

**BNP PARIBAS SECURITIES SERVICES
EXECUTION AND SELECTION
POLICY**

October 2017



BNP PARIBAS

The bank
for a changing
world

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1. Purpose of the policy

BNP Paribas Securities Services (“Securities Services”, “BP2S”, “us” or “we”) is a wholly owned subsidiary of the BNP Paribas Group.

The purpose of this policy is to provide our clients with information on the arrangements implemented by Securities Services to manage the transmission and the execution of client orders as required by the revised Markets in Financial Instruments Directive 2014/65/EU and implementing measures as transposed into national laws and regulations (“MiFID II”), to the extent applicable.

Securities Services is required to take all sufficient steps to obtain the best possible result for clients when executing orders (or receiving and transmitting orders) on their behalf, taking into account factors such as price, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of the order (“execution factors” such obligation referred to as our obligation of “Best Execution”).

Securities Services is not required to guarantee that we will always be able to provide Best Execution on every execution of clients orders. We do not owe any fiduciary responsibilities as a result of the matters set out in the Policy, over and above the specific regulatory obligations placed upon us, or as contractually agreed.

This Policy provides information as to how Securities Services will handle orders and request for quotes received in order to achieve the best possible result where we owe an obligation of Best Execution.

- This Execution Policy outlines the selected execution factors for each class of financial instrument, and their relative importance, considering certain criteria
- This Execution Policy provides appropriate information to the client and Securities Services shall obtain the client’s prior consent, where applicable, to continue or start the activity
- Terms used in this Policy not otherwise defined have the meanings set out in Exhibit III
- The following products are concerned by this policy and more details such as the execution factors for each class of financial instrument are available within the dedicated documents appended to this general policy :
 - **Securities** (equities, fixed income)
 - **Securities Financing Transactions (“SFTs”)**¹
 - a) On behalf of our clients
 - b) On own account
 - **Foreign exchange (“Forex” or “FX”)**
 - a) FX on demand²
 - b) Passive Currency Overlay

¹ repurchase transactions, securities or commodities lending / borrowing, buy-sell back transactions or sell-buy back transactions; margin lending transaction.

² Excluding spot FX



2. Scope of the policy

2.1. Geographical and entity scope

This Policy applies where a Securities Services entity regulated within the EEA passes an order for execution to any EEA or non-EEA broker-dealer, whatever the client's location is.

In this case the entity will have a duty of best selection and will require the executing broker-dealer to provide Best Execution.

However, this Policy does not apply to transactions between clients and Securities Services entities not regulated within the European Economic Area (EEA) or non-EEA branches of Securities Services, whatever the client's location is.

2.2. Client scope

With the application of MiFID II rules, firms are required to categorise clients as follows (definition is enclosed in the Glossary at the end of this policy) :

- Eligible counterparty
- Professional client
- Retail client

This Policy applies to both retail and professional clients, as defined by MiFID II. Clients must have received first a formal notification from us informing them of their categorisation.

Clients must ensure that this notification has been duly received as of the acceptance of the terms of this policy with the return of their consent to BP2S.

This is done at the onboarding of the client and in case of changes.

Securities Services will not provide clients classified as Non Professional (Retail Clients) with SFT's or Forex services. Any Retail Client should ask for an opt-up before entering these specific programmes.

Furthermore, in accordance with MiFID II Art. 24, this Policy does not apply to transactions executed with Clients classified as Eligible Counterparty by Securities Services.

2.3. Products

This Execution Policy applies only in relation with Financial Instruments as defined by MiFID II.

| Classes of Financial instruments | BP2S |
|---|-------------|
| (a) Equities – Shares & Depositary Receipts | x |
| (b) Debt instruments | x |
| (c) Interest rates derivatives | / |
| (d) Credit derivatives | / |



| | |
|---|---|
| (e) Currency derivatives | x |
| (f) Structured finance instruments | / |
| (g) Equity Derivatives | / |
| (h) Securitized Derivatives | / |
| (i) Commodities derivatives and emission allowances Derivatives | / |
| (j) Contracts for difference | / |
| (k) Exchange traded products (Exchange traded funds, exchange traded notes and exchange traded commodities) | / |
| (l) Emission allowances | / |
| (m) Other instruments | / |

Spot FX does not fall under the MiFID requirement for execution.

