



Banco Comercial Português, S.A.

Financial Intermediation Activity

Financial Intermediation Activity

Table of contents

Framework and Object	4
I. General Provisions	5
Article 1 - Purpose and scope	5
Article 2 - Financial Intermediation regulatory sources	5
Article 3 - Financial intermediation activities	6
Article 4 - Functional Contents	7
Article 5 - Financial instruments	9
Article 6 - Packaged Retail and Insurance-based Investment Products (PRIIP)	10
II. internal Organisation	12
Article 7 - General principles of internal control	12
Article 8 - Internal control system	13
Article 9 - Segregation of functions	155
Article 10 - IT resources	15
Article 11 - Human resources	16
Article 12 - Conflicts of Interest and performance of personal transactions / relevant persons	16
Article 13 - Inside information	177
Article 14 - Officers' transactions in Closed Periods	20
III. Market Defence and Information for Investors	21
Article 15 - Excessive Intermediation	21
Article 16 - Market defence	21
Article 17 - Information for investors	21
Article 18 - Requirements to provide correct, clear and not misleading information	23
IV. Customers and Their Orders	23
Article 19 - Processing of operations	23
Article 20 - Assessment of the operation (appropriateness)	24
Article 21 - Exclusion of the assessment of the transaction (non-complex financial instruments)	25
Article 22 - Contents of the required information	26

July 2023 | When printed, this document is an uncontrolled copy.

Article 23 - information origin	27
Article 24 - Receiving orders	27
Article 25 - Acceptance and refusal	27
Article 26 - Banned operations	28
Article 27 - Form and validity	29
Article 28 - Processing of orders given by Customers	30
Article 29 - Grouping and allocating OF ORDERS	30
Article 30 - Aggregation and Allocation of transactions executed on own account	31
Article 31 - Revocation and modification	31
Article 32 - Best execution and Order Execution Policy	31
Article 33 - Best execution criteria	33
Article 34 - Handling of client orders - General Principles	34
Article 35 - Responsibility towards originators	34
Article 36 - Duty to inform while executing orders	35
Article 37 - Safeguarding the Customer's assets	35
V. Financial Intermediation Agreements	37
Article 38 - Contracts with non-professional investors	37
Article 39 - Investment Advice	37
Article 40 - Portfolio management agreement	40
Article 41 - Assistance	40
Article 42 - Placement and Guarantee of Placement	40
Article 43 - Underwriting	41
Article 44 - Registration and deposit	41
Article 45 - Acting as counter party and conflicts of interests	41
Article 46 - Loan Agreement for Investing in Financial Instruments	42
Article 47 – Risk Control	43
VI. Final Provisions	43

Framework and Object

1. The “Exercise of Financial Intermediation Activities” is ruled by the Securities Code (Decree-Law 486/99, of 13 November), by the CMVM Regulation no. 2/2007 (“Exercise of Financial Intermediation Activities”), with the changes introduced by Regulations CMVM nos. 3/2008, 3/2010, 2/2011, 3/2013, 12/2018, 6/2020, 9/2020 and 7/2022, and by other legislation that will eventually refer to a specific theme addressed in this Regulation.

This Regulation (hereinafter also referred to as SO), which constitutes an autonomous and updated summary document relating to the exercise of financial intermediation activities at Banco Comercial Português, S.A., Banco ActivoBank, S.A and INTERFUNDOS, S.A., any one of them indistinctly referred to in this SO as “Bank”, defines the rules and regulates the procedures and other practices implemented in the Bank for the exercise of financial intermediation activities, in accordance with the provisions of the applicable legislation.

By complying with the provisions of this SO, the Bank ensures that its corporate bodies, its Employees, service providers and subcontracted entities, all linked to it, act in strict compliance with the law and regulations that apply to them, maintaining, through the publication of this SO, a repository, permanently updated of the legal and regulatory policies and procedures, which is available for consultation by any of the persons referred to in article 304 (5) of the Securities Code or for supervision purposes”¹ e²;

2. The Bank considers that the demands made to the Financial Intermediaries by the provisos of article 13 of the Regulation of CMVM no. 2/2007 can be fully observed without having to mention, in the same document, all and each applicable legal and regulatory requirements presently in force on Financial Intermediation or, otherwise, the Bank will not be able to comply with another demand made by that regulatory requirement (the relevant documents must be easily accessed by the users). Thus, this Regulation presents:
 - a. the transcription and adaptation of the precepts of the Securities Code, among other legal and regulatory sources, whose contents, due to their importance or recurrence in the activity of the users, are reproduced;

¹ Article 13 of the CMVM Regulation no. 2/2007: “The financial intermediary should have all the envisaged legal and regulatory policies and procedures permanently compiled and available for consultation by any person referred to in Article 304 (5) of the Securities Code or for supervisory purposes”.

² As provided for in paragraph 5 of article 304 of the CMVM: “The principles and duties referred to in the following articles are applicable to the financial intermediary managing body members and any persons that effectively manage either the business of the financial intermediary or tied agents and as well as any financial intermediary employees, tied agents or outsourcing entities involved in pursuing or supervising financial intermediation activities or the operational functions essential for the continual provision of quality and efficient services”.

- b. the remission to other documents, whether internal (e.g.: procedural norm “Prior Classification of Customers for the Transaction of Financial Instruments”), legal or regulatory rules, which, for the user's help, are non-exhaustively listed in Related Documents
- c. the insertion of original precepts mainly aimed at facilitating the interpretation and practical implementation of technical issues associated with financial intermediation.

I. General Provisions

Article 1 - Purpose and scope

1. This SO aims at regulating the exercise of financial intermediation activities at Banco Comercial Português, S.A., Banco ActivoBank, S.A. and at Interfundos - Sociedade Gestora de Organismos de Investimento Coletivo, S.A., any of them indistinctly referred to in this SO as “Bank”. Each of these recipients will be responsible for ensuring compliance with this SO in the Financial Intermediation activities that they effectively carry out and that do not entirely coincide with each other.
2. This SO applies to:
 - a. the holders of the governing bodies of the Bank, the Bank Employees, no matter their hierarchical function and/or the nature or duration of their employment relationship, allocated to the financial intermediation activity or to operational functions that are essential to it
 - b. service contracts with third parties or subcontracted entities and respective employees that perform any of the activities mentioned in the preceding paragraph for the Bank
3. In all applicable cases, the Bank shall include provisos to assure the compliance with this SO in all the contracts established.

Article 2 - Financial Intermediation regulatory sources

Particularly, the regulations targeting the Bank’s Financial Intermediation activities are the applicable rules of a legal or regulatory nature, namely those described in “Legislation” in the Related Documents, at the end of this SO.

Article 3 - Financial intermediation activities³

1. Financial intermediation activities are:
 - a. investment services and activities in financial instruments to which article 290 of the Securities Code refers to
 - b. the ancillary services related with the services and activities mentioned by article 291 of the Securities Code
 - c. The exercise of the functions of depositary of collective investment undertakings
2. On this date, the Bank⁴ is registered at the CMVM⁵ as a financial intermediary authorized to exercise the following activities:
 - a. Assistance in public offering regarding securities
 - b. Placing without guarantee
 - c. Credit granting, including securities loans for the carrying out of transactions on financial Instruments wherein the credit granting the credit is involved
 - d. Advice on capital structure, the industrial strategy and related matters and on mergers and acquisitions of companies
 - e. Depositary for collective investment undertakings
 - f. Executing orders on behalf of others
 - g. Management of portfolios on a third party's behalf⁶
 - h. Dealing on own account
 - i. Receiving and transmitting orders on behalf of others
 - j. Foreign exchange services and the renting of safety deposit boxes in connection with the provision of investment services
 - k. Underwriting and placing of financial instruments on a firm commitment basis
 - l. Investment advice

³ In this Regulation, Article 3(l) replicates, in an adapted manner, the precept of the SC (Article 289(l)) that defines Financial Intermediation activities.

⁴ Interfundos not included.

⁵ According to <https://www.cmvm.pt/> see Information system > Financial intermediaries > Banco Comercial Português S.A. > Information available > Authorised services and Information Disclosure System > Financial Intermediaries > Banco ActivoBank S.A. > Information available > Authorized Services

⁶ Does not apply to Banco ActivoBank.

