

GROUP POLICY: MIFID**1. PURPOSE AND SCOPE OF POLICY**

The Group, as a leading financial organisation, recognizes the need for compliance with the legal and regulatory framework covering the provision of investment and ancillary services throughout EU and adherence to best practices in relation to the Markets in Financial Instruments Directive (MiFID), one of the cornerstones of the EU regulation of financial markets.

Sound MiFID policies are important for ensuring that the Group's investment clients enjoy a high degree of protection and when providing investment or, where appropriate, ancillary services to such clients, Group entities act honestly, fairly, and professionally in accordance with their clients' best interests and according to the provisions of the Law. In this respect and prior to the provision of any investment or ancillary service the Bank provides to clients or potential clients all appropriate information to the firm and its services, the financial instruments and proposed investment strategies, execution venues and all costs and related charges (MiFID Pre-Contractual Information Package) in a durable medium or on paper if the client requests so. BOC Group also gives notifications to clients in good time about material changes to the information provided. In addition, an agreement is signed between the Bank and the client (ISA) to set out the parties' essential rights and obligations, as well as the terms on which the services are provided to clients. Clients are informed on their options on receiving the information and that they are able to withdraw from their initial selection through the ISA. In case any client requests information on paper this is provided free of charge. The Group MiFID Policy ('the Policy') is structured as a general Policy document with an underlying number of specific policies that govern in more detail the provision of investment and ancillary services principles, actions and responsible conduct across the Group and acts as an 'umbrella' over these sub-policies.

The purpose of this Policy is to define the guidelines relating to the provision of investment and ancillary services throughout EU, as well as the procedures and organizational responsibilities for their implementation, to:

1. Ensure:
 - a. Consistency and transparency in the provision of investment and ancillary services,
 - b. Effective control over the implementation of the Policy,
 - c. Time efficiency on all related processes.
2. Enable employees to work effectively wherever and whenever in order to improve their working environment and be more productive and efficient.

2. ABBREVIATIONS

Within this document, the following abbreviations are used:

Abbreviation	Explanation
AC	Audit Committee
AIF	Alternative Investment Funds
AIFM	Alternative Investment Funds Managers
Bank	Bank of Cyprus Public Company Ltd
BOC Group	Bank of Cyprus Public Company Ltd and its subsidiaries
BoD	Board of Directors
CD	Compliance Division
CEO	Chief Executive Officer
CISCO	The Cyprus Investment and Securities Corporation Ltd
CLs	Compliance Liaisons
CySEC	Cyprus Securities and Exchange Commission
ECB	European Central Bank
EEA	European Economic Area
EIB	European Investment Bank
ESMA	European Securities and Markets Authority
BOC Group	Bank of Cyprus Public Company and its subsidiaries
ISA	Investment Services Agreement
Law	The Investment Services and Activities and Regulated Markets Law (Law 87(1)/2017) as amended, replaced, expanded, or re-enacted from time to time
MAR	The Markets Abuse Regulation (596/2014/EU)
MiFID	The Markets in Financial Instruments Directive (2014/65/EU)
MiFIR	The Markets in Financial Instruments Regulation (600/2014/EU)
MTF	Multilateral Trading Facility
OTC	Over the Counter
OTF	Organized Trading Facility
R.A.D.	Regulatory Administrative Directive
UCITS	Undertakings for Collective Investment in Transferable Securities

3. DEFINITION OF TERMS

For the purposes of this Policy and the 13 MiFID sub policies, the following definitions apply in additions to the definitions as per Article 2 of the Law. Note that the definitions of terms in this Policy apply to all MiFID sub policies which are read in conjunction with the BOC Group MiFID Policy.

1. **Ancillary services:** Any of the services listed below (as per Part 1 of the First Appendix of the Law):
 - a. Safekeeping and administration of financial instruments for the account of clients, including custodianship and related services such as cash/collateral management and excluding maintaining

securities accounts at the top tier level (“central maintenance service”), as referred to in point 2 of Section A of the Annex to Regulation (EU) No 909/2014.

- b. Granting credits or loans to an investor to allow him to carry out a transaction in one or more financial instruments, where the firm granting the credit or loan is involved in the transaction.
 - c. Provision of advice to undertakings on capital structure, industrial strategy and related matters and advice and services relating to mergers and the purchase of undertakings.
 - d. Foreign exchange services where these are connected to the provision of investment services.
 - e. Investment research and financial analysis or other forms of general recommendation relating to transactions in financial instruments.
 - f. Services related to underwriting.
 - g. Investment services and activities as well as ancillary services of the type included under Part 1, Section I or II of the First Appendix of the Law related to the underlying of the derivatives included under points (5), (6), (7) and (10) of Part III of the First Appendix of the Law where these are connected to the provision of investment or ancillary services.
2. **Authorisation:** Means an instrument issue in any form by the authorities by which the right to carry out the business is granted.
 3. **Branch:** A place of business other than the head office which is a part of a BOC Group entity, which has no legal personality, and which provides investment services and/or activities, and which may also perform ancillary services for which the Group entity has been authorised; all the places of business set up in the same Member State by the Group entity with headquarters in another Member State is regarded as a single branch.
 4. **Client:** Any natural or legal person to whom the BOC Group provides investment or ancillary services.
 5. **Competent Authority:** The public authority, designated by each Member State in accordance with Article 67 of MiFID (Directive 2014/65/EU).
 6. **Complex Products:** Any financial instrument which is not explicitly specified in Article 25(4)(a) of Directive 2014/65/EU is considered as complex if it does not satisfy the criteria for non-complex products (referred to key definition no43 in this section).
Products embed a derivative or contain a structure that makes it difficult for a client to understand the risk involved could be considered as complex products.
Examples of complex products:
 - a. Convertible and exchangeable bonds.
 - b. Indexed bonds and turbo certificates.
 - c. Contingent convertible bonds.
 - d. Callable or puttable bonds.
 - e. Credit-linked notes.
 - f. Warrants.
 - g. Asset-backed securities and asset-backed commercial papers, Residential Mortgage-Backed Securities (RMBS), Commercial Mortgage-Backed Securities (CMBS), Collateralised Debt Obligations (CDOs)
 - h. Structured deposits where a basket of instruments or assets have to outperform a specified benchmark for a return to be paid.

