



Banco Comercial Português, S.A.

## Financial Intermediation Activity

Millennium  
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## 1. GENERAL PART

### Article 1 – Purpose and scope

1. The purpose of this document is to regulate the pursuit of financial intermediation activities at Banco Comercial Português, S.A. and Banco ActivoBank, S.A., either of which is referred to hereinafter as the “Bank”.
2. This document applies to:
  - a. the members of the Bank's corporate bodies, to its Employees, regardless of their hierarchical function or the nature or duration of their employment relationship, assigned to the financial intermediation activity or to operational functions that are essential to this activity;
  - b. contracts for the provision of services with third parties or subcontracted entities and their respective Employees who carry out any activities mentioned in the preceding paragraph for the Bank;
3. In all applicable cases, the Bank will ensure that the provisions of this document are included in the respective contractual instruments.

### Article 2 – Financial Intermediation regulatory sources

In particular, the legal and regulatory provisions applicable to the Bank's financial intermediation activities include the Securities Code, approved by Decree-Law no. 486/99, of 13 November, in its current wording, and CMVM Regulation no. 2/2007 (Pursuit of Financial Intermediation Activities), as amended by CMVM Regulations no. 3/2008, 3/2010, 2/2011, 3/2013, 12/2018, 6/2020, 9/2020 and 7/2022.

### Article 3 – Financial intermediation activities

1. Financial intermediation activities are:
  - a. the services and activities related with investment in financial instruments mentioned by article 290 of the Securities Code;
  - b. the ancillary services of the investment services and activities mentioned by article 291 of the Securities Code;
  - c. the exercise of the functions of depositary of collective investment institutions.

2. On this date, the Bank is registered at the CMVM as a financial intermediary authorised to exercise the following activities:
- a. Assistance in public offer related to securities;
  - b. Placement without guarantee;
  - c. Credit granting, including securities loans for carrying out transactions on securities wherein the entity granting the credit is involved;
  - d. Advisory services on capital structure, industrial strategy and related issues as well as on companies' mergers and acquisitions;
  - e. Depositary of collective investment institutions;
  - f. Execution of orders on behalf of others;
  - g. Portfolio management for third parties<sup>1</sup>;
  - h. Dealing on own account;
  - i. Reception and transmission of orders on behalf of third parties;
  - j. Foreign exchange services and rental of safety deposit boxes linked to the provision of investment services;
  - k. Underwriting and placement with guarantee;
  - l. Investment advisory services;
  - m. Registration and deposit of financial instruments;
  - n. Drawing up of investment studies, financial analysis or other general recommendations relating to transactions in financial instruments.

#### **Article 4 – Functional content**

1. The following tasks carried out by the Bank are defined as forming the essential core of each of the functional contents of financial intermediation to which they refer:
- a. reception and transmission of orders on behalf of third parties:

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<sup>1</sup> Not applicable to Banco ActivoBank.

- check the reception and transmission conditions of customers' instructions;
- b. execution of orders on behalf of third parties:
- check the conditions for the execution of customers' instructions;
  - perform the controls necessary to carry out the respective transactions, validating open transactions and verifying the correct settlement of completed transactions;
- c. securities dealing on own account:
- monitor the decision-making processes and control the corresponding transactions;
- d. placement in distribution public offers:
- assess the regulatory conditions to which the transactions and their handling are subject;
  - make proposals for operational rules and submit the same to the CMVM for approval;
  - monitor compliance with the instructions received;
  - control the settlement of transactions and the result achieved;
- e. assistance in public offer related to securities:
- make the prospectus and launch announcements;
  - prepare and present the registration requests;
  - monitor the presentation conditions;
- f. registration and deposit of securities:
- ensure the correct allocation and custody of the Customers' securities;
- g. exercise of the functions of depository of the securities that are part of the assets of collective investment institutions:
- 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 shares;
  - control the activities exercised by the fund's managing entity so as to enable (1) the verification that the legal limits are being observed and the compliance with the investment policy of the fund by the managing company, (2) the evaluation of the way to estimate the value of the shares and of the consistency of the steps taken to reconcile the securities accounts and of the liquidity of the managing company;
- h. credit granting, including securities loans for carrying out transactions involving securities wherein the institution granting the credit is involved:
- verify the Customer's financial capacity to service the debt;
  - ensure 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 absence of any circumstance that would make it impossible to grant the credit;
- i. Portfolio management for third parties;
- register the investment decisions and the bidding orders given by the customers;
  - register the transactions made on the customers behalf;
  - access pricing sources and collect the prices of assets in the portfolio;
  - perform control procedures involving (1) decision-making, (2) carrying out of transactions, (3) pricing of the assets, (4) positions in the portfolio, (5) monitoring and management of the risk incurred by the Customer's portfolios;
  - disclose information to the customers and supervision authorities;
  - ensure the security of the information systems and procedures to prevent the occurrence of money laundering transactions;
- j. verification, registration and accounting of the transactions made within the

