

Principles for the execution of orders involving financial instruments

Applicable from: August 2020

Investment service firms are obligated to take adequate and suitable precautions and establish an execution policy to ensure the best execution of client orders for the purchase and sale of financial instruments. Hereby it is essential, that the execution procedure typically aims to provide the best possible result for the client.

A. Scope of application

This execution policy applies to the execution of orders of retail clients and professional clients as defined in the German Securities Trading Act (“Wertpapierhandelsgesetz” or “WpHG”) through IKB Deutsche Industriebank AG (“IKB AG”) for the purposes of purchase or sale of securities or other financial instruments in connection with providing the following investment services:

- Principal broking services (dealing in its own name and for the account of others);
- Proprietary trading (dealing for own account as a client service); or
- Contract broking (dealing on behalf and for the account of others).

This execution policy does not apply to eligible counterparties.

B. General principles

Client orders are executed immediately or transmitted to third parties for the purpose of execution. Executed client orders are registered and allocated without delay and correctly.

Comparable client orders are executed immediately in the order of their receipt or transmitted to third parties for the purpose of execution, unless this is opposed by the type of order, the prevailing market conditions or the clients’ interests.

Immediately after the execution of an order, the client will be provided with the essential information about the order execution on a durable medium.

When consolidating client orders with other client orders or orders for own account, the bank will protect the interests of all involved clients.

A consolidation of client orders comes into consideration when (i) a disadvantage of involved clients is unlikely; (ii) the proper allocation of aggregated orders will occur, taking into account the influence of volume and price on the allocation and partial execution of orders; and (iii) each partial execution of a consolidated order comprised of individual orders will take into account the influence of volume and price on the partial execution.

In case of a consolidation of client orders with dealings for own account within the proprietary business, IKB AG ensures that (i) consolidated orders are not allocated in a manner that is disadvantageous for the client; (ii) the clients’ orders for a partial execution of a consolidated order are favoured over dealings for own account within the proprietary business; a prorated allocation will only be executed if the consolidation is clearly more advantageous to the client; and (iii) a change in the allocation of dealings for own account within the proprietary business to the disadvantage of the clients is avoided during the allocation of consolidated orders.

C. Principles for the best possible execution

IKB AG does not offer to clients the execution of orders in financial instruments via regulated or non-regulated trading venues, multilateral or organised trading systems, systematic internalisers, market makers or other liquidity providers.

IKB AG executes clients' orders to conclude transactions in securities and other financial instruments generally by dealing for own account acting as contracting party to the client as a client service in accordance with Section 2 (8) no. 2 c) of the German Securities Trading Act (Wertpapierhandelsgesetz). Proprietary trading transactions are concluded in the form of fixed-price transactions based on a fixed or determinable price directly between IKB AG and the client.

In case of fixed-price transactions, IKB AG fulfils its commitment to best execution by offering prices that are made on market terms.

In specific cases, IKB AG executes orders in financial instruments by way of principal broking services or contract broking with the client. This is done only on the basis of an individual agreement or specific instructions of the client.

Note on the priority of client instructions:

If IKB AG executes an order to purchase or sell a financial instrument in accordance with an explicit client instruction, the obligation to obtain the best possible result according to the instruction will be deemed fulfilled.

D. Review of the execution policy

IKB AG reviews annually and monitors regularly this execution policy. In addition, IKB AG conducts a review in accordance with applicable law to do so, and particularly if IKB AG becomes aware of an important change which puts the best possible execution of the orders at risk.