Order and Best Execution Policy

Status: Final	**Type of Document**: Policy	**Version**: v1.0

Document Control

Document Name: Order and Best Execution Policy

Document Owner	**Department Owner & Role**
Treasury	Treasury
Authorised by	
Authorised management/Board	

- Additional notes

None

Approval Table

Validation	**Department**	**Date**
General Management/Board	General Management	07/2021

Revision History Table

Version No	**Revision Date**	**Validation due date**	**Requester of Change**	**Author**	**Change Description**	**Next Review due date**
1.0		na	na	MK/FF/DZ		06/06/2020
2.0	22/07/2021	22/07/2021		MK/FF		07/2023

Related policies and procedures

Internal “order and best execution” Policy
Treasury Procedure
Product Governance Policy
Conflicts of Interest Policy
Conflicts of Interest Procedure
Client Protection and Fair Treatment Procedure

Table of Content

1. Definitions

AM means the authorised management of the Bank.

Banking Law 1993 means the Luxembourg law of 5 April 1993 on the financial sector, as amended, implementing, among others, MiFID II into Luxembourg law.

Bank means China Construction Bank Corporation, Luxembourg Branch.

Client means a professional client within the meaning of the Banking Law 1993, which designates any natural or legal person meeting the criteria laid down in Annex III of Banking Law 1993.

Compliance means the compliance function of the Bank.

EEA means the membership of the European Economic Area from time to time, currently comprising Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovak Republic, Slovenia, Spain, Sweden, Iceland, Liechtenstein, Norway and the United Kingdom.

Eligible Counterparty means the persons indicated in Article 30 of MiFID II as implemented into Article 37-7 of the Banking Act 1993 and in Article 71 of MiFID II DR 2017/565.

Execution Criteria mean the criteria set out in section 3.4 below.

Execution Factors include price, costs, speed, size, and likelihood of execution and settlement where considered appropriate or necessary; nature or any other consideration relevant to the execution of the Order. See further section 3.4 below.

Execution Venue means a Trading Venue as well as a systematic internaliser or a market maker or other liquidity provider or an entity that performs similar function in a third country to the functions performed by any of the foregoing.

Financial Instrument means those instruments set out in Annex I, Section C of MiFID II, which are :

(a) transferable securities;

(b) money-market instruments;

(c) units in collective investment undertakings;

(d) options, futures, swaps, forward rate agreements and any other derivative contracts relating to securities, currencies, interest rates or yields, emission allowances or other derivatives instruments, financial indices or financial measures which may be settled physically or in cash;

(e) options, futures, swaps, forwards and any other derivative contracts relating to commodities that must be settled in cash or may be settled in cash at the option of one of the parties other than by reason of default or other termination event;

(f) options, futures, swaps, and any other derivative contract relating to commodities that can be physically settled provided that they are traded on a Regulated Market, a MTF, or an OTF, except for wholesale energy products traded on an OTF that must be physically settled;

(g) options, futures, swaps, forwards and any other derivative contracts relating to commodities, that can be physically settled not otherwise mentioned in point 6 of this section and not being for commercial purposes, which have the characteristics of other derivative Financial Instruments;

(h) derivative instruments for the transfer of credit risk;

(i) financial contracts for differences;

(j) options, futures, swaps, forward rate agreements and any other derivative contracts relating to climatic variables, freight rates or inflation rates or other official economic statistics that must be settled in cash or may be settled in cash at the option of one of the parties other than by reason of default or other termination event, as well as any other derivative contracts relating to assets, rights, obligations, indices and measures not otherwise mentioned in this section, which have the characteristics of other derivative Financial Instruments, having regard to whether, inter alia, they are traded on a Regulated Market, OTF, or an MTF;

(k) emission allowances consisting of any units recognised for compliance with the requirements of Directive 2003/87/EC (Emissions Trading Scheme).

The Bank provides investment services (within the meaning of MiFID II) only in relation to Financial Instruments listed under item (a), (d), (e), (f) and (g).

Head Office means China Construction Bank Corporation.

Internal Audit means the internal audit function of the Bank.

