Best Execution Policy

Please take the time to read this document carefully and inform us if you require further information or clarification.

1. INTRODUCTION

Gibraltar International Bank (the "**Bank**" or "**GIB**") is required to put in place an order execution policy to take all sufficient steps to obtain the best possible result (or '**Best Execution'**) for both Retail and Professional clients when executing their **Orders** or receiving and transmitting orders for execution, where such orders relate to securities which are deemed to be "financial instruments" for the purposes of the applicable laws and regulations outlined below. We are also required to provide appropriate information to our Clients on GIB's execution and order handling policies, and the purpose of this document is to provide clients with such information.

As set out in the Bank's General Terms and Conditions as the same shall be amended and supplemented from time to time (General Conditions) the Bank may, at its discretion, decline to accept instructions and orders from a Client at any time.

1.1 SCOPE

This Policy applies to all Client orders accepted by the Bank for buying or selling of financial instruments and will only apply where we are receiving and transmitting Client Orders and/or where we are executing Orders on a Client's Behalf.

We will be executing Orders on a Client's behalf where the Client legitimately relies on us to protect their interests in relation to the pricing or other aspects of the transaction that may be affected by how we execute the Order. For example, this may be the case when we execute an Order by dealing as matched principal on behalf of our Client.

Retail clients are deemed by the Bank to place legitimate reliance on the Bank to protect their interests.

In certain circumstances, a client instruction may be inconsistent with the Bank's Best Execution Policy. In that case the Bank will execute the order in a manner that is consistent with the Client's instructions and this policy will not apply. Hence giving the Bank specific instructions as to the execution of an order may adversely affect the execution outcome achieved for the Client.

In the event of extreme volatile markets or force majeure events including but not limited to system outages, restrictions due to government actions or market disruption which remains outside the Bank's control the Bank may temporarily suspend execution. It is therefore possible that in such adverse market conditions different Clients submitting orders with similar profiles may achieve different outcomes; including whether and when orders or trades will be executed.

For the avoidance of doubt, nothing in the Policy shall result in the Bank owing the Client any fiduciary responsibilities.

1.2 DEFINITIONS

"**Client**" means any natural or legal person to whom an investment firm (in this case, the Bank) provides investment and/or ancillary services. The Bank's Clients are categorized into Retail, Per se Professional, Elective Professional or Eligible Counterpart.

"Professional Client" means a professional client as defined in regulation 2(1) of the MiFID Regs, and meeting the criteria laid down in Schedule 1 of the MiFID Regs. Note that Professional Clients may be sub-categorized into *Per se* Professional Clients, and Elective Professional Clients.

"Retail Client" means a client who is not a Professional Client.

"Execution Factors" means those factors listed in Section 2.1 of this document.

'**Execution Venue**' means a regulated market[1], a multilateral trading facility ('**MTF**')[2], an organized trading facility ('**OTF**')[3], a systematic internaliser[4], or a market maker[5] or other liquidity provider or an entity that performs a similar function in a third country to the functions performed by any of the foregoing.

'**IP completion day**' means midnight on 31 December 2020. This definition derives from Gibraltar's European Union (Withdrawal Agreement) Act 2020 and marks the ending of the 11-month 'implementation period' from 31 January 2020 during which the UK continued to be subject to EU rules.

'**Market Maker**' means a person who holds himself out on the financial markets on a continuous basis as being willing to deal on own account by buying and selling financial instruments against that person's proprietary capital at prices defined by that person.

'**Financial Instruments**' means the financial instruments referred to in section 5(2)(e) of the Financial Services Act which are listed in paragraph 46 of Schedule 2 to that Act, as read with

extracts A to E, at paragraph 47 of Schedule 2 to that Act, derived from CDR 2017/565.

'**MiFID 2 Directive**' means the Directive 2014/65/EU of the European Parliament and Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU, as it applied immediately before IP completion day.

'**MiFID Regs**' means the Financial Services (Investment Services) Regulations 2020.

