

## **General Terms and Conditions applicable from 25 May 2018**



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# INTRODUCTION

## 1. Presentation of the Bank

KBL European Private Bankers S.A. (hereinafter the "Bank") is a credit institution governed by the laws of Luxembourg, registered in the Luxembourg Commercial Register under the number B 6395.

The Bank's registered office is located at 43, boulevard Royal, L-2955 Luxembourg (tel.: +352.47.97.1 – fax: +352.47.97.73.912). The Bank is open on business days from 9.00 a.m. to 4.30 p.m.

The Bank's website is accessible via the link [www.kbl.lu](http://www.kbl.lu).

The Bank is approved by the Supervisory Committee for the Financial Sector (hereinafter the "CSSF"), with offices at: 283, route d'Arlon, L-1150 Luxembourg (website: [www.cssf.lu](http://www.cssf.lu)).

## 2. Subject of the General Terms and Conditions

The General Terms and Conditions ("GTC"), including its appendices, shall govern business relations between the Bank and its clients (hereinafter individually the "Client" and collectively the "Clients") and shall determine their respective rights and obligations.

Furthermore, specific provisions may govern certain aspects of the business relationship (power of attorney, joint account, usufruct/bare ownership account, rental of safe deposit boxes, etc.).

Any derogation from these General Terms and Conditions or other specific conditions may arise only from an express written agreement with the Bank.

The headings of the present General Terms and Conditions have been drawn up with the aim of making the presentation and understanding of the rules governing relations between the Client and the Bank easier. It is understood that any rule in a heading may, if appropriate, be used for another service offered by the Bank inasmuch as this proves relevant.

The General Terms and Conditions shall be submitted to the Client at the start of the business relationship. They shall also be available free of charge at the Bank's counters or on request.

The business relationship shall also be governed by the laws and regulations of Luxembourg, common banking practices in effect in the financial markets of Luxembourg, as well as by any professional rules which may be applicable.

Where appropriate, foreign legislation, regulations or practices shall also be applied within the context of the relationship between the Bank and its Client, notably on account of his/her residence or nationality, tax situation, the execution of his/her operations, the characteristics of assets which he/she may hold or where they are held.

The Bank shall adopt the principles of the Business Ethics Code adopted by the Association of Luxembourg Banks and Bankers (ABBL), notably those governing the relations between the Bank and its Clients. This Business Ethics Code is available on the ABBL's website via the link: [www.abbl.lu](http://www.abbl.lu).

## **Part 1 – GENERAL POINTS**

### **3. Relationship of trust**

The relationship between the Bank and the Client is established following the Bank's acceptance of the Client's request to open an account. This relationship, in which consideration of the person of the Client is decisive for the Bank, shall rest on a specific relationship of trust.

The Bank shall never be obliged to initiate such a relationship and shall not be required to provide justification if it decides to decline an account.

### **4. Authorised bank signatures**

Any commitment by the Bank shall bear the signature of persons authorised to represent it. In the absence of the same, the Bank shall only be obliged to provide proof of its commitment to the Client.

The list of specimen signatures of persons authorised to represent the Bank may be consulted at the Bank's counters.

Under exceptional circumstances, the Bank shall authorise certain of its Clients to consult this list via a secure website. This option shall be at the discretion of the Bank and shall require the signature of a specific contract.

### **5. Provisions against money laundering, financing of terrorism and market abuse**

#### **5.1. Identification of the Client**

At the start of the relationship, the Client shall communicate to the Bank all the information necessary for his/her identification, pursuant to legislation and regulations against money laundering and financing of terrorism applicable within Luxembourg and to any rule of business ethics followed by the Bank.

##### **5.1.1. Clients who are natural / legal persons**

The Client shall be obliged to communicate to the Bank any information (on his own initiative and/or at the Bank's request), especially with regard to his/her identity, civil capacity, profession, civil residence, fiscal residence, domicile, public or private responsibilities and the respect of his tax obligations, including in his country of residence, or in the case of a legal person, its activities or financial situation likely to influence the Client's relationship with the Bank. The Bank determines the supporting documents which must be submitted to it for this identification. The same identification shall be carried out for any authorised representative of the Client.

Authorised representatives of legal entities must be identified in the same way and must provide proof of their authority to act.

The Bank shall be entitled at all times to demand confirmation of the authenticity of the signatures affixed to the documents submitted to it.

##### **5.1.2. Association or grouping without a legal personality**

In the presence of any association or grouping of persons lacking a legal personality, the Bank shall carry out the identification of all or some of its members in the manner that it considers most appropriate and shall ensure that the account opened in its name operates according to the articles of association or rules to be communicated to it.

Its members shall be held jointly and severally and indivisibly liable for all commitments made with regard to the Bank for the account of the association or grouping. They shall cover the Bank against all consequences which may arise from ignorance of their obligations to the association or grouping, internal disagreements or inaccuracy in the articles of association or rules.

Where, at the initiative of one of its members or a third party, a measure affecting the account, the assets held within it or the safe deposit box opened in the name of the association is notified to the Bank, the Bank shall take the measures required to comply with this. The same shall apply if this measure is aimed not at the association or grouping as such but at one of its members without it being possible to hold the Bank liable for the same. The other members shall then be responsible for taking all useful and necessary measures for asserting their rights or those of the association or grouping.

##### **5.1.3. Economic beneficiary**

The Client who is a natural person shall be obliged to declare to the Bank whether or not he/she is the economic beneficiary of the assets which he/she entrusts to the Bank. Where this is not the case, the Client shall be obliged to provide the Bank with the necessary documents in order to establish the identity of the economic beneficiary(ies).

Other than in exceptional cases, legal entities shall be obliged to notify the Bank of all information and documents necessary for the identification of their economic beneficiary(ies).

In any case, a document issued by the economic beneficiary(ies) must be provided to the Bank for identification purposes.

#### **5.1.4. Updating of data**

The Client shall be obliged to indicate to the Bank immediately, of his own accord and in writing of any changes, in particular in his/her personal or professional circumstances (in particular a change of address), or, in the case of a legal person, its activities, its financial situation, form of operation, shareholder or economic beneficiaries, accompanied where necessary by the relevant supporting documents.

The same shall apply for all changes affecting the situation or the rights and obligations of persons directly or indirectly affected by the banking relationship.

Modifications shall be considered only after they have been received, even if these modifications have previously been published, whether officially or not.

Throughout the banking relationship, the Bank may also on its own initiative and at any time request the Client to provide any information necessary to update or complete his data. The Client undertakes to comply with the Bank's requests as quickly as possible.

The Client shall be liable for any consequences of his/her behaviour if he/she fails to inform the Bank of such a modification, is late in informing the Bank of same, provides inaccurate or incomplete information or does not reply to the Bank's requests.

In all cases the Bank is authorised to act or to refrain from acting, basing itself on the latest Information available provided by the Client in whatever field and drawing the necessary conclusions.

#### **5.1.5. Inadequate documentation**

Before it is opened, an account must be fully documented. The Bank may refuse to make an account operational or may suspend the operation of same until such time as all the required documents and information have been submitted.

If, in the context of its relationship with the Client, his legal heirs or economic beneficiaries, the Bank considers that it is not in a position to judge the validity or authenticity of the documents received or to interpret the same, it reserves the right to take all appropriate measures, and notably to request any useful supplementary information.

It may likewise request the translation of foreign documents, where necessary by a sworn translator, at the Client's expense.

The Bank shall never be liable for the authenticity, content, validity or any possibly erroneous interpretation of the documents submitted to it.

#### **5.2. Client behaviour**

The Client undertakes not to deposit or receive in his/her account or in a safe deposit box, any asset of any nature which could directly or indirectly be the product of an offence or be intended for the committing of such an offence. An offence should be understood in particular as misappropriation of funds, private and public corruption, counterfeiting, tax fraud.

Likewise, the Client undertakes not to carry out transactions which would constitute the financing of terrorism..

#### **5.3 Provisions on market abuse**

Within the framework of Regulation 596/2017 of the European Parliament and of the Council of 16 April 2014 on market abuse which entered into force on 3 July 2016 as well as the Law of 23 December 2016 transposing Directive 2014/57 of 16 April 2014 on criminal sanctions for market abuse, the Client undertakes not to use inside information to acquire, dispose of or to attempt to acquire or attempt to dispose of, for his own account or for the account of a third party, directly or indirectly, financial instruments to which that information applies. Likewise, recommending another person to acquire or dispose of or to have acquired or disposed of by another person, on the basis of insider information, the financial instruments to which that information applies, is an offence.

#### **5.4 Additional communications**

The Bank shall always be entitled to call upon the Client to provide it with any pertinent information on the context of the transactions which the Client wished to be executed. If the Client fails to do this, the Bank shall be entitled to suspend or refuse the execution of the transaction. The execution of certain transactions may likewise be refused if it constitutes an offence or if the context of the transaction does not correspond to the Bank's code of conduct.

The Bank shall not incur any liability for reports it is obliged to make to the authorities by virtue of legal or regulatory provisions.

#### **6. Banking secrecy**

In accordance with its professional secrecy obligations, the Bank must keep secret all the information that the Client provides and may, within this framework, only forward information about the Client to a third party when such disclosure complies with, or is required by, the law or on the instructions/with the agreement of the Client. In the case of exceptions, the Bank may communicate information to the (legal, administrative, fiscal or supervisory) authorities in cases stipulated by law without the Client's consent being required.

This banking secrecy obligation is enforced against those persons presenting themselves as the Client's legal heirs until they have justified their authority with supporting documents determined by the Bank.



In order to improve the efficiency and quality of the products and/or services requested or subscribed to by the Client (or which may later be added to them) and to ensure optimal service for the Client, the Bank may, for certain tasks (including those such as hosting data and software and providing maintenance, development, production, training and IT support services) have recourse to the services of third parties and in particular the Lombard Odier group, mainly localised in Luxembourg and Switzerland ("Third-party Service Provider").

The Client expressly acknowledges that, during the period of their banking relationship, the Bank may outsource all or part of its activities, as indicated above, to the Third-party Service Provider. When the Client's confidential data and information are transferred to the Third-party Service Provider, the Bank shall ensure that the said service provider is contractually obliged to comply with the applicable requirements in regards to data protection and/or confidentiality regarding the transferred data.

Within this framework, the Client, in his own interests, expressly instructs the Bank for the requirements of the services provided by the Third-party Service Provider, to transfer and/or give the Third-party Service Provider access to a certain amount of his data and confidential information including in particular his name, particulars (address, telephone, e-mail), account number, information on the account and assets in the account, for the needs described above and in accordance with the terms of this section. The Client is in addition aware of the fact that the protection offered by professional secrecy in Luxembourg is, by definition, of domestic application and shall no longer be applicable when data and information shall be transferred outside Luxembourg.

By explicit agreement, the Client further authorises the Bank to communicate all pertinent information on him (in particular, his name, particulars, account number, information on his account and the assets in the account) to any natural or legal person directly or indirectly providing products and/or services requested and/or subscribed to by the Client or which may later be added to them, including to third parties to which certain services or tasks are outsourced (sub-custodian, broker, the Bank's agents, clearing house, settlement system, market operator, regulated markets or other financial instrument markets). At all events, the Bank shall only transmit the information, under the conditions laid down in this Article, to third parties who undertake to preserve the confidentiality of the information or are subject to professional secrecy under the terms of the legislation in force.

## **7. Protection of personal data**

### **7.1. Data controller**

Within the framework of the banking relationship, the Bank, which is data controller (meaning the organisation which determines the means and purposes of the processing of personal data) will collect personal data about the Client (in particular name, address, domicile, civil residence, tax identification number, date and place of birth, accounts and financial positions and other data identifying the Client and mentioned in Article 6 above).

The contact details of the Bank's Data Protection Officer are the following: [DATAPROTECTIONOFFICERKBL@kbl-bank.com](mailto:DATAPROTECTIONOFFICERKBL@kbl-bank.com)

### **7.2 Purposes for collecting and using the personal data**

These data are collected and processed by the Bank insofar as this is required:

- to perform contractual obligations towards the Client, for instance, to manage the Client's accounts and relationship as well as to manage loans (including the assessment of the loan and the Client's solvency), banking products and services (and in particular payment instruments, investments, deposits (including in safe deposit boxes), asset management, trading, e-banking access control management and more generally wealth management) and client reporting;
- to meet legal and regulatory obligations in particular with regard to applicable commercial law, the fight against money laundering and the financing of terrorism, the identification and fiscal reporting where appropriate (particularly in application of Council Directive 2011/16/EU on administrative cooperation in the field of taxation as amended by Council Directive 2014/107/EU and implemented by the Luxembourg law of 18 December 2015 on the OECD's standard for automatic exchange of financial account information in tax matters (known as "the Common Reporting Standard") as mentioned in Article 9.2.3 and in application of the Luxembourg law of 24 July 2015 on FATCA (Foreign Account Tax Compliance Act) as mentioned in Article 9.2.3, or any other regime for the automatic exchange of information to which the Bank may be subject from time to time), the framework of the regulatory reporting on clients' investment transactions in application of Regulation (EU) No 600/2014 on markets in financial instruments as well as compliance with requests from, or requirements of, regulatory and enforcement authorities; to respond to MIFID II requirements, and to manage complaints, data subject request, personal data breach and/or incident; to record telephone conversations according to CSSF regulatory requirements, as well as to archive account documents, forms and other correspondence for legal purposes (digital and paper);
- to meet the purposes of the legitimate interests pursued by the Bank or by a third party, for instance, for the prevention of non-payment, fraud and other criminal activity, management of debt collection and litigation, producing statistics, payment verification, to enforce these General Terms and Conditions, to implement any changes in the Bank's corporate structure or ownership, to manage risk, for accounting and audits, for direct marketing purposes relating to the Bank's products and services, to conduct surveys (including developing commercial offers), as well as to have video surveillance for safety and security matters (persons and assets).

### **7.3. Data disclosure**

To achieve the purposes listed in Article 7.2 above, the Client's personal data may be transmitted to third parties, in particular other companies in the Bank's group, its commercial partners, Third-party Service Providers or other sub-contractors as well as to any external asset managers as may be authorised by the Client. To meet its legal and regulatory obligations, in particular in the fight against money laundering and the financing of terrorism and cooperation in tax matters, these data may, where appropriate, also be transferred, to the extent permitted by the law, to public organisations, administrative or legal authorities and supervisory bodies.

Certain third parties mentioned in the preceding paragraph may be located in countries outside the European Union and not deemed by the European Commission to provide a level of protection for personal data equivalent to that of the European Union. The Client is informed that data transfers to such third parties will, depending on the nature of the transfer, either:

- be covered by appropriate safeguards such as standard contractual clauses approved by the European Commission, in which case the Client may obtain a copy of such safeguards by contacting the Bank; or
- be authorised under applicable data protection law, where appropriate, as such transfer is consented to by the Client or is necessary for the performance or performance of a contract concluded in the Client's interest or for the establishment, exercise or defence of legal claims or for the performance of a contract between the Bank and the Client (for instance for executing domestic or international payments with corresponding banks or other third parties as detailed below).

In accordance with applicable legislation, if funds are transferred, certain personal data must be transferred to the bank of the beneficiary of the transfer(s), which may be outside the European Union. Data accompanying the transfer of funds are handled by the Bank and by other specialist companies such as SWIFT (Society for Worldwide Interbank Financial Telecommunication). They may be handled by centres located in other European countries or the USA, operating in compliance with their legislation. Consequently, the authorities of these countries and the USA may request access to personal data held in these handling centres within the framework of the fight against money laundering and the financing of terrorism. Any Client, requesting the Bank to carry out a payment or any other transaction, is informed that any data necessary for the correct execution of the transaction may be handled outside Luxembourg.

## **7.4 Data protection rights**

The Client has a right to:

- access, free of charge at reasonable intervals, the personal data held about the Client and receive additional information about how they are processed;
- rectify any inaccurate personal data or complete any incomplete personal data;
- seek the erasure of the Client's personal data when the processing of his or her data is no longer necessary for the purposes described Article 7.2 above, when the Client has withdrawn his or her consent to a specific processing (to the extent that consent justifies this processing), when the processing is not or no longer lawful for any reasons, when the erasure is necessary to comply with applicable law or when the Client objects to the processing either in the absence of any overriding legitimate ground for such processing or when the processing is carried out for direct marketing purposes;
- object at any time to processing for direct marketing purposes and to object, on grounds relating to his or her particular situation, to any processing based on the Bank's legitimate interests;
- receive the personal data relating to the Client and transmit them to another data controller to the extent that the legitimacy of the processing lies on contractual performance and is carried out by automated means; and
- seek the restriction of the processing for instance when the Client contests the accuracy of the data or when the processing is not or no longer compliant with applicable law and the Client has objected to the erasure of the data. Such restriction will result in the personal data being, with the exception of storage, only processed in specific cases (including with the consent of the Client or for the establishment, exercise or defence of the Bank's legal claims);
- withdraw his or her consent to the processing to the extent that the legitimacy of such processing relies on consent.

The Client may exercise these rights by writing to KBL European Private Bankers S.A. 43 boulevard Royal, L-2955 Luxembourg or emailing the Bank's data protection expert(s) on [DATAPROTECTIONOFFICERKBL@kbl-bank.com](mailto:DATAPROTECTIONOFFICERKBL@kbl-bank.com).

In addition, the Client has a right to file a complaint with the Luxembourg data protection authority, the "Commission nationale pour la protection des données" (CNPd), if the Client has concerns about the processing of his or her personal data.

Below are the contact details of the "Commission nationale pour la protection des données":

Address: 1, avenue du Rock'n'Roll, L-4361 Esch-sur-Alzette  
Telephone: (+352) 26 10 60 -1  
Fax: (+352) 26 10 60 - 29  
Website: <https://cnpd.public.lu/en.html>  
Web-form: <https://cnpd.public.lu/en/droits/faire-valoir/formulaire-plainte.html>

The Bank will retain the Client's personal data only for as long as necessary for the relevant processing activity and/or for as long as is necessary to comply with all relevant legal and regulatory requirements.

## **7.5 Corporate clients**

On a case-by-case basis, personal data about the Client's shareholders, employees and/or agents, as well as the economic beneficiaries or other individuals related to the Client may be collected and processed by the Bank for the same purposes and means according to the same terms as those of the Client described in this Article 7.

The Client who provides the Bank directly or indirectly with personal data of these individuals warrants that it has, before providing these data to the Bank, adequately informed the individuals concerned of the processing of their personal data as described in this Article 7 (including the categories of personal data processed and data protection rights) and, where required, obtained their agreement to this processing.

The Client shall not hold the Bank liable for any financial consequences resulting from breaches of this warranty.

## **7.6. Recording telephone conversations**

The Client acknowledges that the Bank records all telephone calls of a commercial or transactional nature made from and to the landlines and mobile telephones of the members of Wealth Management, Group Institutional & Professional Services, Business Development, Group Wealth Planning & Structuring as permitted by applicable data protection law. The purposes of these recordings is notably, but not limited to, providing clarification or proof, in particular if there is a dispute, of an instruction, transaction or any other commitment or commercial communication. The Bank shall keep these recordings (vocal data, traffic data (date, time of call, duration, etc.) for 10 years. The Client has the possibility of making telephone calls which are not subject to recording by the Bank, it being understood that this type of communication does not authorise discussions of a commercial nature (whether or not they result in a transaction). The Client has the rights described in Article 7.4. above in relation to the telephone recordings.

## **8. Obligations specific to the Client**

The banking operations carried out by the Client may, by virtue of their nature, give rise to the fulfilment of legal and/or regulatory obligations to which the same Client is personally subject, notably on account of his/ her nationality or place of residence. The Bank shall not be subject to any duty of inspection with regard to the existence or observance of these legal or regulatory provisions. The Client declares that he/she shall take responsibility for the same and shall release the Bank from any liability in the event that he/she contravenes the same.

It is the Client's responsibility to meet his tax obligations (declaration and payment of direct and indirect taxes and other duties) which may be applicable due to his business relationship with the Bank and more particularly following his depositing his assets with the Bank, transactions executed by the Bank on his behalf (e.g. the sale of financial assets with a profit) or services provided by the Bank (e.g. credit). The Client is advised that holding certain assets, carrying out certain banking operations and the provision of financial services by the Bank may have other financial implications than those of residence.

Tax obligations are personal in the sense that it is the Client's responsibility to see that they are met and not the Bank's. If the Client is not the ultimate owner of the assets held in the account, he must inform the beneficial owner of the assets of the need to fulfil the latter's own tax obligations even if this latter is not the holder of the account open in the Bank's books. Withholding tax levied by the Bank on income and the exchange of information with the competent authorities does not exempt the Client/beneficial owner of the assets from their tax obligations (consequently, withholding taxes may not be one-off so that income must be mentioned in the tax declaration).

If there is joint-ownership it is the Client's duty, in agreement with the joint accountholders, to determine who should fulfil the tax obligations for the assets deposited in the account. Likewise if there are several economic beneficiaries of the assets and beneficiaries of the same service provided by the Bank (e.g. a loan granted to several borrowers).

Non-compliance with tax obligations may be punished, depending on the applicable legislation, by financial penalties (increase in tax and/or fine) and be subject to penal sanctions including the application of foreign legislation on the fight against money laundering.

The Client is further advised that by applying Luxembourg legislation and international agreements, certain personal data concerning him or relating to the economic beneficiary of the assets or data relating to any other person with whom he has a business relationship through his account (e.g. the name of the beneficiary of a transfer) may be transmitted, automatically or on request and insofar as the conditions are met, to the competent Luxembourg and/or foreign authorities, including the tax authorities.

Given the differences in the tax legislation of the various states and their frequent amendments the Client's attention is particularly drawn to the fact that the Bank cannot guarantee the accuracy and exhaustiveness of the information available to it in order for it to fulfil its declaratory tax obligations. It is the responsibility of the Client / economic beneficiary of the assets to ensure, if necessary with the aid of an accountant or tax adviser of his choice, the accuracy and exhaustiveness of the information transmitted by the Bank.

## **9. International cooperation**

Pursuant to Luxembourg or European standards or as a result of international agreements concluded between the Grand Duchy of Luxembourg and other States, the Bank's cooperation may be required in criminal and tax matters.

### **9.1. Cooperation in criminal matters**

The Bank may be required to provide documents and/or information as part of a criminal inquiry undertaken by a Luxembourg or foreign magistrate; in the latter case when a request for international mutual legal assistance in a criminal matter has been made. Pursuant to Luxembourg law in the matter and/or international treaties linking the Grand Duchy of Luxembourg to other States, the Bank will collect the said information and/or documents with a view to giving them to the competent Luxembourg authority.

The Bank may also be required to seize assets or effects belonging to the Client. Under these conditions the Bank cannot be held liable for not carrying out the Client's instructions due to the seizure. The same applies for difficulties which may arise when the assets seized are part of a discretionary management mandate, especially as regards modifying the investment strategy or terminating the management mandate.

When legally authorised and without being able to be held liable for its interpretation of the law in this field, the Bank will inform the Client by letter of the measure in question, domiciliation of mail notwithstanding, if that is the case. It is then up to the Client to decide whether or not he deems it appropriate to initiate legal proceedings which may be open to him and within the deadline imposed in the abovementioned letter.

