

# MiFID II INFORMATIVE DOCUMENT

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## 1. MiFID II general presentation. Scope of the present material

The European Markets in Financial Instruments Directive ("MiFID II") is the latest European legislation, applicable from its date of transposition into the national legislation, impacting the manner in which credit institutions and financial intermediaries on the European Union (EU) territory will make available financial services to clients.

MiFID II and the related enforcing regulations have as main objectives:

- Improved transparency of capital markets;
- Financial institutions (credit institutions, financial investment services institutions, investment management companies etc.) ensuring a fair and consolidated protection for investors on EU territory with regards to the provided services.
- Consolidating competition in the financial services sector.

In this informative document we would like to present the main modifications which will occur from the date of MIFID II transposition into the national legislation, as well as to inform on the manner in which the financial services will be provided by CREDIT EUROPE BANK (Romania) S.A. from that date respectively.

The scope of this document is to provide information on the financial instruments and auxiliary services that our institution provides its Clients, as well as on the specific and inherent risks of transactions with these financial instruments. Should the provided information be insufficient for the establishment of financial objectives, we kindly advise that you approached an independent financial consultant. Our institution does not provide financial advisory.

## 2. Information regarding CREDIT EUROPE BANK (Romania) S.A.

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<b>E-mail</b>	mifid@crediteurope.ro
<b>Website</b>	www.crediteurope.ro
<b>Name and contact details of the regulatory authority</b>	Banca Națională a României Str. Lipscani nr. 25, Sector 3, București, România Telefon: (+40) (0) 21 313 04 10 Fax: (+40) (0) 21 312.38.31 Website: www.bnro.ro
<b>Registration information</b>	SWIFT Code: FNNBROBU Bank Register number: RB-PJR-40-018/18.02.1999 Trade Register number: J40/18074/08.07.1993 Unique Registration Number: 4315966 Registered with No. 959 in the Evidence Register for Personal Data Processing

Credit Europe Bank (Romania) S.A. is a credit institution registered with the National Bank of Romania, and whose object of activity is to provide universal banking services.

**Products offered by Credit Europe Bank (Romania) SA under MIFID II are bonds, foreign exchange forwards and custody of bonds for clients trading with the bank.**

**These products are exclusively offered to the legal entities classified by Credit Europe Bank Romania (SA) as Professional Clients or Eligible Counterparties.**

### **3. Client Ranking and Classification**

According to MiFID II clients are classified in three categories: *Retail Clients, Professional Clients and Eligible Counterparties.*

**Retail clients** are the clients benefiting from the highest degree of protection through information, evaluation, transparency and communication requirements that the Bank must comply with in its relation with these clients. The types of clients usually included in the retail category are individuals as well as legal entities that do not meet the criteria for Professional client classification.

**Professional clients** are clients who have experience, knowledge and the capacity to make investment decisions and evaluate the implied risks. Professional clients benefit from reduced protection compared with retail clients.

In this category are included entities regulated or authorized to operate on the financial markets (credit institutions, financial investment services firms, insurance companies, collective investment schemes and their managing companies etc.) that are not classified as eligible counterparties, as well as companies fulfilling two of the following criteria:

- Total balance sheet: 20.000.000 EUR,
- Net turnover: 40.000.000 EUR,
- Own funds: 2.000.000 EUR.

MiFID II establishes criteria for clients who can be considered professional upon their request, on the basis of their expertise, experience and knowledge. The skills criteria applied to managers and directors of the entities authorized according to the directives in the financial field may be considered an example of evaluating client expertise and knowledge. In the case of a small entity, the assessment refers to the person authorized to carry out transactions on its behalf.

In the course of this assessment, at least two of the following criteria must be satisfied:

- 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;
- the size of the client's financial instrument portfolio, defined as including cash deposits and financial instruments, exceeds EUR 500,000;
- the client is active or has been active in the financial sector for at least one year in a professional position, which requires knowledge of the transactions or services envisaged.

Professional clients might be provided less information regarding costs and fees. Credit Europe Bank (Romania) SA is not bound to inform on important difficulties met in the swift and appropriate execution of orders and is not obliged to provide periodic reporting as frequently as to retail clients.

