**Broker's Selection Policy**

**Introduction**

- This procedure is intended to prevent potential conflict of interests between Rcube AM and its brokers.
- To avoid any potential Conflict of Interest, Rcube AM has done a tender on possible brokers, as per below and appendices, and decided to use only the best of them.
- This policy is also linked with European regulatory framework (MIF directive) that forces Rcube AM to do its best efforts to execute client funds' orders (CIS, managed accounts...) at best price and conditions.
- Rcube AM, as a portfolio management company, not itself executes the orders on stock exchange markets, but transmit (hereinafter named "brokers") intermediaries. It must therefore, in order to fulfill the "best execution" obligation, establish a policy of selection of brokers to which orders are sent for execution.

**Glossary - Definitions**

- **RG AMF**: Règlement général AMF
- **COMOFI**: Code Monétaire et Financier

**Regulatory Framework**

- **RG AMF and COMOFI**
  - Article L533-18
  - Article 314-69
  - Article 314-70
  - Article 314-71
  - Article 314-72
  - Article 314-73
  - Article 314-74
  - Article 314-75
  - Article 314-75-1
  - Article 314-82
  - Article 314-75 du RGAMF et le nouveau guide AMF 2014-07

- **MIF and MIF2 Directive**
  - MIF Directives

**Brokers' Selection**

- **Broker's Selected**
  - The list of selected brokers is established by the broker's selection committee of Rcube AM which is composed of: CACEIS, LCM, FCStone, Interactive Brokers
    - Cyril Castelli, President and CEO of Rcube AM
    - Nicolas Manel, COO and CRO
  - Please see in appendix 1, the list of selected brokers

- **Selection Criteria**
  - Each broker on the list of licensed brokers are investigated at least once a year, of a notation on the criteria listed above, rating conducted by the selection Committee, with the participation as appropriate other managers and the "backoffice. The assessment of the quality of execution as well as the quality of investment research are the domain of the managers that transmit orders to intermediaries and receive economic and financial research; they are at the heart of the business relationship and are able to evaluate services and the infrastructure deployed by intermediaries to provide the best possible benefits. The back-office will be more sensitive and attentive to the provision made by the service post-trade intermediate, its effectiveness, its precision, its speed (depending on many of the logistical resources allocated). All of the grades is subject to an annual review by all of the Committee members.
  - In addition to the "best execution" and "best price" criteria, Rcube will use the following criteria to select brokers
    1. Financial Stability and strength (5Y CDS Spreads, ratings)
    2. Total Execution prices (Sum of execution costs) - see respective price schedule on network storage
    3. Execution quality (qualitative overview regarding execution technology, execution platform, reconciliation, availability, market coverage, ...)
    4. Respect of Anti-Money Laundering and terrorism financing
    5. Execution privacy and management of execution information
    6. Quality of customer relationship and people
    7. Quality of Back-office

- **Selection Methodology**
  - Each potential broker will have separate notation on above criteria from members of selection of broker's committee
  - **Grades**
    0. No capacity
    1. Low capacity
    2. Intermediate capacity
    3. High capacity
    4. Excellent capacity
  - **Final Grade**
    - The final grade is simply the sum of all individual grade and criteria

---

Rcube AM is registered by the AMF - GP-1300027
Monitoring

Criteria Analysis

- Financial Stability and strength (5Y CDS Spreads, ratings)
  - The financial stability represents the volatility of brokerage rating and 5Y CDS Spread over the past 5 years
  - The financial strength represents the current rating and 5Y CDS spread

- Total Execution prices
  - Represents the sum of execution costs from the broker (execution + clearing + other fees) + incompressible costs (exchange fees + regulatory fees (NFA...))

- Execution quality
  - It is capacity from the broker to comply with orders sent (time to execute, executed quantity and price, technology…)

- Respect of Anti-Money Laundering and terrorist financing
  - Does the broker have AML policy and qualitative overview of policy and its respect
  - Execution privacy and management of execution information
  - This represents respect of execution privacy and security offered through the execution of orders

- Quality of customer relationship and people
  - This represents the overall skills of broker’s members (front-middle-back, relationship manager, legal, regulatory…)

- Quality of Back-Office
  - This represents the respect of timing for operations: confirmations, settlement instructions, […] + overall skills of broker's BO