'**MiFID Org Regulation**' means Commission Delegated Regulation 2017/565 of 25 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organizational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive

'**MiFIR**' means Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15th May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012

'**Order**' means an instruction to buy or sell a Financial Instrument which is accepted by us for execution or transmission to a third party.

Systemic Internalizer – an investment firm which, on an organized, frequent and systematic basis, deals on own account by executing Client transactions outside a Regulated Market, an MTF or an OTF;

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[1] As per para 1, Sched 2, FSA 19: 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 (a) in Gibraltar, is authorized and functions regularly in accordance with provisions contained in or made under this Act (a "Gibraltar regulated market"); (b) in the United Kingdom, is a UK regulated market within the meaning of Article 2.1(13A) of Regulation (EU) No 600/2014 as it applies in the United Kingdom after IP completion day (a "UK regulated market"); and (c) in an EU State, is authorized and functions regularly in accordance with Title III of Directive 2014/65/EU (an "EU regulated market")

[2] As per para 1, Sched 2, FSA 19: 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 and– (a) in Gibraltar, complies with provisions contained in or made under the Financial Services Act 2019 (a "Gibraltar MTF"); (b) in the United Kingdom, complies with the requirements of Article 2.1(14A)(b) of Regulation (EU) No 600/2014 as it applies in the United Kingdom after IP completion day (a "UK MTF"); or (c) in an EU State, complies with Title III of Directive 2014/65/EU (an "EU MTF")

[3] As per para 1, Sched 2, FSA 19: 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 that results in a contract and– (a) in Gibraltar, complies with provisions contained in or made under the Financial Services Act 2019 (a "Gibraltar OTF"); (b) in the United Kingdom, complies with the requirements of Article 2.1(15A)(b) of Regulation (EU) No 600/2014 as it applies in the United Kingdom after IP completion day (a "UK OTF"); or (c) in an EU State, complies with the requirements of Title III of Directive 2014/65/EU (an "EU OTF")

[4] As per para 84, Sched 2, FSA 19: means an investment firm which, on an organized, 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

[5] As per para 44, Sched 2, FSA 19: means a person who holds out on the financial markets on a continuous basis as being willing to deal on own account by buying and selling financial instruments against that person's proprietary capital at prices defined by that person

1.3 LEGAL REGIME

Best execution is one of the several requirements under the Markets in Financial Instruments Directive 2014/65/EU ("**MiFID 2 Directive**"), as has been given effect in Gibraltar law under the Financial Services Act 2019 ("**FSA 19**") and the Financial Services (Investment Services) Regulations 2020 ("**MiFID Regs**"). Requirements are supplemented under the Commission Delegated Regulation (EU) 2017/565 ("**MiFID Org Regulation**" or "**CDR 2017/565**").

The effect of section 6 of Gibraltar's European Union (Withdrawal) Act 2019 is that "direct EU legislation" became part of UK law, as at IP completion day (and is known as "retained EU law" in accordance with section 9(7) of the same legislation). As such, MiFIR and all directly applicable regulations made under the MiFID 2 Directive and MiFIR, including the MiFID Org Regulation, the MiFIR Delegated Regulation (Commission Delegated Regulation 2017/567) and regulatory technical standards ("**RTS**") became part of Gibraltar law, as at IP completion day. Therefore, whilst FSA 19 the MiFID Regs implement the MiFID 2 Directive, the rest of this body of retained EU law requires no further transposition.

The best execution obligations derive mainly from the MiFID 2 Directive (which was already transposed into Gibraltar law under FSA 19 and MiFID Regs), but the obligations are also supplemented by the MiFID Org Regulation.

2. BEST EXECUTION POLICY

Best execution is the requirement to take all sufficient steps to obtain the best possible result for the client on a consistent basis, considering price, cost, speed, likelihood of execution and settlement, size, nature or any other execution consideration when executing transactions on the client's behalf.

Subject to any specific instructions from the Client (see Clause 3.3), the Bank when executing an order for the Client, will take all sufficient steps to obtain the best possible result for the Client. This means that the Bank will take into account the Execution Factors listed in Clause 2.1, which is known as the "best execution" obligation, as established under Reg 42 MiFID Regs and supplemented by Articles 64, 65 and 66 of the MiFID Org Regulation[6].