2.4. Activities

Securities Services applies this policy in the following circumstances:

- Where Securities Services receives and transmits orders for execution ;
- Where Securities Services executes orders on behalf of Clients ;
- Where the Client is otherwise placing reliance upon Securities Services in respect of the execution of Request for Quotes; and in respect of the financial instruments listed in Exhibit II

2.4.1. Receipt and Transmission of Orders

Where Securities Services receives a client order and transmits the order to a third party for execution, Securities Services must comply with Best Selection obligations and the executing broker is expected to provide Best Execution. Securities Services may choose to arrange for the execution of orders through other affiliated BNP Paribas Group entities. Securities Services will monitor the effectiveness of such third party broker arrangements, including those with affiliated BNP Paribas entities.

2.4.2. Execution of Orders and Request for Quotes

The application of Best Execution will be limited to where Securities Services executes the clients orders”.

This will always apply when dealing as the client’s.

This will include where a client has placed an actionable instruction to buy or sell a financial instrument and where Securities Services has an element of discretion over the execution of the order (e.g. execute an order ‘at best’).

In other situations where a client trades with Securities Services, whether a duty of Best Execution is owed will depend on whether the client is deemed to be placing legitimate reliance upon Securities Services to protect their interests in relation to the execution of the transaction.

Where a client requests Securities Services to provide a quote to trade on a bi-lateral basis (an “RFQ”) the application of Best Execution will depend on the nature and



circumstance of the request and whether the client is placing legitimate reliance on Securities Services at the time of the RFQ.

Legitimate Reliance

Retail clients

For Retail clients, it is assumed that reliance is being placed on Securities Services and as such Best Execution will always be owed when applicable.

As previously stated, some products are not offered to retail clients (e.g. SFT's).

Professional clients

For Professional clients, Securities Services will determine whether a client is placing reliance upon it by considering the complexity of the product, the transparency of the market and the sophistication of the client taking into account the "Four-Fold Test" guidelines issued by the European Commission:

- **Which party initiates the transaction.** Where a client initiates a transaction, this may indicate that the client is placing less reliance on us. Where a client places an order with us on an unsolicited basis it may be an indicator that the client is not placing reliance upon us. From time to time we may communicate trade ideas and general marketing materials to clients but do not consider this to be initiating transactions.
- Questions of market practice and the existence of a **convention to 'shop around'**. Where there is an established market practice for clients to obtain multiple quotes and they have the ability to or indeed do "shop around" it may be less likely that they are placing reliance upon us;
- **The relative levels of price transparency** within a market. Where clients have a similar level of transparency to us on market price and liquidity it may be an indicator that they are not placing reliance upon us. Where we have an enhanced level of market transparency it may be more likely that they are placing reliance upon us; and
- **The information provided by Securities Services and any agreement reached.** The extent to which any arrangements or agreements between us and the client indicate that the client is placing reliance upon us.

The factors referenced above are considered holistically on a case by case basis when assessing reliance; reliance does not only occur where all four conditions are met.

Irrespective of the Best Execution obligations, Securities Services commits to act honestly, fairly and professionally in accordance with clients best interests.

2.5. Specific Instructions

Notwithstanding the above, where a client has placed an order with specific instructions that cover each and every aspect of the order, Securities Services will not be deemed as acting on behalf of the client: Best Execution will not apply.

Clients should be aware that the provision of specific instructions on orders may in certain circumstances, prevent Securities Services from taking the steps that have



been implemented within this Policy to obtain the best possible result for the execution of those orders in respect of the elements covered by those instructions.

In such circumstances, Securities Services may seek to discuss the potential impact of the instruction with the client where the nature of the order permits this to be done, but Securities Services has no obligation to do so.

To the extent that a client places an order with specific instructions that only cover partial aspects of the order, Best Execution will be owed on the aspects of the order in respect of those elements not covered by the instructions.

This will include certain orders received via voice or electronic communication tools.

3. Best Execution & Best Selection

The best selection obligations are due when Securities Services receives and transmits the orders to another firm for execution.

When Securities Services sends client orders to trading venues, Securities Services must comply with Best Execution obligations.

When executing an order on behalf of a client, Securities Services is required to take all sufficient steps necessary to execute the order in a manner that is intended to obtain the best possible result for the client. It is the 'Best Execution' obligations.

