

**Precontractual  
Information**

**For the  
Provision of  
Investment  
Services**

(Based on MiFID II Directive)

TABLE OF CONTENTS

2. GENERAL .....	2
3. ALPHA BANK .....	2
3.1 General Information .....	2
3.2. Ways and means of communication .....	2
4. PRODUCTS AND SERVICES OF ALPHA BANK CYPRUS .....	3
4.1. Investment services and activities provided .....	3
4.2. Financial Instruments through which investment services are offered .....	3
4.3. Cost - Commissions – Charges .....	3
4.4. Investment and Other Risks .....	6
5. CLIENT CATEGORISATION .....	10
5.1. Retail Clients .....	10
5.2. Professional Clients .....	11
5.3. Eligible Counterparties .....	11
5.4. Recategorisation .....	11
6. ASSESSMENT OF APPROPRIATENESS OF INVESTMENT SERVICES AND FINANCIAL INSTRUMENTS PROVIDED .....	12
7. TARGET MARKET .....	12
7.1 Distribution of Financial Instruments .....	12
7.2 Obligation of the Bank to include the Clients in a target market and exceptions .....	12
8. ORDER EXECUTION POLICY .....	12
9. POLICY OF CONFLICT OF INTEREST .....	12
10. CLIENT INFORMATION .....	27
11.1 INVESTOR COMPENSATION FUNDS FOR CLIENTS OF THE BANK .....	28
11.2 DEPOSIT GUARANTEE SCHEME AND RESOLUTION OF CREDIT AND OTHER INSTITUTIONS .....	28
12. SAFEKEEPING OF CLIENTS' ASSETS .....	18
13. RECORD KEEPING .....	19
14. COMPLAINT HANDLING .....	19
ANNEX A .....	21
ANNEX B .....	24

## 2. GENERAL

The term MiFID II (Markets in Financial Instruments Directive) is frequently used as an abbreviation for the Directive 2014/65/EE on the Markets in Financial Instruments, which was adopted by the European Union in May 2014 and was transposed into the Cyprus legislation through the Investment Services and Activities and Regulated Markets Law 87(I) / 2017(as amended from time to time) (hereinafter the "Law"), and with relevant directives which have been issued by the Central Bank of Cyprus (CBC) and the Cyprus Securities and Exchange Commission (CySEC).

The Directive 2014/65/EE, the Law, Regulation (EU) 600/14 (known as MiFIR), the delegated acts issued pursuant thereto and the directives issued by the Central Bank of Cyprus (CBC) and the Cyprus Securities and Exchange Commission (CySEC) constitute a new framework for the provision of investment services.

The aim of the Directive and the Law is to ensure a common pan-European framework for the provision of investment services.

More specifically, the application of MiFID II brought about changes which mainly concern the following:

- The reinforcement of the rules of professional conduct with which credit institutions and investment firms must comply so as to best serve the interests of their Clients.
- The establishment of new rules for investor protection, such as rules for the target-market and inducements.
- The establishment of a new category of data reporting service providers, which are divided into three (3) categories (APAs, CTPs, and ARMs) depending on the data collected and disclosed under the law, and which are licensed and supervised by the Cyprus Securities and Exchange Commission (CySEC).

The Bank itself, and also in its capacity as a member of its Group which provides investment services in accordance with the following provisions, comply with the rules and the principles imposed by the legislative and regulatory framework and adopt policies and procedures required in this regard.

The aim of this Pre-Contractual Information for the provision of investment services is to provide to existing and future clients being natural persons and categorised under MiFID II as Retail Clients (hereinafter "Clients") information required to be provided in respect of the provision of investment services as defined in Chapter 4 hereof, as supplemented by the Terms contained in the relevant contracts. All the Annexes of the current document are an integral part of the Pre-Contractual Information for the provision of Investment Services.

## 3. ALPHA BANK

### • 3.1 General Information

(a) Alpha Bank Cyprus (hereinafter called "the Bank" or "Alpha Bank") is licensed and supervised by the Central Bank of Cyprus ([www.centralbank.gov.cy](http://www.centralbank.gov.cy)) and offers banking and the following investment services:

- Dealing on Own Account and Reception and Transmission of Clients' Orders in Financial Instruments;
- Execution of Client's Orders; as well as the ancillary service of safekeeping and administration of Financial Instruments for the account of Clients, including custodianship and related services such as cash/collateral management.

The departments of the Bank which are responsible for matters related to the provision of investment services in Financial Instruments are as follows:

- Retail Product and Services Development Department;
- Branch Network Management Department;
- General Operations Department; and
- Regulatory Compliance Department.

The Bank is a member of the Group of ΑΛΦΑ ΤΡΑΠΕΖΑ Α.Ε (Alpha Bank Group)

### • 3.2. Ways and means of communication

i. The official language of communication between Alpha Bank and its Clients is set as being the Greek Language.

In the case however of addressing persons who do not understand the Greek language, the English language and terminology are used instead.

It is noted that both this present document as well as all contractual documents signed between Alpha Bank and its Clients have been drafted in the Greek language.

Only the contractual documents in the Greek language are binding.

Any translation of these documents in any other language is provided at the request of the Client and it is provided only for their convenience.

The primary means of communication is by written communication, however, in cases where this is specified in the Agreement, communication can also be made by telephone, fax, e-mail or in other durable medium or in person.

Prior to the provision of investment services and activities related to the reception, transmission, and execution of orders to new or existing Client, Alpha Bank informs the Client that:

- a) conversations and communications are recorded; and
- b) a copy of the recorded conversations and communication with the Client is available upon request for a period of five years.

Alpha Bank also records in a durable medium all the relevant information regarding the relevant, in person, conversations with the Clients.

The information recorded includes at least the following:

- (a) date and time of the meetings;
- (b) location of the meetings;
- (c) identity of the participants;
- (d) coordinator of the meetings;

and (e) if an order is placed, all relevant information concerning the order of the Client, including price, volume, type of order and time of transmission or execution.

It is noted that Alpha Bank does not accept orders over the telephone.

Despite the above provisions, the Client may give orders to the Bank in person only, at any of the Bank's branches, as set out on the Bank's website [www.alphabank.com.cy](http://www.alphabank.com.cy), by delivering to Alpha Bank its order on an Alpha Bank standard order form.

In cases where the Bank is required under the applicable legal framework to provide information to the Client in a durable medium, the Bank may provide such information in a durable medium other than paper only where:

(a) providing the information in such durable medium is appropriate in the context of the activity carried out or which will be carried out between the Bank and the Client; and

(b) there is an option for the Client to be informed in paper or such other durable medium and chooses to be informed in such other durable medium.

If the Bank provides information to a Client via website and this information is not addressed to the Client personally, the Bank ensures that the following conditions are met:

(a) the provision of the information via such medium is appropriate in the context of the activity carried out or that will be carried out between the Bank and the Client;

(b) The Client expressly agrees on the provision of the information in such form;

(c) the website's address, as well as the location on the website at which the information is accessible, are communicated electronically to the Client;

(d) the information is up to date;

(e) the information is accessible on an ongoing basis via such website for such period as it may reasonably be considered that the Client will need access to this information.

It is considered appropriate to provide information by electronic means in the course of an activity carried out or which will be carried out between the Bank and the Client when there are sufficient indications that the Client has regular access to the Internet.

Where the Client provides an email address for the purposes of such activity, this is considered to be sufficient evidence for this purpose.

#### **4. PRODUCTS AND SERVICES OF ALPHA BANK CYPRUS**

According to the provisions of the Law, the Bank provides the following investment services and investment products:

##### **• 4.1. Investment services and activities provided**

The following are considered as investment services and activities:

i. The reception and transmission of orders, which consists of the reception and transmission of orders on behalf of

Clients for carrying out transactions in Financial Instruments.

ii. Execution of orders on behalf of Clients effected by the Bank acting as intermediary for the conclusion of contracts to buy or sell one or more Financial Instruments on behalf of Clients.

Safekeeping and administration of Financial Instruments for the account of Clients, including custodianship is an ancillary service.

The Bank hereby notifies the Client that in order to be able to provide the Client with any Services or Financial Instruments under this agreement, the Bank requires that the minimum initial investment of the Client shall be at least in the amount of 3,000 Euro or the equivalent in the currency of the relevant mutual fund where this is not the Euro.

Furthermore, the Bank notifies the Client that it may at any time and from time to time impose and amend any terms and conditions regarding the minimum value of investments and the Client undertakes to comply with any such terms and conditions.

In the event that the Client's participation or continued participation in any investment is contrary to these terms and conditions, the Client undertakes to take the relevant steps to modify or liquidate its investment in order to achieve compliance with these terms and conditions, within two months from the day the Client becomes aware of the relevant terms and conditions.

##### **• 4.2. Financial Instruments through which investment services are offered**

The Financial Instruments are the following:

Units of collective investments schemes, including units of mutual funds and SICAV shares.

A detailed description of the above-mentioned Financial Instruments is provided in **Annex A**.

It is noted that it is possible that the Bank might not offer any one of the above-mentioned Financial Instruments.

The Client should contact the Relationship Manager (RM) who is responsible for the Client relationship for further details regarding the Financial Instruments offered by the Bank from time to time.

The Client should take into account the relevant risks arising out of the relevant Financial Instruments.

##### **• 4.3. Cost - Commissions – Charges**

The charges imposed for each investment service provided by the Bank from time to time are determined according to the investment service, the Bank's pricing policy as applicable from time to time as well as applicable laws and regulations.

The Clients may obtain information regarding the relevant charges (as amended from time to time) through Alpha Bank's network of branches and via the following website:

- Alpha Bank Cyprus: [www.alphabank.com.cy](http://www.alphabank.com.cy)

When Alpha Bank proposes or provides Financial Instruments to Clients or when it is required to provide Clients with a UCITS Key Investor Information Document (KIID) or Key Information Documents under Regulation 1286/2014 (PRIIPs KID), the information on cost and related charges includes information regarding:

- Investment and Ancillary Services;
- Financial Instruments;
- payment methods available to the Client;
- payments to third parties.

If Alpha Bank does not propose or does not provide its Clients with Financial Instruments or is not required to provide Clients with a UCITS Key Investor Information Document or Key Information Documents under Regulation 1286/2014 (PRIIP KID), the information in regards the cost and charges includes information only regarding the Investment or Ancillary Services provided.

The information on the costs and charges as mentioned above, is provided to the Client at least annually, throughout the investment period, in an aggregated form, unless such cost and charges arise out of an underlying market risk.

Detailed information regarding the above charges is available to Clients, upon request.

It is noted that occasionally the exact amount of the total cost is not available at the time the information is provided to the Client.

In any case, the Client receives sufficient information concerning the calculation of the cost, before providing a specific investment service so he can verify the final charges once these are available.

The Client is charged with brokerage commission, custody fees, portfolio transfer fees, and safekeeping and administration fees.

Also, different fees apply depending on the companies to which the Bank will transmit the orders for execution (service of reception and transmission of orders).

The Bank will adequately explain these differences adequately in order for the Client to understand the advantages and disadvantages of choosing a company (execution venue) to which the Bank will transmit the orders for execution.

The Client receives ex-ante information about the costs and charges imposed by the Bank and third parties, in relation to Investment Services, Financial Instruments and / or Ancillary Services provided to the Client as well as ex-post information in relation the aforementioned costs and charges.

For the purpose of the ex-ante and ex-post disclosure of the costs and charges to the Client, the Bank aggregates the following:

(a) all costs and associated charges being charged by the Bank or other parties (as may be applicable) for the Investment Service (investment services) and / or relevant services provided to the Client; and

(b) all costs and related charges associated with the manufacturing and management of Financial Instruments.

For the purposes of point a) payments received by the Bank from third parties in connection with the investment service are disclosed to the Client separately and the total cost and charges are added and disclosed as a percentage and total amount.

The Bank provides an illustration showing the cumulative effect of costs on return when providing investment services. Such illustration is part of the cost disclosures both on an ex-ante and ex-post basis.

The Bank ensures that such illustration meets the following requirements:

- (a) the illustration shows the effect of the overall costs and charges on the return of the investment;
- (b) the illustration shows any anticipated spikes or fluctuations in the costs; and
- (c) the illustration is accompanied by a relevant description.

When any part of the total costs and charges must be paid in a foreign currency or represents an amount denominated in a foreign currency, the Bank shall provide an indication of the currency and applicable exchange rates and conversion costs. The Bank shall also provide information on the payment method or other requirements.

With regard to the disclosure of costs and charges not included in the UCITS KIID, the Bank calculates such costs and charges, for example, through UCITS management companies in order to receive the relevant information for the disclosure.

The Inducements received and retained by the Bank are disclosed under the relevant disclosures.

The relevant disclosures allow the Client to understand the effect that those costs and charges have on the return on the Client's investment.

#### **Ex-ante Disclosures**

In the case of ex-ante calculation of costs and charges, the Bank uses the actual costs as a substitute for the expected costs and charges.

In the event that the actual costs are not available, the Bank makes reasonable estimates of cost.

The Bank reviews ex-ante assumptions based on ex-post experience and adjusts those assumptions where necessary.

For the purposes of ex-ante disclosures, the Bank uses data which is available before or at the time of the disclosure.

