

# PRODUCT GOVERNANCE

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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, emphasizing 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 categorization 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.