- i. Structured deposits where the return is determined by the combination of two or indices.
 - j. Structured deposits where the exit fee is not a fixed sum etc.
7. **Confidential information:** Any information or document that a natural or legal person wishes not to make public without the consent of that person and (1) relates to the business, transactions or other affairs of that natural or legal person (2) is not public information and (3) is not in the form of a summary of collated information whereby information cannot be identified relating to a particular person, and the disclosure of which is likely to affect adversely the interests of that person or the interests of a third party or the proper monitoring of the activities of the BOC Group.
For example, transaction reports are considered confidential whether they include transactions that can be identified relating to a client.
 8. **Conflict of interest:** A conflict of interest is a conflict that may arise, in course of a BOC Group providing an investment or related ancillary service or a combination thereof, including that caused by the receipt of inducements from third parties or by the BOC Group's own remuneration and other incentive structures, between the BOC Group including its managers, employees and Tied Agents, or any person directly or indirectly linked to the BOC Group by Control (e.g. its shareholders, business partners, subsidiaries etc.) and its clients (existing, potential or past clients) or between one client and another. Indicative examples of conflicts of interest in relation to investment services exist in BOC Group MiFID Conflicts of Interest Policy.
 9. **Cross Border:** Means providing services without the establishment of a Branch, without applying for Authorisation and without the BOC Group entity be imposed any additional requirements by the Member States i.e., providing services to persons in one jurisdiction from a place of business in another jurisdiction without any establishment in the client's jurisdiction.
 10. **Dealing on own account:** Trading against proprietary capital resulting in the conclusion of transactions in one or more financial instruments.
 11. **Derivatives:** means those financial instruments defined in point (c) of the definition of transferable securities, re: any securities giving the right to acquire or sell any transferable securities or giving rise to a cash settlement determined by reference to transferable securities, currencies, interest rates or yields, commodities or other indices or measures, as referred to in points (4) to (10) of Part III of the First Appendix of the Law.
 12. **Distributor:** A firm that offers, recommends, or sells an investment product and service to a client.
 13. **Durable medium:** Any instrument which 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 and allows the unchanged reproduction of the information stored. Electronic format means any durable medium other than paper.
 14. **EEA Agreement:** Means the agreement signed at Porto on 2nd of May 1992 and adapted by the Protocol signed in Brussels on 17th of May 1993 as it may be amended from time to time. (<http://ec.europa.eu/world/agreements/prepareCreateTreatiesWorkspace/treatiesGeneralData.do?step=0&redirect=true&treatyId=544>).
 15. **Eligible counterparties:** For the purposes of this Policy means the Cyprus investment firms, other investment firms, credit institutions, insurance companies, UCITS and UCITS management companies, pension funds and their management companies, other financial institutions authorised

by a Member State or regulated under the laws of Cyprus or under European Union law, national governments and their corresponding offices, including public bodies that deal with public debt at national level, central banks, the Central Bank and supranational organisations.

16. **European Economic Area:** Means Member States of the European Union or other States which are contracting parties to the Agreement on the European Economic Area (the 'EEA Agreement').
17. **Execution of orders on behalf of clients:** Acting to conclude agreements to buy or sell one or more financial instruments on behalf of clients and includes the conclusion of agreements to sell financial instruments issued by an investment firm or a credit institution at the moment of their issuance.
18. **Execution Venue:** Means:
 - a. A regulated market, or a multilateral trading facility ("MTF"), or an organized Trading Facility ("OTF").
 - b. Insofar as the client has consented to the execution of trades outside of a regulated market or an MTF, or an OTF, a systematic internaliser or a market maker or other liquidity provider.
 - c. An entity that performs a similar function in a third country (outside the European Union) to the functions performed by any of the foregoing.
19. **Financial instruments:** Those instruments listed below (as specified in Part III of the First Appendix of the Law):
 - a. Transferable securities.
 - b. Money-market instruments.
 - c. Units in collective investment undertakings.
 - d. 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.
 - e. Options, futures, swaps, forwards, and any other derivative contracts relating to commodities that are 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.
 - f. 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 are physically settled.
 - g. Options, futures, swaps, forwards, and any other derivative contracts relating to commodities, that can be physically settled not otherwise mentioned in point f above and not being for commercial purposes, which have the characteristics of other derivative financial instruments.
 - h. Derivative instruments for the transfer of credit risk.
 - i. Financial contracts for differences.
 - j. 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 are 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, OTF, or an MTF;

k. Emission allowances consisting of any units recognised for compliance with the requirements of Directive 2003/87/EC (Emissions Trading Scheme).