Similarly, in performing best execution, Credit Europe Bank (Romania) SA is not under the obligation to consider total transaction costs as the most important factor, if the prerequisites specified by the regulating framework are satisfied, and from the appropriateness test Credit Europe Bank (Romania) SA can assume that a professional Client has the necessary experience and knowledge in order to understand the associated risks and has the financial capacity to bear any related risks according to the investment objectives.

**Eligible counterparties** are entities regulated and authorized to operate in financial markets (credit institutions, financial investment services companies, insurance companies, collective investment schemes and their managing companies etc.). These clients benefit from the lowest MIFID II protection.

In its relation with eligible counterparties, Credit Europe Bank (Romania) SA is not compelled by best execution in executing orders, performing appropriateness or opportunity tests or providing information regarding Credit Europe Bank (Romania) SA, its services, incentives received by Credit Europe Bank (Romania) SA for providing products and services or the risks associated to these products and services. In addition, Credit Europe Bank (Romania) SA is not bound to make available to the Client reports regarding order execution or investment management.

Categorizing Clients in one of the above categories is made upon accessing a product or service falling under MIFID II regulations.

According to MiFID II, Credit Europe Bank (Romania) SA will categorize the client either as Retail Client, Professional Client or Eligible Counterparty and will notify the Client on its status through *MIFID II Letter of Classification*.

If and where necessary, Credit Europe Bank (Romania) SA will request the Client to fill out and sign those statements, notifications, polls or any other forms or document (within the *MIFID II Letter of Classification*), according to the MIFID II legislation and/or the local or group policies and procedures of Credit Europe Bank (Romania) SA.

The Client is entitled to request Credit Europe Bank (Romania) SA for a different classification. If Credit Europe Bank (Romania) SA approves the Client's request, it will interact with the Client according to the principles applicable to the new client category.

In view of approving or rejecting the Client's request for classification in the new category, Credit Europe Bank (Romania) SA will reasonably evaluate the Client's statute, expertise and knowledge, pursuing compliance with MIFID and/or local or group policies and procedures of Credit Europe Bank (Romania) SA.

Reclassification in a different category can occur during the contract relationship, at Client's initiative or that of Credit Europe Bank (Romania) SA, on the basis of tests/polls analyzing the Client's investment profile.

The Client is bound to permanently inform Credit Europe Bank (Romania) SA, through the previously agreed (in writing) means of communication („Means of Communication”), about any modification that may affect its categorization, at any given time, in a particular client category.

Generally, if the Client does not correspond to the Professional Clients or Eligible Counterparties categories upon initiating contractual relations, on the basis of available information, it will be assumed that the Client is classified in the Retail Clients category, thus benefitting from all the advantages deriving from this classification.

The client can benefit from an exemption from the above-mentioned criteria, if it has not been classified in the 'Professional Clients' category, and be classified in this category at its express request.

Nevertheless, we note that our institution will not establish a business relationship under the MIFID II provisions with any Client categorized as 'Retail Client'.

#### **4. Evaluating Clients according to the provided services**

Regarding services that do not imply recommendations or investment advice or portfolio administration and which consist exclusively in executing or receiving and delivering Client orders, Credit Europe Bank (Romania) SA can request Clients to provide information/necessary documents for determining the type of product or service appropriate for the Client. If the Client does not provide Credit Europe Bank (Romania) SA with the above-mentioned information or if it provides insufficient information, the Bank will be unable to determine if the product or service are adequate for the Client. If the Client, being aware of the circumstances, expressly requests the Bank to provide the product/service, Credit Europe Bank (Romania) SA will be able to act on this request.

Credit Europe Bank (Romania) SA will not be held responsible for any risks, loss, expenses and any other consequences that result from or related to the Client failing to provide adequate, sufficient, correct information and/or relevant documentation, in order to establish the appropriateness, or for the action or inaction of Credit Europe Bank (Romania) SA determined by the above-mentioned aspects. Therefore, Credit Europe Bank (Romania) SA recommends the Client to provide any relevant information regarding Client knowledge and expertise in the relevant investment fields, to allow Credit Europe Bank (Romania) SA to assess the opportunity and appropriateness thereof.

#### **5. Communicating orders, instructions, other documents and/or information**

All documents or information communication between Credit Europe Bank (Romania) SA and the Client will be made in Romanian and/or English, as agreed in the specific activity and business investment services contracts regulating the relationship between the parties.