scope of each one of the activities:

- ensure the conformity of the records and respective related accounting.

k. advisory services for investment in securities:

- provide, in accordance with the law, customised advisory services to customers, in their capacity as potential or effective investors;

l. drawing up of investment research, financial analysis/other recommendations:

- carry out, with or without the help of other specialised entities, any studies, analysis or recommendations relating to financial intermediation issues.

## **Article 5 – Financial Instruments**

1. The law<sup>2</sup> qualifies as Financial Instruments:

a. The following securities, apart from others classified as such by the law:

- i) shares;
- ii) bonds;
- iii) participation securities;
- iv) 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 homogeneous legal situations, provided they can be transferred on the market);

b. money-market instruments, except for payment instruments;

c. derivative instruments for the transfer of credit risk;

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<sup>2</sup> Articles 1 and 2(1) of the SC.

- d. Contracts for difference;
- e. options, futures, swaps, forward contracts and any other derivative contracts relating to:
- securities, currencies, interest or returns rates or relating to other derivatives, financial indexes or financial indicators, with physical or financial settlement;
  - commodities, climatic variables, freight tariffs, emission allowances, inflation rates or any other official economic statistics, with financial settlement even if at the option of one of the parties;
  - commodities, which may be subject to physical settlement, provided that they are traded on a regulated market or on multilateral or organised trading facilities, with the exception of wholesale energy products traded on an organised trading facility which 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, if they are not intended for a commercial purpose, have characteristics similar to those of other derivative financial instruments under the said Directive and delegated acts;
- f. any other derivative contracts, in particular those relating to any of the items indicated in regulations and delegated acts of Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014, provided that they have characteristics similar to those of other derivative financial instruments under the said Directive and delegated acts;
- 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, of Regulations (EU) no. 1031/2010, of the Commission of 12 November 2010 and of 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, except for the following securities, which are legally qualified as Non-Complex Financial Instruments<sup>3</sup> :

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<sup>3</sup> It results from art. 314 D of the SC, no. 1, sub-paragraph a) and no. 2, of article 1 and article 2, no. 1 of the SC.

- shares admitted to trading on a regulated or equivalent market, or a multilateral trading facility, except for shares of collective investment undertakings that are not harmonised and shares incorporating derivatives;
- bonds or other forms of securitised debt admitted to trading on a regulated market or an equivalent market or a multilateral trading facility, excluding those incorporating derivatives or a structure that makes it difficult to understand the risks involved.
- participation units and shares in undertakings for collective investment in harmonised securities, excluding undertakings for collective investment in structured harmonised securities as defined in the European Union legislation.
- money market instruments, excluding those incorporating derivatives or a facility that makes it difficult to understand the risks involved.

## **Article 6 – Packaged Retail and Insurance-Based Investment Products (PRIIPs)**

1. PRIIP (Packaged Retail and Insurance-based Investment Products) are packaged retail investment products and insurance-based investment products.

These PRIIPs cover all instruments that were previously referred to as 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 repaid (either the amount at maturity or the total or partial redemption in the case of insurance) to the investor is exposed to market fluctuations, in particular due to exposure to benchmarks or to the performance of one or more assets not directly acquired by the investor.

