Best Order Execution Policy and Best Interests Policy of RCB Bank Ltd

1. Introduction

The Markets in Financial Instruments Directive 2014/65/EU ("MiFID II"), and other relevant regulations and guidelines issued by the European Securities and Markets Authority ("ESMA") and/or the Competent Authority (hereinafter collectively referred to as the "MiFID II Framework") imposes a general obligation on RCB Bank Ltd (the "Bank") to act honestly, fairly and professionally in accordance with the best interest of its Clients when providing investment services, or where appropriate, ancillary services to Clients. Specifically, the Bank is required to establish and implement a policy to allow the Bank to take all sufficient steps to achieve the best possible result for its Clients when executing Client orders, and when receiving and transmitting Client orders to other entities for execution.

In addition, the Bank is required to implement procedures and arrangements which provide for the prompt, fair, and expeditious execution of Client orders, relative to other Client orders or the trading interests of the Bank.

2. Purpose of this document

This document is a summary of the Best Order Execution Policy and Best Interest Policy (the "Policy") established by the Bank and sets out in summary the arrangements employed by the Bank when executing or receiving and transmitting Client orders, in an effort to achieve the best possible results for its Clients on a consistent basis in order to meet its obligations pursuant to MiFID II framework.

This document covers the minimum standards when executing, or receiving and transmitting, Client orders as well as the general order handling process followed by the Bank.

3. Scope

3.1. Clients

The Policy applies only to **Professional Clients** (as these are defined under MiFID II framework). It is noted that the Policy does not apply to Clients classified as Eligible Counterparties (as these are defined under MiFID II framework). The Bank does not currently provide to Retail Clients investment services which are covered by the MiFID II framework.

3.2. Products

The Policy applies to Client orders for Financial Instruments covered by the MiFID II framework (as provided in **Appendix II** of this document).

3.3. Services

The Bank's obligations under the Policy relate to the following services:

- **Execution of orders on behalf of Clients:** The Bank has an obligation to execute orders on terms most favourable to the Client when executing orders on behalf of Clients (the "**best execution obligation**").
- **Reception and transmission of orders:** The Bank has a duty to act honestly, fairly and professionally in accordance with the best interest of its Clients when receiving and transmitting Client orders to other entities for execution (the "**best interest obligation**").

It is noted however that where the Bank provides the service of reception and transmission of Client orders and also executes the orders received (i.e. exercises discretion over the way in which the Client order will be executed), the best execution obligation shall apply.

The Bank will execute an order (i.e. conclude a transaction) under the following trading capacities as defined in MiFID II framework:

- Dealing on own account: a transaction where the Bank may be acting purely to action its own proprietary trades or may be acting on own account with a view to filling orders received from a Client. Dealing on own account with Clients is considered as the execution of Client orders, and subject to best execution obligations, when circumstances demonstrate that the Client is legitimately relying on the Bank in relation to the execution of the transaction (for details please refer to section 3.4 "Legitimate Reliance" below).
- Matched Principal: a transaction where the Bank interposes itself between the buyer and the seller to the transaction in such a way that is never exposed to market risk throughout the execution of the transaction.
- Any other capacity: all other activities than the above, including, in particular, where the activity is taking place on an agency basis.

3.4. Legitimate Reliance

The application of best execution to Professional Clients, where the Bank engages with the Client on a request for quote basis, will depend on whether the Client "legitimately relies" on the Bank to protect its interests in relation to the pricing and other elements of the transaction, such as speed or likelihood of execution and settlement, that may be affected by the choice made by the Bank when executing the order.

If a Professional Client trades based on a quote provided by the Bank, the Client will not legitimately rely on the Bank to provide best execution subject to the performance of the so-called four-fold cumulative test, published by the European Commission.

The four-fold cumulative test encompasses the following criteria:

- which party initiates the transaction (e.g. where Clients initiate the transaction it is less likely that they are placing legitimate reliance on the Bank);
- the market practice and the existence of a convention for Clients to "shop around" (e.g. where market practice for a particular asset class or product suggests that Clients will have access to various providers and the ability to "shop around", it is less likely that the Clients will be placing legitimate reliance on the Bank);
- the relative levels of price transparency within the market (e.g. if pricing information is transparent and accessible to the Client, it is less likely that Clients will be placing legitimate reliance on the Bank); and
- the information provided by the Bank about its services and the terms of agreement reached between the Client and the Bank (e.g. where the Bank and the Client reach an understanding that the Client is not placing legitimate reliance on the Bank).

4. Client specific instructions

Where the Bank accepts a Client's specific instruction with respect to the execution of an order or transmission of an order to another entity for execution, the Bank will follow the specific instruction to the extent that it is possible for the Bank to do so. The Bank will be deemed to have satisfied its best execution / best interest obligation to the extent that it follows Client's specific instructions only in respect of the part or aspect of the order to which the Client's specific instructions relate. For example:

- Where the Client instructs the Bank to execute or transmit an order on a particular venue/entity, the Bank will not be responsible for selecting the venue/entity;
- Where the Client instructs the Bank to execute or transmit the order at a particular time or over a particular period, regardless of the price available, the Bank will endeavour to execute the order at that time or over that period in the best possible manner but will not be responsible for timing or any of the consequences for price or other factors that results from the timing of execution or transmission.