Communication for agreeing on the terms and conditions of each service or each transaction, as well as any other type of communication between the parties may be done through written mail, distance communication means such as telephone, e-mail or fax, as well as through other means, compliant with the provisions of the specific activity and business investment services contracts. Credit Europe Bank (Romania) SA can request that its transaction orders/instructions are issued and transmitted in a specific format. The Client will ensure that the orders, instructions, forms, statements and messages to Credit Europe Bank (Romania) SA are prepared, filled in, signed and provided complying with the provisions of

the specific activity and business investment services contracts. If Credit Europe Bank (Romania) SA considers that the Client orders or instructions are unclear, ambiguous, incomplete, the Client will be contacted in order to verify and confirm the orders or instructions it has issued, in view of executing them in an appropriate and precise manner.

## **6. Order Execution Policy**

Credit Europe Bank (Romania) SA will execute Client orders according to the Credit Europe Bank (Romania) SA Order Execution Policy (valid at the time transactions are executed), whose presentation is available on the Bank internet page and can be made available to the Client in any other form, on request.

## **7. Transaction confirmations. Reporting to Clients**

### **Transaction confirmations**

Credit Europe Bank (Romania) SA will send the Client a confirmation containing essential information regarding the transaction made/performed with the Client.

### **Professional Clients Asset Reports**

Credit Europe Bank (Romania) SA will send the Client a monthly report regarding the Client's financial instruments kept in its account with Credit Europe Bank (Romania) SA, if such information has not already been delivered to the Client through another periodical report. The reporting form includes such details regarding each owned financial instrument, quantity, volume-weighted average price of each financial instrument.

All these reports are delivered to the Client through the means of communication agreed upon in the specific contracts. Within specific contracts other types of reporting can be included, which will be provided to the Client, including details regarding the nature, frequency and period relevant to the reporting.

## **8. Client Asset Security**

Credit Europe Bank (Romania) SA is member of the Bank Deposit Guarantee Fund in Romania and can make available supplementary information on request.

Similarly, further information and clarifications can be directly obtained from the National Bank of Romania or can be sought or consulted on the official website of the National Bank of Romania ([www.bnro.ro](http://www.bnro.ro)).

Credit Europe Bank (Romania) SA will apply the same reasonable diligence standards to protect Client financial instruments as the ones employed by the Bank to protect its own goods/assets. If the Client requests Credit Europe Bank (Romania) SA and the latter agrees to provide custodial services regarding the respective instruments, a specific contract will be made with the Client for this purpose.

Client financial instruments will be segregated and distinctively highlighted from Credit Europe Bank (Romania) SA own financial instruments and/or from the ones of other Credit Europe Bank (Romania) SA Clients, under the conditions of the specific activity and financial investment services contracts.

## **9. Conflicts of Interest**

Credit Europe Bank (Romania) SA operates according to its own policy regarding conflicts of interest, on the basis of which the Bank identifies situations that are or could constitute a conflict of interest, as well as the measures that must be adopted to manage the respective conflicts of interest. A short description of the conflicts of interest policy of Credit Europe Bank (Romania) SA is available on the Bank webpage, [www.crediteurope.ro](http://www.crediteurope.ro). Credit Europe Bank (Romania) SA will provide additional details on the conflicts of interest policy (durable format) at the Client's written request.

## **10. Financial instruments, related risks and Bank strategies**

To understand the nature and the risks associated to the products and services provided by Credit Europe Bank (Romania) SA and all specific types of investments offered by the Bank, and consequently, to adopt investment decisions in full knowledge, Credit Europe Bank (Romania) SA provides information and/or warnings regarding the risks associated with the provided products and services.

Additional to this information, the Client must ensure of the product or service appropriateness according to its circumstances and financial status. Risk factors can appear simultaneously and/or can interact, the result being an unpredictable effect over the value of any investment. All financial products are exposed to a certain risk level, even low risk investment strategies can contain an uncertainty element.

Credit Europe Bank (Romania) SA does not provide Clients investment advisory/consultancy regarding the advantages, consequences, risks or implications of a certain product, service or transactions, or the general risks that the Client is exposed to in terms of the respective product, service or transaction. In this sense, it is the Client's responsibility to seek specialized advisory/counseling regarding contracting financial investment services and activities with Credit Europe Bank (Romania) SA.