3.1. Execution & Selection Factors

Securities Services will take into account the following relevant Execution & Selection Factors:

- Price, aiming to achieve the best possible price for the client,
- Size of the order and the available market liquidity,
- Speed of execution,
- Execution costs, such as exchange execution and clearing fees,
- Likelihood of execution and settlement,
- Nature of the order and
- Any other consideration relevant to the execution of the order, such as potential market impact.

NB : the order of the factors depend on the type of products (see Exhibit)

3.2 Clients' categories

3.2.1. Retail Clients

Where Securities Services executes an order on behalf of a Retail Client it is assumed that Best Execution will always be owed. The best possible result shall be determined in terms of the total consideration, representing the price of the financial instrument and the costs relating to the execution, which shall include all expenses incurred by that retail client which are directly relating 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.

3.2.2. Professional Clients

Where Securities Services executes an order for a professional client, the importance of each of these factors and how they are treated may vary depending on the following :

- The nature of the client's instructions;
- The characteristics of the transaction;
- The characteristics of the financial instrument; and
- The characteristics of the execution venues to which the transaction can be directed.

3.3. Best Selection

BP2S may transmit orders to an affiliated company or to a third party for execution. Where it does so, BP2S will take all reasonable steps to obtain the best possible result for its clients. BP2S:

- will either determine the ultimate execution venue itself, on the basis of the factors described above, and then instruct the third party accordingly
- or
- will satisfy itself that the third party to whom the order has been passed has arrangements in place to enable BP2S to comply with its Best Execution obligations.

Selection Criteria

Should Securities Services appoint a third party to execute its orders, we would consider a number of factors such as :

- accessibility to the relevant markets
- experience in the relevant markets
- settlement performance
- quality of order execution services
- information and reporting capacities
- financial solvency of the third party
- reputation of the third party.

3.4. Best execution

Securities Services will execute through its affiliates wherever possible unless the client specifies otherwise.

Where such orders are executed via third party market makers, Securities Services will seek to obtain quotes from several market makers and make a determination as to which quotes provide for the best result for the client considering the execution factors described above.



3.5. Execution venues

Securities Services places orders on the Execution Venue that will provide the best result for the clients, while taking into account the execution factors mentioned in paragraph 3.1; either directly or through the intermediation of a third-party broker with which Securities Services has an agreement to place orders intended for a particular regulated market, a MTF or an OTF.

Securities Services uses different execution venues such as Regulated Markets, Multilateral Trading facilities, Organised Trading Facilities, Systematic Internalisers or Market Makers as well as an execution venue in their own right. To the extent Securities Services has discretion over the choice of one execution venue over another; the selection of the execution venue will be made based on the venue(s) which provide(s) the best overall result for the client.

Securities Services undertakes on-going assessments of the execution venues used to determine whether existing venues continue to provide for the best possible result and also to review the suitability of new execution venues. In making this assessment we will utilise information derived from our own internal Best Execution monitoring tools and processes as well execution quality data reported by execution venues under MiFID II and its implementing measures.

This will include the following factors:

- Price,
- Liquidity,
- Execution and clearing costs,
- Clearing arrangements such as settlement reliability,
- Execution venue trading controls and
- Previously communicated client preference and scheduled actions

3.6. Execution Costs

When executing clients orders and when providing quotes for RFQs, Securities Services may charge a fee, a commission or apply a mark-up or a spread to the execution price. These additional charges will be applied to cover the costs and risks associated with the transaction on a reasonable basis and subject to parameters agreed via Securities Services internal governance processes.

In transmitting client orders Securities Services does not receive any remuneration, discount or non-monetary benefit for routing client orders to a particular execution venue. Securities Services does not partake in any payment for order flow arrangements.

For activities where Securities Services receives a fee for the execution and / or clearing of trades, details of fees charged will be disclosed to clients prior to the commencement of trading activities.

For activities where no transaction fee is charged, typically RFQ transactions, Securities Services applies a margin in the price quoted to cover the costs and risk associated with the transaction. The level of margin added is subject to internal processes and controls designed to ensure that such margin is reasonable and proportionate to the risk taken.