- m. Registration and deposit of financial instruments
- n. Preparation of investment research and financial analysis or other generic recommendations relating to financial instrument transactions

Article 4 - Functional Contents

1. The following tasks pursued by the Bank are defined as making part of the essential nucleus of each one of the financial intermediation functional contents to which they refer to, namely:
 - a. reception and transmission of orders on a third party's behalf:
 - verify the conditions of reception and transmission of the customers' orders
 - b. execution of orders on a third party's behalf:
 - verify the conditions for executing the orders given by customers
 - perform the necessary controls for the pursuit of the respective operations, validating the open operations and verifying the correct settlement of the operations carried out
 - c. securities dealing on own account:
 - monitor the decision-making processes and control the entries made
 - d. placement in public offerings for distribution:
 - assess the regulatory conditions to which the operations and their handling are subject
 - make proposals for operational rules and submit the same to CMVM for approval
 - monitor compliance with the instructions received
 - control the settlement of operations and the result achieved
 - e. assistance in public offering regarding securities:
 - make the prospectus and launch announcements
 - prepare and present the registration requests
 - monitor the presentation conditions
 - f. registration and deposit of securities:
 - assure the correct allocation and custodianship of the customer's securities
 - g. performing the functions of depositary of the securities that are part of the portfolio of collective investment undertakings:
 - ensure the registration of the assets that are part of the assets of each fund enabling the segregation between own assets and the assets of each fund
 - register and control the issue of the fund's participation units

- perform the functions of control over the activity of the management entity of the fund, in order to allow (1) verification of compliance with the legal limits and the investment policy of the fund by the management entity, (2) evaluation of the calculation method of the value of the participation unit and consistency in the measures of reconciliation of the securities and liquidity accounts by the management entity
- h. credit granting, including securities loans for the carrying out of transactions involving securities wherein the credit granting the credit is involved:
 - verify the Customers' financial capacity to service the debt
 - assure the Customer's knowledge for investment in securities
 - verify the criteria adopted in the provision of limits and guarantees as well as the settlement terms
 - verify the inexistence of any circumstance that makes the granting of credit unfeasible, under the terms of the provisions of Credit granting, monitoring and recovery
- i. management of portfolios on a third party's behalf:
 - register the investment decisions and the orders (binding) given on behalf of the customers
 - register the operations made on behalf of the customers
 - access to pricing sources and collect the prices of assets in the portfolio
 - make control procedures involving (1) decision-making, (2) execution of operations, (3) asset pricing, (4) portfolio positions, (5) monitoring and management of risk incurred in customer portfolios
 - remit information to the Customers and supervision authorities
 - assure the security of the information systems and procedures to prevent the occurrence of money laundering operations
- j. verification, registration, and accounting of the operations made within the scope of each one of the activities:
 - assure the conformity of the records and respective related accounting
- k. investment advice on securities:
 - provide, in accordance with the law, personalized advisory services to customers, in their capacity of potential or effective investors
- l. preparation of investment studies, financial analysis/other recommendations:
 - carrying out, with or without the assistance of other specialised entities, any studies, analyses, or recommendations relating to financial intermediation issues

Article 5 - Financial instruments

1. The law ⁷ qualifies as Financial Instruments:
 - a. the following securities:
 - i. shares
 - ii. bonds
 - iii. participation securities
 - iv. participation units in collective investment undertakings
 - v. covered warrants
 - vi. rights detached from the securities referred in i) to iv), provided that the detachment applies to the entire issue or series or is set forth in the issue conditions
 - vii. other documents representing similar juridical situations provided they may be traded on the market
 - b. the money market instruments, except for the payment means
 - c. the derivative instruments for the transfer of credit risk
 - d. Differential contracts
 - e. options, futures, swaps, forward contracts and any other derivative contracts relating to:
 - i. securities, currencies, interest or profitability rates or relating to other derivatives, financial indexes or financial indicators, with physical or financial settlement;
 - ii. commodities, weather variables, freight rates, emission allowances, inflation rates or any other official economic statistics, with financial settlement even if at the option of one of the parties;
 - iii. commodities, which can be physically settled, as long as they are traded on a regulated market or on multilateral or organised trading systems, with the exception of wholesale energy products traded on an organised trading system that can only be settled by physical delivery, as defined in regulations and delegated acts of Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014, or, not being intended for commercial purposes, have characteristics similar to those of other derivative financial instruments under the terms of the said regulation and delegated acts.
 - f. any other derivative contracts, namely those relating to any of the items indicated in regulations and delegated acts under Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014, provided that they have characteristics similar to other derivative financial instruments under the terms of the said regulation and delegated acts.

⁷ Articles 1 and 2, no. 1 of the SC

g. emission allowances in accordance with and for the purposes of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014, Regulation (EU) No 1031/2010 of the Commission of 12 November 2010 and Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014.

2. In addition to those that are of their own nature, all Financial Instruments may be considered Complex Financial Instruments, with the exception of the following securities, legally qualified as Non-Complex Financial Instruments⁸:

- shares admitted to trading on a regulated market or equivalent, or on a multilateral trading system, with the exception of shares of collective investment undertakings that are not harmonized and shares with embedded derivatives
- bonds or other forms of securitised debt admitted to trading on a regulated market or on an equivalent market or on a multilateral trading system, excluding those that incorporate derivatives or a structure that makes it difficult to understand the risks involved
- participation units and shares in collective investment undertakings in harmonized securities, excluding collective investment undertakings in harmonized securities structured as defined in the European Union law
- money market instruments, excluding those that incorporate derivatives or a structure that makes it difficult to understand the risks involved

Article 6 - Packaged Retail and Insurance-based Investment Products (PRIIP)

1. Are denominated PRIIP (Packaged Retail and Insurance-based Investment Products), the packages of retail investment products and insurance-based investment products.

These PRIIPs cover all instruments which were previously called complex financial products but are not limited to them.

PRIIPs are products in which, regardless of the legal form of the investment (which may also consist of an insurance product), the amount to be reimbursed (or the amount at maturity or total or partial redemption, in the case of insurance) to the investor is exposed to market fluctuations, namely due to exposure to reference values or the performance of one or more assets not directly acquired by the investor.

2. The PRIIP must be identified as such in the information conveyed to the customers and investors and this capacity must also be mentioned in their advertisement. It is not, however, sufficient for its commercialization, the

⁸ According to Article 314d(1)(a) and (2), Article 1 and Article 2(1) of the SC.
July 2023 | When printed, this document is an uncontrolled copy.

identification of an investment product as a PRIIP, and a FID (Fundamental Information Document) must be made available to the retail investor by whoever provides advice or directly by the entity that sells it (whether it be a bank or other financial institution), which constitutes an autonomous pre-contractual information document, clearly differentiated from commercial promotion materials, and cannot contain cross-references to these and in which fundamental information is provided so that retail (non-professional) investors are able to understand and compare the main characteristics, risks and returns and the costs of the products. Consulting the FID does not remove the importance of other information elements specific to each product (for example, Prospectus, Final Terms, General and Special Conditions or other). The responsibility for preparing the FID, as well as for the accuracy of the respective content, lies with the producer of the respective PRIIP (which might not coincide with the respective supplier). The availability of PRIIP in the national territory depends on the notification and prior approval of the respective FID to the competent authority, at least two working days in advance of the intended date for the respective availability, and the notification obligation must be complied with:

- a. by the producer when the same has its registered office or establishment in Portugal
 - b. by the producer or supplier when the former does not have its registered office or establishment in Portugal
3. PRIIP are, namely⁹:
- a. Structured Deposits
 - b. Structured Products
 - c. Derivatives
 - d. Insurance linked to investment funds (unit-linked)
 - e. Capitalization operations whose overall amount of the insurer's provision, at maturity or on redemption, is somehow dictated by fluctuations in the financial market
 - f. Insurance and capitalization operations with profit sharing (provided that these are, even partially, financial results, therefore depending on fluctuations in the financial markets)
 - g. collective investment undertakings (CIU)

⁹ As indicated, the list is not exhaustive.

- h. Credits securitization funds (CSF)
- i. open investment funds traded on the stock exchange that reproduce reference indices (Exchange Traded Funds – ETF)
- j. other securities representing debt with the possibility of repayment below the nominal value due to their association with another product or event, namely Notes
- k. dual products: products that comprise the combined commercialization of two or more financial products, resulting from the combination of a product with the designation and with specific and inseparable characteristics in relation to the elements that compose it~

II. Internal Organisation

Article 7 - General principles of internal control

1. In its specific application to financial intermediation, the internal control system¹⁰ aims to guarantee:
 - a. the objective and adequate management and control of activity risks, the prudent and correct evaluation of assets and liabilities, as well as the implementation and use of mechanisms to prevent and protect against prohibited, unauthorised, fraudulent, or negligent acts
 - b. full compliance with the applicable legal, regulatory, or internal provisions, including those on the prevention of money laundering and terrorist financing
 - c. monitoring the adequacy and effectiveness of measures adopted to correct any deficiencies found in policies, procedures, provisions, processes and mechanisms, including any situations related to non-compliance
2. In order to ensure what is set forth in paragraphs a), b) and c) of the previous item, the internal control system of the entities covered by this SO establishes internal procedures focused on preventing or reducing the existence of conflicts of interest and has access to the information and human resources necessary to fulfil its functions.
3. Organic units for the custody of securities shall ensure an adequate separation between the values of their own portfolios and those of clients.