In line with its tariff, the Bank may bill the Client for the searches necessitated by collecting the documents and/or information required. The amount will then be automatically debited from any account belonging to the Client, even if he is only a joint accountholder.

## **9.2. Cooperation in tax matters**

### **9.2.1. Withholding tax**

#### **U.S. withholding tax**

With regard to the tax authorities of the United States of America the Bank has undertaken to act in the capacity of a "Qualified Intermediary" with a view to levying withholding tax on certain income of U.S. origin.

Within the context of its commitments, the Bank must determine the tax residence of its clients (so that the correct withholding tax can be applied to certain income from US sources) and Clients having a tax link with the United States, notably by virtue of their capacity as a U.S. taxpayer. The Client in question must complete the U.S. form "W9", available from the Bank and any other document required and necessary given the Client's tax situation.

Generally speaking, within the framework of respecting the Bank's obligations, the Client in question shall recognise and accept that the Bank shall also take all useful and necessary measures in observance of its obligations, including refusing to execute an instruction, levying withholding tax, notifying personal information to U.S. tax authorities, selling U.S. securities or terminating the business relationship.

### **9.2.2. Cooperation in the matter of the exchange of information on request**

Pursuant to the standards imposed at European level and the tax treaties concluded between the Grand Duchy of Luxembourg and other States and in application of the Luxembourg laws approving these tax treaties and providing for procedures relating to them; the Bank may be required by one of the Luxembourg tax authorities to provide it with information on the Client or his assets, including the income generated by the assets deposited in the Client's account.

The bank will provide the information requested on the simple request of one of the Luxembourg tax authorities without having to check if the conditions relating to the exchange of information have been respected by the State requesting the information or by the Luxembourg State.

In line with its tariff, the Bank may bill the Client for the searches necessitated by collecting the information required. The amount will then be automatically debited from any account belonging to the Client, even if he is only a joint accountholder.

### **9.2.3. Cooperation in the matter of the exchange of information**

In application of certain international standards <sup>1</sup> (as, where appropriate, transposed into Luxembourg law) an in general application of all legislation relating to the automatic exchange of information in tax matters, the Bank shall collect and process a certain amount of information and personal and financial data regarding the Client in accordance with Article 7 of these General Terms and Conditions. The following information in particular is included in the information which may be processed by the Bank within the framework of the automatic exchange of information in tax matters: VAT number, value of the supplies of goods and services, account number, balance or carried amount on the account, total gross Interest, dividends or other income, total proceeds of the sale or redemption of financial assets.

The information and data collected and processed within the framework of the automatic exchange of information in tax matters shall only be used for the purposes stipulated by the abovementioned standards.

The Client is hereby informed that in this context and in accordance with the obligations imposed on the Bank, the latter is likely, depending on the Client's personal situation (or that of the persons controlling it), to transmit automatically to the Luxembourg tax authorities ("Administration des contributions directes" or "Administration de l'Enregistrement et des Domaines" depending) - without prior agreement and/or warning - the Client's personal information and data (or that of the persons controlling it) which are required by these standards on the basis of the latest information available to the Bank.

The Luxembourg tax authorities are also liable, in their turn, to collect, process and transmit this information and these data to the competent authorities in a foreign jurisdiction with which Luxembourg has implemented agreements and legal instruments allowing the automatic exchange of information in tax matters. After the information has been transmitted to the Luxembourg tax authorities, the latter shall be solely responsible for processing the data received and the Bank shall no longer be liable for the data transmitted.

The Client is expressly advised that answering the questions posed and the requests for information within the context of these standard provisions is compulsory. He must provide every element or document requested by the Bank and any failure to comply with his obligations in accordance with Articles 5.1.1 and 5.1.4. of the General Terms and Conditions may lead to the Bank (without it being liable) communicating to the Luxembourg tax authorities information that it should not or that is erroneous or outdated information and consequently to the Luxembourg tax authorities divulging the Client's identifying information to foreign tax authorities which are not concerned.

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<sup>1</sup> The Bank draws the Client's particular attention to the following international standards: FATCA (Foreign Account Tax Compliance Act) in the USA, CRS/NCD (Common Reporting Standard/Norme Commune de Déclaration published by the OECD), DAC (European Council Directive 2011/16/EU of 15 February 2011 on administrative cooperation in the field of taxation as amended by Council Directive 2014/107/ EU of 9 December 2014).

## **10. Communication with the Bank**

### **10.1. Languages of communication**

Communications between the Bank and the Client shall be carried out at the choice of the latter in French, Dutch, German or English.

Any other language used between the Bank and the Client shall be purely for convenience and shall not create any obligation on the part of the Bank to use this language in its regular communications with the Client.

The documents and information drawn up by the Bank which relate to the functioning of the Client's account (the Fee Schedule, advice of execution and account statements, etc.) are available in one of the four languages mentioned above. The other general information documents (information sheets, brochures, etc.) may be available in only one or other of these languages.

### **10.2. Means of communication**

The Client may communicate with the Bank by telephone on the numbers indicated above in Article 1. All documents must be sent to the Bank's address indicated above in Article 1.

The Client may also address his/her correspondence by fax to the numbers indicated above in Article 1, subject to the consideration of that correspondence by the Bank, as specified below in these General Terms and Conditions.

The Client may obtain information and documents, through a representative (lawyer, notary, etc.). For reasons of banking secrecy, the Bank shall agree to correspond with this authorised representative only after it has received a written power of attorney, signed by the Client, indicating the precise extent of the mandate. Such power of attorney shall be presumed to exist if the client countersigns the correspondence of the authorised representative containing the request for information and/or documents which is addressed to the Bank. This power of attorney shall remain in effect until a cancellation instruction for the mandate is submitted to the Bank, unless otherwise stated in this power of attorney.

## **11. Correspondence**

### **11.1. Sending of correspondence**

Correspondence shall be sent to the Client's address or to the domicile chosen by him/her, as indicated in the documentation opening the banking relationship. This address may be modified subsequently on the instructions of the Client. The change of address notified by a legal representative shall be considered only after receipt of written confirmation from the Client.

The parties shall agree on the frequency of sending of this correspondence.

A letter sent to the last address indicated by the Client shall be validly notified to the same even if it is returned to the Bank for whatever reason. Any further correspondence shall automatically be domiciled at the Bank, at the risk and expense of the Client.

The sending of correspondence to the address of one of the legal heirs of a deceased Client who has made a request for the same shall count as dispatch to the other legal heirs, whether or not they are aware of this request. The other legal heirs shall be able to request a copy of the letter.

The proof of sending of correspondence to the Client shall be reliably established by production of a copy of this correspondence by the Bank. The copy may take a form which differs from the original by virtue of the method by which it is filed.

### **11.2. Domiciliation of correspondence**

Under exceptional circumstances the Client may request that his/her correspondence be held at the Bank. A reason must be given for any such request. The Bank shall assess each request on a discretionary basis and may accept or reject it without having to give a reason for its decision. The Bank may, in addition, request the Client, at regular intervals, (if necessary by contacting him at his legal address) to justify the continuation of this service. Any lack of justification or any insufficient justification may lead to the unilateral termination of the service by the Bank under the conditions given in the final paragraph of this article.

Correspondence domiciled at the Bank shall be considered to have been notified to a Client on the day following the date appearing on the correspondence.

Clients who request domiciliation of correspondence undertake to take regular note of the same and to inform themselves of the status of their account at the same time. They shall bear sole responsibility for the detrimental consequences of late acknowledgement of their domiciled correspondence.

Notwithstanding any domiciliation, the Bank shall reserve the right to send a Client all correspondence intended for him/her whenever it deems this appropriate.

If the Client has opted to have his mail forwarded, the Bank reserves the right to hold it if the means of forwarding the mail constitutes or is likely to constitute an infraction of any legislation or regulation. The Bank shall do all it can to inform the Client of this change by any means of communication.

In any case, the Bank shall destroy any domiciled or returned correspondence on its premises which has not been collected after a deadline of five years. When closing the banking relationship, the mail held by the Bank will be handled according to the option selected in the account closure form or according to the instructions in the Client's letter closing the account. If there are no written instructions in this letter, the mail shall be destroyed.

To protect the Client against fraud, the Bank reserves the right to suspend the execution of any transaction if the Client has not picked up his domiciled mail for four consecutive years. The delivery of the management report and its consultation using the eKBL online banking service shall, for the purposes of this clause, constitute collection of domiciled correspondence.

The Bank will take all possible means to inform the Client but will not be held liable if this is not possible. Here the Bank will use the information in its possession to inform the Client (address and telephone number) so that it is up to the latter to make the bank aware of any changes to these.

Notwithstanding the preceding provisions, the Bank is entitled to limit this service to clients who have taken out certain products and services with the Bank.

The Bank may in addition terminate this service at any moment by sending a letter to the address of the Client in question giving 30 calendar days' notice. In this case, the Client must come to the Bank to collect his mail within the notice period. If the client fails to do so, the Bank reserves the right to send any mail held at the Bank to the Client.

## **12. Proof**

The Client recognises that the books or documents maintained or kept by the Bank are valid as elements of proof within the context of their business relationship. The documents may be kept in their original form, in the form of photographic, micrographic, magnetic, electronic or optical copies, as well as in the form of carbonless papers. These media are considered to have the same conclusive force as the original documents.

The Client is also reminded that the Bank may record telephone conversations of a commercial or transactional nature between itself and its clients, as mentioned in Article 7 of these General Terms and Conditions. These recordings may be used in court with the same evidential value as written proof. The Bank and the Client agree that the characteristics of a transmitted order may be proved by the telephone recordings made by the Bank.

## **13. Complaints**

The Client shall be obliged to submit any complaint to the Bank in writing within 30 calendar days of the date of receipt or domiciliation of bank statements, reports or other correspondence issued to him/her by the Bank.

As an exception to this, and given the speed with which their values may fluctuate, the deadline for complaints regarding any transaction relating to financial instruments shall be reduced to eight business days from the date of receipt or domiciliation of notices of execution.

If the Client fails to submit his/her complaints by one or other of the abovementioned deadlines, as appropriate, he/she shall be presumed to have approved the transactions or the terms and conditions which have been sent to him. The Client's silence in one or the other of the abovementioned deadlines, as the case may be, will be taken as tacit approval of the entries, this approval being to recognise the transactions, to accept the account conditions and/or instructions given to the Bank.

Any aggravation of the injury suffered by the Client as a result of a late complaint shall remain his/her exclusive liability.

Pursuant to CSSF Regulation 13/02, the Client is hereby informed that he may initially address complaints to the Risk & Quality Control department which will reply as quickly as possible. If the reply is unsatisfactory, the Client may also send his request to the Member of the Board responsible for Complaints at the following address: 43 Boulevard Royal L-2955 Luxembourg.

If the reply is still unsatisfactory, Clients may also submit complaints to the CSSF (283 route d'Arlon, L-1150 Luxembourg), with a view to settling amicably the difference which has brought them into conflict with the Bank.

Information about this can be found on the Bank's website at <https://www.kbl.lu/en/what-we-do/private-banking/client-satisfaction/>

## **14. Statute of limitations**

Subject to the application of shorter contractual or legal deadlines, it is hereby agreed that the Client may not make a complaint or bring any judicial or other action against the Bank after a time-limit of two years has expired from the date of the act, fact or omission of which the Bank is accused.

## **15. Expenses and taxes**

The Client shall meet the expenses generated by the operations carried out or the services provided for his/ her account or benefit, even if he/she later withdraws from the transaction. The same shall apply for all expenses incurred following any procedure or initiative in which the Bank finds itself involved as a result of its relationship with the Client.

In particular, the Client shall bear the expenses of correspondent banks or other intermediaries, postal and telephone expenses, as well as those of other means of communication, search expenses, expenses generated by any measures taken by any authority, expenses incurred in the interest of the Client or his/ her heirs, as well as the judicial or extrajudicial expenses that the Bank incurs in recovering an overdraft or the enforcement of sureties.

The Bank's action may be subject to advance payment of these amounts or to the payment of a deposit intended to cover these.

All taxes of whatever nature, whether arising in Luxembourg or outside it, which are payable by the Bank when operations are carried out by the Bank or the Client or services provided on behalf of the Client, for his/her benefit or in relation to his/her assets and/or his/her loans, shall be charged to the Client.

The Client authorises the Bank to withdraw from his/her account any amounts due by way of miscellaneous expenses or taxes.



## **16. Service tariffs**

The principal services provided by the Bank, whether individually or grouped, shall be invoiced to the Client pursuant to the "Fee Schedule Summary" (hereinafter the "Fee Schedule") made available to the Client.

By signing these General Terms and Conditions, the Client declares that he/she has received a copy of this Fee Schedule and indicates his/her agreement to the same. He/she also recognises that the Bank may invoice specific services requested by him/her or provided on his/her behalf, which are not explicitly covered in the Fee Schedule.

The Client authorises the Bank to withdraw from his/her account any amounts due according to the Fee Schedule. The amounts withdrawn in advance or on maturity depending on the case, usually on a quarterly basis, shall accrue to the Bank, even if the Client has given up the corresponding service during the period concerned.

Where the service is carried out in the name, for the account or to the benefit of several persons, the Bank may charge the amounts due to it to any one person among them.

The closure of the Client's account on the Bank's initiative shall not deprive the Bank of the right to claim subsequently the payment of expenses outstanding from the Client.

The tariff structure may be freely modified by the Bank under the conditions determined in the Fee Schedule.

## **17. Protection of the Client's assets – Guarantee system for deposits and compensation of investors**

### **17.1. Protection of the Client's assets**

The Client's funds and financial instruments shall be entered in the Bank's books in an account opened in his/her name, distinct from the other accounts held by the Bank, allowing the Client's assets to be determined at all times.

The Client's funds are included in the assets which the Bank holds with third-party custodians established either in the Grand Duchy of Luxembourg, or in the country of origin of the currency or in a country other than the country of origin of the currency. These funds can be used by the Bank with a view to investing them. The Client shall then have a credit against the Bank of an amount identical to the amount of his/her funds under deposit. The Bank shall not be liable for the detrimental consequences due to the collection of ordinary or extraordinary taxes, the modification of rates or force majeure, where these events entail either the complete or partial unavailability of the Bank's assets deposited with third party custodians, or their removal or reduction to any degree.

The financial instruments of the Client shall, in principle, be physically held by the Bank or by a third-party custodian in a global account opened in the name of the Bank, which the Client expressly authorises. The global accounts held by the Bank with other financial institutions shall hold only the Client's assets, to the exclusion of the Bank's own assets. These financial institutions may be located in the Grand Duchy of Luxembourg, in another member state of the European Union or in any other country, so that the Bank's global accounts may be subject to a law other than that of Luxembourg law.

The Bank shall take all the necessary care in selecting, designating and periodically examining third party custodians and shall make regular reconciliations between the entries contained in its own books and those registered in the books of these third parties.

The risks linked to these deposits shall be borne by the Client, notably where they follow the legal or regulatory measures taken in the countries where their financial instruments are deposited, as well as in any other case of force majeure, such as default by these third-party custodians. A third-party custodian may hold a surety, a lien or a right to compensation on the financial instruments it holds. In any case, the Bank may not be held responsible for actions to which it is not a party and shall incur liability only for fraud or gross negligence. Where the financial instruments are held by a third party, it shall incur liability for their loss or for actions committed by these third party custodians only to the degree that its choice of these third parties does not correspond to one that a prudent banker would normally have made under the same circumstances. At the same time, in the event that it is impossible to secure return of the Client's financial instruments, the Bank shall take the useful and necessary measures with regard to the third party custodian in order to ensure that the financial instruments may be recovered and returned to the Client in so far as is possible.

The Bank shall refrain from using the Client's financial instruments unless otherwise agreed in writing.

### **17.2. Protection system for depositors and compensation of investors**

The Law of 18 December 2015 on the resolution, reorganisation and winding up of credit institutions and certain investment firms and on deposit guarantee and investor compensation schemes (the "Law") set up a Fonds de garantie des dépôts Luxembourg (FGDL, Deposit Guarantee Fund Luxembourg) (head office at 283, route d'Arlon, L-1150 Luxembourg) and a Système d'indemnisation des investisseurs Luxembourg (SIIL, Investor Compensation Scheme, Luxembourg) which respectively constitute the deposit guarantee scheme covered by Directive 2014/49/EU and the investor compensation scheme covered by Directive 97/9/EC, intended to come into operation if a credit institution defaults.

#### **17.2.1 FGDL**

The FGDL guarantees each depositor (natural or legal person), within the limits and under the conditions laid down by the Law, the refund in euros of the eligible deposits which have become unavailable from the Bank. The limit is EUR 100,000 per depositor.

The following are however excluded: the deposits made in particular by credit institutions in their own name and on their own behalf, financial institutions, investment firms, insurance companies, undertakings for collective investment, pension funds, public authorities, etc. To calculate this limit, the share of each depositor in a joint account is considered, as are any of the depositor's debts likely to be subject to compensation from the Bank.

Except in specific cases, the FGDL shall pay out the amounts due to the depositors because of the non-availability of the deposits within seven working days from the date on which the non-availability is noted.

## **17.2.2 SIIL**

The SIIL protects each investor (natural or legal person) up to a limit of EUR 20,000, under the limits and conditions laid down by the Law, if the Bank is unable to reimburse the funds or return the instruments belonging to investors in regard to investment transactions. To calculate the cover, the share of each investor in a joint financial transaction is considered, as are the legal and contractual conditions applicable to the transaction or the debt and any likely compensation.

However, the following are excluded from any cover under the SIIL, debts with investment firms, credit institutions, financial institutions, insurance companies, undertakings for collective investment, pension funds, other professional and institutional investors, governments, etc.

If the Bank is unable to meet its obligations resulting from investors' debts, the SIIL shall inform investors by any appropriate means. Investors shall have 10 years to present their requests. Except in specific cases, the SIIL shall pay out investors' debts as soon as possible and at the latest within a period of three months of the eligibility and size of the debt being confirmed.

## **17.2.3 General information on protection**

The total amount of the compensation may not exceed EUR 100,000 (deposit guarantee) + EUR 20,000 (investor compensation) = EUR 120,000 in any one case. This limit shall apply per client, regardless of the number of accounts and sub-accounts which the same party holds with the Bank. No debt may be covered by two guarantees at once.

The Client should visit the FGDL website: <http://www.fgdl.lu> where he will find all the information relating to the procedure and conditions of the guarantee. A template giving essential information on the protection of cash deposits shall be available and shall be sent annually to eligible depositors.

## **18. Extrajudicial objections**

Although it does not intend to judge disputes which may bring a Client into conflict with a third party, circumstances exist in which the Bank shall nevertheless agree to consider an extrajudicial objection which seems to it to be legitimate. In such a case, it shall make all or part of the Client's assets unavailable, including those deposited in safe deposit boxes for a limited period, in order to allow the opposing party to bring the required legal action.

The Bank may not be held responsible for the consequences arising from preventive measures which it takes following such an objection or for the notification or absence of notification of the Client for these measures.

## **19. Liabilities of the Bank**

Without prejudice to the specific provisions included in these General Terms and Conditions, and considering the complexity of the operations which it undertakes, the Bank shall be liable only for fraud or gross negligence in carrying out its mission.

It shall not be liable for injury caused to the Client due to force majeure, a measure taken by a public authority, whether within Luxembourg or outside it, or for any action or event, whether human or natural, which has the effect of affecting, disrupting or interrupting, whether in part or in full, its activities or services.

The possible compensation for which the Bank is liable shall be limited to the direct effects of the injury and shall not extend to the indirect effects, regardless of their nature. In particular, the Bank shall not be obliged to compensate lost opportunities to make a profit or avoid a loss. Where the liability of the Bank may be incurred following an event which may be qualified as a criminal offence suffered by the Client, it shall always be entitled to make compensation of the latter conditional upon the filing of a preliminary complaint by the Client to the competent authorities.

Where, in its capacity as custodian or intermediary of its Client in whatever capacity, the Bank chooses a correspondent within the Grand Duchy of Luxembourg or abroad, its liability shall be limited to the choice of this latter party and to the strict transmission of instructions or assets. Excepting fraud or gross negligence in the choice of correspondent or in the transmission of instructions made by it, the Bank shall not be liable with regard to the Client for this correspondent's mismanagement, particularly if it continues to fail to deliver the securities the acquisition of which the Bank has requested for the Client's account. The Bank draws the Client's attention to the risks incurred when the purchase of a security is subject to payment in advance and a bankruptcy or any other similar event occurs before the securities can be delivered. In this case, the Bank shall not incur any liability by reason of the failure of the intermediary so that the loss resulting from the inability to recover all or part of the sum transferred as payment in advance shall remain the Client's.

If the Client decides to invest in a financial instrument which requires the Bank to form a relationship with a third party about which it has no choice (e.g. in a country where there is only one sub-custodian, in a private equity vehicle or with a prime broker) the Client assumes the risks linked to this counterparty, even if the investment is made in the name of the Bank in the counterparty's books.

## **20. Place of performance of the obligations of the parties**

The Bank's headquarters shall be the place of performance of the obligations of the Bank with regard to the Client and of the Client with regard to the Bank.



## Part 2 – ACCOUNTS

### Chapter I – General Points

#### 21. Interests and privileges held by the Bank over the funds and financial assets of the Client

As a rule, all guarantees constituted shall stand for and cover all the direct and indirect obligations of the Client with regard to the Bank, regardless of nature or category.

For reasons of convenience or recording in the accounts, each of the Client's accounts may be subdivided into several distinct headings or positions, also termed "sub-accounts".

##### 21.1. Single nature of account

Regardless of their type and the conditions applying to them, all accounts and sub-accounts opened in the name of the Client in the Bank's books shall constitute de jure and de facto sub-accounts of a single and indivisible account.

This single nature of account shall hold notwithstanding the fact that the accounts and sub-accounts of the Client:

- are of a different type (e.g. on demand or deposit, cash or securities accounts);
- have different account names;
- are held at the Bank's head office;
- show operations transacted in euros or in other currencies;
- are subject to the application of different interest rates;
- give rise to the establishment of distinct account statements.

It shall likewise make no difference whether or not cheque books or other means of payment have been issued in relation to certain accounts and/or sub-accounts only.

When a statement of account is to be drawn up, the creditor or debtor position of the Client shall be established in a global manner, considering the position of each of the Client's accounts and/or sub-accounts. Assets denominated in foreign currency shall be converted into euros on the basis of the exchange rate on the banking day of the account statement.

The assets held in the accounts shall be valued, at the Bank's choice:

- At the current price if they are financial instruments listed on a stock exchange in Luxembourg or abroad or traded on a regulated market which functions regularly and is recognised and open to the public; or
- At the last published net asset value, if they are units or shares of an undertaking for collective investment which regularly calculates and publishes a net asset value; or
- At zero if the price provided by the information sources usually used by the Bank to value the instrument have not changed for 12 consecutive months; or
- In accordance with the price on the statement of account generated by the Bank using its usual means of valuation; or
- At their effective selling price if the Bank has sold the financial instruments (e.g. to pay off an overdraft on a cash account).

