

**MiFID II GENERAL INFORMATION PACKAGE**

**AstroBank Public Company Limited**

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# INTRODUCTION

The present document includes general information on the policies and procedures which apply when AstroBank Public Company Limited (the “Bank”) provides the Client with investment services and activities and ancillary services, under the meaning of the European Union Markets in Financial Instruments Directive 2014/65/EU (MIFID II), which has been transposed into Cyprus law by Law 87(I)/2017 (the ‘Law’’),

The Bank reserves its right to amend this document at any time. Any such amendments will be notified to the Client in writing or will be made available on the Bank’s website.

This document should be read together with the Agreement for the Provision of Investment and Ancillary services (the “Agreement”). Where there is any inconsistency between the contents of this document and the Agreement, the terms of the latter will prevail.

Capitalised terms which are not defined in this document shall have the meaning given to them in the Agreement. Any term used in this document and not otherwise interpreted shall have the meaning attributed thereto in the Law.

# THE BANK AND ITS INVESTMENT SERVICES

## Bank Business

AstroBank Public Company Limited is a Cyprus registered Bank regulated by the Central Bank of Cyprus with a group of high profile international shareholders. With a network of branches and business units all over Cyprus, AstroBank offers a comprehensive package of innovative financial products and services, tailored to the needs of its local and international clientele. The main services offered by the Bank are:

* Account Opening and Payments
* Internet Banking
* Cards
* Corporate and Commercial Retail Banking
* Private Banking
* Treasury
* Escrow Services
* Trade Finance
* Investment services

## Investment services provided to the Clients

The investment services and activities as well as the ancillary services, which the Bank is authorised to provide, are the following:

### Investment services and activities:

a) Reception and transmission of orders in relation to one or more financial instruments

b) Execution of orders on behalf of Clients

c) Dealing on own account

d) Portfolio Management

e) Investment Advice

### Ancillary services:

a) Safekeeping and administration of financial instruments for the account of Clients including custodianship and related services such as cash / collateral management and excluding maintaining securities accounts at the top tier level

b) Foreign exchange services where these are connected to the provision of investment services

The Bank is authorised to provide the aforementioned investment services and activities and ancillary services which relate to any of the Financial Instruments specified in Part III of the First Appendix of the Law.

The special terms which govern the provision of the particular investment services to the Client, are specifically described in the Agreement which the Client will sign with the Bank.

### Non-Independent Investment Advice

When providing Investment Advice to the Client, the Bank provides the Client with non-independent advice within the meaning of the Law. Non-independent advice is advice based on a more restricted analysis of different types of Financial Instruments available on the market, and in particular, the range is limited to Financial Instruments issued or provided by certain issuers or providers, or entities having close links with the Bank or any other economic or legal relationships, with the Bank. In case the Bank provides an investment advice and the issuer of the financial instrument has any relationship with the Bank this will be disclosed to the Client before the provision of the service.

**Before the signing of the Agreement the Client must have carefully studied and understood the information provided in the present document which concern the investment services provided to him.**

**Bank’s details:**

AstroBank Public Company Limited

Company Registration number: HE189515

Registered office: 1 Spyrou Kyprianou Avenue, 1065 Nicosia

**Bank's Website**:

https://www.astrobank.com

**Bank Contact details:**

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Fax: 00357-22763432

E-mail: cyprivatebanking@astrobank.com

Telephone: +357 22 575555

Attention: Private Banking department

**Competent authorities**

Central Bank of Cyprus

Telephone: +357 22714100

Fax: +357 22714959

Address: 80, John Kennedy Avenue, PO Box 25529, 1395, Nicosia, Cyprus

Cyprus Securities and Exchange Commission

Address: PO Box 24996, 1306, Nicosia, Cyprus

Telephone: +357 22 875475

Fax: +357 22 754671

Website: [www.cysec.gov.cy](http://www.cysec.gov.cy)

# FINANCIAL INSTRUMENTS AND RISKS

1. **General**

Different Financial Instruments involve different levels of exposure to risk and in deciding whether to trade in any Financial Instruments, the Client should be aware of the guidance set out below.

An investment in any Financial Instrument involves risks. These risks may include, among others, equity market, bond market, foreign exchange, interest rate, market volatility and economic, political and regulatory risks and any combination of these and other risks.

The Client should understand the risks associated with an investment in a Financial Instrument, and should only reach an investment decision, after careful consideration of:

1. the nature of the risks involved and exposure to these risks; and
2. the suitability of an investment in the relevant Financial Instrument taking into account his own financial position and his own circumstances**.**

This section describes briefly the nature and the risks of various Financial Instruments, but it cannot cover all the associated risks and characteristics of the Financial Instruments described below.

The Bank hereby makes no representation, warranty or guarantee as regards their accuracy or completeness.

The exposition of dangers/risks which follows is indicative only and is intended to help understand the way the capital markets work and the general factors which affect the values and prices of investments.  **It should not be considered complete and nor should it be construed as Investment Advice or recommendation for the provision of any service or investment in any of the Financial Instruments mentioned below. Where the Client is unclear as to the meaning of any of the risks and warnings described below, the Bank strongly recommends that he seeks appropriate independent legal or financial advice in advance of any investment decision.**

1. **Returns**

The price or value of an investment in Financial Instruments may be affected by a variety of factors outside the control of the Bank and the Client. The value of any such investment and the amount of income derived from them may go up or down and may become valueless. There is no guarantee that the Client will get back the amount he initially invested.

**Past performance of a Financial Instrument is not an indication of its future performance.**

1. **Margin**

If the Client deposits margin as security with the Bank, he may sustain a total loss of his collateral he deposited with the Bank once dealings on his behalf have been undertaken. Even if his dealings should ultimately prove profitable, he may not get back the same assets which he deposited, and may have to accept payment in cash.

If the Client trades in Financial Instruments with margin, he may sustain a total loss of the margin he deposited with the Bank in order to establish or maintain a position. If the market moves against the Client he may be called upon to pay substantial additional margin at short notice to maintain the position. If he fails to do so within the time required, his position may be liquidated at a loss and he will be responsible for the resulting deficit.

1. **Description of General Investment Risks**

**Market risk:** It refers to the risk that the value of an investment or a portfolio of investments will decrease due to changes in market factors such as interest rates, share prices, share indices, exchange rates, commodity prices and commodity indices.

The four most common market risk factors are the following:

* Share price risk: the risk of the decline in the value of a security or portfolio
* Interest rate risk: the risk that an investment’s value will change due to a change in the level of interest rates, in the spread between two rates, in the shape of the yield curve, or in any other interest rate relationship.
* Foreign exchange risk: the risk of an investment’s value being affected by changes in exchange rates and affects investments in Financial Instruments which are traded in a different currency or in foreign exchange markets.
* Merchandise risk: the risk of the price of merchandise such as metal or corn changing.

Movements in share or other indices are also factors taken under consideration during the evaluation of the market risk.

**Credit risk**: It concerns the danger of weakness in the fulfilling of obligations of the contracting party like for example the weakness in the payment of dividends or interest etc. This risk is possible to be pre-assessed and restricted through the credit evaluation of the contracting parties. The effect of the credit risk is multiple: it might affect an issuer – and consequently his Financial Instruments- credit institution or investment company (CIF[[1]](#footnote-1))) – and, as a result, impact solvency ability – etc.

**Liquidity risk:** Liquidity risk is a financial risk and is caused by a possible lack of market liquidity as to one or more Financial Instruments. It concerns the danger of weakness in the liquidation of assets on time and at a reasonable price, which has as a result losses for the Client because of the instability of prices during the period between the receiving of the order until its execution.

**Systematic risk:** Systematic risk captures the risk of a cascading failure in the financial sector, caused by interlinkages within the financial system, resulting in a severe economic downturn.

**Non-systematic risk**: Non-systematic risk is non-market or specific risk associated with a particular issuer of a security. It is also called unique risk or diversifiable risk as it can be eliminated with diversification. It basically relates to the uncertainty associated with the company the investor wishes to invest in.

**Portfolio Management Risk:** It is the risk that depends on the investment strategy that is being followed or on the ability of the portfolio manager to act according to the best portfolio management practices.

**Operational risk:** The risk originating from factors such as breakdown or malfunctioning of essential systems and controls, including IT systems, the risk that the business is run incompetently and personnel and organisational changes can have an adverse impact on all Financial Instruments.

**Liquidation – settlement risk:** It concerns a special form of credit risk and occurs because of the non-smooth fulfilment of the obligations of the contracting parties who are participating in payment systems and settlement of transactions on Financial Instruments for example, when one of the contracting parties is not delivering the titles which he has sold and is obliged to hand in, or, in relation to buying, when he is not paying the owed title price. In case where the investment concerns products which are the object of negotiation in organised markets, this danger is restricted because of the strict supervision of organised markets. This danger increases in case the investment is made in relation to products outside the stock exchange.

**State risk:** This risk relates to the institutional and regulatory framework of the state in which assets are being invested in. The existence of any possible political or financial instability of the investment state can have negative effects on the Client. Especially when it comes to investments in emerging markets losses can occur from the fact that there is no immediate connection resulting in delays in the execution of orders or because of the fact that it is hard for the current prices to be immediately publicised or even because of the different operation terms of these markets. After the request of the Client, the company can provide him with specific information in relation to the operation way and the dangers of rising markets.

**Diminished supervision risk:** It is related to the state risk and refers to the fact that in some states the supervision of the provision of investment services in the market as well as of the provision of investment services bodies can be inadequate and ineffective.

**Tax risk**: In relation to the dangers regarding the taxation of income from investments in Financial Instruments, as well as any changes in the tax legislation, the Client will be notified from his investment advisor regarding the relevant investment product in which he desires to invest in. If an investment in Financial Instruments is comprised of more investments in different Financial Instruments or services, it is possible that the dangers relating to this investment are increased in comparison to the dangers relating to each investment separately. In this case, the Client will receive a special analytical update not only on the nature of his investment but also on the dangers connected to it.

**Sector risk**: Sector risk is the risk where securities of many companies in the same sector will fall in price at the same time because of events which affect the entire industry. Factors which may affect industries include economic factors as well as unique factors associated with the particular industry.

**Country risk:** Country risk is the risk associated with investing in a particular country. These risks include, amongst others, political risk, exchange rate risk, and economic risk linked to the specific country.

**Inflation risk**: The course of the General Index of Consumer Prices affects the real value of invested capital and desired performances. Inflation can effectively erode the value of portfolio returns and can reduce the purchasing power and results in loss in real value.

**Dividend risk:** By investing in dividend-paying securities, investors should acknowledge that dividends distributed by companies depend on the effective to-date company’s dividend policy and its decision to make dividend payments or not. Furthermore, it should be noted that there is risk associated with investing in dividend-paying stocks and caution should be exercised when trading these stocks with dividend or without dividend, as stock prices may drop after the ex-dividend date. Lastly, there are cases where companies may decide to offer dividend distributions in the form of securities instead of cash and which should be considered by investors when choosing dividend-paying securities.

**Prepayment risk:** Also called early redemption risk or call risk refers to the risk associated with the issuer of the fixed income security (or other Financial Instrument with similar characteristics) for redeeming back part or all of the bond issue before the maturity.

**Price risk:** The risk of loss that occurs when the price of a Financial Instrument (or portfolio) declines in the future which may be below the price one paid to buy it.

**Reinvestment risk:** During periods of falling interest rates, coupon payment and principal payments need to be re-invested at lower rates than the original coupon of the fixed income security.

**Foreign Exchange Risk:** Changes in the currency pars affect the value of an investment which is done in a different currency from the basic currency of the Client, but also the obligations or demands of businesses.

**Derivatives Credit Risk**: This is the risk that one of the parties involved in a derivatives contract defaults in value with the risk being higher for OTC contracts compared to exchange-traded contracts. It is also called counterparty risk.

**Sustainability Risk** means an environmental, social or governance event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment.

1. **Description of Financial Instruments and Related Risks**

The Bank provides investment services which lead in transactions on the following Financial Instruments, which involve the following basic risks:

**Shares**

A share is part of the share capital of a societe anonyme. The shares can be common or privileged, issued or anonymous, with voting rights or not, negotiable in a stock exchange or non-negotiable. The share, as a security, embodies the rights of the shareholder which derive from his participation in the societe anonyme. These rights usually correspond to the number of shares owned by the shareholder. Indicatory rights which result from the ownership of shares is the right to dividends from the distributed profits of the company (as long as they can be distributed), as well as they corresponding percentage in the company’s property in the case of resolution of the company.

The common share is the most usual type of share and includes all the basic rights of a shareholder, like participation interest in profits, in the issuing of new shares, in the liquidation as well as voting rights in the General Meeting of the company and participation in its management.

The privileged share offers the advantage/privilege against common shares which constitutes the privileged receiving of dividends or privileged rights in liquidation in case the company is resolved but might not have voting rights. According to the course and results of the company, the shareholders can enjoy dividends from any profits of the company and gain benefits from any increase in the internal value of the shares of the said company.

Shareholders are exposed to all major risks mentioned in section D above and in particular to market and credit risk. Shares may be traded in stock exchanges and their market value may decrease or increase according to market conditions. With regards to shares traded outside a stock exchange or shares of smaller capitalisation companies, there is an additional risk of losing money when such shares are bought or sold due to their low liquidity. Company shares listed in emerging markets are more difficult to be bought and sold than company shares listed in more developed markets and such companies might not be as highly regulated. It is noted that in the case of the company’s dissolution, the investor may lose the entire value of the investment.

**Depositary Receipts**

Depositary Receipts (ADRs, GDRs, etc) are negotiable certificates, typically issued by a bank, which represent a specific number of shares in a company. They are traded on a local or foreign stock exchange with regards to the issuer of the receipt. The receipts may facilitate investment in the underlying companies due to the widespread availability of price information, lower transaction costs and timely dividend distributions. The risks involve relate both to the underlying share and to the bank issuing the receipt. Receipts representing underlying shares in foreign markets (in particular in emerging markets) also involve risks associated with the capital markets in such jurisdictions.

**Warrants**

A Warrant offers the right to its holder to acquire a specific number of shares from the issuer of the underlying securities at a predetermined price (exercise price). The Warrant is invariably limited in time, with the consequence that if the investor does not exercise or sell the Warrant within the pre-determined timescale, the Warrant expires with no value. If the Warrant is exercised, the holder is required to pay to the issuer the exercise price. Exercise of the Warrant will give its holder all the rights and risks of ownership of the underlying security.

Warrants provide leverage, the extent of which depends on the Warrant’s exercise price relative to the price of the underlying security. Therefore, a relatively small fluctuation in the price of the underlying security may lead to a disproportionately larger fluctuation, favourable or unfavourable to the price of the Warrant. The price of Warrants can therefore be very volatile. Before the purchase of a Warrant, the investor must be aware that there is a risk of losing the whole amount of the investment as well as any commissions and costs incurred. Warrants are subject to all of the major risks mentioned in section D above.

**Rights**

A Right offers the right to its holder to purchase a specific number of new shares from the issuer of the underlying securities at a predetermined price (usually lower than the current market price). Rights are issued only for a small period of time, after which they lapse. If the Right is exercised, its holder is required to pay to the issuer the exercise price. The exercise of the Right will give its holder all the rights and risks of ownership of the underlying security.

Rights provide leverage, the extent of which depends on the Right’s exercise price relative to the price of the underlying security. Therefore, a relatively small fluctuation in the price of the underlying security may lead to a disproportionately larger fluctuation, favourable or unfavourable to the price of the Right. The price of Rights can therefore be very volatile. Rights are subject to all of the major risks mentioned in Section D above.

**Bonds**

A Bond is a loan security, by which the issuer undertakes the obligation against the holder to repay the capital at its maturity and the interest (coupon) at the periods specified in the terms of the issue. Bonds can be issued either by governments (government bonds) or companies (corporate bonds). In this sense, Bonds represent a form of government or corporate borrowing.

The credit risk of governments, financial organisations, corporations and generally any Bond issuer may be rated by credit rating agencies. The result of these ratings constitutes a valuable guide for investors in Bonds. Bond issues of lower credit ratings tend to offer higher coupons to compensate the investors for the higher risk they assume. Some Bonds trade on recognised stock exchanges, but many trade outside regulated market (OTC). Liquidity may differ between various types of Bonds.

Other than credit risk where the issuer of the Bond may not be financially solvent to pay to the investors interest or even the principal of the Bond and/or where the value of the Bond may decrease following a downgrade of the credit rating of the issuer, there is foreign exchange risk, liquidity risk, interest rate risk and prepayment risk.