¹⁰ See - Internal Control System framework.

Article 8 - Internal control system

1. In what concerns financial intermediation, the Bank must:
 - a. comply with the duties to which it is bound by adopting, in accordance with this document and the Internal Control System in force; an independent, adequate, and objective internal control system
 - b. concerning the persons involved in the internal control¹¹:
 - i. ensure that they have adequate means and technical capacity, namely by developing the required training actions
 - ii. ensure that the persons involved in internal control are not involved in the provision of services or in the performance of activities they themselves control
 - iii. Assure that the method used to determine their remuneration cannot compromise their objectivity
2. For the purposes of the preceding paragraph, the Bank has assigned special powers to the following organic units:
 - a. concerning the compliance control system, to the Compliance Office
 - b. concerning the risk management system, to the Risk Office
 - c. concerning the internal audit, to the Audit Division
3. Regarding communications, due from or concerning Officers and Employees, in relation to privileged information and conflicts of interest, the tasks legally assigned to the Bank are carried out by the Company Secretary, with the assistance of the Compliance Office.
4. Are, among other, attributions of the Compliance Office¹² in terms of financial intermediation:
 - a. to advise the persons mentioned in article 1 (2) to comply with their duties when executing financial intermediation activities.
 - b. to identify and prevent transactions in financial instruments suspected of money laundering, terrorist financing or those falling under Article 16 (market defence)
 - c. to immediately inform the Executive Committee (EC) of any signs showing a serious or a very serious violation of the duties established by article 305-A (2) of the SC

¹¹ According to SC Article 305.º-A.

¹² According to the adapted transcription of SC article 305-A, (2).

- d. to ensure an updated record of the non-compliance situations and of the measures proposed and adopted
 - e. to prepare and submit to the EC and the Audit Committee (AUDC) a report, at least annually, on the compliance monitoring system, identifying non-compliances situations detected and the measures adopted to correct eventual deficiencies
 - f. draw up lists of persons with access to insider information in accordance with the provisions of “Market abuse” Regulation and exercise the other competences related to Market Abuse provided therein
 - g. issue an opinion on potential or actual situations of conflict of interest or Related Parties, under the provisions of the Policy for the Prevention and Management of Conflicts of Interest and Related Parties Policy
5. Are, among other, attributions of the Risk Office¹³ in terms of financial intermediation:
- a. the monitoring of the adequacy and efficiency of the Bank’s policies and procedures, considering the risk degree tolerated, namely by complying with accounting and prudential rulings
 - b. the monitoring of the adequacy of measures taken to correct possible deficiencies
 - c. the advice to the EC and preparation and submission to it and to the AUDC of a report, at least annually, on the risk management and adequate measures to correct possible deficiencies
6. The duties of the Audit Division include¹⁴:
- a. the adoption and maintenance of an ongoing audit plan to examine and assess the adequacy and efficiency of the systems, procedures and rules related with the Bank’s internal control system
 - b. the issuance of recommendations based on the results achieved by the assessments made
 - c. the preparation and submission to the EC and the AUDC, at least annually, of a report identifying the recommendations that have been followed up

¹³ According to the adapted transcription of SC article 305-B, (I).

¹⁴ According to the adapted transcription of SC article 305-C (I).

Article 9 - Segregation of functions

1. The services of reception, transmission and execution of customers' orders and the services of registration and deposit of securities are functionally separated, in line with the principle according to which the transactions are originated in the different Business Areas and centrally controlled, in the phases of the re-specification of the operations and respective physical and financial settlement.
2. The current organisational structure allows an adequate segregation of the following functions, in each of the main activities:
 - a. creation and contracting of the transactions
 - b. reception / issuance of transaction support documents
 - c. authorization of transactions
 - d. registration, allocation, and settlement of the transactions in the respective accounts
3. There is a segregation of functions in the IT areas, namely between the departments or divisions in charge of development, IT services, infra-structures and communications systems and the user areas, the first being forbidden to register and authorize transactions and their activities are subject to a planning and control process.
4. Within the IT areas, the programming of applications, programming of systems, production and tests, master files and data control and the development and maintenance quality control are carried out by separate departments.

Article 10 - IT resources

1. The Bank's operating system integrates an access control process and covers, namely:
 - a. the login, which provides individual access to each operator
 - b. the control of the access to files, per owner, work group and list of users, with the required detail level
2. Daily backup copies are made (data backup) of the different systems, and the system is connected to a UPS that allows for the said backup to be made and the maintenance of vital operations in the event of a power failure.
3. Each employee has the duty to, always, keep the IT access codes secret.
4. The Bank¹⁵ assures, on a permanent basis, the efficient functioning of the IT resources that are classified as an indispensable requisite for the acceptance of

¹⁵ According to Section II of Chapter I of Title I-A of CMVM Regulation no. 2/2007.
July 2023 | When printed, this document is an uncontrolled copy.

a registration as a financial intermediary.

Article 11 - Human resources

1. The Bank¹⁶ permanently maintains an updated list of persons carrying out financial intermediation activities, irrespective of the nature of their employment contract or function which, when requested, must be submitted immediately to the CMVM.
2. The list referred to in the preceding paragraph shall indicate the persons who are mandated or accredited by third parties to represent the Bank or to exercise a specific function requiring specific qualification.
3. The list mentioned does not include persons who work in branches, except for those who provide services in branches specialised in financial instruments investment, or in telephone call centres.
4. The updating referred to in the preceding number 1 is carried out by means of written communication to the Company Secretary's Office, within a period not exceeding 7 working days from the occurrence of the modifying event (namely admission, substitution, alteration or termination of functions) by the person responsible for the organic unit where the modification occurred.
5. The Bank adopts a human resources management policy that is coherent and harmonious with the legal and regulatory goals committed to Financial Institutions with respect to financial intermediation.

Article 12 - Conflicts of Interest and performance of personal transactions / relevant persons

1. The Bank has in force a Policy for the Prevention and Management of Conflicts of Interests which reflects the provisions of the Securities Code and other applicable legislation on conflicts of interest and the conduct of personal transactions.
2. In the Policy for the Prevention and Management of Conflicts of Interests the general principles and rules set out in art. 309 and following of the Securities Code, as well as the requirements set out in art. 34 of the Delegated Regulation (EU) 2017/565 are established, namely:
 - a. That the Bank is organised in such a way as to identify possible conflicts of interest and act to avoid or minimise the risk of their occurrence
 - b. That in a conflict situation, the Bank ensures transparent and fair treatment of Customers, giving precedence to the interests of Customers, whether in

¹⁶ Nos. 1, 2 and 3 of this article correspond to the respective numbers of article 5 of CMVM Regulation no. 2/2007.

relation to its own interests or those of companies with which it is in a control or group relationship, or in relation to the interests of the holders of its governing bodies or those of its tied agents and the employees of both, including those caused by the acceptance of benefits from third parties or by the Bank's own remuneration and other incentive structures

- c. That it adopts measures on personal transactions to be carried out by relevant persons
 - d. That it guarantees that the remuneration and evaluation of its employees do not conflict with its duty to act to protect the legitimate interests of the Customer, adopting, implementing and regularly reviewing a performance evaluation and remuneration policy for its employees that do not conflict with its duty to act to protect the legitimate interests of the Customer, including the allocation of remuneration, the setting of sales targets or other measures that may create an incentive to recommend or sell a financial instrument when another better meets the needs of the non-professional Customer
- 3. The Bank registers activities that may give rise to conflicts of interest, including by drawing up a list of persons who have had access to inside information when the Bank provides services related to public offerings or others from which such information is known.
 - 4. Whenever it carries out transactions to fulfil customer orders, the Bank makes the financial instruments available to them at the same price at which it acquired them.
 - 5. The Bank structures its own activity, and the activity that arises from the provision of financial intermediation services, bearing in mind the scrupulous fulfilment of legal precepts relating to activities particularly prone to conflicts of interest.

Article 13 - Inside information

- 1. According to Regulation (EU) No. 596/2014 (Market Abuse Regulation), the Bank is required to maintain effective devices, systems and procedures to prevent, detect and fight insider dealing, the unlawful transmission of inside information, market manipulation (market abuse), and to report such practices to the Portuguese Securities Market Commission (CMVM), obligations the Bank complies with and whose application is mainly reflected in "Market abuse" internal regulation, which is currently in force and to which reference is made for everything that is not regulated in this SO on the subject.