Internal Policy means the “Internal Order and Best Execution Policy” of the Bank which should be read in conjunction with this Policy.

MiFID II means Directive 2014/65/EU of the European Parliament and the Council of 15 May 2014 on markets in Financial Instruments and any implementing or delegated act and local regulations. The MiFID II provisions have been implemented into the Banking Law 1993.

MiFID II DR 2017/565 means Commission Delegated Regulation (EU) 2017/565.

MiFIR means Regulation (EU) No 600/2014.

Multilateral Trading Facility or MTF means a multilateral system, operated by an investment firm or a market operator, which brings together multiple third-party buying and selling interests in Financial Instruments - in the system and in accordance with non-discretionary rules - in a way that results in a contract in accordance with the provisions of Title II of MiFID II.

Order means an instruction to buy or sell one or more Financial Instruments on behalf of Clients which is accepted by the Bank for execution by the Bank or transmission to a third party.

Organised trading facility or OTF means a multilateral system which is not a Regulated Market or an MTF and in which multiple third-party buying and selling interests in bonds, structured finance products, emission allowances or derivatives are able to interact in the system in a way that results in a contract in accordance with Title II of MiFID II;

OTC means “over-the-counter” when related to certain markets or transactions.

Policy means this “Order and Best Execution Policy”.

Regulated Market means a multilateral system operated and/or managed by a market operator which brings together or facilitates the bringing together of multiple third-party buying and selling interests in Financial Instruments - in the system and in accordance with its non-discretionary rules - in a way that results in a contract, in respect of the Financial Instruments admitted to trading under its rules and/or systems, and which is authorised and functions regularly and in accordance with the provisions of Title III of MiFID II.

Risk Management means the risk management function of the Bank.

RTS 27 means Commission Delegated Regulation (EU) 2017/575.

SFT means the securities financing transaction, including repurchase transactions (Repo).

Trading Venue means a Regulated Market, an MTF or an OTF.

2. Introduction

2.1 General principles and objectives

This Policy sets out the principles on how the Bank manages/trades –receives, transmits and executes - Orders on behalf of its Clients, including the factors that can affect the timing and the way the Bank handles buying or selling of Financial Instruments.

The “best execution obligation” under MiFID II requires the Bank to take all sufficient steps to obtain the best possible result, when executing Orders, or transmitting Orders for execution, on behalf of its Clients, taking into account price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of the Order.

This Policy explains how the Bank takes all sufficient steps to obtain the best possible result for the Clients on a consistent basis, taking into account the Execution Factors, Execution Criteria, Execution Venues and the execution entities (e.g. brokers). This Policy provides general information with respect to best execution obligations of the Bank. It is supplemented by appendices, which provide more detailed information on different classes of Financial Instruments.

A copy of this Policy will be provided to our Professional Clients in a durable medium (including, via our website, at the Bank’s own discretion). Changes to this Policy may be notified to the Professional Clients from time to time when so required by applicable laws. If the Client has any queries as to particular aspects of the Policy, he/she/it should address them in the first instance to his/her/its normal Bank contact person.

2.2 Governance of the Document

In case of an update of other related policies / procedures / manuals / dashboards / processes / documents, this Policy should be reviewed and properly updated if necessary.

Each internal control function, namely the Risk, Compliance and Internal Audit, must verify compliance of the Bank with this Policy in relation to the area for which they are responsible and regularly assess the suitability of this Policy with regards to organisational and operational structure, strategies, activities and risks of the Bank, as well as regards to applicable legal and regulatory requirements. Each of the above internal control functions may make recommendations to amend this Policy to its owner, in particular in case of identification of deficiencies, and shall follow-up on the implementation of such recommendations. The owner of this Policy is responsible for the review and update of the processes and of this Policy whenever necessary the (in particular, following recommendations from the internal control functions). In any case, this Policy is reviewed on a regular basis and at least on a yearly basis by its owner and included in the regular review performed by the Internal Audit, as well as the Compliance. Further information on the review of this Policy is provided in section 7 below.

The AM has overall responsibility to oversee the proper implementation of this Policy as well compliance with this Policy by all relevant stakeholders at the Bank, to ensure the effectiveness of this Policy and to take appropriate steps to address any identified deficiencies.