Warning: It is highlighted that by following Clients' specific instruction, the Bank may be prevented from taking the steps designed and implemented as described in the Policy to obtain the best possible result for the execution or transmission of the order in respect of the elements covered by those instructions.

5. Delivering Best Execution and Best Interest

5.1. General

According to MiFID II framework, the Bank is required to take all sufficient steps to obtain the best possible result for its Clients, taking into account price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of the order, when executing orders on behalf of Clients, or when receiving and transmitting Client orders to other entities for execution. Nevertheless, when there is a specific instruction from the Client, the Bank shall execute or transmit the order following the Client's specific instruction.

In order to comply with the best execution and best interest obligations, the Bank has established arrangements which are designed to obtain the best possible result on a consistent basis, subject to and taking into account, amongst others, the nature of the orders, the priorities Clients place upon the Bank in filling those orders and the market in question, and which provide, in the view of the Bank, the best balance across a range of sometimes conflicting factors.

The overarching requirement to take "all sufficient steps" requires the Bank to verify on an on-going basis that its (execution) arrangements are implemented throughout the different stages of the order execution and transmission process, and that it will take all appropriate remedial actions if any deficiencies are detected so that it can properly demonstrate that it has taken "all sufficient steps" to achieve the best possible results for its Clients.

The Bank's commitment to provide Clients with best execution / act in their best interest as described in the Policy, does not mean that it owes its Clients any fiduciary or other responsibilities over and above the specific regulatory obligations placed upon the Bank or as may be otherwise contracted between the Bank and the Clients.

The Bank owes a duty of best execution when executing orders on behalf of Clients. The Bank considers itself to be in receipt of an order where an execution instruction is given to the Bank that gives rise to contractual or agency obligations towards the Client. Specifically, this will be the case where Clients commit to a trade that is not immediately executable, leaving discretion with the Bank as to the manner of execution and exact terms of the resulting transaction, and the execution can be booked to the account of the Client without the need to re-confirm the price, size or any other factor(s) with the Client or where the Bank executes an order as agent or riskless principal on the Client's behalf.

5.2. Execution Factors

In the absence of express instructions from Clients, the Bank will exercise its own discretion in determining the factors that it needs to take into account for the purpose of providing Clients with the best possible result, having regard to the execution criteria listed below.

The Bank will consider at least the following execution factors:

Factor	Description
Price	The **price** at which the Financial Instrument is executed.
Costs	The **costs** relating to the execution.
Size	The **size** of the order accounting for how this affects the price of execution.
Speed	The **speed** at which the order can be executed on the venues available, meaning the time between reception of the order by the venue and the time it is allocated.
Likelihood	The **likelihood of executing the order and settlement** including, amongst others, the relative liquidity of the venues available for execution.
Nature or Other	The **nature or any other consideration relevant to the execution of the order**, for example, prevailing market conditions in the Financial Instrument, type of order, etc.

The above factors will also be considered when the Bank is receiving and transmitting Client orders to other entities for execution (subject to any specific instructions from Clients).

5.3. Execution Criteria

The Bank will also take into account the following execution criteria for purposes of determining the relative importance of the execution factors described above:

a. The characteristics of the **Client**;
b. The characteristics of the **Client order**, including where the order involves a securities financing transaction ("SFT");
c. The characteristics of **Financial Instruments** that are the subject of that order; and
d. The characteristics of the **Execution Venues or entities** to which that order can be directed.

5.4. Relative importance of Execution Factors per class of Financial Instrument

In general, the Bank will take into consideration a range of different factors of which price shall be a key factor. Other factors may also include the need for timely execution, the liquidity of the market (which may make it difficult to execute an order), the size of the order, the nature of the order, the cost of the transaction and its nature, including whether it is executed on a Regulated Market ("RM"), Multilateral Trading Facility ("MTF"), Organised Trading Facility ("OTF") or Over-the-Counter ("OTC").

Further information on the relative importance of the execution factors per class of Financial Instruments is provided in **Appendix III** of this document.

5.5. Execution Costs

Information on the costs and associated charges is provided in the Bank's Agency Agreement for Securities Transactions and Terms and Conditions of Business for Investments Services.

5.6. Transparency of Pricing

In executing or transmitting Client orders the Bank does not receive any remuneration, discount or non-monetary benefit for routing Client orders to a particular Trading or Execution Venue which would infringe any conflicts of interest or inducement requirements under the MiFID II framework.

It is noted that the price when executing or transmitting orders may include a mark-up/down. The mark-ups depend on various circumstances, including amongst others, the nature of the Financial Instrument, and market conditions.

When executing orders or taking decisions to deal in OTC products, including bespoke products, the Bank will check the fairness of the price proposed to Clients, by gathering market data used in the estimation of the price of such product and, where possible, by comparing with similar or comparable products.

6. Execution Venues, execution entities (brokers) and strategy

6.1. General

The Bank in meeting its obligation to take all sufficient steps to obtain on a consistent basis the best possible result for Clients, it will take the following actions, amongst others, when carrying out the following services:

- **Executing orders on behalf of Clients:** The Bank may use Execution Venues, which include, Regulated Markets, MTFs, OTFs, Systematic Internalisers ("SIs"), or Market Makers or other liquidity providers and/or entities performing similar functions by any of the foregoing in a third country.
- **Receiving and transmitting Client orders:** The Bank may transmit an order to, or place an order with, another entities for execution (e.g. brokers).

