

# Appendix to the Special Conditions for Securities Transactions. **Execution Policy**

– Order Execution Policy for Transactions in Financial Instruments –  
of DZ BANK AG Deutsche Zentral-Genossenschaftsbank,  
Frankfurt am Main  
for retail clients

As of January 2019

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# Execution Policy

## – Order Execution Policy for Transactions in Financial Instruments –

of DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main, for retail clients

As of Januar 2019

## A. General Provisions

### 1. Introduction

This information (hereinafter the “Execution Policy”) is a part of the Special Conditions for Securities Transactions of DZ BANK AG (hereinafter referred to as “Bank”).

### 2. Applicability of the Execution Policy

The Execution Policy applies to the execution and transmission of orders by retail client (hereinafter the “Client”) of the Bank for the purpose of purchasing or selling financial instruments.

If the execution takes place by way of a commission transaction, i.e., the Bank concludes an execution transaction with another market participant based on the Client order for the account of the Client (hereafter the “execution”), or if it engages a further commission agent to conclude the execution transaction (hereafter the “transmission”), Points B, C and D apply.

If the Bank and the Client conclude a financial instrument purchase contract at a fixed or determinable price (fixed-price transaction), these transactions are governed solely by Point B.3 of the Execution Policy.

This Execution Policy also applies if the Bank purchases or sells financial instruments for the account of the Client in fulfilling its duties under a portfolio management contract with the Client, unless otherwise agreed between the Bank and the Client.

### 3. List of execution venues and investment firms

Appendix 2 of this Execution Policy includes a list of execution venues selected by the Bank where it executes Client orders and a list of investment firms to which it transmits Clients’ orders for execution in order to obtain the best possible result for its Clients. The latest version of the list can be found on the DZ BANK website at [www.dzbank.de](http://www.dzbank.de).

### 4. Execution of orders transmitted for execution

If the Client of the Bank is itself an investment firm and transmits its Clients’ (“End Clients”) orders for execution or transmission to the Bank, the Execution Policy of the Bank applies accordingly to the execution or transmission of these orders. If, in the case of such an order, no End Client categorisation is attached, the Bank assumes that it has been classified as a retail client to obtain the highest possible level of protection vis-à-vis the End Client.

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## 5. Execution outside a trading venue

For specific classes of financial instruments, the Execution Policy provides for an order execution outside a trading venue (i.e., outside a regulated market, a multilateral trading facility or an organised trading facility). This requires the express consent of the Client, without which the order cannot be executed.

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## B. Applicability of the Execution Policy

### 1. Client Instruction

#### 1.1 Priority of instructions

A specific instruction from the Client relating to the order execution will always take precedence over this Execution Policy. Where there is an instruction from the Client relating to the order or the specific aspect of the order, the Bank will execute the order following the instruction.

Please note: If the order is executed following an instruction from the Client, then the Bank is not obliged to execute the order in accordance with this Execution Policy for the best possible execution.

#### 1.2 Instructions with respect to the execution venue

A specification regarding the execution venue by the Client represents basically an instruction relating to the order execution for the purposes of this Execution Policy, and so the Bank's obligation to obtain the best possible result in accordance with this Execution Policy does not apply.

#### 1.3 Order types

In principle, order types that define a specific nature and manner of execution, such as a discretionary order, represent an exclusion criterion for certain execution venues due to their very nature (e.g. requirement for the order execution in partial fills due to the respective market situation) and must therefore be deemed to be an instruction from the Client in accordance with Point B.1.1., which takes precedence over execution in accordance with this Execution Policy.

In case of an order type that take precedence over execution in accordance with this Execution Policy, the Bank will select the execution venue or the executing investment firm at its own discretion taking into consideration the interests of the Client.

### 2. Deviating Execution in individual cases

If extraordinary market conditions or disruptions do not allow for execution in accordance with this Execution Policy, the Bank will execute the order at its discretion taking into consideration the interests of the Client in accordance with Section 384 of the German Commercial Code (HGB).