"Market abuse" internal regulation also seeks to accommodate the views of the Supervisory Authorities on this matter: both the CMVM pronouncements and

2. Insider information is all specific, precise and confidential information which, while not being public, is accessed by Employees of the Bank, Management, supervisory and Senior Executive bodies of the Bank or by related parties, or also by potential investors in the context of market research, which, if made public, is reliable to, directly or indirectly, have an appreciable effect on the price of listed securities or other financial instruments, and which relates, *inter alia*, to:
 - a. The Bank's financial situation or results
 - b. The business development strategy
 - c. The transaction of issuing securities for the Bank, Bank customers or potential customers with listed securities, or integrated in corporate groups with listed securities
 - d. Any other situations that could be perceived as fulfilling the requirements of "insider information".
3. All persons with access to information falling under the previous article are subject to the following prohibitions:
 - a. Insider dealing
 - b. Unlawful disclosure of inside information
 - c. Market manipulationand to the following obligations:
 - d. Duty of secrecy in relation to the information
 - e. Transmission of information under the strict terms of national and Community regulations.
4. Abuse and illicit transmission
 - 4.1. It constitutes insider dealing to use any inside information to acquire or dispose of, for one's own account or for the account of a third party, directly or indirectly, financial instruments to which that information relates, or to change or cancel an order relating to a financial instrument to which that information relates, if such order had been placed before the person concerned had the insider information. Also recommending or inducing a third party to do so on the basis of insider information. It is also insider dealing to use such recommendations or inducements if the person using the recommendation or inducement knows, or ought to know, that it is based on inside information.

- 4.2. There is unlawful disclosure of inside information when a person possesses inside information and transmits it to any other person, unless such transmission occurs in the normal course of his/her business, profession or duties. The subsequent transmission of recommendations or inducements referred to in paragraph 4.1 above also constitutes unlawful transmission of inside information if the person transmitting the recommendation or inducement knew, or ought to have known, that it was based on inside information.
5. Market Manipulation includes, among other activities detailed in "Market abuse" internal regulation, the following:
- a. Carry out transactions, place an order, disseminate information or any other conduct which:
 - i. is likely to give false or misleading signals as to the supply of, demand for or price of financial instruments; or
 - ii. is likely to secure the price of a financial instrument at an abnormal or artificial level
 - iii. affects, or is likely to affect, the price of a financial instrument by using any form of deceit or artifice
 - iv. transmits false or misleading information or provides false or misleading data in relation to a benchmark, where the person transmitting the information or providing the data knew or ought to have known that it was false or misleading, or any other conduct which manipulates the calculation of a benchmark
6. The Bank ensures an effective and continuous monitoring, both on an individual and comparative basis, of orders and transactions that may constitute abuse of insider information or market manipulation or attempts thereof.
7. The Bank draws up a "List of Persons with Access to Insider Information" pursuant to Regulation (EU) no. 596/2014, which it keeps up to date at all times and which includes all persons who have access to that information, directly or indirectly, by virtue of the exercise of their functions in the service of the Bank, regardless of the title to which the access is due.
8. The inclusion of any person on the List is preceded by notification to the person, requiring the person notified to recognise and accept the legal and regulatory obligations, as well as the sanctions applicable in the event of insider dealing or unlawful disclosure of inside information.
9. The Bank, having access to insider information, shall make it public as soon as possible, without prejudice to the cases of deferral referred to in paragraph 11 below.

10. The duty to disclose insider information also covers cases of changes to information made public in fulfilment of the duty of disclosure, including in cases of information that has been inadequately publicised and which, because it is not complete, true, clear and objective, must be rectified immediately.
11. The transmission of insider information or its deferral in non-compliance with the applicable law is considered unlawful and subject to the sanctions defined by law and discipline.
12. When the information can no longer appreciably influence the price of listed securities or other financial instruments, it is no longer considered Insider information and the Bank no longer has to disclose it or to notify CMVM, notwithstanding its continuing obligation to retain the Lists of persons with access to insider information.

Article 14 - Officers' transactions in Closed Periods

1. The full process is set out in "Market Abuse" internal regulation.
2. By resolution of the EC, it is forbidden, in the following closed periods, and without prejudice to the application of any other restrictions resulting from the law or a court decision, to trade on securities or other financial instruments, by Officers who controlled or significantly influenced the underlying process, either on their own account or on behalf of third parties, directly or indirectly in the following periods and for specific instruments:
 - a. 30 calendar days prior to the date of the announcement of the interim financial report or the annual report of the Bank or of the Group, regarding instruments issued by any Group company
 - b. In the period of time between the date of the decision and/or resolution made by the EC and the date on which such information is made public, for instruments issued by any other entity (not part of the Group)
3. The Bank can authorise transactions on its own or on the account of third parties in closed periods, in exceptional circumstances, such as in the face of severe financial distress, or due to the characteristics of the trade concerned in transactions carried out under, or in connection with, an employee participation or savings scheme, guarantee or share entitlement schemes, or in the case of transactions where there is no change in the ownership of the relevant security.
4. The assessment of these circumstances, as well as the process control that may lead to the authorisation of such transactions, is the responsibility of the Compliance Office, to whom the officer must request the authorisation in writing, describing the planned transaction, explaining to what extent the exception in paragraph 2 applies and demonstrating that the transaction

cannot be carried out at any time other than a Closed Period.

III. Market Defence and Information for Investors

Article 15 - Excessive Intermediation

The Bank and its Officers and Employees shall abstain from encouraging the Customers to trade repetitively on financial instruments or from executing them on their behalf, whenever such transactions are solely aimed to charge fees, to grant loans for their execution or have any other goal that does not serve the Customer's interest.

Article 16 - Market defence

The Bank and its Officers and Employees must behave with the utmost business integrity, abstaining from trading or undertaking any actions, in its own name or on behalf of the Customer, that may jeopardise the good functioning, transparency and credibility of the market, analysing with particular care and diligence orders, acts and transactions that could be linked to the forbidden transactions under articles 8 to 16 of the Regulation (EU) no. 596/2014 of the European Parliament and of the Council of 16 April 2014 (Market Abuse Regulation) and in article 311 of the SC.

Article 17 - Information for investors

1. The Bank shall provide in writing, in relation to the services which it provides, which are requested of it or which it actually provides, all the information necessary for an informed and reasoned decision-making, including all those referred to in articles 312 and following of the SC in the exact terms defined therein and, in particular, those concerning:
 - a. the Bank and the services it provides
 - b. the nature of the customers' non-professional investor, professional investor, or eligible counterparty, his/her possible right to request different treatment and any limitation in terms of the degree of protection that this implies
 - c. the origin and general nature of any interest of the Bank or the people undertaking business on its behalf, where the organisational arrangements made to manage conflicts of interest and trading on own account are not sufficient to ensure, with reasonable confidence, that risks of damage to customers' interests will be prevented
 - d. the proposed financial instruments and investment strategies, including whether the financial instrument is intended for professional or non-professional investors, given the identified target market
 - e. special risks involved in the transactions to be executed
 - f. the Policy for Executing Orders
 - g. the existence or not of any guarantee fund or equivalent protections that

July 2023 | When printed, this document is an uncontrolled copy.

covers the services provided

- h. the cost of the service to provide under the Pricing in effect.
2. The information on the cost of the service and of the financial instrument referred to in paragraph 1(h) shall cover information related to investment services and ancillary services, including the costs of the investment advisory service, the financial instrument recommended or sold to the investor and the payment method, including to third parties, and shall aggregate all costs and charges that do not result from the market risk underlying the instrument or service, and the information may be broken down by category of costs at the Customer's request, and shall be provided to the investor periodically, at least annually, throughout the duration of the investment.
 3. Where the investment service is offered or provided together with another service or product, as part of a single package or as a condition for the provision of a service or purchase of a product (cross-selling), the Bank informs the investor on the possibility of purchasing the different components separately and provides separate information on the costs and charges inherent in each component, and provides an adequate description of the different components and how their interaction changes the risks of each one of them, if the risks arising from the services provided together or from the package traded to a non-professional investor are likely to be different from the risks arising from each component separately.
 4. The Bank informs potential or current customers who are non-professional investors that they can choose to receive the information on paper.
 5. If a non-professional investor requests the delivery of information on paper, the Bank will provide it free of charge in that support.
 6. Where the service is provided through a remote communication channel which does not allow for the prior provision of cost information, the Bank may provide them in electronic form, or on paper if the non-professional investor requests so, without undue delay after the execution of the transaction, provided that:
 - a. the investor consents to it; and
 - b. the investor may defer the execution of the transaction until such information is received.
 7. The investor may also choose to receive cost information by telephone before the transaction is executed.
 8. In relations with professional investors, cost information is only required when the Bank provides them with investment advisory services.

