

Best execution and better selection policy

1 PREAMBLE

The obligation of best selection or best execution applies when Banque Transatlantique Luxembourg ("the Bank") is entrusted with the processing of a Customer order on a financial instrument, as defined by Directive 2014/65/EU on markets in financial instruments (known as the "MiFID 2" Directive) in section C of the appendix entitled "Financial Instruments".

This document describes the Bank's best selection policy, which is implemented when the Bank does not directly execute Customer orders and selects an entity ("selected trader") to execute the orders in order to obtain the best execution for the Customers.

In addition, this document provides information on the best execution policy applied when the Bank executes a transaction directly with a selected counterparty ("execution platform") to offer the best result for the customer.

These policies include, for each major category of financial instruments marketed by the Bank, information on the mechanisms by which the Bank transmits for execution or executes its Customers' orders, as well as the factors influencing the choice of execution platform or trader.

This document also specifies the monitoring system implemented to ensure the effectiveness of these two policies.

This Best Execution and Best Selection Policy is available on the Bank's website.

2 HOW TO MANAGE CUSTOMER INSTRUCTIONS

The Bank implements procedures designed to ensure the rapid and fair transmission of a Customer order in relation to the orders of other Customers. In particular, these procedures ensure that orders are recorded and processed promptly and accurately in the order in which they are received, taking into account market conditions and customer instructions.

In the context of discretionary management, the Bank may consolidate orders in order to obtain a better result.

3 BEST EXECUTION POLICY

The Bank applies the best execution policy when processing an order for structured products or similar financial instruments.

To this end, the Bank has previously selected and established agreements with execution platforms.

When processing the order, the Bank ensures that the execution platform offers the best result for the customer.

Selecting execution platforms

The Bank implements a mechanism for selecting execution platforms, which must offer low processing costs, secure processing and transfer of ownership of the financial instruments acquired, and ensure maximum liquidity for the financial products traded.

Order processing for best execution

For each order, the Bank implements a process designed to determine which of the selected execution platforms offers the best guarantee of the best result. To do this, the Bank uses criteria such as the acquisition price of the financial instrument (or execution price), the probability of order execution and settlement by the counterparty, the size (amount of the purchase or sale) or any other consideration to be taken into account for its execution. More specifically, when the Bank executes an order on behalf of a Non-Professional Customer, the best possible result is determined on the basis of the total cost.¹

The transparency of the price formation process (pre-trade) is of paramount importance in an OTC market, in order to aim for best execution. This is why the bank systematically requests quotes from several execution platforms of its choice, which are likely to be counterparties to the transaction under consideration, and thus obtain the appropriate prices.

If an order concerns the secondary market (e.g., the resale of a structured product), the Bank is also committed to seeking the best possible result. It should be noted that, as a general rule, the Bank requires all issuers responsible for issuing and structuring products to undertake to insure orders on the secondary market.

However, the Bank reserves the right to include only one execution platform if special conditions so require, and if it can demonstrate that this platform achieves the best possible result. Thus, if a structured product is open for trading with only one execution platform, the Bank will consider the probability of execution criterion first and foremost, and will select this execution platform. Nevertheless, the Bank will seek to obtain reasonable assurance that the price offered is fair.

When the Bank executes an order outside a regulated market or multilateral trading facility, customers are exposed to the counterparty risk of the selected execution platform. Additional information on the consequences of this execution method is available on request.

4 BEST SELECTION POLICY

As mentioned above, the best selection process is applied to orders for financial instruments other

¹ The total cost is the price of the financial instrument plus the costs associated with execution, which include all expenses incurred by the customer directly linked to the execution of the order, including costs specific to the execution venue, clearing and settlement costs and any other costs paid to third parties involved in executing the order.

than structured and similar products and investment funds that are not traded on a market.

Selecting negotiators

The Bank has set up a selection process for traders responsible for executing orders. The traders selected must have high standards of quality and soundness, as well as procedures and mechanisms for executing orders that correspond to the objectives set out in the execution policy, particularly with regard to the factors and criteria indicated opposite: Price, Cost, Execution quality, Settlement quality.

Processing transmission for execution to the selected trader

To transmit the order to a trader, the bank must analyse each of the above criteria and take into account the financial instrument in question, the size of the order and the nature of the order to determine the trader who will give the best result.

To this end, the bank uses the services of an external trading desk, CIC Market Solutions, which optimizes the quality of the selection process for a given order.