### 3. Fixed-price transactions

With fixed-price transactions under No. 1 (3) of the Special Conditions for Securities Transactions, the Bank meets its obligation with respect to the best possible execution within the meaning of this Execution Policy if the terms and conditions offered to the Client correspond to the current market conditions.

Appendix 2 lists for which classes of financial instruments the Bank regularly offers fixed-price transactions.

#### **4. New issues**

With new issues of securities offered by the Bank either publicly or non-publicly, best possible execution within the meaning of this Execution Policy is obtained by means of acceptance of the subscription application and potential allocation or delivery of the securities by the Bank.

#### **5. Investment funds**

The issue and redemption of shares in investment funds at specific issue or redemption prices by the investment company (Kapitalverwaltungsgesellschaft (KVG)) are subject to the special provisions of the Capital Investment Act (KAGB). Best possible execution through the issue and redemption of shares in investment funds by an investment company allows the Client to acquire and return its shares at fair prices.

#### **6. Individual agreements between the Bank and the Clients**

The Execution Policy is not applicable to individual agreements between the Bank and Clients.

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## C. Determination of the Execution Venues and Investment Firms

### 1. Classification of financial instruments

With respect to execution or transmission of orders, the Bank distinguishes between different classes of financial instruments in accordance with Appendix 2.

### 2. Weighting

The Bank selects the execution venues and investment firms by means of assigning weights to the criteria defined in the Section 82 of the Securities Trading Act (WpHG), taking into consideration the Client categorisation (retail client or professional client), the nature of the client order, the class of financial instrument, and the characteristics of the execution venues.

The weighting is described in Appendix 1.

### 3. Criteria for the best possible execution of orders

As criteria for assigning the weights to in accordance with Appendix 1 in order to determine the best possible execution of orders, the Bank takes into account, in accordance with Section 82 Securities Trading Act (WpHG), particularly the following criteria:

- the price of the financial instrument
- the costs involved in order execution
- the speed of execution
- the likelihood of execution and settlement of the order
- the size of the order
- the nature of the order
- as well as qualitative factors such as trading hours of individual execution venues, trade monitoring, access to trading venues, and the provision of trading technology

When executing or transmitting a Client order, the Bank primarily considers the total fee comprising the price of the financial instrument and all costs related to the order execution, as well as other factors that could have an impact on the total fee.

Based on the weighting, the Bank creates a list of execution venues on which it executes Client orders and investment firms to which it transmits Client orders for execution.

### 4. Execution venues and investment firms

When selecting the best possible execution venues and investment firms, those execution venues and investment firms are determined that generally offer the best possible result on a consistent basis in the Client's interests depending on market conditions and on which the Bank therefore executes Client orders or to which the Bank transmits Client orders for execution. There is no obligation for the Bank to obtain the best possible result for each single Client order. Appendix 2 contains a list of the execution venues and investment firms selected by the Bank.

Depending on the results of applying the weighted criteria to determine the best possible execution of orders, the Bank will store, as part of its technical procedures, a sequence of execution venues for each class of financial instrument, according to which the Client orders will be routed to the best possible execution venue as deter-

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mined by the Bank. This execution venue can change as a result of the review described in Point C.5. You can find the execution venues at any time on the DZ BANK website at [www.dzbank.de](http://www.dzbank.de).

## 5. Reviewing best possible execution

As part of its obligation to obtain the best possible result for the Client, the Bank reviews its Execution Policy on a regular basis at least annually and in the event of a material change. A material change is considered to be a significant event that could impact parameters of best execution, such as cost, price, speed, likelihood of execution and settlement, the size or nature of the order as well as any other consideration relevant to the execution of the order.

In order to analyse the quality of execution obtained, the Bank verifies whether the execution of Client orders on another execution venue pursuant to Point D.1 or through another investment firm pursuant to Point D.2.1 would have resulted in a better execution quality. As part of this review, the Bank also reevaluates the execution venues and investment firms for the respective Client categories and financial instruments. The execution venues or investment firms will be changed if required.

