts supplement, the Order might be accepted immediately (despite the account deficit) once it is approved in accordance with Skanestas internal policies, otherwise no negotiations are possible, unless the Client supplements its account.

However, the possibility of provision of margin loans by Skanestas and in particular the amount of such loan is subject to capital requirements and current capital adequacy ratio of Skanestas. In this event Skanestas needs to maintain also available corporate funds to transfer those under the clients' bank account. This is established from time to time in a different policy and procedure of the Company.

5. Order acceptance

Once steps 3 and 4 are positively completed and there are no other obstacles to execute Client's Order, the Broker proceeds with execution by means of appropriate communicating facilities. The Order details are inserted into the Order Journal. Once an Order inserted into Order Journal its status should be monitored continuously by the Middle-office.

The Broker must enter all Orders into the Order Journal. If there are a number of related Orders given by the Client simultaneously, the Broker shall book first the Order that shall be logically executed first (e.g. conversion of currency followed by the purchase of securities in converted currency). In case of Order rejection (for the reasons specified below) the Broker shall make a relevant note in the Order Journal.

The Order Journal comprises of the following fields:

Order Received	Active Till	Executed At	Client Agreement (Account number)	Asset	Quantity	Price	Market	Order Type[1]	Order Status	Supplying Method

6. Order Types

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[1] Means "Good till cancelled", "Good till day", etc.

Some of the types of orders the Company accepts include, but are not limited to:

a) **Good Till Date –** an order that is active until a specified date unless it has already been fulfilled or cancelled. Where the Client chooses GTD order type but does not expressly indicate date and time, the Company shall be entitled to treat this order as active until the end of the current trading day. For avoidance of any doubt, the current trading day is the business day where the GTD order is received by the Company and processed until 24:00 Cyprus time.

b) **Good Till Cancelled –** an order that remains active until either fulfilled or cancelled.

c) **Market** - An order to buy or sell the identified financial instrument at the prevailing market price. Market orders are executed without regard to price changes. Therefore, if the market price moves significantly during the time it takes to fill the client's order, the order will most likely be executed at a price substantially different from the price when the order was entered.

d) **Limit** - An order (other than a market order) to buy or sell the identified financial instrument at a specified price. A limit order to buy generally will be executed when the ask price equals or falls below the bid price that you specify in the limit order. A limit order to sell generally will be executed when the bid price equals or exceeds the ask price that the client specifies in the limit order. By placing a limit order the Client gives up the certainty of immediate execution in exchange for the expectation of getting an improved price in the future. Such orders may be routed to an exchange automatically. Where a limit order is placed in a share admitted to trading on a regulated market or traded on a trading venue, the Company shall not be obliged to publish that limit order if it cannot be immediately executed under prevailing market conditions.

e) **Stop Order** - A stop order is an order to buy or sell a financial instrument once the price of the instrument reaches a specified price, known as the stop price. When the stop price is reached, a stop order becomes a market order. A sell stop order is entered at a stop price below the current market price. A buy stop order is entered at a stop price above the current market price. Sell stop orders are generally used to limit a loss or to protect a profit on a financial instrument.

f) **Trailing Stop** - A trailing stop is the same as a stop loss order with the only difference being that, instead of setting a price at which the order is activated, the trailing stop order is activated at a fixed distance from the market price. Because of market gapping, the best available price that may be achieved could be materially different to the price set on the trailing stop order and as such, trailing stop orders are not guaranteed to take effect at the fixed distance for which they are set.

7. Client Order Handling & Order execution

When carrying out client orders, the Company shall satisfy the following conditions:

- It shall ensure that orders executed on behalf of clients are promptly and accurately recorded and allocated;
- It shall carry out otherwise comparable client orders sequentially and promptly unless the characteristics of the order or prevailing market conditions make this impracticable, or the interests of the client require otherwise;
- It shall inform the Client about any material difficulty relevant to the proper carrying out of orders promptly upon becoming aware of the difficulty.

Where the Company is responsible for overseeing or arranging the settlement of an executed order, it shall take all reasonable steps to ensure that any client financial instruments or client funds received in settlement of that executed order are promptly and correctly delivered to the account of the appropriate client.

The Company shall not misuse information relating to pending client orders, and shall take all reasonable steps to prevent the misuse of such information by any of its relevant persons; and shall disclose conflict of interest where necessary.

In certain circumstances the Broker may aggregate Client Orders related to the same financial instrument due to the following reasons:
•	execution of an aggregated Order may result in lesser execution costs;
•	execution of an aggregated Order is the most suitable type of execution due to certain characteristics of the transaction, i.e. the transaction is based upon a takeover or mandatory bid, etc.;
•	the large size of aggregated Order may result in more advantageous prices for the Clients.

The Company shall only aggregate orders if 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 and the aggregation is disclosed to each client whose order is to be aggregated that the effect of aggregation may work to its disadvantage in relation to a particular order.

Aggregation of Orders shall not result:
•	in additional execution costs for any Client (and in any case under no circumstances the execution costs can be in excess of execution cost that Client will pay if the Order of the Client is executed separately);
•	in change of prices for disadvantage of any Client compared to those prices the Client will have if the Order of the Client is executed separately;
•	adversely to the Client in any other way.

