

January 2011

**Order Execution Policy  
according to  
Markets in Financial Instruments Directive (“MiFID”)  
and §33a German Securities Trading Act**

**1. Preamble**

The EU Markets in Financial Instruments Directive (MiFID) requires Close Brothers Seydler Bank AG to implement an order execution policy and to take all necessary steps to obtain the best possible result (“best execution”) on behalf of its Clients when executing client Orders or receiving and transmitting Orders for execution.

Close Brothers Seydler Bank AG is also required to provide appropriate information to its Clients on its MiFID order execution policy.

Irrespective of the fact that Close Brothers Seydler Bank AG has always conducted its business on the basis of principles ensuring execution on best effort basis the purpose of this document is to provide you with information on Close Brothers Seydler Bank AG’s order execution policy according to MiFID and to obtain your consent to this policy.

**Respectively, please note that we will treat you as a Professional Client according to §31a section 2 German Securities Trading Act (“Wertpapierhandelsgesetz”), following “Client”.**

If you do not agree with the categorization of being treated as “professional client”, or wish to request to be re-categorized as “eligible counterparty” you have to submit your request in writing.

If you request a re-categorization to be treated as an “eligible counterparty” you would lose certain regulatory protections including those relating to this order execution policy and the handling of your orders.

**2. Scope**

Close Brothers Seydler Bank AG’s MiFID order execution policy applies where Close Brothers Seydler Bank AG either receives or transmits client Orders and/or executes Orders on a Client’s behalf (following “order” or “client order”).

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Close Brothers Seydler Bank AG will be executing Orders “on a Client’s behalf” where the Client legitimately relies on Close Brothers Seydler Bank AG to protect the clients interests in relation to the pricing or other aspects of the transaction that may be affected by how Close Brothers Seydler Bank AG executes the Order.

For example, this will be the case when Close Brothers Seydler Bank AG:

- a) executes an Order by dealing as an agent;
- b) executes an Order by dealing as a principal on behalf of a Client; or
- c) is working on an Order on a Client’s behalf.

Close Brothers Seydler Bank AG will not be executing Orders on a Client’s behalf, i.e. will not owe “best execution” where Close Brothers Seydler Bank AG publishes a dedicated quote or provides a “request for quotation” service and the Client transacts with Close Brothers Seydler Bank AG on the basis of that quote. The same applies where Close Brothers Seydler Bank AG and the client directly agree on a financial instruments transaction at a fixed price (“Festpreisgeschäft”).

### **3. Order execution**

#### 3.1 Execution Factors

Subject to any specific instructions that may be given by you, when executing Orders on your behalf, we will take all necessary actions to obtain the best possible result for you taking into account the following Execution Factors:

- price
- costs
- speed
- likelihood of execution and settlement
- size
- nature or any other consideration relevant to the execution of the Order.

Price will generally be having a relatively high importance in terms of “best execution”. However, in some circumstances, Orders, Financial Instruments or markets, Close Brothers Seydler Bank AG may appropriately determine that some Execution Factors are more important than price in order to obtain the best possible execution results for you.

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Close Brothers Seydler Bank AG will decide the relative importance of the mentioned Execution Factors by using its commercial judgement and professional experience vis-à-vis the market information available and considering the following Execution Criteria:

### 3.2 Execution Criteria

The Execution Criteria that will be taken into account are:

- a) the Client category;
- b) the type of Order;
- c) the Financial instruments; and
- d) the Execution venues to which the Order can be directed, i.e. markets, exchanges, third parties.

## **4. Execution venues**

An overview of the Execution Venues used by Close Brothers Seydler Bank AG with regard to the respective Financial Instruments can be found at [www.cbseydler.com](http://www.cbseydler.com) (see “MiFID”).

This list of Execution Venues is not exhaustive but comprises the main important Execution Venues on which Close Brothers Seydler Bank AG places particular reliance. Close Brothers Seydler Bank AG reserves the right to use other Execution Venues where Close Brothers Seydler Bank AG deems appropriate in accordance with the current MiFID order execution policy and may add or remove any Execution Venues from this list.

We will regularly assess the available Execution Venues to ensure to obtain the best results when executing your Orders. Whenever necessary, the respective list of Execution Venues will be updated. We recommend to refer to the list of Execution Venues at [www.cbseydler.com](http://www.cbseydler.com) (see “MiFID”) regularly. Close Brothers Seydler Bank AG will not notify you separately of any changes to these venues.

We will ensure that the structure of our commissions will not discriminate specific Execution Venues unfairly.