##### 21.2. Settlement clause

Notwithstanding the above provisions relating to the single nature of the account, the Client authorises the Bank at any time to make settlements between assets. This means, among other things, that the Bank may settle any debts it may have to the Client any debts the Client may have to it, as well as any financial instruments (including equities, bonds, UCI units, options, futures...) that the Client may have with the Bank.

Settlement may be made for any type of asset of whatever nature, whether the assets are due or not or whether they are expressed in euro or another currency. It is understood that settlement may be made without notice or prior authorisation and between any credit balance in an account or sub-account with any debit balance in another account or sub-account, whether a cash account, securities account or any other. The Bank shall have discretion in determining which assets shall be settled and shall if necessary convert the currencies and/or value the financial instruments and/or sell the financial instruments.

The Bank may not be held liable if its choice of compensating a given account or sub-account with another results in a loss for the Client, even in the case of conversion of foreign currency and/or sale of financial instruments, except on account of fraud or gross negligence.

The fact that the Bank does not make such settlement immediately or shortly after the emergence of a debit balance shall not imply that it has waived its right to do so.

### **21.3. Related claims**

All the operations processed by the Bank for the Client's account shall be related, in such a way that the Bank is authorised to suspend the execution of its obligations if the Client defaults on executing any one of the obligations for which it is responsible.

### **21.4. General sureties**

Notwithstanding the conclusion of specific sureties, all present and future assets registered in the name of the Client in the Bank's books shall be pledged to the benefit of the Bank, by way of guarantee for all the amounts due to it in principal, interest and costs arising from the Client's present and future obligations to the Bank.

All of the obligations which the Client is likely to contract at any moment by virtue of his/her relationship with the Bank, notably as dictated by the services that the Bank offers by way of its activities, shall be considered as future obligations. Future credits shall be considered to be those of all kinds and of any origin which are likely to be registered in the account in the name of the Client.

The surety shall extend to all revenues, of whatever origin or nature, produced by the pledged assets. The surety conferred shall also extend to all assets, of whatever origin or nature, which may replace them, regardless of the reason for this replacement.

The Client declares that he/she is the owner of the pledged assets and that these are free of any surety or right to the benefit of a third party likely to prevent or restrict the free assignment as collateral.

The Client hereby authorises the Bank to carry out any appropriate formalities, which may be necessary for the enforceability of this surety against third parties, and undertakes to co-operate with any request from the Bank.

Where the Client fails to fulfil his/her obligations, the Bank may realise the surety pursuant to the legal provisions. In the event that the pledged assets consist of securities, the Client authorises the Bank to sell the securities necessary for the discharge of his/her commitments without the Client being subsequently able to question the choice of the Bank of the securities thus sold.

Where the pledged assets are invested in forward instruments, the Client authorises the Bank to terminate in advance the deposit contract in effect, with a view to realising the surety. Any penalties resulting from this are charged to the Client.

Without prejudice to the above, the Bank shall always be entitled to demand that the Client constitutes a surety or increases existing ones in order to cover any operation. Failure to do so within the deadline indicated by the Bank, may result in the operations in question being suspended until the surety is constituted.

In the same way, in order to cover the Bank's risk arising from any commitment, regardless of whether it is a forward, contingent or other commitment, signed by the Client or on his/her behalf, the Client authorises the Bank to debit his/her account at any time for the assets required to constitute a deposit.

This deposit, especially assigned in the Bank's books, shall consequently be made unavailable until the complete discharge of the commitment. Upon completing the operation, the Bank may, if necessary, use this deposit with a view to a final discharge of the debt arising from the commitment.

## **22. Co-guarantors and Deposits**

If the account is held in the name of several persons or of a de facto association, the joint holders or associates shall be held jointly and severally and indivisibly liable for payment of the debit balance. They may not cite the benefit of discussion or division, regardless of their capacity as a trader or non-trader.

The Bank shall be authorised to settle any debit balance due from one account without issuing formal notice, by debiting the account of persons who are jointly and severally and/or indivisibly obliged towards the Bank, both first and foremost and subsidiarily.

The Bank shall reserve the right to attribute the amounts paid by guarantors or co-guarantors on a priority basis to the part of the Client's debt which is not covered by another surety.

The sureties which guarantee a debt of the Bank shall not disappear or be released in the event of substitution of this debt and are transferred to the new obligation arising from this operation, which they guarantee under the same conditions as the original debt.

## **23. Death – Succession**

The Bank shall never be obliged to carry out spontaneous searches aiming to establish whether a Client has died or to identify the legal heirs of the Client.

The Client's legal heirs must immediately notify the Bank of the death in writing.

The Bank shall return the assets which it holds in the name of a deceased Client to the legal heirs and only authorise access to his/her safe deposit box again after it has received all the relevant documentation which allows it to establish that the deceased party has died and the rights have been transferred to the heirs. The Bank shall in no way be held liable for the authenticity of the documents which are submitted to it on this occasion.

The legal heirs shall likewise submit a joint instruction to the Bank, or consistent instructions, specifying the share of the estate assets due to each of them and the procedures for division. At their request, the Bank shall make available to the legal heirs a plan of division which they shall be free to accept. The Bank shall divide the assets only if it has been so instructed by all of the legal heirs mentioned in the deed which establishes the transfer of rights to heirs. In the event of a dispute between the legal heirs, the Bank shall keep the assets frozen until it receives unanimous agreement from the legal heirs or a court decision has decided the dispute.

Furthermore, where the deceased Client was resident in the Grand Duchy of Luxembourg, the Bank shall make a declaration of the assets held on behalf of the Client to the Administration luxembourgeoise de la T.V.A., de l'Enregistrement et des Domaines [Luxembourg Authority for VAT, Land Registration and Estates] prior to the return of the assets, except where the legal heirs produce a certificate of exemption from taxation issued by this Authority. It shall also compile an inventory of the contents of the safe deposit boxes rented by the Client, in accordance with legal provisions on the matter.

Where events so dictate, for example, in the event of a dispute between the legal heirs, or where a legal heir fails to come forward, the Bank shall be entitled to carry out the request of a single legal heir aiming to take any measure with regard to the protection of the frozen assets, where necessary arbitrating or selling the financial instruments. The Bank's execution of such an instruction shall incur only the liability of the author of the same, since the Bank cannot be held liable for any reduction in value of the assets acquired after arbitration.

After liquidation of the assets of the estate, the relationship between the Bank and his/her legal heirs shall not be continued ipso jure.

Where no legal heir has come forward to secure the return of the assets after a reasonable time, the Bank shall be entitled to close the account and to transfer the assets of the deceased Client to the Caisse de Consignation [Public Trust Office] or to a special account of the Bank. The Bank may also open the Client's safe deposit box and hold any effects which it may contain in a specific box.

The legal heirs of the deceased Client shall be held jointly and severally and indivisibly liable for any amount due to the Bank.

## **24. Bank Archives**

The Bank shall not carry out any search of bank files in any form or on any medium relating to operations dating from more than 10 years prior to any request for this made by the Client or by his/her legal heirs, with this 10-year deadline corresponding to the time period for which bank archives must be kept.

## **Chapter II – Operation of accounts**

### **25. Specimen signature**

The Client must submit a specimen of his/her signature to the Bank and inform it of any modification to the same. The same shall apply for any authorised representative or legal representative authorised to operate the Client's account.

The Bank shall execute operations on the Client's account upon written instruction only if this is issued by a person whose signature has been deposited with it, without prejudice to the right of other persons to be able to represent the Client for specific tasks. For this purpose, the Bank shall check whether the signatures match by comparing the signature on the instruction with the specimen signature deposited with it. It is only liable for fraud or gross negligence when carrying out this check.

### **26. Instructions and notifications**

#### **26.1. General provisions**

The following provisions shall govern all instructions and notifications received by the Bank, regardless of their subject. The investment instructions and payment instructions shall nevertheless be subject to specific supplementary rules, if necessary dispensatory, contained below in these General Terms and Conditions or appendices.

In the absence of specific details, the Bank shall determine the execution procedures for the Client's instruction. It may have recourse to third parties for this execution.

Where the funds in the account are insufficient or unavailable, the Bank shall not be liable to execute an instruction, even in part, and in the event of multiple instructions, shall be entitled to choose which shall not be executed, without incurring any liability with regard to the choice made.

The execution of an instruction may always be suspended or refused in the following circumstances:

- insufficient funds in the account;
- rules relating to the functioning of the account do not allow the instruction, as communicated to the Bank, to be carried out (e.g. revocation of joint-account agreement);
- time necessary for the Bank to meet its legal obligations or to allow the Bank to check if this execution conforms to its ethical standards or to check if it is possible and/or to find the means to execute it if the instruction is unusual for the Bank;
- the contractual conditions (including those arising from these General Terms and Conditions) which apply to the transaction or service asked for in the instruction have either not been met or only partially;
- the Client has not provided the Bank with all the documents and/or information, of whatever sort, that the Bank has requested in order to be able to execute the transaction or service that the Client has asked for in his instruction;
- the instructions appear incomplete, imprecise or ambiguous and until the Client provides the necessary information;
- the Bank doubts the authenticity of the instruction and until the Client provides the necessary details;
- the Bank cannot execute the transaction for legal, regulatory or judicial reasons or due to extrajudicial objections;
- any other reason which seems legitimate.

## **26.2. Forms of instructions and notifications**

### **26.2.1. Written instructions and notifications**

The instructions and notifications of the Client, his/her authorised representative or legal heir, must in principle be in writing and bear a handwritten signature which matches the specimen signature registered in its books, or certified as authentic according to the procedures determined by the Bank. Written instructions must be submitted in their original form.

The Bank's stamp affixed to the document shall serve as proof of the date of receipt of the written instructions and notifications.

### **26.2.2. Verbal instructions**

The Bank agrees to execute certain verbal instructions from the Client, either when the client visits the Bank or over the telephone.

The Client is at liberty to give his/her instructions to the Bank by telephone, being aware of the risks of inaccuracy, error and fraud, which he/she accepts at his/her sole liability. Furthermore, the Client recognises that the Bank is not obliged to undertake any specific measure to verify the authenticity of such instructions, which shall be presumed to originate from the Client.

Verbal instructions shall generally be recorded in writing in the reports of meetings kept by the Bank.

As a rule, verbal instructions shall be recorded in writing in the meeting reports kept by the Bank. It is specifically agreed between the Client and the Bank that the elements contained in these meeting reports shall serve as proof of the instructions given by the Client.

The absence of a meeting report or confirmation of the verbal instructions does not however deprive the Bank of the right to prove these instructions by all means.

Furthermore, pursuant to Articles 7 and 12 of these General Terms and Conditions, the Client accepts that the Bank shall record telephone conversations and shall preserve all communications submitted to it by the Client on an appropriate medium.

The Client accepts that when the Bank considers it appropriate, it shall record telephone conversations and shall preserve all communications submitted to it by the Client on an appropriate medium. These recordings shall serve as proof of the characteristics of the instructions given, and in the event of disagreement between any written confirmation of the instruction by the Client and its recording, this recording shall prevail between the parties.

### **26.2.3. Faxed instructions**

The Bank agrees to execute the instructions from the Client sent to it by fax provided that an agreement has been signed to this effect. Any instruction submitted in this way shall be presumed to have been issued by the Client.

### **26.2.4. Electronic mail (e-mail) and messages**

For security reasons, the Bank shall not execute any instruction from the Client which it receives in the form of an e-mail message, unless there is an express agreement (Fax/e-mail, eKBL, etc.) or it is a SWIFT message the use of which has been agreed beforehand.

## **26.3. Standing orders for investment, direct debits, standing orders for transfers**

### **26.3.1. Standing orders for investment**

The Bank may accept a mandate by which it undertakes on a permanent basis on behalf of the Client (i) to reinvest the Client's funds from the redemption of securities and/or the payment of coupons or all available funds, regardless of origin (redemption of securities, payment of coupons, transfers, payments, etc.) and/or

(ii) to carry out certain operations on securities (capital increase, free assignment of securities, optional dividend requests, takeover bids, conversions of bonds, exercise of warrants) according to the Client's predetermined instructions.

This service shall be subject to a specific agreement and may in principle be signed by the authorised representative of the Client provided that the instructions comply with the Client's investment strategy.

### **26.3.2. Direct debits and standing orders for transfers**

In the same way, the Bank may accept the Client's direct debits and standing orders for transfers.

Direct debits and standing orders for transfers are governed by the special conditions on payment transactions in the appendix to the present GTC.

### **26.3.3. Common provisions**

Standing orders for investment, direct debits and standing orders for transfers shall continue after the death of the Client, or, if they have been given by the authorised representative of the Client, until this mandate expires for whatever reasons.

## **26.4. Instructions given by the joint holder of a joint account**

Any instruction given by the joint holder of a joint account shall be binding upon the other joint holders. As a consequence, such an instruction shall not lapse due to the death of the issuer or by his/her renunciation of the joint holding of an account. In these circumstances, the joint holders must request the Bank not to execute the operations in progress or not to execute operations in the future.

Each joint holder of a joint account shall be obliged to seek information from the Bank in order to be aware of any instructions given by another joint holder. The Bank shall not have any obligation to provide information in this regard and shall not incur any liability for having executed such instructions.

## **26.5. Instructions given by a third-party manager**

The Client shall be free to delegate the management of his/her portfolio to an authorised representative of his/her own choice. The Bank shall nevertheless not be liable when executing the instructions of this authorised representative. The Bank shall not be obliged to verify whether the authorised representative has observed the terms of the contract which binds him/her to the Client.

## **26.6. Confirmation / Modification / Cancellation of instructions**

Any written confirmation of a verbal instruction or one transmitted by fax, and any request to modify or cancel an instruction transmitted by whatever means, must contain express mention of the fact that it represents a confirmation, modification or cancellation of a previously transmitted instruction. In the absence of the same, the Bank shall not incur any liability if it repeats the execution of the operation. However, the modification or cancellation may be executed only if the technical and legal conditions permit this.

## **27. Account of operations – Asset statement**

The Bank shall issue account statements according to an agreed frequency in order to keep the Client informed of the movement of the balance of his/her account. In the absence of such an agreement, the Bank shall itself determine the applicable frequency. In the same way, advice of execution shall be sent to the Client after each of the investment operations carried out on its initiative, or at the time of the discretionary management of his/her portfolio.

The execution of the Client's instructions shall be established adequately by the note of the operations on the account statements and advice of execution.

Furthermore, the Bank shall annually issue a summary document entitled "Asset Statement", including a summary of assets in cash and securities, as well as the Client's credits recorded in the Bank's books.

Where the Bank is carrying out discretionary management of the Client's portfolio or where the Bank advises the Client as part of a mandate, a periodic report shall be sent to the Client or made available on each of his/her visits, in the case of domiciliation of mail. This report shall contain a portfolio statement, a simplified summary of transactions and movements occurring during the period and outline the performance.

## **28. Rectification of errors**

The Client authorises the Bank to rectify at any time with good value, any material error on either the debit or credit side of his/her account and authorises the Bank to reverse the entry in question without obtaining specific agreement in advance. This shall hold for errors committed by the Bank or by an intermediary or a correspondent executing an instruction.

An overdraft resulting from the reversal of an entry will not deprive the Bank of its right to charge debit interest.

## **29. Joint account**

Where the operation of an account is governed by a joint account agreement, each of the joint holders shall have the right to terminate the same by submitting written instructions to the Bank to this effect. Notice of termination of this agreement may also be given by one of the legal heirs of the deceased joint holder. The author of the notice of termination shall be solely responsible for informing the other joint account holders of the cancellation of this agreement.

The execution of cheques, transfers and other instructions ordered before termination shall nevertheless be carried out.

The Bank may temporarily suspend the effects of a joint account agreement on the basis of any element, whether written or not, issued by one of the joint holders or legal heirs of a deceased joint holder from which an intention to give notice to terminate this agreement may be inferred. In the absence of the receipt of instructions by a reasonable deadline, the Bank may consider that the agreement has been cancelled.

The same rules shall apply where individual access to the safe-deposit box is authorised for one or other of the joint lessees.

## **30. Power of attorney**

### **30.1. General**

The Client may be represented in dealings with the Bank by one or more authorised representatives of his/ her choice. All powers of attorney must be issued in writing.

The Bank shall be entitled to disregard imprecise or incomplete powers of attorney or those of a suspicious nature. Specimen powers of attorney shall be available to the Client, containing the particular procedures which govern the rights and obligations of the principal and the authorised representative in addition to what is stipulated below. Where the power of attorney is not established on the basis of a specimen power of attorney from the Bank, the Bank shall be entitled to request formalisation of the same power of attorney on the basis of such a specimen before the execution of any operation issuing from the authorised representative.

The client may grant several powers of attorney on the same account, even in succession. A power of attorney lapses if its object is incompatible with that of the previous power of attorney.

A representative with power of attorney to access the Client's safe-deposit box has the power to terminate the rental contract for this safe-deposit box.

The Client and his/her authorised representative shall be held jointly and severally and indivisibly liable for any debit balance attributable to the authorised representative.

### **30.2. Choice of authorised representative**

The Client shall choose his/her authorised representative by virtue of the trust that he/she places in the latter. The Client thus solely assumes the harmful consequences the actions of this authorised representative for him/herself, the Bank and third parties.

The Bank may refuse to deal with the person chosen as authorised representative for reasons connected with the person of the authorised representative.

### **30.3. End of mandate**

The mandate shall be terminated by any of the events indicated below.

The mandate may be revoked by the Client at any time by writing to the Bank. Each of the joint holders of the same account may revoke the mandate, whether the same party has awarded the mandate with one or more other joint holders, or whether the mandate was awarded by one or more other joint holders. The execution of cheques, transfers and other instructions ordered before the receipt of the notice of termination shall nevertheless be carried out.

The Client alone shall be responsible for informing the authorised representative of the termination of his/ her mandate.

The mandate shall be terminated whenever the Bank is informed in writing of the incapacity of a Client who is a natural person, or of a bankruptcy, as well as of any similar event affecting a Client who is a legal person.

Unless stipulated post mortem, the mandate shall cease on the death of the principal. It shall also cease on the death of the authorised representative.

The change of ownership of the account shall likewise entail the termination of the mandate, except in the case of a power of attorney awarded by several principals, of whom at least one maintains his/her capacity of holder or where this capacity is retained by the holder of a joint account who alone has awarded the mandate.

Once the mandate ends for whatever reason, the Client, or where appropriate his/her legal heirs, must ensure that the authorised representative no longer has any material elements allowing the latter to carry out any operations under the mandate.

The Bank shall not be liable by virtue of the operations carried out by the authorised representative if it has not been informed of the death of the Client. The same shall apply in the event of access to the safe deposit box by the authorised representative.

The Bank always has the right to suspend a power of attorney without notice or to terminate it if the Bank deems this in the interest of the Client or its confidence in the person of the representative is insufficient for it to allow the latter to exercise the rights granted by the Client. In as far as it is possible, the Client and the representative will be informed of the decision. The bank is only liable for misrepresentation or gross negligence.

#### **30.4. Post-mortem power of attorney**

When power of attorney is stipulated after death, it will remain in effect after the death of the Client, subject to the following formalities being completed.

In accordance with Article 1939 (4) of the Luxembourg Civil Code, the nominee must inform the bank of the death of the Client and advise the beneficiaries of the existence of the post-mortem power of attorney. The effects of the post-mortem authority are suspended until the nominee confirms in writing to the Bank that s/he has duly informed the beneficiaries that s/he has a post-mortem authority on the deceased Client's account and of the identities of the beneficiaries.

The nominee alone is responsible for informing the beneficiaries of the existence of the post mortem authority. The Bank may not be held liable for handing over the assets to the nominee once the legal formalities have been completed. It is not liable for verifying the accuracy of the attestation made by the nominee. It should be remembered that the nominee is responsible for informing the beneficiaries of any transaction made on the account before and after the death of the Client.

If they have produced documents confirming their status, each beneficiary has the right to terminate the post mortem authority at any time by contacting the Bank in writing.

#### **31. Return of assets**

According to the nature of the assets in question and subject to their legal, judicial or contractual unavailability, the Client may obtain the return of his/her funds, financial instruments and other assets either by the provision of the same at the Bank's counters or by a transfer to another account, or by this latter procedure alone, if the securities cannot be delivered in physical form.

The Client who wishes to guarantee the ability to withdraw a significant amount in cash on a given day must inform the Bank of the same at least three business days prior to this date. The Client is however informed that he may not withdraw in cash (in a single or several transactions) more than EUR 100,000 (one hundred thousand euros) per calendar year (or its equivalent in foreign currency).

The Client is further informed that, according to the circumstances proper to a request to withdraw cash and even if it is below EUR 100,000, (or equivalent in foreign currency), the Bank reserves the possibility of requesting certain documents and/or refusing the withdrawal or limiting its amount.

The Bank may then validly fulfil its obligation to return the assets by returning them to the Client by any means of payment deemed appropriate, such as, for example, a transfer to an account in the Client's name in his country of residence.

Financial instruments, whether in material or immaterial form, bearer instruments, instruments to order or in registered form, whether Luxembourg or foreign and issued in whatever form, shall be deposited or registered in the account by the Bank without indicating the numbers or other individual identification elements (fungibility system). The Bank shall be legitimately released from its obligation to return the same by delivering to the Client the securities or other financial instruments of the same nature without matching numbers or other elements of individual identification.

Without prejudice to the application of Article 17, if the Bank no longer possesses a security received as a deposit, it shall be validly released from its obligation to return the same by replacing it with a security of the same nature or by compensating the Client in cash. The amount of compensation shall be equal to the value of the security on the day that the Client demands the return of the same. The Bank may not be held liable in any way for any event which may arise following the return to the Client of previously fungible securities.

Material securities whose return has been requested shall be made available to the Client at the Bank's counters. The withdrawal of such securities must be notified to the Bank at least three business days in advance. The Bank shall nevertheless notify the Client that the return of such securities is likely to require specific periods due to the nature of these securities and/or their possible custody with third-party correspondents. The Bank shall be released from its obligation of legal custody for these securities starting from the day on which they are made available.

If the securities have not been withdrawn within the three months starting from the day on which they are made available, the Bank shall reserve the right to take all measures to provide the securities to the Client at the latter's expense or to redeposit the securities in the securities account, or any other measure which it deems useful.



Where, for the execution of a given operation, the Bank is obliged to dispose temporarily of the securities deposited with it, it shall do so at the Client's risk.

By way of derogation from Articles 1239 and 1937 of the Civil Code, returns made on the basis of falsified orders shall be enforceable against the Client and shall validly release the Bank.

### **32. Credit interest**

Cash accounts, whether denominated in euro or in another currency, may bear interest. The Bank may make payment of interest subject to the maintenance in the account of an average minimum balance during a given period.

The rates and conditions of this interest are indicated in the Fee Schedule.

Where the Client's account is closed on the Bank's initiative and the amounts in cash are recorded in a special account for the purposes of return, these amounts shall not bear interest.

### **33. Debit interest**

Any debit balance shall be liable to interest at the rate(s) indicated in the Fee Schedule.

The interest shall be due ipso jure from the start of the debit and shall be charged to the account on a quarterly basis. Interest charged shall be capitalised at the end of each calendar quarter. It shall continue to accrue until the complete settlement of the debit balance, it being understood that closure of the account and the simple suspension of accrual shall not constitute grounds for the cancellation of the Client's debt to the Bank. Any waiver of receipt of interest can only arise from a deed issued by the Bank expressly declaring the same.

