

**INVESTMENT SERVICES
PRE-CONTRACTUAL
INFORMATION PACKAGE**

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ABBREVIATIONS

ADR	Alternative Dispute Resolution
Bank	Hellenic Bank Public Company Limited
CBC	Central Bank of Cyprus
CSDs	Central Securities Depositories
CySEC	Cyprus Securities and Exchange Commission
DGS	Deposit Guarantee Scheme
ESMA	European Securities and Markets Authority
EU	European Union
GDPR	General Data Protection Regulation
ICF	Investor Compensation Fund
LEI	Legal Entity Identifier
MIFID	Market in Financial Instruments Directive
MiFIR	Market in Financial Instruments Regulation
MTF	Multilateral Trading Facility
OTC	Over-The-Counter
OTF	Organised Trading Facility
UCITS	Undertakings for Collective Investments in Transferable Securities

GENERAL INFORMATION

1. Purpose of this Package

This booklet is addressed to potential and existing clients, legal or natural persons (the “**Client**”) of Hellenic Bank Public Company Ltd (“**Hellenic Bank**” or “**Bank**”) and includes information in relation to the new requirements imposed by the Law 87 (I)/2017 regarding the provision of investment services, the exercise of investment activities and the operation of Regulated Markets of 2017 (the “**Law**”), the Market in Financial Instruments Directive 2014/65/EU of 15 May 2014 (“**MiFID II**”), the Market in Financial Instruments Regulation 600/2014 of 15 May 2014 (“**MiFIR**”) as well as the supplementing delegated regulations/directives and guidelines issued from time to time (hereinafter “**the Investment Services Regulatory Framework**”), as well as practical information on how such requirements may affect the provision of Investment and/or Ancillary Services (the “**Services**”) to the Client.

The information included in this booklet, supplements the information provided in the Investment Services Agreement and/or the Custody Services Agreement of the Bank (“**the Agreements**”). Where reference is made to this booklet contradicts the information included in the Agreements, the provisions included in the Agreements will prevail.

The Bank will notify its Clients in good time about any material change to the information provided in this booklet which is relevant to the service and/or product that the Bank is providing to the Client. Such notification will be provided via the Bank’s website (as indicated below) and/or communicated personally via each Client’s preferred method of communication, in accordance with the requirements of the Investment Services Regulatory Framework and/or any other arrangements between the Bank and its Clients.

All terms included in this package have the meaning attributed to them in the Investment Services Regulatory Framework, as this is illustrated in the Legislative information section below.

2. Legislative Information

The Investment Services Regulatory Framework regulates the investment services offered by credit institutions / investment firms to investors in relation to Financial Instruments, as well as traditional stock exchanges and other alternative Trading Venues.

The Investment Services Regulatory Framework is based on, but not limited to, laws, directives, guidelines and other supporting documentation, governing the provision of Investment and/or Ancillary Services.

¹ MiFID II was transposed into local legislation in June 2017, the L. 87(I)/2017 regarding the provision of investment services, the exercise of investment activities and the operation of regulated markets along with other important regulatory documents ([link is external](#)).

Specifically, the Level 1 of the Investment Services Regulatory Framework comprises of the below:

- Directive 2014/65/EU of the European Parliament and of the Council, of 15 May 2014, on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (link is external) (hereafter “the Directive”), repealing Directive 2004/39/EC, as transposed to local law 87(I) of 2017 (link is external).
- Regulation (EU) No 600/2014 of the European Parliament and of the Council, of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012, (link is external).

The Investment Services Regulatory Framework took effect in January 2018, in an effort to improve the functioning of financial markets in light of the financial crisis and to strengthen investor protection. The new Investment Services Regulatory Framework extended the MiFID I requirements in a number of areas including amongst others, the following:

- new market structure requirements;
- new and extended requirements in relation to market transparency;
- new rules on research and inducements;
- new product governance requirements for manufacturers and distributors of Investment Products (i.e. Financial Instruments and Structured Deposits);
- new and extended requirements in relation to transaction and post-trade transparency reporting.

3. Information about the Bank and its Services

3.1 General Information

The Hellenic Bank Public Company Limited (“**the Bank**”) commenced operations in 1976. In a relatively short period of time, it managed to establish itself as one of the largest banking and financial institutions in Cyprus. More information is available on the Bank’s website www.hellenicbank.com.

3.2 Regulators / Licensing / Provision of Services

The Bank is licensed and regulated by the Central Bank of Cyprus (hereafter “CBC”) and, is listed on the Cyprus Stock Exchange.

The Bank is currently licensed to provide all the Investment and Ancillary Services listed below. The CBC maintains a list with the Investment and Ancillary services offered by each bank in Cyprus on its website <https://www.centralbank.cy/en/licensing-supervision/banks/list-of-investment-and-ancillary-services-offered-by-each-bank> (link is external).

Investment Services and Activities

- (1) Reception and transmission of orders in relation to one or more Financial Instruments;
- (2) Execution of orders on behalf of clients;
- (3) Dealing on own account;
- (4) Investment advice (non-independent investment advice);

Ancillary Services and Activities

- (1) Safekeeping and administration of Financial Instruments for the account of Clients, including custodianship and related services such as cash/collateral management;
- (2) Granting credits or loans to an investor to allow him to carry out a transaction in one or more Financial Instruments where the granting, credit or loan is involved in the transaction; - not currently offered by the Bank;
- (3) Foreign exchange services where these are connected with the provision of Investment Services.
- (4) Investment services and activities as well as ancillary services of the type included under Section A or B of Annex 1 of the Directive related to the underlying of the derivatives included under points (5), (6), (7) and (10) of Section C of Annex 1 of the Directive where these are connected to the provision of investment or ancillary services.

The Bank provides the above Services in relation to the products listed below:

- (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 above 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, which have the characteristics of other

derivative financial instruments, having regard to whether, inter alia, they are traded on a regulated market, an OTF, or an MTF.

The provision of services to each Client, is agreed between the Client and the Bank and in each case governed by written agreements.

3.3 Communication with the Bank

Bank Details and Website

General Contact Details	
Company Registration Number	HE 6771
Contact Address	Corner Limassol & 200 Athalassas Avenue, CY- 1394, Nicosia
Mailing Address	P.O. Box 24747, CY-1394 Nicosia
Telephone Number	8000 99 99 or +357 22 500500 (if calling from abroad)
Website	www.hellenicbank.com
E-mail	serviceline@hellenicbank.com
Languages in which you may communicate	Greek or English
You may communicate with the Bank via these routes	<p><i>By post to:</i> Hellenic Bank Public Company Ltd, Corner Limassol Ave. & Athalassa Ave. 200, Strovolos, 2025 Nicosia, CY;</p> <p><i>By e-mail to:</i> serviceline@hellenicbank.com</p>

Contact Details of Departments

Wealth & Investment Services	
Address	Hellenic Bank Public Company Ltd, Wealth & Investment Services P.O.Box 24747, 1394, Nicosia, Cyprus or Corner Limassol Ave. & Athalassa Ave. 200, Strovolos, 2025 Nicosia, CY
Email	wealth@hellenicbank.com
Telephone	22500903/904/906/910/954 (Nicosia Office) 25502446/370 (Limassol Office)
Fax	+357 22500064
Attention	Manager, Wealth & Investment Services

Trust & Custodian Services	
Address	Hellenic Bank Public Company Limited Trust & Custodian Services P.O.Box 24747, 1394, Nicosia, Cyprus Corner Limassol Ave. & Athalassa Ave. 200, Strovolos, 2025 Nicosia, CY
Email	custodian.services@hellenicbank.com
Telephone	+357 22500823
Fax	+357 22500084
Services SWIFT code	HEBACY2N
Attention	Manager, Trust & Custodian Services

4. Complaints Handling

4.1 Basic Principles

Overall, the Bank in handling complaints focuses on the following key principles:

- **Free of charge:** The Bank shall not charge any fee for the handling of a Complaint.
- **Timely acknowledgement of a Complaint:** The Bank will acknowledge receipt of a Complaint within fifteen (15) days from the date of receipt of the Complaint by the Bank.
- **Transparency:** Upon Client's/ Competent Authority's/ Alternative Dispute Resolution (ADR) entity's request, all necessary information in relation to the Complaint and the handling process of such Complaint will be provided.
- **Independent treatment:** Each Complaint will be handled separately and independently from other Complaints on an on-going basis.

Clients or potential clients who are not satisfied with the Bank's response following the submission of a Complaint, may express their dissatisfaction with the investment services provided by the Bank. In particular, the Complainant (i.e. the Client or potential client who submits a Complaint) can escalate the Complaint to the Financial Ombudsman, the CBC or the relevant courts.

For Complaints which are submitted anonymously, it is at the discretion of the Bank to decide whether to proceed or not with the handling of such Complaints.

4.2 Complaints Procedure

Processing of a Complaint

The Clients may submit their Complaint regarding Investment and/or Ancillary Services either:

- Via Bank Mail through the Web Banking application
- By phone at the central telephone line of the Bank 8000 99 99 (toll free from Cyprus) or +357 22 500500 (if calling from abroad)
- By using the electronic form available at the Bank's website following the route: About us, Contact us, Customer suggestions and complaints
- <https://www.hellenicbank.com/portalserver/hb-en-portal/en/about-us/contact-us/need-to-speak-to-somebody/customer-suggestions-and-complains#/form>.
- Directly to their service unit i.e. Wealth & Investment Services / Trust & Custodian Services (contact details below).

Wealth & Investment Services	
Address	Hellenic Bank Public Company Ltd, Wealth & Investment Services P.O.Box 24747, 1394, Nicosia, Cyprus or Corner Limassol Ave. & Athalassa Ave. 200, Strovolos, 2025 Nicosia, CY
Email	wealth@hellenicbank.com
Telephone	22500903/904/906/910/954 (Nicosia Office) 25502446/370 (Limassol Office)
Fax	+357 22500064
Attention	Manager, Wealth & Investment Services

Trust & Custodian Services	
Address	Hellenic Bank Public Company Limited Trust & Custodian Services P.O.Box 24747, 1394, Nicosia, Cyprus Corner Limassol Ave. & Athalassa Ave. 200, Strovolos, 2025 Nicosia, CY
Email	custodian.services@hellenicbank.com
Telephone	+357 22500823
Fax	+357 22500084
Services SWIFT code	HEBACY2N
Attention	Manager, Trust & Custodian Services

Or

- to the Customers Suggestions & Complaints Unit of the Bank (details below)

Customers Suggestions and Complaints Unit	
Address	Hellenic Bank Public Company Limited Customers Suggestions & Complaints Unit
Email	suggestionsandcomplaints@hellenicbank.com
Telephone	80009999 (from Cyprus) +357 22500500 (from abroad)
From the Bank's website	https://www.hellenicbank.com/portalserver/hb-en-portal/en/about-us/contact-us/need-to-speak-to-somebody/customer-suggestions-and-complains#/form About us - Contact us - Customer suggestions and complaints

Upon receipt of the Complaint, the Bank will acknowledge receipt of that Complaint to the Complainant. This acknowledgement must reach the Complainant within **fifteen (15) days** from the day that the Complaint has been received by the Bank. In case the Bank replies with a proposed resolution within fifteen (15) days from the date of the receipt of the Complaint, no acknowledgement of receipt is sent to the Complainant.

Once the Bank has reached a decision regarding the resolution of the Complaint, the decision will be communicated to the Complainant within the required timeframe of thirty (30) days from the date of the receipt of the Complaint.

In case where a Complaint is not resolved within the above timeframe, the Bank will inform the Complainant in writing for the reasons of the delay and will indicate the period of time within which the investigation will be completed.

If the response to a Complaint cannot be provided to the Complainant using the specified channels, for reasons beyond the Bank's control (e.g. wrong contact details provided by the Complainant, a response via letter is not delivered due to omission by the posting company/messenger, etc.), the Complainant may be notified via other means available by the Bank.

Complaints submitted by Clients, may also be resolved verbally. In such cases, and if the Client is satisfied, a formal letter should also be sent to the Client, putting in writing what has been discussed and agreed.

Escalation to Financial Ombudsman (acting as ADR)

If the Complainant is not satisfied with the resolution provided by the Bank, or if one month passed since the date of receipt of the Complaint and the Complainant has not received a response, he/she has the right to escalate/submit the Complaint to the Financial Ombudsman (acting as ADR) within 4 months from the date the Complainant received the proposed resolution from the Bank or if no such response was provided by the Bank, within 4 months from the date that the Bank ought to have provided such a response.

The Financial Ombudsman is an independent service for settling disputes between financial firms /banks and their clients or potential clients. Additional information can be found on the Financial Ombudsman's website <http://www.financialombudsman.gov.cy> (link is external).

Central Bank of Cyprus (CBC) (the Competent Authority)

A Complaint may be communicated to the CBC even though they do not have restitution powers and therefore do not investigate individual complaints.

However, all complaints submitted to the CBC are taken into consideration in the performance of their supervisory mandate.

For more details, refer to the information provided on the Bank's website www.hellenicbank.com.

NATURE AND RISKS OF FINANCIAL INSTRUMENTS

This section provides an overview of the different Financial Instruments that the Bank can offer you, as well as the risks associated with such instruments. The information provided hereunder does not cover all the risks and other significant aspects of relevant Financial Instruments, nor does it impose any obligation on the Bank to deal or accept instructions relating to those instruments in any instance.

Clients are advised not to deal in a Financial Instrument unless they understand its nature and the extent of their exposure to risk. Clients should also be satisfied that the instrument is suitable for them in light of their particular circumstances and financial position.

Different financial instruments involve different levels of exposure and, in deciding whether to trade in such instruments or not, Clients should be aware of the information provided below.

1. Bonds

A Bond is an instrument of indebtedness of the bond issuer to the holder. The main characteristics of the bonds are the following:

- **Issuer:** Can be a corporate, financial institution, government and government related entities, supranational organisation.
- **Maturity:** The bonds have a medium to long term maturity, defined as more than one (1) year, with the exception of perpetual bonds which have no maturity date.
- **Interest Rates /Payments:** The interest rates applied can be either fixed or floating rates and are payable at an agreed fixed interval. They are calculated based on the nominal amounts of the bonds. In certain cases, the payments are linked to other indices e.g. Inflation-Indexed bonds, Equity-Linked bonds etc.
- **Principal Amount:** Most commonly the principal amount of a bond is repaid to the holders on the maturity date.
- **Trading/ Secondary Market:** Most bonds are negotiable instruments and can be traded at the secondary market at market prices which may be at a premium or discount to the nominal amount.
- **Ownership:** A bondholder has a credit interest in the issuer and not an equity stake and has priority in an event of default over the equity holders.

Types of bonds (most popular):

- **Covered/Secured Bond:** This bond is backed by collateral which may be sold by the bondholders to satisfy a claim if the bond's issuer fails to pay interest and principal when due.
- **Senior Unsecured Bond:** This bond is not backed by collateral. In the event of default, the bondholder would make claims against the issuer's general wealth.
- **Senior Non-Preferred (Junior) Bond:** This bond is not backed by collateral. In the event of liquidation, the bondholder would take losses after the subordinated bonds and before

the senior unsecured (preferred) bonds.