It is important to note that a **structured deposit** is not included in the list of financial instruments specified in Section III of the First Appendix of the Law but certain provisions of the Law apply to an investment firm or credit institution that sells or advises on structured deposits e.g. rules governing personal transactions of Relevant Persons as those defined in the BOC Group MiFID Conflicts of Interest Policy.

20. **Home Member State:** Means the Member State in which the registered office of an institution is situated or where no such registered office exists, the Member State in which the head office of an institution is situated.
21. **Host Country:** Means the country other than the Home Member State in which BOC Group entity has been granted Authorisation to establish a Branch or a representative office or in which it provides products and/or services.
22. **Inducements:** Any fee or commission a firm pays or is paid or any non-monetary benefit it provides or is provided with in connection with the provision of an investment service or ancillary service to or by any party except the client or a person on behalf of a client.
23. **Inside information:** For the purpose of this Policy inside information comprise the information within the meaning of Article 7(1) of the Market Abuse Regulation(596/2014/EU) and means any information of a precise nature which has not been made public relating directly or indirectly to one or more issuers of financial instruments, or one or more financial instruments including commodity derivatives and related spot commodity contracts and emission allowances or auctioned products based there on , and which, if it were made public, are likely to have a significant effect on the prices of those financial instruments or on the prices of the related derivative financial instruments, according to the judgment of the relevant authority(CySEC for Cyprus) .Please note that this information includes any information that a reasonable investor may take into account when making his / her investment decisions. Regarding the persons who are charged with the execution of orders concerning financial instruments, inside information is considered as the information conveyed by a client and relating to the client’s pending orders in financial instruments, which is of a precise nature , relating directly or indirectly to one or more issuers of financial instruments or one or more financial instruments, and which, if published, are likely to have a significant effect on the prices of those financial instruments or the prices of the associated derivatives.

Indicative examples of inside information:

- a. Changes in the business activities of the issuer or a company related to the issuer or a company which is being integrated.
- b. Conclusion or termination of co-operations or business alliances both in local and foreign markets,
- c. Public offer according to the relevant provisions.
- d. Participation in a merger, acquisition or split-up, substantial acquisition, or sale of shares.
- e. Changes in the composition of the Board of Directors, changes of general managers, auditors, chief financial officer.



- f. Distribution and payment of dividends, issues of new financial instruments, as well as distribution, subscription, conversion and waive of such instruments.
 - g. Operations or activities of reorganization which is likely to affect the financial situation and the financial results.
 - h. Shares buyback programmes.
 - i. Legal or judicial differences.
 - j. Recall of lenders' decision to grant credit to the issuer or refusal regarding such credits.
 - k. Insolvency of the issuer's debtors.
 - l. Changes in the information included in the most recent prospectus of the issuer, or the annual statement of the company, also including the commitments to use the funds raised.
 - m. Changes regarding the properties and the stock and capital structure of the issuer, especially his/her liabilities, regarding an issuer preparing consolidated financial statements.
 - n. Any change which materially affects the structure or the consolidated financial statements of the BOC Group.
 - o. Important changes concerning the expected results.
24. **Investment advice:** The provision of personal recommendations to a client, either upon its request or at the initiative of the BOC Group, in respect of one or more transactions relating to financial instruments.
25. **Investment Research:** Means research or other information recommending or suggesting an investment strategy, explicitly or implicitly, concerning one or several Financial Instruments or the issuers of Financial Instruments, including any opinion as to the present or future value or price of such instruments, intended for distribution channels or for the public, and in relation to which the following conditions are met:
- a. The research or information is labelled or described as investment research or in similar terms or is otherwise presented as an objective or independent explanation of the matters contained in the recommendation.
 - b. If the recommendation in question was to be made by the BOC Group to a client, it is not constituting the provision of investment advice for the purposes of the Law.
26. **Investment services and activities:** Any of the services and activities listed below (as per Part 1 of the First Appendix of the Law relating to any of the instruments listed in Part III of the First Appendix of the Law):
- a. Reception and transmission of orders in relation to one or more financial instruments.
 - b. Execution of orders on behalf of clients.
 - c. Dealing on own account.
 - d. Portfolio management.
 - e. Investment advice.
 - f. Underwriting of financial instruments and/or placing of financial instruments on a firm commitment basis.
 - g. Placing of financial instruments without a firm commitment basis.
 - h. Operation of an MTF.
 - i. Operation of an OTF.

27. **Key Function Holders:** As per the Business of Credit Institutions Law key function holders means the staff members who due to their position, may exercise significant influence over the management of a credit institution, but who are not members of the management body and includes the heads of significant business lines, support and internal control functions, subsidiaries in third countries and branches of third country institutions.
28. **Limit order:** An order to buy or sell a financial instrument at its specified price limit or better and for a specified size.
29. **Manufacturer:** A firm that manufactures an investment product, including the creation, development, issuance, or design of that product, including when advising corporate issuers on the launch of a new product.
30. **Member State:** Means a Member State of the European Union or another State which is a contracting party to the Agreement on the European Economic Area (the 'EEA Agreement') signed at Porto on 2nd of May 1992 and adapted by the Protocol signed in Brussels on 17th of May 1993 as it may be amended from time to time.
31. **Money-market instruments:** Classes of instruments which are normally dealt in on the money market, such as treasury bills, certificates of deposit and commercial papers and excluding instruments of payment.
32. **Multilateral Trading Facility (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.
33. **Non-Complex Products:** A financial instrument is considered as non-complex if it satisfies the following criteria:
 - a. It is not a derivative or other security giving the right to acquire or sell a transferable security or giving rise to a cash settlement determined by reference to transferable securities, currencies, interest rates or yields, commodities or other indices or measures.
 - b. There are frequent opportunities to dispose of, redeem, or otherwise realise the instrument at prices that are publicly available to the market participants and that are either market prices or prices made available, or validated, by valuation systems independent of the issuer.
 - c. It does not involve any actual or potential liability for the client that exceeds the cost of acquiring the instrument.
 - d. Adequately comprehensive information on its characteristics is publicly available and is likely to be readily understood so as to enable the average retail client to make an informed judgment as to whether to enter into a transaction in that instrument.
 - e. It does not incorporate a clause, condition or trigger that could fundamentally alter the nature or risk of the investment or pay out profile such as investments that incorporate a right to convert the instrument into a different investment.
 - f. It does not include explicit or implicit exit charges that have the effect of making the investments illiquid even though technically frequent opportunities to dispose of, redeem or otherwise realise it.



