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Disclaimer

Due to technical considerations, the Bank is required to limit the maximum expiry date of orders on certain financial instruments. Consequently, and as opposed to the provisions set out in this document, the expiry date of orders placed before 29 September 2023 (inclusive) on:

1) financial instruments (other than equities and similar instruments - ETFs, warrants, etc.) and investment funds) may not exceed 29 September 2023 (inclusive); and

2) equities (and similar instruments ETFs, warrants, etc.) may not exceed:

(a) 28 September 2023 (inclusive) for all non-European markets (including, inter alia, the US and Canadian markets); and

(b) 29 September 2023 (inclusive) for European markets (including, inter alia, the UK and Swiss markets).

Such restrictions do not apply to subscriptions and redemptions of investment funds.

Finally, please note that the Bank will consider the US and Canadian markets closed on 29 September 2023.

Objectives

The aim of this document is to describe the Banque Internationale à Luxembourg's (the **Bank** or **BIL**) best execution policy (Policy). BIL is a systemic credit institution authorised and supervised by the Commission de Surveillance du Secteur Financier, incorporated in the form of a Luxembourg *société anonyme* (public limited company), having its registered office at 69 route d'Esch, L-2953 Luxembourg, Grand Duchy of Luxembourg, and entered in the Luxembourg Trade and Companies Register under number B-6307. BIL operates in retail, private and corporate banking, and is a licensed insurance broker. It is also active on the financial markets through its trading floors in Luxembourg and Zurich.

The purpose of this Policy is to ensure that when executing Orders (as defined in the Glossary), the Bank takes all sufficient steps to obtain the best possible result for each Client (as defined in the Glossary), taking into account price, costs, speed, likelihood of execution and settlement, size and nature of the Order, the impact on the market and any other consideration relevant to the execution of the Order (**Execution Factors**) in accordance with MiFID (as defined in the Glossary).

For each category of Financial Instrument (as defined in the Glossary), this Policy will indicate (i) the Financial Intermediary or Intermediaries (as defined in the Glossary) selected by the Bank to execute Client Orders, and (ii) the criteria for selecting these Financial Intermediaries.

In this regard, the Bank has used the following criteria to determine the relative importance of the Execution Factors:

- (a) the nature of the Client, including classification as a retail or professional client;
- (b) the nature of the Client's Order, including whether the Order involves a securities financing transaction;

- (c) the nature of the Financial Instruments covered by this Order; and
- (d) the nature of the execution platforms to which this Order may be routed.

For the purposes of this Policy, **execution platform** refers to a regulated market, multilateral trading facility (MTF), organised trading facility (OTF), Systematic Internaliser, market maker or other liquidity provider, or an entity that performs a similar role in a third country.

The Policy is brought to Clients' attention so that they can understand how BIL executes Orders for each Financial Instrument, and so that they can therefore choose BIL as a counterparty or intermediary in full knowledge of the facts.

The Bank provides the resources that will ensure the execution of Orders in accordance with this Policy.

Terms and expressions starting with a capital letter and not defined in this Policy have the meaning attributed to them in the Glossary.

Any reference made in this Policy:

- to any document or agreement concerns this document or agreement as it may be amended, supplemented or replaced, by novation or any other means;
- to a person covers any individual, enterprise, company, government or state or any association, trust, partnership or other entity;
- to a law, directive or regulation concerns this law, directive or regulation as amended or coordinated; and
- to this Policy includes its recitals and appendices.

General considerations

A. BILnet

The Policy applies to orders received via BILnet, amongst others. However, the Bank informs Clients that the number of marketplaces available, and the scope of Financial Instruments for Orders received via BILnet, are more limited. So a single Order may be executed on different marketplaces, depending on whether or not it is received via BILnet.

The Bank also offers the possibility of trading other Financial Instruments that Clients have in custody with BIL. This will allow them to buy and sell these Financial Instruments on certain marketplaces that are not available on BILnet.

For more information, the Bank publishes its market rules on BILnet:

https://static-www.bil.com/Documents/BILnet/regles_marche_en.pdf

B. Grouped orders

The Bank does not group Clients' Orders with proprietary Orders for placement or execution. However, if the Bank were to group Orders from different Clients, it would check that the grouping of these Orders is in no way prejudicial to all Clients whose Orders have been grouped.