Each internal control function is also in charge in relation to the area for which it is responsible to monitor whether remediation measures have effectively been taken and implemented in case a deficiency in relation to this Policy is identified.

The owner is in charge of keeping an historic of updates, which enables the staff of the Bank to track changes.

This Policy, as well as any change thereof, shall be approved by the AM.

3. Scope

This Policy applies to Clients classified by the Bank as professional clients within the meaning of the Banking Act 1993 when dealing in Financial Instruments and where the Bank is providing execution services, including reception and transmission of Orders and execution of Orders.

This Policy does not apply to those Clients who are classified as retail investors (as the Bank does not offer its services to such investors) or to Eligible Counterparty, unless an Eligible Counterparty has requested, either on a general form or on a trade-by-trade basis, to be treated as a Professional Client falling within the scope of a higher protection.

This Policy provides for prompt, fair and expeditious execution of Client Orders, relative to other Client Orders or the trading interest of the Bank. This Policy and the execution arrangements allow for the execution of otherwise comparable Client Orders in accordance with the time of their reception by the Bank.

3.1 Scope

(a) Scope of services :

This Policy applies when the Bank provides the investment services and activities of:

- reception and transmission of Orders;
- execution of Orders (that is, to conclude agreements to buy or sell one or more Financial Instruments on behalf of Clients including the conclusion of agreements to sell Financial Instruments issued thereby at the moment of their issuance). This covers also the situation:
  - where the Bank carries out SFTs (including, entering into Repos); and
  - where acting or dealing on own account and executing of Client's Orders through a regulated market (i.e., the Bank executes an Order on behalf of a Client and uses an external party for this purposes) or transmitting the Order for further settlement to a MTF. In this case, the Bank will be considered as providing an execution of Orders on behalf of its Clients. Where the Bank acts (on behalf of its Client) as contractual counterparty in an interest rate swap this will be treated as the conclusion of an agreement for the sale, at the time of issuance, of a Financial Instrument issued by the Bank (or by another entity).
- Dealing on own account (which means trading against proprietary capital resulting in the conclusion of transactions in one or more Financial Instruments), when executing Clients’ Orders. For example:
  - when executing of Client Orders through “internalisation” or (where relevant) “systematic internalisation”. In this case, the Bank acts in its own name (dealing on own account) on the selling side of the transaction and on behalf of the Client (execution of Orders on behalf of the Client) on the buying side subject to the best execution obligations. In this case, the Bank executes the Order by itself acting as the counterparty; or

– when executing of Client Orders by means of agency crosses (i.e., matching of opposite Clients' Orders, i.e. "matched principal trading" as defined in Article 4(1) (38) MiFID II). In this case, the Bank executes an Order on both sides of the transaction on behalf of a Client and thus acts on both sides of the transaction on behalf of a Client subject to this Policy and the best execution obligation.

  On the contrary where the Bank deals only on its own account and does not provide execution services to its Clients, it will not be subject to the best execution obligation but rather to its general obligation of fair dealing and thus it should act honestly, fairly and professionally towards the contractual counterparty (that is not considered as a Client).

(b) Scope of Financial Instruments

The Bank provides the investment services listed above in relation to the below classes of Financial Instruments:

- Fixed income instruments (including, fixed income instruments, securities, units in collective investment undertakings and interest rate derivatives like interest rate swaps) – Please see Appendix 9.1 ;
- FX derivatives (including, FX swaps and FX forwards) – Please see Appendix 9.2; and
- SFTs – Please see Appendix 9.3.

3.2 Legitimate Reliance

In the context of quote-driven markets, the assumption of the Bank is that the Clients do not rely on the Bank to achieve best execution. In particular, where the Bank provides quotes or negotiates a price in response to specific Client requests and upon which a Client can elect to deal, the Bank's starting assumption is that there is no legitimate reliance by the Client in such circumstances, and therefore that the best execution obligation does not, in principle, apply thereto. However, the Bank will consider whether there are any such situations where Clients may nevertheless be placing legitimate reliance on the Bank requiring from the Bank to comply with this Policy. The Bank will do this by considering the nature of the instruction with respect to the "Four Fold Test" (set out below) published by the European Commission[1], along with relevant regulatory guidance within the EU.

