Summary of Swedbank’s analysis and conclusions regarding the quality of customer order execution

Published in accordance with article 3.3 in the COMMISSION DELEGATED REGULATION (EU) 2017/576 of 8 June 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council with regard to regulatory technical standards for the annual publication by investment firms of information on the identity of execution venues and on the quality of execution.

General Information

The information in this section applies to all classes of financial instruments.

Swedbank has not carried out or forwarded any customer orders for the credit derivatives, structured financial instruments, securitized derivatives, emission allowances or contract for differences (CFD) during year 2017. Neither the reports published under DIRECTIVE 2014/65/EU Art. 27.6 and the delegated Regulation 2017/565 Article 65.6 or this summary of the analysis therefore includes customer orders in such instruments.

Except in cases where the orders are executed with Swedbank as principle or using other Swedbank group entities for transmitting orders to execution venues, there are no close links, conflicts of interests or common ownership with respect to any execution venues used to execute orders, or with respect to any other brokers that Swedbank has transmitted orders to.

During 2017, Swedbank did not make or receive any payments, discounts, rebates or non-monetary benefits with respect to the execution venues used or the brokers that orders were transmitted to. Swedbank may however have received minor non-monetary benefits from such execution venues or brokers, such as general documentation and information regarding financial instruments or investment services, participation in conferences, seminars or other information events regarding characteristics of financial instruments or a specific investment service, and may have benefitted from representation up to a limited value in line with the regulation.

No changes were made to Swedbank’s list of execution venues and brokers during 2017.

Swedbank has treated non-professional and professional customers in the same way in the execution and forwarding and placement of customer orders in 2017.

No data according to delegated Regulation (EU) 2017/55 have yet been published, and some such data have therefore not been used for the analysis of the quality of customer order execution.

By 2017, there has been no data available from consolidated trading information available on the market. Swedbank has therefore not used such information.
Asset class specifics Information

Cash Equities

Prioritization of Execution Factors

Equities

1. Price
2. Likelihood of Execution
3. Size
4. Speed
5. Costs
6. Other Considerations

For these products, price is the single most important factor. If Swedbank considers there to be a risk of unwanted market impact in case a complete client order is sent at once, Swedbank splits the order into smaller fragments that are sent at different points in time. It is important to manage the order swiftly; Swedbank would only choose to postpone executing an order if the bank could assume that an order, due to its size, could have impact on the price on the relevant market.

Swedbank does not forward the execution venue costs to its clients; hence direct costs are not one of the prioritized execution factors.

When selecting a broker, Swedbank evaluates whether it can deliver the best possible result for the bank's clients. In this evaluation, we consider whether the firm itself is subject to Best Execution requirements or whether the firm will undertake to comply with the Best Execution requirements, and whether the firm can demonstrate that it delivers a high level of execution quality for the kind of orders that Swedbank places with or transmits to the firm.

The most important factors when selecting a broker are: the execution venue's market access, likelihood of execution, cost of execution and latency to the venue. Market coverage in multiple listed instruments is important, but the addition of a new execution venue must be considered in respect of possible enhancement of the quality of execution.

Exchange-Traded Products

Prioritization of Execution Factors

Exchange-traded products

1. Price
2. Size
3. Speed
4. Costs
5. Likelihood of Execution
6. Other Considerations

For these products, price is the single most important factor. It is important to manage the order swiftly; Swedbank would only choose to postpone executing an order if the bank could assume that an order, due to its size, could have impact on the price on the relevant market.
Swedbank does not forward the execution venue costs to its clients; hence direct costs are not one of the prioritized execution factors.

When selecting a broker, Swedbank evaluates whether it can deliver the best possible result for the bank’s clients. In this evaluation, we consider whether the firm itself is subject to Best Execution requirements or whether the firm will undertake to comply with the Best Execution requirements, and whether the firm can demonstrate that it delivers a high level of execution quality for the kind of orders that Swedbank places with or transmits to the firm.

The most important factors are: the execution venue’s market access, likelihood of execution, cost of execution and latency to the venue. Market coverage in multiple listed instruments is important, but the addition of a new execution venue must be considered in respect of possible enhancement of the quality of execution.

**Equity Derivatives**

Prioritization of Execution Factors

<table>
<thead>
<tr>
<th>Equity derivatives</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Price</td>
</tr>
<tr>
<td>2. Likelihood of Execution</td>
</tr>
<tr>
<td>3. Size</td>
</tr>
<tr>
<td>4. Speed</td>
</tr>
<tr>
<td>5. Costs</td>
</tr>
<tr>
<td>6. Other Considerations</td>
</tr>
</tbody>
</table>

For these instruments, price is the most important factor. In order for Swedbank to be able to execute an order, there has to be a high likelihood of execution and the order should not have significant market impact. If these conditions are fulfilled, the order is executed as swiftly as possible.