3.7. Prior Consent

Should Securities Services face specific cases as below, client consent would be required before processing the order in case of any change of this policy:

- When the execution takes place in an execution venue that is not mentioned in the stated list (conditions : prior client consent received)
- When the execution takes place outside an execution venue (conditions : information to client provided and prior client consent received)

Within the framework of « Custody and Clearing Services » (custodian activity) and of the Issuers' activity « Corporate Trust Services » Clients of Issuer's Agent activity client are deemed to have accepted the terms of the present policy since they have opened an account with BNP Paribas Securities Services).

BP2S will not accept any client order if prior consent has not been received, and subsequently, no claim from Clients may be received whenever an order is not executed or transmitted as the case may be.

4. Order handling

4.1. General Considerations

BNP Paribas Securities Services has committed to execute or transmit the orders according to their chronology of arrival, on a first come first served basis, unless the nature of the order, the market conditions or the client's interests require to proceed differently.

Where we receive an order from a client we will ensure that the order is executed promptly and will be accurately recorded and allocated.

In the event that we receive comparable orders from two or more clients, the orders will be executed promptly and sequentially unless the characteristics of the order or prevailing market conditions make this impracticable, or the interests of the client require otherwise. Orders will not be considered as comparable if they are received via different execution channels (voice versus electronic tool) or via two different trading desks within Securities Services.

Where we have a responsibility for arranging the settlement of an executed order, we will 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.

Information in respect of executed or pending client orders will be treated as confidential and we will take all reasonable steps to ensure that knowledge of any pending orders will not be misused.

For **Retail Clients** we are required under MiFID II to promptly inform them of any material issues that would prevent us from carrying out their order. Whilst this obligation only



applies to Retail Clients we will endeavour to similarly inform Professional Clients on a best efforts basis

4.2. Trading obligations in shares and derivatives

Securities Services will ensure that the trades it undertakes in shares admitted to trading on a Regulated Market or traded on a Trading Venue take place on:

- a Regulated Market,
- MTF
- a Systematic Internaliser, or
- an Equivalent Third-country Trading Venue (assessed as such), as appropriate, unless
 - a) those shares are non-systematic, ad-hoc, irregular and infrequent; or
 - b) the trade is carried out between eligible and/or professional counterparties and do not contribute to the price discovery process

Securities Services will ensure that the transactions it concludes:

- with financial counterparties as defined in EMIR, and non-financial counterparties (NFC)
- which are neither intragroup transactions nor transactions covered by the transitional provisions in EMIR,
- in derivatives pertaining to a class of derivatives that has been declared subject to the trading obligation in accordance with the procedure set out in Article 32 MiFIR and listed in the Register of derivatives subject to the trading obligation³

are concluded only on Regulated Markets, MTFs, OTFs or Equivalent Third-country Trading Venues.

4.3. Trading outside a Regulated Market (RM), Multilateral Trading Facility (MTF) and Organised Trading Facility (OTF)

Securities Services may decide that in certain circumstances, where a client has previously provided its consent, it would be beneficial to execute all or part of an order outside a Trading Venue. Whilst this may provide the advantage of an improved execution price and faster execution, additional risks may be incurred which are detailed below:

- Transactions will not be subject to the rules of Trading Venues, which are designed to provide for a fair and orderly treatment of orders;
- Transactions will not benefit from any additional but unpublished liquidity, such as hidden limit orders that may be available on Trading Venues;
- Executions will not benefit from additional pre and post trade transparency in respect of pricing and liquidity that is required to be published by Trading Venues; and

³ e.g. an ESMA register specifying, in an exhaustive and unequivocal manner, the derivatives that are subject to the obligation to trade on regulated markets, MTF or OTF, the venues where they are admitted to trading or traded, and the dates from which the obligation takes effect.

- For transactions executed outside a Trading Venue, a settlement risk may be incurred as transactions will be subject to counterparty risk and will not be covered by the relevant clearing and settlement rules of the Trading Venue and relevant Central Counterparty Clearing House.