2. PRIIPs must be identified as such in the information provided to savers and investors and in advertising messages. However, the identification of an investment product as a PRIIP is not enough for it to be marketed, and the retail investor (non-professional) must be provided with a KID (Key Information Document) by whoever is providing advisory services or directly by the entity marketing it (whether a bank or other financial institution), which is an autonomous pre-contractual information document, clearly differentiated from commercial promotional materials, which may not contain cross-references to the latter, and in which key information is provided so that retail investors can understand and compare the main characteristics, risks

and returns and costs of the products. Consultation of the KID does not detract from the importance of other information specific to each product (e.g. Prospectus, Final Terms, General and Specific Conditions or others). Responsibility for drawing up the KID, as well as for the accuracy of its content, lies with the producer of the respective PRIIP (which might not coincide with the entity selling it). The availability of PRIIPs in national territory depends on the prior notification and approval of the respective KID to the competent authority at least two working days before the intended date of availability, and the notification obligation must be complied with: :

- a. by the producer when it has its head office or establishment in Portugal;
- b. by the producer or supplier when the former does not have its head office or establishment in Portugal.

3. In particular, PRIIPs are:<sup>4</sup>:

- a. Structured Deposits;
- b. Structured Products;
- c. Derivatives;
- d. Insurance related to investment funds (unit-linked);
- e. Capitalisation transactions whose overall amount of the insurer's benefit payment, at maturity or redemption, is in any way dictated by financial market fluctuations;
- f. Insurance and capitalisation transactions with participation in profits (provided that these are, even partially, financial results, therefore depending on the financial markets fluctuations);
- g. Undertakings for Collective Investment (UCIs);
- h. Securitisation Special Purpose Entities (SSPEs);
- i. open-ended exchange-traded funds that replicate benchmark indices (Exchange Traded Funds - ETF);
- j. other debt securities with the possibility of repayment below nominal value as a

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<sup>4</sup> As indicated, the list is not exhaustive.

result of their association with another product or event, namely Notes;

- k. dual products: products that comprise the combined trade of two or more financial products, resulting from the combination of a product with the name and with specific and inseparable characteristics in relation to the elements that compose it.

## 2. INTERNAL ORGANISATION

### Article 7 – General principles of internal control

1. In its specific application to financial intermediation, the internal control system<sup>5</sup>, aims to ensure:
  - a. the objective and appropriate management and control of the activity risks, the prudent and correct assessment of the assets and liabilities together with the implementation and use of mechanisms to prevent and protect against forbidden, non-authorised, unlawful, wilful or negligent acts;
  - b. the full compliance with the applicable legal, regulatory and internal requirements, including those relating to anti-money laundering and counter terrorism financing;
  - c. monitoring the appropriateness and effectiveness of the measures taken to address any deficiencies in the policies, procedures, provisions, processes and mechanisms, including any situations related to their non-compliance.
2. In order to guarantee the provisions of paragraphs a), b) and c) of the previous section, the Bank's internal control system establishes internal procedures aimed at preventing or reducing the existence of conflicts of interest and has access to the information and human resources necessary to fulfil its duties.
3. Organic Units responsible for the custody of securities must ensure adequate separation between the securities in their own portfolios and those in Customer portfolios.

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<sup>5</sup> On this subject, see the document Internal Control System framework.

## Article 8 – Internal control system

1. The Bank, in the area of financial intermediation:
  - a. complies with its duties and adopts, in accordance with this document and the Internal Control System in force, an independent, appropriate and objective internal control system;
  - b. relating to the people involved in the internal control:
    - provides them with the appropriate means and technical capacity, in particular by developing the necessary training actions;
    - ensures that the persons referred to in Article 1(2) of this document involved in internal control are not involved in providing services or carrying out activities they control;
    - ensures that the method used to determine their remuneration cannot compromise their objectivity.
2. For the purposes of the previous section the Bank has granted special competences to the following units:
  - a. relating to the compliance control system, to the Compliance Office;
  - b. relating to risk management system, to the Risk Office;
  - c. relating to the internal audit, to the Audit Division.
3. Concerning communications, to or from Senior Officers and Employees, in matters involving inside information and conflicts of interests, the duties legally assigned to the Bank are carried out by the Company Secretary's Office, with the assistance of the Compliance Office.
4. The duties of the Compliance Office in matters of financial intermediation are, among others:
  - a. advise the persons mentioned in article 1 (2) to comply with their duties when executing financial intermediation activities;
  - b. identify and prevent transactions on financial instruments suspicious of being money laundering, terrorism financing or those falling under Article 16(3) (market

