

Order Execution Policy

October 2017

1. Introduction

Under the Markets in Financial Instruments Directive II & the Markets in Financial Instruments Regulation (“MiFIR / MiFID II”) (any amendment made in relation to MiFIR / MiFID II will only be effective on and after 3rd of January 2018) and the rules of The Financial Conduct Authority (“FCA”), Europe Arab Bank plc (“EAB”) is required to establish and maintain this Order Execution Policy, setting out our duty to obtain the best possible result 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 “financial instruments” for the purpose of MiFIR / MiFID II (a list of the financial instruments traded by EAB is contained in Appendix 1. The FX order Execution supplemental information can be found in Appendix 2.

We will arrange for your orders to be executed as soon as possible. Our official working hours are 9am to 5pm Monday to Friday, London time, excluding Bank holidays in England. Please be aware that we will only accept orders during our official working hours.

2. Definition of “Order”

“Order” means an instruction to buy or sell a financial instrument which is accepted by EAB for execution or transmission to a third party and which gives rise to contractual or agency obligations to the client.

Implicit in the instruction received will be the understanding that the client is relying on us to protect their interests in relation to the pricing or other aspects of the transaction that may be affected by how we or the entity to which we transmit the order executes the order. This includes where a trade is not immediately executable, where we are given discretion as to the manner of execution and exact terms of the transaction and where the trade can be executed and booked to the client’s account without the need for further reference to them, or where we execute an order as agent or riskless principal on the client’s behalf.

3. Duty of Best Execution

When executing orders in relation to financial instruments, we will take all sufficient steps to achieve what is called “best execution”. This means that we will obtain the best possible execution result taking into account the execution factors described below in paragraph 3.1. EAB will also consider the priorities the client places upon us in filling those orders and the market in question and which provides, in our view, the best balance across a range of sometimes conflicting factors. When EAB executes an order on behalf of a retail client, the best possible result will be determined in terms of the total consideration (as defined in paragraph 3.1).

3.1. Execution Factors

We consider the following factors when executing your order:

- Price
- Costs
- Speed

- Likelihood of execution
- Likelihood of settlement
- Size
- Other aspects of the order

Certain factors are more important than others. In the absence of any specific client instructions, EAB will take into account a combination of the execution factors listed below to be the most important for the purpose of providing the client with “best execution”. Notwithstanding this, there are certain situations in which the relative importance of these factors will change in response to the instructions that you provide.

Key Execution Factors

- **Price**; this refers to the resulting price of the transaction excluding our own execution charges. It will usually be our most important consideration. After price, speed and likelihood of execution are usually our most important considerations.
- **Costs**; these relate to commissions, costs and the fees that are charged for executing your order.
- **Speed**; speed as the rate at which we are able to progress your order. We will progress your order at a rate which we believe represents a balance between creating market impact and executing your order in a timely fashion so as to reduce execution risk.
- **Likelihood of execution / size**; likelihood that we are able to fill your order, or at least part of it. This factor has more importance in situations where access to liquidity in the relevant instrument is somehow constrained.

Other Execution Factors

- **Likelihood of settlement**: we will do our best for transactions that we execute for you to settle in a good time.
- **Nature or any other consideration relevant to the execution of the order**.

The prioritisation of these factors will vary from transaction to transaction, market to market and client to client. We will take all necessary steps to ensure the best possible result by using our commercial judgement and experience in light of market information available.

3.1.1. “Total Consideration”

With regard to retail client orders, the best possible result will be determined in terms of the ‘total consideration’. Total consideration is the price of the financial instrument and the costs related to execution, including all expenses incurred by the client which are directly related to the execution of the order (e.g. execution venue fees, clearing and settlement fees and any other fees paid to third parties involved in the execution of the order). Other factors may be given priority by EAB only if they are instrumental in delivering the best possible result in terms of the total consideration to the retail client (e.g. large order in a relatively illiquid share).

Whilst price must also be a factor in dealing with professional client orders, in some circumstances, where other factors are more important, we have flexibility to give them precedence.

3.2. Execution Criteria

In considering the relative importance of the Execution Factors listed above, EAB will also have regard to the following Execution Criteria:

- The characteristics of the client including the categorisation of the client as retail or professional;
- The characteristics of the client order;
- The characteristics of the financial instrument that is the subject of that order;
- The characteristics of the execution venues or entities to which the client order can be directed.