- **Subordinated Bond:** This bond has lower priority than other bonds during liquidation. There are various categories of subordinated bonds depending on the capital ranking of the issuer carrying different liquidation ranking.

Optionality:

Occasionally a bond may contain an embedded option, for example:

- **Callable Bond:** A callable bond gives the issuer the right to repay the bond before the maturity date on the call dates.
- **Puttable Bond:** A puttable bond gives the bondholder the right to force the issuer to repay the bond before the maturity date on the put dates.
- **Sinking Bond:** A sinking bond requires the issuer to periodically repay the bondholders or maintain separately a certain portion of the issue before the final maturity.
- **Convertible Bond:** The bondholder of a convertible bond according to predefined rules can exchange a bond to a number of shares and/or other type of debt instruments of the issuer. In certain cases, the issuer also has similar rights.

The risks associated with the above type of security include but may not be limited to the following risks:

- **Interest Rate Risk:** is the risk faced by bondholders because when interest rates rise, bond prices decline.
- **Yield Curve Risk:** is the risk that the value of a bond portfolio might deteriorate because of a change in the shape of the yield curve. Yield curves may shift in a parallel or in a non-parallel way.
- **Call Risk:** is the risk that the bond will be paid off before its maturity date. Investors face call risk whereby the issuer retires all or part of the issue before maturity date. This is usually done when interest rates have fallen substantially since the issue date.
- **Prepayments Risk:** is the risk that the bond will be paid off before its maturity date. Issuers face prepayment risk whereby the investor demand all or part of the issue before maturity date. This is usually done when interest rates have risen substantially since the issue date.
- **Reinvestment Risk:** The risk resulting from the fact that proceeds received from the issuer may not be able to be reinvested in such a way that they earn the same rate of return as the invested funds that generated them.
- **Credit Risk:**
 - Default/ Insolvency Risk: is the risk that the issuer will fail to make the contractual interest or principal payments when they are due.
 - Credit Spread Risk: is the risk that the bond's credit spread widens causing the bond's price to decline.
 - Downgrade Risk: is the risk that the price of the bond might fall because the credit rating of the bond and/or the issuer and/or the country has deteriorated.
- **Liquidity Risk:** is the risk that an investor will not be able to sell the bond quickly

without giving up a large price concession. The bid/ask spread is the best measure of liquidity risk. Liquidity risk is mostly a concern for investors who do not expect to hold the security to maturity.

- **Exchange Rate Risk:** is the risk that the exchange rate between the currency that the bond is denominated, and the owner's home currency might change.
- **Inflation Risk:** is the risk that the purchasing power of the cash flows received from a bond (interest and principal) will decline over time because of inflation.
- **Event Risk:** is the risk that some unusual event could impair the ability of an issuer to make interest and principal payments.
- **Sovereign Risk:** is the risk that the issuer is unwilling or unable to pay interest and principal as and when they fall due.
- **Headline Risk:** is the risk that stories in the media will hurt the issuer's business and its ability to pay interest and principal as and when they fall due.
- **Sanction Risk:** is the risk that the issuer is unable to pay interest and principal as and when they fall due because of the imposition of Sanctions by governments and other international organisations.
- **Capital Controls Risk:** is the risk that the issuer is unable to pay interest and principal as and when they fall due because of the introduction of capital controls in the country where the bond is issued, or the issuer is generating its income.
- **Regulatory Risk:** is the risk that the issuer is unable to pay interest and principal as and when they fall due because of changes in local or international regulations.
- **Legal Risk:** is the risk that the issuer is unable to pay interest and principal as and when they fall due because of changes in legal framework.
- **Structural Changes Risk:** is the risk of changes in the structure, type, outstanding amounts etc of the bond following the application of the Collective Agreement Clauses according to the bond's prospectuses.
- **Bail in Risk:** is the risk of rescuing an issuer on the brink of failure by making its creditors take a loss on their holdings.
- **Volatility Risk:** is the risk that changes in the expected volatility of interest rates and/or credit spreads affect the value of any embedded options in a bond pricing structure, thereby affecting the value of the bond.
- **Insolvency Risk:** the risk that the issuer becomes temporarily or permanently insolvent, resulting in its incapacity to repay the interest or redeem the bond. The solvency of an issuer may change according to changes specific to the issuing company, the issuer's economic sector and/or the countries concerned, as well as political developments with economic consequences. The deterioration of the issuer's solvency will influence the price of the securities that it issues.

2. Money Market Instruments

A Money Market Instrument is an instrument of indebtedness of the issuer to the holder with very short maturity, defined as one (1) year or less. The issuers can vary from corporates, financial institutions, governments and government related entities. These instruments are either interest bearing or discounted and most commonly the principal amounts are repaid at maturity.

Indicative types of Money Market Instruments are the following:

- Short-term Certificates of Deposits
- Bankers acceptances
- Treasury bills
- Commercial paper
- Municipal notes
- Federal funds
- Repurchase agreements (repos)

Predominantly the Money Market instruments are senior unsecured instruments. For issuers/borrowers, these instruments are a quick and cheap source of funds, often an alternative to bank loans and is typically issued as a part of a programme of revolving issuance. A programme is an arrangement for repeated borrowing at priced fixed at the time of each new borrowing. Revolving issuance means that, as each issue matures, it can be replaced by a new issue to maintain the total outstanding amount of borrowing.

Money Market Instruments are relatively safer than most other debt instruments due to their short maturities and the high liquidity of their market, which reduce the long-term uncertainty in relation to market volatility and the issuer's creditworthiness. Nevertheless, the risks associated with the Money Market Instruments are similar to the bonds instruments as indicated above.

3. Equity Shares

A share is an instrument representing a shareholder's rights in a company. One share represents a fraction of a company's share capital. Dividend payments and an increase in the value of the security are both possible, although not guaranteed. The shareholder has financial and ownership rights which are determined by law and the issuing company's articles of association.

The major risks that influence the performance of equity shares are the following:

- **Company Risk:** A shareholder does not lend funds to the company but becomes a co-owner of the corporation. Therefore, a shareholder participates in the development as well as in the profits and losses, which make it difficult to calculate the return on such an investment. In an extreme case where the company goes bankrupt / into liquidation, in other words an inability to pay its debts, the total sums invested may fall to zero. It is noted that in such scenarios, the equity stakeholders are the first to take the losses before any other creditors.
- **Dilution Risk:** Dilution is a reduction in the ownership percentage of a company caused by the issuance of new shares. If an existing shareholder does not participate in the new share issue and depending on the issue price his/her investment could decrease in value.
- **Price Risk:** share prices may fluctuate heavily causing risks of loss. Prices may fluctuate in a non-systematic pattern in the short, medium and long term, without investors being able to determine the duration of those cycles.
- **Dividend Risk:** the dividends mainly depend on the issuing company's earnings and on its dividend policy. In cases of low profits or losses, dividend payments may be reduced

or not paid at all.

Additionally, there are various factors that influence the performance of a company and consequently the investor's return including but not limited to changes in interest rates, exchange rates, political & economic conditions and fundamentals, default ratios of the debtors, succession planning, evolution of legislation and tax regimes, evolution of market conditions and consumers habits, new technologies and products, operational inefficiencies, internal and external frauds etc.

4. Depositary Receipts

Depositary Receipts, which can include American Depositary Receipts (ADRs), Global Depositary Receipts (GDRs), Euro Depositary Receipts (EDRs) and New York Shares (NYSs), are negotiable certificates that usually represent a foreign company's publicly traded equity or debt.

These names typically identify the market in which the Depositary Receipts are available: American Depositary Receipts (ADRs) are publicly available to U.S. investors on a national stock exchange or in the OTC market while GDRs are generally available in one or more markets outside the foreign company's home country.

Depositary Receipts are created when a broker purchases the company's shares on the home stock market and delivers them to the depositary's local custodian bank, which then instructs the depositary bank to issue Depositary Receipts. They may trade freely, just like any other security, either on an exchange or in the OTC market and typically, settle and clear in the same manner as securities local to the market on which they are trading, alleviating certain obstacles and expenses associated with cross-border investing.

There are several factors that determine the value of the Depositary Receipts beyond the performance of the underlying company and its' shares as analysed in relevant sections above. Analysing these foreign companies involves further scrutiny than merely looking at the fundamentals.

Below are some other risks that investors should consider:

- **Political Risk:** The risk of loss when investing in a given country (usually in emerging markets, reference is made to "Emerging Markets" below for the associated risks with such markets) caused by changes in a country's political structure or policies, such as tax laws, tariffs, expropriation of assets, or restriction in repatriation of profits.
- **Exchange Rate Risk:** Depositary Receipts are usually denominated in major currencies other than the home country of the underlying share. Consequently, the traded price of the Depositary Receipt reflects not only the value of the foreign stock but also the exchange rate between the two currencies.
- **Inflation Risk:** is the risk that the purchasing power of the cash flows received from the certificate (dividends or when realised) will decline over time because of inflation.

5. Share Rights

Share rights are securities giving existing shareholders the entitlement to purchase new shares issued by the company at a predetermined price (normally less than the current market price) in proportion to the number of shares already owned. Rights are issued only for a short period of time, after which they expire. If the rights are exercised, the right holder is required to pay to the issuing company the exercise price thus receive all the rights and risks of ownership of the underlying asset.

An investor should be careful when buying discounted shares through a right issue and at least he/she should be informed about the ex-rights share price as well as the purpose of the additional funding.

Rights often involve high degree of leverage, so that a small movement in the price of the underlying security results in disproportionate large movements that can either be favorable or unfavorable to the price of the right. The prices of rights therefore can be very volatile.

6. Exchange Traded Funds

Exchange Traded Funds, or ETFs, are index-based investment products that allow investors to buy or sell shares of entire portfolios of stock in a single security. Moreover, an ETF is a type of Investment Firm whose investment objective is to achieve the same return as a particular market and is similar to an index fund in that it will primarily invest in the securities of companies that are included in a selected market index.

One of the risks of ETFs is that unlike Mutual Funds, they do not necessarily trade at the net asset values of their underlying holdings.

7. Funds

A fund is an investment vehicle in which investors can make an investment by purchasing a unit, share or interest ("unit") in the fund. The fund is usually managed by a third party which invests the fund's cash and assets. The units represent the investor's interest in the fund and the value of the units purchased is often determined by the value of the underlying investments made by the fund (although where the units in the fund are listed or traded on a market, the units may trade or be sold at a discount to net asset value).

There are many different types of funds available including mutual funds, hedge funds, private equity funds and unit trusts.

Depending on the legal structure of the fund, units in the fund may be listed on a stock exchange and the fund may be either open-ended (being generally a fund that confers on investors a right to redeem their interests in the fund) or closed-ended.

Some fund structures are more exposed to risk than others due to, amongst other things, the markets they invest in, the nature of their assets and the extent of their leverage.

Investors should carefully read any prospectus, offering memorandum and other related information in advance as dealing in any fund may involve risks, including but not limited to the following:

- **Transferability and withdrawal:** units in funds may not be readily redeemable or transferable or there may not be a market for such units. In such cases, an investor may have to hold his interest until such time as the fund is wound up or a secondary market develops for those units which may result in the investor holding his interest for a substantial period of time. If the fund is an open-ended fund, restrictions may apply to the redemption of the units that may result in an investor being unable to liquidate his investment in the fund at the time of his choosing. There may also be fees payable on redemption of units.
- **Regulation:** some funds may not be regulated in the jurisdiction of their establishment or elsewhere, meaning that certain investor protections or restrictions on activity applicable in a given jurisdiction to a regulated fund may not apply to such funds.
- **Leverage:** some funds may borrow funds under credit facilities in order to satisfy redemption requests, pay certain organisational expenses and finance the acquisition of investments. As such, leverage exposes the fund to capital risk and interest costs that may reduce the value of an investor's investment therein.
- **Rights of participation:** investors in funds generally have very limited rights of participation in respect of their units and the absolute power to make all decisions is usually delegated to the investment manager of the fund.
- **Strategy:** some funds specialise in particular asset classes or geographical sectors, meaning that risk may as such be concentrated. Some funds choose strategies which the market would regard as risky. The investment strategy of a fund may be such that the fund faces strong competition for the purchase of assets from other investors, thereby reducing its investment opportunities.
- **Valuations:** it may be difficult to determine the net asset value of a fund which has invested in illiquid underlying assets and therefore it may be difficult to value the underlying units of the fund.
- **Underlying assets:** the underlying assets of a fund can be diverse and cover both long and short positions and a full range of assets including derivatives. A fund may be exposed to market risks and risks associated with particular trading activities which may result in losses for the fund or periods of underperformance. The risks associated with a direct investment by an investor in the underlying assets are also relevant in determining the risks associated with an investment by the fund in the underlying asset.
- **Management of the fund:** the operation and performance of the fund will depend upon the performance of the fund's investment manager. Generally, a fund will rely on the investment manager to make investment decisions consistent with the fund's investment objectives and the investment manager in turn, will be dependent upon its key personnel to carry out their roles with due care and skill. The investment manager and its affiliates (if any) may be in a position to provide services to other clients, which conflict directly or indirectly with the activities of the fund and could prejudice investment opportunities available to, and investment returns achievable by the fund. If the agreement between the fund and the investment manager is terminated, the fund may not be able to find a

suitable replacement for the investment manager, potentially leading to losses for the fund and periods of fund underperformance.

Investors should clearly understand the permitted investments of a fund before they consider whether an investment in such fund is suitable for them taking into account their financial circumstances and the specific risks involved and be prepared to sustain a total loss of the capital they have invested. Investors should also be aware that past results of a fund do not guarantee, indicate or imply its future performance.

8. Derivative Instruments

Derivatives are financial instruments whose characteristics and value derive from the characteristics and value of an underlying asset (typically a commodity, bond, equity, currency) or an index. There are many different types of derivatives, such as forwards, futures, options and swaps, which are considered below. The objective of investors in derivatives varies and can sometimes be used to manage the risk associated with the underlying security and/or portfolio, to protect against fluctuations in value or, to profit from periods of inactivity or decline. These instruments often involve a high degree of gearing or leverage, so that a relatively small movement in the price of the underlying investment results in a much larger movement, unfavorable or favorable, in the price of the instrument. The price of these instruments can therefore be volatile.