The best execution obligation applies to investment firms (such as the Bank) when they execute orders on behalf of their clients on all Financial Instruments. Investment Firms that perform portfolio management or the reception and transmission of orders ('**RTO'**) have a similar obligation because of their duty to act in the best interests of their clients (Reg 36(1)(a) MiFID Regs as supplemented by Article 65 of the MiFID Org Regulation) whenever they place orders resulting from their investment decisions or transmit clients' orders for execution by other entity. There are, however, a number of restrictions to the scope of application:

i. Firms owe a duty of best execution to Retail and Professional Clients. The obligation does not apply where investment firms enter into transactions with Eligible Counterparties, arrange transactions between such counterparties or receive and transmit orders on behalf of such counterparties.

ii. The meaning of best possible result is constrained for Retail Clients. Where an Investment firm executes orders on behalf of Retail Client, the firm must define the best possible result in respect of the price of the financial instrument and the costs directly related to execution, including execution venue fees, clearing and settlement fees and any other fees paid to third parties involved in the execution of the order. Accordingly, the Bank, when executing orders on behalf of Retail Clients, will only take into account the

[6] See also recitals (99) to (108) of the MiFID Org Regulation

other Execution Factors to the extent that they influence price and costs (Reg 42(3) MiFID Regs)

iii. The scope also depends on whether the firm is executing the order directly. In relation to firms that:

a. **directly execute** client orders or directly execute discretionary investment management decisions to deal on behalf of clients, **all the rules apply**[7]**;**

b. **transmit** client orders to other entities for execution or place discretionary investment management decisions to deal on behalf of clients with other entities for execution, the rules on consent and demonstrating adherence to the policy **do not apply**

The Bank will determine the relative importance of Execution Factors by using our commercial judgment and experience in light of market information available and taking into account the Execution Criteria described in Clause 2.1

2.1 EXECUTION FACTORS

In order to fulfil our duty of Best Execution, the Bank will take all sufficient steps to obtain, when executing orders, the best possible results for the Client. The Bank will therefore take into account a combination of the following 'Execution Factors'[8]:

(i) the **price** of the financial instrument;
(ii) the **costs** related to execution (including settlement costs);
(iii) the **speed** of execution;
(iv) the **likelihood** that an order will be **executed**;
(v) the **likelihood** that a transaction will **settle**;
(vi) the **size** of the order;
(vii) the **nature** of the order; and
(viii) **any other consideration** relevant to the execution of the Order (for example, liquidity, or nature of the market for the Financial Instrument).

When determining the relative importance of the execution factors, a firm has to take into consideration the 'Other Criteria' listed in Clause 2.2. However, Price and Cost will usually merit a high relative importance in obtaining the best possible result.

[7] Note that detailed rules on disclosure to clients (Article 66(3) of the MiFID Org Regulation) only apply, however, to retail clients.
[8] Reg 42 MiFIR Regs/Art 27(1) MiFID 2 Directive

When the Bank executes an Order on behalf of a Retail Client, the Bank will determine the best possible result in terms of the total consideration, representing the price of the financial instrument and the costs relating to the execution, including all expenses incurred by the client related to the execution of the order. However, the Bank may also consider and give precedence to the speed, likelihood of execution and settlement, the size and nature of the order, market impact and any other implicit transaction costs where the Bank considers that such factors are instrumental in delivering the best possible result in terms of the total consideration to the retail client.[9]

In certain circumstances, the Bank may be required to deviate from how it will prioritize between the execution factors. For example, in the case of a large Order or for Orders in illiquid instruments where other factors such as certainty of execution and market impact is deemed more important or in cases where market conditions such as severe market disruptions do not enable us to follow the general rules set out in this Best Execution Policy.

