

Effective 21 January 2013

BEST EXECUTION POLICY

INTRODUCTION

The Market in Financial Instruments Directive (in effect since 1st of November 2007) and the Investment Services and Activities and Regulated Markets Law (No. 144 (I)/2007 of October 26th 2007 and 106(I)/2009 of October 23rd 2009) enacted to implement the said Directive within the Republic of Cyprus (hereinafter - the 'Law') essentially introduce a single regulatory regime for the provision of investment services across the European Economic Area, governing, among other matters, operating conditions relating to the performance of investment and ancillary services on a professional basis in order to ensure a high level of integrity, competence, soundness and transparency among the leading market participants. Following the requirements of the Law BCS in providing investment services to its clients shall in all times comply with the best execution policy established herein.

BEST EXECUTION

When establishing its best execution policy BCS determines the relative importance of the factors related to execution and implements effective arrangements in order to deliver the best possible result to its clients. The best possible result for persons classified under the Law as retail customers is determined in terms of total consideration, representing the price of the financial instruments and the costs related to execution, including BCS remuneration, fees payable to execution venues, clearing and settlement agencies and other implicit costs related to execution, if applicable.

Subject to any specific client instruction BCS when executing client orders takes into account the following execution factors:

- Price;
- Likelihood of execution;
- Settlement reliability;
- Speed of execution;
- Costs;
- Type and size of a client order;
- Any other factor impacting the efficiency and continuity of the execution.

In general, price may be the dominant factor when obtaining the best possible execution result. However, markets, instruments and transaction type vary greatly in terms of liquidity, depth, transparency, certainty, ease and speed of execution, etc. BCS may therefore take into consideration other criteria that alter the relative importance of execution factors.

BCS exercises discretion, in the absence of express client instructions stating otherwise, in determining the relative importance of the execution factors by using its professional judgment and experience in light of market information available and taking into account the execution criteria which are the characteristics of:

- the client;
- the order;
- the financial instruments that are subject of the order;
- the execution venues to which that order can be directed;

SECURITIES SUBJECT TO THE POLICY

BCS execution policy addresses the different classes of instrument for which BCS carries out orders, including, but not limited to:

- *Transferable Securities and Units in Collective Investment Schemes*

For the purposes of best investment protection BCS strongly recommends the clients or potential clients qualified under the Law rules as retail customers to enter in the most part into transactions in exchange listed equities the volatility of which is under control of the relevant market regulators. Assessing the risks involved in relation to various financial instruments BCS advises the clients falling within a retail customer category to assume for trading the non-complex financial instruments, including but not limited to shares and depositary receipts in respect of shares admitted to trading on a regulated market or in an equivalent third country market, money market instruments awarded the highest available credit rating by relevant competent rating agencies, bonds or other forms of securitized debt (excluding those bonds or securitized debt that embed a derivative), UCITS, etc.

However, if BCS has received a sell order from its client for securities that are not regularly traded on regulated markets (financial instruments exchanges), BCS has discretion to forward such orders to other financial firms that solicit investment in such securities on the terms most favorable to the client.

It should be noted that BCS may not be able to accept certain orders of the said type, depending on the issue of the order.

- *Options, Futures, Swaps, Forward Rate Agreements and any other Derivative Contracts relating to Securities, Currencies, Interest Rates or Yields, or other Derivatives Instruments, Financial Indices or Financial Measures which may be settled physically or in cash*

BCS acting in best interests of the clients suggests to the clients or potential clients who are classified as retail customers under the Law refrain from execution of trades either in exchange tradable vanilla instruments that is in the most basic or standard version of a derivative instruments admitted to trading on a regulated market or in an equivalent third country market or in exotic derivative instruments, which alter the components of a traditional derivative instrument, resulting in a more complex security where an additional contingency is added. In situation where the client proceeds with the execution of a trade in an instrument found by BCS to be unsuitable for the client and confirms its instruction to proceed with unsuitable trade in writing BCS may at its sole discretion execute such trade on an execution only basis.