The Four Fold Test includes the following elements:

1. which party has initiated the transaction;
2. what the market practice is, for example whether there is a market convention to "shop around" for quotes;
3. the relative levels of transparency within a market; and
4. the information provided by the Bank and any agreement reached.

Where the Bank is subject to its best execution obligation, it will take all sufficient steps to obtain the best possible results on a consistent basis in accordance with both this Policy and with relevant rules and regulations. This does not mean that the Bank assumes or accepts any fiduciary, contractual or other duty to provide best execution except in accordance with those rules and regulations.

For these purposes, when designing its Policy and establishing its execution arrangements, the Bank ensures that the intended outcomes can be successfully achieved on an on-going basis and that the

[1] https://www.esma.europa.eu/sites/default/files/library/2015/11/07_320.pdf

best possible result can be reached on a consistent basis in accordance with this Policy and other applicable rules and regulations.

3.3 Application of the best execution obligations

When dealing in Financial Instruments that are typically traded on exchange (such as cash equities and exchange traded derivatives), Orders are executed by routing them to one or more Execution Venues. Orders may also be "internalised", which means that the Orders are executed, wholly or partially, from the Bank's principal book; in such a case, the Bank treats its principal book as an Execution Venue and applies this Policy accordingly. Here best execution means routing Client's Order to the Execution Venue that will achieve the best possible outcome for the Client, which can be determined by reference to the Execution Factors (as indicated in section 3.4 below), which can be measured and compared. The relative importance that the Bank assigns to each Execution Factor is set out in section 3.4 below.

When dealing in Financial Instruments that are traded in an OTC fashion (such as in fixed income), the Bank acts as principal to each transaction and Orders are typically executed against the Bank's own liquidity. In this instance, the Bank achieves the best possible outcome by considering the Execution Factors (indicated in section 3.4 below). When executing Orders or taking decision to deal in OTC Financial Instruments (including bespoke products), the Bank checks the fairness of the price proposed to the Client, by gathering market data used in the estimation of the price of such Financial Instrument and, where possible, by comparing with similar or comparable Financial Instruments. Therefore, demonstrating best execution is more nebulous with respect to OTC transactions, since there may not be a readily observable market with which the Bank could compare prices and other aspects of an Order. As executing Orders outside a Trading Venue may give rise to additional risks, such as counterparty risk, the Client may request additional information from the Bank regarding the consequences of Orders being executed outside a Trading Venue.

3.4 Execution Factors and Execution Criteria

When executing or transmitting for execution an Order, the Bank will take into account the following factors: price, costs, speed, size, likelihood of execution and settlement, nature or any other relevant considerations in relation to the execution of the Order (together, the **Execution Factors**).

The relative importance of the Execution Factor is dynamic and depends upon several variables including the following, together the "**Execution Criteria**":

- the characteristics of the Client (including categorization);
- the characteristics of the Client Order (including where the Order involves a SFT);
- the characteristics of the Financial Instruments that are the subject of that Order; and
- the characteristics of the Execution Venue(s) to which that Order can be directed.

The Bank when applying the Execution Criteria for best execution for its Clients, who are professional clients, will typically not use the same Execution Venues for SFTs and other transactions.

For more information on the Bank's consideration of the Execution Factors and Execution Venues, please refer to 9 Appendix (including the sections on the specific Financial Instruments) at the end of this Policy.

Where the Bank applies different fees depending on the Execution Venue, it will explain the differences in sufficient detail in order to allow the Client to understand the advantages and the disadvantages of the choice of a single Execution Venue. Where the Bank invites Clients to choose an Execution Venue or entity, fair, clear and not misleading information must be provided to prevent the Client from choosing one Execution Venue or entity rather than another on the sole basis of the pricing policy applied by the Bank.