2.2 OTHER CRITERIA

When executing client orders, the Bank must take into account the following 'Execution Criteria'[10] for determining the relative importance of the execution factors listed above:

- the characteristics of the **Client**, including the categorization of the client as retail or professional;
- the characteristics of the **Client Order**, including where the order involves a securities financing transaction (**SFT**);
- the characteristics of **Financial Instruments** that are the subject of the order;
- the characteristics of the **Execution Venues** to which that order can be directed;

When applying the best execution criteria for professional clients, the Bank will not typically use the same execution venues for SFTs. This is because SFTs are used as a source of funding subject to a commitment that the borrower will return equivalent securities on a future date and that the terms of SFTs are typically defined bilaterally between the counterparties ahead of the execution. Therefore, the choice of execution venues for SFTs is more limited than in the case of other transactions, given that it depends on the particular terms defined in advance between the counterparties and on whether there is a specific demand on those

[9] See recital (101) MiFID Org Regulation.
[10] See Art 64 MiFID Org Regulation.

execution venues for the financial instruments involved.

2.3 SELECTION OF EXECUTION VENUES

The Bank has set below information on the criteria which determines how the Bank will select the different venues on which the Bank may execute the Client's order and have identified those venues on which the Bank will most regularly seek to execute the Client's Order and which the Bank believes offers the best prospects for affording the Client best execution. The Bank will also assess, on a regular basis, the quality of execution afforded by those venues on which the Bank executes Client orders (and that includes the quality of execution offered by third-party providers) and whether the Bank needs to change its execution arrangements. This will be achieved on an ongoing basis by the analysis of the Bank of the performance data provided by its third-party provider in order to determine the best outcomes for the Client.

GIB executes client orders on various execution venues, including regulated markets, MTFs, OTFs, systematic internalizers, and liquidity providers. Internal execution is used only where it demonstrably provides best execution. The bank evaluates execution venues regularly, considering liquidity, market conditions, and trading costs. Where necessary, adjustments to the list of venues will be made to maintain execution quality.

In selecting the most appropriate venues for the purpose of executing Client orders, the Bank will take into full account the factors relevant to the order, including the following;

- what the Bank reasonably assesses to be the Client's best interest in terms of executing Client Orders.
- Such other factors may be appropriate, including the ability of the venue to manage complex orders, the speed of execution, the creditworthiness of the venues and the quality of any related clearing settlement facilities.

The Bank may decide to select only one Execution Venue to execute client orders in a given class of Financial Instruments where we are able to demonstrate that such a choice enables us to consistently get the best results for our Clients. Using a single venue does not diminish the Bank's responsibility to monitor the quality of execution, nor does it mean that solely executing client orders on that venue will allow the firm to discharge its best execution obligations.

When selecting an Execution Venue, the Bank will need to regularly assess the market landscape in order to determine whether or not there are alternative venues which could be

used. Where the Bank makes such an assessment, it will take into account any relevant RTS such as RTS 27[11], which will standardize the way Execution Venues report on trading conditions and quality of execution, using standard metrics such as volume, frequency of trading, resilience or execution price related information. In this manner, the Bank can consider the list of quantitative and qualitative factors used to select the Execution Venues. Similarly, RTS28[12] is intended to enable the public and investors to evaluate the quality of a firm's execution practices by requiring publication of valuable information about how and where the firm has executed client orders. Such RTS are intended to provide the public with valuable data that will *diminish information asymmetries[13].*

In circumstances where the Bank is not a member of all Execution Venues where client orders need to be routed for execution, it will need to transmit some orders to other firms for execution alongside its execution activity as members of execution venues. It may also be necessary to elect to use a broker instead of directly executing Orders as an Execution Venue to minimise market impact and achieve a better outcome for the Client.

[11] RTS 27 refers to the regulatory technical standards under Article 27(10)(a) of MiFID II adopted by the EC on 08/06/2016, Commission Delegated Regulation (EU) 2017/575

Additional details For Execution Factors

While the Bank will take all reasonable steps based on those resources available to it to satisfy itself that the Bank has procedures in place that can reasonably be expected to lead to the delivery of best execution of the Client orders, the Bank cannot guarantee that it will always be able to provide best execution of every order executed on the Client's behalf.