The Bank reviews the execution policy of the investment firms to which it transmits Client orders and monitors its compliance with the arrangements made for the best possible order execution, if the orders are executed in accordance with the execution policy of the executing investment firm pursuant to Point D.2.2.



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## D. Execution and transmission of orders

### 1. Submission of orders to execution venues

The Bank submits Client orders in accordance with this Execution Policy to the relevant execution venues<sup>1</sup> listed in Appendix 2 (Column "Execution venue" in Table 1). The Bank is not obliged to monitor whether an order is immediately executed on the respective execution venue.

### 2. Transmission of Client orders to third-party investment firms

If the Bank has no direct access to an execution venue or if the best possible execution is obtained for the Client by executing the order through another investment firm, the Bank does not execute the Client order itself, but rather transmits it to the investment firms listed in Appendix 2 (Column "Execution through" in Table 1) for execution in accordance with this Execution Policy.

#### 2.1 Execution through investment firms bound by instructions

The Bank can transmit the Client orders to a third-party investment firm for execution on the execution venue in accordance with the Bank's Execution Policy. In this case, the third-party investment firm is bound by the Bank's instructions relating to the order execution in accordance with this Execution Policy.

#### 2.2 Execution in accordance with the Execution Policy of the commissioned investment firm

If the Bank transmits the Client orders to a third-party investment firm for execution in accordance with the execution policy of the executing investment firm in order to obtain the best possible execution for its Clients, the Bank shall carefully review the execution policy of the executing investment firm and monitor its compliance with the arrangements made for the best possible execution of the order.

### 3. Special provision for foreign execution venues

With regard to the transmission of Client orders to foreign execution venues, the Bank reserves the right to carry out a case-by-case review of the acceptance of an order because of the changing trading and settlement practices and general tradeability, which can result in the order being rejected. The Bank has marked related markets in the list of foreign execution venues with the note "on request".

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<sup>1</sup> The term "execution venue" includes organised markets, multilateral trading facilities (MTF), organised trading facilities (OTF), systematic internalisers, market makers and other liquidity providers.

# Appendix 1

## Weighting

The assignment of the weights to the criteria depends on the Client categorisation (retail client or professional client) communicated to the Client in advance. In accordance with Section 82 of the Securities Trading Act (WpHG), the Bank has considered the total fee to be the paramount criterion for the execution or transmission of a Client order. The total fee includes the **price** of the financial instrument as well as all the **costs** related to the order execution.

The costs considered as part of the calculation of the total fee include

- fees and charges of the execution venue on which the transaction is executed,
- fees paid to the third parties involved in the execution of the order,
- clearing and settlement fees as well as any taxes and other public charges if applicable,
- and own commissions or fees charged to the Client by the Bank for the investment services<sup>2</sup>.

Furthermore, the bank has considered the criterion **likelihood of execution and settlement**, which may also have an impact on the total fee. The following qualitative factors (trading hours of individual execution venues, trade monitoring, access to trading venues and provision of trading technology) have also been taken into consideration under the criterion likelihood of execution and settlement.

<b>Criterion</b>	<b>Weights*</b>
Price	45%
Costs	40%
Likelihood of execution and settlement	15%

\* All other criteria were weighted with 0%.

<sup>2</sup> Third-party fees for the execution of Client orders are higher in foreign markets than in Germany.

## Appendix 2

### Execution and transmission of certain classes of financial instruments for retail clients (As at 2 May 2018)

Table 1 contains the execution venues selected by the Bank where the Bank executes Client orders as well as the investment firms to which the Bank transmits Client orders for execution for each class of financial instruments.

You can find the possible domestic and foreign execution venues as well as the investment firms engaged with the transmission of Client orders in the following tables – Table 2 “Domestic execution venues” (securities exchanges and futures exchanges), Table 3 “Investment firms” and Table 4 “Foreign execution venues” (securities exchanges, futures exchanges, and MTF’s).