C. Short sales

The Bank will not accept any Order where a Client does not have enough securities (Sale Order) in the account held with the Bank.

D. Special instructions from the Client

Where a Client gives a Special Instruction for the execution of an Order (e.g. to execute an order in a given place), the Order will be executed according to the terms of this Special Instruction so far as is reasonably possible.

Clients should however be aware that Special Instructions may in certain circumstances prevent the Bank from taking the steps that have been implemented within the Policy to obtain the best possible result for the execution of Orders with respect to the elements impacted by the Special Instructions. If the Special Instructions lead to a partial application of the Policy, the latter will apply to the aspects related to the execution of the Order which are not covered by the Special Instructions.

E. Limited orders and off-exchange execution

Where, in the case of a limited Order for a Financial Instrument placed on the Stock Exchange, the transaction is not executed immediately or in full on the prevailing market conditions, the Order remains accessible to other market participants throughout its validity to facilitate the quickest execution possible, unless the Client gives Special Instructions to the contrary.

Where the Order is executed off-exchange, counterparty risks may arise in relation to this execution. These risks may concern the settlement of the transaction (delivery failure) and solvency of the Financial Intermediary. At the Client's request, the Bank may provide further information on the consequences of this execution method.

F. Primary Market

The Bank has put in place an allocation policy to describe the process in regards to allocation for Orders received by Clients (Stock Initial Public Offering, "IPO" and bonds primary market issuance). The Bank will leave orders to Bank leads or co-leads and split the amount received from the Syndicate in respect of the principle of fairness and proportionality in regard to the size of commitment Orders received from Clients. In case the Bank needs to make a decision between several Clients (minimum denomination or trading lot), the Bank will use the criteria of the subscription time of the Order.

G. The Bank's remuneration

As remuneration for the Bank executing the Client's orders, the Bank will receive the fees mentioned in the Fee Schedule. Any changes to the fees mentioned in the Fee Schedule shall be notified by any means of communication authorised in the General Terms and Conditions.

Each year, the Bank will provide ex-post information on all costs and expenses associated with the Financial Instruments and services relating to the Bank's execution of the Client's orders. This information is based on the costs incurred and is provided on a customised basis. The Bank also provides the Client with an illustration of the cumulative effect of the costs on the return on Financial Instruments.

The Bank does not receive any payment or benefit from Financial Intermediaries or a Stock Exchange to which it may send its Clients' Orders.

H. Ranking of the top five execution platforms and information on quality of execution

Once a year, for each category of Financial Instruments, the Bank undertakes to draw up and publish the ranking of the top five execution platforms based on the volume of trades that it has executed on Clients' Orders in the previous year, and summary information on the quality of execution obtained. The information is available on its website.

I. Monitoring and evidencing

The Bank monitors the effectiveness of its order execution arrangements and compliance with its MIFID II order execution policy. The Bank also monitors the quality of executions and will demonstrate to Clients, at their request, that their Orders have been executed in accordance with this Policy.

J. Execution platform selection procedure

Appendix 1 (*Financial Intermediaries for the execution of Orders*) of this Policy contains a list of the trading platforms in which BIL has the most faith to meet its obligation to take all reasonable measures to obtain the best possible execution of its Clients' Orders in the majority of cases. This list mentions the platforms used for each category of Financial Instrument, for Orders from retail and professional clients, and for securities financing transactions.

Clients need to be aware that those platforms may reject an Order for various reasons.

K. Information requested by the Client

When a Client makes reasonable and proportionate requests to the Bank for information about the Policy, about the arrangements taken by the Bank to execute the Client's Orders in compliance with the Policy and about how the Policy is reviewed, the Bank shall answer clearly and within a reasonable time frame.

L. Publication of the Policy

Where the Bank offers the Order execution service to its retail clients, it posts its policy on its website along with a link to the most recent data on the quality of execution, published in accordance with section G above, for each execution platform listed by the Bank in the Policy.

M. Change to the Policy

To ensure that the Policy is adapted to market developments and Clients' interests, the Bank undertakes to review the content of this document annually.

When doing so, all terms of the Policy, including the relevance of Execution Factors and methods, will be reviewed and, where necessary, changed.