The relative importance of the selection factors is judged on an order-by-order basis in line with the Bank's industry experience and prevailing market conditions however, common key factors for relevant asset classes have been identified. If the Bank provides a quote to a Client and that quote would meet the Bank's best execution obligations if the Bank executed that quote at the time the quote was provided, then the Bank should meet those same obligations if it executes its quote after the Client accepts it, provided that, taking into account the changing market conditions and the time elapsed between the offer and acceptance of the quote, the quote is not manifestly out of date.

4. Specific Instructions

Where Clients provide the Bank with a specific instruction either relating to an Order or a particular aspect of an Order, the Bank will execute the Order or the relevant parts of the Order to which the specific instruction relates in accordance with those specific instructions so far as it is reasonably possible.

Where the Client's instruction relates to only part of the Order, the Bank will continue to apply this Policy to those aspects of the Order not covered by the specific instructions.

To the extent that the Client provides a specific instruction relating to an Order or a particular aspect of an Order (for example, choice of the Execution Venue and/ or executing at a specific price or time) this may prevent the Bank from taking the steps it has designed and implemented in this Policy to obtain the best possible result for the execution or transmission for execution of Client's Orders with respect to the elements covered by such specific instructions.

5. Treatment of Orders and Information on the Execution Venues

5.1 Treatment of Orders received from Clients acting on behalf of their own clients

Treatment of Orders from Clients acting on behalf of their own clients should be carried out as follows: the Bank will treat a Client acting on behalf of its own clients as its client for the purposes of this Policy (excluding the Client's underlying clients). The Client is a professional client within the meaning of the Banking Act 1993.

5.2 Client Order handling

The Bank ensures a prompt, fair and expeditious handling of each Client's orders, relative to other Clients' orders or the trading interest of the Bank.

The client order handling arrangements are guided by the principle of acting honestly and fairly in conducting investment services in the best interests of the Clients and the integrity of the market. In particular, when executing Client Orders, the Bank shall satisfy the following conditions:

- Orders executed (or placed for execution) on behalf of Clients are promptly and accurately recorded and allocated; and
- the Bank carries out otherwise comparable Client orders sequentially and promptly unless the characteristics of the Order or prevailing market conditions make this impracticable, or the interests of the Client require otherwise.

Where the Bank is responsible for overseeing or arranging the settlement of an executed Order, it takes all reasonable steps to ensure that any Client Financial Instruments or funds received in settlement of that executed Order are promptly and correctly delivered to the account of the appropriate Client.

The Bank will not misuse information relating to pending Client Orders and will take all reasonable steps to prevent the misuse of such information by any of its relevant persons.

5.3 Aggregation and allocation of Orders

The Bank carries out Orders relating to the same categories of Financial Instruments received from different clients in the chronological order in which they are received.

The Bank is authorised to carry out Client Orders or transactions for own account in aggregation with other Client Orders, provided that :

- it is unlikely that the aggregation of Orders and transactions will work overall to the disadvantage of any Client (whose Order is to be aggregated);

– it is disclosed to each Client involved in the aggregation that the effect of the aggregation may work to its disadvantage in relation to a particular order; and

– an allocation (and reallocation) policy is established and effectively implemented, providing for the fair allocation of aggregated Orders and transactions (including how the volume and price of Orders determines allocations and the treatment of partial executions) and in a way that is not detrimental to the Client.

The Bank therefore may aggregate Client's Orders with Orders of other Clients. The Client acknowledges that although it is unlikely that such aggregation will work overall to the disadvantage of any Client, in single cases it may work to the disadvantage of the Client in relation to a particular Order.

In terms of allocation, where the Bank has aggregated transactions for own account with one or more Client Orders, it will not allocate the related trades in a way that it is detrimental to a client. Nevertheless, where the Bank aggregates a Client Order with a transaction for own account and the aggregated Order is partially executed, it shall allocate the related trades to the client in priority to the Bank.

Where the Bank is able to demonstrate on reasonable grounds that without the combination it would not have been able to carry out the Order on such advantageous terms, or at all, it may allocate the transaction for own account proportionally, in accordance with the order allocations principles set out thereby.

Nevertheless, the Bank has in place workflow (as outlined in the Treasury Procedure) which is designed to prevent the reallocation, in a way that is detrimental to the Client, of transactions for own account which are executed in combination with Client Orders.