4.4. Aggregation and Allocation

Securities Services' general practice is not to aggregate any client orders with other Client orders or any transactions for its own account. However, in certain circumstances this may occur as long as the following conditions are met:

- a. It is unlikely that the aggregation of orders and transactions will work overall to the disadvantage of any client whose order is to be aggregated;
- b. It is disclosed to each client whose order is to be aggregated that the effect of aggregation may work to its disadvantage in relation to a particular order;
- c. Upon execution any aggregated orders are fairly allocated taking into account the size of the order and price of the fills received.
- d. For client orders aggregated with own account orders that have only been partially executed, priority in allocation will be given to the client and will be done in a manner that is not detrimental to the client. However, to the extent that we can demonstrate on reasonable grounds that without aggregating the order with an own account order, the transaction could not have been executed or executed on such favourable terms, then allocation may be made on a basis proportional to the relative size of the client and Securities Services own account order ; and
- e. Should we determine that an allocation of a transaction for our own account which was executed in combination with one or more client orders, requires reallocation, this will only occur where it is fair, reasonable and not to the detriment of clients.

4.5. Restrictions

Where Securities Services is subject to internal trading restrictions it may not be possible to accept an order and the Client will be notified of this fact as soon as technically possible after order receipt.

5. Monitoring & Review

5.1. Monitoring

Securities Services will monitor the continued effectiveness of its execution arrangements in general and in accordance with this Policy. For orders in listed financial instruments executed on behalf of clients on execution venues, post trade analysis will be conducted to evidence the effectiveness of Securities Services execution arrangements. This analysis will consider the result achieved for Clients in accordance with various benchmarking tools that assess trade execution for the client against the liquidity and pricing levels available on relevant markets at the time of the order and throughout the duration of the order.



In order to check the fairness of price of transactions executed on an RFQ basis, Securities Services will benchmark the proposed price against external or internal reference prices. Wherever possible, we will use external prices, from trading venues, brokers etc., to compare the Securities Services price against market prices. Where external data is unavailable or limited in scope or quality, internal reference price data may be used.

Where such internal reference price data is used, additional controls are required to ensure the integrity of this data. Over time the firm expects the scope and quality of available external reference data to improve and will continuously monitor developments and migrate from internal to external reference prices when appropriate.

5.2. Client Reporting

Upon reasonable and proportionate request, Securities Services will, clearly and within a reasonable timeframe, provide clients with reports and information regarding this Policy, how it is reviewed and the performance of Securities Services in its handling of their orders and RFQs.

5.3. Public Reporting Requirements

In accordance with MiFID II and its implementing measures, Securities Services is required to make certain execution quality data and information on its top five execution venues publically available.

The reporting obligations relating to the publication of execution quality data require Securities Services to provide the following information on a quarterly basis :

- Information on execution venue and financial instruments
- Price
- Costs
- Likelihood of execution
- Additional information for continuous auction order book and continuous quote driven execution venues
- Additional information for request for quote execution venues

Securities Services is further required to publish on an annual basis a list of the top five execution venues for each class of financial instruments traded.

6. Governance

Securities Services has established internal governance processes to assess its execution arrangements, order handling, and execution monitoring and reporting infrastructure. This includes:

- the public reporting obligations for Best Execution under RTS 27 and RTS 28 and
- the review of such reports made by other execution venues.

Governance Committees will meet regularly to assess the effectiveness of these arrangements and to determine any changes or enhancements that may be required.



Where it results in a material change to Securities Services execution arrangements which could impact the execution factors and their relative importance, this will be communicated to clients via an update of the Policy.

This Policy will also be subject to an annual review including an assessment of the execution venues used by Securities Services. In addition, should any material change to Securities Services execution arrangements be identified outside of any formal periodic review processes, this will be subject to a separate review process and notified to clients accordingly.

7. Miscellaneous

7.1. Issuing of the selection policy

The present policy is available on the institutional website of BNP Paribas Securities Services and on Planetshares.

7.2. Responsibility

In case of 'force majeure', as defined by the article 1218 of the French "Civil Code", BNP Paribas Securities Services cannot be held responsible for not complying with the present policy.