The Bank's policy, in providing the Client with best execution, is, so far as possible, to exercise the same standards and operate the same procedures across all the different markets and financial instruments when the Bank executes the Client's order. However, the diversity in those markets and instruments and the kind of orders that the Client may place with the Bank means that different factors will have to be taken into account when the Bank assesses the nature of its execution policy in the context of different instruments and different markets. For example, there is no formalized market or settlement infrastructure for over-the-counter transactions. In some markets, price volatility may mean that the timeliness of execution is a priority, whereas, in other markets that have low liquidity, the fact of execution may itself constitute best execution.

In other cases, the Bank's choice of venue may be limited (even to the fact that there may only be one platform/market upon which the Bank can execute the Client's orders) because of the nature of the Client's order or of the Client's requirements.

[12] RTS 28 refers to the regulatory technical standards under Article 27(10)(b) of MiFID II adopted by the EC on 08/07/2016, Commission Delegated Regulation (EU) 2017/576

[13] As per ESMA Q&As on Investor Protection Topics (Last update 19 November 2021): https://www.esma.europa.eu/sites/default/files/library/esma35-43-349_mifid_ii_qas_on_investor_protection_topics.pdf

3. POLICIES AND PROCEDURES FOR DELIVERING BEST EXECUTION

3.1 TRANSMISSION OF ORDERS TO THIRD PARTIES

Orders for all transactions will be executed through the Bank's third-party provider:

Bank J. Safra Sarasin (Gibraltar) Ltd
First Floor, Neptune House,
Marina Bay
P.O. Box 542
Gibraltar GX11 1AA

The Bank's general principle for delivering Best Execution is to evaluate the key execution factors (which shall not be the exclusive factors) on which the Bank will place priority. Factors which the Bank will grant priority will be as follows:

Likelihood of execution / size – given the size of some trades, the Bank may prioritize the likelihood of execution, which will mean that the Bank may favor execution venues which allow the Bank to fill the whole order or at least a material part of it. This may especially be the case where an order is particularly large, or where an instrument is not very liquid;

Price – this means the price of the instrument (i.e. not including the costs applied by the broker or execution venue); and

Speed – for certain of the Bank's transactions on behalf of Clients, speed may be an essential factor. For example, if speed is able to deliver an advantage to the Client in any market movement.

The Bank does not prioritize cost as an execution factor, given that for the majority of trades, the third-party costs agreed are standardized. This may differ in certain markets, such as emerging markets, where market practices are less developed. Where this is the case, the Bank will apply more emphasis to costs as an execution factor.

The application of the execution factors will by necessity differ in respect of trading in certain markets, for example markets where pre-trade information is extremely limited and markets where pre-trade information is widely available and highly transparent, or for highly illiquid instruments as compared to trading in instruments where there is a high level of liquidity.

Where orders are transmitted to third-party brokers, GIB selects brokers that adhere to MiFID II best execution requirements. Selection criteria include execution quality, costs, market access, and operational reliability. Broker performance is reviewed regularly, with adjustments made to ensure continued best execution compliance.

3.2 ORDER HANDLING POLICY

The Bank shall provide for the prompt, fair and expeditious execution of the Client's Order, relative to factors such as time and size to other Orders or trading interests of the Bank, in accordance with the order handling requirements.[14]

For Retail Clients, the Bank will send the Client a notice confirming execution of the Client order as soon as possible and no later than the first business day following receipt of the confirmation by the Bank from the third-party. GIB will obtain from the third-party, upon your request, information about the status of the order. GIB shall be under no obligation to confirm the instructions before they are executed or the accuracy or completeness of any information the Client has provided before it is acted upon or otherwise relied upon. However, except where we are providing a Discretionary Service, we will provide you with information about the status of any instruction upon request.

Order Aggregation Policy

Orders may be aggregated where it is unlikely to disadvantage clients. If aggregation results in a disadvantage, clients are notified in advance. Allocation follows a transparent methodology to ensure fair treatment. Where GIB also conducts proprietary trading, appropriate safeguards are in place to prevent conflicts of interest and ensure client orders receive priority.

