



ALPHA BANK

ABL – ORDER EXECUTION POLICY

Valid from: September 2019

POLICY PURPOSE

This policy sets out the approach that Alpha Bank London Limited (hereafter 'ABL') will take in regard to order execution of client deals, including the factors that it will take into account in regard to both Best Execution and the selection and usage of execution venues and brokers. This policy meets requirements in accordance with the European Union's Markets in Financial Instruments Directive MiFID II.

The purpose of the Policy is twofold:

1. to set out the main requirements and required controls of ABL;
2. to ensure that there is a clear allocation of responsibilities;

The Chief Operating Officer is responsible for the implementation of this policy.

Scope and application

The Policy applies to all employees and contractors, all functions, all units of ABL.

Legal Framework

Regulatory compliance with FCA regulations.

Policy Requirements

Fair Order Execution is required to ensure that client transaction orders are filled correctly and that ABL acts in the client's best interests (i.e. placing client interests above any commercial advantage to ABL).

ORDER EXECUTION CONSIDERATIONS

ABL will organise, manage and oversee the placement and execution of client deals in accordance with the following operating principles and in particular to ensure that:

- Deals are fairly allocated to appropriately authorised brokers.
- Deals are placed with a broker through a standard deal placement process, either via a platform or online communication tool, by phone, or other appropriate method for that transaction.
- That ABL does not unfairly favour one broker in preference to another without due consideration of the reasons for directing flow.
- That ABL will ensure it avoids a conflict of interest.
- That ABL acts in the clients best interests and in allocating deal flow does not unfairly act against that customer's interest.
- That ABL will clarify and follow a consistent order execution process, any exceptions, where it is in the client's best interest to not follow this process, will be documented in order to clarify the reasons.

OTHER CONSIDERATIONS

ABL will also take into account client status as a retail client, or where applicable a professional client, together with the nature of the order, the characteristics of the instrument to which the order relates and the execution venues to which the order can be directed.

ABL will also take into account the general and specific instructions given to us by the client, which may prioritize how the Bank fills orders. Such specific instructions may include a specific execution venue, a specific time or time period regardless of the available price, or other specific factors. If the Bank follows specific instructions from the client, then the Bank will not have the ability to ensure compliance with our core execution policy as set out above.

EXECUTION OF ORDERS

In providing investment services to our clients, the Bank executes orders received as follows:

- By transmitting orders to third parties (brokers) with whom the bank maintain a contractual relationship for markets to which the Bank have no direct access.
- Directly on a regulated EEA multilateral trading facility (MTF) or with a systematic internaliser (SI).
- Directly with fund providers, or via third party brokers as listed below in the case of Investment / Mutual Funds.
- Outside regulated markets or MTFs. In such cases, the Bank shall inform the client and obtain consent prior to proceeding with the execution of the order.

Detailed below are the execution venues the Bank use, the bank may however from time to time choose an alternative venue should it be deemed in the interests of the client(s).

EXECUTION METHODS

- Bloomberg Terminal
- Telephone
- Fundsettle/Fundsplace (online access)
- KBL Online
- Other Trading methods may be required from time to time on an infrequent ad hoc basis as required by the product

EXECUTION PRODUCTS

ABL distinguish between three types of product.

- Bonds - Issue of government or corporate debt
- Equities - Units of shares of ownership in a company
- Funds - Units of a fund

EXECUTION VENUES/COUNTERPARTIES

When in a specific case it is apparent that it is possible to achieve Best Execution in a trading venue that the Bank does not regularly use, the Bank will at its discretion use such a trading venue for the execution of the specific order only and document the reasons for this. In the case where the execution of the order is only possible through one trading venue, it is deemed that Best Execution is achieved with the execution of that order in that venue.

- **MULTILATERAL TRADING FACILITIES (MTF)**
 - BLOOMBERG MTF
- **BROKERS/COUNTERPARTIES**
 - ALPHA BANK
 - ALPHA FINANCE
 - KBL
 - FUNDSPLACE/FUNDSETTLE

DEAL PLACEMENT PROCESS

PROCESS

The deal placement process is broken down into three distinct steps

1. Establish product type
2. Select trading venue/broker/counterparty
3. Execute trade

1) ESTABLISH PRODUCT TYPE

The Bank accept client orders for the following product categories

- i. Bonds
- ii. Equities
- iii. Funds

2) SELECT APPROPRIATE BROKER/TRADING VENUE

When selecting a broker/ venue ABL have determined a priority list for each product type, this list has been established by taking the factors of best execution into consideration and the overall result to the client. The priority list is established through the recognition of the service offered by each counterparty, broken down against the various elements of consideration for best execution in comparison to the other possible counterparties. In this comparison ABL have a limited selection of counterparties for each market due to low trading levels. In addition Alpha Bank internally maintain and review a scoring matrix (Addendum) which has been assigned to each product type when determining counterparties. It should be noted that in certain cases (i.e.. no broker liquidity) best execution can be achieved through alternative methods and Treasury have final discretion in choice of broker, or venue (unless instructed by the client), if this falls outside the process documented in this policy then Treasury must evidence any deviation and the reasons, or rationale for it.