Interest rate risk is the risk where increases in interest rates may cause significant decrease in the market value of a fixed-rate Bond (price risk) and where decreases in interest rates may affect the reinvestment of the coupon payments of a fixed rate Bond (reinvestment risk). When interest rates increase, a Bond issued previously carrying lower fixed rate may decrease in value. As a result, the longer the maturity (duration) of the Bond, the higher its sensitivity to changes in interest rates. When interest rates decrease, the coupon payments received from fixed-rate Bonds are re-invested at lower interest rates while coupon payments received by investors from floating-rate Bonds decrease.

Prepayment risk is the risk of change of the expected return of the Bond in the event that the issuer has the right, pursuant to the terms of the issue, to redeem it earlier in case of decrease in the interest rates:

1. Callable Bonds

A Callable Bond offers the option to the issuer to redeem the Bond before its maturity date. Redemption may be mandatory for the issuer based on the fulfilment of some preconditions included in the initial terms of the issue or at the issuer’s option and all or part of the issued Bond may be redeemed before its maturity date. Investors whose Bonds are called are paid a specified call price. Any (positive) difference between a Bond’s call price and nominal value is the call premium. Call provisions expose investors to additional risks and are therefore issued with higher yields than comparable Bonds with no such provisions.

1. Convertible Bonds

A Convertible Bond is a corporate Bond that gives its holder the option to convert it in shares of the issuer company at specified time periods and at a specified conversion price. A Convertible Bond has the features of a straight Bond with an attached Warrant and hence exposes the investor to the risks of both Financial Instruments.

1. Treasury Bills

Treasury Bills are zero coupon Bonds that are issued with a discount to their nominal (par) value. Treasury Bills may have maturities of one month, three months (thirteen weeks), six months or twelve months (fifty two weeks). They are mainly subject to interest rate risk.

**Medium Term Notes**

Medium Term Notes are a form of debt capital. They are usually issued within the framework of a financing program, registered to a supervisory authority, which allows the issuers to change the nominal return or the term in response to the issuer’s needs or the market demand. Medium Term Notes usually offer coupon payments and have various maturities. There is a secondary market for Medium Term Notes which is supported by the underwriters of the issue. Given that Medium Term Notes entail credit risk, they are rated just like corporate bonds. They are subject to all major risks mentioned in section D above.

**Money Market Instruments**

1. Certificates of Deposit (CDs)

A Certificate of Deposit (CD) is a money market instrument, which has a fixed term (usually under a year) at the end of which interest is paid on the deposit, by the bank or other credit organisation which issues the CD. Most CDs pay a fixed interest rate, but there are also floating rate CDs. In case the investor wishes to withdraw his funds earlier than the maturity date, he is obliged to pay a fee. Most CDs are traded and the investor may sell a CD rather than pay a fee to withdraw the funds. Returns depend primarily on a CD’s terms, the prevailing interest rates of the underlying currency and the credit rating of the issuer.

1. Commercial Paper

Commercial Paper is unsecured short term promissory notes issued for a small period of up to one year, mainly by companies (although there are also government issuers) which obligate the issuer to pay a fixed capital at maturity. In order to secure a return to the investor, Commercial Paper is issued at a discount from the capital to be paid at maturity. For issuers, Commercial Paper constitutes a quick and cheap source of raising capital whilst for investors, it constitutes a liquid investment of low risk. Other than the main risks described in section D above, Commercial Paper also entails credit risk and is rated by the major credit rating agencies.

1. Repurchase Agreements and Reverse Repurchase Agreements (Repos/Reverse Repos)

A Repurchase Agreement is an agreement between two contracting parties whereby one party sells to the other party a security at a specified price, with a commitment to buy the security back at a later date for another specified price. Essentially, a Repurchase Agreement is a temporary exchange of capital and securities. The capital and the securities exchanged through a Repurchase Agreement are designed to act as collateral one for the other. This means that if the seller does not fulfil his obligation to repay the capital, the buyer may sell the securities to cover at least part of his capital. Respectively, if the buyer does not fulfil his obligation to return the securities, the seller may substitute at least some of them by using the capital to buy new securities. The purchase and sale price is determined directly by the contracting parties and is generally lower than loan rates. If the security pays dividend, coupon or has partial redemption during the agreement, this is returned to the initial owner. A Reverse Repurchase Agreement if the opposite of a Repurchase Agreement. Other than the major risks described in section D above, Repurchase and Reverse Repurchase Agreements entail also credit risk.

**Collective Investment Schemes**

Generally, Collective Investment Schemes involve an arrangement that enables a number of investors to “pool’ their assets and have these professionally managed by an independent fund manager. This arrangement may take the form of a company, partnership or trust. Investments normally include bonds and shares in listed companies but depending on the type of the scheme, may include broader investments, such as derivatives, real estate or any other financial instrument and/or asset. The valuation of such a scheme is generally performed by the fund manager or the investment consultant of the scheme, the custodian or by an independent valuation agency.

Collective Investment Schemes may invest in markets of high volatility and/or low liquidity and it is possible that there are increased exit or entry costs from or to the scheme. The ability to liquidate such a scheme may be limited, depending on the terms of operation of the scheme and the long time period of notice required for redemption during which the value of each unit may exhibit high volatility and possibly decrease. It is possible that there is no secondary market for such schemes and hence such an investment may be liquidated only through redemption.

1. Hedge Funds

Hedge Funds are a type of investment funds, which use specialised investment strategies with the aim to maximise returns and control the risk in case of market downturn.

Hedge Funds are considered a riskier investment than traditional funds and are suitable for more experienced investors. They usually invest in risky or illiquid securities and although they target absolute returns, if they fail to manage risk, they may realise significant losses. Beyond the liquidity risk, Hedge Funds have the ability to leverage which means that a relative small fluctuation in the price of the underlying security may lead to a disproportionately larger fluctuation, favourable or unfavourable, to the value of the investment.

1. Exchange Traded Funds – ETFs

Exchange Traded Funds (ETFs) are a form of Collective Investment Schemes which track an index of a country, sector, or a specific geographical region. ETFs trade in organised and non-organised secondary markets just like shares but with the following differences:

1. ETFs represent an investment in a basket of Financial Instruments and their purchase/sale bears lower transaction costs.
2. Investment in ETFs exposes the investor to the same risks as the underlying securities (shares, bonds, etc) but to a significantly lower degree due to the diversification of investments.

**Structured Products**

‘Structured Products” refer to a broad range of synthetic products created to meet specific investment needs that cannot be met from the standardised Financial Instruments available in the market. Structured Products often use derivatives as underlying assets (eg. swaps, options) and can be used as an alternative in the asset allocation process to reduce the risk of a portfolio or to take advantage of current market trends. Structured Products are usually formed as contracts and can be issued as notes or structured deposits. Their value is derived from the market value of the underlying asset (shares, currencies, interest rates, commodities, financial indices and/or any combination of these) and its volatility, the time up to maturity as well as the interest rates. Transactions in Structured Products involve increased risk of losing the whole or part of the original invested capital. Structured Products are subject to all the major risks mentioned in section D above.

**Currency Forwards**

A Currency Forward is a commitment to buy or sell a specific amount of foreign currency at a later date or within a specific time period and at an exchange rate (forward rate) determined at the time the transaction is concluded. The delivery or receipt of the currency takes place on the agreed value date. A currency forward transaction cannot be cancelled. It may, however, be closed out at any time by the repurchase or sale of the foreign currency amount on the value date originally agreed upon. Currency Forwards are over the counter (OTC) instruments. They entail market risk, interest rate risk, foreign exchange risk and credit risk.

**Flexible Forwards**

A Flexible Forward is a type of forward contract used to hedge against the volatility generated by foreign exchange. Flexible Forwards differ from a standard forward contract in that the purchaser can settle at any time up to the maturity date of the flexible forward contract. They may also settle various amounts from the total notional amount at various dates up to contract maturity, as long as that by the contract maturity date the full amount has been exchanged. If settled before maturity, or, if various partial settlements are concluded, the exchange rate remains the same as it would at maturity date – the exchange rate locked at the beginning of the contract. Flexible Forwards offer more diversity than standard forward contracts, which only offer one sole date in the future on which the amount must be exchanged. Flexible Forward contracts come with some disadvantages. If the spot rate on the forward contract settlement date is much different than the forward rate, the forward contract buyer could stand to pay a lot more for the currency exchange than if they exchanged at the spot rate. Furthermore, a default on the part of the forward contract buyer puts the contract issuer at financial risk.

**Options**

Options are derivative instruments giving the holder/buyers (long position) the right, but not the obligation, to buy (Call Option) or sell (Put Option) an underlying asset from/to another contracting party at a predetermined price (exercise price) wither during a specific period or at a specified date. The seller of the Option (short position/writer) has the obligation to buy or sell the underlying asset from/to a contracting party. Options trade on exchanges or over the counter (OTC). Their value is derived from the market value of the underlying asset (shares, currencies, interest rates, commodities, financial indices and/or any combination of these) and its volatility, the time up to maturity as well as the interest rates.

1. Buying Options

Buying a Call or a Put Option (long call or long put) is a less risky position than selling an Option (short call/short put) since if the price of the underlying asset decreases in the case of a Call Option or increases in the case of a Put Option the investor can leave the Option to expire without exercising it. Maximum loss is limited to the premium paid plus any commission or other transaction costs. However, if the Client buys a call option on a futures contract and he later exercises the option, he will acquire the future. This will expose the Client to the risks applicable to futures transactions.

1. Writing/Selling Options

The seller of the Option (short call/short put) has the obligation to sell/buy the underlying asset to/from the contracting party at the agreed exercise prices if the price of the underlying asset exceeds the exercise price. If the seller of the Call Option does not hold the pre-agreed underlying asset (naked call/uncovered call), his possible loss is unlimited whereas his maximum profit is equal to the option premium received. If the seller of the Call Options holds the underlying asset which he agreed to sell (covered call), the risk of loss is less. On the contrary, credit risk is borne always by the buyer of the Option since he will exercise the Option only if it is in his best interest and thus it all depends on the credibility of the seller to fulfil his obligations.

Only experienced persons should contemplate writing uncovered options, and then only after securing full details of the applicable conditions and potential risk exposure.

Transactions in options involve a high level of risk which is in every case linking the forms of rights. Special attention is given to the ‘call’ and ‘put’ rights as well as the distinction between the ‘american type’ rights whose exercise is allowed on any moment until the maturity date of the option and ‘european’ rights whose exercise is allowed only on the predetermined date. In order to evaluate the profitability of a certain spot, the general fees and commissions burdening the relevant transactions and the price of rights, which has been paid to the seller must all be calculated.

**Futures**

Futures are derivative products which oblige the buyer to buy an underlying asset (or the seller to sell an underlying asset) from/to another contracting party, at a specified future date and at a specified price (future price). Usually Futures provide that at the expiry date, there is no actual delivery of the underlying asset and payment of total consideration, but just payment of the difference between the spot and future price of the underlying asset at the termination of the contract. The theoretical prices of Futures are determined based on the spot price of the underlying asset, the interest rates and the time up to maturity. A premium or discount if added or subtracted respectively depending on the market expectations of the future price. The underlying asset may be a share, an index, a commodity product or a currency. Futures are traded in a stock exchange and are regulated by the regulatory authorities.

Futures entail significant risk. The ability to leverage which they usually offer, means that a relatively small fluctuation in the price of the underlying asset may lead to a disproportionately larger fluctuation, favourable or unfavourable, to the value of the Future.

Futures involve daily cash settlement (mark to market), where at the end of each day, investors whose positions (purchase or sale) recorded losses, are called to pay in their margin account a required amount, to maintain their position. If investors do not pay the required amount within the required time then their position may be cleared with a loss and they will be liable for the deficit in their account.

**Contracts for Differences**

A Contract for Differences is an agreement between two contracting parties, a buyer and a seller, with which the seller undertakes the obligation to pay to the buyer the (positive) difference between the current market price of an asset and its price at the time of the agreement (if the difference is negative, then the buyer is obliged to pay this to the seller). This asset could be a share, a bond, a future, an option, etc.

A Contract for Differences entails a high degree of risk because of the leverage involved. A relatively small fluctuation in the price of the underlying asset may lead to a disproportionately larger fluctuation in the value of the investment. Transactions in contracts for differences may also have a contingent liability, in particular margining requirements.

Futures and options contracts can also take the form of contracts for differences. These can be options and futures on indices, as well as currency and interest rate swaps. However, unlike other futures and options, these contracts can only be settled in cash.

**Swaps**

A Swap is a cash-settled derivative agreement between two contracting parties to ‘swap’ two streams of cash flows during one or more time periods in the future based on pre-agreed terms.

The most common type of Swap is Interest Rate Swap Agreements. In Interest Rate Swaps, one contracting party agrees to pay to the other contracting party a fixed interest rate on a pre-agreed principal amount for a specific time period. In exchange, he receives a floating interest rate on the pre-agreed principal for the specific time period. The principal in such type of Swaps is usually not exchanged. In every settlement data, payments of the contracting parties are netted so that there is only one payment made from the contracting party with the greater liability. Interest Rate Swap Agreements are usually used to convert a floating rate loan into a fixed rate one and/or vice versa.

Another common type of Swaps is Currency Swap Agreements where the contracting parties exchange a specific amount in different currencies for a specific time period. In Currency Swap Agreements, there is an exchange of principal both at the inception and termination of the agreement, while the payment between the two contracting parties at the settlement date are not netted since they are in different currencies. In such Agreements, there is no foreign exchange risk since the exchange rate is determined at the inception of the agreement.

Another type of Swaps is Commodity Swap Agreements where the contracting parties agree to exchange payments on a pre-agreed quantity of a commodity (crude oil or refined products, precious metals, agricultural commodities), with the one party paying a fixed price for the good and the other party paying a floating price. The underlying commodity product is not exchanged and the parties proceed to pay the difference between the two prices (fixed and floating). Depending on whether the investor wishes to be hedged against a possible rise or fall in the prices of the related commodity, he takes the appropriate ‘position’ in the swap agreement (that is to pay a fixed or floating price). Even though no initial premium is required, in case the market ‘moves’ against the investor then he may be required to pay the amount corresponding to the difference owed.

Swaps include both credit and interest rate risk. Currency swaps entail greater credit risk than interest rate swaps due to the exchange of principal both at the inception and termination of the agreement as well as the payments from both parties at every settlement date.

**Financial Instruments by Client Category**

The below table indicates which financial instruments are available for each client category.

| **Financial Instrument** | **Retail** | **Professional** | **ECP** |
| --- | --- | --- | --- |
| Shares traded on a regulated market | x | x | x |
| Depositary Receipts | Assessment required 2 | x | x |
| Warrants |  | x | x |
| Rights (subscription rights/nil-paid rights to acquire shares traded on a regulated market) | x | x | x |
| Callable shares |  | x | x |
| Convertible shares |  | x | x |
| Bonds with no embedded derivatives and no complex structure i.e. Government bonds, Corporate bonds, Traditional covered bonds. | x | x | x |
| Bonds, Money Market instruments and other forms of securitized debt that embed a derivative and/or complex structure i.e. Credit linked notes, structured instruments whose performance is linked to the performance of a bond index or the performance of a basket of shares (with or without active management), structured instruments with a nominal fully guaranteed whose performance is linked to the performance of a basket of shares (with or without active management), convertible bonds, other exchangeable bonds, callable bonds (including step-up notes), puttable bonds, Asset Backed Securities, structured covered bonds. |  | x | x |
| Money market instruments that do not embed a derivative including Treasury bills, Certificate of Deposits, Commercial paper | x | x | x |
| Floating rate notes | Assessment required 2 | x | x |
| UCITS | x | x | x |
| Non-UCITS | Assessment required 2 | x | x |
| Other Derivatives and other securities giving right to acquire or sell a transferable security or giving rise to a cash settlement determined by reference to transferable securities, currencies, interest rates or yields, commodities or other indices or measures including warrants, covered warrants, financial contracts for differences. |  | x | x |
| Forwards, Futures, Options, Swaps |  | x | x |

[[2]](#footnote-2)

# POLICY ON THE CATEGORISATION OF CLIENTS

### Introduction

The present Policy on the Categorisation of Clients sets out the process by which AstroBank Public Company Limited (the "Bank") categorises its Clients in accordance with the requirements of the Markets in Financial Instruments Directive (MIFID II), which has been transposed into Cyprus law with Law L.87(I)/2017 (the "Law").

The Law distinguishes between the following categories of Clients:

* Retail Clients
* Professional Clients
* Eligible Counterparties

### Definitions and categorisation of Clients

Natural and legal persons are considered as Clients to which the Bank provides investment services and activities and ancillary services under the meaning of the Law.

**Retail Clients**

Clients who do not fulfil the criteria to be considered either as Professional Clients or Eligible Counterparties, under the meaning of the Law, are categorised as Retail Clients. Retail Clients enjoy the highest level of protection and information compared to Professional Clients or Eligible Counterparties.

Local authorities and municipalities will be treated as Retail Clients, unless they have elected to be re-categorised as Professional Clients, and the Bank has satisfied itself that they fulfil the criteria as to the required knowledge and experience for categorisation as Professional Clients.