Indicative examples of non-complex products:

- a. Shares admitted to trading on a regulated market or on an equivalent third-country market or on an MTF, where those are shares in companies, and excluding shares in non-UCITS collective investment undertakings and shares that embed a derivative,
 - b. Bonds or other forms of securitised debt admitted to trading on a regulated market or on an equivalent third country market or on an MTF, excluding those that embed a derivative or incorporate a structure which makes it difficult for the client to understand the risk involved,
 - c. Money-market instruments, excluding those that embed a derivative or incorporate a structure which makes it difficult for the client to understand the risk involved,
 - d. Shares or units in UCITS, excluding structured UCITS as referred to in Article 36, paragraph 1, second subsection of Regulation (EU) No 583/2010,
 - e. Structured deposits, excluding those that incorporate a structure which makes it difficult for the client to understand the risk of return or the cost of exiting the product before term.
34. **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 the Directive 2014/65/EU.
35. **Outsourcing:** Means an arrangement of any form between an investment firm and a service provider whereby that service provider performs a process, a service or an activity which otherwise is undertaken by the investment firm itself (Commission Delegated Regulation 2017/565).
36. **Over The Counter (OTC):** Method of trading that does not take place on an organised venue such as a regulated market or an MTF. Pursuant to MiFIR characteristics, OTC trades include transactions which are non-systematic, ad-hoc, irregular and infrequent, are carried out between eligible or professional counterparties, and are part of a business relationship which is itself characterised by dealings above standard market size, and where the deals are carried out outside the systems usually used by the firm concerned for its business as a systematic Internaliser.
37. **Persons linked by control:** Means the relationship between a parent undertaking and a subsidiary, in all the cases referred to in Article 22, paragraph 1 and 2 of Directive 2013/34/EU, or a similar relationship between any natural or legal person and an undertaking. Any subsidiary of a subsidiary undertaking also considered a subsidiary of the parent undertaking which is at the head of those undertakings.

Indicative examples of persons linked by control:

- a. Have most of the shareholders or members voting rights in a subsidiary,
- b. Have the right to appoint or remove a majority of the members of the administrative, management or supervisory body of a subsidiary and is at the same time a shareholder in or member of that subsidiary,
- c. Have the right to exercise a dominant influence over a subsidiary of which it is a shareholder or member, pursuant to a contract entered with that subsidiary or to a provision in its memorandum or articles of association, where the law governing that subsidiary permits its being subject to such contracts or provisions.

- d. Are shareholders in or member of a subsidiary, and (i) a majority of the members of the administrative, management or supervisory bodies of that subsidiary who have held office during the financial year, during the preceding financial year and up to the time when the consolidated financial statements are drawn up, have been appointed solely as a result of the exercise of its voting rights; or (ii) control alone, pursuant to an agreement with other shareholders in or members of that subsidiary, a majority of shareholders' or members' voting rights in that subsidiary.
 - e. Have the power to exercise, or actually exercises, dominant influence or control over another subsidiary.
 - f. Have beneficial ownership of the share capital of a company or of the share capital of its holding company which carries ten per cent or more of the voting power at any general meeting of the above company or of its holding company, or
 - g. Have the ability to determine in any manner the election of the majority of the directors of the said company or of its holding company.
38. **Personal transaction:** Means a trade in financial instrument as specified in Part III of the First Appendix of the Law or a structured deposit effected by or on behalf of a Relevant Person, where at least one of the following criteria are met:
- a. The Relevant Person is acting outside the scope of the activities he carries out in that capacity,
 - b. The trade is carried out for the account of any of the following persons:
 - i. The Relevant Person,
 - ii. Any person with whom he has a family relationship, or with whom he has close links or
 - iii. A person in respect of whom the Relevant Person has a direct or indirect material interest in the outcome of the trade, other than obtaining a fee or commission for the execution of the trade.
39. **Persons Related to Relevant Persons:** For the purpose of this Policy, the following are considered as Persons Related to Relevant Persons:
- a. **Persons with whom a Relevant Person has a family relationship.**
 - i. The spouse of the Relevant Person or any partner of that person considered by national law as equivalent to a spouse.
 - ii. A dependent child or stepchild of the Relevant Person.
 - iii. Any other relative of the Relevant Person, who has shared the same household as that person for at least one year on the date of the personal transaction concerned,
 - b. **Persons with close links.**

Means situations in which two or more natural or legal persons are linked by:

 - i. Participation which means the ownership, direct or by way of control, of at least 20% of the voting rights or capital of an undertaking.
 - ii. Control which means the relationship between a parent undertaking and a subsidiary, or a similar relationship between any natural or legal person and an undertaking. Any subsidiary of a subsidiary undertaking is also considered a subsidiary of the parent undertaking, which is at the head of those undertakings.