Whilst derivative instruments can be utilised for the management of investment risk, some investments are unsuitable for many investors. Different instruments involve different levels of exposure to risk, and in deciding whether to trade in such instruments the investors should be aware that derivatives transactions involve risks, including but not limited to the following:

- **Market risk:** is the risk of loss arising from adverse changes in the value of a derivative instrument as a result of movements in the market rate of the underlying asset.
- **Credit risk:** is the risk that a counterparty may fail to meet its contractual payment obligations through insolvency or default. For derivatives, the amount at risk is not the face value of the transaction but the positive fair value or replacement value of the transaction.
- **Liquidity risk:** is the risk of losses attributable to a lack of liquidity (i.e. very few market participants) in a particular market. This is usually indicated by wide bid/offer spreads and very few transactions being done in a particular product or market. The risk is that changes in the underlying market price may be infrequent but very large, and that an open position in the market is not able to be effectively hedged.
- **Pricing risk:** For complex derivative transactions, pricing is completed using various assumptions and mathematical models. Pricing risk is the risk that these models do not accurately reflect conditions.
- **Operational risk:** Operational risk is a wide-ranging area of risk. It can cover risks such as, but not limited to, the following:
 - transactional details are not accurately input into computer systems;
 - computer systems break down;

- computer files are lost;
- experienced staff leave the organisation;
- documentation relating to a transaction is incorrect; and
- relying on a third party for the performance of any operational functions which are critical for the provision of continuous and satisfactory service to clients.

9. Forwards

A forward contract represents the obligation to make, or to take, delivery of the underlying asset of the contract at an agreed price on a future date. A forward contract in the Foreign Exchange market locks in the price at which an entity can buy or sell a currency on a future date. It is also known as "outright forward currency transaction", "forward outright" or "FX forward".

In currency forward contracts, the contract holders are obligated to buy or sell the currency at a specified price, at a specified quantity and on a specified future date.

These contracts cannot be transferred, and forward contract transactions cannot be cancelled. It can be closed out however, at any time by the purchase or sale of the foreign currency amount on the value date originally agreed upon.

Currency Forwards include both Market Risk (Interest Rate and Exchange rate Risk) and Credit Risk.

10. Options

Options are financial derivatives which represent a contract sold by one party (option writer/seller) to another party (option holder/buyer). The contract offers the buyer the right, but not the obligation, to buy (call option) or sell (put option) a security or other financial asset at an agreed-upon price (the strike price) during a certain period of time or on a specific date (exercise date).

Options are extremely versatile securities that can be used in many different ways. Traders use options to speculate, which is a relatively risky practice, while hedgers use options to reduce the risk of holding an asset. In terms of speculation, option buyers and writers have conflicting views regarding the outlook on the performance of an underlying security.

Buying Options involves less risk than selling options because, if the price of the underlying asset moves against you, you can simply allow the option to lapse. The maximum loss is limited to the premium, plus any other transaction or commission charges. On the other hand, by Writing Options the risk involved is much greater as you might be liable to maintain your margin account and a loss may be sustained well in excess of the premium received. By writing an option, you accept a legal obligation to purchase or sell the underlying asset if the option is exercised against you, no matter how far the market price has moved from the exercise price.

The primary difference between options and forwards is that options give the holder the right but not the obligation to buy or sell the underlying asset at expiration, while the holder of a forward contract is obligated to fulfill the terms of the contract.

11. Futures

A futures contract is a standardised contract written by a clearing house that operates on an exchange where the contract can be traded.

Futures are financial contracts obligating the buyer to purchase/accept delivery of an asset (or the seller to sell/deliver an asset), such as a physical commodity or a financial instrument, at a predetermined future date, price and place. Futures contracts are standardised contracts detailing the quality and quantity of the underlying asset and are traded on a futures exchange. Some futures contracts may call for physical delivery of the asset, while others are settled in cash. The futures markets are characterised by the ability to use very high leverage relative to stock markets.

Futures can be used either to hedge or to speculate on the price movement of the underlying asset. For example, a producer of corn could use futures to lock in a certain price and reduce risk (hedge). On the other hand, anybody could speculate on the price movement of corn by going long or short using futures.

The primary difference between options and futures is that options give the holder the right and not the obligation to buy or sell the underlying asset at expiration, while the holder of a futures contract is obligated to fulfill the terms of the contract.

As in the case of forwards, the risk associated with futures is the Market Risk but not the Credit Risk as they are traded on an organised and regulated futures exchange. Also, a clearinghouse guarantees the performance of all trades.

12. Swaps

A swap is an exchange of streams of payments over time according to specified terms. The most common type is an interest rate swap (IRS). An IRS is an arrangement whereby two parties, called counterparties, enter into an agreement to exchange periodic interest payments. The amount paid by each counterparty is an agreed-upon periodic interest rate multiplied by the predetermined principal amount, also known as the notional amount. No principal is exchanged between the counterparties to the transaction, only interest is exchanged during the life of the swap. Usually in a fixed-floating swap one counterparty receives/pays the agreed fixed interest rate whereas the other pays/receives the floating interest rate (based on benchmark rates such as Euribor/LIBOR).

Another very common type of a swap is a Currency Swap where the two parties exchange payments denominated in two different currencies for a specified period of time. With currency swaps there is both an exchange of funds at the beginning of the swap and at the end of the swap. It is important to note that there is no exchange rate risk as the rate is set at the beginning of the contract. The difference in the exchange rates of the two legs primarily represents the difference in the interest rates of the two currencies.

13. Warrants

A warrant is a derivative security that gives the holder the right to purchase the underlying asset (usually equity) from the issuer at a specific price within a certain time frame. The consequences of failing to exercise this right within the pre-determined time-scale are that the warrant expires worthless. If the warrant is exercised, the holder is required to pay the exercise price, and will receive all the rights and risks of ownership of the underlying asset.

The main difference between warrants and call options is that warrants are issued and guaranteed by a company, whereas options are exchange instruments and are not issued by the company. Also, the lifetime of a warrant is often measured in years, while the lifetime of a typical option is measured in months.

Dealing in warrants may involve risks, including but not limited to:

- **Gearing:** Warrants often involve high degree of gearing, so that a small movement in the price of the underlying security results in disproportionate large movements that can either be favorable or unfavorable in the price of the warrant. The prices of warrants can be very volatile.
- **Time limitation:** It is essential for anyone who is considering of purchasing warrants to understand that the right to subscribe is invariably limited in time with the consequence that if the investor fails to exercise this right within the predetermined time scale then the investment becomes worthless.

14. Structured Products

Structured Products are synthetic investment instruments specially created to meet specific needs that cannot be met from the standardised financial instruments available in the markets. Structured products can be used: as an alternative to a direct investment; as part of the asset allocation process to reduce risk exposure of a portfolio; or to utilise a current market trend; or investor view.

A structured product is generally a pre-packaged investment strategy which is based on derivatives (i.e. options and to a lesser extent, swaps). Structured Products can be issued with a capital protection feature (Capital Guaranteed) which is valid only if the product is held to maturity. They can also be issued with partial capital protection features or with no capital protection at all.

Structured Products can be issued as notes or as bank deposits. Popular categories of structured products include equity, interest rates, hybrid, FX, commodities and credit linked notes.

The risk relating to a structured product is a combination of the issuer/guarantor risk and the risk emanating from the underlying asset/derivative. These risks are analysed in previous sections.

Structured products have much less liquidity and wider bid/ask spreads compared to other debt instruments and underlying assets, as they are traded OTC.

It should be noted by institutional investors who mark-to-market their investments that due to embedded options, structured products are notoriously difficult to value. The Bank endeavors to secure periodic valuations from the product providers in accordance with market practice.

15. Emerging Markets

Countries with emerging markets include but are not limited to:

- (1) countries that have an emerging stock market in a developing economy as defined by the International Finance Corporation,
- (2) countries that have low to middle income economies according to the World Bank, and
- (3) countries listed in World Bank publications as developing.

The list of emerging markets countries is subject to continuous change; broadly they include any country other than Austria, Australia, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Italy, Japan, Luxembourg, The Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom and the United States of America.

Accounting, corporate governance and financial reporting standards that prevail in certain of these countries are often not equivalent to those in countries with more developed markets. Tax and legal regimes may be subject to uncertainty and to significant and unpredictable changes and repatriation of investments and profits may be restricted by exchange controls.

There may also be less developed regulation of markets, issuers and intermediaries. Markets may lack the liquidity of those in developed countries, leading to difficulty in valuing assets. Instability in such markets has previously led to and may continue to lead to investor losses.

Settlement of transactions carried out on such markets may be lengthier and less secure than in developed markets.

There are various types of emerging markets equity and debt Instruments (including sovereign loans and loan participation). In many cases, these Instruments may not be registered with local governments and may be privately placed or not listed on exchanges.

Investing in emerging markets involves risks, including but not limited to the following:

Event Risk: On occasion, a country or region will suffer an unforeseen catastrophic event (for example, a natural disaster), which causes disturbances in its financial markets, including rapid movements in its currency, that will affect the value of Instruments in, or which relate to, that country. Furthermore, the value of instruments and any income derived there from can be affected by global events, including events (political, economic or otherwise) occurring in a country other than that in which the instruments are issued or traded.

Political Risk: Many emerging markets countries are undergoing, or have undergone in recent years, significant political change which has affected government policy, including the regulation of industry, trade, financial markets and foreign and domestic investment. The

relative inexperience with such policies and instability of these political systems leaves them more vulnerable to economic hardship, public unrest or popular dissatisfaction with reform, political or diplomatic developments, social, ethnic, or religious instability or changes in government policies. Such circumstances, in turn, could lead to a reversal of some or all-political reforms, a backlash against foreign investment, and possibly even a turn away from a market-oriented economy.

For investors, the results may include confiscatory taxation, exchange controls, compulsory re-acquisition, nationalisation or expropriation of foreign-owned assets without adequate compensation or the restructuring of particular industry sectors in a way that could adversely affect investments in those sectors. Any perceived, actual or expected disruptions or changes in government policies of a country, by elections or otherwise, can have a major impact on the value of instruments linked to those countries.

Economic Risk: The economies of emerging markets countries are by nature in early or intermediate stages of economic development, and therefore more vulnerable to rising interest rates and inflation. In fact, in many emerging markets countries, high interest and inflation rates are the norm. Rates of economic growth, corporate profits, domestic and international flows of funds, external and sovereign debt, dependence on international trade and sensitivity to world commodity prices play key roles in economic development yet vary greatly from country to country.

Businesses and governments in these countries may have a limited history of operating under market conditions. Accordingly, when compared to more developed countries, businesses and governments of emerging markets countries are relatively inexperienced in dealing with market conditions and have a limited capital base from which to borrow funds and develop their operations and economies. In addition, the lack of an economically feasible tax regime in certain countries poses the risk of sudden imposition of arbitrary or excessive taxes, which could adversely affect foreign investors. Furthermore, many emerging markets countries lack a strong infrastructure and banks and other financial institutions may not be well developed or well regulated. All of the above factors, among others, can affect the proper functioning of the economy and have a corresponding adverse effect on the performance of instruments linked to a particular market.

Credit Risk: Emerging markets sovereign and corporate debt tends to be riskier than sovereign and corporate debt in established markets. Issuers and obligors of debt in these countries are more likely to be unable to make timely coupon or principal payments, thereby causing the underlying debt or loan to go into default. The sovereign debt of some countries is currently in technical default and there are no guarantees that such debt will eventually be restructured allowing for a more liquid market in that debt. The measure of a company's or government's ability to repay its debt affects not only the market for that particular debt, but also the market for all instruments related to that company or country.

Additionally, evaluating credit risk for foreign bonds involves greater uncertainty because credit rating agencies throughout the world have different standards, making comparisons across countries difficult. Many debt instruments are simply unrated and may already be in

default or considered distressed. There is often less publicly available business and financial information about foreign issuers than those in developed countries. Furthermore, foreign companies are often not subject to uniform accounting, auditing and financial reporting standards. Also, some emerging markets countries may have accounting standards that bear little or no resemblance to or may not even be reconcilable with generally accepted accounting principles of developed markets.

Currency Risk: Many emerging markets instruments are denominated in foreign currencies. The weakening of a country's currency relative to the US Dollar or other benchmark currencies will negatively affect the dollar value of an Instrument denominated in that currency. Currency valuations are linked to a host of economic, social and political factors and can fluctuate greatly, even during intra-day trading. It is important to note that some countries have foreign exchange controls, which may include the suspension of the ability to exchange or transfer currency, or the devaluation of the currency. Hedging can increase or decrease the exposure to any one currency but may not eliminate completely exposure to changing currency values.

Cash Remittance Risk: The banking system in countries with emerging markets is not well developed and considerable delays (beyond the control of any custodian) may occur in the transfer of funds within such countries, the remittance of monies out of countries. The Custodian will use reasonable efforts in collecting dividends, proceeds of sale, redemption monies and other cash sums associated with the Assets on the Customer's behalf, and in remitting such Assets to the Customer. However, significant delays may occur (causing currency exchange loss) and some Assets may not be received by the Custodian.

Market Risk: The emerging equity and debt markets of many emerging markets countries, like their economies, are in the early stages of development. These financial markets generally lack the level of transparency, liquidity, efficiency and regulation found in more developed markets. It is important, therefore, to be familiar with secondary market trading in emerging markets instruments and the terminology and conventions applicable to transactions in these markets.

Price volatility in many of these markets can be extreme. Price discrepancies can be common and market dislocation is not uncommon. Additionally, as news about a country becomes available, the financial markets may react with dramatic upswings and/or downswings in prices during a very short period of time. These markets also might not have regulations governing manipulation and insider trading or other provisions designed to "level the playing field" with respect to the availability of information and the use or misuse thereof in such markets. It may be difficult to employ certain risk management practices for emerging markets Instruments, such as forward currency exchange contracts, stock options, currency options, stock and stock index options, futures contracts and options or futures contracts.

Liquidity/ Gapping Risk: Liquidity of an Instrument is directly affected by the supply and demand of that Instrument. As the supply of potential sellers increases or demand by potential buyers decreases, or both liquidity of the Instrument will decrease, and bid/offer spreads will generally widen. On some Instruments, because of their structure, liquidity is

affected by the costs of unwinding an imbedded transaction. Natural disasters and economic, social, and political developments in a country can cause a decrease in the liquidity of investments related to that country, thereby making it difficult to sell promptly at an acceptable price. In addition, the failure, pending failure or financial difficulties of an entity holding significant positions in certain types of instruments may trigger a decrease in the liquidity and value of the same or similar type of Instruments. The sale of Instruments, including illiquid Instruments, could also be subject to legal restrictions in some countries.

Regulatory/ Legal Risk: There are particular risks associated with investment in securities market in the countries with emerging markets. These include the lack of a developed and coherent legislative infrastructure, which is, in addition, subject to alterations and innovations at an irregularly high rate. These factors account for the relatively high level of legal uncertainty, compounded further by the absence of judicial precedents involving the interpretation of the recently introduced laws and regulations concerning the rights and duties of market participants. The Customer understands that by providing custodial services for Securities, the Custodian makes no representation that such Securities are a suitable investment for the Customer.

In emerging markets countries there is generally less government supervision and regulation of business and industry practices, stock exchanges, OTC markets, brokers, dealers and issuers than in more developed countries. Whatever supervision is in place may be subject to manipulation or control. Many countries have matured legal systems comparable to those of more developed countries, while others do not.