Subsequent real-time data may differ from the calculations set out in the ex-ante disclosures.

Costs and charges such as administration fees and safekeeping account management fees are identified separately in the ex-ante disclosures and are set out in the Bank's Charges Catalogue, which is posted on its website [www.alphabank.com.cy](http://www.alphabank.com.cy).

Also, the ex-ante disclosures do not take into account certain events. Therefore, since the amount invested may be varied, the relevant charges may also be varied.

Information regarding costs is provided in the Key Investor Information Document (KIID) and in the Charges Catalogue.

The cost information of the investment product is set out in the Key Information Document (KID).

The cost of the service is not set out in the Key Investor Information Document (KIID) but is stated in the relevant disclosures.

### **Ex-post disclosures**

The Bank provides ex - post disclosures regarding costs and charges which are charged on an annual basis.

The calculation of the percentage amounts is based on the average amount invested during the period in question.

Costs and charges such as administration fees and safe-keeping account management fees may not be identified separately.

### **Inducements received by the Bank**

The Bank may receive inducements (including non-monetary benefits) and/ or commissions and/ or incentives in the form of discounts or in any other form (hereinafter "**Inducements**") from third parties, in the context of the provision of investment services, to the extent that this does not conflict with the legal framework to which the Bank is subject.

The Inducements are usually calculated as a percentage of the total amount of the investment product distributed by the Bank and varies depending on the products and the volume of transactions created by the relevant investment product.

In the case of mutual funds, the Bank receives Inducements in the form of ongoing payments.

Further details regarding the existence, nature and amounts of these Inducements is provided to the Client on an ongoing basis.

The Client becomes aware of the fact that Inducements can create conflicts of interest, due to incentives given to the Bank for the selection or promotion of investment products that allow the payment of Inducements to the Bank (e.g. mutual funds or structured investment products instead of bonds or shares), or that allow higher payments in Inducements (e.g. preference to products of a manufacturer which pays higher Inducements).

### **Inducements and Conflict of Interest**

The Inducements may affect the Client-Bank relationship due to a potential conflict of interest that may arise.

The Bank has adopted various measures to avoid the creation of conflicts of interest as a result of the Inducement.

Further details are provided in paragraph 9 (Conflict of Interest Policy).

The Bank does not collect or pay any remuneration or commission and does not provide or accept any non-monetary benefit to or from any party other than the Client or a person on behalf of the Client, in connection with the provision of an Investment or Ancillary Service unless:

(a) is designed to enhance the quality of Service to the Client; and

(b) does not impair compliance with the Bank's duty to act honestly, fairly and professionally in accordance with the best interest of its Clients.

An Inducement is considered to have been designed to enhance the quality of the service provided, if all of the following conditions apply:

(a) it is justified by the provision of an additional or higher level service to the relevant Client, proportional to the level of Inducements received, such as the provision of access, at a competitive price, to a wide range of financial instruments that are likely to meet the needs of the Client;

(b) it does not directly benefit the recipient firm, its shareholders or employees without tangible benefit to the relevant Client;

(c) it is justified by the provision of an on-going benefit to the Client in relation to an on-going Inducement.

An Inducement is not considered acceptable if the provision of the relevant services to the Client is biased or distorted as a result of the Inducement.

The Bank meets the above requirements on an ongoing basis, for as long as it continues to pay or receive an Inducement.

In relation to any Inducement, the Bank discloses the following information to the Client:

(a) Prior to the provision of the relevant Investment or Ancillary Service, information on the Inducement concerned, and in particular its existence, nature and amount or, if the amount cannot be ascertained, its method of calculation, in an accurate, comprehensive and understandable manner with clarity.

Where applicable, the Bank shall also inform the Client on mechanisms for reflecting to the Client the Inducement received in relation to the provision of the Investment or Ancillary Service.

Minor non-monetary benefits may be described in a general way.

Other non-monetary benefits received or paid by the Bank in connection with the investment service provided to a Client shall be priced and disclosed separately.

(b) where the Bank was unable to ascertain on an ex-ante basis the amount of any payment or benefit to be received or paid, and instead disclosed to the Client the method of calculating that amount, the Bank shall also provide its Clients with information of the exact amount of the payment or benefit received or paid on an ex-post basis.

(c) at least once a year, as long as (on-going) Inducements are received by the Bank in relation to the investment services provided to the Client, the Bank informs its Clients on an individual basis about the actual amount of payments or benefits received or paid.

The Bank may receive minor non-monetary benefits only if:

a) information or documentation relating to a financial instrument or an investment service, is generic in nature or personalised to reflect the circumstances of an individual client;

b) written material from a third party that is commissioned and paid for by a corporate issuer or potential issuer to promote a new issuance by the company, or where the third party firm is contractually engaged and paid by the issuer to produce such material on an ongoing basis, provided that the relationship is clearly disclosed in the material and that the material is made available at the same time to any investment firms wishing to receive it or to the general public;

(c) participation in conferences, seminars and other training events on the benefits and features of a specific Financial Instrument or an investment service;

(d) hospitality of a reasonable de minimis value, such as food and drink during a business meeting or a conference, seminar or other training events mentioned under point c); and

(e) other minor non-monetary benefits which are deemed capable of enhancing the quality of service provided to a Client and, having regard to the total level of benefits provided by one entity or group of entities, are of a scale and nature that are unlikely to impair compliance with the Bank's duty to act in the best interest of the Client.

The Bank receives minor non-monetary benefits as long as they are reasonable, proportionate and of such a scale as to be unlikely to influence its behaviour in any way that is detrimental to the interests of the relevant Client.

#### • 4.4. Investment and Other Risks

This section is intended to inform the Client of the various types of investment risks it undertakes.

Informing the Client about the risks involved in each investment activity is deemed appropriate and necessary for him to form an adequate, objective, and accurate view regarding the returns of the investment positions selected from time to time.

It is noted that although the various investment risks can, under certain conditions, be mitigated, these cannot be completely eliminated.

In addition to reading and understanding the risks **which are indicatively referred to below** and to the descriptions of the Financial Instruments as set out in **Annex A**, Alpha Bank suggests to the Client that it seeks on a regular basis to be informed of the developments which generally affect the markets in which the Client is interested and that it is in regular communication with experts, especially before making any investment decisions.

In all cases the Client must be aware of the general principle that **the expected return is proportional to the investment risk which is being taken.**

**The Bank also emphasises that it does not give tax advice and the Client may suffer adverse consequences due to taxation that may be applied depending on the Client's investment.**

Furthermore, the Client is informed that all types of investment options involve, by their nature, risks of decrease of the value of the investment and for which the Bank cannot bear any responsibility.

Therefore, it is not possible to guarantee any level of return, nor to ensure the maintenance or increase the capital invested, which is subject in its entirety, to all types of investment risks.

## I. Risks

### 1. Market Risk

It is considered the most important risk factor for an investment because it affects the possible loss that can be caused by a possible adverse course of the market value of the investment.

Changes in prices are due to supply / demand, to prices related to the values of the investment, to economic and political reasons that generally affect the economic environment or the specific sector to which the investment belongs.

The market risk is higher for investments that have significant price fluctuations.

### 2. Liquidity Risk

An important factor to consider before investing funds in an investment is the liquidity risk of that investment.

It represents the ability of the Client to liquidate its investment.

Liquidity risk has a direct impact both on the time required to liquidate the investment and on the amount of money that the Client will eventually receive, since given the need to liquidate as soon as possible, the Client may offer to sell the investment at lower prices in order to attract the interest of buyers.

Lack of supply or demand can affect the price significantly.

This risk is higher if the investment is made in illiquid markets or in Over- The- Counter (OTC).

Especially for investments in Over-The-Counter (OTC) derivatives, there is no certainty that there will be a secondary market at anytime.

### 3. Credit Risk

Credit risk refers to the ability/ solvency of the borrower/ issuer of securities (e.g. country, bank, company) to meet its obligations to return borrowed capital and to pay interest/ coupons to lenders/ bondholders.

Credit risk is taken into account in the pricing of a product and is reflected, for example, in bond coupon rates, in the interest rate and/ or the bond yield in the secondary market.

The higher the risk is, the higher the borrowing rate.

Credit risk is assessed by financial analysts and is divided into subcategories under which each product falls depending on its credit rating.

Credit risk and the corresponding credit rating may vary.

#### **4. Foreign Exchange Risk**

An investment in securities that are traded in a currency other than the base currency used by the Client (usually the base currency will be the euro) carries the risk that the investment will lose some of its value even if its market price does not change.

The loss may arise from a fluctuation of the currency that is the base currency of the Client as against the different currency in which he has invested, where the fluctuation is to the detriment of the Client.

The Client is exposed to this particular risk when investing in foreign markets with a different trading currency.

More specifically, a resident of the European Union whose currency is the euro, undertakes foreign exchange risk when investing in securities traded in countries with different reference currencies such as the US, the UK, Japan, and others.

#### **5. Interest Rate Risk**

It is caused when the interest rate changes in a different way from what was predicted.

Fluctuations in interest rates affect the return on capital invested in securities as the value of these securities is determined by the course of interest rates.

#### **6. Re-investment Risk**

It is caused if the returns (income – coupon rates) of an investment are reinvested on different terms from those which applied at the time the initial investment was made.

#### **7. Risk of fluctuation/ volatility**

Risk of fluctuation/ volatility is the risk of a change in the value of a product due to fluctuation/ volatility which the market considers will apply to the underlying value (e.g. exchange rate, interest rate, stock, etc.) on the price of which the value of the product depends.

#### **8. Risk of Inflation**

It is triggered when inflation changes in a different way than was predicted.

#### **9. Subordinated product risk**

This is the risk arising if the Client holds a junior/subordinated security.

In this case, the issuer of the security will first fulfil its contractual obligations arising out of senior products and the obligations to its other creditors and then, if possible, the obligations due to the junior/ subordinated product holders.

#### **10. Redemption risk/Early maturity risk**

The risk of a product being redeemed by the counterparty or the issuer of a security if this option is provided in the specific terms of the product.

In this case the Client may not be able to acquire a new product on the same terms as the product as the one which has been redeemed.

#### **11. Risk of non-timely payment**

It is possible, in the case of bond products, that payment of coupon-rates may be delayed beyond the pre-determined date due to non-payment of the corresponding amount to the depository / clearing institution.

#### **12. Systemic Risk**

Systemic risk is caused by factors that affect the entirety of the market in which the Client participates and therefore cannot be limited by the spreading of investments in this market.

#### **13. Non-Systemic Risk**

It is caused by factors that affect specific instruments or categories of instruments depending on the financial results of the issuers, the sector in which they operate, etc.

This risk can be reduced through the spreading of the investment, by choosing securities that are affected differently and to a different degree by these factors.

#### **14. Political Risk**

Political risk is caused by changes or instability in the political scene.

Especially these days, when the economic and political environment is characterised by globalization, these changes can significantly affect the return on an investment.

#### **15. Legal Risk**

Changes in the legal status, which render impermissible some types of investments, which were allowed by a previous regime, can cause a change to the final value of an investment.

#### **16. Tax risk**

The risk arising out of the tax regime that may potentially apply to the Client or from any future changes in the applicable tax regime.

In addition, the Client is informed that investments in Financial Instruments traded in foreign markets may be treated differently from the corresponding Financial Instruments for tax purposes and the Client should seek independent specialised tax advice.

## 17. Country Risk

The risk that comes from the geographical position of the country, the geopolitical setting that surrounds it as well as other parameters - risks, such as political status, legal/ tax framework, economic situation (inflation - growth, etc.).

## 18. Trading suspension/unavailability risk

The supervisory authorities ESMA, EBA and the local regulatory authority as well as the manufacturer of any investment product has the right from time to time and at any time, to restrict or suspend the distribution and/or the provision of UCITS units, and/or the acceptance of orders in relation to the said investment products.

## 19. Risk with regard to the relationship of underlying market price and fair price of the F.C. (futures) – O.R (Options)

F.C. = Future Contracts

O.R = Options Rights

It is possible that there may not be the reasonably determined fair price relationship between the market prices of:

(a) underlying asset and F.C. (future contracts)

or

(b) F.C. (future) and O.R. (options)

This can happen when, for example, the F.C. (future) to which the O.R (option) is related, is subject to price limits, but the O.R (option) is not.

The absence of a reference price for the F.C. (future) makes it difficult to determine "fair price".

If the Client sells O.R. (option), this risk can significantly increase the likelihood of losses.

## 20. Risk of return of deposited money and delivered securities

The Client must be aware of the guarantees provided in respect of cash and other securities for transactions in Cyprus and abroad, especially in the event of a payment suspension or bankruptcy of a company.

The extent to which cash or securities can be recovered may be governed by specific legislation or domestic rules.

In some cases, securities that have been recognized as Client property will be treated as cash for the purpose of proportional distribution in the event of a deficit.

## 21. Clearing and Settlement Risk

Clearing and settlement risk is related to the possibility that the counterparty of a transaction may not meet its clearing and settlement obligations, i.e. it may not be able to pay the purchase price in the case of a purchase or may not be able to deliver the relevant securities in the case of a sale.

