



# OP Corporate Bank's Best Execution Policy

Valid as of 2 August 2022

## 1 Introduction

This document lays down the operating principles with which OP Corporate Bank plc complies in executing or transmitting orders for financial instruments made by retail and 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 [www.op.fi](http://www.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. The total consideration consists of the factors mentioned below. In executing client orders and selecting the method of execution, the trading venue and any other possible intermediary or OTC<sup>1</sup> 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 client 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 on 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 above-mentioned 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 the OTC counterparties.

The costs related to transaction execution and settlement incurred by the client affect on which trading venue the order will be executed.

## 3 Instructions issued by the client

If the client issues special instructions related to an order or a certain part of it, OP Corporate Bank will primarily follow such instructions. The client's special instructions may prevent 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.

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<sup>1</sup> 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 traded on a regulated market or a multilateral trading facility (MTF<sup>2</sup>)

This section deals with financial instruments traded on stock exchanges or multilateral trading facilities (MTF). These financial instruments typically include equities, warrants, certificates, certificates of deposit, ETFs<sup>3</sup>, ETNs<sup>4</sup> and ETCs<sup>5</sup>.

OP Corporate Bank executes client orders on 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, using the SOR<sup>6</sup> 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 major 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 carefully selects the intermediaries it uses, placing an emphasis 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 a financial instrument specified in this section is listed on a regulated market, OP Corporate Bank will primarily execute the 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 MTFs, in other words, over the counter (OTC). OP Corporate Bank will not act as a systematic internaliser with financial instruments specified in this section.

### 4.2 Trading in financial instruments traded outside stock exchanges or trading venues (OTC)

Financial instruments specified in this section are normally traded only outside trading venues (stock exchange, MTF and OTF<sup>7</sup>), in other words, between two parties to a trade (OTC trading). It is also possible that these financial instruments are traded also on a regulated market, multilateral trading facilities (MTF) or organised trading facilities (OTF) or that 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. For a list of the trading venues used, see section 6.

The financial instruments referred to in this section typically include:

- bonds and money market instruments, such as government debt securities, 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; and
- other similar instruments.

If a financial instrument is not traded on a trading venue or is not regularly traded on a trading venue, or an order is not executed due a reason attributable to the client or with the client's consent, the order will be executed outside the trading venue over the counter (OTC). In such a case, OP Corporate Bank usually makes its clients either an indicative or a 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. In cases like these, OP Corporate Bank does not execute the order for the client but makes an agreement instead.

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<sup>2</sup> MTF stands for "multilateral trading facility".

<sup>3</sup> ETF stands for an "exchange-traded fund", or a fund traded on a trading venue.

<sup>4</sup> ETN stands for an "exchange-traded note", or a debt security traded on a trading venue.

<sup>5</sup> ETC stands for an "exchange-traded commodity", or a commodity traded on a trading venue.

<sup>6</sup> SOR stands for "smart order routing". The SOR service used by OP Corporate Bank seeks the best price not only from the major trading venues but also from other trading venues, such as MTFs.

<sup>7</sup> OTF stands for "organised trading facility", which is not a regulated market or an MTF.

If OP Corporate Bank concludes an agreement for a financial instrument with the client, it will execute the related transaction on 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 a trade in parts using one or several trading venues 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 disturbances with trading venues or OP Corporate Bank's trading systems, OP Corporate Bank may deviate from the operating principles mentioned herein if deemed necessary.

## 6 Trading venues, the intermediaries used, 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 <http://www.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 at improving and enhancing OP Corporate Bank's execution arrangements. 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 instrument. 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 regularly assesses the trading procedures applied 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.