The process of regulatory and legal reform may not proceed at the same pace as market developments, which could result in confusion and uncertainty and, ultimately, increased investment risk. Legislation to safeguard the rights of private ownership may not yet be in place in certain areas, and there may be the risk of conflict among local, regional and national requirements. In certain areas, the laws and regulations governing investments in securities may not exist or may be subject to inconsistent or arbitrary application or interpretation and may be changed with retroactive effect. Both the independence of judicial systems and their immunity from economic, political or nationalistic influences remain largely untested in many countries. Judges and courts in many countries are generally inexperienced in the areas of business and corporate law.

Companies are exposed to the risk that legislatures will revise established law solely in response to economic or political pressure or popular discontent. There is no guarantee that a foreign investor would obtain a satisfactory remedy in local courts in case of a breach of local laws or regulations or a dispute over ownership of assets. An investor may also encounter difficulties in pursuing legal remedies or in obtaining and enforcing judgments in foreign courts.

Trade settlement / Processing and Clearing: Many emerging markets have different clearance and settlements procedures from those in more developed countries. For many emerging markets Instruments, there is no central clearing mechanism for settling trades and no central depository or Custodian for the safekeeping of securities. The registration, record-keeping and transfer of instruments may be carried out manually, which may cause delays in

the recording of ownership. Where applicable, the Custodian will endeavor to settle trades in emerging markets instruments in accordance with the current market practice developed for such transactions. Otherwise, the transaction may be settled in accordance with the practice and procedure (to the extent applicable) of the relevant market. There are times when settlement dates are extended, and during the interim the market value of an Instrument may change. Moreover, certain markets have experienced times when settlements did not keep standardised settlement procedures, settlement risk is more prominent than in more mature markets. In addition, the investor may be subject to operational risks in the event that he/she does not have in place appropriate internal systems and controls to monitor the various risks, funding and other requirements to which he/she may be subject by virtue of his/her activities with respect to emerging market Instruments.

Under the laws in force in most of the countries with emerging market a transfer of Securities is not perfected until the name of the transferee appears on the books of the Registrar servicing said Securities. Therefore, the value date for shares transferred into the investor's account will be the registration date. Before registration, the investor will not be entitled to exercise any rights represented by such transferred Securities.

Due registration of Securities acquired by the investor may in certain circumstances be conditional on disclosure by the Custodian to the respective Registrar or other appropriate person of the ultimate beneficial owner of the securities.

It may be difficult for the Custodian to reconcile its records of certain Securities held for an investor with the records of the Registrar(s) servicing such Securities on a reliable and timely basis.

Bondholder/ Shareholder Risk: Rules in emerging markets countries regulating the ownership and corporate governance of companies (for example, requiring the disclosure of large ownership positions or governing tender offers by majority shareholders) may not exist or may provide little protection to bondholders and shareholders. Disclosure and reporting requirements in general, from annual and quarterly reports to prospectus content and delivery, may be minimal or non-existent. Antifraud and insider trading law is generally not very developed in many emerging markets countries. There may be no prohibitions or restrictions under local law on the ability of management to terminate existing business operations, sell or dispose of assets, or otherwise materially affect the value of the company without the consent of its shareholders. Anti-dilution protection may also be very limited. There may be no fiduciary duty, or a limited concept of fiduciary duty, on the part of management or the directors to the company or to the shareholders as a whole or minority shareholders. Remedies for violations of shareholders' rights may be difficult to obtain because of the absence of a system of derivative or class action litigation.

In addition to withholding tax, dividends and other income paid in respect of the Assets may be subject to the charges of various parties (including registrars and collecting agents) associated with their remittance. All such charges will be borne by the investor.

Risks in General: The nature and extent of investment risks described above vary from country to country and Instrument to Instrument. Many of these risks overlap, are correlated or related to one another, or are subsets of more general risks. These investment risks will vary with:

- the type of investment being made;
- the needs and objectives of particular investors;
- the manner in which particular investment is made or a specific Instrument is offered, sold or traded;
- the location or domicile of the issuer;
- the diversification or concentration in a portfolio (e.g. the amount invested in any one currency, security, country or issuer);
- the complexity of the transaction; and
- the use of leverage.

Investments in instruments related to emerging markets countries may be considered speculative, and their prices will be much more volatile than those in the more developed countries of the world. It is each client's responsibility to manage the risks, which arise as a result of investing in emerging markets instruments and the allocation of assets in its portfolio.

The risks set forth herein individually or in the aggregate, as well as other factors, could have a material adverse effect on the investor's investment. This section is not intended to be an exhaustive list of all the risk factors affecting emerging markets instruments. The investor should seek advice from his/her own advisers with regard to tax, accounting and other factors to be considered when investing in an emerging markets instrument.

Before making any investment in an emerging markets instrument, the investors should independently satisfy themselves that they understand and appreciate the significance of the relevant risks, and that such an investment is appropriate and suitable for them or their managed accounts in light of their objectives, experience, financial and operational resources, and other relevant circumstances. The investors should also ensure that they fully understand the nature of the transaction and contractual relationship into which they are entering and the nature and extent of their exposure to risk of loss, which may significantly exceed the amount of any initial payment by or to them. The Custodian assumes that if you are acting as an investment adviser or fiduciary for an investor, that your client is aware of the risks and practices described herein, and that prior to each transaction you have determined that such transaction is suitable for your client. Investors should understand that when conducting transactions in emerging markets instruments, the Custodian is acting solely in the capacity of an arm's length counterparty and not in the capacity of their financial adviser unless otherwise agreed in writing.

While the Custodian may from time to time make a market in an emerging markets instrument, it does not commit to make a market in any Instrument and provides no guarantee that a market in an Instrument will exist at the time an investor seeks to buy or sell such Instrument. The Custodian or a related entity may, from time to time, have long or short positions in and buy and sell instruments referred to herein. The Bank or a related entity may also, from time to time, perform investment banking or other services for, or solicit investment banking or other

business from, any issuer located in an emerging markets country or any government of an emerging markets country.

16. Complex/ Non-Complex Financial Instruments

Non-complex financial instruments are defined in Article 25(4)(a) of Directive 2014/65/EU as follows:

- (i) shares admitted to trading on a regulated market or on an equivalent third-country market or on a MTF, where those are shares in companies, and excluding shares in non-UCITS collective investment undertakings and shares that embed a derivative;
- (ii) bonds or other forms of securitised debt admitted to trading on a regulated market or on an equivalent third country market or on a MTF, excluding those that embed a derivative or incorporate a structure which makes it difficult for the client to understand the risk involved;
- (iii) money-market instruments, excluding those that embed a derivative or incorporate a structure which makes it difficult for the client to understand the risk involved;
- (iv) shares or units in UCITS, excluding structured UCITS as referred to in the second subparagraph of Article 36(1) of Regulation (EU) No 583/2010;
- (v) structured deposits, excluding those that incorporate a structure which makes it difficult for the client to understand the risk of return or the cost of exiting the product before term.

All other financial instruments shall be considered as complex unless they satisfy the following criteria:

- (a) it does not fall within Article 4(1)(44)(c) of, or points (4) to (11) of Section C of Annex I to Directive 2014/65/EU;

Article 4(1)(44)(c)

any other securities giving the right to acquire or sell any such transferable securities or giving rise to a cash settlement determined by reference to transferable securities, currencies, interest rates or yields, commodities or other indices or measures

Points (4) to (11) of Section C of Annex I

(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 section 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 section, which have the characteristics of other derivative financial instruments, having regard to whether, inter alia, they are traded on a regulated market, OTF, or an MTF;
 - (11) Emission allowances consisting of any units recognised for compliance with the requirements of Directive 2003/87/EC (Emissions Trading Scheme).
- (b) there are frequent opportunities to dispose of, redeem, or otherwise realise that instrument at prices that are publicly available to market participants and that are either market prices or prices made available, or validated, by valuation systems independent of the issuer;
- (c) it does not involve any actual or potential liability for the client that exceeds the cost of acquiring the instrument;
- (d) it does not incorporate a clause, condition or trigger that could fundamentally alter the nature or risk of the investment or pay out profile, such as investments that incorporate a right to convert the instrument into a different investment;
- (e) it does not include any explicit or implicit exit charges that have the effect of making the investment illiquid even though there are technically frequent opportunities to dispose of, redeem or otherwise realise it;
- (f) adequately comprehensive information on its characteristics is publicly available and is likely to be readily understood so as to enable the average Retail Client to make an informed judgment as to whether to enter into a transaction in that instrument.

17. Disclaimer

The information contained in this document shall not be considered an offer to sell securities or financial instruments nor a solicitation of an offer to buy securities or financial instruments and is

not intended to provide the basis for any evaluation of the financial instruments discussed herein. Hellenic Bank does not warrant, state or imply that past results are an indication of future performance. Hellenic Bank makes no representation and gives no advice in respect of any tax, legal or accounting matters in any applicable jurisdiction.

CLIENT CATEGORISATION

MiFID II requires the Bank to categorise any natural or legal person to whom it provides or intends to provide an Investment Service, as follows:

- Retail Clients
- Professional Clients
- Eligible Counterparties

The Client categorisation determines the level of protection the Client is entitled to receive from the Bank when the latter is providing Investment Services.

1. Retail Clients

Under MiFID II, Retail Clients receive the highest level of investor protection under MiFID II. Retail Clients cannot be presumed to possess adequate knowledge or experience to assess the risks they incur when receiving an Investment Service.

2. Elective Professional Clients

Elective Professional Clients are Retail Clients who electively request to be treated like Professional Clients.

The Bank may treat any of those Clients as Professional Clients, provided that the relevant criteria and procedure mentioned below are fulfilled. Those Clients will not, however, be presumed to possess market knowledge and experience comparable to that of Per-Se Professional Clients.

Any such waiver of the protection afforded by the standard conduct of business regime will be considered valid only if an adequate assessment of the expertise, experience and knowledge of the Client, undertaken by the Bank, gives reasonable assurance, in light of the nature of the transactions or services envisaged, that the Client is capable of making investment decisions and understanding the risks involved.

The fitness test applied to managers and directors of entities, licensed under directives in the financial field, could be regarded as an example of the assessment of expertise and knowledge. In the case of small entities, the person subject to that assessment shall be the person authorised to carry out transactions on behalf of the entity.

In the course of that assessment, as a minimum, two of the following criteria shall be satisfied:

- the Client has carried out transactions, in significant size, on the relevant market at an average frequency of ten (10) per quarter over the previous four (4) 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 (1) year in a professional position, which requires knowledge of the transactions or services envisaged.

3. “Per-se” Professional Clients

Under MiFID II, Per-Se Professional Clients are Clients who possess the experience, knowledge and expertise to make their own investment decisions and to assess the risks involved and comply with the following criteria:

(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 International Monetary Fund, the European Central Bank, the European Investment Bank 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 subject to a lower level of investor protection compared to Retail Clients, but receive more protection compared to Eligible Counterparties.

4. Eligible Counterparties

Under MiFID II, Eligible counterparties are investment firms, credit institutions, insurance companies, UCITS and their management companies, pension funds and their management companies, other financial institutions authorised or regulated under Union law or under the national law of a Member State, national governments and their corresponding offices including public bodies that deal with public debt at national level, central banks and supranational organisations (i.e. Clients fulfilling any of the criteria stipulated in points (1) to (3) above). They are considered to be the most mature investors and are presumed to be able to assess and manage the risks involved in the service or product obtained.

The categorisation of Eligible Counterparty is only available for brokerage related services (reception, transmission and execution of orders). A Client cannot be treated as an Eligible Counterparty when provided with an Investment Service of Investment Advice or Portfolio Management. Also, if the Client is a natural person, then this Client is not allowed to be treated or request to be treated as an Eligible Counterparty.

Overall, Eligible Counterparties receive the lowest level of protection compared to Retail and Professional Clients.

5. Client Re-categorisation

Clients are allowed to request to be categorised into a different client category in respect of a particular Investment Service, transaction or type of transaction or product, provided that they fulfil certain criteria.

A request for a different categorisation must always be initiated by the Client and must be done in writing. The Bank will assess such a request and inform the Client of the outcome accordingly. It is noted that the Bank is not obliged to accept this request.

In case where conditions change so that the Client no longer fulfils the criteria of the existing Category, the Bank will re-categorise and inform that Client, accordingly.

Opting up from Retail Client to Professional Client (Elective Professional Client)

A Retail Client who wishes to be treated as a Professional Client (i.e. becoming an Elective Professional Client) needs to provide relevant evidence showing that two (2) out of the three (3) mentioned below criteria are satisfied:

- carried out transactions, in significant size, on the relevant market at an average frequency of ten (10) per quarter over the previous four (4) 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 (1) year in a professional position, which requires knowledge of the transactions or services envisaged.

Those Clients may waive the benefit of the detailed rules of conduct only where the following procedure is followed:

- they must state in writing to the Bank that they wish to be treated as a Professional Client, either generally or in respect of a particular Investment Service or transaction, or type of transaction or product;
- the Bank must give them a clear written warning of the protections and investor compensation rights they may lose;
- they must state in writing, in a separate document from the contract, that they are aware of the consequences of losing such protections.

In case that the Client is categorised as a Professional Client in respect of a particular Investment Service or type of transaction or a product, less detailed disclosures will be provided in respect of the particular Investment Service or type of transaction or product.

It is stressed that by opting up to Professional Client, the Client waives the highest protection level and the provision of information offered to Retail Clients.

Opting up from Per-se Professional Client to Eligible Counterparty

Clients who are initially categorised as Per-se Professional Clients can request to be categorised as Eligible Counterparties.

It is stressed that by opting up to Eligible Counterparty, this would mean a decrease in the level of investor protection and the provision of information offered to Professional Clients.

Opting up Warning Letter

If the Client chooses to opt up, then the Bank will provide the Client with an “**Opting up Warning Letter**” and the Client must read and acknowledge acceptance in writing, to waive the regulatory protections offered to the category from which the Client is opting out. The protections lost, amongst others, may relate to communications and the information and reports that the Bank provides its Clients with and the Client’s entitlement to an investor compensation scheme.

Opting down from Eligible Counterparty to Professional Client or Retail Client, OR from Professional Client to Retail Client

Clients who consider that they are unable to assess or manage properly the risks involved, may request to opt down from their current category (i.e. Eligible Counterparty to Professional Client or Retail Client OR Professional Client to Retail Client) in order to receive a higher degree of protection and information.

ORDER EXECUTION POLICY–SUMMARY

1. Scope and Applicability

The Bank has a general obligation to act honestly, fairly and professionally in accordance with the best interest of its Clients when providing Investment Services and where applicable Ancillary Services to Clients.

According to the Investment Services Regulatory Framework provisions, the Bank is required to establish and implement a policy and arrangements in order to take all sufficient steps to obtain the best possible result for its Clients when executing or transmitting Client orders to other entities for execution.

