

General information document on the MiFID

Dear Sir/Madam,

The new Markets in Financial Instruments Directive (MiFID) came into effect on 1 November 2007 in all European Union Member States.

This Directive ushers in new rules for protecting investors. Under the new rules an effective order execution policy has to be applied, featuring precise requirements about the need for transparency and the detailed information that has to be provided.

Client classification

Under the MiFID all customers have to be divided into three main categories: retail clients, professional clients (financial institutions) and eligible counterparties (public authorities, institutions or supra-national banks, for example). Each category enjoys a specific level of protection, while being covered by different codes of practice.

Delen Private Bank Luxembourg (“the Bank”) has now decided to place all its clients in the retail clients category so as to offer them the highest level of protection.

We should point out that you are entitled to seek a change of classification if you so wish. Towards this end, you should submit the request to your manager. Nonetheless, it has to be borne in mind that the retail client category is the one offering the best protection for investors.

Your level of protection

Under the MiFID, retail clients enjoy better protection. Your protection comprises the following items:

Financial services tailored to your profile

The Bank carries out two investigations: the first one when entering into a new business relationship and the second one during each transaction.

When a relationship is entered into, the Bank defines an investment profile that matches your characteristics in the light of information you provide your manager. The Bank makes sure that all the information in your profile is perfectly consistent with the financial services provided and/or transactions being planned. Should the Bank believe that your profile is incompatible with the financial services you seek, the Bank will refrain from offering them to you. In the case of clients forwarding stock exchange orders, another investigation will be undertaken before the order is executed. The Bank will let you know if the planned transaction is inconsistent with your profile, so you then have the opportunity to confirm or cancel the operation. Your transaction will be implemented only when we have received your confirmation.

Order execution policy

Pursuant to the MiFID, the Bank has to take every reasonable precaution to guarantee orders are executed as effectively as possible. The criteria taken into account are the price, costs, speed and likelihood of execution, the scale and any other factors of relevance for executing an order.

The best execution possible policy involves a due care obligation and not a duty to achieve a given result, such that in most cases the best execution will be delivered but not necessarily for each individual transaction.

With a view to meeting these requirements, the Bank has decided to deploy the parent company trading platform so the Bank will forward your order anonymously to Bank Delen NV, which will execute it on the market, according to its "best execution" policy. This way of proceeding will enable us to offer you efficient and low-cost access to most of the financial markets.

The method will be reviewed every year so as to ensure the order execution policy decided upon is the most efficient one possible.

Conflict of interests policy

In common with any financial institution, the Bank is likely to come face to face with potential conflicts of interest in its normal course of business. Hence, the Bank has taken the steps required to ensure such situations do not adversely affect its clients.

A conflict of interests is a situation where a client's interests clash with those of the Bank or one of its employees. Faced with this situation, the Bank has the following options:

- refraining from executing the operation causing the conflict,
- executing the operation while ensuring the in-house mechanisms applied can guarantee a fair treatment for all the stakeholders.

The Bank's in-house mechanisms are as follows:

- Stringent application of the Bank's code of practice, which emphasises the need to serve clients in a diligent, loyal, honest and ethical fashion, strict observance of the duty of confidentiality and providing suitable information about the services on offer,
- Creating a vetting system to prevent and detect conflicts of interest,
- Ensuring a segregation of duties so as to guarantee effective checking and minimise potential conflicts of interest,
- Documentation of procedures.

Documentation and information

The MiFID specifies that all communications have to be clear, comprehensive, comprehensible and provided at the earliest opportunity.

Mindful of the MIFID requirements, the Bank has drawn up new general conditions, which may be consulted on our Internet site or requested from your manager. You will also notice that statements of account feature additional details about the execution of stock exchange transactions.

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Delen Private Bank Luxembourg S.A.