



ORDER MANAGEMENT AND EXECUTION POLICY

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Additional information

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1. Introduction

To comply with the law, Mora Banc Grup, SA (hereinafter “MoraBanc” or “the bank”) has established this Order Management and Execution Policy (hereinafter “the policy”) to describe the factors, elements and measures it has reasonably adopted to obtain the best possible result for transactions carried out on behalf of its clients.

This policy must be applied irrespective of which channel the clients use to place their orders and should be read in conjunction with the internal procedure for the accumulation and allocation of orders, which sets out MoraBanc’s obligations when acting both on behalf of clients and on its own account within the context of these transactions.

2. Scope of application

2.1. Clients

The clients to which this policy refers are both clients classified as retail and clients classified as professional, so investment services provided to clients classified as eligible counterparties are excluded.

2.2. Services

This policy applies to the financial instruments subject to the provision of order reception and transmission and order execution services on behalf of clients of MoraBanc as well as discretionary and individualised portfolio management.

Order reception and transmission: MoraBanc provides to clients the service of order reception and transmission for financial instruments traded in execution venues to which it does not have direct access, for which it uses different counterparties who access those execution venues.

Order execution: MoraBanc directly provides to clients the service of order execution for financial instruments traded either through execution venues to which it has direct access, or through an intermediary, and it provides the service of trading against its own portfolio for certain financial instruments.

Discretionary and individualised portfolio management: MoraBanc provides its clients with discretionary and individualised portfolio management services in accordance with the clients’ instructions, acting in their best interest when it gives execution orders to other entities as a result of the decisions it makes on behalf of its clients regarding the negotiation of financial instruments.

On the whole, for most categories of financial instruments for which the entity provides investment and ancillary services, MoraBanc acts as an intermediary that receives and transmits its clients’ orders to third-party executing or intermediary entities for subsequent execution.

However, on very specific occasions relating to certain financial instruments, MoraBanc may directly execute the orders of its clients.

2.3. Financial instruments

In general, the financial instruments to which this policy applies include:

- Variable income
- Fixed income
- Money market instruments
- Investment funds
- Derivatives
- Structured products

3. General criteria for policy implementation

3.1. Processing of client orders

Article 20 of the implementing Regulations for Law 8/2013 indicates that MoraBanc must fulfil the following conditions when carrying out clients' orders:

1. *"It must ensure that the orders executed on behalf of the clients are registered and allocated swiftly and accurately.*
2. *It must execute clients' orders sequentially and swiftly, unless the order's features or existing market conditions prevent it, or the client's interests require otherwise.*
3. *It must promptly inform retail clients of any relevant major obstacle to due swift execution of orders, when aware of the problem".*

According to article 37.4 of Law 8/2013, when "clients' orders may be executed outside a regulated market or multilateral trading facility, the entity must inform clients of this possibility before executing the order" and must obtain express prior consent from its clients, general or for each transaction, before executing the order outside a regulated market or multilateral trading facility.

3.2. Best Execution criteria

As established in article 18 of the Regulations, MoraBanc, in executing orders on behalf of clients, must consider the following criteria, which serve to determine the relative importance of the assessment factors detailed in point 4.1:

- a) *"The characteristics of the client, including their classification as a retail or professional client.*
- b) *The features of the client's order, even if the order involves a securities financing transaction.*
- c) *The features of the financial instruments in the order.*
- d) *The characteristics of the execution venues or intermediaries to whom the order may be directed".*

MoraBanc has drawn up this policy based on the above-mentioned criteria, the two main ones being the features of the financial instruments and the characteristics of the execution venues or intermediaries to whom the order may be directed.

As indicated in article 18.2 of the Regulations, when an order is executed on behalf of a retail client, “*the best result is determined in terms of the total consideration, the price of the financial instrument and the associated costs of execution, including all expenses charged to the client that are directly related to execution of the order, including execution venue fees, clearing and settlement fees, and other fees paid to third parties involved in execution of the order*”.

To determine whether it is best execution, whenever there is more than one venue competing to execute an order, for the purposes of assessing and comparing the results that the client can obtain according to whether the order is executed at one of the venues considered in this policy or another, MoraBanc’s fees and costs deriving from execution of the order in the different suitable venues must be taken into consideration.

4. Selection of intermediaries and execution venues

MoraBanc selects the intermediaries or execution venues that reasonably enable best execution of the orders, to obtain the best possible result for the clients, whether acting through intermediaries or directly executing clients’ orders.

The quantitative assessment factors on which the selection of these intermediaries are based are those established in the merit matrix of financial intermediaries, assessed on a biannual basis.

