

Policies for the Execution of Orders in Financial Instruments

1 Area of application

These policies apply to the execution of orders issued by both investment clients ('private customers' within the meaning of Section 67(3) of the German Securities Trading Act) and professional clients ('professional customers' within the meaning of Section 67(2) of the German Securities Trading Act) to the bank for the purpose of purchasing or selling securities or other financial instruments (e. g., options). Execution, in the relevant sense, means that the bank concludes a corresponding execution transaction (commission transaction) with a third party at an execution venue suitable for that purpose for the client's account on the basis of the client's order. Possible execution venues include trading venues (stock exchanges and other multilateral trading systems [MTFs and OTFs]) and transactions with a market maker, OTC transactions, and transactions with systematic internalisers (hereinafter referred to collectively as 'execution venues'). If the bank and the client directly enter into a purchase agreement regarding financial instruments (fixed-price transaction), the statements below concerning fixed-price transactions (Section 6) apply. These policies also apply if the bank purchases or sells financial instruments for the client's account in fulfillment of its obligations arising from an asset management contract with the client.

2 Objective of order execution

Client orders can be regularly executed via different execution routes or at different execution venues, e.g., at exchanges or at other trading venues (such as MTFs, OTFs or in OTC trading), both in Germany and abroad, or in floor trading, on the one hand, and in electronic trading, on the other. In the following sections, the execution routes and possible execution venues in the relevant types of financial instruments are described that as a rule may be expected consistently to provide best execution in the client's interest and that the bank will therefore use to execute the client's orders. The selection of execution venues will not be made in the bank's own financial interest.

In selecting particular execution venues, the bank assumes that the client's highest priority is to achieve the best price, taking into account all the costs connected with the execution transaction. Because securities are usually subject to price fluctuations and a price movement to the client's disadvantage subsequent to issuing an order can therefore not be ruled out, the bank principally considers execution venues at which complete execution is likely and possible in a short space of time. In the framework of the above mentioned criteria, the bank will furthermore consider other relevant factors (e.g., state of the market and security of execution).

3 Instructions

The client may instruct the bank as to the execution venues at which the order is to be executed. Such instructions have priority over our recommendations / policies.

Note

If instructions are given, the bank will not execute the orders in accordance with these execution policies.

4 Transmission of order execution

In certain cases, the bank will not execute the client's order itself, but rather transmit it to another financial service provider for execution in observance of these policies.

The client's order is then processed according to the arrangements made by the other financial service provider to achieve best execution.

5 Divergent execution in individual cases

To the extent that exceptional market conditions or a market disruption necessitate divergent execution, the bank will execute the order in the client's interest (Section 384 of the German Commercial Code). Moreover, in individual cases, if the size of an order appears to necessitate divergent execution, the bank will execute the order in the client's interest and hence possibly diverge from the rules set forth below.

6 Fixed-price transactions

These execution policies have only limited application if the bank and the client mutually enter into a purchase agreement regarding financial instruments at a fixed or determinable price (fixed-price transaction). In this case, execution in the sense defined above does not occur; instead the bank and the client are directly obligated pursuant to the contractual agreement to deliver the due financial instruments and to pay the purchase price, respectively. In the execution policies set forth below, it is specified when the bank regularly offers to enter into such fixed-price transactions. This applies correspondingly when the bank offers securities for subscription in the framework of a public or private offering or when the bank and the client mutually enter into contracts regarding financial instruments (e. g. option transactions) that are not tradable on an exchange.

7 Policies for the execution of orders in various types of financial instruments

7.1 Interest-bearing securities

The bank offers the possibility of purchasing interest-bearing securities (including zero-coupon bonds) directly from the bank or selling them back to it. What the current offer is, including in particular the price, may be requested from the bank. Purchase and sale occur at a price firmly agreed with the bank (fixed-price transaction).

In the case of bonds – Bundesanleihen (bonds of the German federal government), jumbo Pfandbriefe (German covered bonds), and liquid corporate bonds – the Stuttgart and Frankfurt exchanges are considered.