In the case of a Professional Client or an Eligible Counterparty, Credit Europe Bank (Romania) SA is entitled to assume that the respective Client has the necessary knowledge and expertise to understand the offered products and services, as well as the consequences, risks and their associated implications. Credit Europe Bank (Romania) SA is also entitled to assume that the Client has the necessary financial means to support any associated investment risks. If Credit Europe Bank (Romania) SA requests the Client to provide certain information and/or documentation, and the Client decides against providing them, or if the Client provides Credit Europe Bank (Romania) SA with insufficient, inaccurate, incorrect or misleading information and/or documentation, Credit Europe Bank (Romania) SA might be unable to offer investment or financial instruments services to the Client. Credit Europe Bank (Romania) SA does not accept any liability for the Client failure to comply with the obligation to provide information and/or documents to evaluate the adequacy or any other action of Credit Europe Bank (Romania) SA on the basis of the above mentioned aspects.

Credit Europe Bank (Romania) SA informs Clients that, with regards to services of execution and/or reception and transmission of Client orders, regarding non-complex financial instruments (such as money market instruments, bonds and units of collective investment undertakings), Credit Europe Bank (Romania) SA will not be obligated to evaluate the opportunity or appropriateness of the offered product or the provided service, and implicitly, the Client will not benefit from the protection that could be derived from these.

## **11. General Risk Presentation**

The below risk presentation is prepared to aid the Client to recognize and define its own risk tolerance with regards to investment. It is therefore necessary for the relevant attention to be granted and the information to be read.

Risk signifies the probability of unfulfilment of the expected return of an investment and/or losing the entire or partial invested capital. This type of risk can stem from an array of causes, depending on the specific structure of the concerned product. These causes can be inherent to the product, markets or the issuer. Since risks are not always predictable, the following presentation should not be considered final. In any case, investors must grant particular attention to each risk associated with the credit rating of a product issuer, which always depends on the individual case. The description of investment products is based on the most typical attributes of the specific product. The decisive factor is always related to the specific structure of each product. Therefore, the following description does not substitute a focused examination performed by the investor on the specific product.

The risk of investment in financial instruments has at least three components:

- a) Systematic risk (undiversifiable) influenced by factors such as: the general evolutions in the national economy, risk of an accentuated capital market crash, risk of market interest rate modification, risk of inflation process, risk of the foreign exchange rate etc.
- b) Nonsystematic risk which includes: counterparty risk, management risk, financial risk, etc.
- c) Legislative risk, which involves the appearance of regulations that suppress a series of exemptions or advantages present in a certain market, or introduce tax rates, duties and others of such kind.

Overall, the following aspects must be kept into account when investing in financial instruments:

- The potential return on investment of each investment directly depends on the degree of risk; the higher the potential return, the higher the risk.
- Irrational factors (feelings, opinions, expectations, rumors) can as well have an impact over prices and thus over your investment return.
- Investing in several different types of financial instruments can aid in reducing the total investment risk (principle of risk diversification).
- Each Client is responsible for the fair taxation of its investment and for any aspect regarding taxes and duties. Credit Europe Bank (Romania) SA does not provide tax advice.



General risks associated with investments in financial instruments:

- Exchange rate risk: this type of risk appears in transactions with financial instruments denominated in foreign currency, the investment performance depending not only on the local yield of the financial instrument on the foreign market as well as on the evolution of the exchange rate of the respective foreign currency compared with the portfolio currency.
- Credit risk: each issuer traded on capital markets has a certain degree of risk, considering that past performances do not stand as guarantees of future ones. Credit risk regards the possibility of insolvency of the counterparty, specifically the impossibility of one of the parties in a transaction to perform their obligations, such as dividend and interest rate payment, principal payment at maturity, or full failure to meet the obligations. Similarly, it is also named return or issuer risk. These risks are classified according to 'ratings'. A rating is the assessment scale utilized to evaluate the solvency of an issuer. The rating is made by rating agencies, particularly on the basis of the credit risk and country risk. The assessment scale varies from 'AAA' (best credit rating) to 'D' (lowest credit rating).
- Country risk: represents the creditworthiness of a certain country, this risk appearing in the case of solvency of a certain country, political or economic factors being likely to have negative effects for all resident counterparties in that specific country.
- Transfer risk: depending on the respective country, securities belonging to foreign issuers bear a supplementary risk regarding political or exchange control measures that can complicate or even prevent the realization of an investment. Additionally, problems regarding the settlement of an order may arise. In foreign currency transactions, such measures can block the free currency convertibility.
- Total loss risk: the risk of an investment to become completely worthless, for example, because of its conception as a limited right/liability. Total loss can particularly appear if the issuer of a financial instrument is no longer able to fulfill his payment obligations (insolvency), for legal or economic reasons.
- Price risk: this type of risk appears in case of unfavorable price fluctuations in individual investments.
- Risk of securities acquisition on margin: the acquisition of securities on the basis of a loan has a high risk as the loan must be returned regardless of the evolution of the investment; in addition, the costs of the loan reduce the value of the investment.
- Sector risk: this type of risk appears in cases when a portfolio is made of financial instruments belonging to issuers activating in the same sector of activity.
- Macroeconomic risk: this risk regards the general evolution of the national economy.
- Market risk: phenomena difficult to anticipate can appear on the financial instruments markets, events that may affect transaction prices.
- Interest rate risk: the risk that in case of a fixed interest rate investment instrument, the value of the investment modifies as a result of the interest rate movements in the market (if the market interest rate is higher than the interest rate of the investment product, the investment product market value can depreciate).
- Liquidity risk: the impossibility or the financial loss possibility of the Client to liquidate the investment product at the moment it desires to do so (if the Client wants to liquidate the investment product before maturity date, and it cannot identify sufficient buyers interested in purchasing it at the market price, the Client risks financial losses due to liquidating the product at a price well below its market value (the market is non-liquid)).

- Risk of harming the Client's interests: risk that administrative and organizational provisions adopted by the Bank to prevent or manage conflicts of interest are insufficient to guarantee, with reasonable certainty, that harming the Clients' interests will be avoided.

The above presentation was prepared to assist the Client in understanding the risks associated with the main instruments for which Credit Europe Bank (Romania) SA offers financial investment services with products on the interbank market. The description of the investment products is based on the most typical characteristics of the products. The decisive factor is always the specific structure of the concerned product. For this reason, the below description does not substitute the attentive examination of the specific product by the investor.

## **12. Main instruments that Credit Europe Bank (Romania) SA offers services for on the MiFID regulated markets**

### **12.1 Bonds**

Bonds are negotiable financial instruments granting the holder the quality of lender/creditor. Bonds give the holder the right to charge an interest rate and will be redeemed at maturity by the issuer. Usually, bonds do not have the invested capital and the interest rate guaranteed by the issuer, the main risk being the issuer's credit risk. Bonds that are issued by an issuer and are guaranteed by a certain asset portfolio of that issuer will carry the credit risk of that specific asset portfolio of the issuer. These elements are presented in the offer leaflet/brochure pertaining to that particular bond issuance.

Bonds are financial instruments issued by public entities/bodies (state, public body of the central or local administration) or private (companies), with the purpose of financing expenses or other objectives, representing fractions of a loan contracted by the issuer, granting the holder the right to charge an interest rate, and the issuer, the obligation to redeem them at maturity, under the specific conditions of bond issuance.

The important specifications of bonds, such as the nominal value, coupon rate and maturity are established at the moment the bonds are issued.

The redemption may be done in multiple payments or fully, at maturity. The coupon rate is calculated as a percentage from the bond nominal value and can be fixed or floating (periodically reset at a reference date). Bonds are of various types: unregistered or bearer bonds, convertible bonds, secured or unsecured bonds, with different maturity terms, fixed or floating rate bonds, discount bonds etc.). Corporate bond yields are usually higher than the ones returned by government bonds, to compensate for the higher credit risk.

**Credit Europe Bank (Romania) SA exclusively offers its Clients for trading bonds issued by the Romanian Government and the EU Member States.**

## **Risks associated with bond investment**

The associated risks of bond investment mainly relate to the inability of the issuer to pay the coupons and principal at the agreed upon dates (credit risk) and to price variation resulting from interest rate movements in the market (interest rate risk) etc.