The Bank will ensure at all times that Execution Venues and execution entities (e.g. brokers) with which orders are placed, or to which the Bank transmits orders for execution, have execution arrangements in place that enable the Bank to comply with its obligations under the MiFID II framework.

In the case of entities which are subject to MiFID II, the Bank will obtain and review their execution policies and arrangements in order to ensure that the Bank will be able to comply its obligations. In certain cases, the Bank may also use an Execution Venue, or an execution entity, which may be a connected party or a third party, to assist in the execution or transmission of orders outside of the European Economic Area ("EEA"). Using an Execution Venue, or another entity, outside of the EEA, does not remove the best execution and best interest obligations to the Client. If the Execution Venue or execution entity is not subject to similar regulatory requirements, the Bank will ensure that the other venue or entity has policies and arrangements in place to enable the Bank to comply with its best execution and best interest obligations.

The Bank will not structure or change its commission in such a way as to discriminate unfairly between the different Execution Venues and execution entities (e.g. brokers). Where there is more than one competing venue or entity to execute an order for a Financial Instrument, in order to assess and compare the results for the Client that would be achieved by executing the order on each Execution Venue or execution entity listed in the Policy, the Bank's own commissions and the costs for executing the order on each eligible Execution Venue shall be taken into account.

6.2. Selection of Execution Venues and execution entities (brokers)

The Bank selects the Execution Venues or execution entities (e.g. broker) through the application of appropriate due diligence and consideration of a number of factors, including the execution factors provided in subsection 5.2 "Execution Factors" (as well as both quantitative and qualitative factors), in order to ensure that the Executions Venues and execution entities (e.g. brokers) are able to consistently provide Clients with the best possible result.

The Bank takes into account the following factors, amongst others, to determine the Execution Venue or execution entity (e.g. broker) on which the order will be executed or transmitted for execution:

Primary Factors:

- Availability of best price for a specific Financial Instrument;
- Fees / Cost of execution;
- Size of the order;
- Speed of execution;
- Likelihood of execution;
- Cost of clearing and settlement.

Secondary Factors:

- Financial solvency of the venue / entity;
- Reliability of the entity (e.g. broker) in terms of reputation and good standing (e.g. creditworthiness, sanctions from regulators, etc.);
- Credit and settlement risk; and
- Any other relevant consideration.

The Bank will determine the relative importance of each factor using the execution criteria which are set out above. Ordinarily, price will merit a high relative importance in obtaining the best possible result for the Client. However, in certain circumstances, for some orders, Financial Instruments or markets, the Bank in its absolute discretion, may decide that other factors listed above may be as or more important than price in determining the best possible execution result in accordance with the Policy.

6.3. List of Execution Venues and execution entities (e.g. brokers)

A non-exhaustive list of the Execution Venues and execution entities (e.g. brokers) on which the Bank places significant reliance in meeting its obligations is available on the Bank's website, at http://www.rcbcy.com/en/about-rcb/disclosure/mifid-ii. The Bank reserves the right at any time to remove from this list any entity which it considers to no longer be appropriate, or to add to this list any entity the addition of which it considers would be in the best interest of its Clients. The Bank's Clients have the right at any time to request an updated version of this list.

6.4. Assessment and review of Execution Venues and execution entities (brokers)

The Bank will assess and monitor on a regular basis, at least once a year, the Execution Venues and execution entities (e.g. brokers), and the execution quality provided in order to determine whether Existing Venues and execution entities included in the Policy provide the best possible result for Clients on a consistent basis, and where appropriate, correct any deficiencies.

The Bank will compare and analyse relevant data, including information made public by the Execution Venues and execution entities (e.g. brokers). The assessment will consider, amongst others, the quality of execution based on information available by Execution Venues and execution entities (e.g. brokers) and where possible information to be published on trading condition and quality of execution (e.g. volume, frequency of trading, resilience or execution price related information). As part of its assessment, the Bank will also take into consideration the market landscape, the emergence of new market players, venue functionalities or execution services.

6.5. Executing or placing orders outside a Trading Venue

Where Clients have provided their consent, some orders may be executed (or transmitted for execution) outside a Trading Venue. Clients should we aware of the additional risks arising from executing or placing orders outside a Trading Venue (e.g. increased counterparty risk which may result in a loss for a Client if the counterparty is not able to fulfil its contractual obligations). Upon Client request, additional information about the consequences may be provided.

6.6. Use of Single Execution Venue or execution entity (broker)

The Bank may use a single Execution Venue or execution entity (e.g. broker) to execute or transmit Client orders for a specific class of Financial Instrument, provided that the Bank is able to demonstrate that such a choice enables it to get the best possible results for its Clients on a consistent basis.

In order to comply with the requirement to act in the best interest of its Clients, the Bank will regularly assess the market landscape to determine whether or not there are alternative venues/entities that could be used. In particular, the Bank will use information available by Execution Venues and execution entities (e.g. brokers) on trading conditions and quality of execution.

Furthermore, and in order for the Bank to determine whether or not other suitable venues/entity exist, it will benchmark the value of expected aggregate price improvements by adding a venue/entity and comparing the expected outcomes against an assessment of any additional direct, indirect or implicit costs (to the extent that such costs would be directly or indirectly passed on to Clients), counterparty or operational risks.

