

Handelsbanken’s summary of analysis and conclusions drawn from our detailed monitoring regarding the quality of execution in 2021

In accordance with Directive 2014/65/EU, Handelsbanken AB (publ) (Handelsbanken) takes all sufficient steps to obtain the best possible results for our clients when either executing orders or transactions on behalf of clients or when transmitting orders or transactions to other entities for execution.

To ensure that we constantly are able to deliver the best possible results to our clients, we continuously monitor the quality of execution provided by venues and brokers, and whether these continue to meet our standards. Handelsbanken has a policy and processes in place to ensure we meet our obligations to our clients, taking into account certain factors, criteria and execution venues. These are outlined in Handelsbanken’s Principles for Order Execution. This document, together with data published on our webpage, describe the execution venues and brokers most frequently used by Handelsbanken as well as the quality of execution obtained.

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Introduction

This report, together with data published on our webpage, constitutes Handelsbanken's annual publication of information on the identity of the main execution venues and brokers, and on the quality of execution, in accordance with the EU Commission Delegated Regulation 2017/576. Handelsbanken may act as an execution venue in a financial instrument when executing client orders in the capacity of being a systematic internaliser, market maker or liquidity provider, and may accordingly appear as an execution venue. Per definition, Handelsbanken will not act as a broker when executing client orders, and will consequently not appear among the listed brokers.

Below, Handelsbanken describe the conclusions drawn from the analysis and monitoring of our execution quality, as per article 3(3) of the Delegated Regulation (EU) 2017/576, including the following information:

- a) an explanation of the relative importance Handelsbanken gave to the execution factors of price, costs, speed, likelihood of execution or any other consideration including qualitative factors when assessing the quality of execution;
- b) a description of any close links, conflicts of interests, and common ownerships with respect to any execution venues used to execute orders;
- c) a description of any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received;
- d) an explanation of the factors that led to a change in the list of execution venues listed in Handelsbanken's Principles for Order Execution, if such a change occurred;
- e) an explanation of how order execution differs according to client categorisation, where Handelsbanken treats categories of clients differently and where it may affect the order execution arrangements;
- f) an explanation of whether other criteria were given precedence over immediate price and cost when executing retail client orders and how these other criteria were instrumental in delivering the best possible result in terms of the total consideration to the client;
- g) an explanation of how Handelsbanken has used any data or tools relating to the quality of execution, including any data published under Delegated Regulation (EU) 2017/575;
- h) where applicable, an explanation of how Handelsbanken has used output of a consolidated tape provider established under Article 65 of Directive 2014/65/EU.

Equities – Shares & Depositary Receipts

This class of instrument covers:

- Tick size liquidity bands 5 and 6 (from 2000 trades per day) – Highly liquid shares
- Tick size liquidity bands 3 and 4 (from 80 to 1999 trades per day) – Medium liquid shares
- Tick size liquidity band 1 and 2 (from 0 to 79 trades per day) – Less liquid shares

The relative importance of best execution factors is taken into consideration when analysing performance and execution quality. We refer to Handelsbanken's Principles for Order Execution for a description of execution factors and the relative importance.

In our analysis of execution quality we consider price and cost as the most important factors when executing orders of a size that can be traded at current market levels while other factors have a higher relative importance when dealing with orders of a higher degree of complexity.

Handelsbanken has no close links, conflicts of interest or common ownership with respect to any external execution venues used to execute orders.

Handelsbanken does not have any specific arrangements with any external execution venues or brokers used to execute client orders regarding payments made or received, discounts, rebates or non-monetary benefits received. Handelsbanken is subject to each execution venues public fee list, including its rebates and discounts.

Handelsbankens Smart Order Routing strategy sweeps the SI venue when executing retail orderflow. For professional customers the order execution on SI venue is handled upon request.

For a detailed description of how we carry out client orders, please refer to Handelsbanken's Principles for Order Execution.

Except where specific instructions were received from the client, no other execution factors were given precedence over price and costs for orders from retail clients.

Handelsbanken monitors the quality of execution on a regular basis. This monitoring is based on independent third party market data from external TCA and Best Ex provider. The execution desk is responsible for the verification of the execution quality. Handelsbanken has furthermore established a Governance Committee where material changes, discrepancies in execution or incidents gets reviewed.