### **34. Overdrafts**

The Bank may note, or even agree to, occasional overdrafts on the account, in excess of the credit line granted to the Client. In this case, it shall be a case of simple tolerance for which the parties shall not conclude a contract for opening a credit line, even if the overdraft has arisen several times or if it persists for a certain period.

For these overdrafts, debit interest set in the Fee Schedule shall be charged ipso jure. The amount of any overdraft shall be due immediately without formal notice, and shall be adequately proved by the production of an account statement.

### **35. Term deposits**

The Bank shall accept term deposits under the conditions specified in the Fee Schedule.

For a joint account, term deposits may be set up by a single joint holder. An instruction intended to terminate a term deposit in advance must always be given by all the joint holders, notwithstanding the fact that the instruction to set up the term deposit was issued by only one of them.

### **36. Corporate actions**

In its role as custodian, the Bank shall take responsibility for monitoring corporate actions of which it has been notified. It shall automatically deal with those actions which are necessary for the investor, whether these relate to purely technical operations (splits or reverse splits of securities, etc.) or pertain to proper management of the same (collection of coupons, reimbursement on expiry, etc.).

All payments of coupons and redeemable securities are made subject to collection, i.e. subject to their effective collection by the Bank. This implies in particular that the amounts advanced by the Bank, plus expenses and interest, may be debited from the Client's account if the coupons and redeemable securities are returned unpaid for whatever reason. If the amount is in a foreign currency, the calculation shall be carried out at the exchange rate on the day of the debit.

In the absence of instructions to the contrary, the amount of the coupons and redeemable securities as well as any payment within the framework of a corporate action is credited to the Client's current account in the original currency of the payment.

The Client shall be informed through his/her account statements of any corporate action requiring a choice on his/her part (increase in capital, conversion of securities, participation in a public offer, procedure for payment of a dividend, etc.). The Client undertakes to make his/her decision known to the Bank as soon as possible. In the absence of a response, in the event of a late response or an emergency and subject to the Client's account containing sufficient funds, the Bank shall follow the default option mentioned in the advice slip.

In addition the Bank reserves the right, without being bound by this, to act at its own discretion by adopting those options which it deems under the circumstances the least risky for the Client. The Client shall recognise that the Bank has not committed an error in this regard, even if the choice made is later shown to be detrimental. The Client may order the Bank to carry out these operations according to predetermined instructions, pursuant to the stipulations of Article 26.3.1. above.

Where the Bank is responsible for the discretionary management of the portfolio, the choices in connection with these corporate actions shall be made by the Bank.



### **37. Good for delivery securities and commercial bills**

The Client shall deposit or cash securities and commercial bills good for delivery, i.e. they must be authentic, if applicable, come with expiring coupons in good material condition, not subject to objection or distraint, forfeiture or sequestration. The Client shall be solely responsible for securities and bills which do not fulfil these criteria, as well as any apparent or concealed defect that they contain.

The Bank shall be obliged to keep assets which have been falsified and any object which is a forgery, whatever its value.

The Bank shall refuse to pay or enter in an account securities and bills which are not good for delivery. Any amount already paid must be reimbursed to the Bank, if necessary by an ipso jure debit and without formal notice on the Client's account.

The Bank shall be entitled to compensation for losses and expenses of whatever nature arising from defective delivery and shall be authorised to debit the Client's account ipso jure for the amounts in question.

## Part 3 – ASSOCIATED SERVICES

### 38. Introduction

The outline of the principal associated services provided by the Bank shall not constitute a precise offer of service which commits it in a specific capacity. As a consequence, agreement by the Bank to open an account in the name of the Client shall not give this latter party *de facto* recourse to all the services offered by the Bank. Use by the Client of each of the associated services shall form the subject of tacit or express acceptance by the Bank. This agreement shall furthermore arise from a particular agreement where the service in question so requires.

### 39. Investment services

#### 39.1. Introduction

Directive 2014/65/EU and Regulation (EU) No 600/2014 on markets in financial instruments ("MiFID II"), as transposed where appropriate into national law, have updated the framework for services in financial instruments in particular with the aim of strengthening investor protection and the transparency of financial markets.

The Bank offers the Client the possibility of using the following financial services:

- reception and transmission of orders in transferable securities;
- execution of orders;
- portfolio management;
- investment advice.

The following ancillary services shall also be provided by the Bank:

- safekeeping and administration of financial instruments;
- granting credits or loans to an investor to allow him to carry out transactions in one or more financial instruments;
- foreign exchange services connected to the provision of investment services;
- investment research and financial analysis and any other forms of general recommendations relating to transactions in financial instruments.

In addition to the rules governing the relations between the Bank and the Client in investment services, the Client shall find below information relating to these services by way of application of the Law. The Client shall also find other information stipulated by the Law in Articles 1, 10, 16, 17, 21, 27 and 36 of the current General Terms and Conditions. The Client may obtain any supplementary information from the Bank.

#### 39.2. Classification of Clients

##### 39.2.1. Categories of Clients

The Bank shall classify the Client in one of the three categories determined by the Law. These three categories are as follows:

##### I. Professional clients

Certain clients may be automatically classified as professional clients because they are considered as such by the Law by reason of their activities (professional clients *per se*).

Other clients may request that the Bank classifies them as professional clients if they meet certain conditions (professional clients *on request*).

**Professional clients  
per se:**

The clients classified as professional clients per se are those belonging to one of the following categories:

- 1) Bodies which are approved or regulated to operate on financial markets. To wit: Credit institutions, investment firms, other authorised or regulated financial institutions, insurance and reinsurance companies, undertakings for collective investment and their management companies, pension funds and management companies of such funds, commodity and commodity derivatives traders, local firms within the meaning of Article 3, (1), (p) of Directive 2006/49/EC on the capital adequacy of investment firms and credit institutions, other institutional investors;
- 2) Large undertakings meeting, on a company basis, two of the following criteria: (i) balance sheet total of at least EUR 20 000 000, (ii) net turnover of at least EUR 40 000 000 and (iii) own funds of at least EUR 2 000 000;
- 3) National and regional governments, public bodies that manage public debt, central banks, international and supranational institutions (World Bank, IMF, ECB, EIB and other similar international organisations);
- 4) Other institutional investors, not approved or regulated to operate on financial markets, whose main activity is to invest in financial instruments, including entities dedicated to the securitisation of assets or other financing transactions.

**Professional clients  
on request:**

The clients, initially classified as Private Clients by the Bank, may request to be classified as professional clients on request. In this case, they must meet the following two conditions (A) and (B):

A. The Client must meet at least two of the following criteria:

- The client has carried out transactions, in significant size, on the relevant market at an average frequency of 10 per quarter over the previous four quarters;
- The size of his/her financial instrument portfolio, including cash deposits and financial instruments, exceeds EUR 500,000;
- The Client has worked in the financial sector for at least one year in a professional position, which requires knowledge of the transactions or services envisaged.

B. The Client must fill in an investor questionnaire to provide the Bank with the information to allow it to assess his knowledge and experience of (i) complex products (execution services and receipt and transmission of orders) and (ii) non-complex products (execution services and the reception and transmission of orders linked to a Lombard loan, investment advisory service or discretionary management service).

The Bank is never obliged to accept the Client's request. Whatever decision the Bank takes, the Client shall be informed of it by letter.

## II. Eligible counterparties

If they make use of financial services other than advisory investment or discretionary portfolio management services, certain professional clients *per se* may be classified as eligible counterparties *per se*.

Likewise undertakings fulfilling the conditions to ask to be considered as professional clients *on request* may also be classified in the category of eligible counterparties *on request*.

### **Eligible counterparties *per se*:**

The clients classified as professional clients *per se* are those belonging to one of the following categories:

- 1) Bodies which are approved or regulated to operate on financial markets. To wit: Credit institutions, investment firms, other authorised or regulated financial institutions, insurance and reinsurance companies, undertakings for collective investment and their management companies, pension funds and management companies of such funds, commodity and commodity derivatives traders, local firms within the meaning of Article 3, (1), (p) of Directive 2006/49/EC on the capital adequacy of investment firms and credit institutions, other institutional investors (\*);
- 2) National and regional governments, public bodies that manage public debt, central banks, international and supranational institutions (World Bank, IMF, ECB, EIB and other similar international organisations);
- 3) Large undertakings (\*) meeting two of the following criteria on a company basis: (i) balance sheet total of at least EUR 20 000 000, (ii) net turnover of at least EUR 40 000 000 and (iii) own funds of at least EUR 2 000 000.

(\*) other institutional investors approved or regulated to operate on financial markets and large undertakings must however give their agreement before being able to be classified as eligible counterparties *per se*.

### **Eligible counterparties *on request* :**

Clients who can claim to be classified as Professional clients *on request* may also ask to be classified as eligible counterparties *on request*. This option is however reserved for undertakings.

## III. Private clients

All clients not considered as professional clients or eligible counterparties shall be classified in the category of private clients.

The Bank shall classify the Client according to the information in its possession and shall inform the Client of the same. **The Client shall be obliged to inform the Bank of any modification of his/her situation affecting his/her classification.** The Bank shall not incur any liability in the absence of such notification.

### 39.2.2. Consequences of classification

The classification of the Client in one of the three categories described above shall determine the level of protection conferred by the Law. The level of protection varies on the basis of the information which is or is not given, whether or not protective mechanisms are applied and whether these mechanisms are applied differently.

The tables below summarise the information to which Clients are entitled and the protective mechanisms applicable according to the classification categories.

Information on	Classification of clients			
	Private Clients	Professional clients		Eligible counterparties
		On request	Per se	
Information that is fair, clear and not misleading	Yes	Yes	Yes	Yes
Information on the classification of the Client	Yes	Yes	Yes	Yes
General requirements on information to be given to the Client	Yes	Yes	Yes	Yes
Information on the investment firm and its services for Clients and prospective clients	Yes	Yes	Yes	Yes
Information on investment advice	Yes	Yes	Yes	Yes
Information on costs and other associated charges	Yes	Yes <sup>1</sup>	Yes <sup>1</sup>	Yes <sup>2</sup>
Information on financial instruments	Yes	Yes	Yes	Yes
Information concerning the custody of the Client's assets	Yes	Yes	Yes	Yes <sup>3</sup>

- (1) The Bank may agree with its professional clients to limit the application of the detailed obligations relating to costs and charges unless the Bank provides investment advice or portfolio management or when, regardless of the investment service provided, the financial instruments in question include a derivative.
- (2) The Bank which provides the investment services to eligible counterparties may agree to limit the application of the requirements relating to costs and charges, except when, regardless of the investment service provided, the financial instruments in question include a derivative and the eligible counterparty intends to offer this to his clients.
- (3) The Bank may conclude agreements with eligible counterparties to determine the wording and timing of the information provided.

Categories	Protective mechanisms:			
	Rules on best execution of orders	Client order handling	Conflicts of interest	Disclosure of benefits
Private clients	Yes	Yes	Yes	Yes
Professional clients <i>per se</i>	Yes	Yes	Yes	Yes
Professional clients <i>on request</i>	Yes	Yes	Yes	Yes
Eligible counterparties <i>per se</i>	No	Yes	Yes	Yes
Eligible counterparties <i>on request</i>	No	Yes	Yes	Yes

Categories	<b>Protective mechanisms:</b>  <b>Suitability test</b> <b>(investment advice and discretionary portfolio management services)</b>  <b>This relates to:</b>		
			<b>Appropriateness test</b> <b>(receipt and transmission of orders on complex financial instruments)</b>  <b>This relates to:</b>
	<b>Investment objectives</b> <b>(including the Client's risk tolerance)</b>	<b>Client financial situation</b> <b>(including his capacity to face any risk, given his investment objectives)</b>	<b>Client's knowledge and experience of financial matters</b>
Private clients	Yes	Yes	Yes
Professional clients <i>per se</i>	Yes	Presumed satisfactory in investment advice  Yes for discretionary portfolio management	Presumed satisfactory
Professional clients <i>on request</i>	Yes	These criteria are considered met once the conditions allowing a classification in this category are met	Yes
Eligible counterparties <i>per se</i>	Not applicable	Not applicable	Not applicable
Eligible counterparties <i>on request</i>	Not applicable	Not applicable	Not applicable

### 39.2.3. Modification of classification upon request of the Client

The Client may request a change of category, provided however that the criteria of the new category under which he/she wishes to be classified are met. These criteria must then be fulfilled by each of the joint holders of a single account. In this context, the Bank shall provide the Client with a form on which to make his request. The Bank nonetheless reserves the right to refuse this request.

At the Client's request, the change of category may be limited to certain of his/her accounts.

**The change shall be global, i.e. it applies to all services, transactions, product and transaction types.**

The Client may always ask to be reclassified in his/her original category at a later date.

The Client must request a change of category in writing using a specific form provided by the Bank.

### 39.3. Financial Suitability and Appropriateness Tests for financial services

The Bank shall carry out financial suitability and appropriateness tests for financial services under the conditions and according to the procedures detailed below.

The aim of the financial suitability test in particular is to allow the Bank to act in the best interests of the Client by checking the suitability of the service itself with the client's needs (investment advice and discretionary management) and also the appropriateness of each of the financial instruments on which advice is given to the Client, whether the advice is to buy, hold or sell.

#### 39.3.1. Information to be provided by the Client

The two tests are carried out on the basis of all the information provided by the Client which relates to his/ her knowledge and experience of financial investment, as well as, for the appropriateness test for investment advice or discretionary portfolio management services, his/her financial situation and investment objectives.

Inasmuch as these tests and more particularly that of suitability aim to ensure that the advice given to the Client or investments made as part of discretionary portfolio management are suitable and adapted to his/her knowledge, experience, personal and financial situation and investment objectives, the Banks draws the Clients' attention to the need for the latter to provide full and accurate information. Indeed, only reliable and up-to-date information will allow the Bank to advise the Client on suitable products and services or to make suitable investments as part of discretionary portfolio management.

The Client must also ask the Bank for all the information that he/she needs to understand the idea of the risk linked to the investments and services planned.

At the time of determining the investment objectives, the Bank shall establish the risk profile of the Client on the basis of the envisaged duration of the investment, the Client's preferences in terms of risk, and the objective of the investment.

The Client shall then opt for one of the investment strategies proposed by the Bank according to his/her risk profile.

There can be only one strategy per account, even when it has several holders.

If it is a company or joint account, the Bank has implemented a policy intended, with respect to the interests of those concerned, to determine the modalities of the suitability test. These modalities shall be confirmed to the Client.

### **39.3.2. Carrying out the tests**

#### **a) Financial suitability test for investment advice and discretionary portfolio management services**

When the Client makes use of investment advice or wishes to entrust the Bank with the discretionary management of his/her portfolio, the Bank shall carry out this test to determine the suitability of these services.

The extent of this test shall vary according to the category in which the Client is classified and may also take account of all or some of the following elements:

- the service provided to the Client corresponds to his/her investment objectives;
- the Client is financially in a position to deal with any associated risk which is compatible with his/her investment objectives;
- the Client possesses the necessary experience and knowledge to understand the risks inherent to the transaction which he/she intends to carry out following the Bank's advice or the placing of his/her portfolio under discretionary management.

**The Client is duly warned that he/she may make use of the investment advice or discretionary management service only if he/she has previously provided the Bank with all the information required for this test to be carried out.**

#### **b) Appropriateness test for the execution, receipt and transmission of orders on (i) complex financial instruments and (ii) non-complex financial instruments (if linked to a Lombard loan).**

Where, on the Client's initiative, the Bank provides a service for the execution, receipt and transmission of orders on complex financial instruments or when investments in non-complex products are made using funds lent by the Bank in a Lombard loan, the Bank shall ensure that this service is appropriate to the Client's knowledge and experience of financial matters. This test shall, however, only be carried out if the Client belongs to the category of private clients.

Complex financial instruments are in particular and non-exhaustively considered as: option contracts, futures, swaps, forward-rate agreements and all other derivative contracts, forwards, derivative instruments for the transfer of credit risks, financial contracts for differences and securities entitling the holder to acquire or sell marketable securities or giving rise to cash settlement, fixed in reference to marketable securities, to a currency, an interest rate or other indexes or measures.

Where the Bank considers that the operation is not suitable for the Client, it shall notify the latter either immediately, or, if the order was received by post or by fax, by whatever means seem most suitable, given the speed with which the operations on financial instruments must be carried out. The order will be executed after confirmation from the Client or, if there is no response from the Client, within a reasonable period.

If the Client has not provided all the information for this test to be carried out, he/she shall be informed by the Bank that it is unable to determine whether these operations are appropriate or not. **The Bank shall, however, execute the order on the Client's insistence without incurring any liability.**

The information and warnings given to the Client by the Bank on the occasion of this test may in no case be considered to be investment advice.

### **39.3.3. Check of target market within the framework of the financial services of execution and receipt-transmission of orders**

When the Bank provides a service for the execution and receipt-transmission of orders, it is not obliged to collect all the information which would allow it to check that the Client meets all the criteria defining the product's target market<sup>2</sup>. In this context, the Bank only gathers information on the type of client and his knowledge and experience of complex products (and non-complex products if it is a Lombard loan) and then checks the target market against these criteria. The Bank may still refuse to execute an order if the Client is not part of the target market.

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2 The following criteria are generally taken into consideration when defining a product's target market: (i) type of clients targeted by the product, (ii) knowledge and experience required, (iii) financial situation, with particular attention to the ability to bear losses, (iv) risk tolerance and the product's risk/return compatibility to the target market and (v) the client's objectives and needs.

### 39.3.4. Warnings

The Client is hereby warned that:

- **the Bank shall not carry out the suitability test for financial services when it executes, receives or transmits orders for financial instruments;**
- **the Bank shall not carry out the appropriateness test for financial services when it executes, receives or transmits orders for non-complex financial instruments acquired outside the context of a Lombard loan granted by the Bank (in particular and not limited to: equities admitted to trading on a regulated market, money market financial instruments, UCITS shares and units and bonds and other debt securities except, however, those including derivatives). As a consequence, the Client is aware that he/she shall not benefit from the protection relating to this test under these conditions.**

### 39.3.5. Non-liability of the Bank

The two tests are carried out by the Bank in terms of the information transmitted to it by the Client. The Client confirms that all the information notified to the Bank is up to date, accurate, full, exact and reliable and that the Bank may fully act on the basis of this information. The Client shall likewise undertake to notify any change in his/her situation enabling the updating of information. In addition, the Bank may, if it deems it necessary and compliant with internal policy, request the Client to confirm the authenticity, truth and accuracy of the information which it has available.

If the Bank does not receive or cannot obtain the information necessary to evaluate the suitability to the Client's situation or if the Client provides information which is partially inaccurate, the Bank may be unable to provide its services.

The information and warnings notified by the Bank at the time these two tests are carried out shall in no way make it liable for losses which may be generated by the investments made by the Client or arising during the discretionary management of his/her portfolio.

### 39.4. Policy on prevention and management of conflicts of interest

The objective of the Policy of prevention and management of conflicts of interest (the "Policy") is to define organisational measures which must be taken by the Bank with a view to detecting and managing conflicts of interest which may arise during the provision of investment and auxiliary services between the Bank and its clients. Conflicts of interest shall be defined as situations affecting the interests of a party involved and likely to damage the interests of another. They may be, in particular, conflicts between the Bank and (i) one or more clients, (ii) one or more sub-contractors or providers, (iii) one or more counterparties, (iv) one or more connected parties, i.e. legal persons who are part of the Bank's group, as well as the employees, managers, directors of these bodies and the direct or indirect shareholders.

It contains a description of the preventive and inspection measures implemented regarding conflicts of interest, which are presented hereinafter to the Client in summary form.

#### a. Preventive measures

##### 1. Compliance

The prevention and management of conflicts of interest have been assigned to Compliance which shall exercise its prerogatives within the Bank according to the criteria of independence determined by the CSSF.

##### 2. Code of Conduct and procedures

The Bank's employees shall be obliged to submit to a Code of Conduct, which in particular state that they must act honestly and in the best interests of the clients.

##### 3. Other preventive measures

The Policy also contains a list of different measures, the application of which is capable of preventing conflicts of interest: these are preventive measures of an organisational nature (i) the strict separation of tasks (Chinese walls); (ii) respect of banking secrecy; (iii) adoption of security measures, in particular, for information technology issues, preventing the circulation of information within the Bank; (iv) Measures in line with the prevention of insider trading and personal transactions made by directors, managers and employees and (v) Measures relating to the Bank's organisational structure, (vi) measures relating to the validation of new business or new products and (vii) various measures aiming to ensure that the information communicated to clients is correct, clear and not misleading.

#### b. Inspection measures

The Bank has reviewed all of its activities with a view to detecting the situations likely to produce a conflict of interest. It has also adopted appropriate procedures in order to manage such situations.

If the Bank should note that the measures taken in its Policy are insufficient to guarantee, with reasonable certainty, that the risk of undermining the interests of the Client may be avoided, it will undertake to settle this conflict and shall inform the Client in writing of the general nature of the conflict of interest and/or its source, so that the latter is in a position to take an informed investment decision.

The Client may obtain any supplementary information on this policy by submitting a request to the Bank.



### **39.5. Information on financial instruments**

The complexity of financial instruments and the markets on which they are traded require sufficient knowledge on the part of the Client of their characteristics and risks before carrying out investment operations.

When drawing up the Client's investment profile, the Bank provides the Client with an information document describing in a general manner the nature and risks of the most common financial instruments.

The Bank draws the Client's attention in particular to the risks that he/she faces in purchasing financial instruments on the markets. These instruments may undergo sharp and significant variations and may thus lose a great deal, or even all, of their value rapidly and unpredictably. The gains obtained in the past do not predetermine future results.

The Bank also draws the Client's attention to the fact that a security considered at a given time as a prudent investment may subsequently become a risky investment. The Client shall be responsible for carefully monitoring the evolution of his/her portfolio and, where necessary, for taking any initiative to modify the composition of the same.

Certain operations present greater financial risks in so far as they may generate losses which exceed the invested amount. Consequently, the Client who wishes to carry out operations on options or futures must take note and sign a specific document containing all the information relating to the risks associated with these operations, as well as the conditions under which they may be carried out.

### **39.6. Execution of investment instructions**

#### **39.6.1. General**

The investment instructions (hereinafter, also "orders") are subject to the general regime of instructions of Article 26 above, except for derogations resulting from the provisions below.

The investment instructions received and accepted by the Bank are executed without undue delay, in the order in which they are received.

Subject to the stipulations of the best execution and best selection policy, the client hereby marks his/her agreement to the fact that the Bank reserves the right:

- to repurchase, at the Client's expense, the securities which formed the subject of the sale, if the same securities due to be sold are not delivered in timely fashion or are undeliverable;
- to act as counterparty for the execution of orders.

The Bank may terminate an order on its own initiative or that of a correspondent, where a corporate action (capital increase, public offer, dividend payment, etc.) is likely to affect the security in question, in particular its price or liquidity.

The orders to be processed for public sale are valid only for a given selling session. The Client shall be obliged to indicate a price limit.

Where the Bank executes a securities operation following an order given by a Client, it shall act as authorised representative, unless a stipulation to the contrary is mentioned on the notice or statement submitted to the Client.