EXECUTION METHOD

BCS applies its execution policy to each client order that it executes with a view to achieve the overarching best execution of client orders and decisions to deal in financial instruments in accordance with its policy.

EXCHANGE TRADING

In situations where the security is listed on one financial instruments exchange (single listing), BCS forwards the order to such financial instruments exchange or if the security is listed on two or more financial instruments exchanges (multiple listing), forwards the order to any financial instruments exchange at its discretion based on the available market price, trading volume and other factors for a certain period of time. However, the foregoing does not apply in exceptional circumstances including, but without limitation, where BCS determines based on the trading volume and other factors related to the security during a certain period of time that there is no substantial difference in liquidity among the financial instruments exchanges, and where the trading volume on a particular financial instruments exchange is expected to be larger than usual due to certain market factors. In such a case, the order is forwarded to a financial instruments exchange selected by BCS taking into account the liquidity and expected market impact of the order. BCS will provide detailed information about its selection to clients upon request.

If BCS is not a participating member nor has a membership in a financial instruments exchange to which the client order is to be forwarded under best execution policy BCS will forward such order to that financial instruments exchange through an exchange participating member with whom BCS has made a relevant prior agreement.

TRADING OUTSIDE REGULATED MARKETS OR MTF

Upon relevant client instruction BCS may execute client orders outside a regulated market or MTF against a principal position, thereby acting for the client as an execution venue where prices shall reflect the current market prices BCS can obtain taking into account the factors and criteria described above or may cross/match the client order with a relevant order of another BCS client in which case BCS will only give prices that have been communicated to BCS by other clients operating in the same market and therefore any best result of such trade will solely be within these limits. No orders for the execution of trades outside regulated markets or MTF can be executed in the absence of the prior client instruction reflecting client express consent to enter into this type of transaction.

MARGIN TRADING

Margin trading is more aggressive and involves a higher degree of risk than an ordinary trading. A client may use margin to purchase securities for which it does not have available cash. These activities could lead to shortfalls in the client's account in the event of a market downturn. Margin trading is suitable only for those clients who fully understand its nature and who can bear the responsibility and increased risk. In this light, BCS acting in best interests of the clients suggests to the clients or potential clients who are classified as retail customers under the Law refrain from margin trading for the purposes of best investment protection. In all cases BCS risk management policies and procedures shall apply. The clients or potential clients who are qualified as retail customers under the Law are kindly requested to note that BCS negotiates a margin level with clients on the case-by-case basis.

EXECUTION VENUES

In order to give effect to the execution policy BCS selects the execution venues that enable it to obtain on a consistent basis the best possible result for the execution of client orders and decisions to deal in financial instruments listed in Part III of the Law. The execution venues are the sources of liquidity that

BCS accesses for each of the financial instruments in respect of which BCS execute client orders. These venues include:

- Regulated markets and other exchanges to which BCS has permanent access;
- Multilateral trading facilities operated either by BCS or a third party;
- Systematic internalisers;
- Market makers and other liquidity providers;
- Non-EEA entities performing a similar function to any of the above.

The aforesaid obligation to take all reasonable steps to obtain the best possible result for the client should not be treated as requiring BCS to include in its execution policy all available execution venues. BCS may therefore place client orders at other execution venues in order to provide best execution and investment protection to its clients.

BROKERS/INTERMEDIARIES AS EXECUTION VENUES

In order to execute orders in financial instruments traded on execution venues where BCS is not a member, we may execute your orders by transmitting them to intermediaries with membership on or access into these marketplaces. The choice of these intermediaries is performed through a continuous evaluation of the intermediaries' ability to offer quality execution and service.

Therefore, kindly note that BCS may use other brokers to execute your orders where appropriate in order to achieve best execution. We may also transmit orders to exchanges via direct market access (DMA) connectivity provided by other brokers.