5.4 Execution Venues

Venues may include :

- Trading Venues; and
- other Execution Venues, such as:
  - ✓ systematic internalisers;
  - ✓ market makers, brokers and other liquidity providers, and
  - ✓ non-EEA entities performing a similar function to any of the above.

The Bank has provided a (non-exhaustive) list of the Execution Venues on which the Bank places significant reliance in meeting its obligations to take all sufficient steps to obtain on a consistent basis the best possible result for the execution of Client Orders for each class of Financial Instruments provided to its Clients (see 9 Appendix to this Policy). The Execution Venues are those that, in the Bank's understanding, will consistently provide the best result when executing Client Orders. The Bank is potentially an Execution Venue for some classes of Financial Instruments.

The Bank selects an Execution Venue (or execution entities) based on the Execution Factors as well as on other qualitative factors, such as clearing schemes, circuit breakers, scheduled actions or any other relevant consideration. The Bank regularly assesses the Execution Venues (and execution entities) available for different Financial Instruments, taking into account the Execution Factors and the other factors indicated above as well as the liquidity and pricing offered, credit and settlement risk, actual compared to expected performance in relation to latency, fill rates, price improvements, market share and resiliency. For further information, please see the Appendixes below.

5.5 Transmission of an Order to affiliates and third party brokers

Subject to any specific instructions given by the Client, the Bank may transmit the Order received from the Client for execution to other execution entities (that are brokers, which may include affiliated and non-affiliated entities located inside or outside of the EEA) in certain markets. The Bank shall comply with this Policy and provides the best possible result when transmitting an Order to other brokers for execution.

Execution through affiliated entities can provide particular execution benefits, such as increased certainty of execution, improved governance and oversight of order handling and execution, consistency of processing, and efficient resolution of issues for our Clients.

Brokers must provide a level of service and quality of execution to ensure that the Bank meets, on a consistent basis, its best execution obligations.

The affiliated entities and brokers selected by the Bank must have execution arrangements that enable the Bank to comply with its obligations under MiFID II when it transmits Orders to such affiliated entities or brokers for execution. The Bank will seek to mitigate any potential and/or actual conflicts of interest presented by the use of affiliates and third party brokers through its monitoring and review programs.

5.6 Top 5 Execution Venues and entities

The Bank undertakes to summarise and publish, on an annual basis, for each class of Financial Instruments, the top five Execution Venues and the top five execution entities (affiliated entities and third party brokers), in terms of the volume of trades, where it has executed or transmitted for execution respectively Clients Orders in the preceding year and information on the quality of execution obtained. In that context, the Bank must publish for each class of Financial Instrument a summary of the analysis and conclusions the Bank draws from detailed monitoring of the quality of execution obtained for Client Orders in the previous year.

This information will be published on the Bank’s website : eu.ccb.com/europe/en/index.html.

6. Fees, Commissions & Mark ups

When executing an Order on behalf of a Client, having regard to the processes outlined in this Policy, the Bank may charge Clients an additional spread, mark-up (typically in quote driven markets such as fixed income) or explicit fees or commissions (typically in order driven markets such as cash equities) for providing the execution service in accordance with MiFID II requirements on conflicts of interest, inducements and best execution. In dealing with Clients, the general principle applies that all prices charged should be fair, reasonable and justifiable. What constitutes a fair and reasonable price should be based on a number of factors influencing the cost and resource limitations of doing business. Any spread, mark-up, fee or commission applied to an Order subject to this Policy will not be set to unfairly discriminate between Execution Venues.

The Bank will not receive or pay any inducement (i.e., fees, commissions or other non-monetary benefits) in relation to the provision of its execution services (unless specific conditions apply) and comply with its inducement obligations under MiFID II in accordance with its Conflict of Interest Policy.

7. Monitoring & Review of the Policy

This Policy is approved by the AM of the Bank, who shall be also responsible for implementing the necessary relevant controls and monitor the adherence to the Policy, as part of their day-to-day activities (as further explained in section 2.2 above).