### **4.1. Selection of an Execution Venue**

Subject to any specific instructions that may be given by you, we will use the following judgement to choose the appropriate Execution Venue:

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- a) Subject to proper consideration of the Execution Criteria and Execution Factors referred to above, where Close Brothers Seydler Bank AG believes to trade in your best interest, Close Brothers Seydler Bank AG may be used as the Execution Venue.
- b) Subject to the above, when placing Orders on a Regulated Market or a Multilateral Trading Facility (“MTF”), Close Brothers Seydler Bank AG will select the Execution Venue that is to be considered the most appropriate.

Where Close Brothers Seydler Bank AG acts as the Execution Venue, we will consider all sources of appropriate information, including MTFs, exchanges, brokers, data vendors and third parties, to obtain the best possible result for your Order.

## **5. Methods of Execution**

Subject to any specific instruction that may be given by you (see below), Close Brothers Seydler Bank AG will execute an Order by one of the following methods or combination of methods:

- a) Where Close Brothers Seydler Bank AG has obtained your prior explicit consent, outside a Regulated Market or MTF by:
  - executing the Order with a matching Order from another Close Brothers Seydler Bank AG Client; and/or
  - Close Brothers Seydler Bank AG itself acting as the Execution Venue.
- b) In cases where a) is not possible or would not lead to best results based upon our commercial expertise Close Brothers Seydler Bank AG will execute the order on a Regulated Market or MTF or, where Close Brothers Seydler Bank AG is not a direct member of the relevant Regulated Market or MTF, with an appropriate third party. In these cases please refer to the **Appendix “order execution”** of this document.

## **6. Specific Client instructions**

Where you give Close Brothers Seydler Bank AG a specific instruction as to the execution of an Order, Close Brothers Seydler Bank AG will execute the Order in accordance with those specific instructions.

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Where your instructions relate to only part of the Order, Close Brothers Seydler Bank AG will continue to apply to the present MiFID order execution policy to those aspects of the Order not covered by your specific instructions.

You should be aware that providing specific instructions to us in relation to the execution of a particular Order may prevent us from taking the actions set out in our MiFID order execution policy to obtain the best possible result in respect of the parts covered by those instructions.

## **7. Reception and transmission of Orders**

Subject to any specific instructions that may be given by you, Close Brothers Seydler Bank AG may transmit your Order to a third party, for execution or acting itself as the Execution Venue. In doing so, Close Brothers Seydler Bank AG must act in your best interests and comply with the principles of this order execution policy (see **Appendix “order execution”**).

## **8. Monitoring**

Close Brothers Seydler Bank AG will monitor the compliance with this order execution policy regularly.

## **9. Review**

Close Brothers Seydler Bank AG will review this order execution policy annually or whenever a significant change occurs that affects Close Brothers Seydler Bank AG’s ability to continue to obtain the best possible result for you.

Close Brothers Seydler Bank AG will notify you of any significant change to our execution policy by posting an updated version of this document on [www.cbseydler.com](http://www.cbseydler.com) (see “MiFID”). We will also update the list of Execution Venues on [www.cbseydler.com](http://www.cbseydler.com) (see “MiFID”) whenever necessary.

You will not be notified separately of any such changes. Therefore, we recommend to refer to the current list of Execution Venues regularly.

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**10. Consent**

Close Brothers Seydler Bank AG is required to obtain your prior consent to our MiFID order execution policy (this document).

You will be deemed to provide such consent when you start giving orders.

**11. Written confirmation**

We are required to have your prior explicit consent in relation to the execution of orders outside a regulated market or multilateral trading facility (“MTF”).

Additionally, we have to receive your express instruction if you want to not make public any limit order you may have placed with us in respect of shares traded on a regulated market where that order cannot be executed immediately.

This consent must be provided in writing. Therefore, may we ask you to reply to us the attached Information C via mail or Fax.