- iii. A situation in which two or more natural or legal persons are permanently linked to one and the same person by a control relationship is regarded as constituting a close link between such persons.
 - c. **Person whose relationship with the Relevant Person is such that the Relevant Person has a direct or indirect material interest in the outcome of the trade, other than a fee or commission for the execution of the trade.**
40. **Portfolio management:** Managing portfolios in accordance with mandates given by clients on a discretionary client-by-client basis where such portfolios include one or more financial instruments.
41. **Professional client:** Means a client meeting the criteria laid down in the Second Appendix of the Law. 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.
- The following is regarded as professional clients in relation to investment services and activities and financial instruments for the purposes of the Law.
- a. Entities which are required to be **authorised or regulated** to operate in the financial markets. The list below is 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:
 - i. Credit institutions.
 - ii. Investment firms.
 - iii. Other authorised or regulated financial institutions.
 - iv. Insurance companies.
 - v. Collective investment schemes and management companies of such schemes.
 - vi. Pension funds and management companies of such funds.
 - vii. Commodity and commodity derivatives dealers.
 - viii. Locals (local entities which provide/perform investment activities).
 - ix. Other institutional investors.
 - b. Large undertakings meeting two of the following size requirements on a company basis:
 - i. Balance sheet total: EUR 20 000 000.
 - ii. Net turnover: EUR 40 000 000.
 - iii. Own funds: EUR 2 000 000.
 - c. National and regional governments, including public bodies that manage public debt at national or regional level, Central Banks, international and supranational institutions such as the World Bank, the International Monetary Fund, the ECB, the EIB, and other similar international organisations.
 - d. Other institutional investors whose main activity is to invest in financial instruments, including entities dedicated to the securitisation of assets or other financing transactions.
42. **Professional clients on request:** Means clients who may treat as professionals on request and within the meaning and criteria of Part II of the Second Appendix of the Law.
43. **Regulated market:** 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 and in accordance with Title III of the Directive.

44. **Relevant Persons:** As per the provisions of Commission Delegated Regulation (EU) 2017/565 Relevant Person in relation to an investment firm, means any of the following:
- a. A director, partner or equivalent, manager or Tied Agent of the firm,
 - b. A director, partner or equivalent or manager of any Tied Agent of the firm,
 - c. An employee of the firm or of a Tied Agent of the firm, as well as any other natural person whose services are placed at the disposal and under the control of the firm or a Tied Agent of the firm, who is involved in the provision by the firm of investment services or/and the performance of investment activities,
 - d. A natural person who is directly involved in the provision of services to the investment firm or to its Tied Agent under an outsourcing arrangement for the purpose of the provision by the firm of investment services or/and the performance of investment activities.

Persons who can have a material impact on the service provided and/or corporate behaviour of the firm, including front-office staff, sales force staff, portfolio managers, investment advisors, dealers and/or other staff indirectly involved in the provision of investment and/or ancillary services whose remuneration may create inappropriate incentives to act against the best interests of their clients are considered as Relevant Persons. This includes persons who oversee the sales force (such as line managers) who may be incentivised to pressurise sales staff, or financial analysts whose literature may be used by sales staff to induce clients to make investment decisions, persons involved in complaints handling, claims processing, client retention and in product design and development, supporting or administration staff etc, where their involvement in such activities may give rise to a conflict of interest, or have access to inside information within the meaning of Market Abuse Regulation (596/2014/EU) or other confidential information relating to clients or transactions with or for clients by virtue of an activity carried out by them on behalf of a BOC Group entity (normally deal with that kind of information during their day to day operations).

For the purpose of the definition of Relevant Persons, the term director means a member of the BoD and the term manager refers to general management (persons responsible for, or have significant influence over, the direction and day to day management of the BOC Group entities such as BOC Directors).

45. **Retail client:** A client who is not a professional client.
46. **Structured deposit:** A deposit as defined in the Law on Deposit Guarantee and Resolution of Credit and Other Institutions Scheme , which is fully repayable at maturity on terms under which interest or a premium is paid or is at risk, according to a formula involving factors such as: an index or combination of indices, excluding variable rate deposits whose return is directly linked to an interest rate index such as Euribor or Libor; a financial instrument or combination of financial instruments; a commodity or combination of commodities or other physical or non-physical non-fungible assets; or a foreign exchange rate or combination of foreign exchange rates.