Any event, and in particular a change in legislation, regulations or

standards of the market, or in market conditions, which constitutes a substantial development likely to affect the application of the Policy, will also be reviewed.

Based on these reviews, if it transpired that this Policy needed to be adapted, the Bank would inform Clients of the amendments on their account statements, on its website, and if necessary by any other means of communication. The Bank shall consider these amendments approved if it has received no written objection from the Client within 30 days of notification, or if the Client carries out transactions before this deadline. Any Order placed before Clients have been informed of a new Policy will continue to be governed by the terms of the previously applicable policy.

N. Complaints

Any complaint concerning this execution policy may be addressed to:

Banque Internationale à Luxembourg
69, route d'Esch
L-2953 Luxembourg
or: contact@bil.com

Equities, Warrants & Exchange Traded Funds

This chapter deals with the execution of Clients' Orders for the following Financial Instruments **admitted for trading on a Stock Exchange**: securities representing part of a company's equity (shares) or investment funds (Exchange Traded Funds or ETF) or securities representing an issuer's commitment to pay, on maturity, a guaranteed amount if a market event arises (warrants).

A. Financial intermediaries for the execution of trades

The execution of an Order on another financial marketplace will be through a Financial Intermediary chosen by the Bank in accordance with this Policy.

The Bank has subscribed to Euronext's Best of Book execution service for Orders from retail Clients. Special liquidity providers may offer improved prices.

The main Financial Intermediaries selected by the Bank for the execution of Orders for the Financial Instruments concerned by this chapter are included in Appendix 1 (*Financial Intermediaries for the execution of Orders*) of this Policy.

B. Financial Intermediary selection criteria

The Execution Factors that the Bank will consider when choosing a Financial Intermediary are as follows, in descending order of importance:

- **Likelihood of Order execution: most liquid market**

When the Order is received, the Bank will transmit it on the most liquid market, taking historical data into account. The assessment of a market's Liquidity shall be based on the daily volume of trade for the Financial Instrument in question. The Financial Intermediary appointed by the Bank may select alternative venues in the sole interest of Clients.

The Bank executes a sale Order on the stock market to which the Financial Instrument's place of deposit is linked.

- **Speed at which the Order is sent for execution**

Depending on the Financial Intermediaries selected or the different channels by which Orders are sent, the Bank will choose the quickest means of placing the Order on the Stock Exchange.

- **Transaction cost**

The Bank invoices different brokerage fees depending on the Stock Exchanges to which Orders are routed. The Bank will focus on the first criterion (likelihood of execution) rather than to favour a place of execution.

- **Settlement and delivery of securities**

Another factor in the best execution of an Order is the receipt and delivery of securities. The choice of Financial Intermediary is also dictated by its financial soundness (rating) and the probability of the trade being settled on time.

C. Order types

The Bank accepts the following standard Orders:

- **"Limit"**
The buyer or seller sets a price above/beyond which it does not wish to make the trade;
- **"Market price"**
Order at market conditions with no prior indication of price; and
- **"Stop market"**
Order where the Client wishes to trade on the market as soon as a predetermined trigger price is reached. Example: a "stop buy" Order is triggered if the last price traded is above or equal to the trigger price (below or equal for a "stop sale" Order). The stop Order is only activated when the Order's trigger price is reached. It then becomes an Order at "Market Price" and there is always the possibility that it will be executed at a price which is higher/lower than the trigger price.

The Order may either be valid for a length of time set by the Client (without going beyond the last Business Day of the year), or will be valid until the end of the month by default. However, Stock Exchanges may set other limitations on validity.

D. Transmission of Orders

Orders are placed with the Financial Intermediary or Stock Exchange directly by secured message (Swift or FIX), using routing rules established by the Bank according to the criteria set out in the previous paragraph.

Orders that are large in scale or for Financial Instruments with a low daily traded volume may be executed on a discretionary basis. This is done in the interest of the Order's best execution. It ensures a price suited to the market situation and Liquidity of the Financial Instrument in question.

Any instruction to the contrary from the Client constitutes a Special Instruction.

E. Orders executed off-exchange

As the Financial Instruments covered in this chapter are listed on the Stock Exchange, Orders received by the Bank will systematically be executed on the Stock Exchange. No Order will be executed off-exchange.

