

Purpose of the Policy

Best Execution is a core component in the regulation of financial services. Its aims are threefold:

- to ensure protection for investors;
- to sustain the integrity of the price formation process, which itself underpins all trading activity; and
- to promote competition among trading venues in increasingly fragmented markets.

This document sets out the Best Execution Policy and approach to providing best execution, as required by the Markets in Financial Instruments Directive (EU) 2014/65 (MiFID) for Credit Europe Bank N.V. (CEB).

MiFID requires CEB to take all sufficient steps to obtain the best possible result for its clients taking into account price, costs, speed, likelihood of execution and settlement, size, nature and/or any relevant order execution consideration, whether CEB is executing orders on behalf of clients or placing orders with, or passing orders to, others for execution. This overarching obligation to obtain the best possible result for clients is referred to, in this document, as CEB's obligation of best execution.

Scope of this Policy

This policy applies to clients classified by CEB as Non-Professional Investors and Professional Investors and only to dealings in financial instruments (each as defined in MiFID).

The key concept in quote-driven markets is whether CEB is acting 'on behalf of the client' when executing its order. This focuses on the economic reality of the relationship between CEB and the client and, specifically, whether the client 'legitimately relies' on CEB to protect their interests in relation to pricing and other important elements of the transaction.

'Legitimate reliance' is driven by reference to the classification of the client and to other characteristics of the transaction. Eligible Counterparties do not rely on CEB to receive best execution.

Four Fold Test

The European Commission Opinion has set out a list of four-fold cumulative test to help determine whether a client is legitimately relying on CEB. These four considerations - which are taken together by CEB - are set out below.

Which party initiates the transaction?

Best execution does in principle not apply to Professional Investors who initiate the transaction while dealing on quotes with CEB. This will be assessed together with the other three considerations.

Questions of market practice and the existence of a convention to 'shop around'

Where the market practice suggests that the client takes responsibility for the pricing and other elements of the transaction and the market practice is to obtain quotes from various sources, it is less likely that the customer will be placing reliance on CEB. The existence of a market practice or a convention to 'shop around' is weighted together with the circumstances that may prevent clients from doing so. CEB therefore does not generally enter into 'captive trades' or any other circumstances which prevent clients from shopping around.

The relative levels of price transparency within the market

The impact of the relative price transparency to client's legitimate reliance is considered during CEB's selection process of execution venues.

The information provided by CEB and any agreement reached

CEB presumes that any Non-Professional Investor would be legitimately relying on CEB to deliver best execution for all transactions, regardless of how they arise.

In addition to this four-fold cumulative test CEB may also take into account other non-exhaustive considerations that help to determine whether or not a client is legitimately relying on CEB to protect their interest in relation to the transaction and thus, whether or not it is acting on behalf of the client.

Approach to Best Execution

The information below sets out general information with respect to CEB's approach to best execution. It is supplemented with appendices that provide for detailed information with respect to the following categories of financial instruments:

- CEB Fixed Income Execution Arrangements – Appendix 2
 - CEB OTC Derivatives Execution Arrangements – Appendix 3
- Additional appendices may be added from time to time.

Best execution obligation and relevant factors

As set out above when executing orders on behalf of clients in relation to financial instruments, CEB will take all sufficient steps to achieve best execution. CEB has in place a policy and processes which are designed to obtain the best possible execution result on a consistent basis, subject to and taking

into account the financial instrument subject to the nature of the client's orders, the execution venues available (on reasonable commercial terms) for such financial instruments and the priorities clients place upon CEB executing those orders. The policy and processes provide, in CEB's view, the best balance across a range of different factors.

CEB will take into consideration a range of different factors when determining how to obtain the best possible result for orders executed on client's behalf, including price, the need for timely execution, availability of price improvement, the liquidity of the market (which may make it difficult to execute an order), potential price impact, the size of the order, the nature of the financial transaction (including whether or not such transactions are executable on a trading venue, over-the-counter, or via either route) and the quality and cost effectiveness of any related clearing and settlement facilities.

Execution venues

This Best Execution Policy includes, for each financial instrument in which CEB execute orders on behalf of clients, those venues that CEB considers enabling to obtain on a consistent basis best execution. These venues are listed in the following document: List of Execution Venues – Appendix 1.

Those possible execution venues include, as appropriate for each financial instrument: regulated markets, multilateral trading facilities, organized trading facilities, systematic internalisers, market makers and other liquidity providers (including CEB acting as principal).

Selection of additional venues includes consideration of factors such as liquidity and price offered, credit and settlement risk, realized performance (latency, liquidity, price improvement, fill rates, pricing analysis), commercial positioning, market mechanism, resilience and reliability. CEB will, on request, provide further details to clients of the execution venues included in its Best Execution Policy.

CEB will also take steps to not structure or charge CEB's commissions in such a way as to discriminate unfairly between execution venues.

Specific instructions

Where clients give CEB specific instructions, including specifying the characteristics of a bespoke financial instrument, either relating to an order or a particular aspect of an order, CEB will execute so far as is reasonably possible in accordance with those instructions. However specifics of the instruction may prevent CEB from taking the steps that it has put in place to obtain the best possible result for the execution of client orders with respect to the elements impacted by such specific instructions. Notwithstanding this, where clients give CEB a specific instruction which covers one part or aspect of the order, this will not release CEB from its best execution obligations in respect of any other part or aspect of a client order that is not covered by such instructions.

In the absence of express instructions from clients CEB will exercise its own discretion, having regard for the terms of the client's order in determining the factors that it needs to take into account for the purpose of providing clients with best execution.

Monitoring and review

CEB will monitor the effectiveness of its execution arrangements and the Best Execution Policy and assess on a regular basis whether the execution venues it has selected provide for the best possible result for orders it executes on behalf of clients.

CEB will review this Best Execution Policy, including its appendices, and its order execution arrangements at least annually. CEB will also notify its clients of any material changes to its order execution arrangements or this Best Execution Policy; such notification may be made via CEB's corporate website (www.crediteuropebank.com).

If clients wish to discuss the application of best execution to their trades with CEB they can contact their usual Sales representative.

Credit Europe Bank N.V.

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Credit Europe Bank N.V. has been entered in the Trade Register of the Amsterdam Chamber of Commerce under no 33256675. Credit Europe is subject to the supervision of and is registered with the Dutch Central Bank (De Nederlandsche Bank N.V.) and the Authority for the Financial Markets (Autoriteit Financiële Markten).

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