Where the Bank executes a cash operation following an order given by a Client, it shall act as counterparty, unless a stipulation to the contrary is mentioned on the notice or statement submitted to the Client.

Where the Client submits an order to a foreign exchange, he/she shall be responsible for ensuring that he/ she has the capacity to operate on this market and to observe all the legal obligations to which he/she is bound.

#### **39.6.2. Grouping of orders and transactions**

The Bank is forbidden to group (for transfer or execution) the Client's orders with those of other clients or with the Bank's proprietary transactions. An exception to this is made only if the Client has entrusted the Bank with a discretionary management mandate for his portfolio. In this case, the Bank, or its authorised representative, shall carry out its mission in purchasing or selling financial instruments for the set of portfolios for which strategies are identical. The Bank has adopted a policy of allocating orders with a view to ensuring a fair distribution between its clients of aggregated orders and transactions which will only be partially executed. It is thus unlikely that the grouping of orders and transactions may function overall to the detriment of the Client. At the same time, the Client shall be duly informed that a certain aggregation of orders and transactions may have a detrimental effect with regard to a particular order, due to the fact that the global order may be executed only partially due to a lack of market liquidity.

#### **39.6.3. Execution of orders by the Bank or by intermediaries**

The order given to the Bank shall authorise it, where appropriate, either to execute the order itself, or to transmit it to a third-party intermediary of its choice with an instruction to execute the same. The Client shall release the Bank from all responsibility for acts carried out by the intermediary, except in the case of gross negligence and fraud by the Bank in choosing the third party.

The Bank may not be held liable for delays and omissions committed by companies that issue securities.

#### **39.6.4. Execution procedures for investment instructions**

##### **a) Specific investment instructions**

The Client shall specify in his/her order the execution procedures for an operation, namely the designation or precise characteristics of the financial instrument or contract to which the transaction shall refer, the direction of the operation (purchase or sale), the place and, where appropriate, the trading market, quantity, type of order (limit order, market order, best limit, trigger, etc.) and duration of validity of the order.

Orders without a specified validity deadline shall remain valid until the last day of the year during which the orders were given, except for specific provisions to the contrary for the market on which they are to be executed. The Client is in any case invited to seek information from his/her usual advisor to discover the validity of the orders submitted by him/her.

Warning: the procedures for executing transactions, described above, shall not apply, or only partially, to the specific investment instructions given by the Client. The Bank shall not be held liable for the consequences of specific instructions included by the Client in his order.

The execution advice sent to the Client following the execution of the latter's order shall confirm without possible challenge that it was a case of a specific order from the Client (execution only order) releasing the Bank from its obligation of means to obtain the best execution of same.

The execution advice for transactions which, by their nature, are excluded from the Bank's Best Execution Policy will not mention that they are execution only orders without this calling the nature of these orders into question.

The execution advice sent to the Client following the execution of his/her order shall confirm without possible challenge that it was a case of a specific order from the Client, releasing the Bank from its obligation of means to obtain the best execution of the same.

##### **b) Non-specific investment instructions – Best Execution and Best Selection Policy**

In the absence of specific instructions on execution procedures, the order shall be executed by the Bank according to the rules specified in its Best Execution and Best Selection Policy. In most cases, the application of this Policy allows the Bank to offer execution of orders in the best interests of the Client.

**Clients are invited to familiarise themselves with this Policy, which is annexed to these General Terms and Conditions and forms an integral part of them.**

The Policy shall be regularly updated. The Client shall be informed via a statement of any update in the case of a major change, of where he/she may find the updated version and the date of entry into effect of these changes.

The Client shall be presumed to have agreed to these modifications unless he/she objects in writing within 10 working days of the notification. In this case, the Client shall terminate the account agreement free of charge.

The eligible counterparties are also kept informed of the changes made to the Best Execution and Best Selection Policy notwithstanding the fact that this Policy does not apply to them. When an eligible counterparty wishes to be (re)classified as a professional client or as a private client with subsequent application of the Best Execution and Best Selection Policy, they will be presumed to adhere to it when transmitting an order to the Bank for execution. The eligible counterparty who does not agree with this Policy shall have the right to terminate the account agreement free of charge.

#### **39.7. Inducements: Benefit disclosure**

The information provided below corresponding to benefits paid or received by the Bank relates closely to conflicts of interest. The structural organisation of the Bank, its systems and the segregation of tasks and activities envisaged therein (or "Chinese walls"), as well more generally its conflict of interest management policy have the objectives of preventing the investment choices and advice/recommendations from being biased.

Indeed, the Chinese walls are organised such that confidential information does not filter between operating entities that should function independently from each other so that, if applicable, any conflicts that may arise are dealt with solely in the interest of the client.

Certain services are more exposed to conflicts of interest than others if information should circulate improperly between them. This is particularly the case with private management, investment advice, the dealing room and investment analysis/research. Accordingly, various physical, electronic, operational and even procedural measures have been put in place to prevent/control the exchange of information between persons exposed to conflicts of interest as part of their activities.

These involve barriers to the transfer of confidential information – for example not in the public domain or liable to affect the price of a security – to avoid it being exchanged with persons from another department if this exchange would result in harming the interests of one or more clients or different clients from among them.

Among the physical measures that can be mentioned are the location of the departments concerned in separate buildings/premises, access control systems for certain areas, the limitation of visitor access to given spaces, the keeping of documents in protected areas with restricted access and the clean desk policy.

Electronic barriers may also exist such as specific IT security systems, permanent access controls to premises and obligatory passwords to access information.

Generally, on the operating level, the entities concerned are managed by different people in compliance with the principle of double signature, in accordance with internal procedures, such that any inappropriate influence of a single participant would be at the most limited. Any temporary derogation from these principles must be explained and are managed with care.

### **39.7.1. Monetary benefits received – UCI distribution commission**

In return for providing the Client with these units/shares in Undertakings for Collective Investment (UCI) products, information and updates of certain elements for UCI (prospectus, track record, yield...), the UCI promoter may pay the Bank a commission usually calculated on the basis of the latter's management fee which varies from case to case, depending on the asset class, investments made/amounts received, on the net asset value (NAV), its frequency, rates negotiated in the distribution contract, the number of units in circulation etc.

For Execution-only and investment advisory Clients:

If the Bank improves the quality of the service to the Client, the UCI distribution commissions may be kept by the Bank and the Client shall be informed of the amount of these commissions at least annually.

For discretionary management Clients:

The Bank's policy is to invest the portfolios of Clients under discretionary management in units of funds which do not pay UCI distribution commissions. Any distribution commission still received on the units invested in the UCI shall be repaid to the Client. The Client shall be informed of any administrative costs relating to this repayment at least annually.

### **39.7.2. Non-monetary benefits received and paid**

The Bank may receive from or pay to third parties non-monetary benefits under the following conditions:

- The benefit aims to improve the quality of the service in question for the Client
- The benefit does not affect the Bank's obligation to act honestly, fairly and professionally in the best interests of the client.

Minor non-monetary benefits:

- information or documents relating to a financial instrument or an investment service which are generic or personalised depending on the particular client's situation;
- written documents from third parties; ordered and paid for by a company to promote a new issue that the latter is launching or intends to launch, or from third parties contractually engaged or paid by the issuer to produce such documents on a regular basis, provided that this relationship is clearly explained in the documents and that these are simultaneously available to all investment firms wishing to have them or the general public;
- participation in conferences, seminars and other information events on the advantages and characteristics of a given financial instrument or financial service;
- low and reasonable reception costs, such as those for food and drink at meetings or conferences, seminars or information events;
- other minor non-monetary benefits that the legislation deems may improve the quality of the service provided to a client and, given the overall level of benefits provided, are of such size and nature as to be unlikely to prevent the investment firm complying with its obligation to act in the best interests of the client.

### **39.7.3. Paid benefits – Brokers**

Within the framework of its marketing policy, the Bank may make use of brokers who are likely to bring in clients interested by the services that the Bank offers. The brokers play a role in helping the Client select a financial company that may offer the service best corresponding to his expectations and also in helping the Bank select clients who come within its target audience. They also play a role in defending the Client's interests during his relationship with the Bank. They ensure that the quality of the service meets and continues to meet the expectations of the Client and may intervene with the Bank if the Client is dissatisfied.

The Bank may pay these brokers in line with the nature, quality and extent of their initiating relationships, providing advice and other services to the Client, who would have been able to benefit from these without the broker. This fee is calculated on a flat-fee basis or in line with the new assets that the Client deposits.

### **39.8. Advisory and portfolio management delegation services**

The Bank offers the Client the possibility of using investment advisory and discretionary portfolio management services. These services are subject to specific fees given the Bank's Fee Schedule. They are however only available to the Client if the latter has regularly filled in a risk profile and chosen an investment strategy.

By using the investment services, the Client benefits from complementary Bank services or special fee conditions on other services. The Client may obtain further information on these complementary services and preferential fees from his usual account officer. The provision of complementary services and the application of preferential fees are goodwill gestures and the Bank reserves the right to modify them at any time in the future.

### **39.8.1. Discretionary management**

The Bank provides discretionary management services for its Clients. The details are specified in a special agreement entitled "Discretionary Management Mandate".

### **39.8.2. Investment advice**

The Bank provides "tailor-made" advice for the Client, where appropriate at an agreed frequency and on agreed topics. The ways in which the Bank provides advice to the Client are determined in a specific agreement entitled "Investment Advisory mandate". The Bank undertakes to provide advice either at the Client's request (Advisory mandate) or spontaneously when it deems it necessary (Active Advisory mandate). The Client may also determine beforehand the subjects on which he wishes to receive spontaneous advice.

### **39.9. Obligation of information**

The Client shall be obliged to obtain further information, in particular from his/her account officer or through any other source of information, if he/she considers that he/she does not possess all the relevant information on the characteristics and risks of the financial instruments which he/she plans to trade or the markets on which he/she intends to carry out his/her operations.

The elements which are communicated to the Client on this occasion by the Bank are for information purposes only and are not advice. The information communicated by the Bank shall not deprive the Client, where necessary, of the right to request the opinion of any other specialist.

In any case, the Bank shall be bound only by an obligation of means with regard to the content of the information and, where appropriate, advice that it shall give.

Whether or not he/she is advised by the Bank, the Client shall remain solely responsible for his/her investment choice, except in the case where he/she has entrusted the management of his/her portfolio to the Bank pursuant to a duly signed discretionary management mandate.

The Client further undertakes not to make commitments which are disproportionate to his/her financial situation.

### **39.10. Cover for transactions**

The Bank reserves the right not to execute an order if the funds in the account, in securities or in cash, are insufficient to cover all the risks of the operation.

By giving an order for forward execution, the Client authorises the Bank to isolate the assets specifically assigned to guarantee the operation in question in another private account.

If, for any reason, the assets offered as cover should depreciate in such a way that they no longer represent, at any given moment, and according to the prudent evaluation of the Bank, made on the basis of weightings applicable to the assets in question, at least the amount of the cover demanded of the Client with regard to the same, the Client undertakes, within three working days of the notice received from the Bank, to transfer sufficient supplementary assets to guarantee the Bank's claim at the agreed level.

### **39.11. Key investor information**

The Bank is required by the applicable regulations to prepare and deliver a key investor information document.

The Key investor information document is a pre-contractual document which helps investors understand what an investment in an Undertaking for Collective Investment in Transferable Securities (UCITS) or in any other financial product (Packaged Products) relating to Packaged Retail Investment and Insurance Products (PRIIPS) entails and what the associated risks are in order to allow him to take a fully informed investment decision. It provides information on the key characteristics of the Packaged Product in particular on the objectives and investment policy, risk and reward profile, associated costs and the past performance of the Packaged Product.

Key investor information may be provided by the Bank by means of email, through a website or by telephone. In any event, a printed paper copy will be provided free of charge for investors who request it.

In those cases where the Bank has an obligation to give a client key investor information concerning a UCITS or any other Packaged Product in which the client wishes to invest, the Bank may comply with this obligation by making this key investor information available either on its website [www.kbl.lu](http://www.kbl.lu) (under the heading "Investment Funds") or in printed form available at its head office.

The Client understands that this document contains important information about a possible investment in the UCITS or any other Packaged Product and agrees to study the document as soon as possible prior any subscription.

Furthermore, after such a subscription in a UCITS or any other Packaged Product, the Bank shall inform the client, by means of a document confirming the execution of the order or a bank statement, about the website where the client may obtain the key information or attach a hard copy of the key information document to this document or statement.

The Bank's clients who are intermediaries selling UCITS units or any other Packaged Product or advising investors on possible investments in UCITS or any other Packaged Product, shall themselves obtain the key investor information for these UCITS or any other Packaged Product and give them to their clients or potential clients.

### **39.12. UCI – Investors need to respect the internal and external rules concerning their investment**

In order to avoid practices which are generally made to the detriment of the interest of the investors and contrary to the principle of equality between the investors, investors are prohibited from conducting late trading, market timing and any other similar practice considered to be detrimental to other investors.

Late Trading is to be understood as the acceptance of a subscription, conversion or redemption order after the time limit fixed for accepting orders (cut-off time) on the relevant day and the execution of such order at the price based on the net asset value applicable to such same day. Information about the cut-off time is available in the documents issued by the UCI, such as the Prospectus.

Market Timing is to be understood as an arbitrage method through which an investor subscribes and redeems or converts units or shares of the same UCIs within a short time period, by taking advantage of time differences and/or imperfections or deficiencies in the method of determination of the NAV of the UCIs. If specific rules have been issued by the UCI to avoid Market Timing, such rules are explained in the documents issued by the UCI, such as the Prospectus.

The Investor will take care to inform and to take into account the rules that are applicable to his investments, especially about the minimum lapse of time he needs to maintain his investment into the concerned UCI.

## **40. Transfers**

The Customer may make transfers in the Grand Duchy of Luxembourg and abroad. The Bank reserves the right to debit the account with the amount indicated on the transfer order before its effective reception, subject to settlement. The Bank is authorised to debit the account without notice as soon as the amount has arrived or is claimed for any reason whatsoever before it has been entered in the Client's account.

In addition, the Client is informed that, depending on the circumstances specific to a transfer request, whatever the amount, the Bank reserves the possibility of requesting certain documents and, if they are not provided, of refusing to execute the transfer or of imposing certain restrictions (e.g. transfer only to the Client's country of residence).

Transfers are subject to the special conditions relating to payment transactions attached to these GTC.

## **41. Cheques and bankers' drafts**

The issuing and handling of cheques are subject to the special conditions relating to payment transactions attached to these GTC.

## **42. [Reserved article]**

### **43. Receipt / Remittance of securities**

#### **a) Relationship between Bank and Client**

As a security measure, the Bank requests Clients not to send assets to it nor to deposit assets in letterboxes placed inside or outside its head office. If a Client nevertheless does so, he/she shall assume all the risks for the same, notably of loss or deterioration.

In principle, the Bank will never send any security to the Client. The Client may nevertheless request such dispatch at his/her own risk, which the Bank shall reserve the right to accept under its usual conditions and deadlines.

Remittances shall be insured only at the express request of the Client and at his/her expense. The insurance policy shall be concluded with the company of its choice and at his/her own expense. In the event of loss, the Client or the addressee shall be entitled only to the compensation paid to the Bank by the insurance company.

#### **b) Relationship between Bank and Third Parties**

Except where agreed to the contrary, when the Bank sends documents, securities or other stocks to third parties on behalf of the Client, it shall do so by ordinary mail or in the manner which seems most appropriate to it in accordance with the nature of such securities or the destination to which they are being dispatched. The Client shall bear all the expenses and risks relating to dispatch.

Remittances shall be insured only at the express request of the Client and at his/her expense. The insurance policy shall be concluded by the Bank with the company of its choice and at its own expense. In the event of loss, the Client or the addressee shall be entitled only to the compensation paid to the Bank by the insurance company.

### **44. Domiciliation of commercial bills**

The Bank may accept the Client's domiciliation of commercial bills drawn on it at its counters, whether denominated in euros or other currencies. By this general domiciliation, the Client gives a mandate to the Bank to pay the bill domiciled in his/her name and by debiting his/her account.

In the absence of general domiciliation, the Client on whom the bill is drawn shall advise the counter at least one banking day before the date on which the payment shall take place, if this relates to bills payable in Luxembourg. If the bill is payable abroad, the instructions must reach the Bank in timely fashion, taking account of the usual time for an ordinary letter to reach its destination.

The Client shall ensure that the funds are constituted in due time.

In the absence of instructions to the contrary, the Bank shall not pay bills which are presented late. The same shall apply to bills for which the expiry date does not correspond to that indicated in the notice of domiciliation. The Bank shall not pay bills for which the given instructions are imprecise or ambiguous.

The Bank shall not verify the authenticity or validity of the domiciled bill which it paid on the instructions of the Client.

### **45. Payment cards**

The issuing of payment cards (debit/credit) and the payment transactions made using these cards are subject to the special conditions relating to payment transactions attached to these GTC.

### **46. Collection**

The Bank shall take responsibility both in Luxembourg and abroad, for cashing commercial bills such as cheques, bills of exchange and promissory notes.

The collection operations entrusted to the Bank are governed in particular by the rules specific to each instrument, as well as by the Uniform Rules for Collections, established by the International Chamber of Commerce.

The Client undertakes to submit good for delivery commercial bills for collection. The Client accepts that the Bank does not carry out any inspection on this point, and shall in particular not be liable for the authenticity of the notes and signatures appearing on the documents submitted for cashing.

The Bank nevertheless reserves the right to regularise the commercial bills submitted for collection, but at the sole risk of the remitting party.

The Bank shall not be liable for the consequences arising from inaccurate or incomplete collection instructions. Likewise, it shall not be liable for the consequences of erroneous interpretation of instructions by third parties involved in the collection, whether they are correspondents or final beneficiaries. It shall moreover not incur any liability due to cessation of payment for these third parties.

The Bank and its correspondents shall be obliged to observe the formalities and deadlines established by law to preserve the rights attached to the bill submitted for collection only within the context of their material possibilities. The Bank shall consequently not assume the consequences of failure to observe the prescribed legal deadlines for presentation for acceptance or payment, drawing up protests, notice of non-acceptance and non-payment or for carrying out the corresponding formalities abroad.

The net amount of the remittance shall be credited to the account of the remitting party or shall be paid to the same party only after effective collection. The remitting party may nevertheless be credited subject to successful conclusion. The Bank shall always have the right to debit the account automatically for the amount or the countervalue of the remittance if the same has remained unpaid. The net proceeds of the collection shall accrue to the remitting party in definitive fashion only when the Bank has genuinely received the amounts to be collected.

The Bank shall reserve the right to withhold the unpaid document at any time and to exercise any rights which may be attached to it, until the complete settlement of the advance, including expenses.

Bills denominated in a foreign currency, for which the amount has to be converted into euros, are within the framework of the exchange regulations in effect, discounted at the official "bid rate" or free rate applicable in Luxembourg. If the document cannot be collected by an intermediary of a bank, it shall be discounted at the best rate. Any correction due to a modification in rates may always be attributed to the account at a later stage.

The remitting party shall bear the consequences due to restrictions or measures which may be introduced or imposed by the Luxembourg or foreign authorities in question. The same shall apply for the reimbursements which the remitting party may be obliged to make by virtue of foreign legal provisions concerning the fraudulent imitation or falsification of signatures or notes appearing on these bills. The amount of the returned bills under these conditions may be debited to the account of the remitting party, without the latter's prior agreement.

The Bank reserves the right to accept cheques or other payment instruments by way of payment for the document to be collected. It shall not verify whether the cheques or other payment titles may be honoured.

In the event of a breakdown in the relationship for whatever reason, the Bank may, *ipso jure* and without having to wait for the expiry of the same, immediately debit from the Client's account all the commercial bills discounted by it for which the proceeds of the discount have been credited to the account.

#### **47. Safe-deposit boxes**

The Bank shall provide safe-deposit boxes to the Client for rental. This relationship shall be governed by a specific agreement.

#### **48. Loans**

The Bank may grant its Client different types of credit lines and loans and issue different forms of guarantee at the request of the latter.

These commitments shall be subject to particular conditions governing them and, where applicable, specific regulations which may apply to them.

The Client may make use of the agreed loan provided that the stipulated guarantees are constituted and made enforceable against third parties and the conditions precedent fulfilled.

The Bank may issue guarantees (guarantee and endorsement) in favour of the Client by virtue of the latter's commitments to third parties.

#### **49. Purchase and sale of currencies and precious metals**

The Bank may buy and sell foreign currencies spot and forward, as well as precious metals.

Forward operations shall be accepted subject to a margin of cover, the amount of which shall be communicated to the Client on the occasion of each operation and which may possibly be adjusted due to market fluctuations; this margin may be constituted in cash, securities or precious metals.

The Client undertakes to provide the margin required by the Bank at all times, in the absence of which the Bank shall be entitled to refuse to conclude the contract or to terminate it *ipso jure*.

The Bank shall be authorised to make use of the margin cover without further formality.

For precious metals, limit orders shall be executed automatically provided that the set rate is reached on the Luxembourg market. For "stop-loss" orders, no guarantee shall be given that the Order may be executed at the prescribed limit. Orders that do not specify validity which are entrusted to the Bank shall remain valid until the last day of the current year in which they have been given.

The Bank may act as counterparty in the execution of purchase and sale orders for precious metals while retaining the right to assign commission and usual expenses to the Client.

#### **50. Deposit of precious metals**

The Bank may accept the deposit of precious metals in the form of coins, tablets, ingots and bars.

The Client shall be responsible for the apparent or hidden defects of the assets which he/she submits for deposit at the Bank, regardless of when the defects are discovered.

The Bank may freely decide, and on the responsibility of Client, to deposit the Client's assets with a correspondent chosen by the Bank, either in Luxembourg or abroad.



In principle, the metal account shall operate without the physical delivery of precious metals. At the same time, the Client may request that the Bank physically deliver the precious metals registered in his/her metal account in accordance with the units available on the market. At the time of delivery, any difference of weight shall be compensated in cash. The amount of the compensation shall be valued at the market price on the day of delivery.

#### **51. Sealed envelopes**

The Bank may accept any letter or envelope submitted by the Client, provided that its content is authorised. For this purpose, the Bank shall be entitled to know what this is. The Client must indicate the estimated value of the objects in the envelope given to the Bank. The Bank is in no way involved with valuing the objects which the Client's sole responsibility.

#### **52. Trust agreements**

Pursuant to Luxembourg legislation on the matter, the Bank may agree to hold cash or assets in trust.

The procedures for holding and remitting this assigned property to the designated beneficiary/beneficiaries shall be governed by an agreement between the parties concerned.

On this point, the trust company may be used for all purposes of law, and notably constitute an instrument of payment, management, assignment of assets and also of transmission of property.

#### **53. [Reserved article]**

#### **54. Freezing of securities in view of attending general meetings**

The Client may request the Bank to freeze his securities in view of attending the general meeting of the issuing company. The Bank shall make the securities unavailable starting from the deadline for the deposit of the declaration of freezing until the day after the general meeting or at the end of the last meeting in the event of successive meetings with the same agenda. The Bank shall demand the cancellation of the declaration of freezing if the Client has relinquished the securities before the deadline for submitting this declaration.