Where the Bank applies different fees depending on the Execution Venue or execution entity (e.g. broker), the Bank will explain the differences to the Client in sufficient detail in order to allow the Client to understand the advantages and the disadvantages of the choice of a single Execution Venue or execution entity (e.g. broker).

6.7. Securities Financing Transactions

Securities Financing Transactions are used as a source of funding subject to a commitment that the borrower will return equivalent securities/ amount of money on a future date (e.g. repo/reversal repo transactions). The terms of SFTs are typically defined bilaterally between the counterparties ahead of the execution. For more details, please refer to Appendix III.

7. Review, Assessment and Monitoring

The Bank has established and implemented a governance framework and control processes in order to verify on an ongoing basis that its (execution) arrangements are implemented throughout the different stages of the order execution and transmission process, as well as to identify and correct, where appropriate, any deficiencies.

The Bank will review its order (execution) arrangements and the Policy at least annually, and whenever a material change occurs that affects the Bank's ability to continue to obtain the best possible result for Clients on a consistent basis using the venues included in the Policy. The Bank will assess whether a material change has occurred, and in such a case, the Bank will consider making changes to the relative importance of the best execution factors, and to the Execution Venues or execution entities (e.g. brokers) on which the Bank places significant reliance, in meeting the overarching best execution requirement.

For purposes of the Policy, a material change shall be a significant event that could impact parameters of best execution such as, cost, price, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of the order.

The Bank will monitor the execution quality obtained in the preceding year as well as the quality and appropriateness of its (execution) arrangements and policies on an ex-ante and ex-post basis, identifying changes that may be appropriate or not. The Bank may use where appropriate transaction cost analysis tools to support the monitoring process.

The Bank will notify its Clients with whom it has an ongoing relationship promptly of any material changes to the Policy or order execution arrangements by posting an updated version of this document on the Bank's website http://www.rcbcy.com/en/about-rcb/disclosure/mifid-ii. When a Client subsequently places an order with the Bank, the Client will be deemed to consent to this Policy.

8. Public Reporting Requirements

In accordance with MiFID II framework, the Bank will make public on an annual basis, certain information on the top five Execution Venues and execution entities (e.g. brokers) in terms of trading volumes where the Bank executed orders, transmitted or placed Client orders for execution in the preceding year, for each class of Financial Instruments, and separately for SFTs, and information on the quality of execution obtained.

Such information will be published on the Bank's website http://www.rcbcy.com/en/about-rcb/disclosure/mifid-ii, in a machine-readable electronic format, available for downloading by the public.

9. Request to demonstrate Best Execution

Upon reasonable request from a Client, the Bank will demonstrate to the Client that the Client order was executed in accordance with the Policy.

10. Client request for further information

Upon reasonable and proportionate request from a Client, the Bank will provide additional information about its policies or arrangements and how these are reviewed by the Bank. The Bank undertakes, where appropriate, to answer clearly and within a reasonable time. In addition, upon reasonable request from a Client, the Bank shall provide its Clients or potential Clients with information about the entities where the orders are transmitted or placed for execution.

11. Client Order Handling Rules

11.1. General

When carrying out Client orders, the Bank will satisfy the following conditions:

- Ensure that orders executed on behalf of Clients are promptly and accurately recorded and allocated; and
- Carry out otherwise comparable Client orders sequentially and promptly unless the characteristics of the order or prevailing market conditions make this impracticable, or the interests of the Client require otherwise.

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

The Bank shall maintain records for a period of five years (or, if requested by the competent authority, for up to seven years) in a durable medium.

11.2. Aggregation and allocation of orders

The Bank shall carry out a Client order or a transaction for own account in aggregation with another Client order provided the following conditions are met:

a. it is unlikely that the aggregation of orders will work overall to the disadvantage of any Client whose order is to be aggregated;
b. it is disclosed to each Client whose order is to be aggregated that the effect of aggregation may work to its disadvantage in relation to a particular order;
c. it is in compliance with the Bank's order allocation policy established and effectively implemented, providing for the fair allocation of aggregated orders, including how the volume and price of orders determines allocations and the treatment of partial executions.

Aggregated orders are, to the extent possible, allocated to Clients on the trading day at the calculated average trade price. If aggregated orders can be executed only in part, we allocate the executed part to the participating Clients either proportionately according to the size of the orders or by allocating the same portion to all participating Clients (one-for-one basis). When choosing between the two methods, the Bank considers the relevant factors, including the relative size of the orders, in which order the Bank receives the orders and the present liquidity situation in the market of the Financial Instrument in question.

Where a Client order is to be aggregated with a transaction for own account, the Bank will allocate trades to the Client in priority to the Bank (not in a way that is detrimental to a Client), unless the Bank is able to demonstrate on reasonable grounds that without the aggregation, the Bank would not have been able to carry out the Client order on such advantageous terms, or at all, in which case it will allocate trades proportionally in accordance with this Policy.

If Client orders have been aggregated with transactions of the Bank, the Bank participates in the allocation only if all participating Clients are satisfied in full. If a Client order could not have been executed on the same favourable terms without aggregation, the Bank may distribute the transaction proportionately.