**Professional Clients**

Professional Clients are considered to possess the experience, knowledge and expertise to make their own investment decisions and properly assess the associated risks. In order to be considered as a Professional Client, the Client must comply with the criteria set out in the Second Appendix of the Law.

According to the provisions of the Law, the following shall be regarded as Professional Clients in all investment services and activities and financial instruments:

1. Entities which are required to be authorised or regulated to operate in the financial markets, including all authorised entities carrying out the characteristic activities of the entities mentioned: entities authorised by a Member State of the EU under legislation of the EU, entities authorised or regulated by a Member State without reference to a legislation of the EU, and entities authorised or regulated by a third country which is not a member state of the EU, such as:
2. Credit institutions;
3. Investment firms;
4. Other authorised or regulated financial institutions;
5. Insurance companies;
6. Collective investment schemes and management companies of such schemes;
7. Pension funds and management companies of such funds;
8. Commodity and commodity derivatives dealers;
9. Locals; and
10. Other institutional investors.
11. 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

1. National and regional governments, including public bodies that manage public debt at national or regional level, central banks, international and supranational organisations such as the World Bank, the International Monetary Fund, the European Central Bank, the European Investment Bank and other similar international organisations.
2. Other institutional investors whose main activity is to invest in Financial Instruments, including entities dedicated to the securitisation of assets or other financing transactions.

**Eligible Counterparties**

The following are considered under the Law, to be Eligible Counterparties:

1. Credit institutions;
2. Investment firms;
3. Other financial institutions authorised by a Member State or regulated under the laws of Cyprus or under European Union law;
4. Insurance companies;
5. Collective investment schemes and management companies of such schemes;
6. Pension funds and management companies of such funds;
7. National governments and their corresponding offices, including public bodies that deal with public debt at national level;
8. Central banks, including Central Bank of Cyprus; and
9. Supranational organisations.

Clients can only be considered as Eligible Counterparties when the investment service provided to them comprises of the reception, transmission or execution of their order and /or dealing on own account, or when the Bank provides any ancillary services related to such transactions.

A Client cannot be treated as an Eligible Counterparty in relation to other investment and ancillary services (as those are defined by the Law), including Investment Advice and Portfolio Management.

Where an Eligible Counterparty request treatment as a Client whose business with the Bank is subject to best execution, assessment of suitability and appropriateness and the relevant reporting to Clients, but he/she does not expressly request treatment as a retail client, the Bank shall treat that Eligible Counterparty as a Professional Client.

### Change of Categorisation

The Client has the right, at any time during his relationship with the Bank, to request in writing, a change of his categorisation either generally or in respect with a particular investment service, transaction or type of transaction or product. Such change in categorisation shall not take effect immediately, but shall be assessed by the Bank in accordance with the provisions of the Law and shall be at the Bank's discretion in case the change in categorisation would entail a lower level of protection. Where the change in categorisation would entail a higher level of protection, the request for re-categorisation shall be accepted by the Bank in accordance with Article 71(3) of the Commission Delegated Regulation (EU) 2017/565.

Upon receipt of such a re-categorisation request, the Bank shall inform the Client in a Durable Medium, about the rights and protections of the different categorisations and about any limitations to the level of Client protection that the new category would entail. The rights, protections and limitations of each category are set out below in this section.

The following changes in categorisation are permissible under the Law:

1. A Retail Client may request to be categorised as a Professional Client, in which case he will be afforded a lower level of protection.
2. A Professional Client may request to be categorised as a Retail Client, in which case he will be afforded a higher level of protection.
3. A Professional Client per se (i.e a Client that has not been originally categorised as a Retail Client) may request to be categorised as an Eligible Counterparty, in which case he will be afforded a lower level of protection.
4. An Eligible Counterparty may request to be categorised as a Professional Client or Retail Client, in which case the Client will be afforded a higher level of protection.

In case a Client has been categorised as a Retail Client or as an elective Professional Client or in case a Client is a natural person, such Client is not allowed to request to be treated as an Eligible Counterparty.

The Bank may, on its own initiative, treat a Client:

1. as a Professional or Retail Client where that Client might otherwise be categorised as an Eligible Counterparty under the provisions of the Law; and
2. as a Retail Client where that Client is considered a Professional Client pursuant to the provisions of the Law.
3. **Right to be re-categorised**

**Retail Client**

A Retail Client may request to be treated as Professional Client (elective Professional Client) provided certain conditions are met and a further procedure is followed. Such a re-categorisation results in a lower degree of the Client protection.

Requirements

The Client must meet at least two of the following criteria:

1. the Client has carried out transactions, in significant size, on the relevant market at an average frequency of 10 per quarter over the previous four quarters;
2. the size of the Client's financial instrument portfolio, defined as including cash deposits and financial instruments, exceeds an amount equal to EUR 500,000;
3. the Client works or has worked in the financial sector for at least one year in a professional position, which requires knowledge of the transactions or investment services envisaged.

Procedure

The Client must inform the Bank in writing with the Form PBC880A/B (Request to change categorisation) that he wishes 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 shall provide its Client with a written warning of the protections and compensation rights they may lose with the disclosure of the Investment Service Agreement of the new Category.

In addition, the Client is required, in a separate document, to declare that he is aware of the consequences flowing from his loss of protection as a Retail Client through document PBC882B.

The Bank, before deciding to accept any request for change of categorisation, must be reasonably convinced that the Client meets the relevant requirements stated above, and after a suitable assessment of the Client's knowledge, experience and expertise, taking into account the nature of the planned transactions or services, the Client is capable of making his own investment decisions and understanding the risks involved.

The Bank is allowed, provided it ascertains that a Client no longer fulfils the criteria by which he was categorised as Professional, to take appropriate action and in particular, to categorise him as a Retail Client and inform him accordingly.

**Professional Client**

Professional Clients may request to be categorised as Retail Clients and therefore achieve a higher level of investor protection. Professional Clients per se may also ask to be categorised as Eligible Counterparties and therefore achieve a lower level of investor protection.

Professional Clients are responsible to keep the Bank continuously informed of any change which could affect their categorisation.

If the Bank becomes aware that the Client no longer fulfils the initial conditions, which made him eligible for a professional treatment, the Bank shall take appropriate action.

From Professional Client to Retail Client

It is the responsibility of the Professional Client to request a higher level of protection when the Client feels that he is unable to properly assess or manage the risks involved.

From Professional Client to Eligible Counterparty

Professional Clients per se that are legal entities and meet any two of the requirements stated above, may ask to be treated as Eligible Counterparty.

When the Client requests to be categorised as an Eligible Counterparty the Bank shall warn its Client in a durable medium of the consequences of such a request, including the protections he may lose.

In addition, the Client is required to confirm in writing the request to be treated as an Eligible Counterparty either generally or in respect of one or more investment services or a transaction or type of transaction or product, and that he is aware of the consequences of the protection he may lose as a result of the request.

**Eligible Counterparties**

Eligible Counterparties may ask to be re-categorised as a Professional Client or as a Retail Client, if they want to achieve a higher level of Client protection and they feel that they are unable to properly assess or manage the risks involved.

### Protection Rights

**Retail Clients**

Retail Clients enjoy the greatest possible protection according to the provisions of the Law. From this fact it is ascertained, amongst others, that certain financial instruments, investment services or negotiation strategies in the market might not be suitable or compatible with the profile of the Retail Client with a result that in these cases the executing transactions on the Client’s behalf by the Bank is not possible.

In summary, the additional protections Retail clients are entitled to, are as follows:

* A Retail Client will be given more information /disclosures with regard to the Bank, its services and any investments, its costs, commissions, fees and charges and the safeguarding of Client financial instruments and Client funds.
* The Bank when executing orders must take all sufficient steps to achieve the best possible result for their Clients ("best execution").
* The Bank will, before any trading takes place or advice is given, perform the appropriateness and suitability tests for the investment services and Financial Instruments offered or demanded according to the provisions of paragraph F below.
* The Bank will inform the Retail Clients of material difficulties relevant to the proper carrying out of their orders promptly upon becoming aware of the difficulty.
* The Bank will provide the Retail Client with periodic statements in respect of Portfolio Management activities carried out on his behalf more often than for Professional Clients.
* If the Retail Client holds positions in leveraged Financial Instruments or enter into contingent liability transactions, the Bank will inform the Client, on a portfolio basis, where the initial value of the Financial Instruments depreciates by 10% and thereafter at multiples of 10%.
* the Bank shall not conclude title transfer financial collateral arrangements with the Client for the purpose of securing or covering his present or future, actual or contingent or prospective obligations.
* A Retail Client may be entitled to compensation from the Investor Compensation Fund for Clients of Banks, from the Investor Compensation Fund for Clients of Investment Firms and/or from the Deposit Guarantee and Resolution of Credit and Other Institutions Scheme, under certain preconditions.

**Professional Clients**

Where the Bank treats the Client as a Professional Client, the Client will be entitled to less protection under the Law than he would be entitled to as a Retail Client

The Bank shall be entitled to assume that a Professional Client has the necessary experience and knowledge to understand the risks involved in relation to those particular investment services or transactions, or types of transactions or product, for which the Client has been categorised as a Professional Client, as well as that he is able financially to bear any investment risks consistent with their investment objectives.

Consequently the Bank shall not need to obtain additional information from the Client for the purposes of the assessment of appropriateness for these products or services.

The Bank is not required to prioritize the overall costs of the transaction as being the most important factor in achieving the best possible result for its Client but can take into consideration other parameters (for example speed, quality in the execution of the order).

Professional Clients, whose knowledge and experience is assumed according to the provisions of the Law, can have access to a wider range of financial instruments, investment services and negotiation strategies in the market. The framework of pre-contractual and constant update is more flexible as to its context but as to its form as well.

**Eligible Counterparty**

Eligible Counterparties have the lowest level of Client protection.

Where the Bank treats the Client as an Eligible Counterparty, the Client will be entitled to less protections under the Law than he would be entitled to as a Professional or as a Retail Client. In particular, the Bank, among other things, is not obliged to:

1. perform the suitability and appropriateness test of investment services or products offered or demanded, but can assume that the Client has the expertise to choose the most appropriate and/or suitable product or service for him and that he is able to financially bear any investment risks entailed with his investment objectives;
2. take all sufficient steps to obtain the best possible result when executing orders on his behalf;
3. have in place procedures to provide for the prompt, fair and expeditious execution of his orders in relation to other Clients' orders or the Bank's own trading interests.

However, the Bank, during its relationship with the Client, will act honestly, fairly and professionally and communicate in a way which is fair, clear and not misleading. The Bank, in addition to Retail or Professional Clients, is also obliged to provide appropriate information on the services offered to the Eligible Counterparties.

It is noted that the identification, prevention and management of every conflict of interest concern all categories of Clients including Eligible Counterparties and all provided investment services and ancillary services.

### Suitability and appropriateness test

For the execution and/or reception and transmission of orders in complex Financial Instruments, the Bank will perform the appropriateness test only to Retail Clients in order to assess and determine whether the investment services and/or Financial Instruments offered are appropriate for them.

Where the execution and or reception and transmission of orders with financial instruments falls under the definition of MREL[[3]](#footnote-3) to Retail Clients, the Bank is obliged to perform a suitability assessment and provide the Client with a suitability report.

Examples of complex Financial Instruments constitute, amongst others, the following:

1. Shares in non-UCITS collective investment undertakings and shares that embed a derivative.
2. Bonds or other forms of securitised debt that embed a derivative or incorporate a structure which makes it difficult for the Client to understand the risk involved.
3. Money market instruments that embed a derivative or incorporate a structure which makes it difficult for the Client to understand the risk involved.

Appropriateness test for Retail Clients will not be performed in relation to the execution and/or reception and transmission of orders in non-complex financial instruments.

The following Financial Instruments are considered, amongst others, as non-complex:

1. Shares or units in UCITS
2. Shares in companies admitted to trading on a regulated market or an equivalent third-country market or on an MTF.
3. Bonds or other forms of securitised debt admitted to trading on a regulated market or an equivalent third country market or on an MTF including Corporate Bonds and Government/public Bonds
4. Money market instruments that do not embed a derivative, including Treasury Bills, Certificates of Deposit and Commercial Paper.

Where a bundle of investment services or Financial Instruments as part of a package is provided to the Retail Client, the overall bundled package shall be assessed by the Bank whether is appropriate for him.

In order to perform the appropriateness test, the Client will be requested to provide the Bank information regarding his knowledge and experience in the investment field relevant to the specific type of Financial Instrument or investment service offered or demanded.

Where the Bank considers, on the basis of the information received, that the service or Financial Instrument is not appropriate for the Client, the Bank shall warn him accordingly. However, the transaction may nonetheless be carried out if the Client so wishes despite the warning.

In case the Client fails to provide or does not provide information which is up to date, complete, accurate and sufficient as regards to his knowledge and experience, the Bank during the provision of reception and transmission of orders shall warn him that it is not in a position to determine whether the investment service or specific Financial Instrument envisaged is appropriate for him.

The appropriateness test will not be performed in case the Client has been categorised as a Professional Client or an Eligible Counterparty.

Where the Client has been categorised as a Retail Client or a Professional Client and the Bank provides Investment Advice and/or Portfolio Management service to the Client, the Bank in order to act in the best interests of its Client, shall conduct the suitability test, by using predetermined questionnaires with the aim of concentrating enough information in relation to the knowledge and experience of the Client in investment services and transactions, his financial situation including his ability to bear losses, and investment objectives including his risk tolerance and any sustainability preferences.

When providing investment advice service and the Bank does not obtain information which is up to date, complete, accurate and sufficient on the Client’s knowledge and experience in investment services and transactions, his/her financial situation including his/her ability to bear losses, and investment objectives including his/her risk tolerance, the Bank should not recommend investment services or financial instruments to the Client.

In the case of a Professional Client the Bank is entitled to assume that he has the necessary experience and knowledge to understand the risks involved in relation to the particular investment services or transactions for which the Client is categorised as a Professional Client. Where the Client is categorised as a per se Professional Client and the Bank is providing Investment Advice then it is entitled to assume that he is also able financially to bear any risks in relation to his investment objectives.

Where the Bank provides to the Client Investment Advice in relation to a service or Financial Instruments that are packaged or bundled, the suitability test is performed for the overall bundled package.

Where a natural person is represented by another natural person, or a legal person is represented by a natural person, or a group or two or more natural persons are represented by a natural person, then the financial situation and investment objectives shall be those of the legal person or, in relation to the natural person, the underlying Client rather than of the representative. The knowledge and experience shall be those of the representative of the natural person or legal person or of the person authorised to carry out transactions on behalf of the natural or legal person.

# SUITABILITY AND APPROPRIATENESS TESTS

**The Bank explicitly points out that, unless the Bank agrees under the Agreement to provide the Client with Investment Advice or Portfolio Management services, the Clients would have to conduct their own assessment of any transaction which they are examining and they should not rely on any information, proposition or any other kind of communication from the Bank as if that comprised of Investment Advice or Portfolio Management service or any other recommendation in relation to that transaction.**

Before the provision of the abovementioned investment or ancillary services in each case, the Bank will proceed with suitability and/or appropriateness testing of the provided services and Financial Instruments according to the following.

1. **Suitability test during the provision of Investment Advice and Portfolio Management services**

Where the Client has been categorised as a Retail Client or a Professional Client and the Bank provides Investment Advice and/or Portfolio Management service to the Client, the Bank in order to act in the best interests of its Client, shall conduct the suitability test, by using predetermined questionnaires, before entering into the relevant agreement for the provision of the above investment services, with the aim of concentrating enough information in relation to the knowledge and experience of the Client in investment services and transactions, their financial situation including their ability to bear losses, and investment objectives including their risk tolerance and any sustainability preferences, so as to enable the Bank to recommend to the Client the investment services and/or Financial Instruments that are suitable for them.

In the case of a Professional Client the Bank is entitled to assume that they have the necessary experience and knowledge to understand the risks involved in relation to the particular investment services or transactions for which the Client is categorised as a Professional Client. Where the Client is categorised as a per se Professional Client then the Bank is entitled to assume that they are also able financially to bear any risks in relation to their investment objectives.

Where the Bank provides to the Client Investment Advice in relation to a service or Financial Instruments that are packaged or bundled, the suitability test is performed for the overall bundled package.

Where the Client has been categorised as a Retail Client, and the Bank provides Investment Advice to the Client, the Bank shall, before the transaction is made, provide the Client with a suitability statement, in a durable medium, specifying the advice given and how that advice provided to the Client is suitable for them, including how it meets the preferences, objectives and other characteristics of the Client.

Where the Client has been categorised as a Retail Client, and the Bank provides Investment Advice to the Client, it will carry out a periodic assessment of suitability of the recommendations provided to the Client, at least annually, unless the market conditions and/or their preferences, objectives and other characteristics of the Client indicate that a more frequent assessment is required.