- defence);
  - c. immediately inform the Executive Committee (EC) of any indication of breach of duties enshrined in no. 2 of article 305-A of the SC that are of a serious or very serious nature;
  - d. ensure the updated registration of non-compliance situations and of the measures proposed and adopted;
  - e. prepare and present, at least once a year, to the EC and the Audit Committee (CAUD), a report on the compliance control system, identifying any non-compliances and the measures taken to correct any deficiencies.
  - f. drawing up lists of persons with access to inside information under the terms of the regulations on Market Abuse and exercising the other powers relating to Market Abuse provided for therein;
  - g. give an opinion on potential or actual situations of conflicts of interest or Related Parties, under the terms of the Policy for the Prevention and Management of Conflicts of Interest and the Related Parties Policy.
5. These are, among other things, the Risk Office's duties in terms of financial intermediation:
- a. monitor the adequacy and effectiveness of the Bank's policies and procedures, considering the tolerated risk level, especially through compliance with accounting or prudential standards;
  - b. monitor the adequacy of the measures taken to correct any deficiencies;
  - c. advise the EC and prepare and present to it and to the CAud, at least once a year, a report on the risk management and on the measures taken to correct eventual deficiencies.
6. The attributions of the Audit Division are to:
- a. adopt and maintain 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. issue recommendations based on the results achieved by the assessments

made;

- c. prepare and present, at least once a year, to the EC and the CAud, a report on audit issues, identifying the recommendations that were followed.

## **Article 9 – Segregation of functions**

1. The services of receiving, transmitting and executing Customers' orders and the services of registering and depositing securities are functionally separated, in accordance with the principle that transactions originate in the different Business Areas and are controlled centrally, at the stages of the re-specification of transactions and their physical and financial settlement.
2. The current organisational structure enables having an appropriate segregation of the following functions in each of the following main activities:
  - a. creation and contracting of transactions;
  - b. receipt /issuance of transaction supporting documents;
  - c. authorisation of transactions;
  - d. registration, allocation and settlement of 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 authorise 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 operational system has an access control process that includes, namely:
  - a. the login control, 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. Safety copies (data backup) of the different systems are made on a daily basis, and the system is connected to an UPS that enables making the above-mentioned back-up and maintenance of the vital transactions, in case of an energy failure.
3. Each Employee has the duty to, at all times, keep the IT access codes secret.
4. The Bank<sup>6</sup> ensures, on a permanent basis, the efficient functioning of the IT resources that are classified as an indispensable requisite for the acceptance of a registration as a financial intermediary.

## **Article 11 – Human resources**

1. The Bank keeps a permanently updated list of individuals who exercise functions within the scope of the financial intermediation activities, regardless of the type of work contract or the function, which, when requested, must be submitted immediately to the CMVM.
2. The list referred to in the previous paragraph indicates the persons who have been mandated or accredited by third entities to represent the Bank or to perform a certain function that requires specific qualifications.
3. The above-mentioned list does not mention the individuals that exercise functions in branches nor those working in call centres, exception made to those working in branches specialised in financial instruments investments.
4. The update mentioned in the previous section 1 is completed through a written communication made to the Company Secretary's Office, within a period that may not exceed 7 working days starting on the date the alteration occurs (namely, entry, replacement, alteration or cessation of functions), by the Head of the unit where the alteration took place.
5. The Bank adopts a coherent human resources management complying with all legal and regulatory requirements that need to be observed by the Financial Institutions in all matters connected with financial intermediation.

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<sup>6</sup> According to Section II of Chapter I of Title I-A of CMVM Regulation no. 2/2007.