3) EXECUTE TRADE

ABL execute trades according to their processes and procedures and will be dependent on the counterparty and venue of execution, the factors of best execution will be taken into account through the entire selection and execution process.

BEST EXECUTION FACTORS TO CONSIDER WHEN EXECUTING A CLIENT DEAL

In accordance with COBS 11.2A.2R we have taken into account the following factors:

- PRICE
- COSTS
- SPEED OF EXECUTION
- LIKELIHOOD OF EXECUTION AND SETTLEMENT
- SIZE AND NATURE OF THE ORDER
- ANY OTHER RELEVANT CONSIDERATIONS

These factors are outlined in the sections below, titled 'Priority Reasoning' for each product.

PRIORITY SELECTION (BASED ON BEST EXECUTION FACTORS & ORGANISED INTO PRODUCT TYPE)

BONDS

ABL will place bond trades in the following priority order

- 1) KBL
- 2) Alpha Bank

EQUITIES

ABL will place equity orders in the following priority order

- 1) KBL
- 2) Alpha Finance

FUNDS

ABL will place fund orders in the following priority order

- 1) Fundsettle
- 2) KBL

PRIORITY REASONING (BASED ON BEST EXECUTION FACTORS & ORGANISED INTO PRODUCT TYPE).

BONDS

ABL have a limited selection of available bond brokers, these are reviewed on a regular basis to ensure that the selection criteria is still relevant. As a result of this ABL will generally use KBL as a bond broker on the following basis.

1) Price

As a general rule and taking other factors, as detailed below, into consideration KBL is an established bond dealer generally offering the best price as they have access to a larger book than Alpha Bank. The dealers will also, where available, attach the ALLQ pages to a bond transaction in order evidence that a price is within a reasonable market range.

2) Costs

KBL charge an addition 0.10% on the principal cash value of each trade, this is not passed on to the client. Alpha Bank does not add any additional commission to their price.

3) Speed of Execution

ABL can deal with KBL using Bloomberg which provides extremely quick confirmation of execution, contracts will then follow. Alpha Bank uses the same method of dealing.

4) Likelihood of Execution and settlement

KBL are the biggest and most active bond broker from the ABL selection panel, they are able to execute bond trading either from their own position, or by utilizing counterparties, it is rare that KBL cannot execute and generally only when liquidity is extremely low which will be a factor affecting other brokers.

KBL are available to trade with for the full opening hours of ABL, Alpha Bank are not available after 3pm UK time.

For all counterparties settlement is usually via Euroclear where ABL hold their custody accounts, Euroclear are the main European CSD in the bond market so settlement issues are very rare, Euroclear are able to settle across all international markets that ABL deal in. ABL also have the option to utilize their custodian accounts with KBL in order to settle transactions over account.

5) Size and Nature of the order

ABL do not generally deal in significant nominal values and KBL are able to service all requirements. Significant deals which could potentially cause problems could be dealt through Alpha Bank because of the group connection, but this would need to be accessed on an individual basis.

Deals are generally placed for a nominal amount at a specified price limit; this is acceptable to all brokers, although all will accept market orders.

6) Any other relevant considerations

As a rule ABL will utilize their relationship with Alpha Bank Athens in order to execute Greek bonds, this is because Alpha Bank Athens is a Greek bank with better access to the Greek market than KBL.

If KBL cannot facilitate a deal then they will advise ABL and ABL will then use Alpha Bank if possible.

If a bond is subject to any market restrictions then ABL may decide to place the trade with the appropriate broker as determined by taking those restrictions into account.

EQUITIES

ABL have a limited selection of available bond brokers, these are reviewed on a regular basis to ensure that the selection criteria is still relevant. As a result of this ABL will generally use KBL as a bond broker on the following basis.

1) Price

For equity trades the price is determined by the exchange that the product is traded on, by definition this price is the best available price at the time of placement as exchanges operate similar to an auction with the best price to buy (low) or sell (high) being the only available, each price will also be available for a limited number of shares, any additional shares will automatically trade at the best available price at the time this liquidity has been exhausted.

The impact of choosing brokers does not affect the price.

2) Costs

ABL do not place any particular emphasis on costs when choosing a broker, any cost to the client will be determined at exchange level and no broker commission costs are passed on. ABL will generally pay less commission to Alpha Finance who we have negotiated a preferential commission structure with, however generally KBL are the preferred broker choice due to other factors.

Alpha Finance are the designated broker for Greek trades as they are a member of the Greek Stock exchange and have the best access to that market, settlement takes place at Euroclear and this incurs a premium cost to ABL.