We present below a series of risks associated with bond investment, this itemization being non exhaustive:

- Interest rate risk – manifested as losses recorded by the bond holder as a result of the adverse movements in market interest rate. Thus, when the interest rate increases/decreases, the value of the fixed coupon bonds and the price respectively, declines/soars.
- Redemption risk before maturity – investors may incur losses if the bond is sold before maturity. Anticipated redemption reduces the loan maturity, which can generate a reduction in income or expected yield of the respective bond.
- Credit risk – primarily manifested as risk of bankruptcy of the issuer, which appears through the possibility that the issuer cannot comply with its obligations pertaining to the bond.
- Inflation risk- is the possibility that the future value of the investment or the attached income is eroded by the effect of inflation.
- Liquidity risk – the larger the volume of the bond, the lower the risk.

## **Return**

Bond return is represented by the interest rate pertaining to the capital and any difference between the purchasing price and the price obtained upon selling/redeeming the bond.

Consequently, the return can be calculated in advance only if the bond is held until maturity.

In the case of floating rate coupons, the return cannot be calculated in advance. Bonds yielding well above market levels must always be carefully analyzed, the high credit risk being a potential reason for such superior yields. The selling price that can be obtained upon selling the bonds before maturity (market price) is unknown in advance. Consequently, the return can be higher or lower than initially calculated. Additionally, the trading costs, if any, must be deduced from the overall return.

## **Credit risk**

There is always the risk that the debtor finds himself in the impossibility to fully or partially pay its obligations, for example, in cases of debtor insolvency. Consequently, debtor creditworthiness must be considered in an investment decision.

Credit ratings (evaluating the solvency of organizations) issued by independent rating agencies provide some indications in this regard. The highest solvency rate is 'AAA'. In cases of low ratings (for example, 'B' or 'C'), the risk of non-payment (credit risk) is higher, but in compensation, these instruments generally offer a higher yield (risk premium). Investments rated BBB or higher are generally considered as bearing an acceptable risk for investment.

## **Price risk**

If a bond is retained until maturity, the investor will receive the redemption price, as mentioned in the bond conditions. Kindly keep in mind that there is an anticipated redemption risk from the issuer, that can be stipulated in the bond terms and conditions.

If a bond is sold before maturity, the investor will receive the current market price. This price is determined by supply and demand, which also depends on the level of the current interest rates. For example, the price of fixed-coupon securities will drop if the market interest rates of comparable maturity bonds increases. On the other hand, bonds will increase in value if the market interest rates of bonds with comparable maturity decreases.

A modification in the solvency of the issuer can also affect the market price of a bond.

## **Liquidity risk**

Bond tradability depends on several factors, such as issuance volume, maturity term and market conditions. Bonds that are difficult to sell or cannot be sold at all should be kept to maturity.

## **12.2 Derivatives**

Are financial instruments whose price depends on the price of one or several underlying assets (stocks, indexes, interest rates, foreign currencies, commodities, other derivate financial instruments, etc.). Most derivatives are characterized by a high-risk level as a consequence of margin trading, which can generate significant gains or losses in a very short span, losses that can exceed the invested sum. Derivatives are used to protect investments in the underlying asset or for speculation purposes.

Of these, Credit Europe Bank (Romania) exclusively offers foreign exchange forwards.

### **Foreign exchange rate forwards**

Represents the conclusion of a foreign exchange transaction with mandatory settlement on a future date known in advance. The transaction settlement can be made with funds delivery or non-delivery (NDF, non-deliverable forward).

The price of a term foreign exchange is determined by two elements:

- Foreign exchange quotation spot;
- Applying an adjustment (positive or negative) corresponding to the interest rate differential between the two considered currencies (swap points).

The formula for calculating the exchange rate forward (F) for a year is the following:

Example for EUR/RON pair:

$$FWD = S * (1 + RI) / (1 + RE)$$

S – EUR/RON spot rate

RI – RON interest rate

RE – EUR interest rate.