47. **Subsidiary:** Means a subsidiary undertaking within the meaning of Articles 2(10) and 22 of Directive 2013/34/EU, including any subsidiary of a subsidiary undertaking of an ultimate parent undertaking.
48. **Sustainability Factors:** Means environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters (Article 2, point (24), of Regulation (EU) 2019/2088).
49. **Sustainability Preferences:** As per Commission Delegated Regulation (EU) 2021/1253 of 21 April 2021 amending Delegated Regulation (EU) 2017/565, sustainability preferences means a client's or potential client's choice as to whether and, if so, to what extent, one or more of the following financial instruments are integrated into his or her investment: (a) a financial instrument for which the client or potential client determines that a minimum proportion is invested in environmentally sustainable investments as defined in Article 2, point (1), of Regulation (EU) 2020/852 of the European Parliament and of the Council, (b) a financial instrument for which the client or potential client determines that a minimum proportion is invested in sustainable investments as defined in Article 2, point (17), of Regulation (EU) 2019/2088 of the European Parliament and of the Council, (c) a financial instrument that considers principal adverse impacts on sustainability factors where qualitative or quantitative elements demonstrating that consideration are determined by the client or potential client.
50. **Sustainability Risks:** Means environmental, social or governance events or conditions that, if they occur, could cause an actual or a potential material negative impact on the value of the investment (Article 2, point (22), of Regulation (EU) 2019/2088).
51. **Systematic Internaliser:** Means an investment firm which, on an organised, frequent systematic and substantial basis, deals on own account when executing client orders outside a regulated market, an MTF or an OTF without operating a multilateral system.
52. **Third-country firm:** A firm providing investment services or performing investment activities or an investment firm whose head office or registered office is located in a third country.
53. **Tied Agent:** A natural or legal person who, under the full and unconditional responsibility of only one BOC Group on whose behalf it acts, promotes investment and/or ancillary services to clients or prospective clients, receives and transmits instructions or orders from the client in respect of investment services or financial instruments, places financial instruments or provides advice to clients or prospective clients in respect of those financial instruments or services.
54. **Trading venue:** A regulated market, an MTF or an OTF.
55. **Transferable securities:** Classes of securities which are negotiable on the capital market, with the exception of instruments of payment, such as:(a) shares in companies and other securities equivalent to shares in companies, partnerships or other entities, and depositary receipts in respect of shares,(b) bonds or other forms of securitised debt, including depositary receipts in respect of such securities,(c) any other securities giving the right to acquire or sell any such transferable securities or giving rise to a cash settlement determined by reference to transferable securities, currencies, interest rates or yields, commodities or other indices or measures.
56. **Third country:** A country outside the EEA i.e. a country that is not a Member State.

4. GENERAL PRINCIPLES

4.1 MiFID sub-policies

A summary of the BOC Group MiFID sub-policies (policies 1-13) and policies impacted from the MiFID framework (policies 14-18) is set out in the table below, alongside with the relevant owner who has the responsibility to review the respective Policy on an annual basis or earlier, if required, and to ensure that the relevant Policy has been approved by the relevant management authority.

Non-compliance issues are assessed accordingly, and relevant measures/processes are in place to also consider the impact on the capital adequacy and liquidity of the Bank.

A/A	Policy	Policy Basic Principles	Owner
1	BOC Group MiFID Order Execution Policy	The BOC Group obtains the best possible result for its clients' orders. Therefore, the BOC Group takes all necessary steps for the prompt, fair and expeditious execution of clients' orders and for adherence to its disclosure obligations.	Private & Affluent Banking Department
2	BOC Group MiFID Client Categorisation Policy	Each new client who applies to receive investment and ancillary services from the BOC Group is categorised in accordance with his/her knowledge, experience, and skills prior to the execution of any investment transaction on his/her behalf. To this end, the BOC Group ensures that clients enjoy protection relevant to their categorisation.	Private & Affluent Banking Department
3	BOC Group MiFID Appropriateness & Suitability Policy	Investment services and/or financial instruments are appropriate and/or suitable for clients. To this end, the BOC Group performs specific tests to assess the clients' knowledge and experience, investment objectives and financial situation before the provision of any investment service/financial instrument to them. Also, the BOC Group ensures that employees understand the nature, features and risks of investment services and financial instruments selected for their clients and can adequately assess whether such investment services or financial instruments meet their client's profile.	Private & Affluent Banking Department
4	BOC Group MiFID Costs and Charges Policy	The information on all costs and associated charges related to investment or ancillary services are disclosed to clients or potential clients both at the point of sale (ex-ante) and post-sale (ex-post), in such a way as to facilitate the clients' informed decision.	Private & Affluent Banking Department
5	BOC Group MiFID Product	Financial instruments are designed to meet the needs of an identified target market of end clients and clients are	Private & Affluent



A/A	Policy	Policy Basic Principles	Owner
	Governance Policy	provided with all appropriate information. Therefore, the BOC Group ensures that the relevant staff involved in the manufacturing, offering, or recommending of financial instruments, possess the necessary expertise to understand the characteristics and the risks of the financial instruments manufactured or intended to be offered or recommended as well as the needs, characteristics and objectives of the identified target market and all appropriate information on the financial instrument is available to clients. The management body has effective control over the BOC Group's product governance process.	Banking Department
6	BOC Group MiFID Record Keeping and Electronic Communication Policy	Complete records are maintained relating to transactions concluded or intended to result in transactions even if not concluded, inclusive of telephone conversations and electronic communications under certain circumstances. The BOC Group has consistent mechanisms to satisfy all record keeping requirements.	Private & Affluent Banking Department
7	BOC Group MiFID Policy on Safeguarding of Clients' Assets	When holding financial instruments belonging to clients, adequate arrangements are made to safeguard the ownership rights of clients, especially in the event of BOC Group insolvency.	Private & Affluent Banking Department
8	BOC Group MiFID Policy on Research	The BOC Group is not allowed to accept research for free without performing an assessment of the inducement in accordance with the inducement rules and the Group MiFID Inducements Policy.	Private & Affluent Banking Department
9	BOC Group Policy on the Appointment and Monitoring of Tied Agents	The BOC Group remains fully and unconditionally responsible for any action or omission on the part of the Tied Agent when the agent acts on its behalf. Therefore, the BOC Group monitors the activities, including the personal transactions, of its Tied Agents to ensure that it continues to comply with the Law.	CISCO
10	BOC Group MiFID Conflicts of Interest Policy	Effective administrative and organisational arrangements exist for the identification, prevention, and management of conflicts of interest when providing investment and ancillary services. Therefore, a complete conflicts of interest registry exists and any activity that may violate this Policy is reported. The BOC Group clearly discloses to the client	Compliance Division