In view of the above, the Bank has established a General Order Execution Policy (the “Policy”), as well as procedures, controls and monitoring processes, which are designed to achieve the best possible result on a consistent basis. The Policy applies to Retail Clients and Professional Clients. It is noted that the Policy does not generally apply to Eligible Counterparties.

This section provides an overview of how orders will be executed for Clients taking into consideration various factors and criteria as well as information on the general order handling process followed by the Bank.

2. Bank’s Obligations

When executing orders on behalf of Clients, the Bank has an obligation to execute orders on terms most favorable to Clients (the “best execution obligation”).

When receiving and transmitting Client orders to other entities/brokers for execution, the Bank has a duty to act in accordance with the best interest of Clients (the “best interest obligation”).

It is noted however that where the Bank provides the service of reception and transmission of orders and also executes the orders received, the best execution obligation shall apply.

In order to comply with the above obligations, the Bank takes “all sufficient steps” to obtain the best possible result for its Clients taking into account the price, cost, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the order (“Execution Factors”). The relative importance of these factors will be determined by reference to the characteristics of the Client, the Client order, the Financial Instruments that are subject of that order, and the Execution Venues or entities to which that order can be directed (“Best Execution Criteria”).

The overarching requirement to take “all sufficient steps” means that the Bank will verify on an on-going basis that its execution arrangements are implemented throughout the different stages of the order execution process, and appropriate remedial actions will be taken where applicable, if any deficiencies are detected.

3. Specific Instructions

Where the Bank receives specific Client instructions relating to the execution or transmission of a Client order, it will follow such instructions and in doing so shall be deemed to have satisfied its best execution / best interest obligation.

WARNING: Receiving specific instructions from Clients, may prevent the Bank from taking the steps designed and implemented in the Policy to obtain the best possible result for the execution, reception or transmission of those orders in respect of the elements covered by those instructions.

4. Delivering Best Execution and Best Interest

For Retail Clients, the emphasis in achieving the best possible result will be determined in terms of the total consideration, represented by the price of the Financial Instruments and the costs relating to the execution. In certain cases, the Bank may give precedence to other factors, such as speed, likelihood of execution and settlement, the size and nature of the order, market impact and any other implicit transaction costs, over the immediate price and cost consideration only insofar as they are instrumental in delivering the best possible result in terms of total consideration to the Retail Clients.

For Professional Clients, total consideration may not be given emphasis/priority in all cases.

For more information on the relative importance the Bank places on each of the Execution Factors, as well as the Bank's methodology for achieving best execution / best interest per class of Financial Instrument, please refer to the relevant **Annex** of the Bank's Policy at the Bank's website www.hellenicbank.com, under section Save & Invest - MiFID II Disclosures.

5. Method of Execution

Subject to any specific instructions from a Client, the Bank may execute a Client order either using an Execution Venue or OTC. In addition, unless otherwise instructed by the Client, the Bank may transmit an order to another entity (e.g. Broker) for execution.

6. Execution Venues and Execution Entities (Brokers)

The Bank's selection process of Execution Venues and Brokers includes, amongst others, review of relevant documentation and consideration of a number of factors (including both quantitative and qualitative factors), in order to ensure that such venues/entities are able to consistently provide Clients the best possible result. For the list of factors used to select an Execution Venue or Broker please refer to the Policy.

The Bank will ensure that Execution Venues and Brokers with which orders are placed, or to which the Bank transmits orders for execution, have arrangements in place that enable the Bank to comply with its obligations under the Investment Services Regulatory Framework. The Bank takes all required steps so that it does not structure or charge its commissions in such a way as to discriminate unfairly between Execution Venues or Brokers.

The selection of an Execution Venue and brokers is based, amongst others, on the following factors:

- Availability of best price for a particular Financial Instrument;
- Depth of Liquidity;
- Commission rates and prices/spreads provided;
- Cost of execution;
- Execution speed /latency;
- Likelihood of execution;
- Likelihood of settlement;
- Complexity and liquidity of the particular Financial Instruments;
- Size of the transaction;
- Reliability of the entity in terms of reputation, regulatory status and good standing (e.g. creditworthiness, etc.);
- Quality of execution (both historical and current);
- Any other relevant factor.

In any case the methodology applied ensures that the Trading Venue selected provides the best possible result for the Client.

A single Execution Venue or execution entity will be used only where the Bank is able to demonstrate that such a choice provides the best possible results for its Clients on a consistent basis.

The list of approved Execution Venues and Brokers on which the Bank places significant reliance is presented in the relevant Annex of the Bank's Policy at the Bank's website www.hellenicbank.com, under section Save & Invest - MiFID II Disclosures.

In general, in executing or transmitting Client orders, the Bank will select the most appropriate Execution Venue /entity from the approved list available at the time, aiming to optimise its ability to achieve the best possible result for the Client, subject to any specific instructions from Client.

The Bank assesses on a regular basis the approved Execution Venues and Brokers and revised its approved list accordingly.

7. Executing or placing Orders Outside a Trading Venue

It is important to note that by executing an order outside a Trading Venue, the Client may be exposed to additional risks (e.g. counterparty risk).

8. Transparency of Pricing

The Bank may charge Clients a spread, mark-up, or commissions when executing orders. In general, the Bank charges a standard fee to Clients irrespective of the Execution Venue or Broker used for the execution (or transmission) of Client orders unless there are special circumstances whereby the Bank will inform Clients accordingly prior to the execution (or

transmission) of the Client order. More information on the costs and charges is available is provided in the Bank's applicable Agreements.

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.

The Bank does not receive any remuneration, discount or non-monetary benefit for routing Client orders to a particular Trading or Execution Venue.

9. Best Execution Reporting: Data relating to the Execution Quality

On an annual basis, the Bank will publish on its website, certain information on the top five (5) Execution Venues and Brokers in terms of trading volumes, for each class of Financial Instrument, where the Bank executed and transmitted Client orders in the preceding year. In addition, a summary of the execution quality obtained will also be published on the Bank's website www.hellenicbank.com, under section Save & Invest - MiFID II Disclosures.

10. Client Order Handling and Allocation Policy

The Bank will execute client orders in a prompt, fair and expeditious manner relative to other Client orders and its own trading interests.

Retail Clients will be informed about any material difficulty in the execution of their orders.

When the Bank aggregates transactions for own account with one or more Client orders, this is done in a way that it is not detrimental to the Client.

11. Review and Monitoring

The Bank will review its Policy and arrangements at least annually and whenever a material change occurs that affects the Bank's ability to obtain the best possible result for its Clients on a consistent basis. If any deficiencies are detected, the Bank will take remedial actions as appropriate.

The Bank will ensure that it provides best execution and acts in the best interest of its Clients on an ongoing basis, by monitoring the performance of its Execution Venues and Execution Entities.

The Bank will notify Clients with whom it has ongoing client relationship of any material changes to the Policy or its order execution and transmission arrangements by posting an updated version on the Bank's website www.hellenicbank.com, under section Save & Invest - MiFID II Disclosures.

12. Client Consents

The Client must provide consent for the following:

- The Bank's General Order Execution Policy.
- The possibility for executing or transmitting a Client order outside a Trading Venue.

- For the Bank to take measures to facilitate the earliest possible execution of a Client limit order in respect of shares admitted to trading on Regulated Market or traded on a Trading Venue if it is not immediately executed under prevailing market conditions.

13. Additional Information

This summary provides the highlights of the Bank's General Order Execution Policy and shall not be considered as conclusive. For more details, you may refer to the Bank's Policy which is available on the Bank's website www.hellenicbank.com, under section Save & Invest - MiFID II Disclosures.

CONFLICT OF INTEREST POLICY SUMMARY

1. Introduction

The Conflicts of Interest Policy has been established in accordance with the Central Bank of Cyprus Directive on Governance and Management Arrangements and the Markets in Financial Instruments Directive 2014/65/EU (“MiFID II”), which impose a general obligation on Hellenic Bank Public Company Ltd (the “Bank”) to address the relevant provisions relating to the identification, management and of Conflicts of Interest (“Conflict”).

2. Scope and Applicability

This document provides Clients with a summary of the underlying Conflicts of Interest Policy (the “Policy”) as well as the controls/arrangements established within the Bank for the identification, monitoring and prevention of Conflicts, aiming to enhance Clients’ protection.

The Conflicts of Interest Policy applies to the Bank itself, the Board of Directors (including the executive and non-executive Board Members), Senior Management, employees and any associated third parties. Additionally, it refers to all interactions with all Clients or between one Client and another, in relation to the Bank.

3. Policy

The Bank, being a regulated entity, is required to establish, implement and maintain an effective Conflicts of Interest Policy set out in writing which is appropriate to the size, organisation, nature, scale and complexity of its current business model in order to identify, prevent, manage (in the case that prevention is not possible) and monitor conflicts of interest as well as report such situations/incidents, including cases on non-compliance with this Policy.

Taking into consideration the range/extent of services provided by the Bank, being a credit institution, it is inevitable that conflicts of interest might arise during its normal course of banking business and operations as well as in cases where the Bank is providing investment and/or ancillary services to its Clients. Therefore, appropriate procedures and controls are in place and adhered to, so that an actual, potential or perceived conflict of interest shall not undermine the client’s interests.

4. Types of Conflicts of Interest

A conflict of interest is a situation that may arise during the business activity of the Bank in the course of providing services to a Client, including investment and/or ancillary services, which may benefit the Bank or employees of the Bank or other Client on behalf of which the Bank acts and adversely influence the interests of the Client to whom the service is provided. Additionally, a conflict of interest may arise when employees take advantage of their position in the Bank in order to potentially benefit themselves or their related persons and adversely influence the Bank.

The types of conflicts of interest can be broadly grouped into the following categories:

- Organisational and/or employee-related conflicts.

- Client-related conflicts.
- Third party-related conflicts.

Examples of conflicts of interest are listed but not limited below:

- An employee is engaging in personal transactions in financial instruments same or similar as the Bank's Clients;
- An employee is recommending or selling products issued by the Bank as part of its investment services or ancillary services;
- Where staff remuneration encourages the assumption of unnecessary risks which would result in the gaining of benefits, such as where the remuneration of the employees is linked to the profit derived from the service provided;
- Where employees of the Bank simultaneously perform executive and controlling functions;
- Where, as a result of excessive or lavish gifts or entertainment provided to an employee, such employee's judgement is improperly influenced, or the employee engages in improper conduct;
- Employees having a personal relationship / economic interdependence with a potential associated third party.

The Bank is not required to disclose to a client any material interest in a particular transaction, or a particular circumstance in which conflicts of interest or duty may exist, where such conflict has been sufficiently managed by the Bank so as to ensure, with reasonable confidence, that any risk of damage to the Client's interest will be prevented.

5. Identification and Management of Conflicts of Interest

The Bank takes all necessary administrative and organisational measures and establishes the necessary procedures/arrangements in order to prevent the occurrence of conflicts of interest or manage any actual, potential or perceived conflict of interest between the Bank's various stakeholders.

For this purpose, the Bank has established, amongst others, the following measures/arrangements:

General Controls /Measures

In the event that any actual, potential or perceived conflict of interest is identified, the Bank shall take all necessary steps to ensure that no material risk exists to the interests of the Bank and/or its stakeholders and/or its clients. In particular, the Bank establishes and maintains robust systems and controls for the effective identification, prevention, management and monitoring of conflicts of interest which are necessary and appropriate to ensure the requisite degree of independence.

Independence, Segregation of Duties and Effective Supervision

The Bank is committed in establishing policies and procedures, according to which the employees of each department/unit will act independently with respect to the interests of their respective Clients. Where appropriate, the Bank undertakes measures for the supervision and operational segregation of employees, in cases where conflicts of interest may arise. In addition, the Bank undertakes measures for the physical separation, supervision and operational segregation of certain departments/units that provide services to Clients whose interests may come into conflict with the interests of other Clients, or with the interests of the Bank. All employees, who provide services, or carry out activities on behalf of the Clients or the Bank must be effectively supervised.

Four-eyes Principle

The four-eyes principle applies in all cases, according to which at least two (2) members of staff should be involved in the process of submission/assessment and approval of all transactions and third party collaborations.

Chinese Walls / Information Barriers

The Bank establishes and implements “Chinese Walls” / Information Barriers in order to prevent the transfer of confidential/inside information between departments/units and/or companies of the Bank.

Personal Transactions

The Bank has established policies and procedures governing personal transactions, in order to ensure that individual investment decisions are conducted in accordance with applicable laws and regulations as well as legal obligations of the Bank towards its Clients and associates (including servicers).

Persons to which restrictions apply (i.e. approval is required prior to entering into a personal transaction) are provided in internal procedures for transactions in the Bank’s financial instruments as well as transactions in other financial instruments.

Prevention of Improper Influence

The Bank is committed to prevent or limit the exercise of improper influence in the way which an employee provides investment and/or ancillary services or carries out banking related activities.

Inappropriate influence should not be exercised by any person over the way in which an employee engaged in the provision of investment or ancillary services or banking related activities carries out their duties.

Remuneration

The Bank recognises that the remuneration structure may influence employees’ conduct. In this respect, the Bank has in place Remuneration Policy and procedures which set out appropriate

governance to prevent remuneration structures which may incentivise employees to act contrary to their responsibilities, regulatory requirements or the Bank's Code of Business Conduct and Ethics.

Overall, the Bank takes necessary measures so that remuneration, appraisal and assigned duties do not encourage behavior of employees that may lead to situation of conflicts of interest.

Gifts and Personal Benefits

The acceptance and offering of gifts and other personal advantages is governed by the Bank's relevant policies and procedures. Employees/management/directors of the Bank must refrain from offering or accepting gifts and/or hospitality, irrespective of their value, which may influence or appear to influence their decision-making and the handling of the business, and lead to an actual, potential or perceived conflict of interest.

Corruption and Bribes

A bribe could create a conflict of interest where the payment or receipt of the bribe would distract the Bank from its obligations to act in the best interests of its Client. The Bank maintains policies and procedures for the combating of corruption which would, inter-alia, lead to conflicts of interest.

Policies and Procedures

The Bank is committed to take measures and establish policies and procedures to identify tools in dealing with situations of conflicts of interest with regards to issues such as remuneration of employees, gifts and personal benefits, personal transactions, secondary activities and external employment.

Training

The Bank is committed to provide the necessary training and information related to conflicts of interest issues to its employees/management/directors. This training is critical in ensuring that such persons are able to identify and escalate conflicts of interest and are aware of the processes by which they are identified, escalated and resolved.

Refusal of Provision of Service

Where the Bank is already providing services to a Client, and a conflict of interest cannot be effectively dealt with, the Bank may refuse to provide the said service.

6. Disclosure of Conflicts of Interest

Employees/management/directors are required to disclose any actual, potential or perceived conflicts of interest in accordance with the following principles:

Internal Disclosure

Employees/management/directors must declare any circumstances which may give rise to a conflict of interest as soon as they become aware of it, including where the matter may result, or has already resulted.