In most stock exchanges there is a Central Counterparty which is the clearing company and guarantees the smooth conduct of the clearing and settlement process, having established appropriate mechanisms for the protection of this process.

## 22. Operational Risk

The risk of consequences caused by the inadequacy or failure of internal processes, information systems, the human factor (voluntarily or involuntarily) as well as the occurrence of external events.

Operational Risk also includes Legal Risk, which is associated with legally incorrect actions, uncertainty about the requirements of the laws, which may lead to insufficient interpretation, as well as possible gaps in the legal framework.

## 23. Risk regarding Transactions in other countries

Transactions in markets of other jurisdictions, including markets related to a domestic market, may expose the Client to additional risk.

Such markets may be subject to rules that offer different or limited protection to the Client.

In any case, the Client, before trading in any foreign market, should request information on any rules related to his specific transactions, as well as details on how to recover losses arise in its jurisdiction or in other relevant jurisdictions.

The audit authorities of the Client's country will not be able to impose the domestic provisions in other jurisdictions where the Client's transactions have been carried out.

## 24. Trading venue risk

Most trading venues and electronic trading facilities are supported by computer systems for placing/transmission of orders, executing, matching, recording or clearing of transactions.

Like all venues, trading venues are vulnerable to temporary disruption or interruption.

The possibility of recovering certain losses depend on the limits set by the system supplier, the market, the clearing house and / or the member companies. Such limits may vary.

## 25. Risk regarding Electronic transactions

Carrying out transactions with electronic trading systems may differ not only from the transactions carried out in dealing rooms, but also from other electronic trading systems.

If transactions are carried out through an electronic trading system, the Client will be exposed to system-related risks including any malfunction of computers and software.

The result of any discontinuance in the system may be that the Client order to not be executed according to his instructions or not be executed at all.

## 26. Risk regarding Over-The-Counter (OTC) transactions

In some jurisdictions, companies are allowed to trade Over-The-Counter (OTC).

The company with which the Bank trades may be the Client's counterparty in the transaction.



It may be difficult or impossible to liquidate an existing position, to assess the value, to determine a reasonable value or assess risk exposure.

For these reasons, such transactions may entail high risk.

Over-The-Counter (OTC) transactions may be subject to more flexible legislative provisions or be governed by a separate legal framework.

Before executing such transactions, the Client should be aware of the applicable rules and the risks involved.

## **27. Risk related to the issuer's solvency (bail-in)**

The restructuring of liabilities (bail-in) is implemented on the basis of laws achieving harmonization with Directive 2014/59 / EU of the European Parliament and of the Council establishing a framework for the recovery and reorganization of credit institutions and investment firms for any of the following two purposes:

- (a) the recapitalization of a credit institution or investment firm if it reasonably appears that its implementation (in conjunction with other relevant measures) will restore the financial strength and long-term viability of the credit institution or investment firm;
- (b) the conversion into share capital or the reduction of the value of liabilities or debt securities transferred to a transitional institution either for its capitalization or in the context of the implementation of the transfer order or the separation of assets.

The Resolution Authority does not exercise the powers of impairment or conversion with respect to, inter alia, "guaranteed deposits", in accordance with the provisions of the deposit guarantee scheme which are further explained in paragraph 11.2 below.

## **II. Special Risks**

Investments in collective investment schemes.

Investments in collective investment schemes may entail any of the above-mentioned risks as well as any of the specific risks listed below depending on the case and depending on their own investment policy.

Furthermore, the above-mentioned risks as well as any of the specific risks mentioned below may apply in relation to the investments made by the collective investment scheme itself and relate to the underlying investments of same.

The Client may lose any part of, or the entire amount invested in collective investment schemes.

The value of units in collective investment schemes is subject to daily fluctuations. Units in collective investment schemes may not be listed in a regulated market and the Client is therefore subject to restrictions on disinvestment.

Furthermore, the terms of issuing units in collective investment schemes may have time or other restrictions on the redemption of units.

Collective investment schemes may restrict the purchase of units by the Client and/ or refuse to sell any number of units to the Client and/or terminate the Client's participation in the collective investment scheme according to the terms stated in the prospectus.

Special risks described in detail below are involved in the following investments:

- i. margin financing shares;
- ii. derivatives traded in and out of regulated markets (Over - The- Counter (OTC));
- iii. Exchange Traded Derivatives (ETD).

For this reason, investing in financial derivatives or similar products is considered appropriate for Clients with particular knowledge and significant experience in capital market investments who are presumably able to perceive the range of the investment risk they undertake and only in relation to a small part of their total investment portfolio.

It is obligatory for the seller of derivatives to be informed by the Bank, regarding all the terms and conditions of the Future Contracts (F.C.) and Options Rights (O.R.) and the related liabilities (e.g. the conditions under which it may be required to deliver or receive the specific type of a Future Contract and, in the case of Option Rights, expiration dates and restrictions at the time of exercise of these).

Under certain circumstances the characteristics of the pending contracts (including the price of exercising an option right) can be amended by the stock exchange - regulated market or the clearing institution, to reflect any changes in the underlying asset.

### **1. Collateral risk**

It arises from the use of collateral accounts where the impossibility or reduction in the liquidity of the securities portfolio can cause the liquidation of the initial investment.

If the market moves against the position of the Client or if the margins increase, the payment of a significant amount of additional funds may be requested within a short period of time for maintenance of the position.

If the Client does not deposit additional funds within the set time limits, his position may be liquidated at a loss and the Client may be liable for any deficit that may arise.

It is emphasised that in a rapidly declining market, there may be large scale margin calls for the satisfaction of margin requirements and large scale liquidation of assets constituting security. This practice may lead to a further decline of the market (domino effect) and may trigger further or consecutive margin calls and liquidations.

### **2. Incomplete Hedging Risk**

It is caused if the prices of the investments (indicatively of the derivatives of Financial Instruments) are associated incorrectly to the prices of the investments which they hedge.

### **3. Deviation of the derivatives market from the underlying securities market**

It is caused when the prices of the derivatives of Financial Instruments varies in a way which does not correspond to the prices of underlying securities.

#### **4. Risk of change of share prices or indices.**

It is the risk of a change in the product value due to changes in share prices or indices.

#### **5. Leverage Risk**

Transactions in derivatives traded in or out of regulated markets (OTC and ETD) have a high degree of risk.

The amount of the initial margin is small in relation to the value of the contract and so there is "leverage" in the transactions.

A relatively small market movement will have a proportionally greater effect on the funds that have been deposited or are required to be deposited.

This can be to the detriment of the Client but also to his benefit.

It may suffer a total loss of the initial margin deposited and any other funds it has deposited with Alpha Bank in order to maintain his position.

#### **6. Risk in execution of complex orders**

It occurs when simultaneous execution on two or more products is required for the implementation of an investment strategy.

When the above action is not supported by automated trading systems, it is possible, due to partial execution, that the exact price levels may not be achieved or that the strategy may be executed incompletely.

#### **7. Orders or strategies to reduce the risks**

Specific orders (e.g. "stop loss" orders, when permitted by law, or "stop limit" orders), which are intended to limit losses to specific amounts, may not be effective because market conditions may make it impossible to execute such orders.

Strategies that use combinations of positions, such as spread and straddle positions, can be equally as dangerous as the simple long or short positions.

#### **8. Variable degree of risk**

The transactions in O.R (options) have a high degree of risk.

Buyers and sellers of O.R (options) must be familiar with the type of O.R (option) (i.e. Put or Call) in which they intend to deal and the associated risks thereof.

They should assess the extent to which the value of the O.R (option) should increase so that their position becomes profitable, having taken into account the cost of the premium and the cost of transactions.

The buyer of O.R (options) can close his position, exercise the O.R (options) or leave the O.R. (options) to expire.

The exercise of an O.R (option) results in either the settlement in cash or the receipt by (delivery to) the buyer of the underlying assets.

If the O.R (option) is on a F.C. (future), the buyer will receive a position in F.C. (future) with the associated obligations for the margin (as described in paragraph 1 above for F.C. (future)).

If the purchased O.R (options) expire without value, the buyer will suffer a total loss of the investment that will consist of the premium of the O.R (option) and transaction costs.

In case of purchase of O.R (options) which are largely "out of the money" (strike price much higher/ lower than the corresponding time-limited price), the chances of becoming profitable are very small.

The sale of an O.R (option) generally involves a significantly higher risk than buying an O.R (option).

Although the premium received by the seller is fixed, the seller may suffer a loss significantly greater than this amount.

The seller will be required to pay an additional margin in order to maintain his position if the market does not move favourably.

The seller will also be exposed to the risk of the buyer exercising the O.R (option) in cash or to receive or deliver the underlying assets.

If the O.R (option) is on a F.C. (future), the seller will deliver a position to F.C. (future) with the related obligations for the margin (as described in paragraph 1 above for F.C. (future)).

If the O.R (option) is covered by the seller who has a corresponding position in the specific asset or in F.C. (future) or in another O.R (option), the risk can be reduced.

If the O.R (option) is not covered, the risk of loss can be unlimited.

Some markets allow late payments for the premium of the O.R (option), exposing the buyer to the obligation of additional margin that cannot exceed the amount of the premium.

The buyer remains exposed to the risk of losing the premium and transaction costs.

When the O.R (option) is exercised or expires, the buyer is responsible for the amount of the premium that may not have been paid at that time.

### **5. CLIENT CATEGORISATION**

The categories of investors, as defined by the current legal framework, follow the following classification:

- Retail Clients;
- Professional Clients;
- Eligible Counterparties.

The Bank deals with Retail Clients.

In accordance with its policy, the Bank does not trade with Professional Clients or Eligible Counterparties.

The Bank categorises and treats all its Clients as Retail Clients, regardless of their characteristics and their categorisation potential (provided that they meet the relevant criteria/ conditions) as Professional Clients or Eligible Counterparties.

In this way, the Bank applies and/ or provides maximum protection to its Clients, as provided in the regulatory framework for Retail Clients. Alpha Bank informs Clients in writing about their categorisation.

#### **5.1. Retail Clients**

Clients who are not considered as "Professional Clients" are categorised as Retail.

Retail Clients enjoy a higher level of protection, which includes, *inter alia* the provision of such information, so that they can properly assess or manage the risks to which they are exposed and make informed investment decisions.

The relevant legislation allows Retail Clients to waive part of the protection provided by the rules of professional ethics.

The Bank is therefore permitted to treat any of the above Clients as Professional, provided that at least two of the following criteria are met:

- the Client has carried out transactions, in significant size, on the relevant market at an average frequency of 10 per quarter over the previous four quarters;
- the size of the Client's Financial Instrument portfolio, defined as including cash deposits and Financial Instruments exceeds EUR 500 000;
- the Client works or has worked in the financial sector for at least one year in a professional position, which requires knowledge of the transactions or services envisaged, and
- the relevant procedure set out in the Law is followed.

It is clarified, however, that the Bank will not accept requests from Retail Clients for their recategorization as Professional Clients based on the above mentioned.

## 5.2. Professional Clients

Professionals are those Clients who have the experience, knowledge and expertise to make investment decisions and assess the risks to which they are exposed. It is emphasised that, under the Law, as Professional Clients are considered to be:

1. Entities which are required to be authorised or regulated to operate in the financial markets. The list below shall be understood as including all entities authorised for carrying out the characteristic activities of the entities mentioned: entities authorised by a Member State under EU law, entities authorised or regulated by a Member State without reference to EU law, or entities authorised or regulated by a third country, such as:

- Credit institutions;
- Investment firms;
- Other authorised or regulated Financial Institutions;
- Insurance companies;
- Collective investment schemes and management companies of such schemes;
- Pension funds and management companies of such funds;
- Commodity and commodity derivatives dealers;
- Locals;
- Other institutional investors.

2. Large undertakings meeting two of the following size requirements on a company basis:

- Total balance sheet: Euro 20,000,000
- Net turnover: Euro 40,000,000
- Own Funds: Euro 2,000,000

3. National and regional governments, including public bodies that manage public debt at national or regional level, Central Banks, international and supranational institutions such as the World Bank, the International Monetary Fund, the European Central Bank, the EIB and other similar international organisations.

4. Other institutional investors whose main activity is to invest in Financial Instruments, including entities dedicated to the securitisation of assets or other financing transactions. Professional Clients are provided with a lower level of protection under the law, as compared to Retail Clients.

## 5.3. Eligible Counterparties

The Client may be an Eligible Counterparty when the Bank carries out or executes transactions with it, providing investment services of reception and transmission of Client orders and / or dealing on own account, or when providing any Ancillary Services that are directly linked to those services.

In these cases, it is not obliged to comply with certain obligations of business conduct, i.e. it is not obliged to:

- a) Comply with certain investor protection requirements. It is however obliged to provide Clients with appropriate information;
- b) Assess the appropriateness of certain products or services before offering them to Clients. However, it is obliged to provide you with adequate reports on the services it provides;
- c) To take all adequate measures to achieve the best possible result for the Client when transmitting orders on your behalf.

The Client cannot be considered as an Eligible Counterparty when the Bank provides any other type of Investment and Ancillary Services.

In case the Client has been categorized as a Retail Client or as an elective professional client or in case it is a natural person, it should not request to be considered and/ or to be considered as an Eligible Counterparty.