Table 1: Execution venues and investment firms per class of financial instrument

Class of financial instrument	Transaction type	Execution through	Execution venue	Place of execution
<b>Equities — Shares &amp; Depositary Receipts</b>				
	Commission		Domestic securities exchanges	
	Commission	Third-party investment firms*		
<b>Debt instrument</b>				
<b>Bonds</b>				
	Fixed price		DZ BANK AG**	DZ BANK AG
	Commission		Domestic securities exchanges	
	Commission		Foreign MTF	
	Commission	Third-party investment firms*		
<b>Money market instruments</b>				
	Fixed price		DZ BANK AG**	DZ BANK AG
<b>Interest rate derivatives</b>				
<b>Futures and options admitted to trading on a trading venue</b>				
	Commission		Domestic futures exchanges	
	Commission	Third-party investment firms*		
<b>Swaps, forwards, and other interest rates derivatives</b>				
	Fixed price		DZ BANK AG**	DZ BANK AG

Class of financial instrument	Transaction type	Execution through	Execution venue	Place of execution
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### Credit derivatives

#### Futures and options admitted to trading on a trading venue

	Commission		Domestic futures exchanges	
	Commission	Third-party investment firms*		

#### Other credit derivatives

	Fixed price		DZ BANK AG**	DZ BANK AG
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### Currency derivatives

#### Futures and options admitted to trading on a trading venue

	Commission		Domestic futures exchanges	
	Commission	Third-party investment firms*		

#### Swaps, forwards, and other currency derivatives

	Fixed price		DZ BANK AG**	DZ BANK AG
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### Structured finance instruments

	Fixed price		DZ BANK AG**	DZ BANK AG
	Commission		Domestic securities exchanges	
	Commission	Third-party investment firms*		

### Equity derivatives

#### Options and futures admitted to trading on a trading venues

	Commission		Domestic futures exchanges	
	Commission	Third-party investment firms*		

#### Swaps and other equity derivatives

	Fixed price		DZ BANK AG**	DZ BANK AG
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### Securitized Derivatives

#### Warrants and Certificate Derivatives

	Fixed price		DZ BANK AG**	DZ BANK AG
	Commission		Domestic securities exchanges	
	Commission	Third-party investment firms*		

Class of financial instrument	Transaction type	Execution through	Execution venue	Place of execution
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**Other securitized derivatives**

	Fixed price		DZ BANK AG**	DZ BANK AG
	Commission		Domestic securities exchanges	
	Commission		Foreign MTF	
	Commission	Third-party investment firms*		

**Commodities derivatives and emission allowances derivatives**
**Options and futures admitted to trading on a trading venue**

	-	-	-	-
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**Other commodities derivatives and emission allowances derivatives**

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**Contracts for difference**

	-	-	-	-
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**Exchange traded products (exchange traded funds\*\*\*, exchange traded notes and exchange traded commodities)**

	Commission		Domestic securities exchanges	
	Commission		Foreign MTF	
	Commission	Third-party investment firms*		

**Emission certificates**

	-	-	-	-
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**Other instruments**
**Investment funds**

	Fixed price			DZ BANK AG
	Commission			Investment company
	Commission	Third-party investment firms*		
	Commission		Domestic securities exchanges	

**Subscription rights\*\*\*\***

	Commission		Domestic securities exchanges	
	Commission	Third-party investment firms*		

\* Client orders in foreign markets transmitted to a third-party investment firm bound by instructions will be executed on the respective domestic securities exchange (see Table 4 "Foreign execution venues").

\*\* If the Bank is classified as an execution venue (in its status as a systematic internaliser, market maker or liquidity provider).

