



**BEST ORDER EXECUTION POLICY AND BEST INTERESTS POLICY
OF RUSSIAN COMMERCIAL BANK (CYPRUS) LIMITED**

SECTION ONE: BEST ORDER EXECUTION POLICY

This Best Order Execution Policy sets forth the general basis on which the Bank will provide “best execution” as required by the Law.

This Best Order Execution Policy shall apply when the Bank executes an order on behalf of a client in respect of any of the financial instruments covered by the Law (each an “Order”). This will be the case when:

- We act on behalf of the client; and
- We agree to achieve the best price or other terms for the client in the market

It will not apply when the Bank is not executing an order on the client’s behalf, or where we transact with the client but not on the basis of having received an order from the client. This would be the case:

- Where we are acting as a dealer and offering to enter into a transaction with the client or accepting to enter into a transaction with the client as principal
- Where we are acting as the client’s counterparty for our own account
- When the client transacts with us as principal on the basis of a published quote or a request for quote
- To the extent that we are following the client’s instructions to execute an order in a particular manner

The financial instruments covered by the Law include most financial instruments, including most derivative contracts, but do not include, for example, spot FX transactions.

In order to achieve best execution of Orders the Bank has established the following principles and guidance which are designed to obtain the best possible execution result, subject to and taking into account the nature of the Orders, the priorities clients place upon the Bank in filling those Orders and the market in question, and which provide, in the view of the Bank, the best balance across a range of sometimes conflicting factors.

Demonstrating best execution does not necessarily involve a transaction-by-transaction analysis, but rather involves an assessment of a record of transactions over a period indicating that overall the best result is achieved by executing Orders on clients’ behalf in the manner and on any venues described in this Best Order Execution Policy.

The Bank will take into consideration a range of different factors of which price shall be a key factor, but which may also include such other factors as the need for timely execution, the liquidity of the market (which may make it difficult to execute an Order), the size of the Order, the nature of the Order, the cost of the transaction and its nature, including whether it is executed on a Regulated Market, Multilateral Trading Facility (“MTF”) or over-the-counter.

In the absence of express of instructions from clients, the Bank will exercise its own discretion in determining the factors that it needs to take into account for the purpose of providing clients with best execution, having regard to the execution criteria listed below.

The Bank’s commitment to provide clients with best execution does not mean that it owes its clients any fiduciary or other responsibilities over and above the specific regulatory obligations placed upon the Bank or as may be otherwise contracted between the Bank and the clients.

The Bank owes a duty of best execution when executing Orders on behalf of clients. The Bank considers itself to be in receipt of an Order where an execution instruction is given to

the Bank that gives rise to contractual or agency obligations towards the client. Specifically, this will be the case where clients commit to a trade that is not immediately executable, leaving discretion with the Bank as to the manner of execution and exact terms of the resulting transaction, and the execution can be booked to the account of the customer without the need to re-confirm the price, size or any other factor(s) with the client or where the Bank executes an Order as agent or riskless principal on the client's behalf.

When executing such an Order on behalf of a client, the Bank will take into full account the factors relevant to the Order, including those set out above and the following execution criteria:

- (a) The characteristics of the client;
- (b) The characteristics of the Order;
- (c) The characteristics of financial instruments that are the subject of that Order; and
- (d) The characteristics of the execution venues to which that Order can be directed.

It should be noted that where clients have provided their consent some Orders may be executed outside a Regulated Market or MTF.

In circumstances where the Bank executes trades with a client but does not execute an Order on behalf of the client, the Bank will not owe that client a duty to provide best execution. This would include, but may not be limited to, circumstances where the Bank is providing either continual quotes or quotes at the client's request, upon which the client subsequently decides to execute.

Where we have accepted a client's instructions with respect to the execution of an Order, we will follow them to the extent that it is possible for us to do so. To the extent that we accept and follow the client's instructions, this Best Order Execution Policy will not be applicable, although it will be applicable to other execution factors to the extent that they are not covered by the said instructions. For example:

- Where the client instructs us to execute an Order on a particular venue, we will not be responsible for selecting the venue
- Where the client instructs us to execute an Order at a particular time or over a particular period, regardless of the price available, we will endeavour to execute the Order at that time or over that period in the best possible manner but will not be responsible for timing or any of the consequences for price or other factors that results from the timing of execution.

