INDUCEMENT ARRANGEMENT OF MIFID II

1. Arrangement Purpose

Bank of China Paris Branch (hereinafter referred as "BOCP" or "the Bank") is committed to the relationship the Bank has with its clients. BOCP is committed to conducting business with clients in a way which is honest, fair and professional and in accordance with clients' best interests. One of the ways the Bank does this is to be transparent about fees, commissions or benefits given or received by BOCP to or from third parties, as described in this Inducement arrangement (hereinafter referred as "the Arrangement").

The content of this Arrangement takes into account the legal and regulatory framework applicable to the Inducements regime, notably Directive 2014/65/EU on markets in financial instruments and implementing regulations, as well as Directive 2017/593 of 7 April 2016 supplementing Directive 2014/65/EU.

Therefore, the purpose of this Arrangement is:

- To define the principles established by the Bank for the identification of Inducements and the analysis of their respective nature; and

- To define the general principles to be applied by the Bank for the treatment and disclosure to Clients of the Inducements perceived and/or paid.

2. Definitions

An inducement corresponds to any fee, commission or non-monetary benefit paid or received by BOCP, to or from a third party (any party other than the client or a person acting on behalf of the client) for the provision an investment or ancillary service.

Please note that the payment or benefit which enables or is necessary for the provision of investment services, such as custody costs, settlement and exchange fees, regulatory levies or legal fees, and which by its nature cannot give rise to conflicts with the investment firm's duties to act honestly, fairly and professionally in accordance with the best interests of its clients, is not considered as inducement.

3. General Principals

When providing investment services and activities to clients, Bank of China Paris Branch must act honestly, fairly and professionally in accordance with the best interests of its clients.

As a general rule, all inducements are prohibited unless they are essential for the investment activities, or specific to regulatory requirements, other than where the payment or benefit is designed to enhance the quality of the relevant service to the client; and does not impair compliance with the Bank's duty to act honestly, fairly and professionally in accordance with the best interests of its clients. Furthermore, BOCP must clearly disclose the existence, nature and amount of the payment or benefit or, where the amount cannot be ascertained, the method of calculating that amount, to its clients, in a manner that is comprehensive, accurate and understandable, prior to the provision of the relevant investment services and activities.

Where applicable, BOCP must also inform its clients of mechanisms for transferring to the client the fee, commission, monetary or nonmonetary benefit received in relation to the provision of the investment services and activities. Bank of China Paris Branch will, however, be able to pay or be paid a payment or benefit which enables or is necessary for the provision of investment services and activities, such as custody costs, settlement and exchange fees, regulatory levies or legal fees, and which by its nature cannot give rise to conflicts with the Bank's duties to act honestly, fairly and professionally in accordance with the best interests of its clients.

4. Identification and registration of inducements

The department for the investment service and/or financial instrument by which the inducement is generated will report related information to the BOCP's investment services compliance officer (hereinafter referred as "RSCI"). The same department will be responsible for identifying the inducement, as the analysis of each type of inducement must consider its justification, taking into consideration that inducements only be permitted when they have been designed to enhance the quality of the relevant service provided to the clients. The inducements will be recorded in a dedicated inducements' register.

The Legal & Compliance Department of BOCP supervises the management of inducement in the scope of the conflict-of-interest risk management program.

5. Acceptable inducements - Quality Enhancement

BOCP considers a fee, commission or non-monetary benefit could be designed to enhance the quality of investment services and activities rendered to the client if all of the following conditions are met:

■ It is justified by the provision of an additional or higher level of service proportional to the level of inducements received, such as:

(a) The provision of non-independent investment advice on and access to a wide range of suitable financial instruments within the client's need;

(b) The provision of non-independent investment advice combined with either: an offer to the client, at least on an annual basis, to assess the continuing suitability of the financial instruments in which the client has invested; or with another on-going service that is likely to be of value to the client such as advice about the suggested optimal asset allocation of the client; or

(c) The provision of access, at a competitive price, to a wide range of financial instruments that are likely to meet the needs of the client, together with either the provision of added-value tools, such as objective information tools helping the relevant client to take investment decisions or enabling the relevant client to monitor, model and adjust the range of financial instruments in which they have invested, or providing periodic reports of the performance and costs and charges associated with the financial instruments.

■ It does not directly benefit the recipient firm, its shareholders or employees without tangible benefit to the relevant client;

■ It is justified by the provision of an on-going benefit to the relevant client in relation to an on-going inducement.

6. Information towards clients

In relation to any payment or benefit received from or paid to third parties, the Bank must disclose the following information to the client:

a) Prior to the provision of the relevant investment or ancillary service, the Bank will disclose to the clients the inducements through the appropriate pre-contractual or contractual information. Minor non-monetary benefits may be described in a generic way. Other non-monetary benefits received or paid by BOCP (if any) in connection with the investment services and activities provided to a client shall be priced and disclosed separately;

Currently, BOCP only pays for the services which are essential for normal business, including:

Refinitiv	Refinitiv Eikon, FX Trading platform, MTF FXALL platform
Bloomberg	Bloomberg terminal & Anywhere
360T	Trading platform

b) If the Bank has not been able to ascertain on an ex-ante basis the amount of any payment or benefit to be received or paid, and shall instead disclose to the client the method for calculating such amount, BOCP also provide its clients with information relating to the exact amount of the payment or benefit received or paid on an ex-post basis;

c) Annually, and as long as BOCP is receiving (ongoing) inducements in relation to the investment services provided to the relevant clients, it will inform its clients, on an individual basis, about the actual amount of payments or benefits received or paid.

Where applicable, the Bank will also inform clients about the mechanisms for transferring to them the commissions or monetary and non-monetary benefits received for the provision of the investment or the auxiliary services.

This Inducement Arrangement will be updated periodically in order to take into account changes in applicable rules and regulations, changes to BOCP's business activities and organization and any conflict of interest that may have arisen.