The following are considered Eligible Counterparties:

- Investment companies
- Credit institutions
- Insurance companies
- UCITS and their management companies
- Pension funds and their management companies
- Any other Financial Institution authorised or regulated under EU legislation or the national law of an EU Member State;
- a national government or its corresponding office, including a public body that deals with public debt at national level;
- Central banks, including the Central Bank of Cyprus, and
- a supranational organisation.

## 5.4. Re-categorisation

The rules for investor protection apply in their entirety only to Retail Clients, to a limited extent to Professionals and to an even more limited extent to Eligible Counterparties and for this reason, under the provisions of regulatory framework, the Clients must be categorised before the provision of any investment service, in one of these three categories.

At its own initiative, the Bank categorizes and treats all its Clients as Retail, regardless of their characteristics and regardless of the fact that they may meet the conditions for categorization as Professionals or Eligible Counterparties. In this way the Bank applies the maximum protection to its Clients, as provided in the regulatory framework for Retail Clients.

The Bank, in the context of the obligation to categorize its Clientele, must inform the new and existing Clients about the category in which they fall. It is noted, however, that the Bank will not proceed with the categorization of a Client in a category of lower protection, regardless of whether this has been requested by the Client.

## 6. ASSESSMENT OF APPROPRIATENESS OF INVESTMENT SERVICES AND FINANCIAL INSTRUMENTS PROVIDED

Since the investment services consist of the reception and transmission orders and execution of orders on behalf of the Client, the Bank conducts an appropriateness assessment. In this case:

A questionnaire is completed and updated from which information is obtained in relation to the knowledge and experience of the Client and his / her Authorised Representative (where applicable) in the investment field related to the specific category of the offered or requested Financial Instrument or Service.

The Client and its Authorised Representative (where applicable) are informed by the Bank about the appropriateness or not of the investment service or the Financial Instrument envisaged, based on the information provided in the course of completion of the questionnaire.

In the case of a joint account, the appropriateness assessment is performed for all joint account holders and the knowledge and experience (assessed via the appropriateness questionnaire) of the Client who places the order is taken into account.

In the case of a package of services or products, during the appropriateness assessment it is assessed whether the overall package is appropriate for the Client.

In case the Bank considers that investment service or the Financial Instrument envisaged is not appropriate for the Client and/ or his Authorised Representative (where applicable) it warns them accordingly. The warning can be provided in a standard form. Also, if the Client and/ or his/ her Authorised Representative (where applicable) does not provide the information requested based on the questionnaire or if it provides insufficient information, the Bank warns him/ her that it is not in a position to assess whether the investment service or product envisaged is appropriate for him/her. This warning may be provided in a standard form.

The Bank may impose a minimum period of time before the end of which the appropriateness assessment cannot be repeated, in cases where on the basis of an initial appropriateness assessment, the Bank considers that the investment service or the Financial Instrument envisaged is not appropriate for the Client and/ or its Authorised Representative (cooling-off period). The duration of the cooling-off period is determined in accordance with the Bank's policies and procedures, as applicable from time to time.

In cases of a joint UCITS Account, the results of your assessment will be communicated to the other joint account holders of the UCITS Account.

The results of the Authorised Representative's appropriateness assessment are communicated to the Client.

## 7. TARGET MARKET

### 7.1 Distribution of Financial Instruments

The Bank, distributes or offers Financial Instruments, it receives sufficient information about these from the manufacturers so as to ensure that the Financial Instruments are distributed according to the needs and objectives of the identified target market.

It also has adequate product monitoring arrangements to ensure that the products and services it intends to offer or

promotes are compatible with the needs, characteristics, and objectives of an identified target / market.

If the manufacturer of the Financial Instrument has not identified a target / market, then the Bank is obliged to determine the target / market of the offered Financial Instrument in accordance with the above.

### 7.2 Obligation of the Bank to include the Clients in a target market and exceptions

The Bank, if it has the necessary information for this purpose, ensures that the Client is provided with Financial Instruments for which the Client is within the identified target / market or outside the negative target market.

The Bank is not able to perform a full assessment based on the information collected in the course of providing its Investment Services (being the reception, transmission, and execution of orders), so as to be able to categorise the Client in the target market of a specific Financial Instrument provided.

In such cases, the Bank is not obliged to categorise the Client in the identified target market of this Financial Instrument and notifies him, on durable medium, only of the target market of each category of Financial Instruments i.e. the specific parameters that determine the specific target market, so that the Client is aware of this.

It is noted that the Bank carries out an appropriateness assessment in all cases, as an additional assessment, provided that it also performs a simplified assessment of the target market (despite the fact that according to Article 26 (4) of the Law it can be exempted from the obligation to assess the appropriateness of the service provided to the Client).

The target market of the Financial Instruments, of which Alpha Bank Group is a manufacturer, in accordance with applicable legislation, is posted on the website of the Bank.

## 8. ORDER EXECUTION POLICY

The Order Execution and Best Execution Policy is set out in **Annex B**.

The Bank transmits the orders it receives from the Clients regarding units of collective investment schemes directly to the investment firms (fund houses) that it cooperates with.

These are listed in **Annex 1** of the Order Execution and Best Execution Policy which is set out in **Annex C** of the Pre-Contractual Information.

## 9. CONFLICT OF INTEREST POLICY

The Bank declares that it is taking, to the extent possible, all necessary measures to prevent or manage conflicts of interest between, itself or its affiliated persons and its clients, as well as between its Clients. **However, the Bank draws the Client's attention to the following potential conflicts of interest:**

The Bank and/or any Affiliated Company and/or any company that is a member of the group of companies to which the Bank belongs may:

- (i) contract with the Client directly for the execution of its order;

(ii) be the issuer of securities in which the Client wishes to carry out a transaction;

(iii) deal on own account and/or on behalf of another client as a buyer and/or seller and may have an interest in the securities of the issuer in which the Client wishes to carry out a transaction;

(iv) act as an underwriter, market maker, adviser, lender, banker, bookrunner, investment manager and/or have any commercial or other relationship with any issuer or a third party;

(v) pay remuneration to third parties who have introduced the Client to it or have intervened in any way so that execution of orders is achieved by the Bank, to the extent that this is permitted under the Legal Framework;

(vi) is entitled to the collection of any amount in the form of a commission or in any other form from a third party in relation to any Financial Instrument and/or investment product and/or Services to the extent permitted under the Legal Framework;

(vii) distributes products issued by other entities of the Group;

(viii) collects fees or commissions from the fund houses from which the units of a collective investment scheme are made available, which may vary according to the fund houses and the type of a mutual fund.

The following is a summary of the Bank's conflict of interest policy. The full policy is available to the Client upon request. The Conflict of Interest Policy (hereinafter "the Policy"), aims to reflect the rules, standards and principles of professional ethics adopted by the Bank, for the identification and avoidance or effective management of Conflict of Interests situations between the Bank, including its executive managers and employees, its affiliates and any person directly or indirectly affiliated with it on the one hand, and on the other hand, its Clients or between two of its Client, arising out of the provision of any products and services, including investment services and ancillary services or a combination of these services, in accordance with the provisions of the regulatory framework and best practices.

In particular, the purpose of this Policy is:

- The prevention of Conflict of Interest situations, which may be detrimental to the interests of the Bank's clients or potential clients in the course of provision of banking and/ or investment and/ or ancillary services.
- The implementation of effective organizational and administrative measures, procedures and/or arrangements for the management of Conflict of Interest situations, in order to ensure with reasonable certainty that such conflicts do not and/or will not adversely affect the interests of Clients.
- The implementation and operation of control mechanisms, which make it impossible for unauthorized persons to access information, the use of which may create a Conflict of Interest situation.
- Taking measures to avoid and manage Conflict of Interest cases in the provision of relevant services /

activities, as defined below, and notification of the Clients when this is related to the general nature and / or sources of Conflict of Interest as well as the measures taken to mitigate the relevant risks before the provision of any of the relevant services and activities.

## 1. DEFINITIONS AND ABBREVIATIONS

### Relevant Person

A Relevant Person in relation to the Bank means, in accordance with article 2, par. 1 of the Commission Delegated Regulation (EU) 2017/565, one of the following persons:

(a) a director, partner or equivalent, manager or tied agent of the Bank;

(b) a director, partner or equivalent, or manager of any tied agent of the Bank;

(c) an employee of the Bank or of a tied agent of the Bank, as well as any other natural person whose services are placed at the disposal and under the control of the Bank or a tied agent of the Bank and who is involved in the provision of investment services and activities by the Bank;

For the purposes of this Policy, the word "Person" includes Relevant Person, as defined above, as this Policy covers MIFID requirements as well as broader requirements.

### Distributor

A firm that offers, proposes or sells an investment product or investment service to a Client.

### Confidential/ Inside Information

Means any Relevant Service or Activity, including transactions in Financial Instruments, carried out by or on behalf of the "Person", provided that:

(a) the "Person" acts outside the scope of the activities which he carries out in his professional capacity, as determined by the respective position he holds; or

(b) the transaction is made on behalf of the "Person", any person having either a family relationship or close ties to the "Person" or another person in relation to which the "Person" has a direct or indirect substantial interest from the result of the transaction, excluding the commissions for the execution of the transaction. Close links are considered to exist in the actual situations that allow or facilitate the circulation of Confidential and/ or Inside Information.

Specific information, is information which concerns one or more recipients of Relevant Services or counterparties of the Bank in Relevant Activities, and which has not been disclosed and any provision of a Relevant Services / Activities of it may significantly affect the decision for the provision or refusal of Relevant Service or Activities and the terms and conditions of its provision, including financial terms.

**In particular, in relation to Financial Instruments, Inside Information means specific information which has not been made public, allows a conclusion to be reached and concerns, directly or indirectly:**

one or more issuers of Financial Instruments, or one or more Financial Instruments and their possible disclosure may have a significant effect on the price of those Financial Instruments or the price of related derivatives and units of collective investment scheme in the sense that a prudent investor would assess, *inter alia*, such information in making his investment decisions.

In relation to persons entrusted with the execution of orders in Financial Instruments, Inside Information also means the information transmitted by a Client and are related to his pending orders in Financial Instruments, which have a specific character, concern directly or indirectly one or more

issuers of Financial Instruments or one or more Financial Instruments and a potential disclosure of which could have a significant effect on the price of these Financial Instruments or the price of any related derivatives and units of collective investment scheme.

It is noted that any information is considered specific when it relates to a situation which is current or a situation which is reasonably expected to exist when an event that has occurred or is reasonably expected to occur, such as to allow for conclusions to be drawn about the potential impact of the situation or of the event on the provision of the Service, on the exercise of the Activity, on the terms and conditions of these, on the prices of the Financial Instruments or the related derivative of Financial Instruments and units in collective investment schemes.

In the case of a protracted process aimed at or resulting in a specific situation or event, as for example in case of a complex corporate transaction (indicatively a merger, acquisition) it may be considered that the relevant future situation or the relevant future event or the steps comprising such procedure which are connected with bringing about or creating such future situation or future event constitute specific information. A particular stage of a protracted process will be considered to constitute Inside Information if, in itself, it meets the Inside Information criteria as stated above.

#### **Conflict of Interest**

It means any situation in which the possibility of an independent and complete evaluation, assessment or decision-making of a Bank officer is affected or may be affected by:

- personal benefits,
  - personal interest, material or intangible,
  - third party power or pressure,
- resulting in a potential risk of damage, either to the interests of the Clients, or to the interests and reputation of the Bank.

## **2. GENERAL ORGANIZATIONAL MEASURES**

The Bank providing the Relevant Services and Activities referred to in the Policy, aims to minimize the risk of damage to its own interests and those of the Group, as well as to their Clients, from potential Conflicts of Interest, between itself, the "Persons" and the Clients, as the case may be.