Where the Client has been categorised as a Retail Client and the Bank provides Portfolio Management services to the Client, the Bank shall perform a periodic assessment of suitability which shall contain an updated statement on how the investments meet the Client's preferences, objectives and other characteristics.

The Client can and should request to renew his Investment Profile when he believes that his current Profile does no longer represent his circumstances.

If the updated Profile results in any of the products or services that the Client holds being no longer suitable, then the Bank will inform the Client accordingly.

The Client declares and guarantees that the information they are providing to the Bank is up to date, complete and accurate from every material aspect. In case the Bank does not receive from the Client the abovementioned necessary information for the suitability test or the information received is not up to date, complete and accurate, then the Bank shall not provide them with Investment Advice or Portfolio Management services. As a result the Bank will not be able and shall not recommend any Financial Instruments or investment services to the Client.

When the Bank requests information on the client’s investments held with other Credit Institutions, the Bank specifically explains why such information is needed to recommend a suitable product.

1. **Appropriateness test of Financial Instruments during the service of Reception and Transmission and/or Execution of orders**

Where the Bank provides to the Retail Client investment services other than Investment Advice and Portfolio Management, the Bank shall assess whether the Financial Instrument or service envisaged is appropriate for the Client. To this end, the Bank is obliged to ask the Client to provide information regarding his knowledge and experience relating to specific Financial Instrument or service offered or requested, so as to enable the Bank to assess whether the service being provided to the Client or Financial Instrument envisaged is appropriate for the Client.This information will be provided through the completion of a relevant questionnaire which will be given by the Bank to the Client before the entering into the relevant agreement for the provision of investment services.

The Client is obliged to provide the Bank with up to date, accurate and complete information and inform the Bank in writing of any change of the information provided.

Where a bundle of investment services or Financial Instruments as part of a package is provided to the Client, the overall bundled package shall be assessed by the Bank as appropriate for the Client.

Where the Bank considers, on the basis of the information received, that the service or Financial Instrument is not appropriate for the Client, the Bank shall warn the Client accordingly. Where the Client does not provide the information regarding his knowledge or experience or where he provides insufficient relevant information, the Bank shall warn the Client that it is not in a position to determine whether the service being offered to the Client or Financial Instrument envisaged is appropriate for him. If, despite the Bank's warning, the Client still wishes to proceed with the specific investment service of Financial Instrument, he must indicate to the Bank, in writing or through a recorded line, his choice to proceed with the specific transaction despite of the said warning. The Bank will then decide, at its absolute discretion, whether to accept to act or not. In case the Bank accepts to act it shall draw the Client’s attention, in writing or through a recorded line, that the investment service or Financial Instrument envisaged many not be appropriate for him and that he may be exposed to risks that fall outside his knowledge and experience and/or that he may not have the knowledge and experience to properly assess and/or control by way of mitigating the consequences of such risks for the Client.

When the Bank provides, at the Retail Client's initiative, investment services that only consist of the reception and transmission and/or execution of Client's orders, with or without the provision of ancillary services, in relation to non-complex Financial Instruments such as shares admitted to trading on a regulated market or in an equivalent third country market or on a Multilateral Trading Facility, money market instruments, bonds or other forms of securitized debt, UCITS and other non-complex Financial Instruments, the Bank may provide those investment services to the Client without carrying out an appropriateness test in which case the Client does not benefit from the corresponding protection of the relevant conduct of business rules. The Bank, however, will always comply with its conflict of interest related obligations.

Where the Client has been categorised to be a Professional Client, and the Bank provides him with the service of reception and transmission of orders and/or execution of orders, the Bank is entitled to assume that the Client as a Professional Client has the necessary experience and knowledge in order to understand the risks involved in the service or Financial Instrument for which he has been categorised as a Professional Client, and as a result the Bank will not be obliged to assess the appropriateness for this service or Financial Instrument for which he has been categorised as a Professional Client.

The appropriateness test will not be performed in case the Client has been categorised as an Eligible Counterparty.

# SUSTAINABILITY

1. Transparency of the Integration of Sustainability Risks

Under the Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability‐related disclosures in the financial services sector (the “SFDR”), the Bank qualifies as a financial market participant and financial adviser and as it provides Portfolio Management and Investment Advice in relation to financial instruments which constitute financial products under the SFDR.

Under Article 2(22) of the SFDR, ‘sustainability risk’ means an environmental, social or governance (ESG) event or condition that, if it occurs, could cause an actual or a potential material negative impact on the value of the investment.

The Bank illustrates its contribution by aligning its sustainability strategy with the United Nations Sustainable Development Goals (SDGs) which establish 17 global goals to achieve a better and more sustainable future for all by 2030 and were set up in 2015 by the United Nations General Assembly, as a call-to-action for people worldwide to address five critical areas of importance by 2030: People, Planet, Prosperity, Peace and Partnership. Governments, non-governmental organizations, and companies pledged to make the goals a success.

Financial organizations play a leading role in SDG implementation and, as such the Bank is working towards embedding and integrating the SDGs into its strategy and defining sustainable development actions and goals, taking these into consideration and aiming to contribute to their achievement.

The Bank’s focus on ESG matters is essential to its business strategy and its target for the future showcase its commitment towards transition into a sustainable organization. The Bank aspires to support long-term growth by financing sustainable development and delivering value to all stakeholder groups.

As part of the Bank’s sustainability-related disclosure requirements under the SFDR, the Portfolio Management and Investment Advice procedures include provisions to integrate sustainability risks into the investment decisions taken or the investment advice provided.

1. Information on Integration and Selection Process

The Bank, taking account of its size and the nature, complexity and scope of the activities it offers and the types of financial products that the Bank advises on, does not currently incorporate sustainability risks into its investment decisions, as described in the SFDR, when providing investment advice or portfolio management services.

This is predominantly due to data challenges, such as the limitation of readily available data from third parties, hindering the Bank’s efforts in complying with the technical requirements when considering the integration of sustainability risks into investment decisions and investment advice.

The Bank understands that sustainability risks may only materialize through the products selected to be included in the Client’s portfolio when providing portfolio management services or offered to its Clients when providing investment advice.

In this regard, the Bank follows a pre-selection process which enables it to select product providers and financial products that properly take into consideration sustainability risks. Any product providers the Bank selects to collaborate with, under the Discretionary Portfolio Management service, are themselves obliged to have in place and follow policies that integrate sustainability risks into their investment decisions, in a consistent manner with the profile of the specific clients.

Additionally, the Bank collects sufficient information, where available, from its product providers on how they deal and incorporate sustainability risks in their investment decisions.

Moreover, the Bank’s product selection process is according to its Product Governance Policy. As part of its selection process, the Bank also takes into consideration several comparative criteria. The Bank takes into consideration the sustainability risk profile of each product offered through the services of Portfolio Management and Investment Advice. Also, in the course of selecting its products, the Bank always ensures compliance with its internal policies.

The result of the assessment of the likely impacts of sustainability risks on the returns of the financial products on which the Bank provides investment advice or portfolio management services is provided:

* + The Bank aims to reduce the exposure to sustainability risks and takes measures to mitigate such risks to the best of its efforts by following its selection processes and additional sustainability approaches, such as provision of training to its employees to ensure that they follow and respect the Bank’s philosophy on sustainability matters.
  + Having said the above, the Bank considers that by taking measures to reduce exposures to sustainability risks in following its selection process, it is less likely for any negative impact on the value of investments to materialise in relation to the financial products on which Investment Advice or Portfolio Management services are provided.
  + As the Bank understands the importance of the integration of sustainability risks into the Bank’s investment decisions, when providing Investment Advice or Portfolio Management services, related processes are monitored and enhanced on an ongoing basis.

Finally, at the Bank, relevant employees are being trained in sustainability risks in order to understand the processes, sustainability policies and philosophy.

It is noted that the Bank does not, as things stand, take into account the EU classification criteria under the Taxonomy Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investments, in terms of the investment services it offers.

If, in the future, it is decided that sustainability assessments will be integrated into the investment analysis and decision-making process, in accordance with the SFDR, this document will be updated accordingly.

1. Statement regarding the adverse impacts of investment decisions on sustainability factors

The Bank, in its capacity as Financial Adviser and Financial Market Participant, taking account of its size and the nature, complexity and scope of the activities it offers and the types of financial products that the Bank advises on, does not currently consider the principal adverse impacts of investment decisions on sustainability factors while offering investment advice or portfolio management services.

In addition, ESG data challenges, such as the limitation of readily available data, hinder the Bank’s efforts in complying with the technical requirements when considering principal adverse impacts of investment decisions on sustainability factors.

The Bank may, in the future, reassess its consideration in regards to adverse impacts on greenhouse gas emissions, biodiversity, water, waste, social and employee matters, amongst other sustainability factors. Should this be the case, this document shall be updated accordingly.

1. Transparency of remuneration policy in relation to the integration of sustainability risks

The Bank is considering the integration of sustainability risks within the Bank’s Remuneration Policy. In particular, the Bank is evaluating its variable remuneration practices in terms of consideration of sustainability risk, alongside all other elements of risk, so as to discourage excessive risk-taking.

1. Explanation of sustainability preferences
2. Link between financial investment and the environment and society:

* Climate change and environmental degradation are defining global challenges of our time. Countries across the world are working to limit climate change, reverse biodiversity loss and broader degradation of the environment and to leave nobody behind in the process. Sustainable finance means taking sustainability considerations into account when making investment decisions.
* A sustainable finance approach leads to sustainable economic activities and projects. It can support economic growth while reducing pressures on the environment and considering social and governance aspects. Sustainable finance, therefore, has a key role to play in delivering the climate, environmental and social policy objectives of governments around the world.

1. Environmental, social and governance aspects:

* Sustainability considerations of investment decisions can be linked to different environmental, social and governance aspects.
* Environmental considerations might include climate change mitigation and adaptation, preservation of biodiversity, pollution prevention and the circular economy, etc.
* Social considerations might include issue of inequality, inclusiveness, labor relations, human rights issues, etc.
* Governance considerations might include topics such as diversity of structures of corporate governance, fight against corruption and bribery, tax transparency, etc.

1. Different types of sustainable financial instruments available on the market:

* The Client can decide to invest his money considering ESG aspects of financial instruments. It is important to note that on the market there are several types of financial products with various degrees of ambitions in terms of sustainability.
* Some financial instruments merely consider ESG aspects, for example, by calculating and disclosing negative externalities of investments on the environment or society, while other financial products aim to make a real contribution to the improvement of society.
* Moreover, certain products will take account, at the same time, of environmental, social and governance considerations, while other will focus on only one or two of these aspects.
* It is also noted that in case that the Bank’s range of product offer does not meet the Client’s expectations in terms of sustainability characteristics, the Client still have the possibility to consult other investment firms or publicly available platforms to know more about other sustainable products available on the market.

1. The different categories of sustainability preferences:

* Under the current regulatory framework, a Client’s sustainability preferences are understood as a Client’s preferences for three categories of financial instrument:

Category A: Financial instruments which invest in economic activities providing a substantial contribution to one or more of the following environmental objectives:

* Climate change mitigation;
* Climate change adaptation;
* Sustainable use and protection of water and marine resources;
* Transition to a circular economy;
* Pollution prevention and control;
* Protection and restoration of biodiversity and ecosystems

Category B: Financial instruments which pursue sustainable investments more broadly. This is a wider category of financial instruments because it includes economic activities that contribute to other environmental and/or social objectives.

Category C: Financial instruments that consider negative externalities of investments on the environment or society in terms of principal adverse impacts on sustainability. Principal adverse impacts on sustainability are impacts of investment decisions and advice that result in negative effects on environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters. Contrary to category A and B, here the financial instrument does not aim at any positive contribution but merely consider negative impacts of the investment on sustainability.

* The Client may also wish to express wider sustainability motivations such as general sustainability goals or more precise values and priorities.

1. Articulation between sustainability preferences and other investment objectives:

The Bank will first consider the Client’s traditional investment objectives before assessing his preferences in terms of sustainability. Thus, the Client may express any sustainability preferences he may have (or other wider sustainability motivations) since it will only be considered as a top up to the other investment objectives he already expressed, i.e. it cannot affect the financial investment objectives he expressed.

# ORDER EXECUTION POLICY

## Introduction

The MIFID II best execution obligation requires the Bank to take all sufficient steps to obtain the best possible result when executing Orders or transmitting Orders for execution on behalf of its clients, taking into account the Execution Factors, which include price, costs, speed, likelihood of execution and settlement, size, nature and any other consideration relevant to the execution of the Order.

Even in the circumstances where best execution obligation does not apply, AstroBank will still treat its clients fairly managing any conflicts of interest that may arise.

The Bank does not execute Securities Financing Transactions (SFTs) for Clients.

Where a client makes reasonable and proportionate requests for information about Bank’s Order Execution Policy or arrangements and how they are reviewed, the Bank shall answer clearly and within a reasonable time (i.e. 15 working days) to the Client.

1. **Field of Application**

The Order Execution Policy applies to Orders in Financial Instruments, which are executed or transmitted for Clients classified by AstroBank Public Company Limited as Retail or Professional Clients. AstroBank Public Company Limited will take all sufficient steps to obtain, when executing orders, the best possible result for Clients in respect of transactions executed on their behalf and to treat clients fairly. The primary objective of this section is to provide an overview of the steps taken by AstroBank Public Company Limited, when executing Client Orders, to achieve the best possible results for Clients on a consistent basis, pursuant to the MIFID II Best Execution Rules.

The Policy applies to the execution by AstroBank Public Company Limited of Client Orders for Retail and Professional Clients, for the Financial Instruments in respect of:

* Acting as receiver and transmitter of Client Orders; and
* Acting as executor of Client Orders

This Policy is not applied in the following cases:

1. If the client has been classified as an Eligible Counterparty, the Bank will not owe Best Execution for transactions entered into with such Eligible Counterparties. Although the Order Execution Policy does not apply in such cases, the Bank will act honestly, fairly and professionally, and communicate in a way, which is fair, clear and not misleading, taking into account the nature of the client and his business.
2. If the client has given specific instructions for the execution of his order. It is emphasized to clients that the provision of certain instructions for execution might prevent the Bank from taking the measures predicted in the present Order Execution Policy for the achieving of the best possible result during the execution of their orders. In case where the client’s instructions relate to only a part of the order, the Bank will apply the Order Execution Policy to the rest of the order.
3. If the order concerns products and/or services, which do not fall under, Annex I, Section C of MiFID II (Annex A below)
4. In the event of force majeure which affects, interrupts or stops (permanently or temporarily) the operation of the organized market or the multilateral trading facility or the organized trading facility or other mechanism or systematic transactions in which a client’s order is executed, beyond the reasonable control of AstroBank Public Company Limited. In such exceptional circumstances, however, AstroBank will endeavor to execute the order, taking into account the prevailing circumstances, on a best effort basis.

## Execution factors

The Bank is required, when executing orders, to take all sufficient steps to obtain the best possible result for its clients (‘Best Execution’), on a consistent basis. Best execution is owed by the Bank when executing standalone orders or as part of portfolio management activities on behalf of clients.

The Bank will assess each order to determine the relative importance of the below-mentioned factors, taking into account the characteristics in context of:

1. The specific characteristics of each client (Retail or Professional Client);
2. The characteristics and nature of the order (including as to whether specific instructions are given by the client);
3. The characteristics of Financial Instruments which are included in the order; and
4. The characteristics of the execution venue where the order will be executed.

The Bank, when executing orders of Clients, takes different factors into account, as the aim is to achieve the best possible outcome for its Clients. The main factors that are taken into consideration in each case, to ensure that the best possible outcome is secured are the following:

* Price: the price at which the order is executed;
* Cost: all relevant costs in relation to the order;
* Speed in the execution of the order: the speed at which the order is executed;
* Likelihood of execution and settlement: the likelihood the order will be successfully executed;
* Size of the order;
* Likely market impact;
* Nature of the order;
* Ability of the execution venues to manage the given orders; and
* Any other consideration relevant to the execution of the order

In order to meet the Best Execution obligations, the choice of an Execution Venue or Execution Entity can be influenced by whether the client is classified as a Retail Client or Professional Client.

When the Bank transmit the orders, in relation to Portfolio Management, for execution to a third party (brokers with whom the Bank has in place execution arrangements), the Bank is still responsible to take all sufficient steps to select entities/brokers that are most likely to deliver the best possible result in the execution of those orders and have in place appropriate monitoring procedures in order to ensure that Best Execution is provided to its clients.

