

Execution of orders etc

1. Introduction

To obtain the best possible result when Handelsbanken executes or transmits customer orders in financial instruments, Handelsbanken will comply with this document. The same order can be handled by using more than one of the different methods described in this document.

If the customer provides a specific instruction, on a general basis or for a specific order, such instruction will have precedence over what is stated in this document. A specific instruction might thus mean that Handelsbanken will not be able to take the measures described in this document to obtain the best possible result.

2. The relative importance of different factors in execution or transmission of orders

To obtain the best possible result for the customer, Handelsbanken will take all reasonable steps to take the following factors into consideration when the order is executed or transmitted: size and nature of the order, price, cost, speed, likelihood of execution, settlement, the categorisation of the client or any other consideration which Handelsbanken judges is relevant to the execution of the order. Normally Handelsbanken will assign the price the greatest significance.

In some circumstances such as large orders, orders with specific conditions etc, Handelsbanken may take other factors into consideration e.g. if the order due to the size or nature of the order which in the opinion of Handelsbanken may have essential influence on the price or influence on the likelihood of the order being executed or settled or if for other reasons it is relevant to assign greater significance to other factors than the price.

3. The most liquid marketplace

Handelsbanken's opinion is that a financial instrument that is traded on one or more regulated markets or other execution venues will be traded at the best price on the marketplace where the liquidity for the instruments in question is best.

In these circumstances in the choice between different marketplaces, Handelsbanken will normally choose the most liquid marketplace – either for the execution of the order or to determine a reference price or correspondingly if the execution of the order occurs outside the technical system of the marketplace.

4. Methods for execution

To obtain the best possible result Handelsbanken has the possibility to execute an order by using one or a combination of the following methods for the execution:

Execution of orders direct on a regulated market or an MTF (MULTILATERAL TRADING FACILITY)

This may be done when Handelsbanken executes the order directly on an exchange or where Handelsbanken is not an exchange member, through a third party.

Execution of orders outside a regulated market or an MTF

This may be done by executing the order directly against another client's order, by executing the order against our own account, or by executing the order against a third party, unless the client has instructed Handelsbanken that the intermediate order may not be executed outside a regulated market. By consenting to this document, the client also consents to such execution.

5. Execution of orders in financial instruments which principally are traded on a external marketplace

This section is applicable to the handling of orders in such instruments that are principally traded on a regulated marketplace, an MTF or other marketplace. Consequently the majority of instruments that are admitted to trading on a regulated market or an MTF are included;

- shares on a regulated market or MTF,
- standardised derivatives on a regulated market or MTF,
- units in collective investment undertakings admitted to trading on a regulated market or MTF,

- Norwegian treasury bills and government bonds,
 - Danish government and mortgage bonds.
- Handelsbanken will normally handle orders in these instruments by;
- promptly placing the order with the marketplace that Handelsbanken considers provides the best execution in accordance with section 2 and 3 above,
 - accumulating the order with other client orders in accordance with section 11 below and thereafter placing the order with the marketplace that Handelsbanken considers provides the best execution in accordance with section 2 and 3 above,
 - executing the order in parts at the marketplace,
 - executing the order against Handelsbanken's own account or against another client's order at a price reflecting prevailing market conditions.

Handelsbanken will not immediately make public (where Handelsbanken would otherwise be required to) any client limit orders in respect of shares admitted to trading on a EEA regulated market where the limit is not in accordance with prevailing market conditions and the order therefore cannot be executed immediately, unless Handelsbanken decides in its discretion to do so. By consenting to this document, the client also consents to such limit orders not being made public immediately.

In some circumstances Handelsbanken may quote indicative or fixed prices directly to the client. An agreement between the parties is then entered into either when the client accepts a fixed price quoted by Handelsbanken or, in the case of an indicative price, when Handelsbanken has confirmed the price to the client and the client accepts the price. In these situations an agreement is made between two parties and Handelsbanken does not execute the order on behalf of the client and this document is not applicable. The pricing will take into account the cost of our business model including the utilization of our own capital and counterparty risk and profit margins adjusted to the market.

6. Execution venues principally used by Handelsbanken for execution of orders

Handelsbanken participates in trading on different regulated markets and other execution venues. Handelsbanken evaluates on a regular basis which execution venues are to be used for execution of orders. For a list of execution venues principally used by Handelsbanken at present, please see www.handelsbanken.com or contact any of Handelsbanken's branch offices.