In this context:

- it has an appropriate organizational structure to assign functions and responsibilities and implements specific decision-making procedures, as well as an effective reporting and communication process at all levels;
- The Board of Directors of the Bank determines, supervises and is accountable for the application and/ or implementation of governance arrangements that ensure the efficient and prudent management of the Bank, including the separation of duties and/ or responsibilities in the Bank and the prevention of Conflicts of Interest, in a way that promotes the integrity of the Bank and promotes the interest of its Clients and employees;
- It has Regulatory Compliance and Internal Audit Units, which operate independently of both the Business Units and each other and are responsible for controlling, identifying, preventing and dealing with Conflict Situations;
- Monitors and evaluates periodically the adequacy and effectiveness of systems, internal control mechanisms and related procedures to address any weaknesses;
- Employs experienced staff, certified, where required by law, with skills and knowledge that cover the entire range of Relevant Services and Activities;

- Ensures, under the responsibility of the heads of the relevant Units, that its staff knows the procedures required for the exercise of its responsibilities, performing them diligently, honestly, professionally and with the required independence. It implements internal control systems and mechanisms to ensure compliance with decisions and procedures at all levels, safeguarding the security, integrity and confidentiality of information under management;
- Implements an effective procedure for submitting anonymous reports and information at all levels, in order to enhance transparency and ensure its compliance with the existing legislative and regulatory framework, as well as its Code of Conduct and best practices;
- Adopts policies and procedures and implements appropriate systems that ensure equal and impartial treatment of Clients or categories of Clients;
- Binds the competent officers, through the Code of Conduct and its Personnel Manual, not to accept direct or indirect gifts and not to gain/accept for themselves or their relatives privileges, or benefits;
- Ensures that where it publishes or disseminates information, it is made clear that such information constitutes advertising announcements;
- Supervises and ensures that the Relevant Services and the Relevant Activities are provided or conducted in accordance with the provisions of the applicable regulatory framework, following the procedures and instructions of the Bank, strictly implementing the relevant decisions of the management of the Bank and implementing the Pricing of the Bank with precision;
- Informs the Clients in a general and specific way about the framework for the avoidance of Conflict of Interest, before the provision of the Relevant Service or Relevant Activity, as the case may be. Such information is provided by means of a durable medium and covers, where appropriate, the case in which a Conflict of Interest cannot be avoided or effectively managed and as a result the Bank refuses to provide the Relevant Service or Relevant Activity to the Client. The assessment of whether the Conflict of Interest cannot be avoided or effectively managed, is conducted by the Regulatory Compliance Unit of the Bank, on the basis of data and clarifications provided by the competent Units of the Bank. The result of such assessment is provided to the Client;
- The Bank has implemented and clearly documented the obligation of all Bank staff to comply with the current Bank Information Security Framework and any other related framework, code, regulation, as well as the obligation to demonstrate absolute confidentiality regarding the transactions and operation of the Bank, and the relevant personal data and other data of its Clients. It is emphasised that the breach of the above obligation constitutes a disciplinary offense, while the obligation to demonstrate absolute confidentiality continues to exist even after the termination of the employment contract of the Employee;
- Assesses the circumstances that may give rise to a conflict of interest, which would create a substantial risk of damage to the Clients and/ or the interests of the Clients as well as in the interests and the reputation of the Bank.

## **3. GENERAL ARRANGEMENTS IN RELATION TO CONFLICT OF INTEREST**

The Bank, in order to avoid and manage situations that may constitute or lead to Conflict of Interest in the provision of Relevant Services and/ or the exercise of Relevant Activi-

ties, implements procedures and takes measures that include, on a case by case basis, the following:

- Separation of the remuneration rules of the Bank Employees, in order to ensure the independence and disconnection of the remuneration of the Employees who provide a Relevant Service or conduct a Relevant Activity, from the income of other Employees who provide a different Relevant Service or Relevant Activity, when a Conflict of Interest may arise in relation to these;

- **• Informs the Client of the nature and amount of any expenses - fees, commissions, before the provision of any Relevant Service or the exercise of any Relevant Activity. In case the exact amount is not known in advance, then the method of calculation is announced in a comprehensive, understandable and accurate way. The above is necessary in order for the Client to make sure that it is not subject to discriminatory treatment;**

- Monitoring by the competent Units of the Bank during the selection and conclusion of contracts for the assignment of projects to third parties, for identification of any Conflict of Interest. In addition, any Employee who participates directly or indirectly in the process of selecting/ approving/ signing of contracts with suppliers and other third party service providers, must disclose in writing to his/ her supervisor and to the Regulatory Compliance Unit, family of other relationship (e.g. recent previous employment) with a candidate or existing external contractor/ service provider;

- Implementation of the Bank's "Transaction Policy with Related Parties", with the aim of reducing the risk of Conflict of Interest, i.e. cases where Major Shareholders or Members of the Board of Directors of the Bank may promote their own interests instead of the interests of the Bank;

- Placement of Employees who have a relationship (by blood or by marriage) in different administrative areas and with a different job description, so as not to reduce the confidence of other Employees on the impartiality and objectivity applied by the Bank. In any case, Employees who are related to each other do not serve under the same hierarchical reporting line and in the capacity of manager-approver.

- Prohibition of Employee participation:

- in the proposal / evaluation / approval of a loan of a relative up to the second degree of kinship, including spouses or persons equivalent to spouses or a legal entity linked to the aforementioned persons;

- in the management of debts in arrears of a debtor - a relative of up to the second degree of kinship, including spouses or persons equivalent to a spouse or a legal entity linked to the above persons;

- in the evaluation of the performance of a relative of the person - up to the second degree of kinship, including spouses or persons equivalent to spouses;

- Maintaining and updating a file for any banking or investment Relevant Service or Activity conducted by the Bank, which has resulted in a Conflict of Interest that poses a substantial risk of damage to the interests of one or more Clients of the Bank. The same is done in the case of the provision of a service or activity at present, in respect of which a Conflict of Interest may arise;

- Avoiding the simultaneous or successive participation of an employee of the Bank in the provision of different Relevant Services and Activities to the same Clients when this participation may create a Conflict of Interest or endanger the effective management of Conflict of Interest;

- Analysis of each new business relationship with a Client, which includes a confidentiality undertaking, in terms of the potential risk of Conflict of Interest involved;

- Avoid or control the exchange of information between the "Persons" participating in Relevant Services and Activities, which entail a risk of Conflict of Interest, when the exchange of this information may be detrimental to the interests of one or more Clients;

- Separate supervision of the "Persons", whose main tasks include the provision of Relevant Services and Activities to Clients, if Client interests may be in conflict or if Clients represent different interests, including those of the Bank, which may conflict.

- Avoid or limit the exercise of undue influence over the manner in which a "Person" provides Relevant Services and Activities on behalf of the Bank;

- Avoiding the performance of duties by employees, which could obstruct the independent decision-making on their part, unless they have previously duly informed and received special permission from the respective management of the Regulatory Compliance Unit and the Human Resources Units;

The procedures and measures mentioned above aim to ensure that the Relevant Persons involved in the provision of the Relevant Services / Activities, exercise them at an independence level appropriate to the size and activities of the Bank and the Group and to the risk of damages to Clients' interests. If the application of the measures and procedures provided above does not ensure the required degree of independence, the Bank shall adopt alternative or additional measures and procedures, which are necessary and appropriate for this purpose.

#### **4. SPECIAL ARRANGEMENTS IN RELATION TO CONFLICT OF INTEREST IN THE PROVISION OF INVESTMENT SERVICES**

The Bank, in order to avoid and manage situations that may constitute or lead to a Conflict of Interest, especially in the course of the provision of Investment Services and Activities or Ancillary Services in Financial Instruments, in addition to the above, carries out:

- periodic updates / reminders to persons holding managerial duties and having access to the Bank's Confidential and Inside Information (Members of the bank's board of directors, members of the Bank's management, etc.) relating to the prohibition of execution of Financial Instruments transactions, during a closed period of 30 calendar days prior to the announcement of an interim or annual financial report, which the issuer, i.e. the Group, is required to publish, either according to the rules of the trading venue in which the issuer's shares have been admitted to trading, or in accordance with national law;

- Prohibition of any employee of the Bank to use, disclose or recommend for the acquisition or transfer of Inside / Confidential Information in its possession, for the purpose of obtaining or transferring, for its own account, directly or indirectly, Financial Instruments related to such information or Financial Instruments linked to those instruments;

- Application of a supervision mechanism, in order to control the flow of internal information, in applying the prohibition of the Bank's staff to misuse such information, either in the interests of the Bank or for its own interests, which will be against the interests of the Clients. Indicatively, the preparation of lists of persons holding internal information, the use of information barriers and the strict observance of professional secrecy constitute such supervisory mecha-

nisms. In particular with regard to the blocking of information and given that employees, Executives and Members of the Board of Directors of the Bank, in the exercise of their duties, gain access to Inside Information concerning the personal, family and property situation of the Clients and their investment choices, and the Bank draws the attention of the above to the strictest observance of the confidentiality of this information.

More specifically, the above persons are not allowed:

- To access the Bank's records (kept in any way or medium), which contain Inside Client Information, unless this is necessary for the proper performance of their duties;
  - To misuse of Inside information or to disclose or disseminate such Information to any person, associate or employee of the Group, or a third party, unless this is necessary for the fulfilment of the Bank's obligations in the exercise of supervisory responsibilities by the Supervisory Authorities;
  - Informing anyone of the password to their terminal;
  - The use of Inside Information in the context of the provision of services or for the benefit of another Client of the Bank or a third party (including the Group), unless prior written consent is obtained from the person concerned;
- The use or distribution of Inside Information relating to one or more Financial Instruments, which, if made public, could significantly affect the value of these Financial Instruments in order for such persons to acquire or dispose of the Financial Instruments to which this information relates, for their own account or on behalf of third parties or on behalf of the Bank or the Group, directly or indirectly;
- Restriction of access to confidential information only to authorized persons whose activities justify such access, in order to ensure the protection of the Client's legitimate interests. This principle is protected by the Bank's IT systems, which allow access only to authorized personnel;
  - Separate supervision of "Persons" whose primary duties include conducting activities on behalf of Clients or providing services to them, in the event that the interests of such Clients may conflict or if such Clients represent other interests, including those of the Bank, and which may be in conflict;

- Establishment and implementation of information barriers ("Chinese Walls") that restrict the flow of information between different units/departments of the Bank. With the establishment of the "Chinese Walls", the Bank and its employees can offer investment services to Clients without being influenced by other information available to the Bank, which could lead to Conflicts of Interest;
- Adoption of procedures to prevent or limit any inappropriate behavior of a "Person" in the provision of Investment or Ancillary Services;
- Monitoring in order to avoid the simultaneous or successive participation of a Bank employee in different investment or ancillary services, when this participation may be detrimental to the proper management of conflicts of interest;
- Elimination of any direct link between, on the one hand, the remuneration of the "Persons" engaged primarily in an investment activity and, on the other hand, the remuneration and / or income received by other "Persons" engaged primarily in a different investment activity when there may be a conflict of interest in relation to these activities;
- Prohibition of conducting a Personal Transaction of a "Person", or any person having either a family relationship or close ties with the "Person" or another person in a relationship in which the "Person" has a direct or indirect substantial interest in the transaction, on the basis of Inside information;

- Implementation of procedures to ensure compliance in the event that it is deemed appropriate to postpone the publication of Inside Information relating directly to the Bank or the Group.

- Implementation of an evaluation procedure of market sounding in respect of the disclosure of Inside Information and the adoption of a supervisory mechanism of market soundings, especially where it is assessed that such market sounding leads to disclosure of Inside Information, as well as compliance with the regulatory provisions regarding:
    - informing the recipient of the market sounding of the existence and upcoming disclosure of inside information;
    - informing the recipient of the obligations arising out of his consent to the disclosure of Inside information;
    - implementation of procedures for the exchange of standardized information sets with persons receiving the market sounding;
    - maintaining relevant records of Inside Information;
  - Implement the regulatory framework regarding restrictions on Inducements as well as the relevant Bank Policy;
- The Bank, as a Distributor of Financial Instruments, ensures that the assets it distributes do not adversely affect the final Clients in a way that allows the Bank to mitigate and / or shift the risks arising out of its own portfolio. Each time the Bank distributes a Financial Instrument, it analyses potential conflicts of interest and, in particular, assesses whether the Financial Instrument creates a situation where end Clients may be adversely affected if they receive:
- A position opposite to that previously held by the Bank itself; or
  - Position opposite to that which the Bank wishes to hold after the sale of the product.

When deciding on the range of Financial Instruments and investment products and services it intends to offer and when determining the respective target markets, and in particular when it intends to offer new products, complex products or high-risk products, the Bank ensures the proper management of conflicts of interest that may arise.

In cases where there may be significant conflicts of interest (such as in relation to products issued by other entities of the Group), the Bank, as a distributor of such investment products, takes into account all relevant information provided by the product manufacturer, both in terms of the target market and the distribution strategy.

## 5. IDENTIFYING CASES OF CONFLICT OF INTEREST

In order to identify cases of Conflict of Interest arising in the course of the provision of Relevant Services / Activities, which may harm the interests of a Client and harm the interests and reputation of the Bank, the Bank determines, on the basis of certain minimum criteria, whether it or a Relevant Person or a person directly or indirectly related to it through a control relationship, is, either as a result of the provision of banking and investment services and activities, as well as ancillary services in financial instruments, or in any other way, indicatively and without limitation, in one of the following situations:

- the Bank or the Person is likely to make a financial gain, or avoid a financial loss, at the expense of the Client;
- the Bank or Person have a different interest from the Client's interest, in terms of the outcome of a Relevant Service/Activity which is provided to the Client or of a transaction carried out on behalf of the Client;



- the Bank or the Person has a financial or other incentive to favour the interest of another Client or group of Clients to the detriment of the Client's interests engaged in the same business activities as the Client;

- the Bank or the Person receives or will receive, from a person other than the Client, an Inducement in relation to a service provided to the Client, in the form of monetary or non-monetary benefits or services or goods, other than the usual remuneration or commission for the provision of this service.

The above framework includes the prevention of any acts of misuse of Inside or Confidential information, as well as manipulation or attempted manipulation of the market, by establishing procedures for locating and reporting suspicious orders and transactions.

Indicative types of cases where some form of conflict of interest may arise.