When acting as executor for Retail Clients, the Bank is responsible for acting in the client’s best interest. The Best Execution obligations in this context are expressed in terms of the “Total Consideration”. These costs will include all expenses incurred which are directly related to the execution of the order including the price of the instrument, the execution venue fees, the clearing and settlement fees, and any other fees paid to third parties who participate in the execution of the order. Where the Bank executes orders for Retail clients, it shall provide those clients with a summary of the relevant execution policy (within the MIFID II General Information Document) focused on the total costs they incur (as provided in the Customer Fee Schedule and the Inducements Schedule). This summary shall also provide a link to the most recent execution quality data for each execution venue listed in this Policy, if available.

In general, AstroBank considers the total consideration in terms of price and execution costs as the most important of the factors. However, in certain circumstances, for some instructions, instrument types or markets, the Bank may, in its absolute discretion, decide that, speed, likelihood of execution and settlement, the size and nature of the order, market impact and any other implicit transaction costs may be given precedence over the immediate price and cost consideration only insofar as they are instrumental in delivering the best possible result in terms of the total consideration to the Retail client.

When acting as executor for Professional Clients, AstroBank is responsible for selecting an Execution Venue where it executes the client order. In making this selection, it shall take all sufficient steps to obtain the best possible results, under prevailing market conditions, for its clients, taking into account execution factors as above.

When AstroBank acts as a Receiver and Transmitter of Client Orders, it ensures it will obtain the best possible results on behalf of clients by choosing the most appropriate Execution Entity to transmit the client order to.

The transaction-specific considerations which drive the selection of a particular Execution Entity from within the pool of pre-approved Execution Entities are:

* When using Execution Entities to execute client orders on regulated markets, consideration is given to the Regulated Markets to which the Execution Entity has connectivity.
* When using Execution Entities to leverage specific expertise, the Bank selects one of the pre-approved Execution Entities, which have the expertise required to execute orders in the particular Financial Instrument.
* Where multiple Execution Entities have been approved, the Bank, in order to choose the best suited examines:
* If a certain Execution Entity brings the best possible result on a steady basis for the particular kind of orders or Financial Instruments concerning the order; or
* If the cost to include more than one Execution Entity to the Order Execution Policy (when the certain expense burdens the clients) would exceed any possible improvement in price (within reasonable time).

For the purposes of delivering best possible result for the client, where there is more than one competing venue to execute an order for a financial instrument, in order to assess and compare the results for the Client that would be achieved by executing the order on each of the execution venues listed in the Bank’s Order Execution Policy that is capable of executing that order, the Bank’s own commissions and the costs for executing the order on each of the eligible execution venue, shall be taken into account.

The Bank refrains from structuring or charging its commissions in such a way as to discriminate unfairly between execution venues.

In cases of specific Financial Instruments, which are negotiated in, only one market, it is possible that there is only one available place for execution. During the execution of the order under these circumstances, the Bank considers that it secures the best possible outcome on a systematic basis provided that it complies with the current rules of the particular market.

When executing orders or making decision to deal in OTC products, including bespoke products, the Bank shall check the fairness of the price proposed to the Client, by gathering market data used in the estimation of the price of such product and, where possible, by comparing with similar or comparable products.

Applying Best Execution does not involve a transaction-by-transaction analysis, but it involves an assessment of a record of transactions over a period indicating that, overall, the best result is achieved by executing orders on behalf of the Client on the execution venues and/or via the execution entities listed in Annex B and according to this policy.

The Bank does not receive any remuneration, discount or major non-monetary benefits for routing its Clients’ orders to a particular trading or execution venue, which would infringe its obligations with regards to conflicts of interest or inducements.

## Criteria for selecting Execution Venues and Entities

AstroBank has a process for the selection of (i) execution venues where it executes Client orders, and (ii) brokers (execution entities), with whom it places or transmits Client orders for execution and it maintains a list of approved execution venues and brokers (the “Approved List” as set out in Annex B).

The specific qualitative criteria to add an execution venue or broker to the Approved List varies based on the asset class to be traded, but the overall process is applied in the same manner across all asset classes. AstroBank does not conduct any activity with a new execution venue or broker until the screening and approval process has been completed.

The criteria to add an execution venue or broker to the Approved List is generally based on evaluation of a number of quantitative and qualitative factors that may include (as applicable), but are not limited to, AstroBank’s analysis of the broker’s or execution venue’s:

* Competitiveness of commission rates or spreads;
* Promptness of execution;
* Clearance and settlement capabilities;
* Quality of service;
* Willingness to commit capital;
* Creditworthiness;
* Experience;
* Reputation;
* Financial stability; and
* The venue’s or broker’s standing with pertinent regulatory bodies and associations;

AstroBank will only use Execution Entities that themselves have a MIFID II compliant Order Execution Policy.

AstroBank mitigates counterparty credit risk by only transacting with counterparties included in the Approved List. This list will be periodically reviewed and updated according to the criteria set out above. AstroBank reserves the right to use alternative Execution Entities other than those listed in Annex B where it believes it is necessary to do so. In any case AstroBank will still be subject to the best execution obligations and the alternative execution entities used must satisfy the criteria mentioned in this policy.

AstroBank may, in some instances, use the Bank’s Treasury and Capital Markets Department or any other company which has common shareholders with the Bank, for execution of trades (either on Bank’s own book or on execution venues) or for the transmission of client orders to other Execution Entities. This will only be done when it is considered that it gives a cost advantage to the clients that would not be achieved by use of alternative execution entities, and therefore that Best Execution will be achieved.

The Bank’s Treasury and Capital Markets Department, as well as any other company which has common shareholders with the Bank, will also undergo the same Execution Entity periodic review process, as all of the other approved Execution Entities.

**Rationale and criteria for selection of intermediaries (brokers)**

There are various types of brokers active in markets for financial instruments, acting as intermediaries between the client and Execution Venues. Some brokers may take risk on their own books and some only match orders between two participants without taking a position on their own books. Brokers normally are specialized in certain classes of financial instruments such as equities, bonds, derivatives etc. Hence as no broker provides the whole universe of all available financial instruments and there exists a specialization of brokers regarding certain classes of financial instruments the most important criterion for selecting a broker as intermediary is the availability of a desired financial instrument with a given broker.

The selection criteria for brokers who do not opt to be an OTF or MTF are as follows:

* Availability of financial instruments
* Price
* Availability of different order types
* Speed of reaction to a request for quote (RFQ)
* Speed of execution of an order
* Likelihood of execution of an order
* Amount of fees per trade

**Relative importance of selection criteria (listed according to their importance)**

* The most important Best Execution criterion for Retail Clients is the total consideration, which represents the price of the financial instrument and the costs relating to execution, which shall include all expenses incurred by the client which are directly related to the execution of the order, including execution venue fees, clearing and settlement fees and any other fees paid to third parties involved in the execution of the order.
* The next most important selection criterion involves the technical reliability of the access to the Execution Venue and the availability of the desired financial instruments as such.
* The trading volume during CET (Central European Time) is an important indicator for the availability of liquidity during the important operation time.
* Speed of response to a RFQ and speed of execution of market orders are both the next important selection criteria.
* Another factor is the cost of getting access to a venue on a permanent basis.
* The availability of clearing for derivatives, its conditions and margining requirements are another factor in the selection of an execution venue

As far as applicable, the above presented relative importance of selection criteria for brokers is also valid for the selection process of Execution Venues.

## Execution Venues – Entities (brokers/market intermediators)

The Bank will regularly assess its Order Execution Policy in order to identify those execution venues and third parties that will enable the Bank, on a consistent basis, to obtain the best possible result when executing orders. Private Banking as the Execution Department and Compliance Unit will monitor selected execution venues and third parties, at least, on an annual basis.

In order for the Bank to fulfil its obligation regarding the best outcome for the Client, and subject to consideration of the execution factors and execution criteria as set out in this Policy, it will place orders on an execution venue that it considers the most appropriate. The Bank will execute the Client’s order in organized markets (regulated market, multilateral trading facility or organized trading facility) in which it possesses direct access. In cases where the Bank does not have immediate access to a specific organized market, the Client’s order is executed with the intermediation of a third party (market intermediator) with whom the Bank entered into an agreement for the transmission of orders for execution in a specific market or outside a trading venue provided the Client’s express consent has been obtained. Following execution of a transaction on behalf of the Client, the Bank will inform the Client where the order was executed.

In particular:

* The orders, which concern titles or products of financial instruments, which are in the Athens Stock Exchange and in the Cyprus Stock Exchange, will be transmitted for execution mainly to Atlantic Securities Ltd or Piraeus Securities S.A. or Euroxx Securities S.A or T.C.R. International Ltd.
* Orders regarding financial instruments, which are being negotiated or are in other markets, are transmitted for execution to market intermediators/brokers who may be members of local markets or have access to local markets and with whom the Bank has entered into an agreement for execution.
* Orders regarding Bonds including Cyprus Governmental Bonds, Bank Bonds and Corporate Bonds, local or foreign, will be transmitted for execution to one of the counterparties listed in the Approved List.
* The orders in relation to shares in funds (including UCITs, non-UCITs, AIFs) will be transmitted for execution mainly to the Bank’s global sub-custodian Piraeus Bank S.A.
* Lastly, Currency Forwards are executed via the Bank’s Treasury and Capital Markets Department

The abovementioned execution procedures are subjected to the following restrictions:

* When the Bank transmits an order that it receives from the Client to another entity for execution, the Bank will satisfy itself that the other entity, which will execute the order, have in place arrangements to enable it to comply with its best execution obligation under this Policy. All aspects of the agreement for the execution of orders between the Bank and other entities are regulated by agreements between the contracting parties, which include, inter alia, special terms for the protection of personal data and ensure the confidentiality in the management of information.
* In cases where there are more than one execution venues, the Bank, in order to choose the best suited examines:
* If a certain execution venue brings the best possible result on a steady basis for the particular kind of orders or Financial Instruments concerning the order, or
* If the cost to include more than one execution venue in the Order Execution Policy (when the certain expense burdens the Clients) would exceed any possible improvement in price (within reasonable time).

In order for the Bank to choose eligible counterparties to whom it will transmit orders for execution:

* Examines whether the third parties have the characteristic of an Investment Company or equivalent type of company which possesses a license to receive, transmit and execute orders under the meaning of MiFID II and the Law; and
* Ensures by following a strict selection procedure that the particular market intermediators, which it will use, are in compliance with the main requirements of a better execution and consequently the Bank may be relying on their own execution of orders policy.

1. **Client order handling**

During the execution of the Clients’ orders, the Bank will:

* Ensure that orders executed on behalf of Clients are promptly and accurately recorded and allocated.
* Carry out otherwise comparable Client orders sequentially and promptly unless the characteristics of the order or prevailing market conditions make this impracticable, or the interests of the Client require otherwise.
* The Retail Client will be informed accordingly for every material difficulty that might affect the proper execution of his orders, promptly upon the Bank becoming aware of the difficulty.
* The orders in relation to transactions outside of organised markets or Multilateral Trading Facilities or Organised Trading Facilities will be executed only if the Bank has previously obtained the written consent of the Client.
* Unless the Client has explicitly and in writing declared otherwise, where the Client places a limit order (for purchase and sale of a Financial Instrument at a specific price limit and for a specified size) in respect of shares admitted to trading on a regulated market or traded on a trading venue which are not immediately executed under the prevailing market conditions, the Bank will take measures to facilitate the earliest possible execution of that order by making immediately the Client limit order in a manner which is easily accessible to other market participants.

Exceptions will only be made in the following cases:

* If the Client has given special instructions;
* If the characteristics of the Client’s order or market conditions require different handling; and.
* If the special interests of the Client require different handling.

When the Bank is responsible for overseeing and arranging the settlement of an executed order, it shall take all reasonable steps to ensure that any client financial instruments or client funds received in settlement of that executed order are promptly and correctly delivered to the account of the appropriate client. With regards to pending orders, the Bank shall not misuse information relating to pending client orders and shall take all reasonable steps to prevent the misuse of such information by any of its relevant persons.

The Bank may aggregate the orders of its Client with orders of other Clients or with a transaction of own account, only if it is unlikely that the aggregation of orders will work overall to the disadvantage of any Client whose order is to be aggregated, even if the aggregation might prove to be against the Client in relation to a particular order. This also applies in cases of partially executed orders. The Bank will disclose to each client whose order is to be aggregated that the effect of aggregation may work to their disadvantage in relation to a particular order.

In case the Bank aggregates the Client’s orders with transactions for own account, the Bank allocates the relevant transaction with priority being given to the Client. Where the Bank is able to demonstrate on reasonable grounds that without the aggregation it would not have been able to carry out the order on such advantageous terms, or at all, it may allocate the transaction for own account proportionally. The Bank shall not allocate the related trades in a way that is detrimental to a client.

## Supervision and review – Information

The Bank will frequently monitor the effectiveness of its order execution arrangements and execution policy in order to identify and, where appropriate, to correct any deficiencies. In particular, the Bank will assess, annually, whether the execution venues included in its Policy for order execution, provide for the best possible result for the Client or whether the Bank needs to make changes to its execution arrangements, taking account of, inter alia, the information published as provided below regarding the way of execution. For example, for monitoring the price, the Bank may select a sample of orders and compare the price that was provided to the client versus the price of other independent sources in order to ensure that the provided price, in the majority of cases, is better or, at least, at par with the average pricing of other independent sources. In addition, for monitoring the cost, the Bank may compare the cost of execution occurred for the same financial instrument through different third parties included in the Approved List. Same methodology will be used to compare the speed of execution dot the same financial instrument by each third party. The results and evidence from monitoring will be kept on record at the responsibility of the Compliance Unit for examination by the competent authorities.

The Bank will summarize and make public through its website in an electronic format available for downloading, for each class of financial instruments, the top five execution venues (executing brokers) in terms of trading volumes where the client orders were executed/transmitted for execution in the preceding year and information on the quality of execution obtained called Execution Quality Summary Statement (EQSS).

With regards to the instruments for which the Bank is dealing on own account and acting as the execution venue, it will make available to the public, without any charges, on a quarterly basis, a report that shall include details about price, costs, speed and likelihood of execution for every individual financial instrument offered.

The annual Execution Quality Summary Statement will include, for each class of financial instruments, a summary of the analysis and conclusions the Bank draw from its detailed monitoring of the quality of execution obtained on the execution venues or executing brokers in the previous year.

The Execution Quality Summary Statement shall include:

* An explanation of the relative importance the Bank gave to the execution factors of price, costs, speed, likelihood of execution or any other consideration including qualitative factors when assessing the quality of execution;
* A description of any close links, conflicts of interests, and common ownerships with respect to any execution venues used to execute orders;
* A description of any specific arrangements with any execution venues regarding payments made or received, discounts, rebates or non-monetary benefits received;
* An explanation of the factors that led to a change in the list of execution venues listed in Annex B of the this Policy; if such a change occurred;
* An explanation of how order execution differs according to client categorisation, where it may affect the order execution arrangements;
* An explanation of whether other criteria were given precedence over immediate price and cost when executing retail client orders and how these other criteria were instrumental in delivering the best possible result in terms of the total consideration to the client;
* An explanation of how the Bank has used any data or tools relating to the quality of execution, including any data published under Delegated Regulation (EU) 2017/575

The Bank will inform its Clients with whom it has an ongoing relationship of any material changes in the Order Execution Policy (including changes to the selected execution venues and third parties) through a Durable Medium (including an SMSS and/or through their website).

The Bank will demonstrate to its Clients, at their request, that it has executed their orders in accordance with the Order Execution Policy and will provide information to the Client when providing the services of reception and transmitting and/or portfolio management, about the entities where the orders have been transmitted or placed for execution.

The Bank is required to summarize and make public on an annual basis, for each class of Financial Instruments, the top five execution venues in terms of trading volumes where the Bank has executed Client orders in the preceding year and information on the quality of execution obtained on these venues. Such details are provided for on the Bank’s website [www.astrobank.com](http://www.astrobank.com).

The Bank shall inform its Clients, prior to the execution of any transaction, of the fees applicable for each class of Financial Instruments. Where there is variation between the execution fees per execution venue, the Bank will provide the Client with fair, clear, and not misleading information to prevent the Client from choosing one execution venue rather than another on the sole basis of the price policy applied.

1. **Consent**

The Bank will obtain the prior consent of the Client to this Order Execution Policy. The Client is deemed to have provided such consent in force from time to time, by signing the Investment Services Agreement and /or by effecting a transaction and/or not terminating the Investment Services agreement, following the receipt of the notice of any update / amendment of the Order Execution Policy.