	BID	ASK
EUR	0.3%	0.4%
RON	1%	2%
SPOT	4.5330	4.5340

**FWD BID**=SPOT BID\*(1+INTEREST RATE RON BID\*NO. OF DAYS/360)/(1+INTEREST RATE EUR ASK\*NO. OF DAYS/360)=

$$=4.5330*(1+1\%*30/360)/(1+0.4\%*30/360)=4.5330*(1+0.00083)/(1+0.00033)=$$
$$=4.5330*1.0005=4.5353$$

**FWD ASK**=SPOT ASK\*(1+INTEREST RATE RON ASK\*NO. OF DAYS/360)/(1+INTEREST RATE EUR BID\*NO. OF DAYS/360)=

$$=4.5340*(1+2\%*30/360)/(1+0.3\%*30/360)=4.5340*(1+0.00167)/(1+0.00025)=$$
$$=4.5340*1.00142=4.5404$$

To conclude a contract, the Client must deposit with Credit Europe Bank (Romania) SA an initial margin, agreed upon prior to the commencement of the transaction. The agreed initial margin represents a percentage of the traded amount, which is determined, among other things, by the currency pair involved and the maturity of the operation.

## 13 Execution Venues

Credit Europe Bank (Romania) SA executes transactions through the following methods or combination of methods:

- Directly on a regulated market, MTF, OTF or outside a trading venue (outside a regulated market, MTF or OTF).

The regulated market means a multilateral system, operated and/or managed by a market operator, which reunites or facilitates the reunion, within the system and according to its non-discretionary norms, of multiple third-party buying and selling interests in financial instruments, in a manner that conducts to the conclusion of contracts with financial instruments, allowed for trading on the basis of the norms and/or its systems, and which is authorized and functions regularly and compliant with Title III of the EU Directive 65/2014.

MTF (multilateral trading facility) means a multilateral venue operated by an investment firm or a market operator that reunites, within the system and according to its non-discretionary norms, multiple third-party buying and selling interests in financial instruments, in a manner that conducts to the conclusion of contracts compliant with Title II of the EU Directive 65/2014.

OTF (organized trading facility) means a multilateral system that is not a regulated market or a MTF, inside which multiple third-party buying and selling interests in bonds, structured finance products, emission allowances and derivatives, in a manner that results to concluding contracts compliant with Title II of the EU Directive 64/2014.

## **14 Fees, taxes and commissions**

Credit Europe Bank (Romania) SA will levy, for each transaction, the commission, fees and charges owed by the Client, according to the lists of fees and commissions charged by Credit Europe Bank (Romania) SA, as mentioned in the contract documentation concluded between Credit Europe Bank (Romania) SA and the Client, or as displayed in the branches of Credit Europe Bank (Romania) SA and/or published on the Bank internet page.

The commissions, fees and charges levied by Credit Europe Bank (Romania) SA are presented in Annex No. 1 attached to the present document.

## **15 Compliance. Complaint Resolution**

Credit Europe Bank (Romania) SA has in its internal organizational structure a control and compliance monitoring structure referred to as the Compliance Division, which also ensures the centralization and monitoring of the Client complaint handling process.

In case the Client, who also benefits from the financial instruments and services under MIFID, wishes to make a complaint regarding any aspect pertaining to its relations with Credit Europe Bank (Romania) SA, the complaint can be transmitted at the following address: [mifid@crediteurope.ro](mailto:mifid@crediteurope.ro), or on the Credit Europe Bank (Romania) SA website, [www.crediteurope.ro](http://www.crediteurope.ro) at the “Mifid” section. Credit Europe Bank (Romania) SA will analyze, assess and investigate the aspects mentioned in the Client complaint and will respond, according to the provisions of the specific contract for provision of financial investment activities and services and according to the legal applicable dispositions.

## **16 Guarantees related to financial instrument trading**

Under the conditions and within the limits of the specific contract for provision of financial investment activities and services concluded between Credit Europe Bank (Romania) SA and the Client, Credit Europe Bank (Romania) SA can have the right to request the Client to guarantee the fulfillment of its financial obligations to Credit Europe Bank (Romania) SA emanating from the respective contract.

