

Order Execution Policy

❖ Policy Scope

This document provides information about the order execution policy in Credit Europe Bank (Romania) SA, (“CEB”) according to *Directive 2014/65/UE of the European Parliament and the Council on markets in financial instruments (“MiFID II”)* which were adopted and implemented in the Romanian legislation through Law No. 126/2018 on markets in financial instruments and Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012, CEB adopts all necessary measures to obtain the best results when executing orders with financial instruments for its clients, consistent with the text of the Directive.

❖ Professional Investors

Credit Europe Bank (Romania) S.A. offers financial market products, at the express request of the Clients categorized as “**Professional Clients**”¹.

In the case of Professional Clients, CEB will take into account the results of the **Four Fold Test**, in order to evaluate if the “*best execution obligation*” is applicable to the transaction.

The European Commission established a set of conditions which must be cumulatively met in determining if objectively, in making a transaction, the Client is legitimately relying on the existence of the investment firm’s obligation to apply the “*best execution rule*” (as defined by MiFID II provisions).

The **Four Fold Test** implies consideration of four factors:

1. The “*best execution rule*” is mainly not applicable to Professional Clients, if they initiate the transaction². This factor will be assessed alongside the 3 others below;
2. The existing market practice and the Client’s own practice of “shopping around”. In cases when the market/Client practice is that of requesting for quotations from multiple sources, it is unlikely that the “*best execution rule*” will be applied;
3. The relative levels of price transparency within a market, as well as
4. The information provided by CEB and any existing agreement.

According to the above-mentioned aspects, in order to establish the existence of the “*best execution*” obligation, it is generally relevant if the customer objectively relies on the fact that CEB protects his/hers interests with regards to prices and other transaction elements that might be influenced by the choices made by CEB, when making a transaction. If, after analyzing the above factors, CEB concludes that a client does not objectively and legitimately rely on protecting his own interests by CEB, then the “*best execution rule*” will not be applied.

¹ According to the MiFID II classification;

² In this case, the transaction is initiated on the basis of the “Request for Quote” (RFQ);

We emphasize that regardless of the applicable legal obligations, Credit Europe Bank (Romania) S.A. upholds the highest integrity and fairness standards in executing its Clients' orders and will always take into consideration the Client's best interests.

❖ **Trading with Credit Europe Bank (Romania) S.A.**

In its relation with the client, Credit Europe Bank (Romania) SA acts as market maker and offers the client firm transaction prices, on the basis of RFQ. In this case, CEB performs the transaction as counterparty of the client, and not "on Client's behalf", and the "*best execution rule*" will not be applicable i.e. CEB will not generally be presumed to be receiving a 'client order' as part of a service where Best Execution will apply.

CEB will act as market maker in making a transaction only if the result of the Four Fold assessment indicates that the Client does not legitimately rely on CEB to achieve "*best execution*".

CEB reserves its right to apply the four-fold test for each client individually in order to evaluate if "*best execution*" is applicable or not for each specific transaction.

For example³:

CEB can choose to act as market maker for certain financial instruments, quoting/offering prices at which it is ready to conclude transactions with Clients. The prices quoted by CEB can differ from the ones found in a regulated market, MTF or OTF⁴. In this case, it will be client's responsibility to determine if the price quoted by CEB is acceptable or not. The client will accept or reject the offered quotation upon receiving it. The probability that CEB maintains the firm quotation offered at a given time depends on the market conditions prevailing at that moment, CEB not being responsible for any potential fluctuations in market price that appear after communicating a certain quotation.

❖ **To whom the policy applies. Clients and Products.**

The order execution policy is exclusively applicable to **Professional Clients**.

Prior to offering financial market products according to MiFID II, Clients will receive a notification from CEB regarding the category in which the financial institution deemed appropriate to place them⁵.