The execution venues are the different official stock exchanges of the respective markets where MoraBanc offers this service, listed in Annex 1 of this policy

4.1. Pre-selection and assessment of intermediaries and execution venues

In the pre-selection of intermediaries and execution venues, various aspects must be assessed, notably the following:

- **Price and costs:** the transaction price and associated costs are a determining factor when selecting potential and definitive intermediaries or execution venues, when there are several execution venues, as the result of both components must be borne by the client.
- **Price stability and liquidity:** the regularity of published prices, i.e. that variations are based on market movements, with no unjustified swings, and the ability of each of the potential intermediaries and execution venues to provide liquidity for a specific financial instrument are also essential when choosing between several alternative execution venues.
- **Efficient execution and settlement:** another important factor is the ability of the chosen financial intermediaries or execution venues to execute and settle the transaction on suitable terms, with the required speed, efficiency and quality, so issues are minimised in daily operations. In this regard, any comparative statistical data available about the quality of the intermediaries’ and execution venues’ service must be assessed.
- **Market leaders:** only top market entities should be considered, taking into account variables such as leadership in the sector, belonging to significant business groups in the market or the quality of the services offered.
- **Appropriate technology platforms:** i.e. they fulfil established requirements for security, level of service, maintenance, revision and updating of the platforms, quality controls, procedure for resolving incidents, audits, etc.

Once potential intermediaries and execution venues are selected according to the above-mentioned aspects, the final choice must be based on the following assessment factors:

- price
- cost
- speed
- likelihood of execution and settlement
- volume
- nature or
- any other consideration relevant to execution of the order

The determining quantitative factor for selecting intermediaries and execution venues are the price and costs. The quality of the management and proven expertise are also factors taken into account.

Considering the similarity between all the potential intermediaries and execution venues, regarding the main assessment factor (price and costs), additional assessment factors have been analysed, such as:

- Connection and platform advantages
- Access to the major global markets (see list in Annex 1).

The weighting of these factors has been assigned according to the nature of the financial instruments, detailed in the merit matrix.

While always considering the above-mentioned criteria and factors, the bank takes all reasonable measures in relation to the selected intermediaries and execution venues, reviewing their best execution policies or the information that the executing entities have provided to the bank regarding their order management and execution procedures or any other reasonable information available, while taking into consideration the nature of the financial instrument referred to in the client's order, in order to ensure that all management and execution measures have been taken to enable MoraBanc to fulfil its duty to act in the best interest of the client when transmitting and executing orders to other entities.

5. Details of intermediaries and execution venues selected for each type of financial instrument

Considering the preselection factors described in the previous section and to comply with this policy, the bank has selected a series of entities which systematically allow for reasonable expectation of achieving a result that is at least as favourable as that of any other alternative entity.

Annex 2 of this document lists the intermediaries and execution venues for each financial instrument under this policy.

5.1. Variable income

For this type of product, MoraBanc defines itself as a receiver and transmitter, as it is not a member of any international stock exchange and must select a financial intermediary or intermediaries to execute the orders in the relevant stock exchange.

Considering the diversity of markets, it may be that there is more than one intermediary in the execution chain when transmitting the orders to an intermediary that is not a member of the relevant stock exchange.

The intermediary selection criteria for processing and executing orders for variable income securities are those agreed in the merit matrix and detailed in section 4 of this policy.

Transactions in the pink sheet market are detailed in Annex 3.

5.2. Fixed income

Operations with this type of instrument are carried out against MoraBanc's own portfolio; the bank does not, in any case, receive orders from its clients and transmit them to a third party for execution as a mere intermediary, unless acting directly as a counterparty for its clients.

5.3 MoraBanc Asset Management investment fund

The bank executes the orders of its clients in the group's management company, as the sole execution venue available for this type of product. The management company is:

Mora Gestió d'Actius, SAU (MoraBanc Asset Management)
Carrer de l'Aigüeta, 3
AD500 Andorra la Vella
AFA authorisation number: D/97/1527

5.4. Investment funds of other managers

For this type of product, MoraBanc defines itself as a receiver and transmitter, and selects intermediaries to execute the orders.

In the selection of intermediaries or execution venues, factors affecting management quality have been considered, such as costs or accessibility to electronic means.

5.5. Derivatives traded on organised markets

MoraBanc is defined as a receiver and transmitter, as it is not a member of any international organised derivatives market and selects a financial intermediary or intermediaries to execute the orders in the relevant derivatives market.

Considering the diversity of markets, it is possible that there are more intermediaries in the execution chain, when transmitting the orders to an intermediary that is not a member of the relevant market.

The main quantitative assessment factors on which the selection of the intermediary to access the execution venues is based include price and costs, which are situated at a similar level to the rest of the potential intermediaries analysed, which is why additional quantitative assessment factors have been analysed, such as the platforms used.