Swedbank does not forward the execution venue costs to its clients; hence direct costs are not one of the prioritized execution factors.

When selecting a broker, Swedbank evaluates whether it can deliver the best possible result for the bank’s clients. In this evaluation, we consider whether the firm itself is subject to Best Execution requirements or whether the firm will undertake to comply with the Best Execution requirements, and whether the firm can demonstrate that it delivers a high level of execution quality for the kind of orders that Swedbank places with or transmits to the firm.

The most important factors are: the execution venue’s market access, likelihood of execution, cost of execution and latency to the venue. Market coverage in multiple listed instruments is important, but the addition of a new execution venue must be considered in respect of possible enhancement of the quality of execution.

**Debt instruments**

Prioritization of Execution Factors

<table>
<thead>
<tr>
<th>Liquid Debt instruments</th>
<th>Illiquid Debt instruments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Price</td>
<td>1. Size</td>
</tr>
<tr>
<td>2. Size</td>
<td>2. Price</td>
</tr>
</tbody>
</table>
Almost all of these instruments are liquid. Since it most of the time is possible to get a reasonable market price, the price is of major importance in the prioritization of execution factors.

The possibility for Swedbank to execute a transaction in illiquid instruments is dependent on the bank’s market knowledge and market access. The size, price and likelihood of execution is consequently considered the most important factors for the illiquid instruments.

Since Swedbank has been the only execution venue for these instruments, direct costs have not been relevant for the choice of execution venue.

### Interest rates (“IR”) derivatives

**Prioritization of Execution Factors**

<table>
<thead>
<tr>
<th>Liquid IR instruments</th>
<th>Illiquid IR instruments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Price</td>
<td>1. Likelihood of Execution</td>
</tr>
<tr>
<td>2. Speed</td>
<td>2. Price</td>
</tr>
<tr>
<td>4. Likelihood of Execution</td>
<td>4. Speed</td>
</tr>
<tr>
<td>5. Costs</td>
<td>5. Costs</td>
</tr>
<tr>
<td>6. Other Considerations</td>
<td>6. Other Considerations</td>
</tr>
</tbody>
</table>

The majority of these instruments are liquid. Swedbank’s ability to offer a competitive price depends on the bank’s risk capacity and the size of the relevant transaction.

Since Swedbank has been the only execution venue for these instruments, direct costs have not been relevant for the choice of execution venue.

### Commodities derivatives

**Prioritization of Execution Factors**

<table>
<thead>
<tr>
<th>Liquid Commodities instruments</th>
<th>Illiquid Commodities instruments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Price</td>
<td>1. Likelihood of Execution</td>
</tr>
<tr>
<td>2. Speed</td>
<td>2. Price</td>
</tr>
<tr>
<td>4. Likelihood of Execution</td>
<td>4. Speed</td>
</tr>
</tbody>
</table>
The majority of these instruments are illiquid. Swedbank’s ability to offer a competitive price depends on the bank’s risk capacity and the size of the relevant transaction.

Since Swedbank has been the only execution venue for these instruments, direct costs have not been relevant for the choice of execution venue.

**Foreign Exchange (“FX”) derivatives**

**Prioritization of Execution Factors**

**FX Forwards and FX Swaps in liquid instruments**

1. Price
2. Speed
3. Size
4. Costs
5. Likelihood of Execution
6. Other Considerations

**FX Forwards and FX Swaps in illiquid instruments**

1. Size
2. Costs
3. Likelihood of Execution
4. Price
5. Speed
6. Other Considerations

**When a client uses Traderoom electronic platform**

1. Price
2. Size
3. Costs
4. Speed
5. Likelihood of Execution
6. Other Considerations

**FX Options in liquid instruments**

1. Price
2. Size
3. Speed
4. Likelihood of Execution
5. Costs
6. Other Considerations

**FX Options in illiquid instruments**

1. Size
2. Price
3. Speed
4. Likelihood of Execution
5. Costs
6. Other Considerations

As shown above, there are some differences in the prioritization of execution factors between liquid and illiquid currencies. The liquid currencies are the “G10 markets”, i.e. the ten currencies with the largest volumes of transactions globally.
For the liquid currencies, Swedbank’s ability to offer its clients a good price is of great importance. The price offered to clients varies per transaction and is, inter alia, dependent on the bank’s hedging costs.

There are differences in the prioritization of factors among the different illiquid currencies, depending on the client and market demand for the respective currencies at each point in time.

What is considered a large trade, as well as the possibility to execute a trade swiftly, differs among the different illiquid currencies.

Since Swedbank has been the only execution venue for these instruments, direct costs have not been relevant for the choice of execution venue.