**i. Conflicts between the Bank or the Group and Existing or Potential Clients, related to impartial treatment of the Client**

- An employee of the Bank, places the execution of a Personal Transaction in a Financial Instrument, in priority to the execution of the same Transaction carried out by a Client in the same Financial Instrument (front running).
- The Bank has information on the financial difficulties of a company and at the same time carries out transactions in its Financial Instruments, for its own benefit.
- Promotion of products for the purpose of gaining a benefit for the Bank or the Group, which is not in the best interest of the Client.
- Implementation of preferential pricing policy for specific products of the Bank or the Group (or manufactured by the Group) in order to encourage Clients to invest in specific products which are not necessarily the most appropriate choice based on the Client's profile.
- The Bank receives or will receive from a person other than the Client, an Inducement related to the service provided to the Client, in the form of monetary or non-monetary benefits or services.
- The Bank's analysts prepare analysis for Financial Instruments in relation to which they have carried out or intend to carry out transactions.
- The Group's analysts receive remuneration or any other Inducement, which is valued in cash, from issuers of securities that have been the subject of an analysis report of the said analysts.

**ii. Conflicts between the Bank or the Group and Clients Related to the Use of Information**

- Any leakage of information that came to the knowledge of employees, Members of the Board of Directors, Executives, Managers of the Bank, during the performance of their duties and / or persons directly or indirectly connected with any of the above, and which have not been disclosed or otherwise made known to the investing public.
- Any leakage of information, which has not been made public and has not been made known to the investing public, due to interpersonal relationships maintained between the Bank Employees, working in different units/departments of the Bank or relationships maintained by bank employees with other entities of the Group or third parties.
- The promotion of products, with concealment of potential investment risk, in order to achieve the distribution of the product to the Client.

**iii. Conflicts Between Existing or Potential Clients**

- The Bank receives and / or executes opposite orders for two competing companies / Clients.

**iv. Conflicts between the Interests of Employees and the Bank or the Clients**

- Employees, Executives, Managers, Members of the Board of Directors of the Bank or persons directly or indirectly related to them, who encourage the Client towards a specific, investment choice (which is not however for the best investment choice for the Client), because they themselves aim to serve their own financial interests.

**10. CLIENT INFORMATION**

The information to the Clients of the Alpha Bank branches is carried out as follows:

Pre - contractually	With this document and the Bank's Commission Invoice
Application to carry out transaction in Financial Instruments	The copy of the transaction application is delivered to the Client immediately after the filling of the application.
Trade Confirmations for the execution of orders in mutual funds after their finalization (i.e. after the transmission and notification by the management company that the order has been executed).	These are sent to the Client in the durable medium selected by the Client.
Statement of assets (analysis of the Client's portfolio)	This is sent to the Client in the durable medium selected by the Client.
Annual information (income confirmation) of surplus from mutual funds.	This is sent to the Client in the durable medium selected by the Client.
Annual update (dividend certificate) from mutual funds	This is sent to the Client in the durable medium selected by the Client.
Annual costs report	This is sent to the Client in the durable medium selected by the Client.

The update is performed as follows:

Pre-contractually	Through this document
After execution of/ orders	The confirmation of execution of the order is on the following working day
Statement of assets (portfolio)	At least once per quarter

The users of the internet receive the relevant information via the internet.

## 11.1 INVESTOR COMPENSATION FUND FOR CLIENTS OF THE BANK.

In February 2004, for the purposes of harmonization with the European Community Action titled "Directive 97/9 /EC of the European Parliament and of the Council of 3 March 1997 on investor compensation schemes", the Law has been amended so as to provide the legal framework of establishing two separate Investor Compensation Funds, one for bank Clients ("ICF for Clients of Banks") and one for the Clients of investment firms ("ICF for Clients of Investment Firms"). The above amendment established the legal framework for the two competent supervisory authorities, which are the Central Bank of Cyprus ("CBC") and the Cyprus Securities and Exchange Commission ("CySEC") respectively, to issue the necessary Regulations for the operation of the aforementioned Funds.

Participation in the "ICF for Clients of Banks ", according to the Regulations, is mandatory for all banks which are based in the Republic of Cyprus and offer investment services, in accordance with the provisions of the Law. The participation of the branches of these banks operating in countries other than the Republic is also mandatory.

Banks that are located in a third country and maintain a branch in the Republic or provide Investment or Ancillary Services to it on cross-border basis, provided that their Clients in the Republic are not covered by a corresponding Fund in the third country on, at least equivalent basis to the ICF, they also participate in the " ICF for Clients of Banks". According to the Regulations issued by the CBC and approved by the House of Representatives in April 2004, the purpose of " ICF for Clients of Banks "is securing Clients of banks who are investors, by the payment of compensation in case a bank fails due to its financial situation:

(a) to repay to its covered Clients the funds owed to them, in the context of its provision of investment services; and / or  
(b) to deliver to the covered Clients the Financial Instruments that belong to them and which the bank owns, manages or keeps on their behalf.

The "ICF for Clients of Banks" does not cover institutional and professional investors. **The amount of compensation paid to the covered investor Clients of the members of " ICF for Clients of Banks" is € 20,000 and this coverage applies to all claims of the investor against a member of the ICF, regardless of the number of accounts it maintains, its currency and place of provision of service.**

## 11.2 DEPOSIT GUARANTEE SCHEME AND RESOLUTION OF CREDIT AND OTHER INSTITUTIONS

The Deposit Guarantee and Resolution of Credit and Other Institutions Scheme (DGS) was established and has been operating since 2000. The relevant legal framework is the Business of Credit Institutions Law, the Deposit Guarantee and Resolution of Credit and Other Institutions Scheme Laws of 2016 to (No. 2) of 2020, and the Regulations therein and the Resolution of Credit Institutions and Investment Firms Law of 2016. For the purposes of the DGS, which constitutes a separate legal public entity, a Management Committee was established, consisting of staff from the Ministry of Finance and the Central Bank of Cyprus.

The purpose of the DGS is twofold: on the one hand it is to compensate the depositors of covered institutions which pay contributions, in the event that a credit institution is unable to repay its deposits; on the other hand, it is the funding of

the implementation of resolution measures. The DGS covers deposits denominated in all currencies.

The compensation process is activated when a decision is reached that a member of the DGS is unable to repay its depositors. In this case, the relevant decision is adopted either by the Central Bank of Cyprus or through an order for special liquidation of the credit institution in question issued by a Court of the Republic or by the judicial authority of the country where the member is established.

The maximum amount of compensation, per depositor, per credit institution is €100.000, including accrued interest. This limit applies to the aggregate deposits held with a particular credit institution. When calculating the amount of compensation payable to a depositor, the deposits are set-off with all kinds of counterclaims that the credit institution has against the depositor (e.g. loan instalments or other credit facilities) provided these have fallen due and in respect of which such a right exists.

The compensation of the covered deposits of the credit institution is financed primarily out of the credit institution's liquid funds, subject to certain conditions, and the DGS compensates the remaining covered deposits.

Excluded from DGS coverage are certain categories of deposits. Such deposits are deposits by credit institutions (interbank), own funds, deposits by financial institutions, deposits by investment firms, deposits by insurance and reinsurance companies, deposits by collective investment schemes, deposits by public authorities with an annual budget in excess of €500.000, as well as debt securities issued by a credit institution and liabilities arising out of own acceptances and promissory notes. Furthermore, among the categories excluded from coverage are deposits arising from transactions for which criminal conviction for money laundering has been instigated and deposits the holder of which has never been identified.

In case of DGS activation, the Management Committee of the DGS makes a relevant announcement on the website of the Central Bank of Cyprus and in the local press.

## 12. SAFEKEEPING OF CLIENTS' ASSETS

The Bank, in order to safeguard the rights of Clients in relation to their Financial Instruments and funds:

- May deposit Financial Instruments held on behalf of the Client into an account or accounts opened and held in a third party established in a State within the European Union, provided that it acts with the required skill, care and diligence in the selection and appointment of the third party, and that it will periodically monitor the third party and the arrangements it applies to the possession and safe-keeping of Financial Instruments, taking into account the reputation and experience of the third party as well as the legal requirements related to the possession of Financial Instruments, which could adversely affect the rights of the Clients.
- It is obliged to place the Clients' funds in one or more accounts opened in: a) a central bank, b) a credit institution authorised in accordance with Directive 2013/36 /EU of the European Parliament

and Council as the Directive has been transposed into national legislation of another Member State.

- Keeps the necessary records and accounts, so that it is able at any time and without delay to segregate the assets held for a Client from the assets held on behalf of any other Client as well as from his own assets.
- Maintains its records and accounts in a way that ensures their accuracy and especially their correlation with the Financial Instruments and funds held on behalf of Clients.
- It regularly reviews whether the accounts and records kept are consistent with the accounts and records kept by any third parties who hold Client assets.
- It takes the necessary steps to ensure that Client Financial Instruments deposited with a third party can be segregated from the Bank-owned Financial Instruments and the Third-Party Financial Instruments by use of accounts under different names in third-party books or other equivalent measures that achieve the same level of protection.
- It takes appropriate measures to protect its property rights, especially in the event of insolvency and to prevent the use of its Financial Instruments for the Bank's own account, unless the Client has given its express consent to use the instruments in a specific manner, as evidenced explicitly and in writing and is executed consensually by signature or in an equivalent manner and the use of the Financial Instruments of that Client is limited to the given terms to which the Client agrees.
- Establishes appropriate organizational arrangements to minimize the risk of loss or decrease of Client assets or rights in respect of those assets due to asset misuse, fraud, mismanagement, improper record keeping or negligence.

Regarding Financial Instruments or Client funds held by the Bank, the Bank informs the Client on a case by case basis as follows:

- Where Financial Instruments of the Client or potential Client may be held in an omnibus account by a third party, the Bank shall inform the Client of this fact and shall provide a prominent warning of the risks involved;
- If it is not possible to specifically identify the Client's Financial Instruments which are held by a third party from those of the third party or the Bank's Financial Instruments and clearly warns the Client of the risks involved;
- If the accounts in which the Client's Financial Instruments or funds are held are governed by the law of a non-European Union country, and indicates to it that its rights under the particular Financial Instruments or funds may vary accordingly;
- Regarding the existence and the terms of security interest or encumbrance that the Bank has or may have over the Client's Financial Instruments or funds;
- Regarding the right of set-off in relation to Financial Instruments or funds of the Client;
- Regarding the existence and the terms of security interest or encumbrance or right of set-off which the depositary may have over the Client's Financial Instruments or funds;

- Before entering into securities financing transactions in relation to Financial Instruments held by the Bank on behalf of a Client, or before otherwise using such Financial Instruments for its own account or the account of another Client shall in good time before the use of those instruments, provide the Client, in a durable medium, with clear, full and accurate information on the obligations and responsibilities of the Bank with respect to the use of those Financial Instruments, including the terms for their return, and on the risks involved.

### 13. RECORD KEEPING

Without prejudice to applicable law in any jurisdiction where services are provided by the Bank for the protection of personal data, the Bank shall keep the following records:

- Records regarding the complaints of the Client as well as the complaint handling measures taken by the Bank to address the complaints for a period of at least five years;
- Records regarding the transactions in Financial Instruments carried out by the Bank for the account of Clients. These files/ records contain all the information about:
  1. The identity of the Client;
  2. Its categorization;
  3. Information on its appropriateness assessment;
  4. The transmission of orders;
  5. Aggregation and allocation of transactions for own account;
  6. The execution of orders and transactions;
  7. Client financial instruments;
  8. Investment services or activities that cause harmful conflicts of interest;
  9. Client complaints and relevant complaint handling measures taken;
  10. The periodic updates of the Client;
  11. The communication (telephone, live, etc.) of the Bank with the Client;
  12. Information on costs and associated charges;
  13. The Client's Financial Instruments held by the Bank;
  14. Communication with the Client including a record of all telephone conversations or electronic communications with the Client;
  15. Procedures and written reports in the areas of regulatory compliance, risk management and internal control;
  16. The Inducements.
  17. Record containing the rights and obligations of the Bank, based on the service agreement and the terms of transactions, which is kept at least throughout the relationship with the Client.

### 14. COMPLAINT HANDLING

The Bank has established and implements procedures for the proper and immediate investigation of complaints from existing or potential Clients, in order to resolve disputes that may arise out of or in connection with the provision of Investment and Ancillary Services.

For this purpose, a special Unit has been set up and operates, to which the above complaints are submitted, and after the examination of which the views as well as the relevant actions are communicated to the Clients within the stipulated deadline.

Clients can contact this Unit as follows:

Via Website: [qualityassurance@alphabank.com.cy](mailto:qualityassurance@alphabank.com.cy),  
Via email: [qualityassurance@alphabank.com.cy](mailto:qualityassurance@alphabank.com.cy) ,  
Via the Bank's website by filling in the relevant form  
Via Alpha Express Banking  
By submitting a complaint to the business unit.

Clients who wish to complain about the quality of investment services offered by Alpha Bank, can also contact directly, orally or in writing to their contact persons that provides the investment services or report it to Financial Ombudsman of the Republic of Cyprus and / or to the competent supervisory authority which is the Central Bank.