#### **55. Documentary collection**

The Bank shall take charge of the collection of all documents (bills of lading, insurance policies, invoices, etc.) whether or not accompanied by commercial paper. It shall carry out the same pursuant to the Uniform Rules on Collections of the International Chamber of Commerce.



## **Part 4 – FINAL PROVISIONS**

### **56. Termination of the relationship**

Subject to the application of specific agreements to the contrary, the Bank and the Client shall at all times have the right to terminate their business relationship by giving eight days' prior written notice, without indicating the reason.

Since the consideration of the person of the Client is decisive for the Bank, it may terminate the business relationship linking it to the Client, in writing and without prior notice, if its confidence in the Client is undermined for whatever reason, and notably where the Client does not meet his/her obligations in terms of the fight against money laundering and the financing of terrorism like those which exist for the identification of holders, legal representatives and beneficial owners of bank accounts and for the reasons justifying the nature and purpose of transactions undertaken using the assets deposited in his or her account or, again, where he/she carries out transactions or actions which contravene a legal or regulatory provision or which are contrary to the business ethics of the Bank.

For the same reason, the Bank may terminate all specific agreements linking it to the Client, notwithstanding the existence of any prior notice in these agreements. The same shall apply to any service which the Bank has agreed to provide on behalf of the Client.

The drawing up of account statements and other notices or reports subsequent to the termination cannot be interpreted as a continuation of the business relationship.

As soon as the business relationship is terminated, the Client undertakes to refrain from requesting the Bank's services. At all events, the Bank shall be entitled to refuse to execute the Client's instructions when the relationship is terminated by either party. Furthermore, the Client shall take all necessary measures to settle the operations in progress.

Starting from the date of the request to terminate the relationship and subject to operations in progress, the Bank shall keep the Client's assets available for him/her or shall transfer them to a designated third party (subject to the conditions of Article 31 of these General Terms and Conditions). These assets shall no longer bear interest. On the same date at the latest, the Client shall return to the Bank all payment instruments that the latter has provided or which are in the possession of an authorised representative, such as chequebooks and payment cards. The Client shall remain liable for any use made of same.

As of this same date, the Bank shall no longer be liable for the legal custody of the Client's assets.

In the event that the account has a debit balance the same shall be due ipso facto without formal notification. The same shall apply to all debts and commitments of which the Bank is a creditor or beneficiary.

The provisions of these General Terms and Conditions shall remain in effect after the date of termination of the relationship, insofar as they are relevant, not only by way of operations in progress but also until the final settlement of the relationship.

### **57. Applicable Law and Competent Jurisdiction**

The Client and the Bank agree that their business relationship shall be governed by the laws of Luxembourg. They also agree to submit all disputes which may bring them into conflict, in particular regarding the validity, interpretation or execution of these General Terms and Conditions and particular agreements concluded between them and more generally with regard to their business relationship, to the authority of the courts of the judicial district of Luxembourg (Grand Duchy of Luxembourg).

### **58. Modification of the General Terms and Conditions and specific conditions**

The Bank shall always be entitled to modify the non-essential provisions of the General Terms and Conditions and the specific conditions of its services. These modifications shall be communicated to the Client in any form appropriate.

The Client shall be advised of essential modifications made to the General Terms and Conditions and to the Particular Conditions through a note enclosed with his/her bank statements, by simple letter or by indication on the Bank's website. The modified text is available at the Bank's head office or on request.

The modifications shall enter into effect in all relationships between the Bank and the Client on the first day of the second month following the one during which the notice was given.

In the event that the Client disagrees with the proposed modifications, the Client shall terminate his/her business relationship with the Bank free of charge in the month following the notice.

The modifications may nevertheless enter into effect as soon as they are notified to the Client, where these relate to compliance with legal and regulatory provisions. The Client shall maintain the right to break off his/her business relationship with the Bank free of charge in the month following this notice.

### **59. Reference version**

Regardless of the language in which these General Terms and Conditions are accepted, it is understood between the Parties that the French version in which it was drawn up shall constitute the reference version which shall prevail in the event of difficulty of interpretation.

## **60. Entry into effect**

These General Terms and Conditions shall enter into force on 25 May 2018 and shall govern the business relation-ship between the Bank and the Client, including the future effects of all contracts and operations previously concluded.

### **Appendices:**

- Special conditions for payment services
- KBL European Private Bankers S.A. Best Execution and Best Selection Policy

## **Special conditions for payment services**

### **(Appendix to RGO – updated July 2017)**

These special conditions form an appendix to the General Terms and Conditions (“GTC”) of KBL European Private Bankers S.A. (the “Bank”) to which reference should be made for anything not expressly stipulated below.

Consequently acceptance of the GTC also implies acceptance of these special conditions.

The Client (the “Client”) may at any time request a copy of these special conditions in the version valid at the time of the request.

Information on the Bank and its supervisory authority is contained in the GTC.

#### **Title I – Conditions applicable to all payment services**

##### **1. Payment services and their use**

These special conditions cover all payment transactions made by the Bank for the Client, unless expressly derogated from in Title II of these special conditions.

The Bank offers its Client payment services allowing the latter to carry out payment transactions from his account. These payment transactions may be made by the Client using transfers (including standing orders and direct debits), deposits and withdrawals, cheques and the use of means and instruments of payment.

The Client uses the means and instruments of payment available to him pursuant to the conditions governing their delivery and use contained in specific agreements.

The means and instruments of payment provided by the Bank must be kept with the utmost care by the Client or his nominees on the Client's responsibility. The Client will in particular take all reasonable measures to keep his personal data safe. These obligations apply in particular to chequebooks, cards, passwords, codes and any procedure agreed between the Client and the Bank. In the case of loss, theft, misappropriation or any unauthorised use of the means and instruments of payment, the Client must inform the Bank or the body designated by the Bank without delay, pursuant to the specific agreements governing the means and instruments of payment.

The Bank reserves the right to assess at any time the merits of providing the Client with a chequebook, payment card or any other instrument or means of payment depending on the situation of his account, deterioration of his financial situation or repeated incidents attributable to the Client. Although the Bank has provided the means and instruments of payment it may, on these grounds and at any time, request that the Client return them.

The Client undertakes to constitute and maintain the necessary funds to meet the payment transactions.

##### **2. Stipulations applicable to all transfers**

The Client may make transfers in the Grand Duchy of Luxembourg and abroad. Execution times and value dates are given in the Fee Schedule.

##### **2.1. Transfers made on the Client's instructions**

For the execution of any transfer order, the Client shall communicate to the Bank the amount to be transferred, the currency, his surname, both his/her address and that of the beneficiary and the beneficiary's account number. In the absence of these, the Bank may suspend the operation until all of this information has been received.

Since 1 January 2006, the indication on the transfer form of the BIC (Bank Identifier Code) of the beneficiary's bank and the IBAN (International Bank Account Number) of the beneficiary's account have been considered by the European Payments Council as the sole identifiers of transfers in euro carried out within the European Economic Area (which includes Member States of the European Union, as well as Norway, Liechtenstein and Iceland). Since 1 January 2007 banks have been able to refuse to execute transfer forms which do not include the indication of the BIC of the beneficiary's bank and the IBAN number of the beneficiary's account or on which these indications are incorrect. The Client is hereby informed that the Bank may make use of this latter facility.

If the Bank takes the liberty of executing a transfer which does not contain the BIC code and/or the beneficiary's IBAN number it cannot guarantee that the beneficiary's bank will accept this transfer.

When a transfer has been made by the Bank on the basis of an incorrect IBAN number and/or BIC code, the Bank will endeavour, within reason, to recover the funds in the payment transaction. The Bank reserves the right to charge fees pursuant to its Fee Schedule (searches).

The Bank is not obliged to check that the unique identifier indicated on the transfer form agrees with the other data on it (beneficiary's name and details) before sending this order to the beneficiary's bank or before crediting the Client's account when he is the beneficiary of a transfer. Should the Bank carry out such a check, this may in no way be considered by the Client as making the Bank liable for any errors. The Bank may in particular not be held responsible (i) when there is no agreement between the beneficiary of the transfer and the accountholder(s) corresponding to the unique identifier on the transfer form, (ii) when the account of the beneficiary Client of a transfer corresponding to the unique identifier is held by a single one of the beneficiaries indicated on the payment form, the Client guaranteeing the Bank against any questioning of its liability by the other beneficiary(ies) of the payment order, or (iii) when the Client is the sole beneficiary of a transfer but the account corresponding to the unique identifier is a collective account (joint account).

The Client expressly authorises the Bank to transmit to the beneficiary's bank, as well as to any correspondent (intermediary / reimbursement bank) involved in the execution of the transfer, his/her surname, first name, address and the IBAN number of the account and any other item stipulated in the applicable legislation.

The Client shall benefit from the application of European Regulation (EC) No 924/2009 of 16 September 2009 on cross-border payments in the Community providing for the execution of transfers up to EUR 50 000 or equivalent amount in Swedish kronor (or any other currency falling within the scope of the abovementioned regulation at a later date), to a Member State of the European Economic Area under the same conditions as national transfers only if he/she has previously submitted the BIC of the beneficiary's bank and the IBAN number of the beneficiary's account. If this information has not been communicated, the Bank shall be entitled, if it chooses to execute such a transfer, to charge supplementary fees. Furthermore, the Bank shall be able to debit the supplementary fees claimed by correspondents.

Transfers become irrevocable once the transfer order has been received by the Bank. When the Bank accepts a request to cancel an order, the Bank will do its best to cancel the execution without being under any obligation to do so. The Bank is entitled to charge the Client any fees connected with handling this cancellation pursuant to the fee schedule (searches).

In the absence of instructions to the contrary on the payment order duly accepted by the Bank, the same shall be carried out with expenses shared (SHARE) between the remitter and the beneficiary.

Personal data accompanying the transfer of funds are handled by the Bank and by other specialist companies such as SWIFT (Society for Worldwide Interbank Financial Telecommunication). They may be handled by centres located in other European countries and in particular in the USA, operating in conformity with their legislation. As a result the authorities in these operating centres may request access to the personal data held there within the framework of the fight against money laundering and the financing of terrorism. Any client, requesting the Bank to carry out a payment or any other transaction, implicitly agrees with the fact that any data necessary for the correct execution of the transaction may be handled outside Luxembourg.

By way of derogation from Articles 1239 and 1937 of the Civil Code, transfers carried out on the basis of falsified payment orders shall be enforceable against the Client and shall validly release the Bank.

In the absence of instructions to the contrary from the remitter, the Bank reserves the right to credit the beneficiary's accounts in its own books with the amounts to be transferred to the benefit of the same beneficiary at another institution.

## **2.2. Transfers received in favour of the Client**

The amounts received by transfer in favour of a Client will be credited to the account opened in the corresponding currency. In the absence of such an account the Bank reserves the right to open the appropriate account or to carry out a conversion into the Client's benchmark currency.

The Bank reserves the right to credit the account with the amount stated (notified or instructed) in the transfer order before its effective reception, subject to successful completion. The Bank shall be authorised to debit the account without issuing formal notice, provided that the amount has not been received or its return is requested for whatever reason before it has been credited to the Client's account.

## **3. Liability**

### **Client's fraudulent behaviour and negligence**

The Bank can never be held liable for losses incurred by an unauthorised payment transaction which are a result of the Client's fraudulent behaviour or the fact that he has not fulfilled, intentionally or through negligence, one or more obligations incumbent upon him when using and keeping the instrument of payment.

### ***Force majeure***

In any case the Bank cannot be held liable in cases of *force majeure*.

## **4. Cheques and bankers' drafts**

### **Issuing**

The Bank reserves the right to issue or not to issue a chequebook or banker's draft to the Client, under conditions that it determines. The Bank shall not accept the payment of cheques established on plain unheaded paper.

The Client shall be obliged to return unused cheques to the Bank on demand.

As soon as the relationship between the Client and the Bank is terminated for whatever reason, the credit balance of the account shall be made available to the Client only after payment of cheques in circulation and return of the unused cheques.

The dispatch of cheques to the Client or of a cheque to his/her beneficiary shall be at the risk of the Client who requests it, except in the case of the Bank's fraudulent misrepresentation or gross negligence.

### **Objection**

The Client shall be responsible for the use of the cheques which have been sent to him/her by the Bank and shall in particular bear all the consequences arising from their loss, theft or misuse. He/she shall be obliged to notify the Bank of the loss or theft of a chequebook or any other incident and to stop them immediately. The Bank shall not be liable for the payment of lost, stolen or forged cheques.

If a cheque is stopped, the Bank reserves the right to freeze the amount of the cheque in the Client's account or in a separate account, until the dispute between the Client and the presenting party has been resolved.

The Client undertakes to compensate the Bank for any detrimental consequences which it may suffer following the stopping of a cheque.

### **Cancellation**

Where the Client has properly issued a cheque but subsequently wishes to prevent payment of the same, he/she may cancel the cheque. This cancellation shall not have any effect during the period of presentation of the cheque, as stipulated by law. The Client hereby authorises the Bank to pay a cancelled cheque which is presented to it during this period.

### **Payment**

The Bank shall reserve the right to refuse to pay cheques which are not or are insufficiently covered, cheques which are not from a chequebook issued by it, which are from a chequebook for which the requesting party has not acknowledged receipt or for which the signature does not match the deposited specimen signature.

### **Return of the original of the cheque**

Where the Client gives the Bank a mandate to cash his/her cheques, the Bank may have to send the original cheque to the bank responsible for payment, possibly making use of intermediary banks.

The Client is duly informed that certain legislations, such as that of the United States of America, impose the security measure of destroying the original of the cheque and preserving a copy which guarantees a faithful reproduction of the original. The Bank shall not incur any liability if it is unable to return the original of the cheque to the Client who may request this and shall be validly released by returning the copy which has been remitted to it by its correspondent bank or by the bank on which it is drawn.

## **Title II – Conditions applicable to services linked to intra-Community payment transactions**

### **1. Introduction**

The Single Euro Payments Area (SEPA) is a unified European payments area set up by the member countries of the European Payments Council (EPC).

SEPA allows citizens and companies to make payments throughout the eurozone (all the countries who have adopted the euro) and then throughout the European Union using the same payment instruments (cards, transfers, direct debits).

Within the SEPA a cross-border payment must be handled with the same speed, security and under the same conditions as a domestic payment.

The countries belonging to the SEPA are the 28 Member States of the European Union (whether they use the euro or not), Liechtenstein, Iceland and Norway (who are part of the European Economic Area without being members of the European Union), as well as Switzerland and Monaco.

Directive 2007/64/EC of the European Parliament and of the Council of 13 November 2007 on payment services in the internal market (PSD) governs intra-Community payment transactions and also provides the European legal framework for the SEPA.

This directive shall be transposed into Luxembourg law with effect from 13 January 2018.

## 2. Scope

### 2.1. Intra-Community payment services

The payment services covered by this title involve the intra-Community payment transactions defined below.

**“Intra-Community payment transactions”** means

(1) payment transactions made by:

- transfers, including direct debits and standing orders, independent of the means of transmission used (telephone, letter, eKBL internet or Swift Request for Transfer Service);
- deposits and withdrawals made at the Bank;
- payment cards (debit / credit).

These different payment services may be subject to specific rules which are to be referred to for anything which is not specified in these special conditions.

(2) payment transactions in one of the following currencies:

- euro;
- the currency of a Member State of the European Union outside the eurozone;
- the currency of a Member State of the European Economic Area (EEA), i.e. Norwegian crown (NOK), Icelandic crown (ISK) and the Swiss franc in Liechtenstein (CHF).
- in the currency of a Member State when the payment services provider for the payer and for the beneficiary are both located in the European Union or when the single payment services provider involved in the payment transaction is located in the European Union.

(3) payment transactions using current accounts, excluding all other types of account (securities account, savings account, time deposit, loan account, etc.).

(4) payment transactions initiated by the Client as payer and payment transactions initiated by the beneficiary of these transactions (e.g. direct debit and card payments).

(5) unless expressly stated otherwise, payment transactions where:

- the payment service provider of both the payer and the beneficiary are located in Luxembourg;
- the payer's payment service provider is located in Luxembourg and the beneficiary's payment service provider is located in another EEA Member State;
- the beneficiary's payment service provider is located in Luxembourg and the payer's payment service provider is located in another EEA Member State;
- payment transactions in which there is only one payment service provider and the latter is located in Luxembourg.

The following payment transactions are excluded (non-exhaustive list) even if they meet the criteria to be considered as intra-Community payments:

- foreign exchange in which the funds are not held in a payment account;
- payment transactions based on the following instruments: cheques, drafts, vouchers and postal money orders;
- payment services related to securities assets servicing, including dividends, income or other distributions or redemptions or sales;
- payment transactions between payment service providers, their agents or branches for their own account.

**“Payment transaction”** as used hereafter means any intra-Community payment transaction.

## **2.2. Classification of Clients**

For the application of the stipulations contained in the PSD, the Bank will automatically classify Clients as follows:

- **consumers**, i.e. individuals who carry out payment transactions for other than business or professional purposes;
- **non-consumers**, i.e. all other clients.

To take account of certain particularities, certain clients may be classified as consumers although they meet the criteria for non-consumers. The Client may contact the Bank or his usual account officer to find out more about his classification.

Consumers enjoy the full protection offered by the PSD. The stipulations of Title II apply to both consumers and non-consumers, unless otherwise specified. In which case the stipulations of Title I of the special conditions will apply.

In general it is agreed with non-consumers that the Bank is not obliged to provide the information stated in the PSD.

## **3. Stipulations governing intra-Community payment transactions**

### **3.1. Consent to intra-Community payment transactions and irrevocability**

#### **Consent**

Consent to a payment transaction is given in one of the forms laid down in the rules on instructions and notification in the GTC. Once a payment transaction has been given in one of these forms, it is assumed to have been approved by the Client.

Consent to payment transactions through direct debit or standing order is given on an appropriate form handed in by the Client, or by his creditor in the case of a direct debit, to the Bank.

Consent to payment transactions using a payment instrument (payment card, eKBL etc.) is given when the Client uses the means of identification making it possible to validate these transactions or confirms the payment when he uses the electronic wallet.

Payment transactions to which consent has not been given in one of the forms stipulated above are considered unauthorised, unless they are made by a non-consumer in which case it is agreed that consent may result from any other proof freely provided by the Bank.

#### **Irrevocability**

Payment orders cannot be revoked once the Client's instructions have been received by the Bank.

However, where it is agreed that the execution of a payment transaction will start on a given day, at the end of a specific period or the day when the Client makes the funds available for the payment transaction, a request for revocation may be made at the latest at the end of the business day preceding the agreed day.

Payment transactions initiated by or through the beneficiary cannot be revoked once the Client has transferred the payment order or given his consent to the beneficiary for its execution.

After these time limits the Bank may take into account a revocation request only insofar as the execution of the payment order has not begun. Where the payment order is initiated by or through the beneficiary, including a direct debit transaction, this may only be revoked with the agreement of the beneficiary. The Bank undertakes to do its best to cancel the execution without being under an obligation to do so. The Bank is entitled to charge the Client any fees connected with handling this cancellation pursuant to the Fee Schedule (searches).

Any revocation of a payment instruction must be communicated to the Bank in one of the forms laid down in the rules relating to the form of instructions and notification in the GTC.

The Bank always has the right to request the written confirmation of a revocation made by telephone.

It is expressly agreed that these stipulations do not apply to a non-consumer client.

### **3.2. Execution of intra-Community payment transactions**

#### **3.2.1. Validity**

Payment orders transmitted to the Bank must be valid, that is not likely to be refused or the execution to be suspended for the following reasons:

- insufficient funds in the account;
- rules relating to the functioning of the account do not allow the instruction, as communicated to the Bank, to be carried out (e.g. revocation of joint-account agreement);

- time necessary for the Bank to meet its legal obligations or to allow the Bank to check if the execution conforms to its ethical standards or to check if it is possible and/or to find the means to execute it if the instruction is unusual for the Bank;
- the instructions appear incomplete, imprecise or ambiguous;
- there is a doubt about the instruction's authenticity;
- the transaction cannot be carried out for legal, regulatory or judicial reasons or due to extrajudicial objections;
- any other reason which seems legitimate.

Unless prevented by a legal rule the Bank will notify the Client of the refusal to execute his payment transaction, either by telephone, letter or any other means that the Bank judges appropriate. If possible, the Bank will give the reason for the refusal and the procedure to be followed to allow the Client to correct any factual error which may have caused this refusal.

Any payment order whose execution has been refused by the Bank is deemed not to have been received by the Bank.

The Bank reserves the right to invoice the Client the fees incurred when handling the refusal pursuant to its fee schedule (searches).

### **3.2.2. Point in time of receipt**

#### **Principle**

The point in time of receipt of the payment order is the day when it is received by the Bank, whether transmitted directly by the Client as payer or transmitted indirectly by or through the beneficiary.

It is however explicitly agreed that the point in time of reception is considered to be the business day following its effective receipt by the Bank in the following circumstances:

- when a payment order is received by the Bank after 3 p.m. no matter how it is transmitted (by post, handed in at the counters or transferred using eKBL);
- when a payment order is left in the Bank's letter box after 3 p.m.;
- when a payment order is left in the Bank's night safe after 3 p.m.

If a payment transaction involves a prior transaction of another type (e.g. the sale of securities followed by the transfer of the proceeds of the sale, cashing of coupons on an account, the sale or encashment of matured securities with the crediting of the countervalue to an account, the deposit of funds in an account in a different currency), the point in time of receipt is deemed to be the business day when the previous transaction was completed and the funds deposited at the Bank or the next business day if these conditions are met after 3 p.m.

Any payment order which does not contain all the information necessary for its execution shall be deemed not to have been received by the Bank. The point in time of receipt of such an order will be the business day when the Bank has received all this information or the next business day if this is received by the Bank after 3 p.m.

Any payment order which the Bank cannot execute (e.g. for technical reasons, legal prohibition or if the notes presented for encashment are forgeries) shall be deemed not to have been received by the Bank. If it is a temporary suspension the point in time of receipt is the business day when the Bank learns of the lifting of the suspension or the following business day if the Bank learns of this after 3 p.m.

#### **Exception**

However, it may be agreed that the payment order will be executed by the Bank in another way. Consequently:

(i) either the execution date or the period at the end of which the order should be executed is specified on the payment order or (ii) it is agreed with the Bank that the order will be executed on the day that the funds are made available by the Client. In these cases, the point in time of receipt shall be deemed to be the day agreed. If this day is a holiday, the point in time of receipt will be fixed as the following business day.

### **3.2.3. Business days**

Business days are to be understood as being all the days of the year, with the exception of weekends and legal and bank holidays pursuant to the calendar of legal and bank holidays published on the internet site of the Luxembourg Bankers' Association ([www.abbl.lu](http://www.abbl.lu)).

### **3.2.4. Amounts transferred and amounts received**

Where the payment transaction consists of a transfer, the full amount of the payment transaction will be transferred to the beneficiary, charges being additionally deducted from the payment account.

However, where the Client is the beneficiary of a transfer, he accepts that the charges relating to the transfer may be deducted from the amount transferred to him before the amount is credited to his account.



### 3.2.5. Execution times and value dates

#### Transfers

The Bank will do its best to ensure execution of transfers within the time limits laid down in its Fee schedule.