Handelsbanken has not used any output from a consolidated tape provider (CTP) in its analysis of the quality of execution as no CTP has yet been established.

Debt instruments

This class of instrument covers:

- Bonds
- Money markets instrument

The relative importance of best execution factors is taken into consideration when analysing performance and execution quality. We refer to Handelsbanken's Principles for Order Execution for a description of execution factors and the relative importance.

In our analysis of execution quality we consider likelihood of execution and price as the most important factors when executing orders of a size that can be traded at current market levels while other factors have a higher relative importance when dealing with orders of a higher degree of complexity.

In relation to bonds, some transactions included in the report for retail clients (the venue report) includes transactions through the bank's Danish branch at the venue BTFE/BMTF. These transactions have been entered into after requests for quotes and have been directed to certain liquidity providers.

Handelsbanken has no close links, conflicts of interest or common ownership with respect to any external execution venues used to execute orders.

Handelsbanken does not have any specific arrangements with any external execution venues or brokers used to execute client orders regarding payments made or received, discounts, rebates or non-monetary benefits received. Handelsbanken is subject to each execution venues public fee list, including its rebates and discounts.

No cause for a change in the list of execution venues in Handelsbanken's Principles for Order Execution has been found during 2021.

The order execution arrangement does not differ with client categorisation.

For a detailed description of how we carry out client orders, please refer to Handelsbanken's Principles for Order Execution.

Handelsbanken monitors the quality of execution on a regular basis. This monitoring is based on independent market data on which to compare the execution quality. The execution desk is responsible for the verification of the execution quality. Handelsbanken has a Governance Committee responsible for reviewing the monitoring and its results on an ongoing basis.

Handelsbanken has not used any output from a CTP in its analysis of the quality of execution as no CTP has yet been established.

Interest rates derivatives

This class of instrument covers:

- Futures and options admitted to trading on a trading venue
- Swaps, forwards and other interest rates derivatives

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In our analysis of execution quality we consider price and likelihood of execution as the most important factors when executing orders of a size that can be traded at current market levels while other factors have a higher relative importance when dealing with orders of a higher degree of complexity.

Handelsbanken has no close links, conflicts of interest or common ownership with respect to any external execution venues used to execute orders.

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Currency derivatives

This class of instrument covers:

- Futures and options admitted to trading on a trading venue
- Swaps, forwards and other currency rates derivatives

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In our analysis of execution quality we consider likelihood of execution and price as the most important factors when executing orders of a size that can be traded at current market levels while other factors have a higher relative importance when dealing with orders of a higher degree of complexity.

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The order execution arrangement does not differ with client categorisation.

For a detailed description of how we carry out client orders, please refer to Handelsbanken's Principles for Order Execution.

Except where specific instructions were received from the client, possibility of execution was given the highest weight because likelihood of settlement and providing liquidity to clients were ranked as the most important factors. Price followed closely as the second most important factor.

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Handelsbanken has not used any output from a CTP in its analysis of the quality of execution as no CTP has yet been established.

Equity derivatives

This class of instrument covers:

- Futures and options admitted to trading on a trading venue
- Swaps and other equity derivatives

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In our analysis of execution quality we consider price and cost as the most important factors when executing orders of a size that can be traded at current market levels while other factors have a higher relative importance when dealing with orders of a higher degree of complexity.

Handelsbanken has no close links, conflicts of interest or common ownership with respect to any external execution venues used to execute orders.

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Securitized Derivatives

This class of instrument covers:

- Warrants and Certificate Derivatives
- Other securitized derivatives

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Handelsbanken has no close links, conflicts of interest or common ownership with respect to any external execution venues used to execute orders.

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Commodities derivatives and emission allowances derivatives

This class of instrument covers:

- Options and Futures admitted to trading on a trading venue

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Exchange traded products

This class of instrument covers:

- Exchange traded funds, exchange traded notes and exchange traded commodities

The relative importance of best execution factors is taken into consideration when analysing performance and execution quality. We refer to Handelsbanken's Principles for Order Execution for a description of execution factors and the relative importance²⁰¹.

In our analysis of execution quality we consider price and cost as the most important factors when executing orders of a size that can be traded at current market levels while other factors have a higher relative importance when dealing with orders of a higher degree of complexity.

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