A/A	Policy	Policy Basic Principles	Owner
		(tailor made disclosure) a conflict of interest only as a measure of last resort and only where the organisational and administrative arrangements are not sufficient to ensure, with reasonable confidence, that the risks of damage to the interests of the client are prevented.	
11	BOC Group MiFID Policy on the Freedom of Establishment and Provision of Investment Services in EEA and Third Countries	The BOC Group offers certain products or services to clients or potential clients that are residents in another EEA State or Third Countries only if it has relevant authorisation from Competent Authorities or passport arrangements.	Compliance Division
12	BOC Group MiFID Transaction Reporting Policy	Complete and accurate details of executed interbank as well as clients' transactions in financial instruments is reported to Competent Authorities as quickly as possible and no later than the close of the following working day, irrespective of whether or not such transactions are carried out on a trading venue.	Private & Affluent Banking Department
13	BOC Group MiFID Information to Clients and Potential Client Policy	BOC Group provides appropriate information in good time to clients or potential clients with regard to the Group and its investment services, financial instruments and proposed investment strategies, the execution venues and all its costs and related charges. Information is provided in a comprehensible form in such a manner that clients or potential clients are reasonably able to understand the nature and risks of the investment service/ financial instrument offered and take investment decisions on an informed basis.	Compliance Division
14	CISCO Governance Policy	The Management Body defines, supervise and be responsible for the implementation of governance arrangements that ensure the efficient and prudent management of CISCO and commits sufficient time and possess adequate collective knowledge, skills, and experience to understand the firm's activities, including the main risks.	CISCO

A/A	Policy	Policy Basic Principles	Owner
15	Sourcing Procurement & Vendor Management Policy	The outsourcing arrangements are not diminishing the BOC Group’s ability to fulfil its obligations towards its clients and therefore doesnot affect the rights of its clients against the BOC Group.	Finance Division
16	BOC Group Remuneration Policy	The BOC Group ensures that it does not remunerate or assess the performance of its staff in a way that conflicts with its duty to act in the best interests of its clients.	Human Resources Division
17	BOC Group Customers Complaints Management Policy	It is important that the BOC Group instils a culture where all complaints are investigated thoroughly, consistently, fairly, promptly, and independently. Therefore, procedures and controls are in place to ensure compliance with regulatory requirements, including the publishing of the details of the process to be followed when handling a complaint.	Compliance Division
18	BOC Group Corporate Governance Policy	The BOC Group BOD has the overall responsibility for adequate corporate governance across the BOC Group and ensures that there is effective and prudent management across the BOC Group.	Compliance Division
19	New Products-Services Policy	Every BOC Group has a new product/services approval procedure that outlines the key considerations that need to be considered before deciding to launch, market or distribute new products or services or making significant changes /modifications to existing ones.	Risk Management Division

4.2 Employees providing investment services and/or ancillary services and Tied Agents.

It is required that all employees providing investment and/or ancillary services, including those providing information to clients and the Tied Agents with whom a BOC Group maintains an agreement for the provision of investment services(e.g. CISCO), are certified in accordance with the applicable legislation (success in basic or advanced exams and registration in the relevant public register), adequately trained and have the necessary experience, knowledge and skills of MiFID matters in order to effectively perform their assigned duties and responsibilities in accordance with the provisions of the Policy and good MiFID practices.

Management ensures that human resources’ processes exist for the continuing professional development of employees and that all employees involved in the provision of investment services are competent to deal with MiFID issues and are registered in the relevant public register. BOC Group entities with Tied Agents ensure on an annual basis that the Tied Agents have renewed their registration in the relevant public register in line with the applicable regulatory framework.

4.3 Employees offering the service of investment advice

The BOC Group does not allow a natural person to provide both independent and non-independent advice to avoid client's confusion about the type of advice they receive and the type of advice that is appropriate for them.

4.4 Employees offering the services of compliance function for investment services.

Subject to the provisions of the Law and the provisions of UCITS, AIF and AIFM laws, a person may act as Regulatory Compliance Officer and provide the services of the regulatory compliance function for investment services in a BOC Group regulated by CySEC, provided he/she has succeeded in the advanced examination and is registered in the public register of CySEC.

4.5 Investment and Ancillary Services offered.

Investment Services:

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.

Ancillary services:

1. Safekeeping and administration of financial instruments for the account of clients, including custodianship and related services such as cash/collateral management and excluding maintaining securities accounts at the top tier level.
2. Granting credits or loans to an investor to allow him to carry out a transaction in one or more financial instruments, where the firm granting the credit or loan is involved in the transaction ¹
3. Foreign exchange services where these are connected to the provision of investment services.
4. Investment research and financial analysis or other forms of general recommendation relating to transactions in financial instruments.
5. Investment services and activities as well as ancillary services of the type included under Part 1, Section I or II of the First Appendix of the Law related to the underlying of the derivatives included under points (5), (6), (7) and (10) of Part III of the First Appendix of the Law where these are connected to the provision of investment or ancillary services.