11.3. Client limit orders

In the case of a Client limit order in respect of shares admitted to trading on a Regulated Market or traded on a Trading Venue which are not immediately executed under prevailing market conditions, the Bank will, unless the client expressly instructs otherwise, take measures to facilitate the earliest possible execution of that order by making public immediately that Client limit order in a manner which is easily accessible to other market participants.

A Client limit order shall be considered available to the public when the Bank has submitted the order for execution to an RM or an MTF or the order has been published by a data reporting services provider located in one Member State and can be easily executed as soon as market conditions allow. The Bank will prioritise RMs and MTFs according to its Best Execution Policy to ensure execution as soon as market conditions allow.

11.4. Special cases

In the case of extraordinary market conditions or market interferences, the Bank will may not be possible to execute the order in accordance with the Policy.

12. Trading obligation in shares and derivatives

The Bank will ensure that all transactions it undertakes in shares which are admitted to trading on a Regulated Market or traded on a Trading Venue, such transactions shall take place on a Regulated Market, MTF, or SI, or a third-country Trading Venue assessed as equivalent in accordance with the applicable provisions of MiFID II, unless the characteristics of such shares meet one of the following conditions:

- non-systematic, ad-hoc, irregular and infrequent, or
- carried out between Eligible and/or Professional Counterparties and do not contribute to the price discovery process.

The Bank will also ensure that transactions in derivatives that are subject to trading obligation concluded with Financial Counterparties and Non-Financial Counterparties above the clearing threshold as defined in the Regulation (EU) No 648/2012, which are not intra-group transactions, are concluded only on Regulated Markets, MTFs, OTFs or third-country equivalent Trading Venues.

13. Conflicts of Interest

Information relevant to the identification, prevention and management of conflicts of interest is provided in summary of the Bank's Conflicts of Interest Policy as available on the Bank's website http://www.rcbcy.com/en/about-rcb/corporate-governance/policies.

14. Client consent

14.1. Consent to the Policy

The Client will be deemed to have consented to the Policy upon acceptance of the Standard Terms and Condition of Business for Investment Services. The Policy replaces any prior Best Order Execution Policy and Best Interest Policy with effect from its publication on the website.

14.2. Consent for executing orders outside a Trading Venue

The Bank is required to obtain the Clients' express consent prior to the execution of their orders outside a Trading Venue.

Appendix I: Definitions

Term	Definition
Client	Client means any natural or legal person to whom an investment firm provides investment or ancillary services.
Dealing on own account	Dealing on own account means trading against proprietary capital resulting in the conclusion of transactions in one or more Financial Instruments.
Eligible Counterparty	Eligible Counterparty means a Client who fulfils any of the criteria 1 to 3 stipulated below: 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 authorised entities carrying out the characteristic activities of the entities mentioned: entities authorised by a Member State under a Directive, entities authorised or regulated by a Member State without reference to a Directive, and entities authorised or regulated by a third country: a. Credit institutions; b. Investment firms; c. Other authorised or regulated financial institutions; d. Insurance companies; e. Collective investment schemes and management companies of such schemes; f. Pension funds and management companies of such funds; g. Commodity and commodity derivatives dealers; h. Locals; i. Other institutional investors; 2. Large undertakings meeting two of the following size requirements on a company basis: · balance sheet total: EUR 20.000.000 · net turnover: EUR 40.000.000 · own funds: EUR 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 IMF, the ECB, the EIB and other similar international organizations.
Execution of orders on behalf of Clients	Execution of orders on behalf of Clients means acting to conclude agreements to buy or sell one or more Financial Instruments on behalf of Clients and includes the conclusion of agreements to sell financial instruments issued by an investment firm or a credit institution at the moment of their issuance.
Execution Venue	Execution venue includes a Regulated Market, an MTF, an OTF, a systematic internaliser, or a market maker or other liquidity provider or an entity that performs a similar function in a third country to the functions performed by any of the foregoing.
Financial instruments	Financial instruments are the instruments included in **Appendix II** of this document.
Market Maker	A market maker means a person who holds himself out on the financial markets on a continuous basis as being willing to deal on own account by buying and selling Financial Instruments against that person's proprietary capital at prices defined by that person.
Multilateral Trading Facility	A Multilateral Trading Facility 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 MiFID II.
Organised Trading Facility	An Organised Trading Facility 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 MiFID II.
Over-the-Counter	Over the counter trading is a method of trading that does not take place on an organised venue such as a Regulated Market, an MTF or an OTF. It can take various shapes from bilateral trading to via permanent structures (such as systematic internalisers and broker networks).
Professional Client	Professional Client means a Client meeting the criteria laid down in Annex II of MiFID II.
Regulated Market	Regulated Market means a multilateral system operated and/or managed by a market operator, which brings together or facilitates the bringing together of multiple third-party buying and selling interests in Financial Instruments – in the system and in accordance with its non-discretionary rules – in a way that results in a contract, in respect of the Financial Instruments admitted to trading under its rules and/or systems, and which is authorised and functions regularly and in accordance with MiFID II.
Retail Client	Retail Client means a Client who is not a Professional Client.
Systematic Internaliser	Systematic internaliser means 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.
Trading Venue	Trading venue means a Regulated Market, an MTF or an OTF.

