

## Enclosure № 5 to the General Terms and Conditions Applicable to Contracts with Clients for the provision of Investment and Ancillary Services

### **Information on the Order Execution Policy of Eurobank EFG Bulgaria AD, under Article 4(3) of Regulation No 38 of FSC on the Requirements towards the Activity of Investment Intermediaries**

#### **1. General provisions**

Eurobank EFG Bulgaria AD (“the Bank”) is required by the Markets in Financial Instruments Act (“MiFIA”) and Regulation No 38 on the Requirements towards the Activities of Investment Intermediaries (“Regulation No 38”)1, issued by the Bulgarian Financial Supervision Commission (“FSC”), to take, while executing, respectively while transmitting for execution of client orders, all reasonable steps to obtain the best possible result for its clients, i.e. to achieve the so called “best execution”.

For that purpose the Bank has designed and applies an Order Execution Policy (only for the purposes of this Enclosure, “the Policy”), a requirement under Article 30 of MiFIA. By virtue of Article 4(3) of Regulation No 38 retail clients must be provided with certain information on the Policy, which is given below.

Furthermore, clients must consent to the Policy before the Bank can execute orders for their account.

**Therefore, by signing the General Terms and Conditions Applicable to Investment Services a client is also agreeing to the Policy**

#### **2. Information, the disclosure of which is commanded under Article 4(3) of Regulation No 38**

##### *2.1. Description of the “best execution” factors and criteria under Article 4, para 3, subpara 1 of Regulation No 38*

Measuring “best execution” is not a straightforward exercise. Since many factors will have a bearing on how a transaction is executed, since various criteria may be employed to look at the weight of such factors, and – finally – since clients will eventually have their own individual expectation of the results of a particular order, the paradigm of “best execution” may lead to varying results even in seemingly similar situations. Nonetheless, certain level of standardisation within and across investment firms will eventually take place.

In order to achieve “best execution”, the Bank will take into account factors such as:

- Price (depending on the terms of the order);
- Costs;
- Speed of execution and settlement;
- Likelihood of execution and settlement (liquidity);
- Size of the order;
- Nature of the order;
- Characteristics of financial instrument;
- Characteristics of the possible execution venues; and
- Other consideration relevant to the execution of the order.

As implied by Article 30 of MiFIA, price will often be key factor impacting “best execution”, also account taken of direct market trading costs (e.g. regulated market fees per transaction, and settlement fees); however, the overall value to a client of a particular transaction may be impacted by other factors more strongly in specific situations. The relative importance of the factors above will be judged in view of:

- The characteristics of the client (including categorisation of the client as retail or professional);
- The characteristics of the order;
- The characteristics of the financial instruments subject of the order;
- The characteristics of the execution venue (if more than one) to which the order can be directed;

- The purpose of the order and expected result.

**By way of example, and without prejudice to the guidelines contained in Article 2 of Regulation No 38, as regards retail clients in the absence of specific instructions, the total consideration, representing the price of the financial instrument and the costs related to execution.**

By contrast, the speed of the transaction is likely to be of higher relevance to professional clients, but may in certain circumstances be relevant to retail clients as well.

Of course, speed of execution will generally be a requirement for “best execution” in any case, except, however, where immediate execution will clearly be contrary to the interests of a client.

Individual judgment of the significance of the above factors will be sought to be made in each case.

In order to achieve “best execution” in cases of transmission for execution of clients’ orders, the Bank shall transmit them only to such investment intermediaries, which have the necessary arrangements and mechanisms for execution, which can ensure the conformity of the abovementioned factors.

## *2.2. List of the “execution venues” under Article 4, para 3, subpara 2 of Regulation No 38*

2.2.1. The principle venues through which the Bank will execute client orders are:

- **The Bulgarian Stock Exchange-Sofia** – for stocks; rights in relation to share capital increase; listed corporate bonds and municipal bonds; compensatory instruments; and, to the extent applicable in practice, Bulgarian treasury bills and other government bonds.

As of the date of the Policy the BSE is the only execution venue on which transactions in the financial instruments stated in the previous sentence can be executed (other than securities offered through IPOs and SPOs outside BSE, which will, however, be subsequently listed on BSE; and other than government bonds – please refer below for details pertaining to the latter).

- **The systems devised under the Government Debt Act and the Bulgarian National Bank’s Regulation No 5** on the Terms and Procedures for Acquisition, Payments under, and Trade in Government Bonds – for Bulgarian treasury bills and other government bonds.

Although it is possible that government bonds may be listed on BSE, as of the date hereof, they are only traded through the inter-bank primary and secondary markets organised under Regulation No 5.

- **The Luxemburg Stock Exchange, the Vienna Stock Exchange, the London Stock Exchange** – as regards Bulgarian government, municipal, or corporate bonds listed on such exchanges.