In case of partial execution of the aggregated Order, the trade shall be allocated among the Clients, whose Orders were aggregated, on sequential basis, irrespective of price and volume of each client Order. Where it is not possible to allocate any part or all (as applicable) of the trade on sequential basis as described above, the Company shall allocate such part or all (as applicable) of the trade:
•	equally among the Clients whose Orders were aggregated, irrespective of price and volume of each client Order, provided that such part or all (as applicable) of the trade is capable of being allocated equally;
•	or proportionally to the volume of each client Order, but irrespective of the price of each client Order, provided that such part or all (as applicable) of the trade is not capable of being allocated equally and such allocation is performed on sequential basis as described above.

Where the Company aggregates transactions for own account with one or more client orders, it shall not allocate the related trades in a way that is detrimental to a client.

The Broker shall confirm the final details of the executed Order to the Client.

The following terms shall be expressly confirmed to the Client by the Authorized Means of Communications:

Type of executed Order:	Terms confirmed to the Client:
1.1 Trade order (Equities, Depositary Receipts, ETFs, Fixed income securities)	(i) Direction of the Order (if Client a Buyer or a Seller of financial instrument); (ii) Description of financial instrument (at least: the type of financial instrument ,issuer, ISIN code and/or other registration number); (iii) Quantity (number or notional amount); (iv) Price per instrument and/or total consideration (without Skanestas fees);
1.2 Trade order (Exchange traded derivatives)	(i) Direction of the Order (if client a Buyer or a Seller of Exchange traded derivative); (ii) Description of Exchange traded derivative (at least ticker, ISIN code and/or other registration number); (iii) Quantity (number); (iv) Price per instrument and/or total consideration (without Skanestas fees);
2. Currency trade order	(i) Direction of the Order (if client a Buyer or a Seller of a currency); (ii) FX rate; (iii) Amount of currency sold/bought;
3. REPO trade order	(i) Direction of the Order (if Client is entering into REPO or reverse REPO); (ii) Description of financial instrument (at least the type of financial instrument (Equities, Depositary Receipts, ETFs, Fixed income securities), issuer, ISIN code and/or other registration number); (iii) Quantity (number or notional amount); (iv) Price per instrument;
	(v) Haircut/Premium
	(vi) REPO rate;
	(vii) REPO term;
4.Client Free-format instruction (Getting short-term loan)	(i) Amount and currency; (ii) Term; (iii) Loan rate;

With respect to the purchase or sale of OTC Derivatives, all details of the transaction shall be confirmed to the Client.

Skanestas fees are accrued automatically by the Back-Office, based on the relevant fee schedules which are published on the website of the Company. If the fee is not standard, it should be negotiated with the Client and approved by Senior Management of Skanestas prior to transaction.

Each trade as soon as being executed is added (not later than 11 a.m. on the next working day) in the Deals Register by the Middle-office. Once the information is transferred to the Back-office, the executed trades are entered in the Software for further procession and settlement.

Insufficient information in the Order
The Clients are encouraged to make sure their Order is complete and accurate.

Where the Client does not provide sufficient Basic Trade Order Terms in their Order (i.e. the Order made by the Client does not allow the Broker to form a Deal and/or act in the best interest of the Client, safe for the Specific Order):

(a) the Broker has the right not to proceed with the Order;

(b) the Broker shall proceed with obtaining clarifications on the Order;

(c) the Broker shall act in good faith and in the best interest of the Client at all times;

(d) in case where the Broker is missing information on whether the Order is Good Till Date or Good Till Cancelled, the Client agrees and authorizes the Broker to make a Deal in the following manner:

    (i)   Good Till Cancelled: Equities and Fixed Income Securities.

    (ii)   Good Till Date: all remaining instruments, repurchase transactions and currency conversion transactions.

8. Trade Confirmations

Trade confirmations shall be provided to clients by the Head of Back Office Department as soon as possible and no later than the first business day following execution or, where the confirmation is received by the Company from a third party, no later than the first business day following receipt of the confirmation from the third party.

Trade confirmations shall include the following information:

a) the Company's identification;

b) the name or other designation of the client;

c) the trading day;

d) the trading time;

e) the type of the order;

f) the venue identification;

g) the instrument identification;

h) the buy/ sell indicator;

i) the nature of the order if other than buy/ sell;

j) the quantity;

k) the unit price;

l) the total consideration;

m) a total sum of the commissions and expenses charged and, where the client so requests, an itemised breakdown;

n) the rate of exchange obtained where the transaction involves a conversion of currency;

o) the client's responsibilities in relation to the settlement of the transaction, including the time limit for payment or delivery as well as the appropriate account details where these details and responsibilities have not previously been notified to the client;

p) where the client's counterparty was the Company itself or any person in the Company's group or another client of the Company, the fact that this was the case unless the order was executed through a trading system that facilitates anonymous trading.

9. Time of Processing an Order

Orders of Clients are accepted and processed between 09:00 to 24:00 Cyprus time. Orders placed outside these working hours shall be handled by the Broker on the next working day/ in the nearest working hours.