The Bank's policy, in providing clients with best execution is to exercise the same standards and operate the same processes across all the different markets and financial instruments on which the Bank executes Orders. However, the diversity in those markets and instruments and the types of Orders that customers may place with the Bank mean that different factors will have to be taken into account when the Bank assesses the nature of this Best Execution Policy in the context of different financial instruments and different markets. For example, there is no formalized market or settlement 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 an Order) because of the nature of the Order or of the client's requirements.

In meeting its obligation to take all reasonable steps to obtain on a consistent basis the best possible result for the execution of Orders, the Bank may use one or more of the following venue types when executing an Order on behalf of clients:

- Regulated Markets;
- Other exchanges that are not Regulated Markets;
- Multilateral Trading Facilities (MTFs);
- Systematic Internalisers (SIs); and
- Third party investment firms, brokers, and/or affiliates acting as a Market Maker or other liquidity providers; and/or non EU entities performing similar functions.

The Bank will take into account the following factors to determine the manner in which an Order will be executed:

- General prices available;
- Depth of liquidity;
- Relative volatility in the market;
- Speed of execution;
- Cost of execution;
- Creditworthiness of the counterparties on the venue or the central counterparty;
- Quality and cost of clearing and settlement; and
- Any other consideration relevant to the efficient execution of the Order.

The Bank will determine the relative importance of each factor using the execution criteria which are set out above.

Ordinarily, price will merit a high relative importance in obtaining the best possible result for the client. However, in certain circumstances, for some Orders, financial instruments or markets, the Bank in its absolute discretion, may decide that other factors listed above may be as or more important than price in determining the best possible execution result in accordance with this Best Execution Policy. In some markets, for example, price volatility may mean that timeliness of execution is a priority. In other markets that have low liquidity, the fact of execution may itself constitute best execution.

The Bank will monitor the effectiveness of its Order execution arrangements and this Best Execution Policy to identify and, where appropriate, correct any deficiencies. The Bank will assess whether the execution venues used by it at any time provide the best possible result for clients or whether it needs to make changes to its execution arrangements. The Bank will review its order execution arrangements and this Best Execution Policy at least annually or whenever a material change occurs that affects the Bank's ability to obtain the best result for the execution of Orders on a consistent basis using the venues used by it. The Bank will notify its clients promptly of any material changes to this Best Order Execution Policy.

SECTION TWO: BEST INTERESTS POLICY

The Bank, when providing the services of portfolio management and of reception and transmission of orders, in doing so has an obligation under the Law to act at all times in the best interests of the client.

In particular, the Bank shall take all reasonable steps to obtain the best possible result for its clients taking into account the following factors: price, costs, speed, likelihood of execution and settlement, size, nature, and any other consideration relevant to the order to be placed or transmitted.

The above factors shall be prioritised by reference to the following criteria:

- (a) The characteristics of the client;
- (b) The characteristics of the order to be placed or transmitted;
- (c) The characteristics of financial instruments that are the subject of that order; and
- (d) The characteristics of the brokers to which that order is to be placed or transmitted.

Where we have accepted your instructions in placing an order with, or transmitting an order to, another entity for execution, we will follow them to the extent that it is possible for us to do so. You should be aware that to the extent that we accept and follow your instructions, this Best Interests Policy will not be applicable, although this Best Interests Policy will be applicable to other execution factors to the extent that they are not covered by your instructions. For example:

- Where you instruct us to place your order with, or transmit your order to, a particular entity, we will not be responsible for selecting the entity;
- Where you instruct us to place or transmit your order at a particular time or over a particular period, regardless of the price available, we will endeavour to do so at that time or over that period in the best possible manner but will not be responsible for timing or any of the consequences for price or other factors that results from the timing of the placement or transmission.

The Bank shall ensure at all times that any entity with which orders are placed, or to which the Bank transmits orders for execution, has execution arrangements in place that enable the Bank to comply with its obligations under the Law when it places or transmits orders to that entity for execution.

A list of the entities with which the Bank currently places orders or to which the bank transmits orders is set out below. The Bank reserves the right at any time to remove from this list any entity which it considers to no longer be appropriate, or to add to this list any entity the addition of which it considers would be in the best interests of its clients. The Bank's clients have the right at any time to request an updated version of this list.

List of entities:

This Best Interests Policy will not apply in the case where the Bank provides the service of portfolio management and/or reception and transmission of Orders, and also the execution of those Orders or the decisions to deal on behalf of the client's portfolio. In such cases Section One above (Best Order Execution Policy) will apply.