Disclosure to Clients

In cases where the measures taken to prevent or manage conflicts of interest are not sufficient and conflicts of interest will occur, the Bank should clearly inform Clients, prior to undertaking any action on behalf of the Client, regarding the nature and source of such conflicts of interest.

Disclosure of conflicts to Clients is used only as a means of last resort, which shall only be used where the organisational and administrative arrangements established to prevent or manage its conflicts of interest are not sufficient to ensure, with reasonable confidence, that the risk of damage to the Clients' interests will be eliminated.

INVESTMENT ADVICE

1. General

According to MiFID II, **Investment Advice** means the provision of personal recommendations to a Client, either upon his/her request or at the initiative of the Bank, in respect of one or more transactions relating to Financial Instruments. In particular, a personal recommendation should be considered as a recommendation that is made to a person in his/her capacity as an investor or potential investor, or in his/her capacity as an agent for an investor or potential investor.

The Bank, when providing an Investment Advice, will present it as suitable for the Client to which it is addressed or for the circumstances of that Client, and it should constitute a recommendation to take one of the following steps:

- (a) To **buy, sell, subscribe for, exchange, redeem, hold or underwrite** a particular Financial Instrument;
- (b) To **exercise or not to exercise** any right conferred by a particular Financial Instrument to buy, sell, subscribe for, exchange or redeem a Financial Instrument.

A recommendation will not be considered as a personal recommendation if it is issued exclusively to the public. It is further clarified that a recommendation issued, even exclusively, through distribution channels, such as internet, could qualify as a personal recommendation. Also, a generic advice about a type of Financial Instrument is not considered as an Investment Advice under MiFID II.

2. Investment Advice (Non-Independent)

When the Bank provides its Clients with the Service of Investment Advice, such advice is expected to be non-independent since the Bank will not always assess a diverse range of Financial Instruments that are available across the market and it may include investment products manufactured by the Bank or other entities with whom the Bank has close links.

3. Information to Clients related to Investment Advice

The Bank, in good time before providing the service of Investment Advice (where applicable), will:

- (a) inform Clients in a clear and concise way whether and why Investment Advice qualifies as non-independent;
- (b) explain to Clients the range of Financial Instruments that may be recommended, including the Bank's relationship with the issuers or providers of the instruments;

(c) provide a description of the types of Financial instruments considered as well as the range of Financial Instruments and providers analysed per each type of instrument according to the scope of the service;

(d) provide information on the cost of advice (ex-ante and ex-post basis).

Suitability Reports – Retail Clients

Further to the above information, when the Bank is providing Retail Clients with Investment Advice related services, the Bank will provide a report to **Retail Clients** that includes:

- an outline of the advice given and how the recommendation provided is suitable for the Retail Client; and
- information on how the recommendation meets Client's objectives and personal circumstances with reference to the investment term required, Client's knowledge and experience and the Client's attitude to risk and capacity for loss.

Periodic Assessment of Suitability – Retail Clients

Investment Advice is offered on a transaction basis and the Bank does not perform a periodic assessment of Suitability.

Whether such a periodic assessment will be provided, and its frequency, will form part of the agreement to be signed between the Bank and the Client for the provision of Investment and Ancillary Services.

Distant Communication – Suitability Statement

In cases where the agreement to enter into a transaction for a Financial Instrument is concluded using means of distance communication which prevents the prior delivery of the Suitability Statement, the Bank may provide the Client with the Suitability Statement in a durable medium immediately after the conclusion of the transaction, provided that both the following conditions are met:

- (a) the Client has consented to receiving the Suitability Statement without undue delay after the conclusion of the transaction; and
- (b) the Bank has given the Client the option to delay the transaction in order to receive the Suitability Statement in advance.

APPROPRIATENESS AND SUITABILITY

1. General

The Bank should obtain from Clients all the necessary information in order to perform the required assessment, in an effort to understand/conclude whether an Investment Service or Financial Instrument is appropriate and/or suitable to the Client.

The Bank should rely on the information provided by its Clients or potential clients, unless it is aware or ought to be aware that the information is manifestly out of date, inaccurate or incomplete.

In case where the Client does not provide the necessary information to the Bank for performing the necessary assessments, the Client will be informed that the Bank is unable to assess whether the Investment Service or Financial Instrument is appropriate/suitable and may refuse to proceed with the offering of the Investment Service or Financial Instrument. The extent of the assessment that the Bank will carry out, it depends on the type of Investment Service or type of Financial Instruments offered to its Clients.

The table below provides information relating to the correlation among the type of Investment Service, Client type and the Appropriateness/Suitability Assessment.

	Reception and Transmission of Orders and/or Execution of Orders		Investment Advice (non-independent)	
	Retail Client	Professional Client	Retail Client	Professional Client
Appropriateness Assessment	√	X	√	X
Suitability Assessment	X	X	√	√

2. Appropriateness Assessment Test

Applicability

The appropriateness test will be carried out for **all Retail Clients**. In the case of a Per-se Professional Client / Eligible Counterparty, it is assumed that the Per-se Professional Client / Eligible Counterparty has the necessary knowledge and experience to understand the risks involved in relation to any Investment Services or types of Financial Instruments; therefore, no appropriateness test is required. In such cases, it will remain at the discretion of the Bank, depending on the merits of each case, whether to carry out the appropriateness test or not.

However, Elective Professional Clients will not be presumed to possess market knowledge and experience comparable to that of Per-se Professional Clients. The Bank will therefore carry out an adequate assessment of the expertise, experience and knowledge of such Clients, in order to get reasonable assurance, in light of the nature of the transactions or services envisaged, that the Client is capable of making investment decisions and understanding the risks involved.

Where a Client (legal entity or natural person) is represented by a representative (i.e. Authorised person) through Power of Attorney, it is the authorised person's knowledge and experience that needs to be assessed.

The responsibility of the Bank to perform the appropriateness test may be waived if the Investment Services consist only of Execution or Reception and Transmission of Client orders with or without ancillary services, excluding the granting of credits or loans that do not comprise of existing credit limits of loans, current accounts and overdraft facilities of Clients, and the following conditions apply:

- The services relate to non-complex financial instruments, as defined in previous section of this document.
- The Investment Service is provided at the initiative of the Client or potential Client.
- The Client or potential Client has been clearly informed that in the provision of that Investment Service (i.e. Execution or Reception and Transmission of Client orders) the Bank is not required to assess the appropriateness of the Financial Instrument or the Investment Service provided or offered and that therefore, the Client does not benefit from the corresponding protection of the relevant conduct of business rules.
- There is no conflict of interest.

Appropriateness Test – Factors to consider

When assessing Knowledge and Experience, the following information will be assessed, to the extent appropriate to the nature of the Client, the nature and extend of the Investment Service to be provided and the type of Financial Instrument or transaction envisaged:

- The types of Investment Service, transaction and Financial Instrument which the Client is familiar with;
- The nature, volume, and frequency of the Client's transactions in Financial Instruments and the period over which such transactions have been carried out;
- The level of education, and profession or relevant former profession of the Client or potential client.

It is stressed that, according to the Investment Services Regulatory Framework, no appropriateness test will be performed for non-complex Financial Instruments.

Appropriateness Test – Failure & Warning Letter

In case where the Investment Service of Financial Instrument is not deemed appropriate for the Client, the Client will be informed immediately, and in any case prior to entering into any transaction. In particular, the Bank will warn the Client that the specific Investment Service or the Financial Instrument is not appropriate and that the Client may be exposed to risks that fall outside the Client's knowledge and experience and/ or which the Client may not have the knowledge and experience to property assess and/or control by way of mitigating the impact of such risks.

If, despite of the above warnings, the Client wishes to proceed with the said Investment Service or Financial Instrument, the Client must explicitly provide the Bank with his / her declaration in writing, that he/she understands and accepts any risks arising from his/her decision.

The Bank has the right to accept and proceed or not to proceed with the provision of the Investment Service or Financial Instrument in question.

3. Suitability Assessment Test

Applicability

The suitability test is carried out for all Retail and Professional Clients, when those Client are provided with the Investment Service of Investment Advice.

The Bank will obtain the necessary information from its Clients so as to understand the essential facts about them and to have a reasonable basis for determining, giving due consideration to the nature and extent of the service provided, that the specific transaction to be recommended, satisfies the following criteria:

- (a) it meets the investment objectives of the Client in question, including the Client's risk tolerance (e.g. information on the source and extend of the Client's regular income, assets (including liquid assets), investments and real property, regular financial commitments);
- (b) it is such that the Client is able to financially bear any related investment risks and losses consistent with his investment objectives (e.g. information on the length of time for which the Client wishes to hold the investment, his/her preferences regarding risk taking, his/her risk profile, purposes of the investment);
- (c) it is such that the Client has the necessary experience and knowledge in order to understand the risks involved in the transaction.

In case where the Bank provides an Investment Advice to a Professional Client, the Bank is entitled to assume that the Client has the necessary level of experience and knowledge for the purposes of point (c) above.

In case where the Bank provides an Investment Advice to a Professional Client, the Bank shall be entitled to assume for the purposes of point (b) above that the Client is able to financially bear any related investment risks consistent with his / her investment objectives.

When the Bank does not obtain the information outlined in points (a)-(c) above, the Bank should not recommend Investment Services or Financial Instruments to the Client or potential Client. Additionally, the Bank should not recommend or decide to trade where none of the services or instruments are suitable for the Client.

Suitability Test – Factors to consider

Where a Client is a legal person or a group of two (2) or more natural persons, or where one or more natural persons are represented by another natural person, the Bank will determine who should be subject to the suitability assessment, through procedures in place, and how this assessment will be done in practice, including the source(s) from which information about knowledge and experience, financial situation and investment objectives should be collected.

Where the Client is a group of two (2) or more natural persons and no representative is foreseen, the Bank will identify from whom necessary information will be collected and how the suitability assessment will be done. Clients will be properly informed about the Bank's approach and the impact of this approach on the way the suitability assessment is done in practice. Approaches such as the following may be applied:

- (a) choose to invite the group of two (2) or more natural persons to designate a representative;
or
- (b) consider collecting information about each individual Client and assessing the suitability for each individual Client.

Where a natural person is represented by another natural person (i.e. Authorised Person) or where a legal person is represented by an Authorised Person, the Bank will assess the financial situation and investment objectives of the legal person or, in relation to the natural person, the underlying Client rather than of the representative. However, the knowledge and experience will be that of the representative of the natural person or the person authorised to carry out transactions on behalf of the underlying Client.

The Bank will require the underlying Client(s) to agree on which financial situation should be taken into account and on their investment objectives. Where the Client is a couple, the Bank will take into account the matrimonial regime applicable to that couple.

When the Bank decides to collect information and assess suitability for each individual Client part of the group, if there are differences between the characteristics of those individual Clients (e.g. the Bank would classify them under different investment profiles), the Bank will adopt the most prudent approach by taking into account the information on the person with the least knowledge and experience, the weakest financial situation or the most conservative investment objectives. An average profile of the level of knowledge and competence of all of the underlying Clients in a group, would unlikely be compliant with the MiFID II overarching principle of acting in the Client's best interests.

If the parties involved have difficulties in deciding the person(s) from whom the information on knowledge and experience, or on the financial situation, will be collected for the purpose of suitability assessment, or for defining their investment objectives. The Bank will take the most prudent approach by taking into account the information on the person with the least knowledge and experience, the weakest financial situation or the most conservative investment objectives.

Alternatively, the Bank will not be able to recommend Investment Services or Financial Instruments in such a situation.

Where the Bank offers investment advice on packaged investment services or financial instruments, the suitability test will be performed for the packaged investment services or financial instruments as a bundle.

TRADING OBLIGATION

1. Shares Trading Obligation

According to Article 23 of MiFIR, the Bank ensures that the trades it undertakes, either on own account or on behalf of Clients (i.e. when executing Client orders), in shares admitted to trading on a Regulated Market or traded on a Trading Venue will take place on:

- Regulated Market;
- MTF;
- Systematic Internaliser; or
- Equivalent² third-country Trading Venues

Unless their characteristics include that they are:

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

2. Derivatives Trading Obligation

According to Article 28 of MiFIR, the Bank will conclude transactions with Financial Counterparties and Non-Financial Counterparties above the clearing threshold (i.e. NFC+s) in derivatives pertaining to a class of derivatives that has been declared subject to the trading obligation, only on:

- Regulated markets;
- MTFs;
- OTFs; or
- Third-country Trading Venues assessed as equivalent.

For more details in relation to the classes of derivatives subject to the trading obligation, you may refer to [the ESMA Public Register for the Trading Obligation for derivatives under MiFIR](#) (external link).

² <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32017D2320&from=EN>
http://ec.europa.eu/finance/docs/level-2-measures/mifid-implementing-act-2017-9117_en.pdf
<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32017D2318&from=EN>
<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32017D2319&from=EN>

PRODUCT GOVERNANCE

Following the implementation of the Investment Services Regulatory Framework, a new product governance regime has been introduced for governing investment products from the product development stage through the life of the investment product, emphasising two regulatory concepts:

- **Manufacturers** – i.e. investment firms that create, develop, issue and/or design financial instruments.
- **Distributors** – i.e. investment firms who offer and/or recommend investment products and services to investors.

When the Bank manufactures or distributes an investment product, it will identify the target market of each investment product, based on the following criteria:

- **Type of Clients to whom the product is targeted:** The specification will be made according to the Client's categorisation relevant to the Bank;
- **Knowledge and experience:** The Bank will specify the level of knowledge the target Clients will have about elements, such as the product type and its features;
- **Financial situation with a focus on the ability to bear losses:** The Bank will specify the percentage of losses target Clients will be able and willing to afford, including any additional payment (if applicable) obligations that might exceed the amount invested;
- **Risk tolerance and compatibility of the risk/reward profile of the product with the target market:** The Bank will specify the general attitude that target Clients should have in relation to the risks of investment such as "risk oriented or speculative", "balanced" or "conservative";
- **Clients' Objectives and Needs:** The Bank will specify the investment objectives and needs of target Clients that a product is designed to meet, including the wider financial goals of target Clients or the overall strategy Clients should follow when investing. For example, a product may be designed to achieve specific investment objectives such as "currency protection", "hedging of specific risks", "speculation", etc.

For more details in relation to the product governance requirements and how such requirements may affect the Client's investment relationship with the Bank, please contact your Investments Advisor.

COSTS & ASSOCIATED CHARGES

1. General

Pursuant to Article 24(4) of MiFID II and Article 50 of MiFID II Delegated Regulation 2017/565 (the “Law”), the Bank is obliged to provide information to Clients, in a durable medium, in good time prior to the provision of an investment service, in respect of:

- (a) all costs and associated charges charged for the Investment Services and/or Ancillary Services provided to the Client, including, where applicable, charges of other parties;
- (b) all costs and associated charges associated with the manufacturing and managing of a Financial Instrument;
- (c) any third-party payments received by the Bank in connection with the Investment Service provided to the Client (a, b and c all together referred as “**Costs & Charges**”).