Exhibits

1. Securities Financing Transaction Execution Policy

1a) Securities Lending & Borrowing

Refer to additional exhibit

1b) Agency Securities Lending

Refer to additional exhibit

1c) Foreign Exchange (FX)

Refer to additional exhibit

1d) Best Selection policy

Refer to additional exhibit

2. Classes of financial instruments

(a) Equities – Shares & Depositary Receipts

- (i) Tick size liquidity bands 5 and 6 (from 2000 trades per day)
- (ii) Tick size liquidity bands 3 and 4 (from 80 to 1999 trades per day)
- (iii) Tick size liquidity band 1 and 2 (from 0 to 79 trades per day)

(b) Debt instruments

- (i) Bonds
- (ii) Money markets instruments

(c) Interest rates derivatives

- (i) Futures and options admitted to trading on a trading venue
- (ii) Swaps, forwards, and other interest rates derivatives

(d) Credit derivatives

- (i) Futures and options admitted to trading on a trading venue
- (ii) Other credit derivatives

(e) Currency derivatives

- (i) Futures and options admitted to trading on a trading venue
- (ii) Swaps, forwards, and other currency derivatives

(f) Structured finance instruments

(g) Equity derivatives

- (i) Options and Futures admitted to trading on a trading venue
- (ii) Swaps and other equity derivatives

(h) Securitized Derivatives

- (i) Warrants and Certificate derivatives



(ii) Other securitized derivatives

(i) Commodities derivatives and emission allowances derivatives

(i) Options and Futures admitted to trading on a trading venue

(ii) Other commodities derivatives and emission allowances derivatives

(j) Contracts for difference

(k) Exchange traded products (Exchange traded funds, exchange traded notes and exchange traded commodities)

(l) Emission allowances

(m) Other instruments



3. Glossary

| | |
|--------------------------------|---|
| Aggressive order | <p>An order entered into the order book that took liquidity.</p> <p>Both aggressive and passive orders are filled in the order book. However, execution of aggressive orders will be immediate while execution of passive orders may take more time (e.g. sell order above the market price and buy order below the market price).</p> |
| Clients | <p>Any natural or legal person to whom Securities Services provides investment or ancillary services.</p> <p>This notion includes Retail Clients, Professional Clients and Eligible Counterparties.</p> <p>However, for this Policy, as mentioned in 2.2 (Scope of application), the notion usually designates only Retail Clients and Professional Clients.</p> |
| Competent authority | <p>Administrative authorities designated by each Member State ensuring compliance with the provisions of financial European texts on their territory regarding all actions taken in their territory and the actions carried out abroad relating to instruments admitted to trading / listed on trading venues on their territory.</p> |
| Directed order | <p>An order where a specific Execution Venue was specified by the client prior to the execution of the order.</p> |
| Durable medium | <p>Any medium which :</p> <ul style="list-style-type: none"> - enables a client to store information addressed personally to that client in a way accessible for future reference and for a period of time adequate for the purposes of the information; - allows the unchanged reproduction of the information stored; and - respects the local rules. <p>For example, paper or a pdf file.</p> |
| EEA | <p>European Economic Area.</p> |
| Eligible Counterparties | <p>Investment firms, credit institutions, insurance companies, UCITS and their management companies, pension funds and their management companies, other financial institutions authorised or regulated under Union law or under the national law of a Member State, national governments and their corresponding offices including public bodies that deal with public debt at national level, central banks and supranational organisations.</p> <p>(see also : Professional clients)</p> |

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| Entities | A function, a Business, a Territory, a branch or a subsidiary of Securities Services. For the purposes of this Policy, this word also covers one or more of the operational and functional units. |
| Execution of orders on behalf of clients | Acting to conclude agreements to buy or sell one or more financial instruments on behalf of clients. Execution of orders includes the conclusion of agreements to sell financial instruments issued by an investment firm or a credit institution at the moment of their issuance. |
| Execution Venue | Execution Venue means a trading venue, a systematic internaliser, a market maker, or other liquidity providers, or an entity that performs a similar function in a third country or a counterpart in an OTC transaction acting as a dealer. |
| Financial instruments | Are the following instruments (according to point (15) of Article 4(1) and Annex I Section C of Directive 2014/65/EU) : <ol style="list-style-type: none"> 1) Transferable securities; 2) Money market instruments; 3) Units in collective investment undertakings; 4) Options, futures, swaps, forward rate agreements and any other derivative contracts relating to securities, currencies, interest rates or yields, emission allowances or other derivatives instruments, financial indices or 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 parties other than by reason of 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, a MTF, 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 contracts relating to commodities, that can be physically settled not otherwise mentioned in point 6 of this Section and not being for commercial purposes, 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 |