F. Other

A list of the main Stock Exchanges is available on the following link: https://static-www.bil.com/Documents/BILnet/regles_marche_fr.pdf.

Derivatives

This chapter deals with the execution of Clients' Orders for derivatives **admitted for trading on a Stock Exchange**.

The Bank offers two kinds of derivatives:

- **listed options**
a contract whereby the buyer acquires the right (but not the obligation) to buy (call option) or sell (put option) a certain quantity of Financial Instruments at a given price and until a date specified in the contract. The seller depends on whether or not the buyer decides to exercise this right. Stock exchanges offer standardised contracts on different underlyings with different maturities; and
- **futures**
a future commitment from the buyer of the contract to buy, and for the seller of the contract to sell, a certain underlying at the price determined on a given date. Stock exchanges offer standardised contracts on different underlyings with different maturities.

A. Financial intermediaries for the execution of trades

The Bank systematically uses a Financial Intermediary for derivatives admitted to trading on the Stock Exchange.

B. Financial Intermediary selection criteria

The Bank executes an Order on the marketplace where the derivative is most liquid. Any instruction to the contrary from the Client constitutes a Special Instruction.

Due to the complexity of derivatives (which are contracts and not securities), specific settlement constraints and the daily management of margin calls, the Bank has chosen to centralise the execution and management of derivatives admitted to trading on the Stock Exchange with a single Financial Intermediary, mentioned in Appendix 1 (Financial Intermediaries for the execution of Orders) of this Policy.

C. Order types

The Bank accepts the following standard Orders:

- **« Limit »**
the buyer or seller sets a price above/beyond which it does not wish to make the trade;
- **« Market price »**
Order at market conditions with no prior indication of price; and
- **« Stop market »** (only for futures)
Order where the Client wishes to trade on the market as soon as a predetermined trigger price is reached. Example: a "stop buy" Order is triggered if the last price traded is above or equal to the trigger price (below or equal for a "stop sale" Order). The stop Order is only activated when the Order's trigger price is reached. It then becomes an Order at "Market Price" and there is always the possibility that it will be executed at a price which is higher/lower than the trigger price.

By default the Order is valid for the day, unless the Client specifically states otherwise (constituting a Special Instruction), with a deadline corresponding to the maturity of the contract or the last Business Day of the month.

D. Transmission of Orders

The trader sends Orders to the Financial Intermediary using the standard market tools for executing Orders.

E. Orders executed off-exchange

As the Financial Instruments covered in this chapter are listed on the Stock Exchange, Orders received by the Bank will systematically be executed on the Stock Exchange. No Order will be executed off-exchange.

Investment funds

This chapter deals with the execution of Clients' Orders for Financial Instruments **classified as investment funds**. These Financial Instruments are securities representing a percentage of the capital, or joint ownership of an investment fund.

These investment funds may invest in different strategies. The Bank also advises its Clients to carefully read (i) the prospectus of the investment fund in question, (ii) the key investor information document (KIID) if the investment fund is an undertaking for collective investment in transferable securities, or the key information document (KID) relating to packaged retail and insurance-based investment products and, (iii) in particular, the section of these documents concerning the risks taken by anyone investing in this type of Financial Instrument.

A. Financial intermediaries for the execution of trades

Subscriptions to (or redemptions from) an investment fund are made directly with the intermediary responsible for keeping the fund register: The **Transfer Agent**.

The Bank is in contact with a large number of Transfer Agents and can therefore execute the transaction with them directly. However, given the number of investment funds available around the world, the Bank also has access to fund execution platforms.

The list of execution platforms is available in Appendix 1 (*Financial Intermediaries for the execution of Orders*) of this Policy.

Following the Client's Special Instruction, an Order relating to an investment fund may also be routed to a Stock Exchange, provided that the Financial Instrument is admitted for trading on it. The execution criteria are mentioned in the chapter entitled Equities, Warrants and Exchange Traded Funds.

B. Financial Intermediary selection criteria

As stated in the aforementioned paragraph, the Bank executes Orders with Transfer Agents who are appointed by investment fund promoters. The Bank therefore has no influence over this decision. However, for reasons of counterparty and risk management, the Bank may reject a Transfer Agent as a Financial Intermediary. In this case, the Bank reserves the right not to accept the Order.