Information in relation to Costs & Charges will be **totaled** and expressed both as a **cash amount** and as a **percentage**. As per the Law, information on costs and charges shall be aggregated, as follows:

- (a) all costs and associated charges charged by the Bank or other parties where the Client has been directed to such other parties, **for the Investment and/or Ancillary services** provided to the Client; and
- (b) all costs and associated charges **for the manufacturing and managing of the financial instruments**.

For the purposes of point (a), third party payments received by the Bank in connection with the investment service provided to a Client shall be itemised separately and the aggregated costs and charges shall be totaled and expressed both as a cash amount and as a percentage.

An **itemised breakdown**³ will also be provided as follows:

Costs & Associated Charges for the Investment and/or Ancillary Services	
Type	Description
One-off charges related to the provision of an Investment Service	All costs and charges paid to the Bank at the beginning or at the end of the provided Investment Services. (e.g. deposit fees, termination fees and switching costs).
Ongoing charges related to the provision of an Investment Service	All ongoing costs and charges paid to the Bank for their services provided to the Client. (e.g. management fees, advisory fees, custodian fees).
All costs related to transactions	All costs and charges related to transactions performed by the Bank or other parties.

³ As illustrated in tables 1 & 2 of Annex II of Commission Delegated Regulation 2017/565.

Costs & Associated Charges for the Investment and/or Ancillary Services	
Type	Description
initiated in the course of the provision of an Investment Service	<i>(e.g. broker commissions charged for the execution of orders, entry- and exit-charges paid to the fund manager, platform fees, mark ups (embedded in the transaction price), stamp duty, transactions tax and foreign exchange costs).</i>
Any charges related to Ancillary Services	Any costs and charges related to Ancillary Services not included in the costs mentioned above. <i>(e.g. research costs, custody costs).</i>
Incidental costs	<i>(e.g. Performance Fees)</i>
Total charges for the Investment and/or Ancillary Services	
Third party payments received by the Bank	Any payments received by the Bank from a third party in relation to the provision of Investment and/or Ancillary Services will be itemized and presented separately.

Costs & Associated Charges related to the financial instruments	
Type	Description
One-off charges	All costs and charges (included in the price or in addition to the price of the financial instrument) paid to product suppliers at the beginning or at the end of the investment in the financial instrument. <i>(e.g. Front-loaded management fee, structuring fee, distribution fee.)</i>
Ongoing charges	All ongoing costs and charges related to the management of the financial product that are deducted from the value of the financial instrument during the investment in the financial instrument. <i>(e.g. Management fees, service costs, swap fees, securities lending costs and taxes, financing costs.)</i>
All costs related to the transactions	All costs and charges that incurred as a result of the acquisition and disposal of investments. <i>(e.g. Broker commissions, entry- and exit-charges paid by the fund, mark ups embedded in the transaction price, stamp duty, transactions tax and foreign exchange costs.)</i>
Incidental costs	<i>(e.g. Performance Fees)</i>
Total charges associated with the manufacturing and managing of the financial instrument	

Where any part of the total Costs & Charges is to be paid in or represents an amount of foreign currency, the Bank will provide an indication of the currency involved. The applicable currency conversion rates and costs are disclosed on the Bank's website.

Limitations on Costs & Charges Disclosures

The Bank when providing Investment Services to Professional Clients has the right to agree to a limited application of the detailed disclosure requirements on Costs & Charges. The Bank is not allowed to agree such limitations when the concerned Financial Instruments embed a derivative or when the Bank is providing the service of Investment Advice.

The Bank, when providing Investment Services to Eligible Counterparties, has the right to agree to a limited application of the detailed disclosure requirements on Costs & Charges. The Bank is not allowed to agree such limitations when the Financial Instruments concerned embed a derivative and the Eligible Counterparty intends to offer them to its clients, irrespective of the investment service provided.

The Bank shall notify Clients in advance and in writing where it decides to take advantage of this limited application.

2. Ex-ante Disclosure

The Bank is required to disclose all expected costs and associated charges involved in an investment service or financial instrument in good time prior to the provision of the respective service or transaction. The Bank uses actual figures or best estimates as proxy for the calculation of expected costs and charges.

3. Ex post Disclosure

The Bank is also obliged to disclose to Clients with whom it has had an ongoing relationship and an 'ex post' summary of the aggregated Costs & Charges. This 'ex post' summary will be provided on an annual basis by end of February following the end of the year to which the summary relates to and it will comprise of the actual Costs & Charges incurred during the interaction of the Client with the Bank during the reporting year.

4. Illustration of Costs & Charges

The Bank will accompany its Ex ante and Ex post Disclosures with an illustration showing the cumulative effect of costs on return when providing Investment and/or Ancillary Services. Such illustration shall meet the following requirements:

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

SAFEGUARDING CLIENT FINANCIAL INSTRUMENTS AND FUNDS

1. General

The Bank provides its Clients the ancillary service of safekeeping and administration of Financial Instruments, including custodianship along with any related services such as clearing and cash settlements of transactions in Financial Instruments and corporate actions.

For Financial Instruments traded in the Athens Exchange and Cyprus Stock Exchange, the services of safekeeping and custodianship are provided via the Bank's direct membership as official custodian and general operator in the Central Securities Depositories (the "CSDs") of the aforesaid exchanges. It is noted that in the CSDs of the Athens and Cyprus Stock Exchange Financial Instruments are held in segregated accounts (Investor Share and Securities Account) in the name of the investors.

For Financial Instruments traded in foreign markets, the aforementioned services are provided by the Bank via the usage of third party custodians (the "**Sub-Custodians**").

The Bank has appointed a single officer with sufficient skill and authority to ensure that the Bank is in compliance with the below requirements and procedures regarding the safeguarding of Client Financial Instruments and Funds. The term "Client Funds" or "Funds" used throughout this document shall refer to monetary amounts belonging to Clients received and/or held by the Bank in the context of providing one or more Services, including the service of safekeeping Client Financial Instruments and Funds (the "**Assets**").

2. Depositing of Client Financial Instruments

Where the Bank deposits Financial Instruments belonging to Clients with the Custodians, an omnibus account structure is utilized, unless the Bank receives and approves, in its absolute discretion, a specific client request for the opening of a segregated account. It is noted that omnibus account structures are also employed at the Sub-Custodians' level.

Omnibus accounts face various risks, including among others:

- A Sub-Custodian's insolvency: Were a Sub-Custodian to become insolvent, insolvency proceedings would take place in accordance with the rules and legislation applicable in the jurisdiction of such Sub-Custodian. Each Client would be considered to have a beneficial interest in all the securities registered in such an account proportionate to its entitlement without having the right to bring a claim against the Sub-Custodian.
- Shortfalls: Temporary shortfalls, specific to this type of accounts, may arise from securities of one Client being used for the purposes of settlement of an intraday position of another Client. In the event of any shortfalls, these would be shared proportionately among the Clients with an interest in the omnibus account.

When the Bank is selecting and appointing a Sub-Custodian, the following rules are observed with a view to ensuring the protection of Clients' rights:

- (a) The Bank exercises all due skill, care and diligence in the selection, appointment and periodic review of the Sub-Custodian and of the arrangements for the holding and safekeeping of those Financial Instruments.

In particular the Bank, takes into consideration the expertise and market reputation of the Sub-Custodian, as well as any legal requirements or market practices related to the holding of Financial Instruments that could adversely affect the Clients' rights.

Taking into consideration the above rules, a periodic review (at least once a year) on the Sub-Custodians as well as of the arrangements for the holding and safekeeping of Financial Instruments is carried out.

- (b) The Bank ensures that the Sub-Custodian is established in a jurisdiction where the safekeeping of Financial Instruments for the account of another person is subject to specific regulation and supervision and that the Sub-Custodian is subject to this specific regulation and supervision. This requirement also applies when the Sub-Custodian has delegated any of its functions concerning the holding and safekeeping of Financial Instruments to another third party.

Third parties operating in jurisdictions that do not regulate the holding and safekeeping of Financial Instruments for the account of another person are not used by the Bank as Sub-Custodians unless one of the following conditions is met:

1. The nature of the Financial Instruments or of the Investment Services connected with those Instruments requires that they should be deposited with a Sub-Custodian in that country;
2. Where the Financial Instruments are held on behalf of a Professional Client, that Client requests the Bank in writing to deposit them with a Sub-Custodian in that country.

3. Security interests, liens or rights of set-off

It is the Bank's policy not to permit security interests, liens or rights of set-off over Client Financial Instruments or Funds enabling a third party to dispose of Client Financial Instruments or Funds in order to recover debts that do not relate to the Client or to the provision of services to the Client, except where this is required by applicable law in a third country jurisdiction in which the Client Funds or Financial Instruments are held.

Where the Bank is obliged to enter into agreements that create such security interests, liens or rights of set-off, it will disclose that information to its Clients indicating the risks associated with these arrangements. Where security interests, liens or rights of set-off are granted by the Bank over Client Financial Instruments or Funds, or where the Bank has been informed that they are granted, they will be recorded in Clients' contracts and the Bank's own accounts to make the ownership status of Client Assets clear, such as in the event of an insolvency.

4. Depositing of Client Funds

When the Bank receives Client Funds, it does not place those Funds into account/s with any third parties in reliance on Article 6(1) of the CBC Directive 385/2017 and the corresponding exemption of Article 4(1) of CDD 2017/593.

The Bank, being a credit institution, can use such Funds for its own account, in accordance with Article 17(9) of the Law.

5. Safeguarding of Client Financial Instruments and Funds

The Bank keeps accurate records and accounts, corresponding to the Financial Instruments and Funds held for Clients, which can be used as an audit trail, in order to be able at any time and without delay to distinguish Assets held for one Client from Assets held for any other Client and from its own assets.

The Bank ensures that Client Financial Instruments deposited with a Sub-Custodian are identifiable separately from the Financial Instruments belonging to the Bank, and from Financial Instruments belonging to the Sub-Custodian. It is noted that, where such separation is not possible under national law, the Bank shall inform Clients or potential Clients of this fact and provide a prominent warning of the resulting risks.

The Bank takes the necessary steps in order to ensure that Client Funds deposited with the Bank are held in an account or accounts identified separately from any accounts used to hold funds belonging to the Bank.

Reconciliations between the internal ledger accounts and the records of the Sub-Custodians are performed on a monthly basis. Furthermore, the Bank introduced adequate organisational arrangements to minimise the risk of loss or diminution of Client Assets, or rights in connection with those Financial Instruments, as a result of misuse of the Financial Instruments, fraud, poor administration, inadequate record-keeping or negligence.

6. Disclosure of Information in relation to Client Assets

The Bank has the obligation to make information pertaining to Clients' Financial Instruments and Funds (where applicable) readily available to the Competent Authorities, appointed insolvency practitioners and those responsible for the resolution of failed institutions. The information should, where applicable, include the following:

- (a) related internal accounts and records that readily identify the balances of Funds and Financial Instruments held for each Client;
- (b) where Client Funds are held by the Bank in account(s) opened with third parties, details on such accounts and on the relevant agreements with such third parties;

- (c) where Financial Instruments are held by the Bank in account(s) opened with third parties, details on such accounts and on the relevant agreements with those third parties, as well as details on the relevant agreements with Sub-Custodians;
- (d) details of third parties carrying out any related (outsourced) tasks and details of any outsourced tasks;
- (e) key individuals of the Bank involved in related processes, including those responsible for oversight of the Bank's requirements in relation to the safeguarding of Client Assets; and
- (f) agreements relevant to establish Client ownership over Assets.

7. Statements of Client Assets– Reporting to Clients

When the Bank holds Client Assets, it will send at least on a quarterly basis, to each Client for whom it holds Assets, a statement in a durable medium of those Assets, unless such a statement has been provided in any other periodic statement. Upon Client request, the Bank will provide such statement more frequently at a commercial cost. This provision does not apply in respect of Client funds (deposits) since such statements are provided by the Bank to its Clients under the banking services.

Therefore, the statement of Client Assets referred to above will include the following information:

- (a) details of all the Financial Instruments held by the Bank for the Client at the end of the period covered by the statement;
- (b) the extent to which any Client Financial Instruments or Funds have been the subject of Securities Financing Transactions;
- (c) the extent of any benefit that has accrued to the client by virtue of participation in any Securities Financing Transactions, and the basis on which that benefit has accrued;
- (d) a clear indication of the Assets or Funds which are subject to the rules of MiFID II and its implementing measures and those that are not, such as those that are subject to Title Transfer Collateral Agreement;
- (e) a clear indication of which Assets are affected by some peculiarities in their ownership status, for instance due to a security interest;
- (f) the market or estimated value, when the market value is not available, of the Financial Instruments included in the statement with a clear indication of the fact that the absence of a market price is likely to be indicative of a lack of liquidity. The evaluation of the estimated value shall be performed by the Bank on a best effort basis.

In cases where the portfolio of a Client includes the proceeds of one (1) or more unsettled transactions, the information referred to in point (a) above will be based on the trade date.

Note: No information relating to the balances of Client Funds will be provided within the aforementioned statement of Client Assets in reliance on the exemption of Article 63(1) of the CDR 2017/565, but in any event such information is made available to Clients through the statements of accounts provided by the Bank in the course of its ordinary banking business.

8. Record Keeping

The Bank keeps records for all services and activities provided in the context of safekeeping Client Assets including the recording of telephone conversations or electronic communications.

Such records can be provided to the affected Client upon request and shall be kept for a period of five (5) years and, where requested by competent authorities, for a period of up to seven (7) years.

INVESTOR COMPENSATION AND INSURANCE COVERAGE SCHEME

The Investment Firms Law (“IF Law”) was amended in February 2004, in order to be harmonised with Directive 97/9/EC of the European Parliament and the Council of 3rd March 1997, on investor compensation schemes. In view of the above amendment, two separate compensation funds were established, one for clients of investment firms and one for clients of credit institutions which offer investment services, as defined in Article 3 of Directive 93/22/EEC. The latter is known as the Investor Compensation Fund for Clients of Banks (the “ICF”) and the Bank is a member thereof.

The above amendment enabled the two competent supervisory authorities, i.e. the CBC and the CySEC to proceed with the issue of relevant Regulations for the operation of the two funds.

According to the regulations for the establishment and operation of the ICF, all Cyprus incorporated banks, which offer Investment Services as defined in Annex I of the Law 87(I)/2017, are obliged to become members of the ICF. Branches of such banks which operate in other countries outside the Republic of Cyprus are also obliged to become members of the ICF.

Banks having their registered office in a third country which maintain a branch in the Republic or provide in the Republic investment and/or non-core services on a cross-border basis, must also become members of the ICF provided that no cover by a similar fund of a third country, at least equivalent to the one prescribed by the Cyprus Regulations, is extended to its covered clients in the Republic.