The Bank may execute or transmit client orders to the above venues on which several Bulgaria-related bonds issues have been listed. However, such bonds would typically be traded over the counter.

OTC (refer below).

- **OTC markets** – concerning OTC derivatives and Bulgarian government, municipal and corporate bonds listed on the above international exchanges, as well as for other financial instruments which can be traded outside the regulated markets of financial instruments; and of money market instruments, not listed on an exchange.

The Bank offers to its clients various transactions with financial derivative instruments related to interest rates and currencies, such as interest rate swaps (including cross-currency IRS), IR caps and collars, forward starting IRS, currency forwards, forex options, flexible options, etc. The execution of such transactions will take place as OTC transactions between the client and the Bank

Other OTC transactions (e.g. with government bonds or money market instruments) will take place through the available venues for such instruments **and, in case such instruments are listed, only if the client gives his consent to an OTC execution (article 30(6) of MiFIA). The Bank may obtain this consent either in the form of a general agreement or in respect of individual transactions. Which option will be applicable will be specified in the individual investment services agreement** or in the General Terms and Conditions.

2.2.2. Where requested by the client and after concluding the relevant agreement for reception and transmis-

sion of orders, the Bank can transmit for execution to other investment intermediary the orders of its clients regarding intermediation for the conclusion of transactions on the principle venues, stated in List № 1 to this Enclosure.

The Bank shall transmit for execution the orders of its clients only if the client is requested venue, which is stipulated in the respective agreement, concluded between the client and the Bank.

The list of instruments and venues herein is not exhaustive and executing orders through other venues will not require amendment to the Policy unless this would amount to a material alteration of the Policy. By way of example only, if the Bank becomes able to execute or to transmit for execution orders for deals on a venue outside the above list, on better conditions and on a continuous basis, the Policy will be amended at least to include such other/new venues. A review of the available venues will be carried out at least annually in accordance with a Monitoring and Review Process required under Regulation No 38.

### *2.3. Portfolio management and investment advice*

When offering portfolio management and/or investment advice, the Bank will act in compliance with the client's investment goals and restrictions as stated in the client contract (including by client the indicated types of financial instruments, with which deals may be concluded). When executing deals with financial instruments in connection with a portfolio management contract, the Bank will act in compliance with "best execution" factors, mentioned in p.2.1, in case the client has not given priority to one or some of them or has not limited its significance in the signed contract.

### *2.4. Explanation under art. 37, para.1, item 2 of Regulation No 38*

The clients should take into consideration that every particular order for deal with financial instruments submitted by them can be aggregated by the Bank with other client order when this is in accordance with the requirements of the Policy and that such aggregation may work to the client disadvantage.

**By giving of consent with the Policy under the item 1 above from the client's part, the Bank shall consider that the respective client is notified, explicitly agrees with the circumstances above and authorizes the Bank to aggregate his/her orders with those of other clients.**

### *2.5. Persons to whom the Bank shall transmit for execution the orders of its clients regarding intermediation in deals with every respective type (class) financial instrument*

Every orders (irrespective of type/class of the particular financial instrument, subject to order) of Bank's clients, which shall be transmitted for execution to other investment intermediary, shall be transmitted by the Bank to Eurobank EFG Equities Investment Firm S.A. investment intermediary, duly registered and operating under the laws of Republic of Greece under registration № 42221/06/B/99/10 with address: 10, Filellinon str., Athens, and if become available the possibility as regards the orders of the Bank's clients to be transmitted for execution also to other investment intermediaries, the latter shall be specified in the List № 2 to this Enclosure. Subsequently and in accordance with the arrangements and mechanisms for execution, which Eurobank EFG Equities Investment Firm S.A. (respectively other investment intermediary, specified in the List № 2 to this Enclosure) has, the latter may transmit the order of the client for execution by other investment intermediary, which performs activity on the respective regulated market of financial instruments.

### *2.6. Warning under Article 4, para 3, subpara 3 of Regulation No 38, concerning specific instructions by clients*

Where a client gives to the Bank a specific instructions on where, how, with whom, etc. to execute an order or how, where, through whom and to whom to transmit for execution an order, the Bank will follow these instructions, as far as it is possible. Within the framework of such specific instructions, if properly followed, the Bank

will be deemed to have met its “best execution” obligation. To the extent such instructions do not provide for all aspects of execution, the Bank will apply the Policy.

By signing the present General Terms and Conditions the client declares that he/she is familiar with the consequences of the giving of specific instructions by himself/herself.

**Clients must bear in mind that their specific instructions might interfere with the ability of the Bank to carry out all necessary steps to achieve “best execution”, in accordance with the Policy.**

**Clients should therefore consider carefully whether to give specific instructions to the Bank concerning the execution or the transmission for execution of orders or allow the Bank to execute or to transmit for execution an order according to the Policy.**