**ANNEX A3**

**CLASSES OF FINANCIAL INSTRUMENTS**

1. Transferable securities
2. Money market instruments
3. Units in collective investment undertakings
4. Options, futures, swaps, forward rate agreements and every other derivative contracts relating to securities, currencies, interest rates or yields, emission allowances or other derivative instruments, financial indices or other 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 contracting parties (otherwise than by reason of a 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 or/and a Multilateral Trading Facility, 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 contract relating to commodities, that can be physically settled, not otherwise specified in paragraph 6 above and not being destined for commercial purposes and 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 contracting parties (otherwise than by reason of a default or other termination event) as well as every other derivative contract relating to assets, rights, obligations, indices and measures, not otherwise mentioned in this Part A, which have the characteristics of other derivative financial instruments, having regard to whether, inter alia, they are traded on a Regulated Market or a Multilateral Trading Facility or an Organised Trading Facility
11. Emission allowances consisting of any units recognised for compliance with the requirements of Directive 2003/87/EC.

[[4]](#footnote-4)

**ANNEX B**

**LIST OF EXECUTION VENUES IN RESPECT OF EACH CLASS OF FINANCIAL INSTRUMENT**

| **Country** | **Market Centre Details** | **Products** |
| --- | --- | --- |
| **United States** | ArcaEdge (ARCAEDGE) | Stocks (OTCBB)  Warrants |
| Bats BYX (BYX) | Stocks  Warrants |
| Bats EDGX Options Exchange | Options |
| Bats Global Markets (BATS) | Options  Stocks  Warrants |
| Bond Desk | Bonds (Corporates, Treasuries) |
| BONDLARGE | Bonds |
| Boston Options Exchange (BOX) | Options (Equity) |
| CBOE C2 (CBOE2) | Options (Equity) |
| CBOE Futures Exchange (CFE) | Futures (Equity Index, Volatility Index)  Indices |
| CBOT (ECBOT) | Futures (Agriculture, Equity Index, Fixed Income)  Futures Options (Agriculture, Equity Index, Fixed Income)  Indices |
| Chicago Board Options Exchange (CBOE) | Indices  Options |
| Chicago Stock Exchange (CHX) | ETFs  Stocks  Warrants |
| CME (GLOBEX) | Futures (Agriculture, Currency, Energy, Equity Index, Fixed Income)  Futures Options (Currency, Equity Index)  Indices |
| Direct Edge (DRCTEDGE) | Stocks |
| Direct Edge (EDGEA) | Stocks  Warrants |
| Fund/SERV | Mutual Funds |
| GEMINI | Options |
| IB VWAP Dealing Network (VWAP) | Stocks (VWAPs) |
| IBCFD | Contracts for Difference (Index, Share) |
| ICE Futures U.S (NYBOT) | Futures (Agriculture, Equity Index)  Futures Options (Agriculture, Equity Index) |
| ICE Futures US (ICEUS) | Futures |
| IEX | Stocks |
| ISE Mercury | Options |
| ISE Options Exchange (ISE) | Indices  Options (Currency, Equity, Equity Index)  Warrants |
| Knight BondPoint | Bonds (Corporates) |
| Knight BondPoint for Munis | Bonds (Munis) |
| Knight BondPoint for US Government Securities | Bonds (Corporates, Treasuries) |
| Knight Securities | Stocks (OTCBB)  Warrants |
| MIAX Options Exchange | Options |
| MIAX PEARL | Options |
| MuniCenter | Bonds (Munis) |
| NASDAQ (NASDAQ) | Indices  Stocks |
| NASDAQ OMX (NASDAQOM) | Options (Equity) |
| NASDAQ OMX BX (BEX) | ETFs  Stocks |
| NASDAQ OMX BX Options Exchange | Options |
| NASDAQ OMX PSX (PSX) | Stocks  Warrants |
| NASDAQ/Island | Stocks  Warrants |
| National Stock Exchange (NSX) | Indices |
| New York Mercantile Exchange (NYMEX) | Futures (Energy, Metals, Soft Commodities)  Futures Options (Energy, Metals)  Indices |
| New York Stock Exchange (NYSE) | Indices  Stocks  Warrants |
| NFX | Indices |
| NYSE Arca (ARCA) | ETFs  Stocks  Warrants |
| NYSE Arca (PSE) | Indices  Options (Equity, Equity Index) |
| NYSE Arca Bonds (NYSE BONDS) | Bonds (Corporates) |
| NYSE Liffe US (NYSELIFFE) | Futures (Equity Index, Metals)  Futures Options (Metals)  Indices |
| NYSE MKT (NYSE AMEX) | ETFs  Indices  Options (Equity, Equity Index)  Stocks  Warrants |
| OneChicago (ONE) | Futures (Narrow Based Indices, Single Stock)  Indices |
| OTC Markets Pink (PINK) | Stocks (OTC Bulletin Board)  Warrants |
| Philadelphia Stock Exchange (PHLX) | Indices  Options (Equity, Equity Index) |
| Tradeweb | Bonds (Corporates) |
| Tradeweb for Munis | Bonds (Munis) |
| Tradeweb for US Government Securities | Bills  Bonds (Treasuries) |
| **Canada** | Canadian Securities Exchange | ETFs  Stocks |
| Chi-X Canada | ETFs  Stocks |
| Montreal Exchange (CDE) | Futures (Equity Index, Fixed Income)  Indices  Options (Equity, Equity Index) |
| Omega ATS (OMEGA) | ETFs  Stocks |
| Toronto Stock Exchange (TSE) | ETFs  Indices (Stocks)  Stocks |
| TSX Venture (VENTURE) | Stocks  Warrants |
| **Mexico** | Mexican Derivatives Exchange (MEXDER) | Futures (Currency, Equity Index, Interest Rate, Single Stock)  Futures Options (Equity Index) |
| Mexican Stock Exchange (MEXI) | ETFs  Stocks |
| **Austria** | Vienna Stock Exchange (VSE) | Indices  Stocks |
| **Belgium** | Bats Europe (BATEEN | Stocks |
| CHI-X Europe Ltd Clearnet (CHIXEN) | Stocks |
| ENEXT.BE | Stocks |
| Euronext Brussels (BELFOX) | Futures (Equity Index)  Indices  Options (Equity Index) |
| IBCFD | Contracts for Difference (Share) |
| Turquoise (TRQXEN) | Stocks |
| **Czech Republic** | IBCFD | Contracts for Difference (Share) |
| **Denmark** | IBCFD | Contracts for Difference (Share) |
| **European Union** | Euronext Bonds | Bonds (Corporate and Non-US Sovereign) |
| IBCFD | Contracts for Difference (Index) |
| **Finland** | IBCFD | Contracts for Difference (Share) |
| **France** | Bats Europe (BATEEN) | Stocks |
| CHI-X Europe Ltd Clearnet (CHIXEN) | Stocks |
| Euronext France (MATIF) | Futures (Agriculture)  Indices |
| Euronext France (MONEP) | Futures (Equity Index)  Indices  Options (Equity, Equity Index) |
| Euronext France (SBF) | ETFs  Stocks  Structured Products (Turbos and Certificates)  Warrants (Index, Stock) |
| IBCFD | Contracts for Difference (Index, Share) |
| Turquoise (TRQXEN) | Stocks |
| **Germany** | Bats Europe (BATEDE) | Stocks |
| CHI-X Europe Ltd Clearstream (CHIXDE) | ETFs  Stocks |
| EUREX (DTB) | Futures (Equity Index, Fixed Income, Single Stock)  Futures Options (Fixed Income)  Indices  Options (Equity, Equity Index) |
| Frankfurt Stock Exchange (FWB) | ETFs  Stocks  Structured Products (Turbos and Certificates)  Warrants (Index, Stock) |
| IBCFD | Contracts for Difference (Index, Share) |
| Stuttgart Stock Exchange (SWB) | ETFs  Stocks  Structured Products (Turbos and Certificates)  Warrants (Index, Stock) |
| Tradegate Exchange (TRADEGATE) | Stocks |
| Turquoise DE (TRQXDE) | Stocks |
| XETRA (IBIS) | ETFs  Indices  Stocks |
| **Hungary** | Budapest Stock Exchange | Stocks |
| **Italy** | Borsa Italiana (BVME) | Indices  Stocks  Structured Products  Warrants (Index, Stock) |
| Borsa Italiana (IDEM) | Futures (Equity Index, Single Stock)  Options (Equity, Equity Index)  Single Stock Futures |
| **Netherlands** | Bats Europe (BATEEN) | Stocks |
| CHI-X Europe Ltd Clearnet (CHIXEN) | ETFs  Stocks |
| Euronext NL Derivatives (FTA) | Futures (Currency, Equity Index)  Indices  Options (Currency, Equity, Equity Index) |
| Euronext NL Stocks (AEB) | ETFs  Stocks  Structured Products (Turbos and Certificates) |
| IBCFD | Contracts for Difference (Index, Share) |
| Turquoise (TRQXEN) | Stocks |
| **Norway** | EDXNO | Futures (Equity Index, Single Stock)  Options (Index)  Single Stock Futures |
| IBCFD | Contracts for Difference |
| OMXNO | Stocks |
| **Poland** | Warsaw Stock Exchange | Stocks |
| **Portugal** | BVL | Stocks |
| IBCFD | Contracts for Difference (Share) |
| **Spain** | Bats Europe (BATEES) | Stocks |
| Bolsa de Madrid (BM) | ETFs  Indices  Stocks |
| CHI-X Europe Ltd Clearnet (CHIXES) | Stocks |
| IBCFD | Contracts for Difference (Index, Share) |
| Spanish Futures & Options Exchange (MEFF) | Futures (Equity Index, Single Stock)  Indices  Options (Equity, Equity Index) |
| **Sweden** | IBCFD | Contracts for Difference (Share) |
| Nasdaq OMX-Stockholm (OMS) | Futures (Equity Index)  Indices  Options (Equity) |
| Swedish Stock Exchange (SFB) | ETFs  Indices  Stocks |
| **Switzerland** | BATS Europe (BATECH) | Stocks |
| CHI-X Europe Ltd Swiss (CHIXCH) | Stocks |
| EUREX (SOFFEX) | Futures (Equity Index, Single Stock)  Indices  Options (Equity, Equity Index) |
| IBCFD | Contracts for Difference (Index, Share) |
| SIX Swiss Exchange (EBS) | ETFs  Indices  Stocks |
| Turquoise CH (TRQXCH) | Stocks |
| VIRT-X (VIRTX) | Indices  Stocks |
| **United Kingdom** | Bats Europe (BATEUK) | Stocks |
| CHI-X Europe Ltd Crest (CHIXUK) | ETFs  Stocks |
| IBCFD | Contracts for Difference (Index, Share) |
| Intercontinental Exchange (ICEEU) | Futures (Equity Index, Fixed Income, Single Stock)  Futures Options (Fixed Income)  Indices  Options (Equity, Equity Index) |
| Intercontinental Exchange (ICEEUSOFT) | Futures (Commodities)  Indices |
| London Stock Exchange (LSE) | ETFs  Indices  Stocks |
| LSE International Order Book (LSEIOB1) | Stocks |
| **Cyprus** | Cyprus Stock Exchange | Stocks  Bonds |
| **Greece** | Athens Exchange | Stocks  Bonds  ETFs |
| **Australia** | ASX24 (SNFE) | Futures (Equity Index, Interest Rate)  Futures Options (Equity Index)  Indices |
| Australian Stock Exchange (ASX) | ETFs  Indices  Options (Equity, Equity Index)  Stocks  Warrants |
| Chi-X Australia | Stocks |
| IBCFD | Contracts for Difference (Index, Share) |
| **Hong Kong** | Hong Kong Futures Exchange (HKFE) | ETFs  Futures (Equity Index, Single Stock)  Indices  Options (Equity Index)  Warrants |
| Hong Kong Stock Exchange (SEHK) | Bonds (Non-US Sovereign)  ETFs  Options (Stock Options)  Stocks  Structured Products (CBBC)  Warrants |
| IBCFD | Contracts for Difference (Index, Share) |
| Shanghai-Hong Kong Stock Connect (SEHKNTL) | Stocks |
| Shenzhen-Hong Kong Stock Connect (SEHKSZSE) | Stocks |
| **India** | National Stock Exchange of India (NSE) | ETFs  Futures (Currency, Equity Index, Single Stock)  Indices  Options (Equity, Equity Index)  Single Stock Futures  Stocks |
| **Japan** | CHI-X Japan (CHIXJ) | Stocks |
| IBCFD | Contracts for Difference (Index, Share) |
| JAPANNEXT | Stocks |
| Osaka Exchange (OSE.JPN) | Futures (Equity Index, Fixed Income)  Futures Options (Fixed Income)  Indices  Options (Equity, Equity Index) |
| Tokyo Stock Exchange (TSE.JPN) | Indices |
| Tokyo Stock Exchange (TSEJ) | Stocks |
| **Singapore** | IBCFD | Contracts for Difference (Share) |
| Singapore Exchange (SGX) | Futures (Bond, Currency, Equity Index, Metals, Rubber)  Futures Options (Equity Index)  Indices  Options (Equity Index)  Stocks |
| **South Korea** | Korea Stock Exchange (KSE) | Futures (Equity Index, Single Stock)  Indices  Options (Equity Index) |

**LIST OF EXECUTION ENTITIES (BROKERS/COUNTERPARTIES)**

|  |  |
| --- | --- |
| **PRIVATE BANKING** | |
| Atlantic Securities Ltd | Equities/ETFs |
| Piraeus Securities S.A. | Equities/ETFS |
| Euroxx Securities S.A. | Equities/ETFs |
| TCR International Ltd | Equities / ETFs |
| AstroBank’s Treasury and Capital Markets Department | Bonds/Forwards |
| Piraeus Bank S.A. | Bonds |
| Shore Capital Stockbrokers Limited | Bonds |
| Athlos Capital Investment Services Ltd | Bonds |
| Optima S.A | Bonds |
| Natwest Markets NV | Bonds |
| Bondpartners S.A. | Bonds |

# Conflicts of Interest Policy

1. **Introduction**

AstroBank Public Company Limited (the "Bank") maintains and operates effective organisational and administrative arrangements with a view to taking all reasonable steps designed to prevent conflicts of interest from adversely affecting the interests of its Clients (the "Policy").

The Bank has put controls, policies and procedures in place to identify and to prevent or manage conflicts of interest between itself and its Clients, as well as between one Client and another that arise as a result of the Bank providing investment services and activities and ancillary services and/or any other banking services to its Clients. Employees are expected to know the detail of these underlying policies and comply fully with the requirements set out in those policies and procedures.

This Policy is designed to ensure that the Bank identifies certain circumstances, when providing investment services and activities and ancillary services and/or any other banking services, which may give rise to conflicts of interest entailing a risk of damage to its Clients' interests, and it sets out the Bank's arrangements in connection with the identification and prevention or management/mitigation of such conflicts.

This Policy reflects the size and the organizational structure of the Bank, as well as the nature, scale and complexity of the Bank’s business and applies to all Employees, including senior management, the members of the Board of Directors and any associated third parties.

1. **What are Conflicts of Interest**

A conflict of interest arises when two or more persons have competing interest and duty of care or trust exists between those persons. Conflicts of Interest include:

(a) actual conflict, i.e., there is a real, existing/definite conflict

(b) potential conflict, i.e.,there is or could be a situation that may result in a conflict and

(c) perceived conflict i.e., there is or could be a situation that may appear to be a conflict even if this is not the case.

An Employee may face a conflict of interest in the course of working at the Bank which could have the potential to compromise or bias their decision-making, professional judgment and objectivity or otherwise hinder the proper discharge of duties and responsibilities owed by the Employee to the Bank. In the same way, the Bank may face a conflict of interest when it is distracted from its obligations to act in the best interests of its Clients. Failure to recognize and appropriately manage conflicts of interest could result in inappropriate or adverse consequences for Clients, the Bank and Employees.

1. **Conflicts of interest relevant to the Bank include those that arise between**:
   * 1. the Bank and one or more Clients;
     2. an Employee and a Client;
     3. two or more Clients in the context of the provision of services by the Bank to those Clients;
     4. an Employee and the Bank;
     5. individual units of the Bank;
     6. individual Employees of the Bank;
     7. a material shareholder and the Bank; or
     8. the Bank and its vendors and/or third party representatives
2. **Summary of Conflicts of Interest Policy**

**Identification, prevention and management of conflicts of interest**

The Bank generally takes all reasonable steps to identify conflicts of interest that may arise in the course of providing investment services and activities and ancillary services and/or any other banking services to its Clients, and to prevent such conflicts from adversely affecting the Client's interests or to manage such conflicts. In order to identify and prevent or manage such conflicts of interest, the Bank has established and maintains organisational and administrative arrangements, which include, but are not limited to, the following measures:

The application of Chinese Walls/Information Barriers between the business units

The Banks expects Employees to respect the confidentiality of information. Access to confidential/inside information is restricted to those who have a proper need for the information to discharge their responsibilities consistent with the legitimate interests of Clients or the Bank. By aiming for the protection and control of access to important information which is not available to the public, the Bank applies a system of Chinese Walls between its various business units and infrastructure functions. The operation of this system does not only include the separation of data and software systems, but also the physical separation of the different units, so that the Employees of one unit do not have immediate physical access to the files or information which consist of the object of work of another unit.