According to the Regulations which were issued by the CBC and approved by the House of Representatives in April, 2004, the object of the ICF is to secure the claims of the covered clients against banks, members of the ICF, through the payment of compensation in cases where the bank concerned is unable, due to its financial circumstances and when no realistic prospect of improvement in the above circumstances in the near future seems possible:

- (a) to return to its covered clients funds owed to them or funds which belong to them but are, directly or indirectly, held by the bank in the context of providing investment services to the said clients or
- (b) to hand over to covered clients financial instruments which belong to them and which the bank concerned holds, manages or keeps on their account.

The ICF does not cover:

1. Institutional and professional Investors such as:
 - (a) Investment Firms (IFs)
 - (b) Legal entities associated with the member of the ICF and, in general, belonging to the same group of companies as the participating HB Group member
 - (c) Banks
 - (d) Cooperative credit institutions
 - (e) Insurance companies
 - (f) Collective investment organisations in transferable securities and their management companies

- (g) Social insurance institutions and funds
- (h) Investors classified by the member as professionals, upon their request
- 2. States and supranational organisations
- 3. Central, federal, confederate, regional and local administrative authorities
- 4. Enterprises which have 'Close Ties'⁴ with the member of the ICF
- 5. Managerial and administrative staff of the member of the ICF
- 6. Shareholders of the member of the ICF, whose participation, directly or indirectly, in the capital of the member of the ICF amounts to at least 5% of its share capital, or its partners who are personally liable for the obligations of the member of the ICF, as well as persons responsible for the carrying out of the financial audit of the member of the ICF as provided by the Law, such as its qualified auditors
- 7. Investors having in enterprises connected with the member of the ICF and, in general, of the group of companies, to which the member of the ICF belongs, positions or duties corresponding to the ones listed in points 5 and 6 above
- 8. Second-degree relatives and spouses of the persons listed in points 5, 6 and 7 above, as well as third parties acting on behalf or with the authority of these persons
- 9. Investor-clients who file claims arising out of transactions involving individuals convicted of a criminal offence pursuant to the Prevention and Suppression of Money Laundering Activities Law of 2007 or investor-clients responsible for events which have caused financial difficulties to the participating member or which have contributed to the aggravation of its financial situation or which have profited from these facts
- 10. Investors in the form of a company (corporate investors), which due to its size, is not allowed to draw a summary balance sheet in accordance with the Companies Law, Cap. 113 of the Republic of Cyprus, or a corresponding law of a Member State of the European Union

In the cases of points [(5), (6), (7) and (8)], the ICF suspends the payment of compensation informing the interested parties accordingly, until it reaches a final decision as to whether such cases apply.

The total payable compensation to each covered client of an ICF's member may not exceed EUR 20.000, irrespective of the number of accounts held, currency and place of offering the investment service.

The funds are prohibited from paying compensation to individuals for whom criminal proceedings under the provisions of the Prevention and Suppression of Money Laundering Activities Law of 2007 are pending against them.

The above Regulations have been amended and were published in the Official Gazette of the Government on 8 June 2007.

The Regulations for the Establishment and Operation of an Investor Compensation Fund for Clients of Banks can be found on the CBC website.

Subject to the fulfilment of the respective conditions laid down in the applicable legal frameworks, Clients may claim compensation in respect of Financial Instruments under the ICF scheme whereas compensation in respect of Client Funds should be sought under the Deposit Guarantee and Resolution of Credit and Other Institutions Scheme (see below).

⁴ *Close Ties ('Close Links')* are defined in Section 2(1) of the Investment Services and Activities and Regulated Markets Laws of 2007

DEPOSIT GUARANTEE AND RESOLUTION OF CREDIT AND OTHER INSTITUTIONS SCHEME

The Bank is a member of the Deposit Guarantee and Resolution of Credit and Other Institutions Scheme (the “DGS”).

The DGS was first established in 2000 and operates as a separate legal entity since then.

The Scheme consists of three funds, the Deposit Guarantee Fund for Banks, the Deposit Guarantee Fund for Cooperative Credit Institutions and the Resolution Fund of Credit and Other Institutions which is used to finance resolution measures in accordance with the Resolution Law. For this purpose, a Committee was established, consisting of representatives from the Ministry of Finance and the CBC.

The objective of the Scheme is, on the one hand, the protection of depositors of banks and their reimbursement in the form of compensation in case a covered institution is unable to repay the deposits of its Clients, and on the other hand the funding of the implementation of resolution measures.

The maximum amount of compensation is EUR 100.000 per depositor including accrued interest, or the equivalent amount in other currency. This amount applies to the aggregate of a depositor’s deposits within the same credit institution. When calculating the amount of compensation payable to a depositor, any loans or other credit facilities granted by the credit institution to the depositor are set off against the deposits.

The limit of EUR 100.000 applies to each depositor separately if the funds are held in joint accounts. However, deposits in an account to which two or more persons are entitled as members of a business partnership, association or grouping of a similar nature, without legal personality, are aggregated and treated as if made by a single depositor for the purpose of calculating the limit of EUR 100.000.

The reimbursement period in case of credit institution’s failure is seven (7) working days and the currency of reimbursement is the Euro.

Any loans or other credit facilities granted by the credit institution to a specific depositor will be taken into consideration when calculating the amount of compensation payable to a depositor, in accordance with the provisions of article 35 of the Bankruptcy Law and the relevant provisions of the agreement(s) between the credit institution and the depositor.

In some cases (e.g. deposits resulting from real estate transactions relating to private residential properties and deposits that serve social purposes as laid down in the Regulations) deposits are protected above EUR 100.000.

In general, all retail depositors and businesses are covered by the DGS. Exceptions for certain deposits are stated on the website of the DGS. The Bank will also inform its Clients on request whether certain products are covered or not. If deposits are covered, the Bank will also confirm this on the statement of account.

Please also refer to the [Informative Leaflet on the Deposit Guarantee Scheme](#) (link).

For any further information regarding the Funds, please contact your Business Service Unit. Alternatively, you may contact the offices of the applicable Administrative/Management Committees:

Investor Compensation Fund for Clients of Banks

Management Committee of the
Investor Compensation Fund for Clients of Banks
Central Bank of Cyprus
P.O. Box 25529, CY-1395 Nicosia

<https://www.centralbank.cy/en/deposit-guarantee-investors-compensation-schemes/deposit-guarantee-and-resolution-of-credit-and-other-institutions-scheme>

Investor Compensation Fund for Clients of CIFs

Administrative Committee of the Investor Compensation Fund for Clients of CIFs and other IFs
Cyprus Securities and Exchange Commission
P.O BOX 24996, CY-1306 Nicosia
E-mail address: tae@cysec.gov.cy

<https://www.cysec.gov.cy/en-GB/complaints/tae/information/>

REPORTING OBLIGATION TO CLIENTS

1. Reporting Obligations in Respect of Execution of Client Orders

The Bank, having carried out an order on behalf of a Client, will, in respect of that order:

- (a) promptly provide the Client, in a durable medium, with the essential information concerning the execution of that order;
- (b) send a notice to the Client in a durable medium confirming execution of the order as soon as possible and **no later than the first business** day following execution or, where the confirmation is received by the Bank from a third party, no later than the first business day following receipt of the confirmation from the third party.

Notes:

- Point (b) shall not apply where the confirmation would contain the same information as a confirmation that is to be promptly dispatched to the Client by another person.
- Points (a) and (b) shall not apply where orders executed on behalf of Clients relate to bonds funding mortgage loan agreements with the said Clients, in which case the report on the transaction shall be made at the same time as the terms of the mortgage loan are communicated, but no later than one (1) month after the execution of the order.

In addition to the above, the Bank will supply its Clients, on request, with information about the status of their order.

In the case of Client orders relating to units or shares in a collective investment undertaking which are executed periodically, the Bank will either take the action specified in point (b) above, or provide the Client, at least once every six (6) months, with the information listed below.

A trade confirmation should be sent to the Client (including both Professional Clients and Eligible Counterparties) in line with the provisions stipulated in point (b) above and should include the following information, where applicable:

- (a) the reporting firm identification;
- (b) the name or other designation of the client;
- (c) the trading day;
- (d) the trading time;
- (e) the type of the order;
- (f) the venue identification;
- (g) the instrument identification;
- (h) the buy/sell indicator;
- (i) the nature of the order if other than buy/sell;

- (j) the quantity;
- (k) the unit price;
- (l) the total consideration;

- (m) a total sum of the commissions and expenses charged and, where the Client so requests, an itemised breakdown including, where relevant, the amount of any mark-up or mark-down imposed where the transaction was executed by an investment firm when dealing on own account, and the investment firm owes a duty of best execution to the Client;

- (n) the rate of exchange obtained where the transaction involves a conversion of currency;

- (o) the Client's responsibilities in relation to the settlement of the transaction, including the time limit for payment or delivery as well as the appropriate account details where these details and responsibilities have not previously been notified to the Client;

- (p) where the Client's counterparty was the investment firm itself or any person in the investment firm's group or another client of the investment firm, the fact that this was the case unless the order was executed through a trading system that facilitates anonymous trading.

For the purposes of point (k), where the order is executed in tranches, the Bank may supply the Client with information about the price of each tranche or the average price. Where the average price is provided, the Bank shall supply the Client with information about the price of each tranche upon request.

The Bank will assume that the Client has accepted the transaction based on the above notice, if within 1 business day from the date of the notice the Client does not raise any objection, contestation or dispute. Such objection, contestation or dispute does not result in the cancellation of the transaction or the execution of the order.

2. Reporting Obligations in Respect of Eligible Counterparties

The requirements applicable to reports for Retail and Professional Clients shall apply to Eligible Counterparties, unless otherwise agreed between the Bank and Eligible Counterparties.

TRANSACTION REPORTING & INFORMATION TO THE COMPETENT AUTHORITY

1. Transaction Reporting

The purpose of transaction reporting is to provide the CySEC with information about all relevant circumstances under which the transaction took place, which enables national competent authorities to detect and investigate potential instances of market abuse and monitor the fair and orderly functioning of the markets.

Depending on the trading capacity of the Bank and whether or not the Bank is dealing for a Client or on own account, a transaction in Financial Instruments may be subject to various reporting obligations emanating by the MiFIR.

The Bank is required to report specific information with respect to Transactions in Financial Instruments to the CySEC, as quickly as possible, and in any case **no later than the close of the following working day**⁵. Such reports are made available to the CySEC either directly by the Bank or through the Bank's dedicated Approved Reporting Mechanism.

2. Information to the Competent Authority

Natural Persons

According to the reporting requirements imposed by the Investment Services Regulatory Framework with regards to natural persons, the Bank must disclose, depending on the natural person's nationality and the highest priority identifier set by the **ESMA**, the following information to the **CySEC**:

- forename;
- surname;
- date of birth;
- other personal identification data (e.g. national passport number).

The Bank is currently assessing whether all required information is available within its systems, otherwise the Bank will contact the Client to request the appropriate information so as to enable the Bank to ensure compliance with the new regulatory requirements.

Legal Persons

According to the reporting requirements imposed by the Investment Services Regulatory Framework with regards to legal persons, the **LEI** is a prerequisite for trading. In the absence of LEI, the Bank will not be in position to trade with such Clients.

⁵ Working days means all weekdays except for Saturdays and Sundays and except for all official national holidays within the member state of the national Competent Authority to whom the Transaction report is submitted.

3. Information on LEIs

What is a LEI

A LEI is a 20-character alphanumeric reference code that is unique to each legal entity. A LEI is used as the identifier for a **legal entity** whenever it undertakes an investment activity or the Bank undertakes an investment activity on its behalf in Financial Instruments.

Further information on LEIs, including answers to frequently asked questions, can be found on the [Legal Entity Identifier Regulatory Oversight Committee \(LEIROC\)](#) and [Global Legal Entity Identifier Foundation \(GLEIF\)](#) websites (external links).

The purpose of a LEI

A LEI is a unique code that enables every legal entity or structure that is a party to a financial transaction to be identified in any jurisdiction. The unique LEI enables regulatory authorities across Europe to monitor trading activity with specific emphasis on market abuse and market manipulation.

The Global Legal Entity Identifier Foundation (GLEIF) has overall responsibility for the LEI system.

A useful table which provides information and links on the Regulatory use of the LEI is available at the following link:

<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32017R0590&from=EN>
(external link)

How to obtain a LEI

LEIs are issued by "Local Operating Units" (LOUs) of the Global LEI System [the LEI Regulatory Oversight Committee (LEIROC) describes how⁶ to obtain a LEI].

You are kindly requested to apply for a LEI by contacting any LEI issuer⁷ or a Registration Agent. Once requested, a LEI is issued within twenty-four (24) to forty-eight (48) hours post the application date.

In Cyprus, legal entities may obtain a LEI by contacting the Cyprus Stock Exchange, [Cyprus Stock Exchange / Issuance of Legal Entity Identifier](#) (external link).

Renewal of a LEI

The validity period of a LEI is one (1) year from the issuance date or from the last renewal date going forward. If a LEI is not renewed within the one-year time period, the registration status will

⁶ <https://www.leiroc.org/lei/how.htm>

⁷ <https://www.gleif.org/en/about-lei/how-to-get-an-lei-find-lei-issuing-organizations>

default to Lapsed. This Lapsed status may affect your entity's ability to participate in financial transactions.

It must be stressed however, that a lapsed LEI remains valid. The status 'lapsed' in the relevant data field of an organisation's LEI reference data simply indicates that it is behind schedule as regards renewal, i.e. re-validation of its information against third party sources.

The Bank informs you that, based on established policy, there are no exceptions to the obligation of renewing the LEI by the target date. **This obligation of renewing the LEI remains with the Client, not the Bank.** The Bank may refuse to proceed with the execution of an order if the LEI is in status Lapsed.

RESTRICTIONS

It is the Bank's policy not to enter into:

- arrangements for Securities Financing Transactions for own account in respect of Financial Instruments held by the Bank on behalf of a Client or otherwise use such Financial Instruments for the Bank's own account or for the account of another Client of the Bank.
- title transfer collateral arrangements in the context of the relationship between the Clients' obligation to the Bank and the Clients' assets.
- short selling activities nor allow its Clients to enter into short selling activities. In doing this, the Bank will not enter into a lending agreement with its Clients with regards to shares and/or bonds in an effort to enable the sale of securities that the Client does not own at the point of sale.

PROCESSING OF PERSONAL DATA

“Personal data” refers to any information relating to you that the Bank obtains from you or other parties. The types of data processed and how they are used depends, largely, on the services you request from the Bank, or the Bank agrees to provide to you, from time to time.

In all cases, the processing of your personal data by the Bank must be in compliance with the provisions of applicable personal data protection law [including the EU GDPR, applicable as of 25 May 2018].

An overview of how the Bank processes your personal data along with the rights provided to you by the GDPR in relation to the processing of your personal data by the Bank, are described in the Bank’s Privacy Notice which is displayed on the Bank’s website <https://www.hellenicbank.com/portalserver/hb-en-portal/en/personal-banking/divider/privacy-notice>.