Article 18 - Requirements to provide correct, clear and not misleading information

1. The Bank ensures that all information, including commercial communications, which it transmits, or disseminates, to non-professional or effective professional customers in such a way that it is likely to be received by them, fulfils the conditions set out in art. 44 and 52 of the Delegated Regulation (EU) 2017/565, and in particular the following:
 - a. The information includes the Bank's name
 - b. The information is accurate and always gives a correct and clear indication of any material risks when referring to any potential benefits of an investment service or a financial instrument
 - c. The information uses a font size in the indication of relevant risks that is at least equal to the predominant font size used in the information provided, as well as a graphic composition that ensures that this indication is clearly visible
 - d. The information is sufficient and presented in such a way that it is likely to be understood by an average member of the group to whom it is addressed or by whom it is likely to be received
 - e. The information does not conceal, understate or disguise any important elements, statements or warnings
 - f. The information is always presented in the same language in all forms of information and commercial material that are provided to each Customer, unless the Customer has agreed to receive information in more than one language
 - g. The information is up-to-date and relevant to the communication channels used.

IV. Customers and Their Orders

Article 19 - Processing of operations

1. The Bank, namely through this document, the regulations for handling orders and other significant internal regulations, organises its financial intermediation activities in accordance with the law and the best practices, so as to ensure that the Customers' interests are professionally satisfied first and foremost, in all the services it provides.
2. Specifically regarding Customers, the Bank:
 - a. systematically classifies customers (Non-Professional Investor/NP; Company Professional Investor/CP; Private Professional Investor/PP; Eligible Counterparty/EC), according to their nature, for trading financial

instruments, under the terms of art. 317 and following of the Securities Code and of Prior Classification of Customers for the transaction of Financial Instruments – MiFID

- b. enforces compliance with the requisites in the Prior Classification of Customers for the transaction of Financial Instruments – MiFID, prior to receiving and processing the orders for financial instruments
- c. has an organic and functional system in place for receiving, registering, controlling, forwarding/processing orders for securities and other financial instruments, as per Reception and handling of orders on Securities
- d. Acknowledges the importance of the Customers' contributions, namely Non-Professional Investors, for the continuous improvement of the financial intermediation activities provided by the Bank, having different channels, permanently available, destined to quickly, efficiently, and transparently receiving their claims, through:
 - Branches/Commercial Network
 - Telephone, Internet / Direct Banking Division
 - Client Ombudsman.
- e. ensures, regarding claims from Non-Professional Investors, that¹⁷:
 - i. the reception and handling of the claim is made by an employee other than the author of the act that led to the claim, without prejudice to the duty of the unit appraising the claim to hear that employee;
 - ii. disposes of a system of specific procedures organized for the adequate appraisal of the claims and respective answer within the due maximum deadline that will be communicated upon receipt of the claim
 - iii. keeps, for five years, the record of all claims received with the mentions required by article 305-E(2) of the Securities Code

Article 20 - Assessment of the operation (appropriateness) ¹⁸

1. The Bank will request the Customers to purvey all the information regarding his/her/its knowledge and experience regarding the type of financial instrument or service in question, enabling it to assess if the Customers understands the risks involved.
2. If the Bank deems that the operation that the customer wishes to make is not adequate for him/her, the Bank will inform the customer in writing, as regulated in Prior Classification of Customers for the transaction of Financial Instruments – MiFID.

¹⁷ According to the adapted aggregation of the contents of article 305°-E (1) and (2).

¹⁸ According to the essential transcription of SC article 314°; enshrines the general principle that it is up to Financial Intermediaries to assess the appropriateness of the transaction that the Client intends to carry out (appropriateness).

July 2023 | When printed, this document is an uncontrolled copy.

3. If the Customers does not provide the information or if the information is insufficient, the Bank shall warn the Customers in writing that therefore it cannot assess the adequacy of the operation.

Article 21 - Exclusion of the assessment of the transaction (non-complex financial instruments) ¹⁹

1. The provisos of the previous article do not apply to the provision of services exclusively of reception and transmission or execution of the customer's orders, even if ancillary services are provided, as long as, in addition:
 - a. the object of the transaction is:
 - i. Shares admitted to trading on a regulated market or in an equivalent market with an equivalence decision adopted by the European Commission, or a multilateral trading facility, with the exception of shares of collective investment undertakings that are not harmonised and shares incorporating derivatives
 - ii. Bonds or other forms of securitized debt admitted to trading on a regulated market or an equivalent market with an equivalence decision adopted by the European Commission or a multilateral trading facility, excluding those that embed a derivative or a structure that makes it difficult to understand the risks involved
 - iii. Money market instruments, excluding those incorporating derivatives or a facility that makes it difficult to understand the risks involved
 - iv. Participation units and shares in undertakings for collective investment in harmonised securities, excluding undertakings for collective investment in structured harmonised securities as defined in European Union legislation
 - v. Other non-complex financial instruments, provided that they fulfil the requirements foreseen in the European Union legislation
 - b. the service is provided at the initiative of the Customers
 - c. the Customers was warned in writing, even if in a standardized manner, that while rendering such service the Bank is not obliged to determine the adequacy of the operation in question to the customers' features and thus does not benefit from the protection corresponding to that assessment
 - d. the Bank complies with the duties relating to conflicts of interests established by law
 - e. the Bank does not grant credit, including securities loans, for the fulfilment

¹⁹ This precept of the Regulation corresponds in essence to the transcript of article 314-D (1 and 2) of the SC. this provides an exception to the exclusion of the application of the general principle set forth in art. 314 of the SC, regarding orders that, while regarding any type of non-complex financial instruments, meet all the other requirements listed in art. 21 (b, c and d) of the Regulation. In these specific situations, the Bank is not responsible for assessing the appropriateness of the transaction the Customers wishes to undertake.

of transactions in financial instruments in which it intervenes

2. Notwithstanding paragraph 1 of this article, which corresponds to what the law determines in this respect, the Bank, in the Customer's interest, even in cases of exclusive provision of the services of reception and transmission or execution of Customer orders, always assesses the transaction (appropriateness) under the terms set out in the previous article.

Article 22 - Contents of the required information

1. The Bank shall obtain from effective customers or potential one's information required to understand the essential facts about the customer and to have a reasonable basis, having due consideration to the nature and scope of the service provided, to be able to consider that the specific transaction to be recommended or initiated in the course of providing a portfolio management service fulfils the following criteria:
 - a. Meets the investment objectives of the concerned customer, including the customer's risk tolerance and any of his/her sustainability preferences
 - b. Enables the customer to financially bear any related investment risks, consistent with his/her investment objectives
 - c. Its nature ensures that the customer has the necessary experience and knowledge to understand the risks involved in the transaction or the management of his/her portfolio
2. The information to be obtained by the Bank from the Customer shall cover, in particular:
 - a. the types of services, transactions and financial instruments with which the customer is familiar
 - b. the type, duration, volume and frequency of the transactions in financial instruments made by the customer
 - c. the education level and current or former occupation of the customer
 - d. the financial situation and the objectives of the investment to be made, including information on the period for which the Customer intends to hold the investment, the Customer's risk-taking preferences.
3. The information referred above regards the type of investor Customer, the nature and scope of the service to provide and the type of financial instrument or transaction expected, including complexity and inherent risks.
4. The information regarding the Customer's financial situation shall include, where relevant, information on the source and extent of his/her regular income,

assets, including liquid assets, investments and real property, and regular financial commitments.

5. The information regarding the investment objectives of the customer shall include, where relevant, information on the length of time for which the customer wishes to hold the investment, his preferences regarding risk taking and the purposes of the investment.

Article 23 - information ORIGIN

1. The Bank may base its appraisal on the information provided by the Customers, except if it has proof or reason to believe that the information is not up-to-date, untrue or incomplete.
2. When the Bank receives instructions from another Financial Intermediary to provide investment services on behalf of a Customer of the latter may base its decisions on:
 - a. the information regarding the Customers provided by the Financial Intermediary that hired it
 - b. the recommendations regarding the service or transaction provided to the Customers by another Financial Intermediary
3. When the Bank that sends instructions to another financial intermediary must ensure that the information sent regarding the Customers is sufficient and true and that the recommendations or advices regarding the service or transaction rendered to the Customers are adequate.

Article 24 - Receiving orders²⁰

As soon as it receives an order to execute transactions in financial instruments, the Bank verifies the originator's legitimacy and takes steps to establish beyond doubt the time of receipt of the order²¹.

Article 25 - Acceptance and refusal²²

1. The Bank must refuse an order when:
 - a. the originator does not provide all the data required for its proper execution, in particular does not provide proof of the availability of the financial instruments to be disposed of and/or has not promoted the blocking of the financial instruments to be disposed of, when required.
 - b. it is evident that the transaction goes against the interests of the originator,

²⁰ According to SC art. 325°.

²¹ On this topic see - Policy for the Execution of Orders of Banco Comercial Português.

²² Nos. 1 to 4 correspond to the content of art. 326 of the SC; nos. 5 and 6 integrate the provisions of art. 33 of CMVM Regulation no. 2/2007.

