



Operating principles governing the
execution of orders

OP Corporate Bank plc

Best Execution

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OP Corporate Bank's Best Execution Policy

1 Introduction

This document lays down the operating principles OP Corporate Bank plc comply with in executing or transmitting orders for financial instruments made by retail or professional clients or in making binding or indicative quotes for the client to obtain the best possible result for the execution of client orders.

All Best Execution Policies in place in OP Financial Group can be found at op.fi.

2 Factors to be considered in the best execution of orders, and their relative importance

The best possible result in the execution of an order is always determined by the total consideration. OP Corporate Bank considers that the total consideration consists of the factors mentioned below. In executing client orders and selecting the method of execution, trading venue and any other possible intermediary or OTC¹ counterparty, OP Corporate Bank considers the following factors in the stated order of importance:

- 1) Price of the financial instrument
- 2) Characteristics of the financial instrument
- 3) Size and nature of the order
- 4) Execution speed
- 5) Likelihood of execution and settlement
- 6) Costs related to trade execution and settlement

OP Financial Group seeks to execute orders at the best possible price. The direct effect of the order execution on the price of a financial instrument will also be taken into account in assessing the price. If a certain product is traded only on one trading venue or only one party in the market quotes prices in OTC trading, the price will come directly from the trading venue or OTC counterparty concerned.

The liquidity of a financial instrument varies by financial instrument. Various financial instruments are traded on trading venues or with an OTC counterparty. The trading method has an effect on price determination and on how the order affects the market price. These include the characteristics of the financial instrument that affect the method of executing the order.

The size and nature of the order and the abovementioned characteristics of the financial instrument together have an effect on the way how the order will be executed.

The execution speed is relevant to the price fluctuation and price determination of the financial instrument and has an effect on the way how the order will be executed.

In respect of trading venues and OTC counterparties, the likelihood of execution is assessed as part of the regular assessment of the quality of order execution. The likelihood of settlement is assessed by monitoring the settlement capability of used trading venues and used intermediaries as well as OTC counterparties.

Costs related to transaction execution and settlement incurred by the client have an effect on in what trading venue the order will be executed.

In case OP Corporate Bank executes client orders in part or in full either as the client's counterparty or directly against the order of another client, OP Corporate Bank will ensure that the price reflects the current market situation.

3 Instructions issued by the client

If the client issues special instructions related to an order or a certain part of it, the OP Corporate Bank will primarily follow such instructions. The client's special instructions may prevent the OP Corporate Bank from complying with these operating principles, or limit its compliance with the principles, and from achieving the best possible total consideration to the client.

¹ OTC (Over the Counter) means trading between two parties outside a regulated market, see section 4.2.

4 Financial instruments and trading venues

4.1 Trading in equities and other financial instruments on a regulated market or multilateral trading facilities (MTF²)

This section deals with financial instruments traded on stock exchanges or multilateral trading facilities (MTF). These financial instruments typically include equities, warrants, certificates, ETFs³, ETNs⁴ and ETCs⁵.

OP Corporate Bank executes client orders in trading venues that, based on its assessment, provide consistently the best possible total consideration for the client. OP Corporate Bank executes orders for financial instruments, such as equities traded on several trading venues by using the SOR⁶ service for the financial instruments for which this is possible. If using the SOR service is not possible or in the client's best interests, the order will be executed on the main trading venue.

When executing orders, OP Corporate Bank may use other intermediaries through which it has assessed that it can obtain the best total consideration for the client. OP Corporate Bank selects carefully the intermediaries it uses, emphasising on the factors referred to herein. Such intermediaries may execute orders or transmit orders for execution not only to the main trading venues but also to MTFs, other intermediaries, systematic internalisers, market makers and other liquidity providers.

If the financial instrument based on this section is listed on a regulated market, OP Corporate Bank will primarily execute a client order on either a stock exchange and/or via an MTF. With the consent of the client, OP Corporate Bank may also execute client orders for these financial instruments outside regulated markets or MTF, i.e. over the counter (OTC). OP Corporate Bank will not act as a systematic internaliser with financial instruments specified in this section.

4.2 Financial instruments traded outside stock exchanges or trading venues (OTC)

Financial instruments mentioned in this section are normally traded only outside trading facilities (stock exchange, MTF and OTF⁷), or between two parties to trade (OTC trading). It is also possible that these financial instruments are traded on a regulated market, multilateral trading facilities (MTF) or organised trading facilities (OTF) or trading activity varies between these facilities. OP Corporate Bank monitors and assesses where the financial instruments under this section shall be traded to obtain the best possible total consideration for the client. The list in section 6 provides information on the trading facilities in use.