Appendix II: Types of Financial Instruments Under MIFID II

1. Transferable securities;

2. Money-market instruments;

3. Units in collective investment undertakings;

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

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

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

7. Options, futures, swaps, forwards and any other derivative contracts relating to commodities, that can be physically settled not otherwise mentioned in point 6 of this Appendix and not being for commercial purposes, which have the characteristics of other derivative financial instruments;

8. Derivative instruments for the transfer of credit risk;

9. Financial contracts for differences;

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

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

Appendix III: Best Execution and Best Interest per Class of Financial Instrument

This Appendix provides more information on the application of best execution and best interest per class of Financial Instrument, when execution Client orders or when receiving and transmitting Client orders in relation to the following classes of Financial Instruments.

A. Equities and Exchange Traded Funds

Financial Instruments in Scope

The information provided herein explains the Bank's best execution/interest processes for the following equity and equity-like Financial Instruments:

- Shares
- Depositary Receipts
- Exchange Traded Funds and Exchange Traded Notes
- Units in exchange traded collective investment funds

Order Handling

The Financial Instruments covered in these classes of Financial Instruments are all admitted to trading on Trading Venues and they are all fundamentally handled by the Bank in the same way using one of the following processes:

- **Care orders**: Orders that cannot be sent immediately to one or more venues for execution, or which are received with specific execution instructions.
- **Quotes**: If Client has received a quote from Bank the trade is concluded when the quote is accepted.

When the Client order is received, verified and duly recorded, the bank will find the best price among the venues it has got the access to. Then, the Bank assesses the size of the order, the readiness of the counterparties to execute the smaller-than-average or bigger-than-average order. The Bank considers only the market participants which have been approved previously by the authorized Bank's management body, unless the Bank has received the specific instructions from Client regarding the venue of execution. When the Bank identifies and checks the possibility of the execution of the order it informs the Client about the price unless the Client provides the Bank with the specific instructions or requests the execution on the market price.

The execution is predetermined as the correspondent with the best execution criteria unless the Client complains about the quality of the execution. In terms of the price, the order execution can be considered as failed in compliance with this Policy if the order is executed on price worse than the market price and the difference between the market price and the price of the execution is above 1%.

Relative Importance of Execution Factors

Execution Factors	Price	Cost	Speed	Likelihood	Size	Nature	Other
Relative Importance	High	Medium	Medium	Medium	Medium	Low	Low

In general, the Bank will take into consideration various criteria when assessing the prioritization of execution factors.

Such criteria include, amongst others, the characteristics of each Client order, any Client preferences, size of the order, and market conditions.

Price:

The most important factors for ensuring best execution are the Price of the Financial Instrument. However, in more illiquid markets, such factors may vary.

This usually enables the Bank promptly:

- Placing the Client order at one or more Execution Venues with which Bank is directly connected, subject to the rules of the individual venue;
- Placing the order with, or soliciting a quote from, one of the external brokers used by the Bank; or
- Executing the order with Bank as counterparty, or cross the order with that of another Client.

However, market conditions or specific characteristics regarding the Financial Instruments in question may mean that the Bank does not believe that Client will get the best price if Bank tries to promptly execute the order. For instance, the Bank may consider that by placing the Client's entire order could adversely impact prices and that it would be in Client's best interest to divide the order into smaller orders (child orders) or, for other reasons, to postpone all or part of the Client order.

Costs, Speed, Likelihood of Execution and Settlement, and Size:
Following price, the Bank will give importance to speed, likelihood of execution, cost of execution and size.

In the absence of any Client specific instructions, the Bank will carry out an order at a rate that it believes represents a balance between creating market impact and executing the Client order in a timely manner so as to reduce execution risk.

The Bank will seek to achieve prompt execution of the entire Client order if it does not believe that this will have a negative impact on the execution quality. For example, if the size or nature of the Client order may affect the price, the Bank may postpone the execution of the entire order or parts of it. In other cases, depending on the circumstances, the Bank may also prioritise speed of execution if it is of the opinion that this will be most favorable for the Client.

Likelihood of execution will be of particular relevance if the Financial Instrument in question is illiquid or if the Client limits the price of the order at a price that does not correspond to the prevailing market price.

Market conditions for the relevant Financial Instrument may cause the Bank to prioritise the likelihood of execution. The Bank may therefore decide to execute the Client order at the Execution Venue(s) that have the necessary liquidity and depth of trading interests to ensure timely execution and the smallest possible effect on the price level.

Generally, the Bank expects the orders executed on behalf of Clients are settled in a timely fashion. If the Bank is aware that a particular execution strategy may compromise the likelihood of settlement, the Bank may not pursue that strategy even if it would result in a better price.

Nature and other relevant factors:
While the Bank considers the abovementioned factors to be the predominant ones there may be situations where additional factors may influence the Bank's strategy to obtain best execution and act in the best interest of Clients.

Execution Venues and execution entities (e.g. brokers)

The Bank enters into agreement with any Trading Venue if the Bank's authorized body approves the respective agreement, sets the risk limit and it is observed that the range of the FIs traded on this venue is in correspondence with the set of FIs the Bank usually trades in. When the order is executed, the venue for the execution is chosen in accordance with the logic mentioned before, taking into account the existing risk limit. Such choice can be probably affected by occasional, unexpected and unpredictable circumstances if they appear. Such conditions will be disclosed by the request of the Client or any other authorized person.