The Bank will monitor the effectiveness of this Best Interests Policy, and in particular the execution quality of the entities listed above, on a regular basis and, where possible, will correct any deficiencies.

This Best Interests Policy shall also be subject to review on an annual basis and, additionally, whenever a material change occurs that affects the Bank's ability to continue to obtain the best possible result for its clients.

Name of the entity	Nature of the entity	FOREIGN EXCHANGE	MONEY MARKET	FIXED INCOME	EQUITY	DERIVATIVES
VTB, Moscow	VTBRU	✓	✓	✓	✓	✓
VTB 24, Moscow	VTBRU	✓	✓	✓	✓	

VTB Capital, London	BASVTB	✓	✓	✓	✓	✓
VTB Capital, Moscow	RUBANK	✓	✓	✓	✓	✓
TransCreditBank, Moscow	RUBANK					✓
Vnesheconombank, Moscow	RUBANK	✓	✓	✓	✓	
Sberbank, Moscow	RUBANK	✓	✓			
Gazprombank, Moscow	RUBANK	✓	✓	✓	✓	
Rosbank, Moscow	RUBANK	✓	✓			
Citibank, London	BANK	✓	✓	✓	✓	✓
Citibank, Moscow	BANK			✓	✓	
UBS, Zurich	BANK	✓	✓		✓	
UBS, Lugano	BANK	✓	✓			
UBS Ag, Stamford	BANK	✓	✓			
Credit Suisse First Boston, Zurich	BANK	✓	✓			
Credit Suisse First Boston, London	BANK	✓	✓	✓	✓	
Deutsche Bank, London	BANK	✓	✓	✓	✓	
Deutsche Bank, Frankfurt	BANK	✓	✓	✓	✓	
Deutsche Bank, Moscow	BANK					
Commerzbank, Frankfurt	BANK	✓	✓	✓	✓	
Commerzbank, London	BANK	✓	✓	✓	✓	
ING, Amsterdam	BANK	✓	✓			
ING, London	BANK	✓	✓			
ING, Moscow	BANK	✓	✓			
J.P. Morgan, London	BANK	✓	✓	✓	✓	
J.P. Morgan Chase Bank NY	BANK	✓	✓	✓	✓	
Merrill Lynch, London	BANK			✓	✓	
Merrill Lynch, Moscow	BANK			✓	✓	
Standard Bank, London	BANK			✓	✓	
Goldman Sachs, London	BANK			✓	✓	
Morgan Stanley, London	BANK			✓	✓	
Barclays Bank, London	BANK	✓	✓	✓	✓	✓
Lloyds TSB, London	BANK	✓	✓			
HSBC, London	BANK	✓	✓			
Raiffeisen Bank, Viena	BANK	✓	✓	✓	✓	
Mitsubishi UFJ Trust, London	BANK			✓	✓	
Nomura International, London	BANK			✓	✓	
Marfin Popular Bank	BANK	✓	✓			
Bank of Cyprus	BANK	✓	✓			
Hellenic Bank, Nicosia	BANK	✓	✓			
Royal Bank of Scotland, London	BANK	✓	✓			
BNP Paribas	BANK	✓	✓			
CLEARSTREAM Bank, Luxembourg	BANK	✓	✓	✓	✓	✓
ICAP Securities Limited, London	BROKER			✓	✓	
Tradition Ltd, London	BROKER			✓	✓	
Tullet PLC, London	BROKER			✓	✓	
Renaissance Capital, Moscow	BROKER			✓	✓	
Renaissance Capital, London	BROKER			✓	✓	

Renaissance Capital, Cyprus	BROKER			✓	✓	
Uralsib Capital, Moscow	BROKER			✓	✓	
NKB Investments, Cyprus	BROKER			✓	✓	
Troika Dialog, London	BROKER			✓	✓	
Troika Dialog, Moscow	BROKER			✓	✓	
Troika Dialog, Cyprus	BROKER			✓	✓	
Aton, Moscow	BROKER			✓	✓	
Aton, London	BROKER			✓	✓	
Aton, Cyprus	BROKER			✓	✓	
OTKRITIE Securities Limited, Moscow	BROKER			✓	✓	
REGION Brokerage Company, Moscow	BROKER			✓	✓	