\*\*\* If not through the investment company

\*\*\*\* See also Section 15 of the Special Conditions for Securities Transactions of DZ BANK AG

Table 2: Domestic execution venues

Securities exchanges  
(As at 3 January 2018)

#### Securities exchanges

Berlin Stock Exchange
Düsseldorf Stock Exchange
Frankfurt Stock Exchange
Hamburg Stock Exchange
Hanover Stock Exchange
Munich Stock Exchange
Stuttgart Stock Exchange
Quotrix
Tradegate
Xetra

Futures exchanges  
(As at 3 January 2018)

#### Futures exchanges

Eurex
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Table 3: Investment firms  
(As at 16 January 2019)

#### Investment firms

attrax S.A. Luxembourg*
Cowen Execution Services LLC
ICF BANK AG
Virtu Financial Ireland Ltd.
Raiffeisen Centrobank Vienna
UBS Europe SE
UBS Limited
UBS Switzerland AG

\* Only investment funds

Table 4: Foreign execution venues

Securities exchanges

(As at 3 January 2018)

Type of custody	Selection criterion	Execution venue	Abbreviation of exchange
<b>033</b>		Europe - Belgium - Euronext Brussels	BRU
<b>036*</b>		Scandinavia - Denmark - Copenhagen Exchange	KOP
<b>037*</b>		Scandinavia - Finland - Helsinki Exchange	HEL
<b>038</b>		Europe - France - Euronext Paris	PAR
<b>061*</b>		Europe - Greece - Athens Exchange	ATH
<b>039*</b>	London Exchange in general, if tradeable there	Europe - United Kingdom - London Exchange	LON
	London Exchange International, if London Exchange not tradeable	Europe - United Kingdom - London Exchange International	
<b>041*</b>		Europe - Ireland - Dublin Exchange	DUB
<b>042</b>		Europe - Italy - Milan Exchange	MAI
<b>047</b>		Europe - Luxembourg - Luxembourg Exchange	LUX
<b>040</b>		Europe - Netherlands - Euronext Amsterdam	AMS
<b>049*</b>		Scandinavia - Norway - Oslo Exchange	OSL
<b>050</b>	Listed in Vienna	Europe - Austria - Vienna Exchange	WIE
<b>052*</b>		Europe - Portugal - Euronext Lisbon	LIS
<b>053*</b>		Scandinavia - Sweden - Stockholm Exchange	STO
<b>054</b>		Europe - Switzerland - Swiss Exchange	ZUR
	Bern Exchange if Swiss Exchange not tradeable	Europe - Switzerland - Bern Exchange*	BRN
<b>055*</b>		Europe - Spain - Madrid Exchange	MAD, MSB
<b>031*</b>		Australia - Australian Exchange	SYD
<b>067*</b>		Europe - Poland - Warsaw Exchange**	WAR
<b>058*</b>		Far East - Hong Kong - Hong Kong Exchange**	HON
<b>044*</b>	Tokyo Exchange in general, if tradeable there	Far East - Japan - Tokyo Exchange	TOK
	JASDAQ Exchange if Tokyo Exchange not tradeable	Far East - Japan – JASDAQ**	JAS
<b>045*</b>	Toronto Exchange in general, if tradeable there	North America - Canada - Toronto Exchange	TOR
	Venture Exchange if Toronto Exchange not tradeable	North America - Canada - Venture Exchange	NCC
<b>059*</b>		Far East - Singapore - Singapore Exchange	SIN
<b>056*</b>		Africa - South Africa - Johannesburg Exchange	JOH
<b>057*</b>	New York Exchange in general, if tradeable there	USA - New York Exchange (NYSE)	NYS, NAR, NAA