[14] See Reg 44 MiFID Regs and Articles 67-60 MiFID Org Regulation

When the Bank deems the purchase or sale of the same instrument to be in the best interest of two or more Clients, it may, but shall be under no obligation to, aggregate to the extent permitted by applicable law and regulations for the instruments to be purchased or sold in order to seek more favorable prices or more efficient execution, or to take steps to ensure fairness across its Clients. However, the Bank will only aggregate Client Orders where:

- The Bank considers it unlikely that the aggregation of Orders and transactions will work overall to the disadvantage of any client whose Order is to be aggregated;
- The Bank discloses 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; and
- It is in compliance with our Best Execution Policy.

Where an aggregated Client Order is only partially filled, either due to operational or market conditions, allocation to the clients will take place on a proportional basis. Where this is not possible the allocation will be in the best interests of all relevant clients and any allocation will be undertaken on a fair and reasonable basis[15].

If an Order is aggregated with one or more Client Orders, we will not allocate the related trades in a way that is detrimental to the Client. Please note that upon receipt by a third party for execution, their policy may differ to ours and under certain circumstances, which we shall communicate to you by forwarding a copy of their policy, they may aggregate client orders or transactions for own account.

Where an Order is aggregated with our transaction and the aggregated Order is partially executed, we shall allocate the related trades to you in priority to the Bank. However, if we are able to demonstrate on reasonable grounds that without the combination it would not have been able to carry out the Order, on such advantageous terms, or at all, then we may allocate our transaction proportionally, in accordance with our Best Execution Policy.[16]

[15] See Article 68(2) MiFID Org Regs
[16] Article 69 MiFID Org Regulation

3.3 CLIENT SPECIFIC INSTRUCTIONS

If the Client provides the Bank with specific instructions in relation to an order, the Bank will follow that instruction so far as is reasonably possible when executing a trade. By following the specific instructions, the Bank will have satisfied the obligation to provide the Client with Best Execution in relation to that transaction, or in relation to the part or aspect of the order to which the Client's instructions relate.

However, when the Client has provided the Bank with a specific instruction that covers only one part or element of an order, the Bank will still owe the Client Best Execution in relation to the rest of the order (i.e., the part which is not covered by the specific instruction). Examples of such instructions include but are not limited to requests to execute on a particular venue or type of venue.

WARNING: The Client acknowledges that by providing a specific client instruction, the Bank may be prevented from taking the steps that have been designed and implemented in this Best Execution Policy to obtain the best possible result for the execution of those orders, in respect of the elements covered by those instructions.

The Bank reserves the right to refuse any Client instructions should such instruction be in contradiction to compliance rules.

3.4 OBTAINING CONSENT

The Bank will provide appropriate information to Clients about its execution policies "in good time" before entering into a relationship with a Client[17]. 'Appropriate' means sufficient, comprehensible information for a client to understand the service proposed and make an informed choice between the services offered by different investment firms. Information provided to Clients about best execution policies must explain clearly, in sufficient detail and in a way which can be easily understood by clients, how orders will be executed for clients by the firm. All clients must be informed if the best execution policy provides for the possibility that orders will be executed outside a regulated market or multilateral trading facility.

Investment Firms which directly execute Client Orders, or directly execute discretionary investment management decisions to deal on behalf of clients are required to obtain two types of consent from clients:

1. **Prior Consent** to their execution policy: A Client can indicate consent by seeking to trade with a firm after having received appropriate information on the execution policy in good time before the provision of the service;
2. **Prior express consent** before executing orders outside a regulated market or multilateral trading facility: this requires the client to actively demonstrate consent by signature, e-mail, web-page click, telephone call etc. Express consent is not required where the relevant financial instrument is not admitted to trading on a regulated market or multilateral trading facility.[18]

4 FEES, COSTS AND INDUCEMENTS

The Bank is prohibited by from accepting and retaining fees, commissions or any monetary or non-monetary benefits paid or provided by a third-party (other than certain minor non-monetary benefits) unless the relevant payment:

- is designed to enhance the quality of the relevant service to a client; and
- does not impair compliance with the Bank's duty to act honestly, fairly and professionally in accordance with the best interests of its clients[19]

Unless explicitly agreed with the Client from time to time, GIB will not apply any additional GIB fees and costs for order execution which do not satisfy both of the above two

[17] Reg 42(5) MiFID Regs and Article 66(3) of the MiFID Org Regulations
[18] See Reg 42(1) and 42(11) MiFID Regs.
[19] Article 27(2) MiFID Regs

requirements, and will instead pass on the fees, costs and charges applied by third parties such as brokers, dealers and execution venues.