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| | <p>settled in cash or may be settled in cash at the option of one of the parties other than by reason of default or other termination event, as well as any other derivative contracts relating to assets, rights, obligations, indices and measures not otherwise mentioned in this Section, which have the characteristics of other derivative financial instruments, having regard to whether, inter alia, they are traded on a regulated market, a MTF, or an OTF;</p> <p>11) Emission allowances consisting of any units recognised for compliance with the requirements of Directive 2003/87/EC (Emissions Trading Scheme).</p> |
| Group | <p>A mother company and all its subsidiaries. In this case, BNP Paribas Group : BNP Paribas S.A. and all of its direct or indirect subsidiaries are consolidated by global or proportional integration, or all of its organizational Entities, operational or functional.</p> |
| Investment services | <p>Are the following services (according to Annex I Section A of Directive 2014/65/EU) :</p> <ol style="list-style-type: none"> 1. Reception and transmission of orders in relation to one or more financial instruments; 2. Execution of orders on behalf of clients; 3. Dealing on own account; 4. Portfolio management; 5. Investment advice; 6. Underwriting of financial instruments and/or placing of financial instruments on a firm commitment basis; 7. Placing of financial instruments without a firm commitment basis; 8. Operation of an MTF; 9. Operation of an OTF. |
| “MTF” (“multilateral trading facility”) | <p>Multilateral trading facility or ‘MTF’ means a multilateral system, operated by an investment firm or a market operator, which brings together multiple third-party buying and selling interests in financial instruments – in the system and in accordance with non-discretionary rules – in a way that results in a contract in accordance with Title II of this Directive (point (22) of Article 4 (1) of Directive 2014/65/EU).</p> |
| OTC | <p>Over The Counter.</p> <p>A financial instrument is an Over The Counter or OTC product when it is :</p> |



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| | <ul style="list-style-type: none"> - not admitted to trading, or - not traded on a trading venue. |
| “OTF” (“organised trading facility”) | Organised trading facility or ‘OTF’ means a multilateral system which is not a regulated market or an MTF and in which multiple third-party buying and selling interests in bonds, structured finance products, emission allowances or derivatives are able to interact in the system in a way that results in a contract in accordance with Title II of this Directive (point (23) of Article 4 (1) of Directive 2014/65/EU). |
| Passive order | <p>An order entered into the order book that provided liquidity.</p> <p>Both aggressive and passive orders are filled in the order book. However, execution of aggressive orders will be immediate while execution of passive orders may take more time (e.g. sell order above the market price and buy order below the market price).</p> |
| Professional clients | <p>Professional Client is a client who possesses the experience, knowledge and expertise to make its own investment decisions and properly assess the risks that it incurs. In order to be considered to be Professional Client, the client must comply with the following criteria (according to Annex II of Directive 2014/65/EU) :</p> <p>I. Categories of clients who are considered to be Professionals : The following shall all be regarded as Professionals in all investment services and activities and financial instruments.</p> <p>1. Entities which are required to be authorised or regulated to operate in the financial markets. The list below shall be understood as including all authorised entities carrying out the characteristic activities of the entities mentioned : entities authorised by a Member State under a Directive, entities authorised or regulated by a Member State without reference to a Directive, and entities authorised or regulated by a third country :</p> <ul style="list-style-type: none"> (a) Credit institutions; (b) Investment firms; (c) Other authorised or regulated financial institutions; (d) Insurance companies; (e) Collective investment schemes and management companies of such schemes; (f) Pension funds and management companies of such funds; (g) Commodity and commodity derivatives dealers; (h) Locals; (i) Other institutional investors; <p>2. Large undertakings meeting two of the following size requirements on a company basis :</p> <ul style="list-style-type: none"> - balance sheet total : 20 000 000 euros - net turnover : 40 000 000 euros - own funds : 2 000 000 euros <p>3. National and regional governments, including public bodies that manage public debt at national or regional level, Central Banks,</p> |