Type of custody	Selection criterion	Execution venue	Abbreviation of exchange
	NASDAQ if New York Exchange not tradeable	USA - NASDAQ	NAN
<b>060*</b>		New Zealand - Wellington Exchange	WEL
<b>066*</b>		Far East - Thailand - Bangkok Exchange	BAN
<b>072*</b>		Far East - Indonesia - Jakarta Exchange	JAK
<b>073*</b>		Far East - South Korea - Busan Exchange**	BUS
<b>074*</b>		Far East - China - Shanghai Exchange**	SHG
<b>071*</b>		Far East - Malaysia - Kuala Lumpur Exchange	KLP
<b>070*</b>		Europe - Slovakia - Bratislava Exchange**	BRA
<b>047</b>		The best possible execution venue will be selected on a situational basis by a trade	
<b>050</b>	<b>Following products only with instruction:</b>		
	Bulgaria (VA 109)	Europe - Bulgaria Exchange**	Bulgaria (VA 109)
	Croatia (VA 69)	Europe - Croatia - Zagreb Exchange**	ZAG
	Romania (VA 116)	Europe - Romania - Bucharest Exchange**	BUK
	Russia (VA 101)	Only telephone trading in USD**	MOS
	<b>Following products on request:</b>		
<b>062*</b>		Europe - Hungary - Budapest Exchange**	BUD
<b>065*</b>		Europe - Turkey - Istanbul Exchange	IST
<b>051*</b>		Europe - Estonia - Tallinn Exchange**	TAL
<b>078*</b>		Europe - Latvia - Riga Exchange**	RIG
<b>076*</b>		Europe - Lithuania - Vilnius Exchange**	WIL
<b>048*</b>		Latin America - Mexico - Mexico Exchange**	MEX
<b>063*</b>		Europe - Czech Republic - Prague Exchange**	PRA
<b>106*</b>		Europe - Slovenia - Ljubljana Exchange	ESL

\* Due to a lack of liquidity on the securities exchange, orders in interest rate products will be executed outside a trading venue

\*\* Due to technical reasons this execution venue cannot be accessed via Online-Brokerage



Futures exchanges  
(As at 3 January 2018)

Country of issue of the underlying instrument	Selection criterion	Execution venue
<b>Belgium</b>	Brussels	Euronext Brussels
<b>Denmark</b>	Copenhagen	NASDAQ OMX
<b>France</b>	Paris	Euronext Paris
<b>Greece</b>	Athens	ADEX Athens Derivative Exchange
<b>Great Britain</b>	London	ICE Europe
<b>Italy</b>	Milan	IDEM
<b>The Netherlands</b>	Amsterdam	Euronext Amsterdam
<b>Norway</b>	Oslo	NASDAQ OMX
<b>Sweden</b>	Stockholm	NASDAQ OMX
<b>Spain</b>	Madrid	MEFF Renta Variable
<b>USA</b>	Atlanta	Intercontinental Exchange (ICE)
	Boston	Boston Options Exchange (BOX)
	Chicago	Chicago Mercantile Exchange (CME)
	Chicago	Chicago Board Options Exchange (CBOE)
	Miami	Miami Opt. Exch. (MIAX)
	New York	NASDAQ International Securities Exchange (ISE)
	Philadelphia	NASDAQ PHLX

MTF's  
(As at 2 May 2018)

#### MTF

Bloomberg

Table 5: Excerpt product clusters for the classes of financial instruments  
(As at 3 January 2018)

### **Equities**

#### **Shares**

#### **Depository Receipts**

American depository receipts (ADR's)

Global depository receipts (GDR's)

### **Debt instrument**

#### **Interest rate products**

Interest rate products on-exchange / off-exchange

Participation certificates on-exchange / off-exchange

#### **Other**

Money market instruments

### **Derivatives**

#### **Exchange traded derivatives**

Options

Futures

#### **Other**

Swaps

Forwards

Other OTC derivatives

### **Securitized Derivatives**

#### **Warrants and certificate derivatives**

Warrants

Certificate derivatives

#### **Other securitized derivatives**

Equity linked bonds

### **Exchange traded products**

Exchange traded funds (ETFs)

Exchange traded notes (ETNs)

Exchange traded commodities (ETCs)

DZ BANK AG  
Deutsche Zentral-Genossenschaftsbank,  
Frankfurt am Main  
Platz der Republik  
60325 Frankfurt am Main

Postanschrift  
60265 Frankfurt am Main

Department Payments & Accounts  
Stand: Januar 2019