



# Best Execution Policy

OP cooperative banks and OP Retail Customers plc  
Best Execution

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# OP cooperative banks' and OP Retail Customers plc's Best Execution Policy

## 1 Introduction

This document lays down the operating principles with which OP cooperative banks and OP Retail Customers plc comply in receiving and transmitting orders for financial instruments made by retail and professional clients, and orders related to investment management provided by OP cooperative banks, to obtain the best possible result for the execution of client orders. The categorisation of clients into professional and retail clients does not affect the selection of method of order execution or execution venue.

## 2 Execution of orders at OP Corporate Bank plc and OP Fund Management Company Ltd

OP cooperative banks and OP Retail Customers plc use OP Corporate Bank plc to execute client orders, and transmit orders they have received from clients to OP Corporate Bank plc. OP cooperative banks and OP Retail Customers plc have assessed that they regularly receive the best total consideration from the client's perspective when they transmit orders for execution to OP Corporate Bank plc. For example, cost-savings related to charges for settlement and the information systems enabling the real-time transmission and monitoring of orders have an effect on how advantageous the total consideration is to the client. In addition, this enables, for example, the efficient and fast execution of transactions of a large number of clients in the best interests of every OP cooperative bank's client.

As regards client orders related to mutual funds managed or distributed by OP Fund Management Company Ltd, OP cooperative banks and OP Retail Customers plc transmit such orders to OP Fund Management Company Ltd. A list of the mutual funds concerned is available from OP Financial Group's cooperative banks and at [op.fi](http://op.fi).

OP Corporate Bank plc may execute the client's order itself or transmit the order for execution not only to the main trading venues but also to MTFs<sup>1</sup>, OTFs<sup>2</sup>, other intermediaries, systematic internalisers, market makers or other liquidity providers. In these OP cooperative bank's client orders, OP Corporate Bank plc applies its own Best Execution Policy.

All Best Execution Policies in place in OP Financial Group can be found at [op.fi](http://op.fi).

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

When OP Corporate Bank plc executes an order made by a client, the best possible result is always determined by the total consideration to the client. The total consideration consists of the factors mentioned below. Orders are executed in their order of arrival. In executing client orders and selecting the method of execution, the trading venue or OTC counterparty, the following factors are considered in the stated order of importance:

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

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<sup>1</sup> MTF stands for 'Multilateral trading facility'.

<sup>2</sup> OTF stands for 'Organised Trading Facility'.

The aim is to always 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 in the market quotes prices in OTC<sup>3</sup> trading, the price will come directly from the trading venue or the OTC counterparty concerned.

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

The liquidity of a financial instrument varies by financial instrument. Various financial instruments are traded on trading venues or with other liquidity providers. The trading method has an effect on price determination and on how the order affects the market price. These are 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 OTC counterparties.

When executing orders of OP cooperative banks' clients, OP Corporate Bank plc may in special circumstances deviate from the order of importance of the above-mentioned factors related to the execution of an order. Such special circumstances may relate, for example, to the particularly large size of an order, illiquidity of the financial instrument, or severe market disruptions preventing OP Corporate Bank plc from complying with the order of importance of the factors described in this section.

In case OP Corporate Bank plc executes client orders in part or in full either as the client's counterparty or directly against the order of another client, such client orders can be seen as special instructions not entirely covered by the Best Execution Policy. OP Corporate Bank plc will nevertheless ensure that the price reflects the current market situation.

OP Corporate Bank plc does not consider the Best Execution Policy to apply to situations in which the client requests for quotes for a financial instrument from several different market operators in an electronic channel simultaneously. Usually, several market operators provide quotes in the electronic channel simultaneously, and the provided quotes are transparent to clients.

## 4 Instructions issued by the client

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

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<sup>3</sup> OTC (Over the Counter) means trading between two parties outside a regulated market, see section 5.2.

## 5 Financial instruments and trading venues

### 5.1 Trading in equities and other financial instruments on a regulated market and multilateral trading facilities (MTF)

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>4</sup>, ETNs<sup>5</sup> and ETCs<sup>6</sup>.

OP Corporate Bank plc executes client orders on trading venues that, based on its assessment, provide consistently the best possible total consideration for the client. OP Corporate Bank plc carefully selects the intermediaries it uses, placing an emphasis on the factors referred to in this policy. An OP cooperative bank, OP Retail Customers plc or another OP Financial Group entity will not act as a systematic internaliser with financial instruments specified in this section.

### 5.2 Trading 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), in other words, between two parties to 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. For a list of the trading venues used, see section 7.

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 (ECPPs);
- OTC derivatives, such as interest rate derivatives, credit derivatives, currency derivatives, equity derivatives, securitised derivatives, commodity derivatives;
- structured investment products, such as structured notes 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). OP Corporate Bank plc is the OTC counterparty to OP cooperative banks and OP Retail Customers plc.

In the case like this, the order is executed 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 the entity 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.

## 6 Combining orders and trades, action in exceptional situations, and the right not to execute an order

OP Corporate Bank plc may execute an order of an OP cooperative bank client or a trade in parts, using one or several trading venues or methods. The order or trade may be combined either with orders received from other clients, trading interests or with other OP Financial Group entities' own transactions. Such combination may take place only if the order executor believes that it is unlikely

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<sup>4</sup> An ETF stands for an 'exchange-traded fund', or a fund traded on a trading venue.

<sup>5</sup> An ETN stands for an 'exchange-traded note', or a debt security traded on a trading venue.

<sup>6</sup> An ETC stands for an 'exchange-traded commodity', or a commodity traded on a trading venue.

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 when there are disturbances on trading venues or in trading systems, or in exceptional market conditions that an OP Financial Group entity cannot reasonably influence, the operating principles explained in this policy may be deviated from if deemed necessary. In such cases, the OP Financial Group entity will seek, by every possible means, to execute the order in an alternative way to the client's best interests and under the best possible terms from the client's perspective.

The OP Financial Group entity retains the right to refuse to execute an order at any time and for any reason. Also, the OP Financial Group entity may cancel or reject an order afterwards if the trading venue rejects or cancels it in accordance with its rules. If the OP Financial Group entity is unable to execute an order, it will inform the client about that.

## 7 Trading venues, the intermediaries used, and OTC counterparties

A list of trading venues, the most important intermediaries and the OTC counterparties used at any given time is available by instrument type at [op.fi/private-customers/savings-and-investments/best-execution](http://op.fi/private-customers/savings-and-investments/best-execution).

It is assessed that the best possible total consideration to the client can be achieved on the listed trading venues, intermediaries and OTC counterparties.

During a possible telecommunications or systems outage, orders may also be executed on trading venues other than those mentioned in the list of financial instrument-specific trading venues.

## 8 Assessing and monitoring order execution principles and order execution quality

The appropriateness of the best execution policy is assessed and monitored on a regular basis, at least once a year. Such monitoring is aimed at improving and enhancing the execution arrangements. This also includes the assessment of the trading venues, intermediaries and OTC counterparties used in order to achieve the best total consideration from the client's perspective.

Furthermore, regular monitoring involves 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 an OP Financial Group entity, the entity regularly monitors that transactions with clients are executed at a justified price reflecting the market situation. The trading procedures applied and the quality of order execution are assessed 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 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 Financial Group's internal control.