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| | <p>international and supranational institutions such as the World Bank, the IMF, the ECB, the EIB and other similar international organisations.</p> <p>4. Other institutional investors whose main activity is to invest in financial instruments, including entities dedicated to the securitisation of assets or other financing transactions.</p> <p>The persons referred to above are considered to be Professionals. They must however be allowed to request Non-Professional treatment and Securities Services Entities may agree to provide a higher level of protection. Where the client of a Securities Services Entity is an undertaking referred to above, the Securities Services Entity must inform it prior to any provision of services that, on the basis of the information available to the Securities Services Entity, the client is deemed to be a Professional Client, and will be treated as such unless the Securities Services Entity and the client agree otherwise. The Securities Services Entity must also inform the client that he can request a variation of the terms of the agreement in order to secure a higher degree of protection.</p> <p>It is the responsibility of the client, considered to be a Professional Client, to ask for a higher level of protection when it deems it is unable to properly assess or manage the risks involved.</p> <p>This higher level of protection will be provided when a client who is considered to be a Professional enters into a written agreement with Securities Services Entity to the effect that it shall not be treated as a Professional for the purposes of the applicable conduct of business regime. Such agreement shall specify whether this applies to one or more particular services or transactions, or to one or more types of product or transaction.</p> <p>II. Clients who may be treated as Professionals on request :</p> <p>1. Identification criteria :</p> <p>Clients other than those mentioned in I, including public sector bodies, local public authorities, municipalities and private individual investors, may also be allowed to waive some of the protections afforded by the conduct of business rules.</p> <p>Securities Services Entities shall therefore be allowed to treat any of those clients as Professionals provided the relevant criteria and procedure mentioned below are fulfilled. Those clients shall not, however, be presumed to possess market knowledge and experience comparable to that of the categories listed in I.</p> <p>Any such waiver of the protection afforded by the standard conduct of business regime shall be considered to be valid only if an adequate assessment of the expertise, experience and knowledge of the client, undertaken by the Securities Services Entity, gives reasonable assurance, in light of the nature of the transactions or services</p> |
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| | <p>envisaged, that the client is capable of making investment decisions and understanding the risks involved.</p> <p>The fitness test applied to managers and directors of entities in the financial field could be regarded as an example of the assessment of expertise and knowledge. In the case of small entities, the person subject to that assessment shall be the person authorised to carry out transactions on behalf of the entity.</p> <p>In the course of that assessment, as a minimum, two of the following criteria shall be satisfied :</p> <ul style="list-style-type: none"> - 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 500 000 euros, - 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 services envisaged. <p>Note that each European Union member states may adopt specific criteria for the assessment of the expertise and knowledge of municipalities and local public authorities requesting to be treated as Professional Clients. Those criteria can be alternative or additional to those listed.</p> <p>2. Procedure :</p> <p>Those clients may waive the benefit of the detailed rules of conduct only where the following procedure is followed :</p> <ul style="list-style-type: none"> - they must state in writing to the Securities Services Entity that they wish 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 Securities Services Entity must give them a clear written warning of the protections and investor compensation rights they may lose, - they must state in writing, in a separate document from the contract, that they are aware of the consequences of losing such protections. <p>Before deciding to accept any request for waiver, Securities Services Entities must be required to take all reasonable steps to ensure that the client requesting to be treated as a Professional Client meets the relevant requirements stated in II.1.</p> |
| <p><i>Reception and transmission of orders on behalf of clients</i></p> | <p>Receiving and transmitting to an investment firm (or equivalent status if non EEA Entity), on behalf of clients, orders on financial instruments.</p> |



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| Regulated market | Means a multilateral system operated and/or managed by a market operator, which brings together or facilitates the bringing together of multiple third-party buying and selling interests in financial instruments – in the system and in accordance with its non-discretionary rules – in a way that results in a contract, in respect of the financial instruments admitted to trading under its rules and/or systems, and which is authorised and functions regularly (Point (21) of Article 4 (1) of Directive 2014/65/EU). |
| Retail Client | A client who is not a Professional Client. |
| RFQ | Request for quote. |
| SFTs | Securities Financing Transactions. |
| Systematic internalisers | Investment firms which, on an organised, frequent, systematic and substantial basis, deal on own account when executing client orders outside a regulated market, an MTF or an OTF. In order to ensure the objective and effective application of that definition to investment firms, any bilateral trading carried out with clients should be relevant and criteria should be developed for the identification of investment firms required to register as systematic internalisers. While trading venues are facilities in which multiple third parties buying and selling interests interact in the system, a systematic internaliser should not be allowed to bring together third party buying and selling interests in functionally the same way as a trading venue. (Point (20) of Article 4 (1) of Directive 2014/65/EU). |
| Trading venue | Trading venue means a regulated market, a MTF or an OTF (Point (24) article 4(1) of Directive 2014/65/UE). |