3.3. Client Specific Instructions

Where a client provides specific instructions as to how an order should be executed, you must transmit the order following that instruction and EAB will be deemed to have provided best execution in doing so.

However, we will disclose to our retail clients in these circumstances the following warning: 'any specific instructions from the client may prevent EAB from implementing the firm's policy to obtain the best possible result'.

4. Execution

Where EAB executes orders as Principal, we will normally use recognised traded venue used by EAB where the order is for standard settlement. Where the order is for non-standard settlement and it is not possible to deal, we will execute the order by telephone, which may result in a delay in completing the order.

When executing and / or transmitting orders for execution, EAB will take into account its own size and complexity of business, making choices that guarantee the best possible result that the firm could reasonably be expected to achieve for its clients in respect of the resources available to it.

Where we execute your orders directly, we will satisfy the best result obligation by selecting 'execution venues' where we consistently achieve best execution. Where we transmit your orders for execution to third parties, we will select venues which have execution arrangements in place that enable us to comply with our obligations to you. In practice this will mean choosing venues most likely to deliver the best possible results for you (having regard to your requirements as a retail client, the nature of the Securities, the characteristics of your orders and the characteristics of the venues to which your orders can be directed) on a consistent basis.

Where EAB utilises a third party broker for order execution, we will:

- Carry out due diligence and will take steps to ensure that the entity is able to provide an appropriate standard of execution in the relevant market; and
- Monitor our executions with the broker to satisfy ourselves that they are providing appropriate standards of execution.

4.1. Conflict of interest

We acknowledge that the opportunity for potential conflicts of interest exists and EAB is committed to mitigating these by performing due diligence and monitoring to satisfy ourselves that the standards of execution is appropriate. (Please refer to our Conflict of interest policy and your share dealing agreement for more information).

4.2. Use of Execution Venues

Where EAB transmits and receives orders for execution by a broker / dealer (i.e. alternative 'execution venue'), we will make all reasonable efforts to ensure that:

- The execution venues selected are subject to MiFID II best execution requirements;
- The execution venues can demonstrate that they have execution arrangements in place that will enable EAB to comply with its own obligation in relation to best execution when placing an order with them.

EAB to summarise and make public on an annual basis, for each class of financial instruments, the top five execution venues in terms of trading volumes where they executed client orders in the preceding year and information on the quality of execution obtained. The execution venues currently used by the Bank are listed in Appendix 1.

4.3. Factors used to choose execution venues

We intend to maintain access to the primary market for the securities in which we execute. The following factors reflect our approach in selecting venues:

- **Liquidity and price:** takes into consideration the venue likelihood of providing substantial opportunities to trade.
- **Credit and settlement risk:** we will not generally use a venue if we are not able to determine the obligations to settle a transaction.
- **Commercial positioning:** is it fit in achieving best execution.
- **Resilience:** is the venue resilient and reliable.
- **Speed of access, immediacy and likelihood of execution.**
- **Cost:** the fees that are charged to us by an execution venue.

5. Disclosure to Customers

Prior to carrying out any client order, the customer must be provided with sufficient information in writing about the Bank's Order Execution Policy, so as to enable them to make a properly informed decision about whether to utilise the services offered by EAB.

This requirement will be satisfied through provision of the EAB Securities Dealing Agreement, with the customer being required to return a signed copy, thereby confirming their acceptance of the Bank's Order Execution Policy.

6. Fees & Commissions

EAB is free to set its fees or commissions at the level it chooses, provided that no Execution Venue is unfairly discriminated against. It therefore follows that we may not charge a different commission for execution on different Execution Venues unless the difference reflects a difference in the cost to EAB.

7. Record-keeping

The Bank must arrange for records to be kept of all services, activities and transactions undertaken which are sufficient to enable the competent authority to fulfil its supervisory tasks under the MiFIR / MiFID II, and in particular to ascertain that the Bank has complied with all obligations including those with respect to clients or potential clients and to the integrity of the market.