Certain payments or benefits which are received or provided by the Bank will not be considered as inducements if they are necessary for the services and are not inherently capable of giving rise to conflicts of interest (e.g. custody costs, settlement and exchange fees, regulatory levies or legal fees).

In terms of agreeing commission rates for the execution of trades with external brokers, GIB remains aware of commission rate levels and ranges in all markets through the use of publications and transaction costs studies. GIB uses those rates as a framework to ensure that the rates applied by the third-party remain competitive and aligned to prevailing market conditions.

In accordance with regulatory obligations and the Bank's (internal) inducement policies, the Bank will comply with reporting obligations as regards to market transactions it enters into on behalf of its Clients in line with transparency obligations, and will clearly disclose to the client the existence, nature and amount of the inducement or, where the amount cannot be ascertained, its method of calculation.

6 MONITORING AND REVIEW

GIB monitors execution quality using quantitative and qualitative assessments, including trade cost analysis, market conditions, and venue performance reviews. A formal review of execution arrangements is conducted at least annually, with updates made where necessary to enhance execution quality. Any deficiencies identified are addressed promptly, and necessary adjustments are made to execution processes.

The Risk & Compliance team works as required with the Internal Audit function of the Bank to monitor compliance with the policies and procedures the Bank has in place for dealing activities. This monitoring includes assessing compliance with best execution and assessing the performance of the Bank's contracted third parties in achieving best execution on behalf of the Bank's Clients. Monitoring includes reviewing sample trades to check that the price achieved appears reasonable given other trades in the market at the time of execution.

7 CONFLICTS OF INTERESTS & INDUCEMENTS

GIB does not receive inducements that compromise its ability to provide best execution. Any potential conflicts of interest, including internal execution and payment for order flow, are identified, disclosed, and managed to prioritize client interests. Order routing decisions

are based solely on execution quality, not financial incentives.

8 RECORDS

All communications with Clients which relate to reception, transmission and execution of orders, and / or which will or may result in orders shall be recorded in accordance with the Bank's terms and conditions.

Best Execution Policy: **Client Summary**

1. INTRODUCTION

The Best Execution Policy Summary "**Summary**" summarizes GIB's approach to providing Best Execution in accordance with MiFID 2 requirements and the rules of the Gibraltar Financial Services Commission.

Prior to executing orders on your behalf, it is important that you understand how GIB will execute such transactions.

Under the MiFID Regs, GIB is required to put in place a Best Execution Policy establishing how the Bank will take all sufficient steps to obtain the best possible result ('**best execution**') on behalf of the Bank's Clients takin into account, price, cost, speed of execution and settlement, size or any other consideration relevant to the execution of the Order. The Bank is also required to execute Orders from Clients in a prompt, fair and expeditious manner, relative to other Orders or the trading interests of the Bank and provide appropriate information to Clients on the Bank's Best Execution Policy on a continuous basis either when executing Orders for Clients or when receiving and transmitting such Orders.

For the avoidance of doubt, nothing in the Policy shall result in the Bank owing the Client any fiduciary responsibilities or duties over and above the specific regulatory obligations placed upon us, or as may otherwise be contracted between us.

Kindly note that by conducting business with us following receipt of this document, you will be deemed to have consented to the policy.

However, if GIB executes your orders outside a regulated market or multilateral trading facility, you will be asked to signify your prior express consent in a manner that can be recorded (e.g by signature, e-mail, webpage click, telephone call etc.) by GIB.