The Bank will on an on-going and regular basis monitor the effectiveness of its execution arrangements and compliance with this Policy and assess whether it needs to make changes to its execution arrangements and this Policy. The way in which the Bank conducts its monitoring will vary depending, in particular, on the class of Financial Instruments (please refer to 9 Appendix, including the sections on the specific Financial Instruments).

The Bank will, in any case, review and monitor the effectiveness of this Policy and its execution arrangements at least annually ("**periodic review**") as well as on a regular and *ad hoc* basis, whenever a material change occurs that affects the Bank's ability to continue to obtain the best possible result the transmission or execution of its Client's Orders on a consistent basis using the Venues listed in this Policy ("**ad hoc review**"). A material change shall be a significant event that could impact parameters of best execution (such as, one or more of the Execution Factors). The Bank shall assess whether a material change has occurred and consider making changes to the relative importance of the Execution Factors in meeting the overarching best execution obligation.

As part of its monitoring activity, the Bank will aim to identify and correct any deficiencies. In particular, the monitoring will ensure that the design and review process of this Policy is appropriate and takes into account new services or products offered by the Bank (where relevant). Therefore, the Bank will check whether it has correctly applied its Policy and if Client's instructions and preferences are effectively passed along the entire execution chain when using smart orders routers or any other means of execution. Where the Bank uses smart order routing to access liquidity, this is subject to review as part of the Bank's "Best Execution Monitoring & Review process".

Where the Client wishes to query an Order execution, he/she/it may ask the Bank to demonstrate that it has executed the Order in compliance with the Policy in accordance with section 8 below.

In the context of its monitoring of the Policy, the Bank may use the reporting provided by Execution Venues in accordance with MiFID II, MiFIR and RTS 27 concerning the quality of execution and own analysis/ information gathered.

8. Client's consent and other information

8.1 Client's consent

8.1.1 Policy

The Bank is required to obtain Client consent to its order execution policy prior to executing or transmitting Client's Orders. The Bank will treat Clients, who have either received this Policy or agreed to receive this Policy electronically or via the Bank's website as Clients who have given consent to this Policy if they subsequently give to the Bank instructions to execute or transmit for execution Orders, except in situations where express consent is required.

Please also refer to clause 7(e) of Schedule 1 to the Standard Terms of Business of the Bank.

When the Client receives the (summary of the) Policy only via the Bank's website, the Bank needs to obtain the consent of the Client to the provision of that information in that form.

8.1.2 OTC transactions

This Policy provides for the possibility that Orders may be executed outside a Trading Venue.

The Bank obtains the prior express consent of its Clients before proceeding to execute Client's Orders outside a Trading Venue.

8.1.3 Limit Order

Furthermore, whenever a Client's limit Order for shares admitted to trading on a Regulated Market or traded on a Trading Venue, which is not immediately executed under prevailing market conditions, the Bank is required to facilitate the earliest possible execution of this Order by making the Order immediately public in a manner that is easily accessible to other market participants, unless the Client expressly instructs the Bank otherwise, or unless the Order is large in scale compared with normal market size.

A Client limit Order shall be considered available to the public when the Bank has submitted the Order for execution to a Regulated Market or a MTF (that should be prioritised in accordance with this Policy) or the Order has been published by a data reporting services provider located in one Member State and can be easily executed once market conditions allow.

8.2 Information provided to the Client

When a Client makes reasonable and proportionate requests to the Bank for information about this Policy or arrangements taken by the Bank to execute the Client's Orders in compliance with the Policy, about how the Policy is reviewed and about the entities where the Orders are transmitted for execution, the Bank shall answer clearly and within a reasonable time frame (of maximum 5 business days from receipt of the Client's request).

The Bank will also notify the Clients, to the extent that it has an on-going client relationship, of any material changes to this Policy or to the execution arrangements.

The Bank is able to demonstrate to its Clients and to the competent authorities, upon their requests, that it complies with its best execution obligation and this Policy.