5.6. Derivatives in unorganised markets

Transactions in unorganised derivative markets can be carried out against MoraBanc's own portfolio.

5.7. Structured products

Transactions in structured products issued by MoraBanc can be carried out against its own portfolio, while those issued by an entity other than MoraBanc (external issuer) are executed through the intermediary with whom the transaction is entered into.

6. Specific instructions

If a client sends specific instructions about execution of his order, MoraBanc must execute it accordingly, so the client's specific instructions take precedence over any aspects contained in this policy. For all other features of the transaction for which there are no specific instructions, any applicable precepts in this policy must be followed.

7. Limited orders

Under article 37.8 of Law 8/2013, MoraBanc takes "measures to facilitate the swiftest possible execution of clients' limit orders for shares admitted to trading in a regulated market, which are not executed immediately under existing market conditions". Equally, it must make "immediately public the said client limit order, unless the client states otherwise, so that market participants can easily access the said order".

8. Communication to clients

The policy is available to clients on the website, www.morabanc.ad, and at any branch of MoraBanc.

9. Revision of the Order Management and Execution Policy

To ensure that the policy entails adoption of all reasonable measures to obtain the best possible result in the interest of its clients, MoraBanc must supervise compliance with the requirements it contains, annually or whenever there is a major regulatory change or in the market that affects the policy, and make any necessary amendments, where applicable, to correct any shortcoming regarding:

- The validity of the merit matrix that selects the different intermediaries identified as execution venues for clients' orders, if they provide reception and transmission services, and the execution venues themselves, if they provide order execution services on behalf of the clients.
- The suitability of the selected execution venues for offering the best possible result for the clients' orders, according to the methodology established in this policy.

Equally, the effectiveness of this policy and, in particular, the quality of execution by the entities included in it, must also be checked periodically. Where applicable, any shortcoming must be resolved.

MoraBanc must provide clients with information about any major change to this policy.

10. Legal Framework

This policy has been drawn up according to the provisions of current legislation.

Andorran regulations:

- Consolidated version of Law 8/2013, of 9 May, on the organisational requirements and operating conditions of entities operating within the financial system, investor protection, market abuse and financial collateral arrangements.
- Implementing Regulations of Law 8/2013, of 9 May, on the organisational requirements and operating conditions of entities operating within the financial system, investor protection, market abuse and financial collateral arrangements.

ANNEX 1. VARIABLE INCOME EXECUTION VENUES

Country	Execution venue
Australia	Sydney
Austria	Vienna
Belgium	Brussels
Canada	Toronto Montreal Vancouver
China	Hong Kong
Czech Republic	Prague
Denmark	Copenhagen
Finland	Helsinki
France	Paris Nouveau Marché
Germany	Xetra Frankfurt Berlin Hamburg Düsseldorf
Greece	Athens
Hungary	Budapest
Ireland	Dublin
Italy	Milan
Japan	Tokyo Osaka Jasdaq
Norway	Oslo
Poland	Warsaw
Portugal	Lisbon
Singapore	Singapore
South Africa	Johannesburg
Spain	Mercado Continuo Madrid Barcelona Valencia MARF MAB Latibex
Sweden	Stockholm
Switzerland	VIX
United Kingdom	London
USA	Amex Nyse Nasdaq Arca

ANNEX 2. OVERVIEW OF INSTRUMENTS, INTERMEDIARIES* AND EXECUTION VENUES

Instruments	Market type	Intermediary*	Execution venue
Variable income and ETFs	Organised market	Instinet Stiffel KBC Oddo Securities Nomura Mirabaud JB Capital JP Morgan Kepler Morgan Stanley Banc de Sabadell Société Générale Ahorro Corporación Beka Santander Flow Traders Intermoney Inversis StoneX Bestinver	International stock exchanges
Fixed income	OTC market	MoraBanc own portfolio	MoraBanc own portfolio
MoraBanc Asset Management investment funds	OTC market		Mora Gestió d'Actius, SAU
Other managers' investment funds	OTC market	All funds International Quintet Bank MFEX	Authorised international managers
Derivatives	Organised markets	Altura Markets	International stock exchanges
	OTC markets	MoraBanc own portfolio	MoraBanc own portfolio
Structured products	OTC markets	MoraBanc own portfolio	MoraBanc own portfolio

*Including major ones.

ANNEX 3. PINK SHEET MARKET TRANSACTIONS

MoraBanc will not accept any variable income order that meets at least one of the following criteria:

- Price equal to or lower than \$0.05 and classified in the three lower levels of the OTC market (Grey Market OTC, Pink No Information, OTC Pink Limited Information).
- Classified as a Caveat Emptor by OTC, regardless of the market level (“the buyer assumes the risk”).
- Suspended by the SEC (during the period of suspension).



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