The list of brokers/intermediaries contains those intermediaries that BCS uses as execution venues and on which BCS places significant reliance. It is not an exhaustive list. BCS will regularly assess the list of intermediaries available and update it where necessary. BCS may use other execution venues and venue types where we deem it appropriate in order to provide Best Execution on a consistent basis.

BCS through its brokers/intermediaries has the access to the following execution venues:

- LSE
- NASDAQ
- NYSE
- CHI-X
- CME
- ICE
- NYSE Liffe
- Eurex
- NYSE Euronext
- Nasdaq OMX
- MEFF
- IDEM
- ICE Europe
- SFE
- SGX
- CFE
- One Chicago
- Matif

- Montreal
- OAO Moscow Exchange.

As an intermediary for access to Russian execution venues BCS uses Brokercreditservice Ltd. The intermediaries may operate in different markets between them.

ORDER ALLOCATION POLICY

BCS keeps the record of all client orders, including precise date and time of receipt. Upon receipt of client order BCS proceeds with transmitting the order to a relevant organized market and arranges for a practicable soonest execution of the order. All orders are executed on “First come, first served” criteria with respect to the mode in which the order is communicated, e.g. in case when two equivalent market orders are transmitted through the electronic trading system, the first received order must be transmitted or executed before the second (save that all other things equal), but in case when one order is communicated by phone and the second is transmitted through electronic trading system, faster execution of the second order is more probable by virtue of speed advantages attributable to electronic trading system.

In general, BCS shall act according to client trade order as soon as practically possible and within a time frame reasonably seen in the context of the nature of the order. Unless otherwise agreed between BCS and the client, BCS shall exert all reasonable efforts to execute trade orders within the business day when BCS receives the respective order. If BCS fails to execute the order within the above-mentioned term such order shall be considered cancelled upon closing of a relevant trading session.

However if, after the order is received, BCS believes that it is not reasonably practicable to act upon such order within a reasonable time, BCS may defer acting upon this order until it is, in BCS reasonable opinion, practicable to do so provided that immediate notification is made to the client over phone or in writing and the client expressly consents to deferred execution of such order.

In certain market circumstances BCS may aggregate client orders related to the same financial instrument due to the following reasons:

Execution of an aggregated order may result in lesser execution costs;

Execution of an aggregated order is the most suitable type of execution due to certain characteristics of the transaction, i.e. the transaction is based upon a takeover or mandatory bid, etc.;

The large size of aggregated order may result in more advantageous prices for the clients.

In case of partial execution of the aggregated order, the trade shall be allocated among the clients on a pro rata basis irrespective to price and amount of each client order. BCS may not aggregate client orders and transactions for own account unless such aggregation is unlikely to result in disadvantages for any client or each client is notified on possibility of his or her disadvantages caused by aggregation and agreed to proceed. Anyway, in case of partial execution of aggregated order BCS is prohibited to allocate the trades concluded on the basis of aggregation of client orders with transactions for own account in a manner detrimental to the client.

EXEMPTIONS FROM THE PROVISION OF BEST EXECUTION

- *Eligible Counterparties*

Entities falling within an Eligible counterparty category are not entitled to best execution under the Law and therefore are not deemed to have the best execution regime applied to transactions and/or any investment and/or ancillary services provided to such entities by BCS without prejudice to the right of

such entities to request either on a general form or on a trade-by-trade basis, treatment as retail or professional clients.

- *Specific Instructions*

Where BCS is provided with a specific instruction in relation to an entire client order or any particular aspect of an order, including an instruction for a trade to be executed on a particular venue, BCS will execute the order in accordance with the client instructions. It should be noted, however, that BCS when executing client instructions will be deemed to have taken all reasonable steps to provide the best possible result in respect of the order or aspect of the order covered by a specific client instruction that will not release BCS from its best obligation in respect of any other parts or aspects of the client order that are not covered by such instructions.

MONITORING AND REVIEW

BCS shall monitor the effectiveness of its order execution arrangements and policy in order to identify and, where appropriate, correct any deficiencies precluding it from compliance with statutory requirements and obtaining the best possible result for the execution of client orders on a consistent basis.