If the Bank has automated direct access (via secure Swift) to the Transfer Agent, this channel will be preferred.

If the automatic feed has not been set up, the Bank will send the

Order via a fund execution platform.

C. Execution price

The execution price of the transaction will be the investment fund's net asset value (**NAV**) calculated by the calculation agent appointed by the investment fund, based on the frequency stipulated in the investment fund prospectus, provided that the Order has been sent within the time specified in the prospectus.

D. Transmission of Orders

Orders are placed with the Transfer Agent or the fund execution platform by Swift message, using the routing rules established by the Bank according to the criteria set out in the previous paragraph.

E. Cut-Off

The Cut-Off is the time until which the Transfer Agent accepts investment fund Orders for execution on the next NAV date. If the Transfer Agent receives the Order after the Cut-Off, the execution price may not be that of the next NAV but rather the one after that.

The Bank sends the Orders to the Transfer Agents or execution platforms as soon as they are received.

The placement of an order may be delayed when the relationship with the Transfer Agent is not yet set-up. Under certain circumstances, the opening of an account may take several days.

A delay may also occur when the Financial Instrument is not known by the Bank or the Counterparty and the necessary data need to be collected.

F. Orders executed off-exchange

All of the Financial Instruments referred to in this chapter are traded off-Exchange.

G. Order types

The Order may not include a price limit and must be at arm's length (Order at Market Price).

Neither may it include an expiry date. The Order remains valid until executed, and may not be changed or cancelled after the Cut-Off.

Bonds

This chapter deals with the execution of Orders for **bond** instruments: These Financial Instruments are securities representing an entity's debt.

A. Financial intermediaries for the execution of trades

New bond trading platforms (MTF) are being set up with the implementation of MiFID. MTFs will make it possible to execute trades with complete transparency on an unregulated market.

BIL is a member of this market and executes its Clients' Orders through this platform.

On the Client's Special Instructions, a bond Order may also be routed to a Stock Exchange, provided that the Financial Instrument is admitted for trading on it. The execution criteria are mentioned in the chapter entitled Equities, Warrants and Exchange Traded Funds.

In exceptional cases, the Bank may execute a Client's bond Order off-exchange.

The main Financial Intermediaries for the execution of bond Orders are included in Appendix 1 (*Financial Intermediaries for the execution of Orders*) of this Policy.

B. Financial Intermediary selection criteria

The factors that the Bank will consider when routing the Order are as follows, in descending order of importance:

- **Execution price**
The price quoted by the Financial Intermediary compared with the other prices available on another MTF at the same time, for the same Financial Instrument and for the equivalent total value of the Order (Liquidity of the Financial Instrument).
- **Speed at which the Order is sent to the market**
Depending on the Financial Intermediaries selected or the different channels by which Orders are sent, the Bank will choose the quickest means of sending the Order.

- **Settlement and delivery of securities**

Another factor in the best execution of an Order is the receipt and delivery of securities. The choice of Financial Intermediary is also dictated by its financial soundness (rating) and the probability of the trade being settled on time.

C. Order types

The Bank accepts the following standard Orders:

- **Limit:** the buyer or seller sets a price above/beyond which it does not wish to make the trade; and
- **Market price:** Order at market conditions with no prior indication of price.

The Order may either be valid for a length of time set by the Client (without going beyond the last Business Day of the year), or will be valid until the end of the month by default. However, Stock Exchanges may set other limitations on validity.

D. Transmission of Orders

Orders are placed with the Financial Intermediary or Stock Exchange directly by secured message (Swift or FIX), using routing rules established by the Bank according to the criteria set out in the previous paragraph.

Orders that are large in scale or Financial Instruments with a low daily traded volume may be executed on a discretionary basis. This is done in the interest of the Order's best execution. It ensures a price suited to the market situation and Liquidity of the Financial Instrument.

Any instruction to the contrary from the Client constitutes a Special Instruction.

E. Orders executed off-exchange

As the Financial Instruments covered in this chapter are listed on the Stock Exchange, Orders received by the Bank will mostly be executed on the Stock Exchange. Execution of Orders off-Exchange will remain exceptional.