- except when the latter confirms its order in writing
- c. it is not able to provide the originator with all the data required to execute the order
 - d. the originator does not provide the guarantee required by law for executing the transaction
 - e. the originator is not allowed to accept a public offer
 - f. it is unlawful or impossible as to its object
2. The Bank may refuse an order when the originator:
 - a. does not prove that it has the financial instruments to be sold available
 - b. has not promoted the blocking of the financial instruments to be sold, when so required by the Bank
 - c. does not provide the amount required for settling the transaction
 - d. does not confirm the order in writing when required to do so
 3. Except for the situations described in the previous paragraphs, the Bank cannot refuse an order given by someone with whom it has a prior customer relation.
 4. The Bank must immediately inform the originator when it refuses an order.
 5. Regarding orders given by customers to whom the Bank provides the services of registry and custody of financial instruments that, when executed, would worsen a negative balance, whether financial or of financial instruments, the Bank may refuse them based on insufficient balance.
 6. Regarding orders given by investors to whom the Bank does not provide the services of registry and custody of financial instruments, the Bank always refuses to accept the same whenever evidence is not shown concerning the immediate availability of the instruments to sell, or the amount required for the respective settlement is not made available for the Bank.

Article 26 - Banned operations

1. Without prejudice to other transactions, the Bank shall refuse:
 - a. overdraft operations on Financial Institutions, therefore the Bank will not accept or execute orders for the sale in markets managed by Euronext Lisbon and by the OPEX of:
 - i. shares issued by said Financial Institutions, and

- ii. other securities that grant rights to purchase, subscribe or convert them, when the originator or the market operator acting on its own behalf does not guarantee that it has those securities at the moment of the transmission or execution of the order (short selling)
 - b. the purchase and sale of securities with the purpose of later trading those securities again to execute orders previously received from customers
2. The prohibition referred in paragraph a) of the previous number does not include orders executed by market operators that act as market or liquidity creators for the said securities.

Article 27 - Form and validity ²³

1. The orders may be given verbally or in writing.
2. Orders given verbally are recorded in writing by the Bank, as receiver, and, if given in person, they must be signed by the originator. If transmitted by telephone, they are recorded on a phonographic medium in compliance with the terms of Article 307-B of the SC.
3. The orders are valid for the term defined by the originator, and cannot, by law, surpass one year at most, counting as of the day after the Bank receives the order, except if a smaller term applies in accordance with nr. 4 below.
4. The orders are valid:
 - a. until the end of the day on which they are given if the originator does not specify a period of validity
 - b. if the originator defines the validity term, until its expiry, which will not surpass one (1) month, without prejudice to the possibility of accepting a longer term that may be exceptionally accepted by the Bank if it results without a doubt from a relevant specific statement

In any case, the validity period may not exceed one year from the day following the date of reception of the order by the Bank.

5. The Bank informs the Customers of the validity terms it applies, which may vary based on the trading venues where the order may be executed or on the nature of the financial instruments.
6. When so requested by the Customer the Bank will inform him/her on the order's status.

²³ The nos. 1 to 6 of this article 27 of the Regulation, correspond to the unified and adapted reproduction of articles 327 and 327-A of the SC

July 2023 | When printed, this document is an uncontrolled copy.

Article 28 - Processing of orders given by Customers²⁴

1. When the Bank cannot execute an Order, it must send it to a financial intermediary that can execute it.
2. The transmission must be immediate and respect the priority of the reception, except when otherwise instructed by the originator.
3. The Bank ensures the possibility of reconstructing the internal circuit followed by the orders until they are transmitted or executed.
4. While executing orders, the Bank:
 - a. shall register and execute them sequentially and promptly unless the characteristics of the order or prevailing market conditions make this impracticable, or the interests of the Customer require otherwise
 - b. shall immediately inform non-professional investors of any specific difficulty in the appropriate execution of their orders
5. Except as otherwise instructed by the originator, orders with a ceiling or more favourable price, for a specific volume, for shares admitted to trading on a regulated market, which cannot be immediately executed, must be disclosed in a manner that is readily accessible to other market participants in accordance with European Union law. This disclosure duty can be fulfilled by transmitting the order to a trading platform.
6. CMVM may waive compliance with the duty to disclose defined in the previous paragraph for orders with a volume higher than the regular market volume, as provided for in article 20 of the Commission Regulation (EC) 1287/2006, of 10 August 2006.

Article 29 - Grouping and allocating OF ORDERS²⁵

1. The Bank shall not execute an order of a Client, or a transaction carried out on its own aggregated with an order of another Client unless the following conditions are met:
 - a. It is unlikely that the aggregation of orders and transactions will work overall to the disadvantage of any client whose order is to be aggregated.
 - b. It is disclosed to each client whose order is to be aggregated that the effect of aggregation may work to its disadvantage in relation to a particular order

²⁴ Corresponds to the content of art. 32° of the SC.

²⁵ Corresponds to the content of Article 68 of Commission Delegated Regulation (EU) 2017/565 of 25 April 2016.

- c. A policy is established and effectively implemented that provides for the proper allocation of aggregated orders and transactions, including how the volume and price of orders determine allocations and the treatment of partial executions.
2. Where the Bank aggregates an order with one or more orders from other clients and that aggregated order is partially executed, the Bank will allocate the corresponding transactions in accordance with its policy on order allocation.

Article 30 - Aggregation and Allocation of transactions executed on own account²⁶

1. Where the Bank, has aggregated transactions carried out on its own account with one or more Customer orders, it cannot affect the corresponding transactions in a way that is detrimental to a Customer.
2. Whenever the Bank aggregates a client's order with a transaction carried out on its own and the aggregated order is only partially executed, it will prioritise the transactions corresponding to the client. Nevertheless, if the Bank can demonstrate on reasonable grounds that, without the combination, it would not have been able to execute the order on such favourable terms or would simply not have been able to execute it, it may allocate the transaction carried out on its own on a proportionate manner, on terms that comply with its order allocation policy.

Article 31 - Revocation and modification²⁷

1. Orders may be withdrawn or altered if the withdrawal or alteration is received by the entity that is to execute them prior to their execution.
2. The alteration of an order to be executed in regulated markets or in multilateral trading facilities represents a new order.

Article 32 - Best execution and Order Execution Policy²⁸

1. Orders are executed in the best conditions and in the moment instructed by the originator.
2. In the absence of specific instructions from the originator, the Bank will take all reasonable steps to obtain, when executing orders, the best possible result for its customers taking into account price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of the order.

²⁶ Corresponds to the content of Article 69 of Commission Delegated Regulation (EU) 2017/565 of 25 April 2016.

²⁷ Corresponds to the contents of art. 329 of the SC.

²⁸ Corresponds to the contents of art. 330 of the SC.

3. The provisions of the previous number comprise the execution of decisions to deal on account of customers.
4. The Bank adopts an "Order execution Policy" which:
 - a. allows it to obtain the best possible result and includes, at least, the trading venues that enable obtaining such results repeatedly.
 - b. includes information regarding the different trading venues for each type of financial instrument and significant factors for choosing them.
5. The Bank informs the customer of its order execution policy, part of the document named "Policy for Executing Orders" and cannot start providing services before the customer sends its consent to the Bank in writing.
6. Relevant changes in the order execution policy are communicated to the customer prior to their implementation.
7. The execution of orders outside regulated markets or multilateral trading facilities shall depend on the customer's specific consent, which can be given by a general agreement or for each transaction.
8. The Bank shall present evidence, when so requested by the customer, that its orders were executed in accordance with the "Order Execution Policy" disclosed.
9. The Bank assesses its order execution policy, namely regarding the negotiation venues provided:
 - a. on a yearly basis, to identify and, if necessary, correct any deficiencies
 - b. where a material change occurs that might affect its ability to continue to get the best possible result consistently, using the trading venues included in its order execution policy.
10. Orders can be partially executed, unless otherwise indicated by the originator.
11. When the Bank executes an order on behalf of a retail (non-professional) investor, the best possible result shall be determined in terms of the total consideration, representing the price of the financial instrument and the costs related to execution, which shall include all expenses incurred by the Client which are directly related to the execution of the order, including organised trading venue fees, clearing and settlement fees and any other fees paid to third parties involved in the execution of the order.
12. In cases where the order can be executed in more than one organised trading venue, the Bank considers the fees charged by it to the client and

the other execution costs in each organised trading venue in order to assess the best conditions.

13. The Bank may not receive any payment, rebate or non-cash benefit for the execution of orders in a particular organised trading venue that violates applicable conflict of interest duties, including the rules on unlawful benefits.
14. The Bank informs the client of the place where the order was executed.
15. The periodic information provided for in the preceding paragraphs includes information on prices, costs, speed and probability of execution for specific instruments.
16. The Bank discloses annually, by 30 April of each year by reference to the previous year:
 - a. the five most commonly used organised trading venues for executing client orders in terms of transaction volume in the previous year, for each category of financial instrument; and
 - b. information on the quality of order execution obtained, as provided for in European Union law.