In order to execute transactions in instruments which are traded on other marketplaces than the ones where Handelsbanken participates in the trading directly, Handelsbanken will transmit the order to an exchange member with direct access to these marketplaces. The selection of such cooperation company is done through a continuous evaluation of the company in question and its ability to offer best execution.

7. Execution of orders in financial instruments which are not principally traded on an external marketplace

This section is applicable to the handling of orders in instruments that are principally traded directly towards a counterparty e.g.;

- treasury bonds and other money market instruments,
- corporate bonds,
- OTC derivatives,
- and other instruments issued by or published by Handelsbanken or other securities company.

Normally in these circumstances Handelsbanken will quote indicative or fixed prices direct towards the client. An agreement between the parties is then made either when the client accepts a fixed price quoted by Handelsbanken or, in the case of an indicative price, when Handelsbanken has confirmed the price to the client and the client accepts the price. In these situations an agreement is made between two parties and Handelsbanken does not execute an order on behalf of the client. The pricing will take into account the cost of our business model including

the utilization of our own capital and counterparty risk and profit margins adjusted to the market.

In situations where Handelsbanken will execute the order on behalf of the client, Handelsbanken will normally execute the order against its own account, in accordance with the instructions from the client. The pricing will take into account the cost of our business model including the utilization of our own capital and counterparty risk and profit margins adjusted to the market.

8. Execution of orders regarding units in collective undertakings which are not admitted to trading on a regulated market or MTF

Handelsbanken will execute the orders regarding units in collective undertakings by placing the order with the Fund Management Company (or equivalent) for execution according to the fund regulations (or equivalent).

9. Discretionary portfolio management

When Handelsbanken supplies discretionary portfolio management and at the same time executes orders received or decisions to trade, this will be done in accordance with this document.

In circumstances where Handelsbanken does not execute received orders or decisions to trade, Handelsbanken will, when selecting the counterparty for such order, take all reasonable steps in order to guarantee selection of the counterparty that will give the best possible result for the end client.

The selection of such cooperation companies takes place through a yearly evaluation of the company in question and their ability to offer best execution, so-called counterparty evaluation. For counterparties within the EEA, Handelsbanken will verify that the counterparty has a Best Execution Policy. For counterparties outside the EEA that do not fall within the scope of the new Directive in Financial Instruments, Handelsbanken will nevertheless demand information from the counterparty on how they can guarantee the best possible result.

Handelsbanken Asset Management has a current record of the counterparties used by Handelsbanken for each category of instruments. The record forms part of this document and can be obtained through Handelsbanken's branch offices.

10. The AktieSpar service

Orders from the AktieSpar service are executed through a daily netting procedure according to paragraph 5 in this document. All clients obtain the same price regardless of whether they are the buyer or seller and the price consists of the average of every single order that has been executed through AktieSpar during the day. If no deal is done, the client price is fixed at the average price from the stock exchange in each share.

11. Closing deals, aggregation and distribution of orders

Handelsbanken will execute client orders quickly, efficiently and fairly. Comparable orders will be executed immediately and in accordance with the time of their reception provided this is not impossible due to the nature of the order, prevailing market conditions or if anything else is demanded due to the client's interest.

Handelsbanken may aggregate one client's order with another client's orders and/or with transactions for Handelsbanken's own account unless it is likely that the aggregation generally will be of disadvantage for one individual client, whose order is included. The aggregation may be of disadvantage in respect of one single order.

An aggregated order which is executed in whole is distributed at the average price. If an aggregated order is only partly executed, the part that has been executed will be equally distributed at the average price. If at execution, an order has been aggregated with another transaction for Handelsbanken's own account and it has only been partly executed, the client order will normally have priority over Handelsbanken's order.

12. Disturbances in the market or trading systems

In the case of disturbances in the market or in Handelsbanken's own systems due to for example, interruption or insufficient availability of technical systems, it may in the opinion of Handelsbanken be impossible or inappropriate to execute orders according to the methods described in this document. Handels-

banken will then take all reasonable steps to execute the order on the best terms possible for the client.

13. Amendments

Handelsbanken will regularly review and if so required update this document.

Such changes will be available on our website www.handelsbanken.com or at Handelsbanken's branch offices. The changes are effective from when they are published on the website.