8.3 Record-keeping obligation

Without prejudice to the general record keeping obligations, the Bank shall have record keeping arrangements in place of the transactions undertaken to enable the competent authorities to exercise their supervisory tasks, as required by law. Accordingly, the Bank, in relation to every initial instruction received from a Client and in relation to every initial decision to deal taken, immediately records and keeps at the disposal of the competent authority the information required by lawThe Bank follows the MiFID2 Directive Article 16/7 and will keep the records for maximum 7 years. All records must be readily accessible to ensure control function.

9. Appendix

9.1 Fixed income instruments

1. Financial instruments

This appendix should cover the execution of the Client Orders on :

- fixed income instruments,
- securities
- units in collective investment undertakings and
- interest rate derivatives like interest rate swaps.

2. Client categorisation:

The best execution and this Policy applies when the services are offered to the Clients classified as professional clients.

3. Execution Factors:

The Client's Orders are executed at one of MTFs the Bank is using with approved counterparts.

The Bank chooses the best Venue for execution with consideration of the below Execution Factors (in order of the relative importance):

- Competitiveness of price,
- Liquidity,
- The quality and speed of order execution systems
- Order size
- Likelihood of the punctual settlement;
- Other possible cost.

4. Execution Venues

The counterparties are on-boarded with the Bank and transactions are settled with delivery versus payment method.

For execution of the bond secondary market Orders the Bank is using:

- MTF Bloomberg
- MTF Market Axess
- BNP, Paris & Brussel
- Credit Agricole, Paris
- HSBC, London & Dusseldorf

The primary market Orders are executed within the global order book with the group of the Joint Lead Managers. The Bank commits itself to treat all Clients' Orders in the same way and to reach best possible allocation.

For execution of the interest rate swaps Orders, the Bank is using:

- BNP, Paris & Brussel
- Credit Agricole, Paris
- ING, Amsterdam & Brussel
- Bank of Montreal, London
- BBVA, Madrid

The trading of the interest rate derivatives requires International Swaps and Derivatives Association (ISDA) agreement. The margin payments are handled according to the Credit Support Annex of this ISDA agreement.

5. Execution Criteria

- stop loss/take profit;
- market or limit order;
- other possible conditions for the execution related to the yield or maximum allocable amount.

6. Monitoring in place to ensure the best execution

- Regular monitoring and analysis of the used execution venues by Treasury department;
- Regular monitoring of the effectiveness of this policy by internal Audit.

9.2 FX derivatives

This appendix should cover the execution of the Client Orders for FX derivatives.

1. Financial instruments

Best Execution applies to the following Financial Instruments:

- FX Swaps
- FX Forwards;

Best Execution does not apply to the following as they do not qualify as Financial Instruments:

- FX Spot
- Loans and deposits

2. Client categorisation

Best execution applies if the Client has been categorised as a professional (or retail), but not if he/she/it has been categorised as an Eligible Counterparty.

3. Execution Factors

The Client Orders are executed at one of Venues the Bank is using. The Bank chooses the best Execution Venue for execution of the Order with consideration of the (in order of the relative importance):

- price,
- liquidity and
- other possible cost.

4. Execution Venues

For execution of the FX derivatives Orders, the Bank is using:

- Reuters MTF
- Systematic Internalisers
- Bloomberg MTF
- CCB London Branch
- Commerzbank Frankfurt
- UBS Zurich
- ING Amsterdam
- Credit Agricole Paris

5. Execution Criteria

The Execution Criteria that are taken into account whether the Client is a Professional or a non-Professional Client in the financial sector are the characteristics of the Order, for example:

- stop loss/take profit;
- market or limit Order.

6. Monitoring in place to ensure the best execution

[●]

9.3 SFTs

1. Client categorisation:

The best execution and this Policy applies when the services are offered to the Clients classified as professional clients.

2. Execution Venues

- EUREX
- BNP Paribas

3. Execution Factors

- Competitiveness of price,
- Liquidity in the sense of the quality and speed of order execution systems,

- Order size,
- Likelihood of the punctual settlement,
- Other possible cost.

4. Execution Criteria

- Possible limitations on the rate

5. Monitoring in place to ensure the best execution

- Regular monitoring and analysis of the used execution venues by Treasury department
- Regular monitoring of the effectiveness of this policy by internal Audit