BSP/Fiduciary Certificates/Dual Currency Deposits/OTC Derivatives (except FX)

BIL Structured Products (BSP) are structured products issued in the form of debt securities for the Bank's own account. These products expose investors to the Bank's credit risk, and enable them to benefit from the performance of an underlying asset. A transparent and objective process to identify, analyze, issue and execute structured notes is followed. Structured notes are issued and executed on the main asset classes, in line with BIL internal policies (ethical principles and law and regulatory obligations).

Fiduciary Certificates are securities that in part represent a portfolio held by the Bank for fiduciary purposes. The Bank buys/sells these securities at a given frequency (monthly or bi-monthly). Investors in this type of product are not exposed to the Bank's capital risk.

Docus or Dual Currency Deposits are structured deposits involving a currency pair. Investors are exposed to the Bank's credit risk. These Financial Instruments are generally made for short-term investments.

The **OTC Derivatives**¹ described in this chapter are derivatives relating to equities or indices. They are traded solely over-the-counter with the Bank.

A. Financial intermediaries for the execution of trades

All of these Financial Instruments are traded solely with the Bank acting on its own behalf: the Order is not sent to any Financial Intermediary.

B. Transmission of Orders

Orders are routed solely to BIL experts in derivatives and structured products, who ensure to provide favourable conditions for the investor and execute them on the basis of:

- **for BSPs:**
 1. the bank's dedicated structured product pricing and execution platform, or via an auctioning process with at least three different counterparties approved by the Bank where possible on the basis of the execution time required and availability of approved counterparties for the required product payoff;
 2. liquidity of underlying asset, depth of market, correlation when multiple underlying assets are used and secondary market availability;
 3. in the case of a sale Order, the Bank's willingness to buy the Financial Instrument in question from the Client back;
 4. the transaction price will be calculated according to market conditions on the date the Order is received, namely:
 - the level of interest rates in the currency of the Financial Instrument;
 - the cost that the Bank incurs by needing to refinance for a similar period (for a sale Order) or the interest rate surplus that the Bank is prepared to pay to obtain cash for the duration of the BSP ; and
 - the valuation of Embedded Derivatives, which themselves depend on the level of interest rates, the underlying's volatility, the value of the underlying compared with its starting point, and the markets' expectations of any return on the underlying (e.g. dividends for equity). The price of these embedded derivatives is determined with derivative valuation methods approved by market participants.

- **for Fiduciary Certificates:**

1. the Order should be sent within the time specified in legal documents (e.g. two Business Days before the valuation date); and
2. on the Fiduciary Certificate's valuation date, the Bank will use the closing price from the previous day to determine the price of all of the Fiduciary Certificate's assets. The reference price for the trade will be the valuation of all assets divided by the number of denominations. The Bank may apply a difference between the purchase and sale price depending on conditions specific to the issue in question (covered in the legal and marketing documents of the Fiduciary Certificate when it is issued).

- **for Dual Currency Deposits or Docus:**

1. the Bank does not accept sale or early closure Orders for a Docu. The Docu can only be redeemed at maturity; and
2. the initial price (Order to create or open a Docu) will be calculated according to market conditions on the date the Order is received, namely:
 - the level of interest rates in the currency of the Docus; and
 - the valuation of the embedded currency option, which itself depends on the level of interest rates for the two currencies, the currency pair's volatility, and the currency pair's value relative to the strike price. The price of this currency option is determined with derivative valuation methods approved by market participants.

- **for OTC Derivatives on Single Stocks or Equity Indices:**

1. depending on the Liquidity of these derivatives on the interbank market, and on market conditions for the underlying (Liquidity of the security), the Bank may choose to accept an Order for these derivatives; and
2. the transaction price (premium received or paid on the derivative) will be calculated according to market conditions on the date the Order is received, namely:
 - the level of interest rates;
 - the volatility of the underlying;
 - the level of the underlying relative to the strike price; and
 - the market's expectations of any return on the underlying (e.g. dividends).

The price of these derivatives is determined with derivative valuation methods approved by market participants.

C. Orders executed off-exchange

All of the Financial Instruments referred to in this chapter are traded off-exchange, i.e. over-the-counter with the Bank as counterparty.