Commerzbank have traditionally been used for the German market as they are a local firm with expertise, however more recently KBL have been used as Commerzbank do not currently offer a broking service.

3) Speed of Execution

ABL deal with KBL using Bloomberg function EMSX which is an electronic order system, providing a full audit trail and confirmation of execution, generally KBL provide a quick and efficient order process.

Deals with Alpha Finance can be placed in the same way.

Commerzbank trades (providing a line is in place) can be placed in the same manner.

4) Likelihood of Execution and settlement

KBL are our prominent choice of broker due to the fact that they have access to multiple markets within Europe and the US making execution likely. In addition by trading through KBL this allows both the option of

settlement via Euroclear and also settlement over account, effectively this allows a back-up settlement option should any issues arise with Euroclear settlement.

Alpha Finance equally has access to multiple markets using their broker relationship at Citibank. Assets can also be dealt over account however due to the Greek crisis this is not our preferred option and we would generally seek execution settlement at Euroclear for purchases, for sales we may use Alpha Finance if the asset is already held there.

Commerzbank are not currently offering execution, however in the future we may trade German equities over account with them.

If assets are held outside of the regular custodian environment due to particular circumstances then we may need to trade via a private company setup or via the registrar in order to ensure execution and settlement.

5) Size and nature of the order

Generally equity orders are small in size and the size does not impact on choice of broker

6) Any other considerations relevant to the execution of the order

As mentioned previously there may be factors such as shares held in a Private Company or with a registrar that influence the choice of broker.

FUNDS

ABL have signed agreements with a number of fund providers, where an agreement is in place ABL will route orders through Fundsplace/Fundsettle who provide a link to the fund managers and allow ABL to place orders online. If no agreement is in place then ABL have to route orders through a third party, this third party is KBL who have dealing arrangements in place with a list of fund managers, ABL have a specific agreement in place with KBL in order to execute such trades.

1) Price

Funds are generally priced each day at the NAV price; the choice of counterparty does not affect the price.

2) Costs

Fundsettle do not charge explicitly for deals, they charge monthly and this will include charges for delivery/receipt of funds. KBL charge either EUR25 or EUR250 (very rare) – costs do not affect the choice of counterparty.

3) Speed of execution

Each fund will generally trade once a day and will have a cut off, choice of counterparty does not affect speed of execution, this is determined by the fund and meeting the required cut off time.

4) Likelihood of execution and settlement

ABL will have agreements in place with a panel selection of fund providers, this is approved on a yearly basis and as a result funds will be dealt through Fundsettle. Funds that exist outside of the arrangement cannot be dealt with Fundsettle and will therefore be dealt through KBL.

5) Size and nature of the order

Size of the order does not impact on the choice of counterparty, choice will generally be made on the basis of whether ABL has an agreement and can facilitate the order through Fundsettle, or not.

6) Any other consideration relevant to the execution of the order

Other factors may be taken into account at the time of execution, but the general rule as above is that Fundsettle will be the normal fund counterparty where an agreement is in place with the fund provider, if no agreement exists then KBL will be used as a third party with access to funds..

MONITORING, REVIEW & REPORTING

The Bank monitors every transaction to ensure compliance with our Order Execution Policy; exceptions will be reported to the Op Risk Committee on a quarterly basis. The Order Execution Policy is reviewed at least annually and whenever a material change occurs that could affect our ability to obtain the best possible result for the execution of client orders.

ABL monitors the relevant regulations and the effectiveness of this policy as regards order execution by reviewing brokers and trading venues at least annually, ABL also reviews a scoring matrix (addendum) on a quarterly basis; the results of these reviews will be reported to the Ops Risk Committee.

When in a specific case it is apparent that it is possible to achieve best execution with a broker, or a trading venue that the bank does not regularly use, the bank may at its discretion use such a trading venue for the execution of the specific order. In the case where the execution of the order is only possible through one trading venue, it is deemed that best execution is achieved with the execution of that order in that venue.

COMMISSIONS AND CHARGES

Commission and any applicable charges are detailed in the ABL tariff which is reviewed annually and sent to clients. ABL will charge clients appropriate commission as detailed in the tariff. Any commission from the choice of brokers will not be passed on to clients, however costs such as exchange fee's which are inherent to the product and dependent on choice of broker will be passed on. All entries are passed in accordance with ABL's Securities procedures.

HOURS OF MARKET

ABL operate between the hours of 9am to 5pm UK time – any deals placed outside of these times may be accepted and will be dealt on a best endeavours basis. Orders may be left with brokers for the duration of trade in a specific market outside of ABL opening hours, but in line with the opening hours of a market or venue.

AGGREGATED ORDERS

ABL will not normally aggregate client orders, however from time to time as long as the order does not impact detrimentally on the client ABL, or where it may be in the clients best interest we may aggregate certain client orders.

In the case of IPO's, or primary offers, orders may be aggregated in order to apply for an allocation which will then be distributed appropriately to clients.