CIC Market Solutions is equipped to carry out a global, objective and weighted ex-ante assessment of the final quality of execution to be expected from the traders selected by the Bank. Once the best trader has been identified, the Bank's instruction is forwarded to the trader for execution.

When the Bank selects a trader for an order on behalf of a Non-Professional Customer, the best possible result is determined on the basis of the total cost.²

Traders are free to use the execution platforms of their choice to obtain the best result. It is therefore possible that customer orders transmitted by the Bank to selected traders may *ultimately* be executed outside a regulated market or a multilateral trading facility.

For orders of up to 100,000 euros (or equivalent currency value) relating to a financial instrument that is highly liquid on the markets, the selection process gives priority to speed of execution, and therefore favours traders who are technically integrated with CIC-Market Solutions' systems.

Above 100,000 euros (or equivalent currency value), or if the security's liquidity is deemed insufficient, the order is processed by a dedicated CIC Market Solution operator to optimize the best possible result. Speed of execution is no longer necessarily the primary criterion.

5 MANAGEMENT OF SPECIFIC CUSTOMER INSTRUCTIONS

The Bank makes every effort to meet its customers' requirements in terms of quality, speed, security and cost. However, in view of the rules of the markets concerned and in certain market configurations, execution of the order may be delayed, partial or impossible, beyond the Bank's control. This is particularly the case when liquidity is insufficient in relation to the size of the order, or when a trading

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session is suspended.

Similarly, in the event of a specific instruction given by a Customer or his proxy concerning the order or a precise aspect of the order (e.g. price, place of execution or type of order) and in the event that the Bank agrees to process such an order, it executes it in compliance with the Customer's specific instruction(s). As a result, the Bank may be placed in a situation where it can no longer obtain the best possible result, and in this case is no longer able to apply the planned execution policy to all or part of the order. However, "best execution" will apply to those aspects of the order not covered by the customer's specific instructions. Thus, the best selection policy does not apply to customer-directed orders, but the Bank will be able to provide evidence of the quality of execution of the order.

6 CONFLICT OF INTEREST MANAGEMENT

The Bank does not receive any payment or non-monetary benefit from third parties in connection with the execution of its orders that would be contrary to Article 24(9) of Directive 2014/65/EU.

The Bank also uses one or more Crédit Mutuel Alliance Fédérale entities, such as CIC Market Solutions, or selected entities as execution platforms and/or traders. In order to avoid conflicts of interest which might favour the use of these counterparties to the detriment of the best result, the Bank's internal control department carries out controls, independent of the investment management and customer management functions, to ensure that counterparties are treated fairly according to the characteristics of the orders and the specificities of the counterparties (for example, checking that a significant proportion of order transmissions to a Crédit Mutuel Alliance Fédérale entity is justified by the Bank).

7 PERFORMANCE INFORMATION

Once the order has been executed, the Bank undertakes to send the Customer, or his authorised representative, as soon as possible, a transaction advice including the characteristics of the order executed in accordance with regulations, and in particular the place and time of execution of the Customer's order.

8 SYSTEM FOR MONITORING THE QUALITY OF EXECUTION AND SELECTION POLICIES

The investment department monitors the statistical statements and performance indicators of the best selection processes on a monthly basis, and ensures the quality of the process.

Execution and selection policies are reviewed at least annually by the investment department. In the event of any significant change affecting the Bank's ability to continue to consistently obtain the best possible result in the execution of its Clients' orders using the selected execution platforms or traders, the Bank reserves the right to modify the selection of its selected execution platforms and traders, to terminate relations with those who no longer meet its selection criteria, and to offer the opportunity to bring in new execution platforms and traders.

The list of selected execution platforms and traders is available in the document *List of financial intermediaries* published on the Bank's website.

The Bank's internal control departments have set up a regular monitoring system to ensure compliance with these policies. These controls are aimed at ensuring that client instructions are

properly managed, verifying the performance of best selection and best execution processes (on the basis of regular quantitative reports), demonstrating that fair prices are obtained on over-the-counter transactions (such as structured products), and validating the quality of information transmitted to clients.

Lastly, the Bank publishes two reports on its website each year: the first lists the identities of the top five execution platforms, and the second the identities of the top five selected traders, in terms of trading volume, financial instrument category and customer typology. Each year, a summary of the analysis and conclusions drawn from the ongoing monitoring of the execution quality achieved by the execution platforms and traders selected is also included.

9 CUSTOMER AGREEMENT TO THE POLICY

The Customer declares that he has read and accepts the Bank's present execution and selection policy.