A summary of the selection process of Execution Venues and execution entities (e.g. brokers), including a list of the factors used to select an Execution Venue and their relative importance, is provided within Section I and Section II of this Policy.

A list of Execution Venues and execution entities (e.g. brokers) that are used by the Bank, is available at the Bank's website, at http://www.rcbcy.com/en/about-rcb/disclosure/mifid-ii.

The Bank will regularly monitor and review the performance of the Execution Venues and execution entities (e.g. brokers) based on the information to be published by the Execution Venues and execution entities (e.g. brokers) or by carrying out internal analysis, where applicable.

For more information please refer to subsection 6.2 "Selection of Execution Venues" and subsection 6.3 "Selection of execution entities (Brokers)" of Section I and Section II of this Policy, respectively.

Monitoring
Monitoring of execution quality is based on transaction cost analysis and review of outlier reports, where applicable. For more details, please refer to relevant section within Section I and II of this Policy.

B. Debt Instruments

Financial Instruments in Scope
The information provided herein explains the Bank's best execution/interest processes for the following debt instruments:

- Bonds

Order Handling
Market orders (with or without a limit) are assessed individually by the Bank. The Bank decides whether routing the order to a Trading Venue or executing it with the Bank trading as principal will provide the best result for the Client.

When the Client order is received, verified and duly recorded, the bank will find the best price among the venues it has got the access to. Then, the Bank assesses the size of the order, the readiness of the counterparties to execute the smaller-than-average or bigger-than-average order. The Bank considers only the market participants which have been approved previously by the authorized Bank's management body. When the Bank identifies and checks the possibility of the execution of the order it informs the Client about the price unless the Client provides the Bank with the specific instructions or requests the execution on the market price.

The execution is predetermined as the correspondent with the best execution criteria unless the Client complains about the quality of the execution. In terms of the price, the order execution can be considered as failed in compliance with this Policy if the order is executed on price worse than the market price and the difference between the market price and the price of the execution is above 3%.

Relative Importance of Execution Factors

Execution Factors	Price	Cost	Speed	Likelihood	Size	Nature	Other
Liquid Instrument	High	Medium	Medium	Medium	High	Low	Low
Illiquid Instrument	High	Medium	Medium	High	High	Low	Low

The markets for bonds are characterised by varying levels of liquidity, as some bonds have a high level of liquidity and some a lower level of liquidity.

In general, the Bank will take into consideration various criteria when assessing the prioritization of execution factors. Such criteria include, amongst others, the characteristics of each Client order, any Client preferences, size of the order, and market conditions.

The main factor for ensuring best execution in relation to bonds is the Price. However, in more illiquid markets, the likelihood if execution and settlement, the speed of execution as well as size or nature of the order may take precedence. The size of the order may be of particular importance in minimizing the impact on the market if order is large.

For liquid bonds, the Bank will primarily base its quotes on observable market prices (bid and offer) on Trading Venues.

When executing orders or taking decisions to deal in OTC products, including bespoke products, the Bank will check the fairness of the price, by gathering market data used in the estimation of the price of such product and, where possible, by comparing with similar or comparable products.

Selection of Execution Venues and execution entities (e.g. brokers)

The Bank enters into agreement with any Trading Venue if the Bank's authorized body approves the respective agreement, sets the risk limit and it is observed that the range of the FIs traded on this venue is in correspondence with the set of FIs the Bank usually trades in. When the order is executed, the venue for the execution is chosen in accordance with the logic mentioned before, taking into account the existing risk limit. Such choice can be probably affected by occasional, unexpected and unpredictable circumstances if they appear. Such conditions will be disclosed by the request of the Client or any other authorized person.

A summary of the selection process of Execution Venues and execution entities (e.g. brokers), including a list of the factors used to select an Execution Venue and their relative importance, is provided within Section I and Section II of this Policy.

A list of Execution Venues and execution entities (e.g. brokers) that are used by the Bank, is available at the Bank's website, at http://www.rcbcy.com/en/about-rcb/disclosure/mifid-ii.

The Bank will regularly monitor and review the performance of the Execution Venues and execution entities (e.g. brokers) based on the information to be published by the Execution Venues and execution entities (e.g. brokers) or by carrying out internal analysis, where applicable.

For more information, please refer to subsection 6.2 "Selection of Execution Venues" and subsection 6.3 "Selection of execution entities (Brokers)" of Section I and Section II of this Policy, respectively.

Monitoring

Monitoring of execution quality is based on transaction cost analysis and review of outlier reports. For more details, please refer to relevant section within Section I and II of this Policy.

C. Foreign Exchange Derivatives

Financial Instruments in Scope

The information provided herein explains the Bank's best execution/interest processes for the following Foreign Exchange Derivatives:

- FX forwards
- FX Swaps
- FX non deliverable forwards

Order Handling

When a Client requests for entering into derivative transaction the Bank usually provide the Client with quote. If a Professional Client agrees to trade based on a quote provided, both parties conclude the deal, being based on respective bilateral agreement. The Bank will check the fairness of the price, by gathering market data used in the estimation of the price of such product and, where possible, by comparing with similar or comparable products.

The execution is predetermined as the correspondent with the best execution criteria unless the client complains about the quality of the execution. In terms of the price, the order execution can be considered as failed in compliance with this Policy if the order is executed on price worse than the market price and the difference between the market price and the price of the execution is above 3%.