However, it is agreed with the Client that the maximum execution periods are the following:

#### **Maximum execution periods and value dates for outgoing transfers for which the beneficiary's payment service provider is established in the European Economic Area.**

- transfers in euro:
  - payment account in euro: the maximum execution time is one business day; one extra business day is added if the payment order is sent by post or fax;
  - payment account in another currency of a Member State of the European Economic Area involving prior conversion to the euro; the maximum execution limit is four business days;
- transfers in a currency of a Member State of the European Economic Area with or without prior conversion the maximum execution limit is four business days.

These limits begin from the point in time of receipt of the order as defined above.

The transfer is executed once the funds have been credited to the beneficiary's payment service provider's account.

For transfers in a currency of a Member State of the EEA, the Client's account will be debited with a value date of the day the transaction was effectively recorded.

#### **Maximum execution times and value dates for incoming transfers:**

The beneficiary Client's account for a payment transaction is credited with the amount of the transfer on the business day on which: (i) all the information relating to the transaction is in the Bank's possession and (ii) the funds to be credited to the Client's account are available to the Bank.

This applies even if the remitter's payment service provider is not located in a Member State of the EEA.

#### **Withdrawals / deposits**

Withdrawals at the Bank's counters in euro or a currency of a Member State of the EEA have a value date of the day of the transaction.

Deposits at the Bank's counters in euro or the currency of a Member State of the EEA are immediately available to the Client and have a value date of the day of deposit, insofar as the amounts deposited are in the same currency as the account.

### 3.2.6. Exchange rate

The exchange rates can be found on the Bank's eKBL internet site. These rates are given for information purposes only taking account of the variations which may occur between the time of consultation and the time the payment transaction is executed by the Bank.

### 3.2.7. Refund of payment transactions initiated by or through the beneficiary

The Client may obtain a refund of a payment transaction initiated through the beneficiary from the latter provided that the request is addressed to the Bank within the eight weeks from when the funds were debited and that the following conditions are fulfilled:

- the authorisation did not indicate the exact amount of the payment transaction when it was given, and
- the amount of the payment transaction exceeded the amount the payer could reasonably have expected taking into account his previous spending pattern and relevant circumstances connected to a foreign exchange transaction.

The Client must provide the Bank with all the factual elements likely to support his request for a refund and in particular the reasons for which he was unable to anticipate the amount of the payment transaction in question. The Client must specify for which payment transaction(s) he is requesting a refund. This will only be granted for the transactions specified by the Client to the exclusion of all others.

If this information is not provided within the eight-week time limit the refund request will be considered null and void.

It is expressly agreed that the refund will not be due if the Client gave his consent to the execution of the payment transaction directly to the Bank inasmuch as, if necessary, the information relating to the payment transaction had been provided to the Client or made available by any means at least four weeks before the execution by the Bank or the beneficiary of the payment transaction.

Within a time limit of 10 business days following the receipt of the refund request, the Bank will either refund the Client the full amount of the payment transaction or inform the Client of its refusal to grant a refund. The Client then has the right to contact the CSSF if he does not accept the Bank's reasons for refusing the refund.

It is expressly agreed that the above stipulations do not apply to a non-consumer client.

The stipulations of the present article do not apply to SEPA direct debit payments, repayment requests for which are subject to specific stipulations given below.

### **3.2.8. Unauthorised or incorrectly executed payment transactions**

#### **General liability**

The Bank cannot be held liable for unusual or unforeseen circumstances beyond its control, the consequences of which are inevitable despite its best efforts nor when the Bank is bound by legal obligations laid down by national or Community legislation.

Apart from the cases stipulated by the GTC, the Bank cannot be held liable:

- where, in the case of an incorrectly executed transaction, it is able to prove:
  - for transfers made and debit advice received: that it has transmitted the funds to the beneficiary's payment service provider within the time limit for execution described above;
  - for transfers received: that it has credited the funds to the account immediately after their receipt;
- where, for an unauthorised transaction, the Client has acted fraudulently.

In the case of an unauthorised transaction, the Bank always has the right to require the Client to make a complaint to the appropriate bodies and to transmit a copy of this complaint to the Bank. The Bank has the right to suspend any Client compensation until this request has been fulfilled.

Whether liable or not, on the Client's request, the Bank will make every effort to trace the non or incorrectly executed transactions and will inform the Client of the results of its enquiries. If the Client has incorrectly indicated the banking particulars, the Bank will endeavour, as far as is reasonable, to recover the funds. The Bank may invoice the recovery fees pursuant to its Fee Schedule (searches).

For non-consumers it is also agreed that Articles 1239 and 1937 of the Civil Code do not apply so that transfers made on the basis of forged payment orders are subject to opposition and fully discharges the Bank.

#### **Specific liability relating to payment instruments**

The Client is required to be careful and keep his payment instruments in accordance with the security instructions contained in the special conditions relating to payment instruments and these special conditions. In addition, he must take all reasonable measures to protect his personal security devices.

In the case of loss, theft, misappropriation or any unauthorised use of a payment instrument, the Client is required to report this fact immediately in accordance with the instructions in the conditions governing the payment instrument. However, the Bank and the Client agree that blocking a payment card may not prevent the later use of the electronic wallet.

Prior to requesting the block, the Client shall bear the losses relating to any unauthorised payment transactions, up to a maximum of EUR 50, resulting from the use of a lost or stolen payment instrument or, if the Client has failed to keep the personalised security features safe, from the misappropriation of his payment instrument.

However, the Client shall bear all the losses relating any unauthorised payment transactions:

- if he incurred them by acting fraudulently or by failing to fulfil, with intent or gross negligence (i) one or more security obligations relating to keeping and protecting his payment instrument, (ii) the obligation to take all reasonable measures to keep his personal security features safe or (iii) the obligation to request the blocking of his payment instrument immediately;
- if these losses were incurred by the use of an electronic wallet;
- expressly in the case of a non-consumer.

#### **Notification of unauthorised or incorrectly executed payment transactions**

The Client has the right to request the rectification of a payment transaction provided that he has notified the Bank on becoming aware that this transaction was not authorised or incorrectly executed within three months (notification period) of the date of the dispatch of the statements of account mentioning the payment transaction in question or of it being made available if mail is held at the Bank or of the date on which the transaction should have been executed, unless he can prove that, for reasons beyond his control, he was unable to access the statements or that it was impossible for him to make a complaint.

If the Client does not notify the bank within the notification period the Client is assumed to have approved the payment transaction as regards both authorisation and execution. He does, however, have a period of 13 months starting from (i) the debit or credit date of his account depending on whether he is the payer or payee of the payment transaction or (ii) the date on which the payment transaction should have been executed to prove that he did not authorise the payment transaction or that it was not executed correctly.

The Client may make no complaints after the abovementioned 13-month period.

Once an unauthorised or incorrectly executed payment transaction has been notified within the notification period, the Bank has the right to prove by all legal means that the transaction in question has been authorised by the Client or, where the Client claims incorrect execution, that it was accurately recorded, entered in the accounts and not affected by a technical breakdown or other problem. However, the Client must furnish the proof of incorrect execution for any payment transaction made using the electronic wallet.

Where the Client claims that a payment transaction made using a payment instrument has not been authorised, the use of the payment instrument (e.g. use of PIN code) may be taken into account with one or more other supporting elements to prove that the transaction was authorised by the Client. As an exception, any payment transaction made using an electronic wallet will be deemed to have been irrefutably authorised by the Client.

The stipulations of the present article do not apply to SEPA direct debit payments, notifications of non-authorised or incorrectly executed requests for which are subject to specific stipulations given below.

### **Refund of unauthorised or incorrectly executed payment transactions**

If the Bank makes an unauthorised or incorrectly executed payment transaction, it undertakes, if needed and under the conditions laid down in the PSD, to recredit the Client's account with the amount of the transaction and to return the payment account debited to the state in which would have been had the amount in question not been debited.

Furthermore, if a transaction is incorrectly executed, the Client may obtain the refund of charges and interest directly related to the non-execution or incorrect execution of the transaction from the Bank, any additional compensation being excluded.

The refund does not deprive the Bank of its right to recover, if necessary by debiting the Client's account, the amounts which later appear to have been unduly refunded.

It is expressly agreed that this right to a refund of payment transactions does not apply if the payment transaction has been made (i) using an electronic wallet or (ii) by a non-consumer if the payment transaction has been incorrectly executed.

## **3.3. Complaints**

The Client has the right to contact the Commission de Surveillance du Secteur Financier, located on route d'Arlon, L-1150 Luxembourg with any complaints relating to intra-Community payment transactions.

## **4. The SDD direct debit service**

### **4.1. Introduction**

The EPC has developed a new payment instrument, the SEPA Direct Debit (SDD) aiming to harmonise and simplify the rules concerning the collection of direct debits, whether recurrent or not, in countries within the SEPA zone.

### **4.2. Scope**

The SEPA direct debit collection service (SDD collection service which the Bank provides to the Client can only be used by the Client who has a debt denominated in euro with one of his creditors. Consequently it does not allow a Client to accept payment on the account that he has with the Bank.

The SDD collection service may only be used if the Client and his creditor are located in a member country of the SEPA zone. The Client and his creditor may however be located in two different member countries of the SEPA zone.

The SDD collection only applies to transactions in euro. The Client's account may however be denominated in a currency other than the euro. In this case, the foreign exchange transactions will be carried out in accordance with the usual rules of the Bank and are not subject to the stipulations of Article 4 of these special conditions.

The SEPA SDD collection rules differ according to type of Client: if a consumer, the SDD collection will be under B2C Scheme while the B2B Scheme will apply to non-consumers. However, the creditor of a non-consumer may accept only SDD collections which are subject to the B2C Scheme, in which case the non-consumer client will enjoy the advantages linked to this type of payment, including the right to a refund described below. However, the B2B Scheme may never be used for SDD collections whose debtor is a consumer.

It is up to the Client's creditor to initiate an SDD collection in accordance with the B2C or B2B Scheme rules. The Bank has made its own classification of consumer and non-consumer clients. On the basis of this classification, the Bank will refuse SDD collections which are presented using the B2B Scheme if the Client is a consumer. If the Client is a non-consumer SDD collections will be via the B2B or B2C Scheme depending on what is indicated in the SDD Mandate.

If the Client has any doubts as to his classification he should contact his account officer. Failing this, the Bank will not be liable for refusing to execute an SDD collection subject to rules which do not correspond to his classification.

These current special conditions relating to SDD collections do not affect relations between the Client and his creditor. As a consequence of this neither the Bank, nor the creditor bank nor the intermediaries involved in the SDD collection may be held liable for any consequences resulting from the relation between the Client and his creditor.

The following stipulations apply to both consumer and non-consumer clients unless otherwise specified.

#### **4.3. SDD Mandate**

The SDD collection is based on a mandate given to the creditor by the Client authorising him to process a single direct debit, or recurrent ones, using the B2C or B2B Scheme (SDD Mandate). The Client is free to accept or refuse the payment of his debts using SDD collection.

The SDD Mandate is drawn up on a paper or electronic form transmitted to the Client or provided by the creditor. The SDD Mandate indicates the applicable law, which must be a law of one of the SEPA countries. After filling in and signing the form, if necessary signing it electronically, the Client or his agent sends the SDD Mandate to the creditor who sends the details necessary for carrying out the SDD collection to his bank. In its turn the creditor bank transmits these details to the Bank.

Furthermore the non-consumer Client must either transmit the copy of the SDD mandate to the Bank or inform the Bank of all the details of the mandate before the collection date. The Bank will refuse any SDD Mandate which is not directly transmitted to it by the Client or his agent who has power of signature on his account or whose sender cannot be identified. Unless it holds a copy of the SDD Mandate or the details of it, the Bank will not be able to execute the SDD collection and the non-consumer Client alone accepts liability towards his creditor. For recurrent SDD collections, the non-consumer Client must likewise immediately inform the Bank of any change to the SDD Mandate or its cancellation. Without this the Bank will execute the recurrent SDD collections on the basis of the data held at the sole risk of the non-consumer Client.

The reception by the Bank of the details transmitted by the creditor bank serves as authorization to debit the Client's account with the amount – amounts for recurrent SDD collections – indicated.

If the Client is a consumer, the Bank is not obliged to verify that there is an SDD mandate before debiting the Client's account; this is expressly accepted by the Client.

If the Client is a non-consumer the Bank verifies that the details provided by the creditor bank correspond to the SDD Mandate details as previously provided by the non-consumer Client. If there are differences in the details, the Bank will suspend execution of the SDD collection and ask the non-consumer Client how to proceed with this SDD collection. If unable to contact the non-consumer Client or if no reply is received within two business days, the Bank will refuse the SDD collection at the sole risk of the non-consumer Client.

If it is a one-off SDD collection, the SDD Mandate is only valid for the collection of this payment and no others.

When it is a recurrent SDD collection, the Client's creditor has to cancel the SDD Mandate if he has not presented an SDD collection for a period of 36 months. Any later SDD collection will require a new SDD Mandate. It is the sole responsibility of the Client to cancel the SDD Mandate, the Bank cannot be held liable for this.

The Client is obliged to respect the SDD Mandate which he gives to his creditor. Under no circumstances are the Bank or the creditor bank to intervene or take a position in any disputes likely to arise between the Client and his creditor resulting from the SDD Mandate. Cancelling the SDD Mandate and reimbursing the SDD collections are at the Client's own risk. The latter accepts all liability.

The Client's creditor alone is liable for keeping the SDD Mandate and any changes or information relating to its cancellation or expiration. The Consumer Client always has the right, at any time to receive a copy of the SDD Mandate and its amendments. To do this he must send a detailed request to the creditor.

#### **4.4. Intermediaries**

For the final payment of the SDD collections, the Bank uses intermediaries.

The Client is hereby informed that his personal data necessary for carrying out the SDD collection are transferred to these intermediaries, something which he expressly accepts.

The stipulations of the General Terms and Conditions on intermediaries involved in carrying out banking transactions apply for the rest.

#### **4.5. SDD collection process**

Inasmuch as the Bank is in possession of, a copy of the SDD Mandate (or the data it contains), for a non-consumer, the SDD collections are carried out according to the following deadlines and the following system:

- A minimum of 14 days before the SDD collection date (Collection Date) the creditor sends the Client a pre-notification indicating the amount of the debit and the date that it will be taken from the Client's account. The Client and his creditor may however agree to another deadline within which the pre-notification must be communicated.

- When it is the first SDD collection for a recurrent direct debit or an SDD collection for a single direct debit, the creditor transmits the relevant data for the SDD collection to his bank at least 5 days (1 day if it is an SDD collection using the B2B scheme) and at most 14 days before the collection date. The minimum deadline returns to 2 days for the SDD collection of subsequent recurrent debits.
- The Bank debits the Client's account with the amount of the direct debit on the Collection Day.

The Client should regularly check his bank statements and check that the SDD collection has been made in accordance with the SDD Mandate. The Client is solely liable for not checking his statements of account.

#### **4.6. Rejection of SDD collections**

SDD collections cannot be carried out under the following circumstances:

- If the Bank does not have a copy of the SDD Mandate (or the information it contains) in its possession if the Client is a non-consumer.
- If a technical problem is detected before the Collection Date by the creditor bank, by an intermediary or by the Bank (e.g. when data relating to the SDD collection is not provided in the correct format or if the Client's IBAN is incorrect).
- Because of unusual and unforeseen circumstances beyond the Bank's control, the consequences of which are inevitable despite best efforts or if the Bank is bound by other legal obligations under national or European law such as the fight against money laundering and the financing of terrorism.
- Due to specific circumstances such as closing the Client's account, death of the Client or following the Client's objection to the SDD Collection.
- If the SDD Mandate has been cancelled by the Client before the Collection Date.
- If the SDD collection is presented to the Bank under the B2B Scheme while the Client is classified as a consumer.
- If, within the framework of an SDD Collection under the B2B scheme, the non-consumer Client has not been able to be contacted by the Bank or has not taken a position two business days after the Bank has noticed a discrepancy between the data on the SDD Mandate or those provided by the Client and those transmitted by the creditor bank.

The creditor is free to re-present an SDD collection which has not been executed.

#### **4.7. Cancellation of the SDD Mandate before the Collection Date**

The Client has the right to request that the Bank does not execute an SDD Collection by writing to the Bank. This letter must arrive at the Bank before 2 p.m. the business day before the Collection Date at the latest. If it is an SDD Collection with periodic collections, the Client will specify whether or not the cancellation affects future collections. Otherwise the Bank will assume that the cancellation applies to all future collections.

If appropriate the Client will also specify if he no longer wishes future SDD Collections to be made from his account. Otherwise the Bank will assume that the cancellation only applies to the creditor concerned by the cancelled SDD Collection.

#### **4.8. Refund of SDD collections**

The Client may request the Bank refund the amounts debited from his account after an SDD collection.

##### **4.8.1. Consumer Client**

###### **4.8.1.1. Request for refund without giving a reason**

The consumer Client may request the Bank to refund a direct debit without having to give any reason for this by sending a written request to the Bank at the latest 8 weeks after the Collection Date.

If the refund request concerns several direct debits, the consumer Client must identify each of them by specifying the Collection Date, the amount and the name of the beneficiary. Unless specified, the Bank may not be held liable if the period of 8 weeks is exceeded when it receives the complementary information from the consumer Client.

The Bank will credit the consumer Client's account as soon as possible and recover these amounts from the consumer Client's creditor through the creditor bank.

The refund does not deprive the Bank of its right to recover, if necessary by debiting the Client's account without prior notice, the amounts which later appear to have been unduly refunded.

The request for the refund of a direct debit which the consumer Client believes has been made without his approval will be handled as indicated by the stipulations of this article inasmuch as the refund request reaches the Bank within the abovementioned period of 8 weeks.

#### **4.8.1.2. Request for refund of an SDD Collection made without the Client's approval**

A refund request may be made within a period of between 8 weeks and 13 months after the Collection Date only if the consumer Client considers that an SDD Collection has been made without his giving his approval to his creditor.

If the refund request concerns several direct debits, the consumer Client must identify each of them by specifying the Collection Date, the amount and the name of the beneficiary. Unless specified, the Bank may not be held liable if the period of 13 months has been exceeded when it receives the complementary information from the consumer Client.

The consumer Client must include with his refund request any supporting documents he may have which may back up his request. The Bank will then forward to the bank of the creditor of the consumer Client the refund request so that the creditor may react. The creditor may, within 30 business days, either accept the refund request in which case the funds will be recredited to the consumer Client's account or contest the refund request by producing a copy of the SDD Mandate with any other pertinent information.

If the consumer Client's creditor contests the refund request, the Bank alone is authorised to decide if the refund request is well founded or not on the basis of the information and elements transmitted by the consumer Client and by his creditor.

If the consumer Client's creditor has not replied within 30 calendar days, the Bank will decide whether or not to grant the refund request on the basis of the elements forwarded by the consumer Client.

The Bank's decision is final and closes the refund request for good.

The refund does not deprive the Bank of its right to recover, if necessary by debiting the Client's account without prior notice, the amounts which later appear to have been unduly refunded.

#### **4.8.2. Non-consumer Client**

The non-consumer Client may not contest an SDD Collection unless this is assumed to be non-authorised or a mistake (invalid mandate, lack of mandate, clear anomaly).

The Bank will compare the data relating to the SDD Collection provided by the creditor bank with that previously provided by the non-consumer Client in order to minimise the risk of error or fraud. The rules of the SEPA B2B Scheme do not give any specific stipulations regarding refund requests made after direct debits have been collected.

It is therefore agreed between the Client and the Bank that the following stipulations will apply when the non-consumer Client makes a refund request.

The non-consumer Client has the right to request the refund of incorrectly executed SDD Collections or those executed without his giving his approval to the creditor. An SDD Collection is only considered to have been incorrectly executed if it has already been executed beforehand (double collection). However, it is not considered incorrectly executed if the non-consumer Client's creditor has simply made a mistake in the amount or the date of the debit.

The non-consumer Client must make his written refund request immediately after the Collection Date and at the latest 13 months after this date.

The right to a refund is waived if it appears that the non-consumer Client has not communicated any modification to the SDD Mandate or its cancellation to the Bank. If appropriate, the Bank has the right to reverse the refund immediately without prior notice.

If the refund request concerns several direct debits, the non-consumer Client must identify each of them by specifying the Collection Date, the amount and the name of the beneficiary. Unless specified, the Bank may not be held liable if the period of 13 months has been exceeded when it receives the complementary information from the non-consumer Client.

The non-consumer Client must include with his refund request to the Bank any supporting documents he may have which may back up his request.

The Bank may consider that this request is not justified, for example due to the fact that the elements provided by the non-consumer Client are insufficient, in which case the non-consumer Client must settle the dispute directly with his creditor.

The refund does not deprive the Bank of its right to recover, if necessary by debiting the Client's account without prior notice, the amounts which later appear to have been unduly refunded.

#### **4.8.3. Nature of SDD Collection refund**

The refunds of SDD Collections do not affect the mutual rights and obligations of the Client and his creditor. Notwithstanding a refund being made, the creditor always has the right to request judicially the payment of a debt which was refunded. Any dispute of this type in which the Client opposes his creditor is not subject to the present special conditions.

Whatever the circumstances, neither the Bank nor the creditor bank nor the intermediaries in the SDD Collections is bound by any obligation or liability other than those laid out in these special conditions.

#### **4.9. Cancellation of an SDD Collection instruction – Return of funds by the creditor**

The Client's creditor may request the cancellation of an SDD Collection instruction before the Collection Date. In this case, the Bank will do its best to take account of this cancellation. If appropriate, it is up to the Client to ask his creditor for the reasons for this cancellation.

If his bank so authorises him, the creditor may order his bank to return the funds from an SDD Collection which have been unjustifiably withdrawn. In this case, the Bank will credit the Client's account with this amount after receiving the funds.

#### **4.10. Limitations of liability**

Apart from the limitations of liability given in its General Terms and Conditions, the Bank cannot be held liable for the non-execution of SDD Collections, problems occurring when executing the collections or non- respect of the deadlines in cases of force majeure or any event beyond its control.

### **Title III – Final provisions common to all payment services**

#### **Fees**

The commissions and tariffs applicable to payment services are indicated in the Bank's Fee Schedule.

Unless it concerns a non-consumer, the Bank may not charge fees for fulfilment of its information obligations nor for the execution of corrective and preventive measures under the PSD unless otherwise expressly specified in these special conditions.

#### **Duration**

The present agreement is concluded for an unlimited period.

The Client may terminate this agreement at any time by letter giving one month's notice. This termination will be automatic when the Client requests the closure of his account(s) which is(are) used for payment transactions.

The Bank may terminate this agreement by letter at any time giving two month's notice. This termination will be automatic if the Bank terminates the business relationship with the Client on its own initiative.

Whether the Client or the Bank terminates the agreement, it shall remain applicable to all payment transactions not yet carried out notwithstanding the expiration of the notice period.

#### **Modification**

These special conditions may be modified pursuant to the appropriate provisions in the GTC.

However, the provisions relating to intra-Community payment transactions will only enter into force on the expiration of a notice period of two months.