D. Internal control of valuations

The price of all Financial Instruments described in this chapter is checked each day by the department responsible for monitoring market risks.

And with regard to structured products, an external valuation agent provides an independent valuation of the structured products each day. It provides a theoretical daily price, which is compared against the price of Orders received.

¹ Over The Counter: Financial Instrument traded only on the unlisted market.

Third-party structured products

Third-party structured products are debt securities issued by banks, where the income is determined on the basis of an underlying asset's performance.

A. Financial intermediaries for the execution of trades

The Bank contacts the product's issuer for the execution of the Order. If the issuer is a Bank, the issuer will execute the trade for its own account.

For Financial Instruments that are both listed on the Stock Exchange and tradeable over-the-counter, the Bank will favour the execution of the trade on the Stock Exchange unless the Client gives a Special Instruction to the contrary.

The main Financial Intermediaries selected by the Bank for the execution of Orders for third party structured products are described in Appendix 1 (*Financial Intermediaries for the execution of Orders*) of this Policy.

B. Financial Intermediary selection criteria

The Liquidity of these Financial Instruments is very low and a market with several Financial Intermediaries cannot be guaranteed. The product's issuer, or lead manager, is normally the

only market maker.

The Execution Factors that the Bank will consider when routing the Order to one of its partners (or counterparties) are as follows, in descending order of importance:

- the Financial Intermediary is normally the product's issuing bank, which guarantees a degree of Liquidity for the security. In some cases, the only market maker may be a broker. This is the most important selection criterion; and
- the price quoted by the counterparty compared with the other prices available at the same time, for the same Financial Instrument.

C. Transmission of Orders

Orders are sent to the Financial Intermediary using the likelihood of execution with the Financial Intermediary as the main criterion.

D. Orders executed off-exchange

The Financial Instruments referred to in this chapter may be traded on or off the Stock Exchange.

FX derivatives (options, forward exchange contracts and swaps)

This chapter concerns **currency derivatives**, namely: outright futures, forex swaps, non-deliverable forwards, currency options. It concerns the execution of trades and management of Clients' limited Orders for the aforementioned products.

This chapter also covers Orders for derivatives of precious metals (gold, silver, platinum, palladium, etc.), which the Bank may receive from a Client.

A. Financial intermediaries for the execution of trades

As a Systematic Internaliser, BIL executes its Clients' limited Orders and trades against its own trading portfolios.

BIL has adopted the Systematic Internaliser status in 2020. It will therefore act as counterparty to trades and Orders executed or sent by Clients.

BIL provides the resources that will ensure the execution of Orders and trades in accordance with this Policy.

B. General Information concerning Execution Factors

The Bank has identified a number of important Execution Factors to ensure best execution, meeting the need to obtain the best possible result for Clients in terms of execution price. These factors are taken into account when the trade is executed and are ranked in descending order of importance:

- **Market conditions**
The quality, capacity, speed of execution and price primarily depend on the volatility and Liquidity available at a given time for a given currency pair or Financial Instrument. If the liquidity dries up, the Bank may have to refuse to execute a trade at a given time.
- **Size and nature of the transaction**
The Bank's execution price conforms with foreign exchange market standard practice. The higher the nominal, the bigger the difference between the bid and offer price. This difference is also greater for less liquid currencies (including the NOK, SEK, ZAR, RUB, TRY, NZD and MXN).
- **Speed and likelihood of execution**

Unless the Client specifically asks to deviate from this principle, and excluding Orders with a maximum price, the Bank believes this principle to be particularly decisive on volatile, illiquid markets. Orders will therefore be executed immediately, except in cases where the Client requests careful execution.

- **Reference price**

By reference price, we mean the price observed on the market at the time of quotation, for a standard amount in the currency pair concerned. The Bank tries to provide the best price at any given moment, depending on the constraints of the aforementioned Execution Factors.

C. Execution methods

- **FX forwards and swaps**

This product is admitted to trading directly in different locations (banks' various proprietary trading platforms, multibank portals, MTF, etc.). This Policy applies to these products in accordance with the Execution Factors mentioned in paragraph B above.