The contact details of the Financial ombudsman of the Republic of Cyprus are as follows:

Kypranoros 15, 1061 NICOSIA  
POST ADDRESS: PO Box 25735, 1311 NICOSIA  
PO Box 26722, 1647 NICOSIA  
PHONES: 22848900 (central number)  
FAX: 22660584, 22660118  
[complaints@financialombudsman.gov.cy](mailto:complaints@financialombudsman.gov.cy)

The contact details of the Central Bank are as follows:

TELEPHONE: +357 22 71 41 00tra  
FAX: +357 22 71 49 59  
ADDRESS: JOHN KENNEDY AVENUE 80, 1076 NICOSIA  
or PO Box. 25529, 1395 NICOSIA  
WEBSITE: <https://www.centralbank.cy/el/the-bank>

## ANNEX A

### MUTUAL FUNDS & VARIABLE CAPITAL INVESTMENT COMPANIES (SICAV) (collectively referred to as UCITS)

Mutual funds and Variable Capital Investment Companies (SICAVs) are forms of undertakings in collective investments in transferable securities (UCITS) that have been authorised within a European union Member State.

The said UCITS have the sole purpose of investing collectively in securities and/or other liquid financial assets, the funds they raise from the public and their operation is based on the principle of risk spreading.

The units or shares in which their assets are represented, at the request of the unit-holders, are repurchased or redeemed, directly or indirectly, out of the assets of such entities.

In light of such repurchases or redemptions, the UCITS take relevant actions to ensure that the stock exchange value of its units does not significantly vary from their Net Asset Value (NAV).

The UCITS may be constituted in accordance with contract law (as mutual funds managed by management companies), trust law (as unit trusts), or corporate form (as investment companies).

The mutual fund is a group of assets, consisting of securities, money market instruments and cash, the assets of which belong jointly to more than one unit holder.

The mutual fund is not a legal entity and its shareholders are represented in court and out of court, in terms of legal relations by its management and their rights to their assets are managed by the mutual fund management company.

The fund unit-holders are not liable for acts or omissions of the mutual fund management company or the depository in the performance of their duties.

All the funds accumulated in a mutual fund comprise its assets.

The assets of the mutual fund are at all times divided into registered units of equal nominal value or, if the units of the mutual fund are not listed in a regulated market, these may be divided into fraction of units.

The SICAV has legal personality and has as its sole purpose the management of its own portfolio without being allowed to undertake the management of assets on behalf of a third party.

The SICAV may either manage its own portfolio or designate a management company.

It is possible to establish more than one (1) investment compartments with a SICAV.

The SICAV's assets are at all times divided into nominal and fully repaid shares of equal value or (if the shares of SICAV are not listed in a regulated market) nominal share fractions. SICAV shares have a variable value (as opposed to a nominal value).

The share capital of SICAV is equal to the respective value of its assets after the deduction of its liabilities, and fluctuates with the issuance of new shares or the repurchase or redemption of old ones, without the need to follow the procedure of increase or decrease of its share capital (or the corresponding provisions of the law governing the corresponding forms of companies (in the case of foreign SICAVs).

The subscription in the above UCITS is evidenced by the registration of the respective units/ shares and the details of

the beneficiary or their beneficiaries in a special electronic register of the mutual fund management company or SICAV or if the units/ shares are listed in a regulated market, by registering the units/ shares and the details of the beneficiaries, in the system of dematerialised securities.

The assets of the above UCITS are constantly calculated and remodelled in a more or less "dynamic" way and with the aim of making the best possible use of it as a source of income and/ or the inflow of any excess value to its beneficiaries.

The Net Asset Value (NAV) of UCITS, the number of its units/ shares, the Net Asset Value (NAV) of the share/ unit, the offering price and the redemption price, are calculated on every working day and are posted on the website of the management company in the case of a mutual fund or on the SICAV website.

The calculation of the Net Asset Value (NAV) of UCITS is performed in accordance with specific rules provided in the current legislation and:

- (a) in its regulation in the case of a mutual fund;
- (b) its statutory documents in the case of SICAV.

In order to calculate the Net Asset Value (NAV) of the of UCITS, the fees and commissions of the management company or SICAV, the fees of the depository and the members of the regulated markets, the expenses which according to the constitutional documents of the UCITS are borne by the UCITS as well as the profits distributed to the unit holders as at 31<sup>st</sup> December of every year, are deducted.

For the calculation of the Net Asset Value (NAV) of the unit of UCITS, the total value of its net assets is divided by the number of its units/ shares.

The sale price and the redemption price of the unit of UCITS may exceed or be below, the net price of the unit / share by the percentage of the corresponding sale or redemption fees.

Mutual funds, depending on the type of Financial Instruments in which they invest their assets, directly or indirectly using derivatives, are categorised into:

- **Money Market Funds** which have as their investment purpose the maintenance of the value of their initial assets and the provision of returns which are proportional to the returns in the financial markets, investing mainly in money market instruments and placing their assets in deposits held with credit institutions;
- Depending on their specific characteristics, they are divided into asset management funds and short-term asset management funds;
- They are not allowed to invest directly or indirectly in shares or commodities;

- **Bond Funds**

The main purpose of their investment policy is to offer income from interest on deposits and bonds as well as surplus from capital gains, investing mainly in debt securities, such as government or corporate bonds, while they can invest up to 10% of their net assets in shares;

- **Equity Funds**

The main purpose of their investment policy is to offer profits from the surplus of securities and their dividend returns;

- **Balanced Funds**

The main purpose of their investment policy is to achieve capital gain and income, investing in both shares and debt securities, at least 10% of their Net Asset Value (NAV), respectively;

• **Structured Funds** which may invest in all Financial Instruments provided for under applicable law. They implement management that aims, based on a mathematical formula, to achieve a predetermined return at their expiration (according to specific scenarios);

Furthermore, Mutual Funds, as categorised above, can be divided into:

• **Index Funds**, which reproduce the composition of a stock index or bonds;

• **Funds of Funds** that invest in units of other Mutual Funds;

• **Exchange Traded Funds (ETFs)** the units of which are listed and traded daily in regulated markets (Exchange Traded Funds ḡ ETFs);

• **Structured Exchange Traded Funds (ETFs)** which are divided into:

• **Leveraged Funds:** they use derivative Financial Instruments to enhance the performance of the underlying index;

• **Inversed Funds:** they use derivative Financial Instruments and profit from the decline in value of the underlying index;

#### **Unit Categories:**

The categories units of UCITS are identified based on the investment services provided to Clients as follows:

In the services of reception, transmission, execution of orders, the units are addressed to retail investors where the distributor receives distribution fees according to the Bank's Charges Catalogue, as well as part of the management fee which is reimbursed by the management company as reward for distribution services in the Cypriot market.

These units cannot be transferred to portfolio management service Agreements.

#### **Subscription:**

For the purchase of units/ shares of the above forms of UCITS, the following is required:

a) the submission of a relevant request to the management company or, as the case may be, to SICAV, by the investor in person or by a legally authorized representative;

b) the Key Investor Information Document (KIID) to be provided; and

(c) the payment to the depository of the value of the units/ shares in cash and/ or in securities listed on a regulated market.

The Bank requests from the prospective unit- holder, through the completion of a relevant questionnaire, to provide information about his knowledge and experience regarding the specific investment.

The sale price is calculated based on the value of the unit / share of the respective UCITS and the day of submission of the request, provided that the value of the units/shares has been paid in full to the depository.

#### **Redemption:**

For the redemption of units/ shares, a request for redemption/ transfer of units/ shares is submitted by the beneficiary (or in case of a joint account by one of the beneficiaries) or by a legally authorised representative.

The redemption price is determined based on the value of the unit of the respective UCITS, on the day of submission of the request.

The amount corresponding to the value of the units/ shares is paid to the beneficiary/ / unit- holder within five working days from the day of submission of the redemption request by credit to an account kept by the applicant/ unit-holder with the Bank.

In exceptional cases, the suspension of the redemption of units/ shares of UCITS is permitted.

#### **Transfer:**

The transfer of the investment from one UCITS to another constitutes a redemption of the units/ shares held and then an investment of the product of such redemption with subscription for the new units/shares.

#### **Profits / Losses / Commissions / Expenses:**

The profits/ losses are included daily in the assets of UCITS and are included in the daily change of the Net Asset Value (NAV) of their unit/share.

The Net Asset Value (NAV) of the units/ shares held by the investor on 31/12 of each year is reflected in the capitalisation of income and surplus.

The respective dividend amount, if given, is deducted from the value of the unit/ share, with a corresponding reduction of its price.

The commissions, fees and other expenses that are charged against the UCITS assets are:

a) The management fee, which includes the remuneration of management company of the mutual fund or the SICAV, the remuneration of the investment advisor and/ or the manager of the mutual fund or the SICAV, to whom respective duties have been assigned;

b) The commission of the depository, which includes the remuneration of the depository and the remuneration of every third person, who has in his custody all or part of the assets of UCITS;

c) Expenses such as the fee of the certified auditors, the expenses and the commissions of the transactions as well as the commissions of the members of the regulated markets, which are carried out on behalf of UCITS.

d) The expenses incurred on behalf of the UCITS;

e) Expenses related to the provision of information to the unit-holders of UCITS, to the extent to which this is mandatory under the applicable law,.

f) The contributions to the Supervisory Authorities and any taxes, fees and related charges that are imposed under the applicable legislation in relation to the UCITS.

The commissions, fees and other expenses imposed to the unit-holders of UCITS are:

a) The sale commission;

b) The redemption commission;

Documents of UCITS

a) The Mutual Fund Regulation or the statutory documents of SICAV;

b) Key Investors Information Document (KIID)

c) Prospectus;

d) The Semi-Annual/ Annual Report;

#### **Tax regime for investments in collective investment schemes (UCITS) in Cyprus:**

The taxation of income or surplus acquired by investors in UCITS depends on the tax legislation to which each investor is subject.

The following is a summary of the tax regime which applies to which investors who are tax residents in, and are subject to tax in, the Republic of Cyprus.

#### **1. Sale of shares or units**

A person who has income deriving from the selling of units or shares invested in UCITS is exempt from income tax in accordance with the provisions of paragraph 22 of Article 8 of the Income Tax Law. Therefore, any surplus (profit) arising out of the sale of units or shares in UCITS is exempt from tax.

## **2. Income such as interest and dividends.**

Income distributed to persons who are tax residents of Cyprus from securities acquired by UCITS, such as interest and dividends, are exempt from the provisions of the Income Tax Law as this income falls under the tax provisions of the Law on Defence Contribution Law.

Specifically, the article 3 (a) of the Defence Contribution Law states, that a person who is a tax resident in the Republic of Cyprus and receives or is deemed to have received dividends is obliged to pay a contribution to the Tax Department at a rate of seventeen percent (17%) of the amount of dividends.

Furthermore, in the case where a tax resident receives or is deemed to have received interest, it is obliged to pay a contribution to the Tax Department at a rate of thirty per cent (30%) on the amount of interest.

## **3. General Healthcare System (“GHS”)**

Individuals who are tax residents of the Republic of Cyprus and who have income such as dividends and interest from UCITS shall contribute to GHS. Such income is subject to a contribution to the GHS at a rate of 2.65% with a maximum annual income of €180,000.

The withholding of the contributions to the GHS is done by the person who pays the income.

In the event that a natural person who is a tax resident of the Republic of Cyprus receives dividends and/ or interest without withholding, such person is obliged to pay his contribution by paying the taxation to the Tax Department himself.

This does not constitute tax or other advice.

## ANNEX B

### BANK'S POLICY ON ORDER EXECUTION AND BEST EXECUTION

#### A. INTRODUCTION

This Policy (hereinafter referred to the "Policy") applies to Alpha Bank Cyprus Ltd (hereinafter referred to as the "Bank"), in the context of the provision of Investment or Ancillary Services to existing or potential Clients.

Pursuant to the provisions of Law 87(I)/2017 (hereinafter "the Law") through which the Directive 2014/65 /EU of the European Parliament and of the Council (hereinafter the "Directive" or "MiFID II") has been transposed and in accordance with the delegated acts issued in accordance of the Law and the Directive, the Bank, when executing Client orders in units of collective investment schemes, in the context of the provision of investment services, takes all adequate measures in order to achieve the best possible result on behalf of its Clients, i.e. ensuring the timely, fair and fast execution of their orders in relation to the orders of other Clients or the trading positions of the Bank itself.

This Policy and its obligations apply to all Clients of the Bank. It is noted that the Bank has only Retail Clients.

This Order Execution Policy describes the strategy followed, the main measures taken and how these are implemented in order to enable the Bank to comply consistently with the obligation of best execution, and to achieve the proper handling of orders and the best possible result for each of its Clients.

The Retail Product and Business Development Division, in collaboration with the Compliance Unit, is responsible for drafting and updating this Policy which is approved by the Executive Committee and the Board of Directors.