¹ 1. As per Bank's Lending Policy, funding for the purchase of Bank's shares (or subsidiaries) or other financial instruments issued by the Bank is **prohibited**.
2. The provision of service is subject to CBC approval.



5. GOVERNANCE

5.1 Roles and Responsibilities

For the purpose of this Policy, the following major Roles and Responsibilities have been identified:

Board of Directors	<ul style="list-style-type: none"> Bears the ultimate responsibility for the effective implementation of the Policy and for setting the right tone from the top. Approves the Policy
Audit Committee	<ul style="list-style-type: none"> Reviews and notes of the policy and may provide some recommendations, if any, to the Board which bears responsibility for approval. Make sure that sufficient, dependable, and secure internal procedures are in place to ensure that the BOC Group complies with the Policy. Monitors the effective implementation of the Policy via the Control
ExCo	<ul style="list-style-type: none"> Reviews the Policy prior to submission to the AC. Ensures that it is effectively embedded throughout the BOC Group's operations.
Chief Executive Officer	Provides approval for the exemptions to the Policy (only if applicable).
Deputy Chief Executive Officer	Provides approval for the exemptions to the Policy (only if applicable).
Compliance Division	<ul style="list-style-type: none"> Has overall responsibility for the drafting and enforcing the Policy. Prepares and updates relevant procedures/circulars as required. Organizes and conducts relevant training for all staff. Carries out monitoring reviews to assess the effective implementation of the Policy and recommends corrective action where required.
Risk Management Division	Reviews and assesses the compliance risks addressed in the Policy, ensuring that the risks undertaken are within the Bank's risk appetite.
Internal Audit Division	<ul style="list-style-type: none"> Responsible for providing independent and objective assurance to the BoD, through the AC, and to management, by assessing the effectiveness of governance, risk management, and control processes related to this policy. Inform AC of its findings and relevant recommendations.
People & Change Division	<ul style="list-style-type: none"> Develops and implements Human Resources (HR) strategies. Takes a leadership role in developing a high-performance culture that enables employees to perform in accordance with the Bank's strategy and objectives. Provides leadership in driving excellence in HR initiatives that support the company's strategic plans and reinforce the Bank's image as an employer of choice.



Legal Service Department & Company Secretary's Office	Manages the legal work related to the Bank's Units with the main objective of providing legal advice / opinions to requests / queries and safeguarding the Bank's position and interests against third parties. BOC
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5.2 Main Supporting Documentation

Directive 2014/65/EU on markets in financial instruments.
Regulation (EU) No 600/2014 on markets in financial instruments.
Directive 2016/1034/EU amending Directive 2014/65/EU on markets in financial instruments.
Regulation (EU) No 2016/1033 amending Regulation (EU) No 600/2014 on markets in financial instruments.
Commission Delegated Regulation (EU) 2017/565 supplementing Directive 2014/65/EU as regards organizational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive.
Commission Delegated Directive (EU) 2017/593 supplementing Directive 2014/65/EU with regard to safeguarding of financial instruments and funds belonging to clients, product governance obligations and the rules applicable to the provision or reception of fees, commissions or any monetary or non-monetary benefits.
Law 87(I)/2017, which provides for the provision of investment services, the exercise of investment activities, the operation of regulated markets and other related matters -the Law.
CySEC R.A.D 44/2019, regarding the certification of persons and certification registers as amended from time to time.
Commission Delegated Regulation (EU) 2021/1253 amending Delegated Regulation (EU) 2017/565 as regards the integration of sustainability factors, risks and preferences into certain organizational requirements and operating conditions for investment firms

5.3 Reporting

Periodically and at least annually CD reports to the Executive Committee and/or the BOD on matters related to the provision of investment and ancillary services within its duties and responsibilities.

5.4 Reviewing

This Policy is reviewed regularly, at least annually and/or whenever there is a significant change in the structure or activities of the BOC Group and/or when circumstances deem such a review appropriate by Compliance Division and is approved by BOD.

The Pre-Contractual Information Package and ISA are reviewed at least every three years or earlier if deemed necessary. Private & Affluent Banking Department is the owner of both documents.

5.5 Access of compliance function

The compliance function has access to all relevant documents and information enabling it to discharge its responsibilities under this Policy.

6. EXCEPTION APPROVAL PROCESS

In cases where there is a request for deviation from this Policy, which:

1. is fully justified.
2. does not violate the legal/regulatory framework, or constitutes a significant moral lapse, nor does it constitute a significant reputational risk for the Bank and
3. has the approval of the Chief Compliance Officer

then this exception can be allowed with the agreement of the CEO or Deputy CEO of the Bank. The Audit Committee to be notified accordingly.

7. IMPLEMENTATION PROCEDURES (KEY PROCESSES)

The following are the Key Processes of this Policy:

1. Procedure on the provision of investment services, the scope of which is to describe the workflow and actions necessary for providing investment services to clients. This process includes the opening of client portfolios and the client categorization (retail, professional, elective professional, eligible counterparty).
2. Assessment of appropriateness & suitability procedure which describes how to assess the clients' knowledge and experience, investment objective and financial profile.
3. Investment research procedure which covers the provision of investment research to clients who desire this service.
4. Procedure for personal transactions of Relevant Persons describes the way the BOC Group acts in order to identify its Relevant Persons and inform them of their obligations.