Through the establishment and application of Chinese Walls, the Bank creates obstacles in the circulation of information in order to ensure that crucial information that a unit possesses is not used by Employees of another unit when that is not necessary for the execution of their duties within the Bank. Furthermore, the Chinese Walls are the basic tool for the prevention of conflicts of interest situations and in the prevention of internal transactions or manipulation of the market.

Committee Governance

Each committee of the Bank is required to have terms of reference in place. These terms must include the requirement for members of committees to consider potential conflicts of interest when determining the composition of the committee, taking into account the tasks and responsibilities of that committee.

Members must disclose any conflict of interest and abstain from participating in the decision making or voting on any matter where they may have a conflict of interest:

1. Prior to the commencement of any meeting the acting chairperson of the meeting is required to read all items on the agenda and request that each participant, including himself/herself and the members, for each item states clearly whether there is an interest or a conflict of interest or a potential interest or conflict of interest or not
2. If a conflict of interest is identified for an item of the agenda then the member involved must abstain from the discussion and from the voting for that particular item either in person or via proxy
3. The same procedure applies for other / ad hoc issues

Outside business activities

A conflict of interest may arise in respect of outside business activities. It is expected that members of staff avoid any involvement in external activities which could create a conflict of interest, or in any way compromise the integrity and reputation of the Bank or affect our ability of perform our duties. The Bank has in place procedure to ensure that conflicts of interest arising from such activities are identified, managed or avoided. This includes the imposition of disclosure and approval requirements and the prohibition of those activities that give rise to conflicts of interest which must be complied with by all in-scope Employees from Human Resource Department. An electronic register of outside business activities is maintained by the Human Resource Department, reviewed periodically and utilized for conflicts management purposes.

An approval process is in place to identify and manage cross-board memberships and outside business activities of all Employees, board members and their Family Members.

Employees Remuneration

The Bank recognizes that remuneration (including non-monetary remuneration) is a factor that may influence the conduct of Employees. The Bank has in place remuneration policy and procedure which set out appropriate governance to prevent remuneration structures which may incentivize an Employee to act contrary to their responsibilities, regulatory requirements or the Bank’s code of conduct. More specifically the Bank shall take measures to ensure that the Bank does not remunerate its Employees or assess their performance in a way that conflicts with the Bank's duty to act in the best interests of its Clients.

Gifts/Entertainment

The acceptance and/or offering of gifts/entertainment/bribery and other personal benefits is governed by this policy, the Anti-Bribery and Corruption Policy, the Bank’s Code of Conduct and the relevant Bank’s procedure and are designed in such a way as to prevent the use of the position of the Employee in the Bank or of the Bank itself, in order to derive personal benefits for the same or a Related Person which could lead to actual or potential conflict of interest and distract/impair the Bank's duty/obligation to act in the best interest of its Clients.

Employees Training

The Bank provides and expects relevant Employees to attend or take regular training of conflicts management and conflicts of interest related topics. This training is critical in ensuring that Employees are able to identify and escalate conflicts of interest and are aware of the processes by which they are identified, escalated and resolved. Appropriate resources are dedicated to the training and building of awareness of conflicts of interest to develop the knowledge and understanding of Employees.

### Vendors and Third Party Representatives

The Bank operates multiple systems, controls, policies and procedures to manage the Bank’s interaction with vendors and third party representatives. The Bank carries out due diligence on vendors and third party representatives and has contractual arrangements in place to protect the interest of the Bank and Clients.

Execution/Client Order Handling

The Bank requires Employees to act honestly, fairly and professionally in accordance with the best interests of a Client, including when executing, receiving or transmitting orders on behalf of a Client as well as when providing Portfolio Management services to the Client. A Client’s interests are protected by the Bank’s dealing policies, which prohibit improper conduct by the Bank traders, such as front-running Client orders, and stipulates that Client orders must take priority over certain other trading. When the Bank is aggregating a Client order, then the Bank must ensure that each Client is treated fairly and according to its Order Execution Policy.

The Bank shall take measures to prevent/limit any person from exercising inappropriate influence over the way in which Employees carry out investment or ancillary services or activities and prevent or control the simultaneous or sequential involvement of Employees in separate investment or ancillary services or activities where such involvement may impair the proper management of conflicts of interest.

The Bank shall not receive any remuneration, discount or non-monetary benefit for routing Client orders to a particular execution venue which would infringe the requirements on conflicts of interest or inducements.

Research Independence

A conflict of interest may arise where the content of research reports or other public statements by a research analyst do not represent the analyst’s genuinely held beliefs because they have been influenced by the interests of a particular business division of the Bank.

The Bank maintains a written agreement with the third parties that provide research to the Bank which is used solely for the Bank’s operations and education of its Staff. No research is disseminated/distributed to the Clients.

Inducements

The Bank's Employees must follow and comply with the Bank's inducement policy when considering whether to pay or receive any fee or commission, or provide or to be provided with any non-monetary benefit, in connection with the provision of Investment Services, to or by the Client (an **"Inducement"**). In accordance with the Inducements Policy, the Bank is permitted to accept and retain any fees, commissions, monetary or non-monetary benefits paid or provided by a third party or a person acting on behalf of a third party, provided that a number of conditions have been fulfilled.

An Inducement could create a conflict of interest where the payment or receipt of the Inducement would distract the Bank from its obligations to serve the best interests of its Client.

During the evaluation of third party / introducers, who introduce Clients to the Bank in connection with the provision of investment services and activities and ancillary services, the Bank should verify that no conflict of interest arises.

#### Product Governance Policy

The Bank shall maintain and operate effective organizational and administrative arrangements with a view to taking all reasonable steps designed to prevent conflict of interest when the Bank acts as distributor or manufacturer of any financial instruments / products that fall under the product governance rules. The product governance rules and the organizational requirements must be followed as specified in the Product Governance Policy.

### Personal account transactions

Relevant Persons may be asked to step aside from working on a specific transaction or participating in the management of a conflict of interest.

Relevant Persons are subject to personal account transaction rules according to Bank’s policy of Personal Transaction Policy.

ESG Risk-Related Matters

In order to deter undue ESG-related risk-taking, including among others green-washing and mis-selling of products, the Employees shall adhere to the Bank’s upcoming ESG Policy. Employees are expected to avoid engaging in any activities that may give rise to conflicts of interest and climate-related and environmental risks.

Conflicts Register

The Compliance Unit of the Bank keeps and regularly reviews the Conflicts Register of the types of conflicts of interest entailing a risk of damage to the interests of one or more Clients that have arisen or, may arise, in relation to the provision of investment services and activities and ancillary services and/or any other banking services (the "**Conflicts Register**"). The information contained within the Conflicts Register facilitates the effective identification, prevention and management of potential conflicts of interest and provides a basis for the training of Employees. On an annual basis, Compliance Unit submits to Senior Management the Conflicts Register along with the details regarding the sources of conflicts of interest in the Bank and the measures taken to mitigate / manage the conflicts of interest at a reasonable basis. All conflicts of interest identified, reported to the Compliance Department, and investigated with the measures taken to mitigate / manage the conflicts of interest are reported to the Audit Committee through the quarterly and annual reports.

Declining to act

If the Bank considers that despite of all the measures taken the conflict of interest cannot be prevented or managed effectively in any other way it may decide to decline to act for a Client, or no longer carry on a particular activity or offer a particular service.

Separation of business functions

The Bank shall maintain an organizational structure with an appropriate segregation of banking functions to ensure independence and prevent conflicts of interest. If a particular line of business within the Bank has two or more functions within that line of business which could lead to a potential conflict of interest, the Bank may separate these functions to be separately managed by different members of staff. Additionally, segregation of duties is used in order to avoid information leakage and to curtail physical access to records and information that does not pertain to the particular work of a member of staff.

**Disclosure of conflicts of interest**

Where the Bank’s organizational and administrative arrangements established to identify and prevent or manage that conflict of interest are not sufficient to ensure, with reasonable confidence, that the risks of damage to the interests of the Client will be prevented, the Bank as a measure of last resort, shall disclose such conflicts of interest, via a durable medium, to the Client. The disclosure should:

* disclose the general nature and/or source of the conflict of interest;
* provide specific description of the conflicts of interest that arise in the provision of investment services.
* explain the risks to the Client that arise as a result of the conflicts of interest and the steps undertaken to mitigate these risks.

in order to enable that Client to take an informed decision with regard to the service or activity giving rise to the conflict of interest before the Bank undertakes business on its behalf. In case the Client does not wish the Bank to act on his behalf under such circumstances, he must inform the Bank in writing accordingly.

1. **Review**

The Bank shall assess and periodically review, on an at least annual basis, its conflicts of interest policy and shall take all appropriate measures to address any deficiencies.

# COSTS, ASSOCIATED CHARGES AND INDUCEMENTS

The Bank has an obligation to provide the Client with clear and comprehensive information regarding the costs and associated charges.

The Bank is allowed to accept and retain monetary and non-monetary benefits, if the following conditions are met:

1. They are capable of enhancing the quality of service provided to the Client;
2. They are reasonable and proportionate and of a scale and nature such that they could not be judged to impair compliance with the Bank's duty to act honestly, fairly and professionally in accordance with the best interest of its Client; and
3. They are disclosed to the Client:
4. Prior to the provision of the service, information about the payment or benefit concerned. Where the Bank only disclosed to the client the method of calculating that amount, the Bank shall also provide clients with information of the exact amount of the payment received or paid on an ex-post basis;
5. At least once a year, as long as (on-going) inducements are received by the Bank in relation to the investment services provided to the relevant clients, the Bank shall inform its clients on an individual basis about the actual amount of payments or benefits received or paid. Minor non-monetary benefits may be described in a generic way.

Acceptable minor non-monetary benefits include (this is a non-exhaustive list):

* Information or documentation relating to a Financial Instrument or an Investment Service, which is generic in nature or personalized to reflect the circumstances of an individual Client.;
* Written material from a third party that is commissioned and paid for by a corporate issuer or potential issuer to promote a new issuance by the company or where the third party firm is contractually engaged and paid by the issuer to produce such material on an ongoing basis, provided that the relationship is clearly disclosed in the material and that the material is made available at the same time to any investment firm or to the general public;
* Participation in conferences, seminars and other training events on the benefits and features of a specific financial instrument or service;
* Hospitality of a reasonable de minimis value (eg. food and drink during a business meeting or a conference, seminar or other training events);

Before providing the relevant requested service the Bank will disclose the existence (if applicable and if any), nature and amount of an inducement or, insofar as the amount cannot yet be determined, the way in which it is calculated in a comprehensive, accurate and comprehensible manner. If the Bank is not able to determine the amount of the inducement and instead has disclosed to the Client the way it is calculated, then the Bank will inform the Client subsequently of the precise amount of the inducement that it has received or granted.

The Bank, once a year, shall inform its Client about the actual amount of payments made.

Fees set out in the “Customer Fee Schedule” which can be found on the Bank’s website [www.astrobank.com](http://www.astrobank.com) need not be disclosed as inducements.

The Bank pays a reference fee to certain business consultants and introducers who introduce new Clients to the Bank and help to conclude and maintain the relationship between the Bank and these Clients. This referral fee is calculated as a percentage of the annual income generated and average deposits received from such Clients.

The Bank also pays such consultants and introducers a percentage of the net investment commission (excluding custody fees) received from all Clients who were introduced to the Bank by the introducers.

When more investment firms are involved in a distribution channel, the Bank has to comply with its obligation to make disclosures to its clients related to the investment or ancillary service offered.

All inducements received and/or paid can be found on the Bank’s website under the name “Inducements Schedule”.

The Bank compiles a list of payments, fees, commissions and non-monetary benefits, including the minor non-monetary benefits it receives and pays in relation to the provision of its investment/ancillary services to Clients. Every payment is determined whether it falls within the scope of the inducement rules. Furthermore, the Bank records how the fees, commissions and non-monetary benefits paid or received by the Bank, or that it indents to use, enhance the quality of the services provided to the relevant Clients and the steps taken in order not to impair the Bank’s duty to act honestly, fairly and professionally, in accordance with the best interests of the Client.

Illustration of Ex-Ante/Ex-Post Costs

A holistic illustration showing the cumulative effect on costs on return when providing Investment Services, including costs and additional charges for Investment Services, such as execution and/or custody costs, are available and can be provided to the Client on an Ex-Ante and Ex-Post basis. Such an illustration on an Ex-Ante basis will be provided to the Client prior to the provision of the Investment Services as will be amended or revised from time to time.

Third Party Research Material

Research in this context is defined as material, which suggest or recommend an investment strategy, explicitly or implicitly, and provide a substantiated opinion as to the present or future value or price related to:

* One or more financial instruments or other assets; or
* The (potential) issuers of financial instruments; or
* A specific industry or market such that it informs views on financial instruments, assets or issuers within that sector.

Third party research received by the Bank is not considered as inducement since it is received in return of direct payments by the Bank out of its own resources.

**The Bank maintains an Inducement Policy and any further information on the application of the Inducement Policy can be provided upon request or can be found on the Bank’s website** [**www.astrobank.com**](http://www.astrobank.com)**.**

# CLIENT REPORTING OBLIGATIONS

**A.** **Execution of orders**

1. The Bank, when carrying out an order on behalf of the Client, other than for Portfolio Management, shall, in respect of that order:
2. promptly provide the Client, in a durable medium, with the essential information concerning the execution of that order,
3. send to the Client a notice confirming execution of the order as soon as possible, no later than the first business day following execution of the order or, if the transaction 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.

The Bank shall not send a notice to the Client as per point (b) above where the confirmation would contain the same information as a confirmation that is to be promptly dispatched to the Client by another person.

In addition, the Bank shall supply the Client, upon request, with information about the status of his order and/or an itemised breakdown of the commissions or expenses charged in relation to the order executed.

The Client may submit to the Bank in writing any objection relating to the notice in point (b) above within 10 Business Days from the day on which the Client received the relevant notification. Failure by the Client to submit a particular objection shall prevent the Client from raising any objection, or any objection other than the particular objection duly submitted as aforesaid, as the case may be, or any challenge or disagreement in relation to the transaction executed for the Client’s account.

In case of Client orders relating to units or shares in a collective investment undertaking which will be executed periodically, the Bank, shall either take the action specified in point (b) of paragraph 1 or provide the Client, at least once every six months, with the information listed in paragraph 2 below in respect of those transactions.

1. The notice referred to in point (b) of paragraph 1 shall include such of the following information as is applicable:
2. the reporting firm identification;
3. the name or other designation of the Client;
4. the trading day;
5. the trading time;
6. the type of the order;
7. the execution venue;
8. the type of Financial Instrument;
9. the buy / sell indicator;
10. the nature of the order if other than buy/sell;
11. the quantity;
12. the unit price;
13. the total consideration;
14. the total sum of the commissions and expenses charged, and where the Client so requests, an itemised breakdown;
15. the rate of exchange obtained where the transaction involves a conversion of currency;
16. the Client's responsibilities in relation to the settlement of the transaction;
17. where the Client's counterparty was the Bank itself or any person in the Bank's group or another Client of the Bank, the fact that this was the case unless the order was executed through a trading system that facilitates anonymous trading;

**B. Portfolio Management**

1. In cases where the Bank provides the Client with the investment service of Portfolio Management, the Bank shall provide such Client, on a quarterly basis, with a periodic statement in a durable medium of the Portfolio Management activities carried out on behalf of that Client unless such a statement is provided by another person. The periodic statements will include an updated statement of how the investments still meet the preferences, investment objectives and other characteristics of the Client.
2. The periodic statement shall provide a fair and balanced review of the activities undertaken and of the performance of the portfolio during the reporting period and shall include, where relevant, the following information :
   * Information on the content and valuation of the portfolio, including details on every Financial Instrument which is kept in the portfolio, its market value or fair value if its market value is not available, the cash balance at the beginning and at the end of the reporting period, as well as the performance of the portfolio during the reporting period;
   * The total amount of fees and charges incurred during the reporting period, itemising at least total management fees and total costs associated with execution, and a more detailed breakdown will be provided on written request;
   * Comparison of the performance during the period covered by the statement with the investment performance benchmark (if any) agreed between the Bank and the Client;
   * The total amount of dividends, interest and other payments received during the reporting period in relation to the Client's portfolio;
   * Information regarding company actions which produce rights in relation to the Financial Instruments kept in the portfolio.
   * The information found in points (c) - (l) of paragraph A (2), where relevant, for every transaction which was executed during the reporting period, unless the Client elects to receive information about executed transactions on a transaction-by-transaction basis in which case paragraph 3 below shall apply.
   * The name of the bank.
   * The name of the natural or legal person.
3. In cases where the Client elects to receive information about executed transactions on a transaction-by-transaction basis, the Bank shall provide promptly to the Client, on the execution of a transaction, the essential information concerning that transaction in a durable medium. The Bank shall send the Client a notice confirming the transaction and containing the information referred to in paragraph A(2) above, no later than the first business day following that 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. In this last case though, the update mentioned in paragraph B is sent every 12 months.
4. In case the Bank has agreed to provide the Client with the service of Portfolio Management which allows management by leverage, the periodical update will be made at least every month.
5. The Bank when providing the service of Portfolio Management shall also inform the Client where the overall value of the portfolio, as evaluated at the beginning of each reporting period, depreciates by 10 % and thereafter at multiples of 10 %, no later than the end of the business day in which the threshold is exceeded or, in a case where the threshold is exceeded on a non-business day, the close of the next business day.
6. The Bank that holds a Retail Client account that includes positions in leveraged financial instruments or contingent liability transactions shall inform the Client, where the initial value of each instrument depreciates by 10 % and thereafter at multiples of 10 %. Reporting under this paragraph should be on an instrument-by-instrument basis, unless otherwise agreed with the Client, and shall take place no later than the end of the business day in which the threshold is exceeded or, in a case where the threshold is exceeded on a non-business day, the close of the next business day.