Article 33 - Best execution criteria²⁹

1. When executing client orders, the Bank shall take into account the following criteria for the purpose of determining the relative importance of the factors listed in paragraph 2 of the preceding Article:
 - a. the characteristics of the Client, including his/her classification as a Retail or Professional investor; b) the characteristics of the Client order, including where the order involves a financing transaction through securities.
 - b. the characteristics of financial instruments that are the subject of that order.
 - c. the characteristics of the execution venues to which that order can be directed

For the purposes of this SO, «trading venue» means a regulated market, a multilateral trading facility (MTF), an organised trading facility (OTF), a systematic internaliser, a market maker or other liquidity provider or an entity that performs in a third country functions similar to those performed by any of the foregoing.

²⁹ Corresponds to the content of Article 64 of Commission Delegated Regulation (EU) 2017/565 of 25 April 2016.

2. The Bank fulfils the obligation to take all sufficient steps to obtain the best possible result for the client, to the extent that it executes an order or a specific aspect of an order following the client's specific instructions regarding the order or the specific aspect of that order.
3. The Bank does not structure or apply its fees in a way that introduces unjustified discrimination between trading venues.
4. When executing orders or taking the decision to trade in over the counter (OTC) products, including customised products, the Bank will monitor the fairness of the price offered to the client by collecting the market data used in estimating the price of that product and, if possible, comparing it with similar or comparable products.

Article 34 - Handling of client orders - General Principles³⁰

1. The Bank will ensure the following conditions when executing client orders:
 - a. that orders executed on behalf of clients are promptly and accurately recorded and allocated.
 - b. that comparable client orders are carried out sequentially and promptly unless the characteristics of the order or prevailing market conditions make this impracticable, or the interests of the client require otherwise.
 - c. that retail (non-professional investor) clients are informed of any difficulty relevant to the proper execution of orders, without delay, as soon as it becomes aware of such difficulty
2. Whenever the Bank is responsible for overseeing or arranging the settlement of an executed order, it shall take all reasonable steps to ensure that any client financial instruments or client funds received in settlement of that executed order are promptly and correctly delivered to the account of the appropriate client.
3. The Bank shall not unlawfully use information relating to pending client orders and shall take all reasonable steps to prevent the unlawful use of such information by any of its relevant persons.

Article 35 - Responsibility towards originators³¹

1. The Bank is responsible before its originators:
 - a. for the delivery of financial instruments purchased and for paying the price of financial instruments sold

³⁰ Corresponds to the content of Article 67 of Commission Delegated Regulation (EU) 2017/565 of 25 April 2016.

³¹ Corresponds to the contents of art. 334 of the SC.

- b. for the authenticity, validity and accuracy of financial instruments purchased
 - c. for the absence of defects or legal situations that encumber the financial instruments acquired
- 2. Any contractual provision contrary to the preceding number shall be null and void, when the order is to be executed on a regulated market or multilateral or organised trading facility.

Article 36 - Duty to inform while executing orders

1. When it receives an order from a Customer, the Bank:
 - a. will inform the customer in writing on its execution
 - b. for Non-Professional Investors, will send a note evidencing the execution of the order as soon as possible and within the following deadlines, at the latest:
 - i. until the end of the first business day after executing the order
 - ii. until the end of the first business day after the Bank receives confirmation from a third party of the order's execution
2. For orders of Non-Professional Investors, the execution note includes the specifications due under the terms of article 59(4) of Delegated Regulation (EU) 2017/565.

Article 37 - Safeguarding the Customer's assets

1. In all its actions ³², as well as in the accounting and transaction records, the Bank will ensure a clear distinction between its own assets and the assets of each one of the Customers.
2. The Bank cannot, in its own interests or in the interests of others, use instruments of its customers or exercise their rights, except as otherwise agreed with the customers, in accordance with article 306-B of the Securities Code.
3. For purposes of the previous numbers, the Bank must:
 - a. keep such records and accounts as are necessary to enable it to, at any time and without delay, distinguish assets held for one Customer from assets held for any other Customer, and from its own assets
 - b. maintain its records and accounts in a way that ensures their accuracy, and in particular their correspondence to the Customer's financial instruments and funds and in a format that allows their use for audit purposes
 - c. reconcile, on a regular basis and, at least, monthly, the records of the

³² Corresponds to nos. 1, 3, 5, 8, 9 and 10 of art. 306 of the SC.

Customer's internal accounts and those of accounts opened with third parties for holding or registering those Customer's assets.

- d. take the necessary steps to ensure that any customer's financial instruments deposited or registered with a third party, are identifiable separately from the financial instruments belonging to the Bank, by means of accounts held by the customers or by the Bank stating that they are held on behalf of the customers or other equivalent measures able of achieving the same level of protection
 - e. take the necessary steps to ensure that the customer's money is deposited in one or more accounts that are identifiable separately from the accounts where money belonging to the financial intermediary is deposited; and
 - f. adopt adequate organisational arrangements to minimise the risk of the loss or diminution of customer's assets, or of rights in connection with those assets, because of misuse of the assets, fraud, poor administration, inadequate record-keeping, or negligence
- 4. Whenever the Bank finds evidence of divergences as per c) of the previous number, these must be verified and corrected as soon as possible.
 - 5. If the divergences mentioned above continue to exist for more than one month, the Bank must immediately inform CMVM of the occurrence.
 - 6. The Bank shall inform CMVM immediately of any facts that may jeopardise the security of the customers' assets or may generate risk for the other financial intermediaries or for the market.
 - 7. The Bank immediately makes available all documents and information relating to clients' assets at the request of the CMVM or insolvency administrators and resolution authorities.

V - Financial Intermediation Agreements

Article 38 - Contracts with non-professional investors

1. Financial Intermediation Agreements³³ regarding the services regulated in article 290 (l) (a-d) and 291 (a) and (b) of the Securities Code shall be in writing and the nullity due to non-compliance with the form of contracts entered into with non-professional investors may only be invoked by them.
2. Financial intermediation agreements may be signed based on general clauses. The regime of general contractual terms (Decree-Law 446/85, of 25 October) applies to financial intermediation agreements, and for this purpose non-qualified investors are treated as consumers.
3. Financial intermediation agreements entered with non-professional investors include at least:³⁴
 - a. the complete identification of the parties, address, and phone numbers
 - b. information that the Bank is authorized for the provision of financial intermediation activity, as well as the registration number in the supervision authority.
 - c. general description of the services to render, as well as the identification of the financial instruments object of the services to provide
 - d. a description of the rights and obligations of the parties, especially those of legal nature, of how to comply with them, as well as contractual consequences of failure to comply by either party
 - e. the law that governs the agreement

Article 39 - Investment Advice³⁵

1. Investment advice means the provision of personal recommendations to a customer, as an effective or potential investor, either upon its request or at the initiative of the Bank, in respect of transactions relating to securities or other financial instruments.
2. For the purposes of previous paragraph, a personal recommendation is a recommendation that is made to a person, in his capacity as an investor or potential investor, and presented as suitable for that person or based on a consideration of the circumstances of that person, for making an investment decision.

³³ The nos. 1 and 2 correspond to the partial content of 321 of the SC.

³⁴ As determined by article 321-A (l) of the SC.

³⁵ Correspond to nos. 1, 2 and 3 of art. 294 of the SC.

3. A recommendation is not a personal recommendation if it is issued exclusively through distribution channels or to the public.
4. The Bank currently does not provide independent investment advisory services. Should it do so, the Bank:
 - a. Will assess a sufficiently diversified range of financial instruments available on the market in terms of type and issuers or distributors to ensure that the Client's investment objectives are adequately met in accordance with European Union law.
 - b. Shall not be limited to financial instruments issued or marketed:
 - i. By the Bank itself or by an entity with which it is in a control or group relationship, or in which one of the entities holds, directly or indirectly, holdings in the capital of the other corresponding to at least 20 % of the voting rights or capital.
 - ii. By other entities with which the Bank has close legal or economic relations, such as contractual relations, likely to jeopardise the independence of the advisory service provided.
 - c. Shall carry out the activity of independent investment advisory services in a manner segregated from other advisory services provided, in accordance with European Union law.
5. The Bank shall clearly and concisely inform whether and why the investment advisory services qualify as independent or non-independent and the type and nature of the applicable restrictions, including, when providing investment advisory services on an independent basis, the prohibition on receiving and retaining incentives.
6. Where advice is offered or provided to the same client on an independent and non-independent basis, the Bank will explain the scope of both services to enable investors to understand the differences between the two and will not present itself as an independent investment adviser for the overall business activity. The Bank will not give undue prominence to its investment advisory services on an independent basis over investment advisory services on a non-independent basis in its communications with clients.
7. When providing investment advisory services on an independent or non-independent basis, the Bank will explain to the Client the range of financial instruments that may be recommended, including the relationship it may have with the issuers or providers of those instruments.
8. And it will provide a description of the types of financial instruments concerned, the range of financial instruments and the providers analysed for each type of instrument in accordance with the scope of the service, and, when providing

advisory services on an independent basis, of how the service provided meets the conditions required for the provision of investment advisory services on an independent basis and the factors taken into account in the selection process used by the Bank to recommend financial instruments, such as the risks, costs and complexity of the instruments.