The financial instruments referred to in this section typically include:

- bonds and money market instruments, such as government bills, certificates of deposit, commercial papers, local authority papers and Euro Commercial Papers (ECPs)
- OTC derivatives, such as interest rate derivatives, credit derivatives, currency derivatives, equity derivatives, securitised derivatives, commodity derivatives
- Structured investment products, such as structured bonds issued by OP Corporate Bank plc
- Contracts for difference
- Emission allowances
- Other similar instruments

If a financial instrument is not traded on a trading facility or is not regularly traded on a trading facility or an order is not executed due the reason attributable to the client or with the client's consent, the order will be executed outside the trading facility over the counter (OTC). In such a case, OP Corporate Bank usually makes its clients an indicative or binding quote for the financial instrument. Subsequently, the parties conclude an agreement either in such a way that the client accepts OP Corporate Bank's binding quote or OP Corporate Bank confirms the price to the client, after which the client either accepts it as such or OP Corporate Bank and the client agree on other conditions for the transaction. It cases like these, OP Corporate Bank does not execute the order for the client but makes an agreement instead.

² MTF stands for "Multilateral trading facility".

³ An ETF stands for an "exchange-traded fund", or a fund traded on a trading venue.

⁴ An ETN stands for an "exchange-traded note", or a debt security traded on a trading venue.

⁵ An ETC stands for an "exchange-traded commodity", or a commodity traded on a trading venue.

⁶ SOR stands for "Smart Order Routing". The SOR service used by OP Corporate Bank seeks not only the major execution venues but also the best price from other trading venues, such as MTFs.

⁷ OTF stands for "Organised Trading Facility".

If OP Corporate Bank concludes an agreement for a financial instrument with the client, it will execute the related transaction for its own account at a justified price reflecting the market situation. The price is based on the available external reference prices applicable to the financial instrument in question, in addition to which OP Corporate Bank also takes account of the costs of equity, counterparty risk and any costs arising from the market risk exposure that may result from the instrument being created or being offered to the client.

5 Combining orders and trades, and action in exceptional circumstances

OP Corporate Bank may execute an order or trade in parts using one or several trading facilities or methods. The order or trade may be combined either with orders from other clients, trading interests or with OP Corporate Bank's own transactions. Such combination may take place only if OP Corporate Bank believes that it is unlikely that the combination as a whole would harm the client. However, combining orders and trades may in some cases be disadvantageous to an individual order or the client's best interests.

In exceptional situations, such as in connection with disruptions in trading venues or OP Corporate Bank's trading systems, OP Corporate Bank may deviate from the execution principles herein if it deems it necessary

6 Trading venues, used intermediaries and OTC counterparties

A list of trading venues, the most important intermediaries and the OTC counterparties used by OP Corporate Bank at any given time is available by instrument type at op.fi/.

OP Corporate Bank has assessed that the best possible total consideration to the client can be achieved on the listed trading venues, intermediaries and OTC counterparties.

7 Assessing and monitoring order execution principles and order execution quality

OP Corporate Bank assesses and monitors the appropriateness of its best execution policy on a regular basis, at least once a year. Such monitoring is aimed to improve and enhance the execution arrangements of OP Corporate Bank. For example, OP Corporate Bank assesses trading venues, intermediaries and OTC counterparties it uses with the aim of obtaining the best total consideration for the client.

Furthermore, OP Corporate Bank regularly monitors how markets develop and where trading in various financial instruments takes place at any given time. Trading takes place only on those trading venues and with those OTC counterparties through which the best price is attainable, taking account of the size of the order and the characteristics of the financial instruments. If trading is executed over the counter in such a way that the transaction is between the client and OP Corporate Bank, OP Corporate Bank regularly monitors that transactions with clients are executed at a justified price reflecting the market situation. OP Corporate Bank assesses regularly the trading procedures it uses and assesses the quality of the execution of orders on a regular basis. The method of assessing the quality of order execution depends on the characteristics of the financial instrument and on where the financial instrument is traded. Orders executed by OP Corporate Bank on different trading venues are compared with other transactions executed on different trading venues at any given time.

Transactions executed with OTC counterparties are compared with other data on OTC transactions obtained from the market. The methods of assessing the quality of the order execution principles are also subject to regular monitoring as part of OP Corporate Bank's internal control.