- **Currency option**

Specific parameters apply to the execution of Orders for this product. Indeed, the calculation of a currency option's price depends on several parameters, and the Execution Factors mentioned in paragraph B above apply to each one of these. These factors are as follows (ranked by descending order of importance):

1. the spot price of the underlying;
2. the volatility for the maturity in question in the currency pair; and
3. the price of the currency swap for the currency pair and maturity in question.

D. Quality control

The Bank puts in place tools to enable the checking in real time of the quality of trade execution relative to the market reference value of the different Execution Factors mentioned in paragraph B above.

Appendix 1: Financial intermediaries for the execution of Orders

Below is a list of the execution platforms in which BIL has the most faith to honour its obligation to take all reasonable measures to obtain the best possible result, in the majority of cases, when executing its Clients' Orders:

- **Orders for Equities, Warrants & Exchange Traded Funds**
 - Belfius, Brussels
 - UBS, Zurich
 - Kepler Cheuvreux, Paris
 - Virtu ITG Europe, London
 - CLSA, London
 - Carnegie, Gothenburg
 - DNB, Oslo
- **Orders for Listed Derivatives**
 - JP Morgan, London & Frankfurt
- **Orders for Investment Funds (trading platforms)**
 - Vestima, Luxembourg & Cork
 - RBC IS, Paris
 - BBH, Zurich
 - MFEX, Stockholm
- **Orders for Bonds**
 - MTF - Bloomberg
 - UBS, London & Zurich
 - BNP, London & Paris
 - JP Morgan, London
 - HSBC, London
 - Barclays Bank, London & Paris
 - Citibank, London
 - Credit Agricole, Paris
 - Deutsche Bank, London
- **Orders for Third-party Structured Products (main issuers)**
 - Commerzbank, London
 - BNP Paribas, Paris
 - Société Générale, Paris
 - Leonteq, Zurich
 - HPC SA, London
 - Kepler Cheuvreux, Paris
 - Raymond James, Paris
 - TFS, Paris
 - JP Morgan, Paris & Frankfurt
 - Crédit Suisse, Paris
 - Bondpartners, Lausanne
 - Morgan Stanley, London

Appendix 2: Glossary

Unless expressly stipulated otherwise, terms and expressions starting with a capital letter and not defined in this Policy have the meaning attributed to them in the General Terms and Conditions (as defined below):

- **"BILnet"**
the BILnet transactional website or any website that replaces it.
- **"Client"**
any legal entity or natural person having a banking relationship with the Bank, and to whom an investment product or service is provided.
- **"General Terms and Conditions"**
the Bank's general terms and conditions, governing relations between the Bank and its Clients.
- **"Stock Exchange"**
a regulated market, MTF or OTF as defined by MiFID.
- **"Over-the-counter"**
trade completed directly between the seller and buyer without the involvement of the Stock Exchange.
- **"Financial Intermediary"**
any external entity to which the Bank may send Orders for execution (counterparty, execution platform or broker).
- **"Systematic Internaliser"**
an investment company that, in an organised, frequent and systematic manner, trades on a proprietary basis when executing Orders over-the-counter.
- **"Special Instruction"**
any Client Order received by the Bank and which imposes one or more Execution Factors.
- **"Financial Instruments"**
financial instruments as defined by MiFID.
- **"Business Day"**
a day on which banks are open for general business in Luxembourg (other than a Saturday or Sunday).
- **"Liquidity"**
the most liquid market based on the volume of trade noted over a given observation period.
- **"MiFID"**
markets in financial instruments directive 2014/65/EU of 15 May 2014, as well as any related Luxembourg or European law or regulation, as amended.
- **"MTF"**
a multilateral system used by an investment company or market trader, which matches (within the system, according to non-discretionary rules) the various interests of buyers and sellers for Financial Instruments, expressed through third parties, in a manner leading to the agreement of contracts in accordance with title II of MiFID.
- **"Order"**
instruction to sell or buy (redeem or subscribe) a Financial Instrument.
- **"Fee Schedule"**
the fee schedule for Bank services, which the Client receives and accepts before signing the General Terms and Conditions, or any other document received by the Client and showing the fees for the Bank to execute the Client's Orders.
- **"Syndicate"**
the group of institutions working together to bring a new issue to the market.

A term or expression used in the singular is deemed to retain the same meaning, *mutatis mutandis*, when used in the plural and vice versa, while terms and expressions referring to one gender also include the other.