## **17 Applicable legislation. Dispute Resolution. Final Provisions**

Legal relations between the parties, emanating from or related to the present MIFID II Presentation Document and from any non-contractual obligations of the parties pertaining to the MIFID II Presentation Document will be governed by the Romanian legislation. Any disputes between the parties, emanating from or related to the present MIFID II Presentation Document and from any non-contractual obligations of the parties pertaining to the MIFID II Presentation Document, as well as any dispute or conflict resulting from or on disputing transactions will be solved by Credit Europe Bank (Romania) SA and the Client amicably. If no accordant solution is reached within a reasonable term from the inception of the dispute or conflict, the matter will be forwarded to the competent Romanian courts, according to the rules established in the General Business Terms of Credit Europe Bank (Romania) SA applicable to legal entities and assimilated categories.

By signing the General Business Terms of Credit Europe Bank (Romania) SA applicable to legal entities and assimilated categories and of the specific contracts for provision of financial investments concluded

between Credit Europe Bank (Romania) SA and the Client, the Client confirms having understood the nature of the provisions of the present MIFID Presentation Document, completed by the General Business Terms of the Bank and the specific contracts for provision of financial investment activities and services concluded between the General Business Terms of the Bank and the specific contracts for the provision of financial investment activities and services concluded between the Bank and the Client and expressly accepts the provisions of the present MIFID II Informative Document.

The Client agrees that any updating of the previous MIFID II Informative Document will be communicated through the publishing of the modified version on the Credit Europe Bank (Romania) SA internet page, [www.crediteurope.ro](http://www.crediteurope.ro), and will enter into force, unless expressly provided otherwise in the MIFID II Informative Document thus modified, beginning with the date of publishing according to the above-mentioned aspects.

**Note:**

The present „ MiFID II Informative Document” prepared by Credit Europe Bank (Romania) SA was submitted with strictly informative purpose, to serve the necessary and adequate information for the use of the services provided by Credit Europe Bank (Romania) SA regarding one or several financial instruments and is not a contracting offer of Credit Europe Bank (Romania) SA. Credit Europe Bank (Romania) SA takes no responsibility for the operations performed outside the framework described within this MIFID II Informative Document.

The contents of this document prepared by Credit Europe Bank (Romania) SA does not constitute and will not be interpreted as any type of advice. Clients are requested to independently obtain professional counseling regarding the aspects mentioned in the present MIFID II Informative Document.

The information contained in the present document is a summary of the aspects related to the new regulations which will be applicable in the conditions specified regarding the financial services and instruments and should be interpreted in the context of all established conditions for provision of financial services, as detailed in the internal regulations of Credit Europe Bank (Romania) SA and/or in any form of information communication by the Credit Europe Bank (Romania) SA staff, verbally or in writing.

## Commissions and charges for safekeeping of financial instruments and auxiliary services

### ANNEX 1

<b>Custody commissions CATEGORY</b>	<b>DESCRIPTION</b>	<b>COMMISSION</b>
<b>Commissions applicable to financial instruments kept with SaFIR</b>		
Custody commissions	Due monthly, calculated for the nominal value of the instruments held by the customer as of the last day of the month	0.002%/month + VAT
Commission for secondary market settlement	Transactions Free of Payment Transactions Delivery vs Payment	SaFir commission * SaFir commission *
Commission for payment events	Cashing in coupons and principal at maturity	SaFir commission *
Commission for Portfolio transfer	Financial instruments transfer: - To another intermediary  - Safir – RoClear  - Safir - Euroclear	SaFir commission * SaFir commission* + RoClear commission SaFir commission* + Euroclear commission
Commission for processing guarantees	Registering guarantees, substitution of guarantees, instruments under litigation, beneficiary transfer guarantee, transfer of the portfolio kept as guarantee, guarantee release	SaFir commission *
<b>Eurobonds commissions held with an International Repository</b>		
Custody Commission	Due monthly, calculated for the nominal value of the instruments held by the customer in the last day of the month	0.002%/month + VAT
Commission for secondary market settlement	Transactions Delivery vs Payment	25 EUR/ transaction
Commission for payment events	Cashing in coupons and amounts at maturity	25 EUR/ event
Portfolio transfer commission	Financial instruments transfer to another intermediary	25 EUR/ transfer

*\* SAFIR commissions valid as of the date of conclusion of the contract.*

*\* Transactions Free of Payment (FoP)= 95 RON*

*\* Transactions Delivery vs Payment (DvP) = 79 RON*

*\* Commission for processing guarantees = 95 RON*

*\* Commission for payment events = 10.50 RON*