Relative Importance of Execution Factors

Execution Factors	Price	Cost	Speed	Likelihood	Size	Nature	Other
Relative Importance	High	Medium	Medium	Medium	Medium	Low	Low

The main factor for ensuring best execution/interest in relation to FX derivatives is the price.

The key factors when pricing FX instruments are:

- the spot rate(s) of the relevant currency or currencies;
- observable prices on trading venues for identical or similar instruments (if any);
- yield curves, volatility, yield and price spreads, co-variation;
- market liquidity;
- size of the order.

The price of foreign exchange derivatives depends in particular on the uncertainty about the future development in interest rate levels and market liquidity.

For liquid foreign exchange derivatives, the Bank will primarily base its quotes on observable market prices (bid and offer) on Trading Venues.

When executing orders or taking decisions to deal in OTC products, including bespoke products, the Bank will check the fairness of the price, by gathering market data used in the estimation of the price of such product and, where possible, by comparing with similar or comparable products.

Selection of Execution Venues and execution entities (e.g. brokers)

The Bank enters into agreement with any Trading Venue if the Bank's authorized body approves the respective agreement, sets the risk limit and it is observed that the range of the FIs traded on this venue is in correspondence with the set of FIs the Bank usually trades in. When the order is executed, the venue for the execution is chosen in accordance with the logic mentioned before, taking into account the existing risk limit. Such choice can be probably affected by occasional, unexpected and unpredictable circumstances if they appear. Such conditions will be disclosed by the request of the Client or any other authorized person.

A list of Execution Venues and execution entities (e.g. brokers) that are used by the Bank, is available at the Bank's website, at http://www.rcbcy.com/en/about-rcb/disclosure/mifid-ii.

A summary of the selection process of Execution Venues and execution entities (e.g. brokers), including a list of the factors used to select an Execution Venue and their relative importance, is provided within Section I and Section II of this Policy.

The Bank will regularly monitor and review the performance of the Execution Venues and execution entities (e.g. brokers) based on the information to be published by the Execution Venues and execution entities (e.g. brokers) or by carrying out internal analysis, where applicable.

For more information, please refer to subsection 6.2 "Selection of Execution Venues" and subsection 6.3 "Selection of execution entities (Brokers)" of Section I and Section II of this Policy, respectively.

Monitoring

Monitoring of execution quality is based on transaction cost analysis and review of outlier reports. For more details, please refer to relevant section within Section I and II of this Policy.

D. Securities Financing Transactions

Financial Instruments in Scope

The information provided herein explains the Bank's best execution/interest processes for the following SFTs:

- REPOs
- Reverse REPOs

Order Handling

The Client enters into an SFT by accepting a quote provided by the Bank.

When the Client enters into an SFT with the Bank, in most cases the Bank executes such transactions on a principal to principal basis. This means that the Bank deals on own account, and hence, the Client is trading the Financial Instrument in question directly with the Bank.

Relative Importance of Execution Factors

In general, the main factor for ensuring best execution in relation to SFTs is the price.

The key factors when pricing SFTs are:

- the spot rate of the relevant underlying asset;
- yield and credit curves, volatility, yield and price spreads, co-variation;
- market liquidity;
- size and nature of the order;
- regulatory issues affecting the pricing.

With respect of the pricing of SFTs, the Bank bases the quotes provided to its Clients on internal models. Those models are based on market feeds that are considered relevant and are, when necessary, calibrated with the Bank's input in order to ensure that a fair market price is achieved. The level of calibration depends on the level of volatility and liquidity in the relevant market.

In the normal course of business, the Bank considers that the duty of best execution does not generally apply in respect of the Bank's SFT activity. This is because the nature of such transactions involves the following characteristics:

i. the Bank is approached and requested by the Client to provide lending services in order to facilitate the settlement of the transactions they have entered into;
ii. the nature of the market is such that Clients will generally have multiple potential lending counterparties (including prime brokers) and will likely locate with each broker in order to find availability, stability of supply and the best lending rate; and
iii. Clients will also have the ability to access information with respect to borrow rates from other potential lending counterparties and from third party data providers.

As a result, the Bank considers that in general the Client is not relying on the Bank in relation to the execution of the transaction. Where the regulatory duty of best execution is applicable, the Bank will follow the best execution principles.

Selection of Execution Venues and execution entities (e.g. brokers)

A list of Execution Venues and execution entities (e.g. brokers) that are used by the Bank, is available at the Bank's website, at http://www.rcbcy.com/en/about-rcb/disclosure/mifid-ii.

A summary of the selection process of Execution Venues and execution entities (e.g. brokers), including a list of the factors used to select an Execution Venue and their relative importance, is provided within Section I and Section II of this Policy.

The Bank will regularly monitor and review the performance of the Execution Venues and execution entities (e.g. brokers) based on the information to be published by the Execution Venues and execution entities (e.g. brokers) or by carrying out internal analysis, where applicable.

For more information, please refer to subsection 6.2 "Selection of Execution Venues" and subsection 6.3 "Selection of execution entities (Brokers)" of Section I and Section II of this Policy, respectively.

Monitoring

Monitoring of execution quality is based on transaction cost analysis and review of outlier reports. For more details, please refer to relevant section within Section I and II of this Policy.