9. When providing investment advisory services on an independent basis, the range of financial instruments valued by the Bank shall include its own financial instruments or financial instruments issued or provided by entities with close legal or other close economic relationships with the Bank, as well as other financial instruments issued or provided by entities that are not connected or related to the Bank. The Bank will distinguish for each type of financial instrument the range of financial instruments issued or provided by entities that have no relationship with it.
10. Where the Bank provides the retail (non-professional) investor with a periodic assessment of the suitability of recommendations in accordance with Article 54(12) of Delegated Regulation (UE) 2017/565, it shall disclose the following:
 - a. the frequency and extent of the periodic assessment of suitability and, where appropriate, the conditions triggering this assessment
 - b. the extent to which information previously collected will be reassessed
 - c. The manner in which an updated recommendation will be communicated to the customer
11. When providing investment advisory services on an independent basis, the Bank will define and apply a selection process to evaluate and compare a sufficient range of available financial instruments that will include the following elements:
 - a. The number and variety of financial instruments in question are proportionate to the scope of the independent investment advice services offered
 - b. The number and variety of financial instruments in question are adequately representative of the financial instruments available on the market.
 - c. the quantity of financial instruments issued by the Bank or by entities closely linked to it is proportionate to the total amount of financial instruments in question
 - d. The criteria for selecting different financial instruments shall include all relevant aspects such as risks, costs and complexity, as well as the characteristics of the Bank's clients, and ensure that the selection of instruments that can be recommended is not biased.

Whenever this comparison is not possible due to the specific scope of the service provided, the Bank will not present itself as independent.

12. The guiding principles, processes and responsibilities for the provision of the Investment Advisory service on a non-independent basis, which the Bank provides through the Private Banking network, are elaborated in non-independent investment advice – Private Banking regulation.

Article 40 - Portfolio management agreement

1. Under the terms of the portfolio management³⁶ agreement for individual financial instruments, the Bank, as a financial intermediary, pledges to:
 - a. undertake all actions that may increase the value of the portfolio
 - b. exercise the rights inherent to the financial instruments in the portfolio
2. Even if such is not defined in the contract, the customer may give orders that bind the manager in terms of transactions to be executed.
3. The provisions of the previous number do not apply to agreements that guarantee a minimum profitability of the portfolio.
4. The provisions of the preceding paragraphs apply to the management of financial instruments, even if the portfolio includes assets of another nature.

Article 41 - Assistance³⁷

1. Contracts for technical, economic, and financial assistance for a public offering comprise the provision of the services necessary for the setup, launch and execution of the offering.
2. The Bank, when responsible for assisting in a public offering, will advise the offeror on the terms of the offering, particularly as regards the timing and price, and will ensure compliance with the legal and regulatory provisions, in particular about the quality of information disclosed.

Article 42 - Placement and Guarantee of Placement³⁸

1. Under the terms of the placement contract, the Bank pledges to undertake its best efforts toward the distribution of the securities object of the public offering, including receiving orders for subscription or purchase.
2. The placement contract may be awarded to a financial intermediary other than the one providing assistance services to the offering.

³⁶ Corresponds to the aggregate content of articles 335 and 336 of the SC.

³⁷ Corresponds to nr. 1 and 3 of art. 337 of the SC.

³⁸ The nos. 1 and 2 of this article correspond to art. 338 of the SC and no. 3 to art. 340 of the SC.

July 2023 | When printed, this document is an uncontrolled copy.

3. Under the terms of the placement contract, the Bank also pledges to purchase, partially or as a whole, for itself or for others, the securities that are not subscribed or purchased by the recipients of the offer.
4. The Bank shall fulfil all the obligations, in particular with regard to information and conflicts of interest, set out in Articles 38 to 40 of Delegated Regulation EU 2017/565.

Article 43 - Underwriting³⁹

1. According to the underwriting agreement, the Bank purchases the securities object of the public offering and pledges to place them on its own account under the terms and within the deadlines agreed with the issuer or seller, transferring to the final purchasers all rights of patrimonial content inherent in the securities that have been constituted after the date of the underwriting.
2. Underwriting does not affect the rights of preferential subscription or acquisition of securities, with the Bank notifying the respective holders to exercise them in terms equivalent to those that would have applied if there had been no underwriting.
3. The Bank will fulfil all the obligations, in particular with regard to information and conflicts of interest, set out in Articles 38 to 39 of Delegated Regulation EU 2017/565.

Article 44 - Registration and deposit⁴⁰

The Bank may enter into agreements for the registration and deposit of securities, explaining, under the law, the regime relating to the exercise of the rights inherent in the financial instruments registered and deposited.

Article 45 - Acting as counter party and conflicts of interests⁴¹

1. The Bank, being authorized to act on its own behalf, may enter into contracts as counterparty of the Customer, provided that the latter authorizes or confirms such business in writing.
2. The authorization or confirmation mentioned in the previous number is not demanded when the other party is a Professional Investor or when the operations must be executed in a regulated market through centralised execution systems.
3. The Bank will not:
 - a. purchase for itself any financial instruments when there are customers

³⁹ Corresponds to art. 339 of the SC.

⁴⁰ Corresponds to art. 343 of the SC.

⁴¹ Corresponds to art. 346 and 347 of the SC.

that requested them at the same price or at a higher price

- b. sell financial instruments that it holds instead of the financial instruments the customers ordered it to sell for the same price or for less
4. The operations performed against the previous paragraph shall have no effects on the Customer if they are not ratified by it within eight days after being notified thereon by the Bank.

Article 46 - Loan Agreement for Investing in Financial Instruments⁴²

1. In addition to the elements listed above regarding the provision of information, as well as the provisions of Article 321-A of the Securities Code, the loans agreements entered into with non-professional investors to invest in financial instruments, must comply with the rules set forth in Credit granting, monitoring and recovery regulation and contain, at least, the following elements:
 - a. Implicit interest rate and its method of calculation, including the index rate, the spread, the reference date of the index rate and the rounding rule, if applicable
 - b. the terms under which the Bank may ask the Customers to strengthen the guarantees or to execute them
 - c. type and frequency of information to be provided by the Bank to the customer that allows for an effective risk management
 - d. the list of financial instruments for which it is possible to use the credit granted
 - e. the credit limits
 - f. stop loss clause and how it is applied, form and terms for the communication between the Bank and the investor, in order to legally safeguard the interests at stake and to set in writing mechanisms to limit losses in the investor's assets, in case of a serious and sudden devaluation of the assets encumbered
2. When the agreement described in nr. 1 allows the permanent change in the composition of financial instruments portfolio given as collateral, the Bank will manage the risk regularly depending on the financial instruments that may be purchased with the loan granted, namely permanently when trading in highly volatile financial instruments.
3. For the purposes of the previous number, risk management means the calculation of the value of the financial instruments portfolio that are pledged as collateral for the obligations arising from the loan agreement.

⁴² Corresponds to art. 32 of Regulation of CMVM 2/2007.

4. Whenever the information defined in nr. 1 a) is altered, the Customer will be immediately informed, as well as of the date after which such alteration is effective.

Article 47 – Risk Control⁴³

The Bank, when it may grant credit for investment in financial instruments or accept orders with balance shortfall, must put in place appropriate control mechanisms, namely:

- a. adoption of criteria for defining the requirements that the customers allowed to undertake these operations must meet
- b. limits to be obeyed by those customers, namely the minimum relation between the value of the portfolio and the amount of the balance shortfall
- c. establish the possibility of, once exceeded the limit set forth in the preceding paragraph, the Bank not accepting orders for which Customers do not have sufficient funds
- d. procedures and deadlines for information to the investor within the scope of the management of guarantees
- e. definition of a list of financial instruments for which it is possible to execute such transactions

VI. - Final Provisions

This SO should be reviewed at least once a year to ensure that existing procedures and risk controls defined by new regulations are up to date or when there is a significant change in regulation.

The new version will be published and made available to all employees exercising functions that are relevant for the activity.

⁴³ Corresponds to art.34 of Regulation CMVM 2/2007.

Millennium
bcp