Frankfurt am Main, January 2011

Close Brothers Seydler Bank AG

Management Board

Attachments

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## Definitions

<p><b>Third parties</b> means an appropriate financial service entity or service provider which executes the order on execution venues where Close Brothers Seydler Bank AG is not a direct member of.</p> <p><b>Financial instrument</b> means securities according to §2 German Securities Trading Act (“Wertpapierhandelsgesetz”, WpHG) Par. 1 and Derivatives according to §2 German Securities Trading Act (“Wertpapierhandelsgesetz”, WpHG) Par. 2 and subscription rights hereon.</p> <p><b>Eligible counterparty</b> means “per se” eligible counterparties, such as investment firms, credit institutions, insurance companies, undertakings for the collective investment of transferable securities (UCITS), pension funds and national governments or other entities that may be treated as eligible counterparties with their consent such as large undertakings according to §31a German Securities Trading Act (“Wertpapierhandelsgesetz”, WpHG) Par.2 and 4.</p> <p><b>Internalisation</b> means the process of the order execution by any financial service provider executing orders from its clients against its own book or against orders from other clients in an organised, frequent and systematic manner according to MiFID rules.</p> <p><b>Regulated market</b> means a multilateral system operated and/or managed by a market operator which brings together or facilitates the bringing together of multiple third-party buying and selling interests in Financial Instruments – in the system and in accordance with its non-discretionary rules – in a way that results in a</p>	<p>contract, in respect of the Financial Instruments admitted to trading under its rules and/or systems, and which is authorized and functions regularly and in accordance with the provisions of MiFID</p> <p><b>MiFID</b> means the Directive 2004/39/EC of the European Parliament and the Council of 21 April 2004 on Markets in Financial Instruments and any implementing directives and regulations.</p> <p><b>MTF</b> („multilateral trading facility“) means a multilateral system, operated by an investment firm or a market operator, which brings together multiple third-party buying and selling interests in Financial Instruments – in the system and in accordance with non-discretionary rules – in a way that results in a contract in accordance with the provisions of MiFID.</p> <p><b>Order</b> means an instruction to buy or sell a Financial Instrument which is accepted by Close Brothers Seydler Bank AG for execution or transmission to a third party.</p> <p><b>Over the Counter (“OTC”)</b> means execution outside a regulated market or MTF (including internalisation).</p> <p><b>Professional client</b> means a client category according to §31a German Securities trading Act (“Wertpapierhandelsgesetz” WpHG) Par.2 which is characterized by a high level of knowledge and experience in financial instruments and risk assessment expertise.</p>
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This document does not constitute legal advice. Clients are advised to take specific legal advice on any particular matter that concerns them.

Appendix “order execution”

Financial instrument	Segment	Method	Execution Venues
Domestic equities	all	<ol style="list-style-type: none"> <li>1. executing the Order with a matching Order from another Close Brothers Seydler Bank AG Client;</li> <li>2. execution at a domestic regulated market;</li> <li>3. execution via MTF</li> </ol>	Close Brothers Seydler Bank AG; MTF; Frankfurt Stock Exchange/ Xetra; Stuttgart Stock Exchange; Munich Stock Exchange; Berlin Stock Exchange; Hamburg Stock Exchange; Düsseldorf Stock Exchange
Non-domestic equities	all	<ol style="list-style-type: none"> <li>1. executing the Order with a matching Order from another Close Brothers Seydler Bank AG Client;</li> <li>2. execution via MTF</li> </ol>	Close Brothers Seydler Bank AG; MTF (e.g. open market at Frankfurt Stock Exchange)
	Domestic trading to a considerable extent	3. domestic execution	Frankfurt Stock Exchange/ Xetra; Stuttgart Stock Exchange; Munich Stock Exchange; Berlin Stock Exchange; Hamburg Stock Exchange; Düsseldorf Stock Exchange
	All other	or 4. most liquid execution venue (e.g. via third parties)	home market  Third parties, e.g.: Instinet; MB Trading; Asia Brokers / Euro Tokyo Knight Direct
Domestic and non-domestic interest rate securities/ Money market instruments	all	<ol style="list-style-type: none"> <li>1. executing the Order with a matching Order from another Close Brothers Seydler Bank AG Client;</li> <li>2. over-the-counter (“OTC”)</li> </ol>	Close Brothers Seydler Bank AG
	Traded at a regulated market or MTF	3. most liquid execution venue	Frankfurt Stock Exchange / Xetra; Stuttgart Stock Exchange; Munich Stock Exchange; Berlin Stock Exchange; Hamburg Stock Exchange; Düsseldorf Stock Exchange

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Financial instrument	Segment	Method	Execution Venues
Securitized standardized derivative instruments, e.g. warrants and certificates	Traded at a regulated market or MTF	most liquid execution venue (e.g. via third parties)	Frankfurter Stock Exchange / Xetra; Stuttgart Stock Exchange  Third parties, e.g.: eligible counterparties
	Not traded at a regulated market or MTF	over-the-counter (via third parties)	Third parties, e.g.: Issuers; eligible counterparties
Non-securitized standardized derivative instruments, e.g. options and futures	service not offered	service not offered	service not offered
Non-securitized and non-standardized derivative instruments and other financial instruments, e.g. forward rate agreements and swaps (OTC Derivate)	service not offered	service not offered	service not offered
Domestic and non-domestic units in collective investment undertakings	Units not traded at a regulated market or MTF	Respective domestic or non-domestic fund manager	respective Custodian
	Units traded at a regulated market or MTF (ETD's, Exchange Traded Funds)	domestic execution	Frankfurt Stock Exchange; Stuttgart Stock Exchange; Munich Stock Exchange; Berlin Stock Exchange; Hamburg Stock Exchange; Düsseldorf Stock Exchange

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