**C. Statements of Financial Instruments and Funds**

In every case where the Bank holds Financial Instruments or funds on behalf of the Client shall send at a quarterly basis, to the Client, a statement in a durable medium of those Financial Instruments or funds unless such a statement has been provided in any other periodic statement of assets. The Bank shall provide such statement more frequently at a commercial cost upon request. This statement includes:

* Detailed information on all the Financial Instruments or funds held by the Bank on behalf of its Client during the end of the time period covered by the statement.
* Information as to the extent to which any Financial Instruments or funds.
* An indication of the assets or funds which are subject to the requirements of the Law and those that are not, such as those that are subject to title transfer collateral agreement.
* An indication of which assets are affected by some peculiarities in their ownership status, for instance due to a security interest;
* The market or estimated value, when the market value is not available, of the Financial Instruments included in the statement with an 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.

# SAFEKEEPING OF CLIENT FINANCIAL INSTRUMENTS AND FUNDS

1. The Bank, when holding Client Financial Instruments and funds, takes adequate measures to ensure their protection and safeguard the Client's ownership rights. To this end the Bank :
   * Keeps records and accounts enabling it at any time and without delay to distinguish assets held on the Client's behalf from assets held for any other Client as well as from its own assets, by means of differently titled accounts on the books of the Bank;
   * Maintains its records and accounts in a way with which it secures the accuracy and in particular their correspondence to the Financial Instruments and funds held on behalf of the Client;
   * Conducts on a regular basis, reconciliations between their internal accounts and records and those of any third parties by whom those assets are held;
   * Takes the necessary steps to ensure that the Client's Financial Instruments deposited with a third party are identifiable separately from the Financial Instruments which belong to the Bank and from the Financial Instruments which belong to that third party, by means of differently titled accounts on the books of the third party or other equivalent measures with which the same level of protection is achieved.
   * Introduces adequate organisational arrangements to minimise the risk of losing or diminishing the Client's assets or rights in relation to those assets as a result of the misuse of the assets, fraud, poor administration, inadequate record-keeping or negligence.
2. Where the Client's Financial Instruments are deposited for safekeeping with the Bank, the Bank shall exercise the same degree of care as if it were its own property.
3. Where the Financial Instruments are deposited for safekeeping with a third party of the Bank's choice, the Bank will use all due skill, care and diligence in selecting, appointing and periodically reviewing the third party and the arrangements for holding and safekeeping the Client's Financial Instruments.
4. The Bank shall only deposit Client's Financial Instruments with a third party in a jurisdiction where the safekeeping of Financial Instruments for the account of another person is subject to specific regulation and supervision and that third party is subject to this specific regulation and supervision.
5. The Bank does not deposit Financial Instruments held on behalf of its Clients with a third party in a third country that does not regulate the holding and safekeeping of Financial Instruments for the account of another person unless one of the following conditions are met:
6. the nature of the Financial Instruments or of the investment services connected with those Financial Instruments requires to be deposited with a third party in that third country;
7. where the Financial Instruments are held on behalf of a Professional Client, or an Eligible Counterparty and that Client requests the Bank in writing to deposit them with a third party in that third country.

In such case, the Financial Instruments will be subject to the laws of that third country and the Client's rights relating to his investments may be different from those existing in Cyprus.

1. In case the third party custodian is in a jurisdiction outside Cyprus, the Financial Instruments which are deposited to the third party custodian shall be subject to the law of the jurisdiction governing the third party custodian and the Client's rights relating to the Financial Instruments may differ from those existing in Cyprus.
2. Where the Client's Financial Instruments are held by a third party custodian in an omnibus account this may result in the Client's ownership of the Financial Instruments not being separately identifiable in the books of the third party custodian and, in the event of the insolvency of the third party, the said Financial Instruments may form part of the third party's property.
3. In case the Client Financial Instruments are deposited for safekeeping with a third party, the latter may have a security interest, lien or right of set-off on or in relation to these Financial Instruments. However, a third party cannot exercise security interests, liens or rights of set-off over the Client's Financial Instruments and/or funds enabling such third party to dispose of the Financial Instruments and/or funds, in order to recover debts that do not relate to the Client or the provision of services to him, unless this is required by applicable law in a third country jurisdiction in which the Financial Instruments and/'or funds are held.
4. The Bank shall not conclude title transfer financial collateral arrangements with Retail Clients for the purpose of securing or covering present or future, actual or contingent or prospective obligations of Clients.
5. The Bank does not authorise use of Financial Instruments held by the Bank on the Client's behalf for the Bank's own account or the account of any other person or Client unless the Client has given his prior express consent to the use of the instruments on specific terms.

# INVESTOR COMPENSATION FUND - DEPOSIT GUARANTEE SCHEME

1. **Investment protection**

The Bank is a member of the Investor Compensation Fund for Clients of Banks ("ICF") which was established under the Investments Firms Law 2002, as amended.

The object of the ICF is to secure the claims of the covered Clients against the Bank, being a member of the ICF, by the payment of compensation for the claims of the covered Clients, arising from the covered services provided by the Bank, so long as failure by the Bank to fulfil its obligations has been ascertained.

Failure of the Bank to fulfil its obligations consists of its failure:

1. 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 of covered services, and which the latter requested the Bank to return, in exercising their relevant right; or
2. to hand over to the covered Clients Financial Instruments which belong to them and which the Bank holds, manages or keeps on their account, including circumstances where the Bank is responsible for the management of the said Financial Instruments.

The payment of compensation by the ICF to the Clients of the Bank is subject to the existence of a claim of the Client against the Bank, arising from a covered service provided by the Bank to the said Client.

1. **Covered services**

Covered services are all the investment services and activities of Part I of the First Appendix of Law 87(I)/2017 in relation to any of the Financial Instruments and the ancillary service of paragraph 1 of Part II of the same Appendix.

1. **Covered Clients**

Covered Clients are the Clients of the Bank to whom the covered services are provided, except those who are included in the folIowing categories:

1) Institutional and professional investors such as:

1. Investment firms
2. legal entities associated with the Bank and, in general, belonging to the same group of companies
3. credit institutions
4. cooperative credit institutions
5. insurance companies
6. collective investment organisations and their management companies
7. pension and retirement funds
8. social insurance institutions and funds
9. Clients categorised as Professional Clients, upon their request

2) States and international organisations

3) Central, federal, confederate, regional and local administrative authorities

4) Enterprises associated with the Bank.

5) The Bank's directors, managers and personally liable members, persons holding 5% or more of the Bank's capital, persons responsible for carrying out the statutory audits of the Bank's accounting documents and investors with similar status in other firms within the same group as the Bank.

6) Executives and managerial officers of the Bank.

7) Shareholders of the Bank, whose participation directly or indirectly in the capital of the Bank amounts to at least 5% of its share capital, or its partners who are personally liable for the obligations of the Bank, as well as persons responsible for the carrying out of the financial audit of the Bank as provided by applicable law, such as qualified auditors.

8) Investors having in enterprises connected with the Bank and, in general, of the group of companies, to which the Bank belongs.

9) Close relatives, spouses and third parties acting on behalf of the investors referred to in points 6, 7 and 8.

10) Investors in the form of a company, which due to its size, is not allowed to draw a summary balance sheet in accordance with the Companies Law or a corresponding law of a Member state.

1. **Prerequisites for initiating the procedure for compensation payment :**

The ICF initiates the compensation payment procedure when at least one of the following prerequisites are fulfilled:

1. If the Bank submits to the ICF or to the Central Bank of Cyprus a written statement declaring its failure to fulfil its obligations toward its Clients;
2. If the Bank files an application for winding up in accordance with the provisions of Part V of the Companies Law; or
3. if the Central Bank of Cyprus has revoked or suspended the Bank's authorisation to provide banking services and ascertains that the Bank is not expected to be in a position to fulfil its obligations towards its Clients in the near future.
4. **Amount of payable compensation**

The amount of compensation payable to each covered Client, is calculated in accordance with the legal and contractual terms governing the relation of the covered Client with the Bank, subject to the set-off rules applied for the calculation of the claims between the covered Client and the Bank. The calculation of the payable compensation derives from the sum of total established claims of the covered Client against the Bank, arising from all covered services provided by the Bank and regardless of the number of accounts, of which the Client is a beneficiary, the currency and place of provision of these services.

Insofar as the amount of the claim determined exceeds the amount of Euro 20,000 the claimant receives as compensation the lump sum of Euro 20,000. The total payable compensation to each covered Client for the covered services may not exceed the amount of Euro 20,000.

Additional information on the formalities and preconditions relating to the payment of compensation can be obtained under:

[*https://www.centralbank.cy/en/deposit-guarantee-investor-compensatio-schemes/investor-compensation-fund-for-clients-of-banks*](https://www.centralbank.cy/en/deposit-guarantee-investor-compensatio-schemes/investor-compensation-fund-for-clients-of-banks)

1. **Deposit protection**

The Bank is a member to theDeposit Guarantee and Resolution of Credit and Other Institutions Scheme (DGS) which was established and has been operating since 2000.

The purpose of the DGS is twofold: on the one hand it is to compensate the depositors of covered institutions which pay contributions, in the event that a credit institution is unable to repay its deposits; on the other hand, it is the funding of the implementation of resolution measures. The DGS covers deposits denominated in all currencies.

The compensation process is activated when a decision is reached that the Bank, which is a member of the DGS, is unable to repay its depositors. In this case, the relevant decision is adopted either by the Central Bank of Cyprus or through an order for special liquidation of the credit institution in question issued by a Court of the Republic or by the judicial authority of the country where the member is established.

The maximum amountof compensation, per depositor, per credit institution is €100.000, including accrued interest. This limit applies to the aggregate deposits held with a particular credit institution. When calculating the amount of compensation payable to a depositor, any loans or other credit facilities granted by the credit institution to a specific depositor are set-off against his/her deposits. Any counterclaims that the particular credit institution may have against the depositor in respect of which a right of set-off exists, may also be set-off.

In case of joint accounts, the limit of EUR 100.000 applies to each depositor.

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.

Excluded from coverage are certain categories of deposits such as deposits by credit institutions (interbank), own funds, deposits by financial institutions, deposits by investment firms, deposits by insurance and reinsurance companies, deposits by collective investment schemes, deposits by public authorities as well as debt securities issued by a credit institution and liabilities arising out of own acceptances and promissory notes. Furthermore, among the categories excluded from coverage are deposits arising from transactions for which criminal conviction for money laundering has been instigated and deposits the holder of which has never been identified.

Further information on DGS can be obtained upon request or can be obtained under:

[*https://www.centralbank.cy*](https://www.centralbank.cy)

# LEGAL ENTITY IDENTIFIER (LEI)

Pursuant to the provisions of Market in Financial Instrument Directive and Regulation (MIFID II and MIFIR), every legal entity, both EU and non-EU, participating in financial transactions within European Union, (which would by definition include companies, partnerships, trusts, funds, charities, unincorporated bodies, foundations etc) has the obligation to obtain and renew annually the so called Legal Entity Identifier (LEI) being a 20-digit, alpha-numeric code. This code is linked to every legal entity specifically, enabling clear and unique identification of legal entities participating in financial transactions, as a fulfillment of the entity's reporting obligations.

In accordance with the information provided by the Global Legal Entity Identifier Foundation (GLEIF), obtaining a Legal Entity Identifier (LEI) is quite straightforward. The entity in question should contact one of the LEI issuing organizations. LEI issuers defined as Local Operating Units (LOUs) shall be in a position to assist with the registration, and renewal of an LEI meeting the obligations of the law. A legal entity is not limited to using an LEI issuer in its own country however, but it can use the registration services of any LOU that is accredited and qualified to validate LEI registrations within its authorized jurisdiction(s).

More information on LOUs can be obtained from the GLEIF's website [*https://www.gleif.org/en/about-lei/how-to-get-an-lei-find-lei-issuing-organizations*](https://www.gleif.org/en/about-lei/how-to-get-an-lei-find-lei-issuing-organizations)

Any legal entity which does not possess or maintain a valid LEI will not be in a position to trade Financial Instruments within Europe or globally.

# LANGUAGES AND COMMUNICATION

The official language of communication with the Bank is English. Any documents or agreements, which will be given in another language, will be for the Client’s own convenience. Unless it is agreed otherwise, the English text will be binding and will prevail, if there is any inconsistency.

The Client may contact the Bank in any of the following ways, unless otherwise specified in the agreement signed with the Bank:

1. writing (eg delivery by hand, post, facsimile (fax), electronic mail (e-mail));
2. orally (eg telephone, face to face conversation, skype); and
3. by any other means or manner which the Bank determines from time to time and informs the Client accordingly

The contact details of the Bank can be found in the present document.

The Bank does not provide by telephone, investment services and activities relating to reception, transmission and execution of Client orders, to Clients unless they have been notified in advance about the recording of their telephone communications or conversations. A copy of the recordings of such conversations and communications with the Client shall be available on request for a period of five years.

# COMPLAINTS HANDLING

The Bank has established and maintains a “Complaints Handling Policy” for the prompt handling of Clients' complaints.

Information about the ”Complaints Handling Policy”, details of the process to be followed when handling a complaint and the contact details of the Bank's management function is available on the Bank’s website.

The Bank keeps a record of the complaints received and the measures taken for their resolution.

If the Client has any complaint in relation to the quality of the investment services and/or any other services the Bank is providing him with, he may submit his complaint to the Bank free of charge. The Client's complaint will be dealt with according to the ”Complaints Handling Policy” of the Bank.

When handling a complaint, the Bank shall communicate with the Client in plain language that is easy to understand and shall reply to the complaint without undue delay.

# Communication through a durable medium

The Bank can communicate with its Client through a durable medium where that is imposed by the law. For proving service or delivery of the relevant communication it will be enough for the Bank to prove that it has used the address the Client had given in his last communication with the Bank or that the message was delivered (in the case of fax) to the number that he last declared to the Bank. In case of joint accounts, communication can be obtained in the address, telephone or fax of the first beneficiary.

The Client is responsible to notify the Bank of any changes to his contact details.

# Electronic Communication

The Bank, provided that the Client has frequent access to the internet and has given the relevant consent for communication, can provide information to the Client in respect of matters relating to the provision of services, information and any amendments of the Agreement and its Schedules or amendments of the present document, in its website on the internet or through e-mail. The Bank assumes that the Client has frequent access to the internet so long as he has provided his e-mail as a communication medium. In case of electronic communication, for the proving of service or delivery of the relevant communication it will be enough for the Bank, in each case, to prove that the relevant information was put on its website or the e-mail was sent in the e-mail address the Client provided.

# PRIVACY NOTICE

AstroBank Public Company Limited is committed to protecting and respecting the Client’s privacy and rights, as regards the personal data collected and processed for the provision of its products and services.

The Bank processes the Client’s personal information in accordance with the applicable legal and regulatory framework, including the Protection of the Personal Data Law of 2001 (L.138(I)/2001), as amended or repealed or replaced from time to time, and the General Data Protection Regulation 2016/679 (“GDPR”).

More information on AstroBank’s Privacy Notice can be obtained from the Bank’s website.

1. Cyprus Investment Firm [↑](#footnote-ref-1)
2. Target Market Assessment, Appropriateness and/or Suitability Tests are performed (where applicable) [↑](#footnote-ref-2)
3. Financial Instruments that fall under the definition of MREL are the following: (i) Eligible liabilities which meet all conditions referred to in Regulation 575/2013 Article 72a except for point (b) of Article 72a (1) and paragraphs 3-5 of Article 72b; and/or (ii) Debt Instruments, [↑](#footnote-ref-3)
4. Annex I, Section C of MiFID II [↑](#footnote-ref-4)