2. Scope: When we apply best execution to client transactions

This Policy applies to all Client orders accepted by the Bank for buying or selling of financial instruments and will only apply where we are receiving and transmitting Client Orders and/or where we are executing Orders on a Client's Behalf.

3. EXECUTION FACTORS: WHAT WE CONSIDER IN ORDER TO ACHIEVE THE BEST POSSIBLE RESULT

When executing an order on behalf of a Retail Client, the Bank will determine the best possible result in terms of the Total Consideration, representing the price of the financial instrument and the costs relating to the execution, including all expenses incurred by the client related to the execution of the order. Total Consideration is the price of the relevant Financial Instrument, plus costs related to execution, including all expenses incurred by the Client which are directly related to the execution of the Order, such as GIB's fees and charges, execution venue fees and settlement fees.

There are other execution factors which need to be considered, and which may be given precedence over the immediate price and cost consideration but only insofar as they are instrumental in delivering the best possible result in terms of total consideration. The Bank will therefore take into account a combination of the following execution factors:

- the **price** of the financial instrument;
- the **costs** related to execution (including settlement costs);
- the **speed** of execution;
- the **likelihood** that an order will be **executed**;
- the **likelihood** that a transaction will **settle**;
- the **size** of the order;
- the **nature** of the order; and
- **any other consideration** relevant to the execution of the Order (for example, liquidity, or nature of the market for the Financial Instrument).

Price and Cost will usually merit a high relative importance in obtaining the best possible result compared to the other Execution Factors. However, there may be circumstances where we may prioritize other factors in order to achieve the best possible execution result

In order to determine the importance of the above-mentioned factors, we will also consider:

- the characteristics of the **Client**, including the categorization of the client as retail or professional;

- the characteristics of the **Client Order**, including where the order involves a securities financing transaction (**SFT**);
- the characteristics of **Financial Instruments** that are the subject of the order;
- the characteristics of the **Execution Venues** to which that order can be directed;

4. CLIENT SPECIFIC INSTRUCTIONS

Where we owe you a duty of Best Execution and you provide us with specific instructions in relation to the entire transaction, or any particular aspect of the transaction, which we accept, then we will execute the transaction in accordance with those instructions and in doing so we will have satisfied our Best Execution obligations with respect to the relevant aspects of the transaction. Where your instructions relate only to part of the transaction, the remaining element of the transaction not covered by your specific instructions will remain subject to the Best Execution requirements.

WARNING: The Client acknowledges that by providing a specific client instruction, the Bank may be prevented from taking the steps that have been designed and implemented in this Best Execution Policy to obtain the best possible result for the execution of those orders, in respect of the elements covered by those instructions.

5. EXECUTION VENUES.

Where a transaction is subject to Best Execution, the Bank will take into full account the factors relevant to the order, including the following:

- What the Bank reasonably assesses to be the Client's best interest in terms of executing Client Orders.
- Such other factors may be appropriate, including the ability of the venue to manage complex orders, the speed of execution, the creditworthiness of the venues and the quality of any related clearing settlement facilities.

6. USE OF THIRD-PARTY BROKERS

All Orders for all transactions may be executed through the Bank's third-party providers. Accordingly, the Bank may place reliance such third-parties to execute transactions in a way which enables us to meet our Best Execution obligation.

7. ORDER HANDLING

Where we owe you Best Execution on a transaction we will provide for the prompt, fair and expeditious execution of your Order. From time to time, the Bank may aggregate a Client Order with an Order or orders from other clients and/or with a transaction on its own account. Aggregation will only be performed if it is unlikely that the aggregation will work overall to the disadvantage of the Client whose Order is to be aggregated.

8. MONITORING AND REVIEW

The Risk & Compliance team will monitor compliance with the policies and procedures which the Bank has in place for dealing activities. This monitoring includes assessing compliance with the best execution and assessing the performance of the Bank's contracted third parties in achieving best execution on behalf of the Bank's Clients.

The Bank's monitoring function will include reviewing sample trades to check the price achieved appears reasonable given other trades in the market at the time of execution.