The Bank should maintain proper records relating to customer orders for a minimum of five years, which should include as an absolute minimum:

- Details of all contact / correspondence with clients;
- Details of all contract / correspondence with alternative Execution Venues; and;
- Details of trades and transactions (e.g. price / timing), so that the Bank can demonstrate that orders were executed and / or transmitted in line with this Order Execution Policy
- Requirement to record of conversations and communications with all clients and Execution Venues where these relate to/ intend to lead to the conclusion of a transaction, even where the transaction is not concluded. This applies to all financial instruments

8. Review & Monitoring of the EAB Order Execution Policy

8.1. Review

The EAB Order Execution Policy will be reviewed by the EAB Compliance department on an annual basis, with consideration of:

- Addition / removal of alternative Execution Venues;
- Prioritisation of Execution Factors to ensure the best possible result in terms of the total consideration to the retail client.

We will publish relevant data on our execution venues on an annual basis on our website.

The Policy will also be reviewed on an ad hoc basis as and when any material business change may be identified that could affect the Bank's ability to satisfy its Best Execution requirements. The impact of such changes shall be determined on case-by-case basis through consultation between the Business and Compliance, with any remedial action being taken forwards as necessary.

8.2. Monitoring

The application of the EAB Order Execution Policy will be monitored by the Compliance department, as part of the annual Compliance & Financial Crime Prevention Monitoring Programme through:

- Sample testing of trades executed by EAB in house, to ensure that the client orders were handled in accordance with the Bank's Best Execution obligations, and demonstrated through proper records;
- Assessment of the quality of service being provided by alternative Execution Venues, discussion with the EAB staff who use these venues and sample checking.

Appendix 1

Financial Instruments

EAB may execute and / or transmit orders to deal in the following Financial Instruments, which are subject to the Order Execution Policy:

Financial Instruments	Execution Venue
Equity Investments	Thompson ReutersRedi
Debt securities	MarketAxess
UCITS	Thompson ReutersRedi
ETFs	Thompson ReutersRedi

Execution Venues

EAB currently uses the following Execution Venues to which it may transmit client orders in respect of the Financial Instruments listed above:

- MarketAxess
- Thompson ReutersRedi

The above list of venues may be updated from time to time. You will not be notified separately of any changes to these venues and we will also keep a list of updated venues on our website. Alternatively please ask us and we can supply you with our current list directly.

For onward custodianship with;

- Clearstream

Appendix 2

FX Order Execution Policy

EAB Treasury is able to take FX orders from our Corporate & Retail clients as well as market professionals.

The currencies in which we can take orders in are as follows:

USD, EUR, GBP, CHF, JPY, AUD, CAD, DKK, NOK, SEK, NZD, AED, BHD, KWD, OMR, SAR, JOD, XAU, XAG

Orders must be concise in their nature stating the following:

- Currency pair
- Amount
- Direction
- Price
- Value (spot or outright)
- Basis (stop loss/take profit etc)
- Order expiry time/date

A limit order is an order to buy or sell a currency at a specific price or better. A buy limit order can only be executed at the limit price or lower, and a sell limit order can only be executed at the limit price or higher. A limit order is not guaranteed to execute.

Stop Loss Order (S/L): An order to buy (or sell) once the price has moved above or below a specified stop price. When the specified stop price is reached, the stop order is entered as a *market order* (no limit). This means the trade will definitely be executed, but not necessarily at or near the stop price, particularly when the order is placed into a fast-moving market, or if there is insufficient liquidity available relative to the size of the order.

Take Profit Order (T/P): An order placed to buy or sell above the prevailing market price. Once the take profit level is reached the order will be closed therefore locking in the profit.

One Cancels the Other Order (OCO): An order stipulating that if one part of the order is executed, then the other part is automatically cancelled. Orders are taken on a stop loss/take profit basis (clearly stating the stop loss side & the take profit side) or as a means for a client to enter into a position higher (or lower) than the prevailing market price. In the case of the latter execution of the order will be the same as a take profit order.

If Done Order (IFD): An order placed to establish/close a market position once an order as outlined above has been executed. All orders need to fulfill the criteria set out above.

Out of Hours Monitoring: To be able to take client orders EAB needs to have the ability to place orders into the market.

EAB Treasury's office hours are 8.00am until 4.30pm. Outside these hours client orders cannot be cancelled or amended.

Order Cancellation/Amendment: All order cancellations/amendments shall be evidenced as mentioned above.

Record Keeping: All orders are evidenced on the EAB FX order management system which is available on the intranet.

Conflict of Interest: Any client order taken shall take priority over EAB Treasury's ability to execute a proprietary order at the same price.

Partial Allocation: In the event of receiving two or more identical client orders any partial allocation will be applied on a pro-rata basis.