#### B. DEFINITIONS AND ABBREVIATIONS

**Client:** Any natural person to whom the Bank provides Investment or Ancillary Services;

**Durable medium:** Any instrument which:

(a) enables a Client to store information addressed personally to that Client in a way accessible for future reference and for a period of time adequate for the purposes of the information; and

(b) allows the unchanged reproduction of the information stored;

**Execution venue:** Regulated market, MTF, OTF, "systematic internaliser" or market maker or other liquidity provider or entity performing, in a third country, a function similar to the operations of any of the foregoing,

**Trading venue:** a regulated market, an MTF or an OTF.

**Financial Instruments:** The instruments specified in Part III of the First Annex of the Law.

**Fund Houses:** The fund houses listed in ANNEX 1 to this Policy;

**Law 87(I)/2017:** The Investment Services and the Activities of Regulated Markets Law of 2017;

**Market maker:** A person who is involved in the financial markets on a continuous basis, and undertakes to trade on his own account by buying and selling Financial Instruments against own funds at prices set by him;

**Multilateral system:** means any system or facility in which multiple third-party buying and selling trading interests in Financial Instruments are able to interact in the system;

**Multilateral Trading Facilities (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 relevant provisions of MiFID II and the Law;

**'Organised Trading Facility' ('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 the relevant provisions of MiFID II and the Law;

**Professional Client:** The Client who has the experience, knowledge and expertise to make his own investment decisions and to properly assess the risk he undertakes, in accordance with the Bank's Client's Categorisation Policy. A Professional Client is defined in Annex II of the Law;

**Retail Client:** Any Client who is not a Professional Client;

**Regulated market:** A multilateral system which is operated and/or managed by a market operator, 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 Title III of the Directive 2014/65/EU;

**Systematic internaliser:** An investment firm which, on an organised, frequent systematic and substantial basis, deals on own account when executing Client orders outside a regulated market, an MTF or an OTF without operating a multilateral system; The frequent and systematic basis shall be measured by the number of OTC trades in the Financial Instrument carried out by the investment firm on own account when executing Client orders. The substantial basis shall be measured either by the size of the OTC trading carried out by the investment firm in relation to the total trading of the investment firm in a specific Financial Instrument or by the size of the OTC trading carried out by the investment firm in relation to the total trading in the Union in a specific Financial Instrument. The definition of a systematic internaliser shall apply only where the pre-set limits for a frequent and systematic basis and for a substantial basis are both crossed or where an investment firm chooses to opt-in under the systematic internaliser regime;

**Trading venue:** a regulated market, an MTF or an OTF;

**UCITS:** Undertakings for Collective Investment schemes;

#### C. POLICY - BASIC PRINCIPLES

##### 1. Scope of the Policy of Execution of Orders

This Policy applies to the Bank's Clients and concerns the provision of investment services in units of Collective Investment Schemes, as outlined in Part III of the First Annex of the Law.

This Policy applies to the reception, transmission and execution of Client orders and sets out the applicable mechanisms and procedures in order to:

- Ensure the timely, fair and fast execution of Clients' orders in to the orders of other Clients or the trading positions of the Bank itself, including its investments in Financial Instruments; and
- Ensure that sufficient measures are taken to achieve the best possible result for the Client, taking into ac-



count the price, cost, speed, likelihood of execution and settlement, volume, nature and any other factor related to the execution of the order.

## **D. PROCEDURES**

### **1. Obligation of Best Execution**

#### **1.1. The obligation and the factors that are taken into account**

The Bank's obligation to act in the best interests of its Clients (hereinafter referred to as the "best execution obligation"), systematically achieving the best possible result, exists when receiving and transmitting orders related to Financial Instruments and when executing Client orders.

When placing orders for the purchase or sale of units of Collective Investment Schemes, speed is the only factor implemented for best execution as the orders for units in Collective Investment Schemes for subscription or redemption must be placed before the cut-off time.

According to the rules of the Collective Investment Schemes, there is only one price per subscription or redemption period, respectively, which is determined by the Net Asset Value (NAV) and therefore the price is not a relevant factor for such type of transactions.

There will usually be only one method of buying or redeeming units in Collective Investment Schemes and therefore the applicability of other factors is limited.

For example, the choice of execution venue is not possible since there is no alternative execution venue, except for a specific firm from which the units of an investment are marketed.

The best execution is evaluated according to data kept by the Bank regarding the time of reception and transmission of each order to be executed in relation to the cut off time.

It is pointed out that in case the Bank is required to close or reduce the amount of open positions of the Client, (e.g. due to non-compliance with the contractual obligations of the latter or application of regulatory provisions), the relevant order is not subject to the obligation of best execution.

#### **1.2. Execution in accordance Client Instructions**

In cases where there is a specific instruction by the Client for the execution of an order, the Bank proceeds with the execution or transmission of the order in accordance with the instructions received from the Client.

When the Bank acts in accordance with the Client's instructions, it is considered and / or presumed that all the necessary conditions for compliance of the Bank with the obligation to execute the orders under the most favourable terms for the Client are met.

In case the instruction received from the Client concerns a specific parameter of the order, the obligation of best execution applies in relation to the other parameters of the order.

Where the Client gives instructions for the execution of the order at a specific time or during a specific period of time, the Bank makes every possible effort to execute the order at the specific time or during the specific time period, as requested, but it is not responsible for the selection of the appropriate time or for any consequences and / or fluctuations in the price or other factors arising out of the selection of the execution time of the order.

The subscription or redemption price at a specific time or during a specific period of time given by the Client is determined by the Net Asset Value (NAV) of the specific subscription or redemption period.

As stated above, any specific instructions of the Client may prevent the Bank from taking all the sufficient measures outlined in this Policy in order to achieve the best possible result for the Client in the execution of his orders, as regards the assets covered by these instructions.

### **1.3. Remuneration and Inducements**

(a) Although the Bank receives remuneration, discounts or non-monetary benefits when it executes its Client orders with investment firms/fund houses, it fully complies with the regulatory provisions regarding the Inducement it receives and the avoidance of conflicts of interest;

Furthermore, the Bank does not structure or charge its commissions in such a way as to introduce unfair discrimination between investment firms/fund houses and the units of the collective investment schemes which it distributes.

(b) The Bank receives payments from third parties only when these payments:

- are designed to improve and / or enhance the quality of service provided to the Client,
- do not prevent the Bank's compliance with its obligation to act in an honest, fair, professional manner in the best interests of its Clients;
- has informed the Client in a clear, accurate and comprehensible manner about the fees or commissions or remuneration that it may receive from the investment firms/fund houses before the provision of any Investment or Ancillary Service;

(c) The Bank provides information about the fees charged to all the counterparties involved in the transaction, while in cases where the fees vary depending on the Client, the information outlines the maximum fees or the range of fees that may be requested.

In case the Bank charges more than one participant in a transaction, it informs the Clients about the value of any monetary or non-monetary benefits it receives according to article 25 par. 9 of the Law.

More information on the total costs and Inducements related to the services offered to the Client can be found in the Special Charges Catalogue of the Alpha Bank Gold Personal Banking Service.

## **2. Order Handling Rules**

(a) With regard to the execution of an order, the Bank:

- Ensures that all orders executed on behalf of Clients are recorded and allocated promptly and accurately;
- Executes immediately the otherwise comparable Client orders based on the time of their receipt, unless the characteristics of the order or market conditions do not allow this or if the interests of the Client require different handling of the order. An example of comparable orders would be those which relate to the same collective investment scheme or those which relate to the same purchase or sale order,
- Informs the Client about any material difficulties that may affect the proper execution of an order, as soon as it becomes aware of this difficulty. Indicatively, a material difficulty would include for example the suspension of trading of a specific collective investment scheme or a material issue regarding the infrastructure of the Bank.

(b) The Bank collects Client orders related to units of Collective Investment Schemes per investment firm/fund house so that it may send them simultaneously to the relevant investment firm/fund house before the cut-off time;

(c) The Bank aggregates Client orders, or own account orders with a Client order, provided that the following conditions are cumulatively met:

- Aggregation of orders will not be collectively to the detriment of any of the Clients whose orders are to be aggregated;
- Clients have been informed in writing or in durable medium that their order is to be aggregated and that this aggregation in relation to a specific order may be to their detriment.
- The Bank has established and effectively implements its policy for the allocation of aggregated orders which clearly defines the fair way in which aggregated orders are allocated and the way in which volume and price of orders affect their allocation;
- In the context of the policy for order allocation, the Bank applies procedures to avoid reallocation, in a manner detrimental to the Client, of transactions on own account that are executed together with Client orders;

(d) In the event that the Bank is responsible for supervising an executed order, it shall take all reasonable steps to ensure that the units of collective investment schemes or client funds received for the executed order are delivered and displayed promptly and correctly to the account of the relevant Client;

(e) The Bank does not misuse the information related to pending Client orders and takes all reasonable measures in order to avoid the misuse of this information by any of the persons who have a relevant obligation (i.e not to misuse information), in accordance with applicable law.

### **3. Execution of Orders**

The Bank executes the orders it receives from the Clients regarding units of collective investment schemes directly with the investment firms/fund houses (see ANNEX I).

The Bank informs the Client that his order is to be executed outside the Regulated Market, MTF or OTF and secures the Client's express consent in advance, before executing the Client orders outside the Regulated market, MTF or OTF. This prior express consent is given in the form of a general agreement.

The Bank monitors the effectiveness of the regulations and the Order Execution and Best Execution Policy that it follows and assess on a regular basis whether the investment firms/fund houses with which the Clients' orders are executed (provided in this Policy), achieve the best result for the Client.

Since the Client orders may only be executed at one investment firm/fund house (depending on the collective investment scheme that the Client intends to invest in), the best execution is achieved by executing the order in such investment firm/fund house.

### **4. Receipt point of order by the Client**

The point at which the order of the Client is deemed to be received is considered the date and time of forwarding the order by the Relationship Manager to the Branch Manager for approval, which must coincide with the time of signing of the order form by the Client.

Any communication with the Client before the point at which the order of the Client is deemed to be received, as defined

above, is considered to be a mere communication and the Bank is not responsible for transmission of orders. The Bank notifies the Client of the Receipt Point of the point at which the order of the Client is deemed to be received.

### **5. Cut-off time**

The cut-off time is the latest point of time until which requests for the subscription or redemption of UCITS units will be received, so that the consequent subscription or redemption of units takes place at the corresponding price on the date of submission of the request.

The Bank sets the exact cut-off time, in order to aggregate and transmit to each investment firm/fund house the requests for the sale or redemption of UCITS units within the time frame set by the firm so that the execution of the order takes place at the corresponding price of the submission date.

The cut-off time of the Bank is notified to its Clients through the Bank's website [www.alphabank.com.cy](http://www.alphabank.com.cy).

### **6. Disclosure of the first five execution venues**

Under the regulatory framework, the supervised entities must summarize and publish on an annual basis, for each category of Financial Instruments, the first five execution venues in terms of trading volumes at which they have executed Client orders during the previous year, as well as data on the quality of execution achieved.

It is noted that the Bank is exempted from the above obligation on the condition that it does not execute Client transactions at Execution venues, as they are defined in Section B "Definitions and Abbreviations" of this policy.

### **7. Order Execution Policy Information and Other Information Provided to Clients**

Regarding the execution of Clients' orders, the Bank provides its Clients with a summary of the following Order Execution Policy, focusing on the total costs related to the execution of orders and how to achieve the best execution based on the characteristics of the type of transactions in which the Bank is involved.

The Bank is required to obtain the prior permission/ consent of its Clients regarding this Policy.

### **8. Monitoring – Assessment**

The Bank, through the competent Regulatory Compliance Unit, regularly assesses the effectiveness of this Policy, in order to identify and, where appropriate, correct any deficiencies regarding the requirements of the applicable regulatory framework.

The Bank reviews its policy and regulations regarding the execution of orders at least on an annual basis.

An obligation to re-assess the Policy also arises where a substantial change affects the Bank's ability to ensure the best possible result on a continuous basis.

In particular, the Bank assesses whether any substantial change has taken place and considers the possibility of changing the best execution factors and their relative importance, in order to comply with the primary requirement of best execution.

Any revision of this Order Execution Policy, on an ad hoc or annual basis, is notified to Clients in durable medium (in-

cluding written letter to Clients for revised pre-contractual notice) and is posted on the Bank's website.

Under the current regulatory framework, the Bank should, at the request of the persons listed below, be able to provide evidence:

- to its Clients that it has executed their orders in accordance with this Policy; and
- to the Central Bank of Cyprus (CBC), that it has complied with the obligation of best execution of Clients' orders.

## **9. Keeping Order Execution Records**

The Bank ensures that appropriate and sufficient records are kept in order to fulfil its obligations to all supervisory authorities.

The Bank keeps records for the period provided by the Law and the legislative and regulatory provisions as applicable from time to time and in any case for at least 5 years in durable medium, and being easily accessible. In addition, records are kept of all corrections and other amendments, and an audit procedure has been put in place to minimize the possibility of interference or falsification of the said records.

Client instructions are maintained in a durable medium. When the Client's instructions are given in advance, the Officer receiving the instruction has a duty to record it electronically or to maintain it in a durable medium.

When the Client gives specific instructions that prevail over the Policy, either in part or in whole, they are recorded and maintained in a durable medium, as well as any warning given to the Client.

These records are available and accessible to the supervisory authorities, auditors and the Regulatory Compliance Unit, which carry out audits for the implementation of this Policy.

## **ANNEX 1**

### **INVESTMENT FIRMS/FUND HOUSES**

(a) Alpha Asset Management A.E.Δ.A.K.

(b) Franklin Templeton Investment

(c) BNP Paribas