³ The described matter has demonstrative character, not being therefore as such limited;

⁴ MTF (Multilateral Trading Facilities) – multilateral trading system, also referred to as "SMT" - a multilateral venue operated by an investment firm or a market operator that gathers within the system and according to its non-discretionary norms, multiple third-party buying and selling interests in financial instruments;

OTF (Organized Trading Facilities) –organized trading system, also referred to as "SOT" - multilateral system that is not a regulated market or a MTF, inside which multiple third-party buying and selling interests occur such products as bonds, structured finance products, emission allowances and derivatives.

⁵ Clients' classification according to MiFID II is available in the "Informative Document" document published on the CEB website.

This policy is applicable both to **“elective” Professional Clients** (who chose this classification through an opt-out or opt-down mechanism) as well as to **“per se” Professional clients**⁶.

This obligation is not applicable to Eligible Counterparties (in the MiFID II sense), and consequently, CEB is not compelled to apply the **“best execution”** rule in its relationship with Eligible Counterparties.

CEB does not offer investment services to **Retail Clients** (classified as such under MiFID II).

Products under MiFID II

From the category of financial products under the scope of MiFID II, CEB offers its clients for trading exclusively (i) government bonds issued by the Romanian state and the European Union member states (product classified as “non-complex” according to MiFID II) and (ii) foreign exchange forwards (classified as “complex” according to MiFID II).

❖ Abnormal market conditions. Forced liquidation of a position in the Customer’s account

This policy is not applicable in case of major market instability and/or in case of interruption of internal or external system functioning. In such exceptional cases, the possibility to execute the transactions in a timely fashion and/or under any conditions will be deemed a priority.

The ‘best execution rule’ will not be applicable if the Client is in a position of non-fulfillment of its contract obligations⁷.

Nevertheless, even in the absence of the Client’s expressed consent, CEB will apply the highest integrity and fairness standards when liquidating a Client’s position and will take into account Client’s best interests.

❖ Quotation Requests. Specific instructions.

CEB does not trade on its own behalf and does not execute orders on behalf of the Client for Clients classified as “Retail Clients” as per MiFID II.

CEB trades on its own behalf, on the basis of Request for Quotation, exclusively in relation to Professional Clients. CEB does not execute orders on behalf of Professional Clients. If CEB makes transactions in response to a “Request for Quote” and/or if CEB publishes a quote and the transaction is made on the basis of the respective quote, in any case it will not be considered that the bank executes orders “on behalf of the client”.

❖ Monitoring and reviewing

⁶ The opt-up or opt-down mechanism is a client’s choice to be treated as “professional client”, if it has been classified as a “retail client” (opt-up) or “eligible counterparty” (opt-down). The mechanism and opt-in premises are described in MiFID II.

⁷ Contract obligations stipulated in any document agreed with CEB: Business Conditions, any framework/specific agreement or of another nature;

CEB will monitor compliance with the Order Execution Policy and will regularly assess the efficiency and compliance of said Policy, in view of the Order Execution Policy review performed at least once per year.

Clients will be informed on any significant modifications in this policy, by publishing the updated versions on the bank official website, www.crediteurope.ro.

By continuing the commercial activity with CEB, after the publishing of the updated version, it will be considered that all Clients have agreed with the respective changes of the Order Execution Policy, except for the case when the Client notifies not agreeing with certain modifications of the Order Execution Policy.

This document does not represent legal counseling. The Client must independently obtain legal counseling for its matters of interest.

The purpose of this document is solely informative, to provide the necessary and adequate information for the use of the services provided by CEB in relation to one or several financial instruments, and does not constitute an offer to conclude (a contract) with Credit Europe Bank (Romania) SA. Credit Europe Bank (Romania) SA takes no responsibility for the operations performed outside the framework described in this policy.

Information in this policy will be applicable in the previous mentioned conditions with regards to services and financial instruments and should be interpreted in the context of all established conditions for the provision of financial services, as they are detailed in the Credit Europe Bank (Romania) SA internal regulations and/or in any other manner of communicating information by the Credit Europe Bank (Romania) SA staff, verbally or in writing.