# BEST EXECUTION & BEST SELECTION

## I. PURPOSE

This document defines the Best Execution and Best Selection Policy of KBL European Private Bankers S.A. ("the Bank"). The Bank shall take all sufficient steps to obtain the best possible result for its Clients as required by Directive 2014/65/EU of 15 May 2014 on markets in financial Instruments ("hereinafter MiFID II") when:

- executing Client orders;
- dealing on own account with Clients;
- transmitting Client orders to other entities (brokers) for execution (reception and transmission of Client orders); and
- making an investment decision within the framework of discretionary portfolio management and transmitting an order for execution to another entity (brokers).

For this purpose, the Bank shall draw up:

- A Best Execution Policy (for the execution of orders and dealing on own account with Clients) which includes execution venues where the Bank executes Client orders.
- A Best Selection Policy (for RTO and portfolio management) which includes entities (brokers) where the Bank places or transmits client orders for execution.

The Best Execution and Best Selection Policy is appended to the Bank's General Terms and Conditions and is available on the Bank's website ([www.kbl.lu](http://www.kbl.lu)). Where a Client makes reasonable and proportionate requests for information about the Best Execution and Best Selection Policy and how it is reviewed, the Bank shall answer clearly and within a reasonable time.

## II. SCOPE

### a. CLIENTS TO WHICH THIS POLICY APPLIES

MiFID II distinguishes three categories of Clients:

- Private Clients (retail Clients);
- Professional Clients are persons who are considered to have the experience, knowledge and expertise to make their own investment decisions and properly assess the risks that they incur;
- Eligible counterparties which include regulated financial institutions (e.g. credit institutions, insurance companies, investment firms etc.), national governments, central banks and supranational organizations.

The Best Execution and Best Selection Policy applies to Private Clients (retail Clients) and professional Clients. It does not apply when an investment firm enters into transactions with eligible counterparties or receives and transmits orders on behalf of eligible counterparties.

### b. FINANCIAL INSTRUMENTS TO WHICH THIS POLICY APPLIES

The best execution obligation applies to all financial instruments (including unlisted financial instruments or bespoke products) defined by MiFID II, irrespective of whether the trade has occurred on or outside a trading venue.

## III. BEST EXECUTION OBLIGATION

The Bank acts honestly, fairly and professionally in accordance with the best interests of its Clients. In this framework, the Bank shall take all sufficient steps to obtain, when executing Client orders, the best possible result for its Clients.



## **a. EXECUTION FACTORS**

In order to achieve the best possible result for its Clients, the Bank considers a range of execution factors when determining the best outcome. The execution factors that the Bank considers are the following:

- Price: the market price at which the order is executed;
- Costs: all expenses incurred by the client which are directly related to the execution of the order;
- Speed of execution: the time it takes to place a Client order in the market;
- Likelihood of execution and settlement: the likelihood of completing a Client transaction;
- Size of the order and market impact: depending on the market liquidity of a financial instrument, the order size (any large order compared with normal market size) might have an influence on the market price;
- Nature of the order: this is how the particular characteristics of a Client's order can affect how best execution is received ; and
- Any other consideration relevant to the execution of the order.

For private Clients, the Bank shall determine the best execution on the basis of the total consideration paid by the Client, unless otherwise specified. The total consideration represents the price of the financial instrument and the costs relating to execution, including all expenses incurred by the Client which are directly related to the execution of the order, execution venue fees, clearing and settlement fees and any other fees paid to third parties involved in the execution of the order.

Other factors do not have priority on the total consideration for private clients, unless they are decisive for obtaining the best possible result for its clients.

The relative importance of each factor is based on :

- the characteristics of the Client;
- the characteristics of the Client order (including if the order involves a securities financing transaction);
- the characteristics of the financial instrument concerned by the order; and
- the characteristics of execution venues to which the order will be routed.

## **b. EXECUTION VENUES**

The Bank shall choose execution venues which are considered to generally provide the best execution. Our best execution and best selection policy includes execution venues for each financial instrument in which we execute Client orders. The execution venues on which the Bank may execute orders are listed in the Appendix.

When a Client order is received by the Bank, it may be executed through:

- Trading platforms located in the European Union:
  - Regulated market (RM): A regulated multilateral system operated and/or managed by a market operator, which facilitates the bringing together of multiple third-party buying and selling interests in financial instruments 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.
  - Multilateral trading facility (MTF): A regulated 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 a way that results in a contract.
  - Organised trading facility (OTF): An organised 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 or derivatives are able to interact in the system in a way which results in a contract.
- Trading platforms located outside the European Union.
- Outside the trading platforms with:
  - A systematic internaliser (SI): An investment firm which, on an organised, frequent and systematic basis, deals on own account when executing client transactions outside a regulated market, MTF or an OTF (OTC transactions);
  - Other investment firms which are not a systematic internaliser (SI).

When a transaction is executed outside the trading platforms, counterparty risks may arise in the case of settlement default or counterparty insolvency. Additional information about the consequences of transactions outside the trading platforms may be provided upon Client request.

- Market makers or other liquidity providers.

For unlisted products, the Bank deals on own account (as principal). Prices given to private Clients are based on request for quotes on the interbank market with specialised investment banks. These operations are done "Over the Counter", a bilateral contract is entered into for every trade between the Client and the Bank. As soon as the deal is entered into, prices are verified on a daily basis with internal models.

Due to lack of liquidity or the specificity of each transaction, all orders will be executed on a best effort basis in terms of timely execution.

#### **IV. TYPE OF ORDERS**

- **Market Order:** Order to buy or sell without any price condition. This type of order is more likely to be exposed to the risk of execution at a price substantially different from the prevailing market price. If some trading platforms do not accept the market order, the Bank will then ask the Client to put a limit in the order.
- **Limit Order:** Order to buy or sell with price condition (maximum purchase price or minimum sell price). When the limit is away from the current market price, the order may not be executed immediately. Unless the client expressly instructs otherwise, the Bank will make public client limit orders on shares listed on an execution venue (RM or MTF) which are not immediately executed in order to facilitate execution. A Client limit order will be made public by submitting the order for execution to a regulated market or an MTF or by being published by a data reporting services provider.
- **Stop Loss Market Order:** Order to sell at market price if the stop price is reached or breached. The price of execution may be below or above the current market price.
- **Stop Loss Limit Order:** Order to sell with a minimum sell price if the stop price is reached or breached. Once the stop price is triggered, the order becomes visible in the market order book at its limit price. The price of execution may be below or above the current market price.
- **Algorithmic Order:** Order executed by strategy computer algorithm according to specific parameters or conditions. Computer algorithms are used for large orders to minimize their market impact. This type of order is used in order to minimize market impact or to respect specific Client instructions (for example, to execute at a percentage of volume or try to track the volume weighted average price).

#### **V. SPECIFIC INSTRUCTIONS FROM CLIENTS**

When there is a specific instruction from the Client, the Bank executes, places or transmits in accordance with that specific instruction. However, the best execution obligation will apply only for the parts of the order which are not covered by the specific instruction.

Specific instructions from a Client may prevent the Bank from taking the sufficient steps that it has designed and implemented in its Best Execution and Best Selection Policy to obtain the best possible result for the orders execution covered by those instructions.

#### **VI. CLIENT ORDER HANDLING**

The Bank shall ensure the prompt and fair execution of its Clients' orders. Client orders are immediately and accurately recorded and allocated. Client orders are executed in their order of arrival and immediately insofar as the nature of the order and market conditions allow it and the interests of the client do not require proceeding otherwise.

Private Clients will be informed immediately of any serious difficulties likely to affect the execution of their orders.

Clients must be aware of compliance, order coherence and order size filters set up in the Bank order management system.

Trading platforms and/or other brokers might also apply filters. The filters are applied in order to keep an orderly market and might result in orders being paused or delayed, potentially causing slippage from the expected arrival price. The Bank cannot be held responsible for missing execution when applying these controls.

#### **VII. AGGREGATION AND SPLIT OF CLIENT ORDERS**

The Client's orders may, at the discretion of the Bank, be aggregated with orders of other clients. Furthermore the Bank may split, as well as aggregate, the Client's orders before executing them.

If the Client consents to this execution policy, the Client gives the Bank its consent to aggregate its orders with those of other Clients or split them, with a view to executing them simultaneously.

Orders will only be aggregated or split where the Bank reasonably believes it to be unlikely that the aggregation or split will be detrimental to the Client.

Aggregation and split may on some occasion result in the client obtaining a less favourable price than if the orders had been executed separately or together, as appropriate.

Aggregated orders are allocated to Clients in accordance with a predetermined allocation defined by the Bank.

The Bank settles any partially filled orders on a pro rata basis.

## **VIII. CONSENT OF CLIENT TO THE EXECUTION POLICY**

- Best Execution and Best Selection Policy consent

Upon asking the Bank to execute an order, the Client is deemed to repeat his consent to and his approval of this Best Execution and Best Selection Policy, which has already been approved by the Client through his approval of the General Terms and Conditions (as amended) of the Bank.

- Execution away from a Regulated Market, Multilateral Trading Facility or Organised Trading Facility

When the Bank executes Client orders outside a RM, MTF or an OTF, the Client's prior express consent is requested before executing their orders outside trading venues.

## **IX. INFORMATION ON THE TOP FIVE EXECUTION VENUES / BROKERS AND THE EXECUTION QUALITY OBTAINED**

For the execution of orders, the Bank shall make public, on an annual basis, without any charge, for each class of financial instruments, the top five execution venues in terms of trading volumes where it executed Client orders in the preceding year and the execution quality obtained.

For reception and transmission of orders and portfolio management, the Bank shall make public, on an annual basis, without any charges, for each class of financial instruments the top five investment firms (brokers) in terms of trading volumes where it placed or transmitted Client orders in the preceding year and the execution quality obtained.

The Bank shall publish this information on its website ([www.kbl.lu](http://www.kbl.lu)) in electronic format downloadable by the public, with unlimited access. This information shall be made public at the latest on 30 April following the end of period it relates to (30 April 2018 for Client orders executed in 2017) and will be kept for a minimum of two years.

## **X. MONITORING, REVIEW AND AMENDMENTS TO THE POLICY**

The Bank shall monitor, on a regular basis, the effectiveness of the Best Execution and Best Selection Policy and, if appropriate, correct any deficiencies. In particular, the Bank shall assess execution venues included in the Best Execution and Best Selection Policy by taking account of execution data including data relating to the execution quality of transactions published by the execution venues.

The Bank may change execution venues or third-party brokers/counterparties in order to comply with its Best Execution Obligation.

The Bank shall review its Best Execution and Best Selection Policy on an annual basis and when a material change affects the Bank's ability to obtain the best possible result for its clients.

Further to this monitoring and review, the Bank may make changes and amendments to this Best Execution and Best Selection Policy under the terms and conditions laid down in Article 39.6 of the General Terms and Conditions.

Any material changes to the Best Execution and Best Selection Policy shall also be published on the Bank's internet site ([www.kbl.lu](http://www.kbl.lu)).

## **XI. BEST EXECUTION FACTORS**

### **a. DEBT INSTRUMENTS**

- Scope: Bonds, money-market Instruments.
- Order types: Market order, Limit order (under certain circumstances)
- Execution factors for private Clients: Total consideration which includes price of the financial instrument and costs related to execution.
- Execution factors for professional Clients:
  - Price
  - Size of the transaction and market impact
  - Likelihood of execution and settlement
  - Costs
  - Speed
  - Other factors.
- Order handling:

Pricing and execution in bonds are characterized by a manual process and indicative prices which are available on the ALLQ pages on Bloomberg (operating as a Multilateral Trading Facility or MTF) provided that the Bank is authorized by third parties to trade on their prices.

When receiving a Client order, the Bank's dealing desk challenges the three best price providers through a request for a quote, using the TSOX functionality on Bloomberg.

Orders on more illiquid bonds or money-market instruments where no MTF price is available may be executed on the market they are listed on, if any. If the Bank is not in a position to execute the transaction on any market, it will turn to the lead manager in order to provide the Client with a price.

The Bank may trade as agent or as principal.

In the case of illiquid bonds, insufficient liquidity providers or volatile market conditions, the execution of orders may be delayed and the price may potentially suffer a slippage against the expected price. The Bank cannot be held responsible for this slippage.

The limit order is accepted for certain liquid bonds and with a limited validity. When limit orders are not immediately executable in Bloomberg, the Client order is placed on UBS PIN FI (a UBS electronic trading platform) or on a regulated market. The Client should be aware that not all bond limit orders can be placed on UBS PIN FI or on a regulated market.

### **b. EQUITIES, SHARES AND DEPOSITARY RECEIPTS**

- Scope: Purchase and sale of cash equities and equity-like products.
- Order types: Market order, Limit order, Stop order, Stop limit order, Algorithmic order.
- Execution factors for private Clients: Total consideration which includes price of the financial instrument and costs related to execution.
- Execution factors for professional Clients:
  - Likelihood of execution and settlement
  - Price
  - Size of the transaction and market impact
  - Costs
  - Speed
  - Other factors.
- Order handling:

The Bank trades as agent. Prices are determined on the different venues to which orders may be routed by secured message (Swift or Fix).

The Bank has access through its brokers to different smart order routers that are able to check multiple venues when trying to execute an equity order, taking into consideration the selected market. Using smart order routers allows the Bank to access better prices, additional liquidity and a greater likelihood of execution.

Smart order routers automatically choose the best execution venue in terms of price. A Client order can be automatically split and executed on several venues. This process will have no additional cost for the Client.

As mentioned above, some filters may apply. For example, a filter may check the sufficient provision of the securities in client's account in the case of a sell order or the order limit if the limit is too far from the last known market price in the Bank's database (mainly the closing price of the previous trading day).

When no filter rule is applied, the order is sent electronically to the broker. When filter rules are applied, the Bank analyses the market and decides, in good faith, either to send the order electronically to the broker or to care the order to obtain a better price, taking into consideration the characteristics of the market, the instrument and the order.

The Bank decides to care the order at its discretion or using an algorithm to attempt to prevent market impact.

However, the Client should be aware that price volatility is one factor that can affect order execution and should be aware that caring an order may potentially cause a slippage from the expected arrival price. The Bank cannot be held responsible for missing execution when caring orders to minimize market impact.

When executing an Exchange Traded Fund (ETF), the Bank has access to different ETF Market makers through Tradeweb, a registered trademark electronic trading platform. This allows the Bank to access better prices, additional liquidity and a greater likelihood of execution.

### **c. LISTED DERIVATIVES**

- Scope: Purchase and sale of exchange-traded options and futures for speculative and hedging purposes.
- Order types: Market order, Limit order, Stop order, Strategy order.
- Execution factors for private Clients: Total consideration which includes price of the financial instrument and costs related to execution.
- Execution factors for professional Clients:
  - Price
  - Size of the transaction and market impact
  - Likelihood of execution and settlement
  - Costs
  - Speed
  - Other factors.
- Order handling:

Orders on derivatives will be considered as "specific instructions" (orders for which the Client specifies all details for execution). The Client must sign the "Options and Futures Agreement" to be authorized to place orders in listed derivatives

The Bank has selected UBS as unique clearing broker. UBS is also the Bank's main executing broker, allowing the Bank to minimize the costs.

The Bank deals on behalf of Clients (as agent).

Execution of derivatives is characterized by its manual process. The orders are received manually (by phone) and placed through the SwisKey platform, a UBS registered trademark electronic platform, or via EMSX Bloomberg, a Bloomberg execution management system functionality.

The order is placed on the relevant market and executed according to the rules of this relevant market. The Bank does not physically deliver the underlying security on expiry of a future.

### **d. UNITS IN UNDERTAKINGS FOR COLLECTIVE INVESTMENT (UCI)**

- Scope: subscription, redemption, switch of units in Undertaking for Collective investment.
- Order handling:

Subscription and redemption orders are transmitted to the transfer agent (directly or indirectly through an order collector or a third party) chosen by the promoter.

The net asset value (NAV) is applied to the Client, as long as the order arrives within a reasonable time, making it possible to transmit it to the transfer agent before cut-off time to have the current net asset value. If it arrives later, the next NAV will be applied.

The Client should be aware that some fund placements are considered as complex taking into consideration the documentation required by the transfer agent, the prepayment required by the transfer agent or the way of placing the order. The Client should be aware that for such funds, the placing of an order may be delayed and then the order may be executed at the next available NAV. The Bank cannot be held responsible for this slippage.

The acceptance of subscription, redemption and switch orders is subject to acceptance by the transfer agent or fund.

If a UCI is also listed on a trading platform, the Client may ask to purchase it on the exchange in question. Otherwise, the order will be transmitted to the transfer agent.

#### **e. STRUCTURED PRODUCTS**

- Scope: purchase and sale of structured products.
- Order handling:

The Bank deals on own account (as principal) on behalf of Clients in structured products sponsored or issued by the Bank.

The Bank deals on behalf of clients (as agent) in a structured product which is not sponsored or issued by the Bank.

- Execution factors:

Trading place: On a priority basis, all structured products which could be traded on a stock exchange will be executed through these trading platforms (cases where the issuer is assuming a market making activity). If not, structured products will be traded over the counter, on the interbank market, with the original issuer of the product.

Timely execution: Due to the lack of liquidity in this kind of product, all orders will be executed on a best effort basis in terms of timely execution.

#### **f. FOREIGN EXCHANGE FORWARD CONTRACTS**

- Scope: purchase and sale of foreign exchange forward contracts.
- Order handling:

Foreign exchange forward prices are based on the spot price for the relevant currency pair and a spot/forward swap price.

The spot component of a foreign exchange forward contract is priced in accordance with the current market price for a standard amount of the relevant currency pair, adjusted to the size of Client orders.

The forward swap component of the price is based on the spot rate at the time the deal is executed, with an adjustment for forward points (differential between the interest rates for the two currencies for the relevant forward value date).

As such, the price offered by the Bank at any given time is considered as the best price at the time of the trade for the size of the Client order.

#### **g. FOREIGN EXCHANGE OPTIONS**

- Scope: purchase and sale of foreign exchange options.
- Order handling:

The Bank provides prices for foreign exchange options on request. Pricing and execution in foreign exchange options are characterized by an interbank market. The foreign exchange options market is not dedicated for individual small orders.

The option price is calculated on a number of factors, the most significant being the spot price of the underlying and the implied volatility of the relevant currency pair.

### **XII. BEST SELECTION FACTORS**

As the Bank may transmit Client orders for execution to a third-party broker or counterparty, the Bank takes all sufficient steps to select third-party brokers or counterparties that allow the Bank to meet its best execution obligation.

#### **a. KBL EUROPEAN PRIVATE BANKERS CLASSIFICATION**

The Bank has chosen to consider itself as "professional client" and asks brokers to classify it as such.

This imposes a "best execution" obligation on them with regards to the Bank.

## **b. CRITERIA FOR SELECTING THE BEST FINANCIAL COUNTERPARTIES FOR ORDER EXECUTION**

For private Clients, the Bank uses the total consideration in its best selection procedure to assess and select third-party brokers or counterparties that allow the Bank to meet its best execution obligation.

For professional Clients, the Bank uses the following criteria to assess and select third-party brokers or counterparties that allow the Bank to meet its best execution obligation.

- Qualitative aspects:
  - Access to execution venues;
  - Quality of execution (in terms of price, costs, speed of execution, likelihood of execution and settlement);
  - Connectivity;
  - Quality of Middle- and Back-Office support (confirmation, settlement);
  - Quality of relationship and the service offered (including algorithm offer);
  - Coherence between the Bank's execution policy and the execution policy adopted by the broker.
- Quantitative aspects: Brokerage fees level.

Under specific circumstances (such as particular market conditions or a provisory failure of a broker etc.), the Bank may transmit the Client order to an entity that has not been selected by the Bank in order to act in the best interests of Clients.

## **c. PROCEDURES FOR AND FREQUENCY OF BROKER SELECTION – GROUP BROKER COMMITTEE RESPONSIBILITIES**

Every year, the Bank reviews the selected brokers based on the criteria listed above.

The Bank's Group Broker Committee is therefore responsible for

- Definition and validation of the selection process of Execution Brokers;
- Selecting new brokers;
- Rating brokers based on the criteria listed above;
- Definition and validation of the selection process of trading platforms;
- Definition and validation of processes to assess the quality of execution obtained;
- Definition and validation of processes to assess the quality of execution algorithms;
- Disbundling of broker research fees from brokerage fees according to the order execution.

## LIST OF EXECUTION VENUES / BROKERS USED BY THE BANK

These lists are non-exhaustive and classified alphabetically.

The Bank may use trading platforms which are not included in this list in accordance with its obligation of best execution.

Financial instrument-specific Appendix No. 1		EQUITIES, SHARES & DEPOSITARY RECEIPTS, ETFs
EXECUTION VENUES		PREFERRED BROKERS
AMERICAN STOCK EXCHANGE	MILAN STOCK EXCHANGE	BANK VONTOBEL AG ZUERICH
AQUIS EXCHANGE (MTF)	NASDAQ STOCK EXCHANGE	EXANE S.A.
BATS (MTF)	NYSE ARCA	INSTINET CORP. LONDON
CHI-X (MTF)	SIX SWISS EXCHANGE	KEPLER CAPITAL MARKETS SA
COPENHAGEN STOCK EXCHANGE	STUTTGART STOCK EXCHANGE	LOMBARD ODIER GENEVE
EURONEXT	TOKYO STOCK EXCHANGE	VIRTU
FRANKFURT STOCK EXCHANGE	TORONTO STOCK EXCHANGE	
LONDON STOCK EXCHANGE	TURQUOISE (MTF)	
LUXEMBOURG STOCK EXCHANGE	VIRT-X	
MADRID STOCK EXCHANGE	XETRA	

Financial instrument-specific Appendix No. 2	Bonds	
EXECUTION VENUES	PREFERRED BROKERS	
EURONEXT	BARCLAYS CAPITAL	JP MORGAN SECURITIES LONDON
FRANKFURT STOCK EXCHANGE	BNP LONDON	KBL EPB
MTF - BLOOMBERG	CITIGROUP GLOBAL MARKET	MERRILL LYNCH LONDON
LUXEMBOURG STOCK EXCHANGE	CREDIT SUISSE FIRST BOSTON INT.	MORGAN STANLEY LONDON
MILAN STOCK EXCHANGE	DZ BANK FRANKFURT	ODDO PARIS
SIX SWISS EXCHANGE	GOLDMAN SACHS LONDON	RABOBANK NEDERLAND
STUTTGART STOCK EXCHANGE	HSBC LONDON	UBS LONDON
	HYPOVEREINSBANK MUENCHEN	ZURICHER KANTONALBANK

Financial instrument-specific Appendix No. 3		LISTED DERIVATIVES (OPTIONS & FUTURES)
EXECUTION VENUES		PREFERRED BROKERS
CBOT	LIFFE EXCHANGE	UBS LONDON
CME	MADRID EXCHANGE	
COPENHAGEN OMX	MEFF	
EUREX	OCC OPTIONS EXCHANGE	
EURONEXT DERIVATIVES AMSTERDAM	OSLO OMX	
EURONEXT DERIVATIVES BRUSSELS	SINGAPORE EXCHANGE	
EURONEXT DERIVATIVES PARIS	STOCKHOLM EXCHANGE	
IDEM	TORONTO TMX	