In the case of other interest-bearing securities, if approved for off-exchange execution, the client's orders are executed in interbank trading with another bank or another financial service provider. If not approved or if execution in interbank trading is not possible, the client's order is executed on an exchange in Germany or abroad.

7.2 Shares

The bank executes orders on a commission basis as follows:

For shares tradable on a domestic exchange, the XETRA, Frankfurt, Hamburg, Hannover, Düsseldorf, Berlin and Munich exchanges are selected as the execution venues.

In the case of shares not tradable on an exchange in Germany, orders are usually executed on the exchange of the country in which the company in question is domiciled. Another exchange location is selected if the principal execution venue is different from that, or if reasons related to order processing, particularly in connection with the sale of shares documented abroad, or safety of settlement make that advisable in the client's interest.

7.3 Shares in investment funds

The issuance of shares in investment funds at the issue price and their surrender at the redemption price in accordance with the Investment Act are exceptions to these policies.

The bank executes orders for the purchase or sale of shares in investment funds in strict accordance with the Investment Act. Orders in exchange traded funds are, to the extent that they are traded on an exchange in Germany, executed on an exchange there.

7.4 Certificates and warrants

The bank offers certificates and warrants of its own and selected outside issues for subscription or for purchase (and, if appropriate, for repurchase) at a fixed price (fixed-price transaction). If a fixed-price transaction does not come about, the bank will execute the client's order as follows:

In the case of certificates, warrants, or comparable securities that are tradable on a German exchange, execution generally takes place on an exchange in Germany; an exception (in case of insufficient market liquidity) is an execution transaction with the respective issuer or another trading partner that offers transactions in the corresponding security (market maker).

In the case of certificates, warrants, or comparable securities that are not tradable on a German exchange, execution takes place with the issuer or another trading partner that offers transactions in the corresponding security (market maker).

7.5 Financial derivatives

These include, but are not limited to, financial futures transactions that are traded under standardized conditions on an exchange or are individually agreed off-exchange between the client and the bank. Depending on the financial instrument, special conditions or special agreements are used for this purpose (Special Conditions for Forward Trading and the Master Agreement for Financial Derivatives Transactions).

In the case of financial derivatives traded on an exchange, execution takes place on the exchange at which the transaction type (contract) is traded for which the client issued the order, e.g., Eurex or futures exchanges abroad.

In the case of financial derivatives not traded on an exchange (currency futures contracts, options, swaps, and forward transactions in precious metals), a transaction takes place between the bank and the client.

8 Selection of intermediaries

The bank makes use of an intermediary, e.g. an intermediate commission agent, if it has no direct access to a place of execution. The selection will be made in the client's interest despite the costs associated with the intermediary's involvement. The bank has many years of experience in cooperation with the involved intermediaries and reviews their selection regularly. The selection of such an intermediary will not be influenced by the bank's own financial interest.

9 Top 5 Execution Venues / Quality report

The bank reviews the Policies for the Execution of Orders in Financial Instruments annually. The Bank publishes on its homepage www.mmwarburg.de under Info&Service/Information/Best Execution Reporting the Quality Report as well as a report on the five most important trading centres in terms of trading volume. This report relates to client orders executed in the previous year and is broken down by client group (investment clients or professional clients) and asset class (shares / bonds / other securities and derivatives).

The original German text of this Client Information is available on request.

10 Overview of the execution venues:

Securities description	execution venue
Equity instruments -shares and share certificates	Xetra other german stock exchanges if applicable MTFs
Debt security-bonds	Frankfurt Stuttgart other german stock exchanges if applicable MTFs OTC
Debt security-money market instruments	Frankfurt Stuttgart other german stock exchanges if applicable MTFs OTC
structured financial products - securitized derivatives	Frankfurt/Scoach Stuttgart OTC
<i>Warrants and certificats, other securitized derivatives</i>	
Products traded on the stock exchange	Xetra other german stock exchanges if applicable MTFs
(Funds traded on the stock exchange)	
Other instruments	other german stock exchanges if applicable MTFs OTC

11. 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 organized trading facility). This requires the express consent of the client, without which the order cannot be executed.