## Article 12 – Conflicts of interests and execution of personal transactions

1. The Bank has in force a Policy for the Prevention and Management of Conflicts of Interest, which reflects the provisions of the Securities Code and other applicable legislation on conflicts of interest and personal transactions.
2. The Policy for the Prevention and Management of Conflicts of Interest enshrines the general principles and rules set out in article 309 et seq. of the Securities Code, as well as the requirements set out in article 34 of Delegated Regulation (EU) 2017/565, 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 Customers' interests, whether in 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 corporate bodies or those of its tied agent 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 Customer' legitimate interests, 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 Customer' legitimate interests, 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 activity, and thus also that arising 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 obliged to maintain effective devices, systems and procedures to prevent, detect and combat insider trading, the illegal transmission of inside information, market manipulation (market abuse), and to report these types of practices to the Comissão do Mercado de Valores Mobiliários (CMVM) (Stock market regulator)
2. Insider information is all specific, precise and confidential information which, while not being public, is accessed by Employees of the Bank, Management bodies, Supervisory bodies and Senior Officers 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. Transaction of issuing securities for the Bank, the 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 "inside information".
3. All persons with access to information falling under the previous article are subject to the following prohibitions:
  - a. Insider trading;
  - b. Illicit transmission of inside information;
  - c. Market manipulation;and 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 Inside Information Abuse 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 inside information. Also recommending or inducing a third party to do so on the basis of inside information. It is also an abuse of inside information 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 transmission 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 their business, profession or duties. The subsequent transmission of recommendations or inducements referred to in section 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 listed in the applicable legislation, the following:

- a. Carry out transactions, place an order, disclose information or any other conduct which:
  - is likely to give false or misleading signals as to the supply of, demand for or price of financial instruments; or
  - is likely to secure the price of a financial instrument at an abnormal or artificial level;
  - affects, or is likely to affect, the price of a financial instrument by using any form of deceit or artifice;
  - transmit 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 inside information or insider trading or attempts thereof.
7. The Bank shall draw up a "List of Persons with Access to Inside Information", which it shall keep up to date and which shall include all persons who have access to that information, directly or indirectly, by virtue of the performance of their duties at the Bank's service, regardless of the title to which 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 abuse of Insider information or unlawful transmission of inside information.
9. The Bank, having access to inside information, shall make it public as soon as possible, without prejudice to the cases of deferral referred to in section 11 below.
10. The duty to disclose inside 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 inside 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 inside information.

## **Article 14 – Senior officers' transactions in closed periods**

1. 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 Senior Officers who controlled or significantly influenced the process related to the transaction in question, 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 disclosure of annual earnings and 15 calendar days prior to the disclosure of half-year or quarterly earnings of the Bank or of the Group, regarding instruments issued by any Group company;
  - b. In the period between the date of the decision and/or resolution made by from EC and the date on which such information is made public, for instruments issued by any other entity (not part of the Group).
2. 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.
3. 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 senior 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.

## **3. MARKET DEFENCE AND INFORMATION FOR INVESTORS**

### **Article 15 – Excessive intermediation**

The Bank and its Senior 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 Senior Officers and Employees must behave with the utmost commercial probity, refraining from participating in transactions or performing any acts, in its name or on behalf of a Customer, that may jeopardise the regularity of the operation, transparency and credibility of the market, analysing with particular care and diligence the orders, acts and transactions that may lead to the transactions prohibited in articles 8 to 16 of 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 it provides, that is requested or that it actually provides, all the information necessary for an informed and reasoned decision-making, including all that referred to in articles 312 *et seq.* of the SC in the exact terms defined therein, and in particular that regarding:
  - a. the Bank and the services it provides;
  - b. the nature of the Retail investor (non-professional), Professional investor or eligible counterparty of the Customer, their right to request a different treatment and about any limitations in terms of the protection degree that this implies;
  - c. the origin and 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 the risk of Customers' interests being harmed will be avoided;
  - 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. to the Customer Order Execution Policy;
  - g. the existence or not of any guarantee fund or equivalent protections that 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 section 1 of paragraph 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 alters the risks of each if the risks arising from the services provided together or from the package traded to a retail investor are likely to be different from the risks arising from each component separately.
4. The Bank informs potential or current customers who are retail investors who can chose to receive the information on paper.
5. If a retail investor requests the delivery of information on paper, the Bank will provide it free of charge in that support.
6. When the service is provided through a Remote Communication Channel that does not allow the information on costs to be provided in advance, the Bank may provide it in electronic format, or on paper if the retail investor so requests, without undue delay after the transaction has been executed, 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 to actual or potential retail or professional customers or which it disseminates in such a way that it is likely to be received by them, fulfils the conditions set out in Articles 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.

## **4. CUSTOMERS AND THEIR ORDERS**

#### **Article 19 – Transactions handling**

1. The Bank, namely through this document, regarding the rules 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 in advance [Retail (Non-Professional) Investor/NP; Company Professional Investor/CP; Private Professional Investor/PP; Eligible Counterparty/EC], according to their nature, for transactions in financial instruments, in accordance with articles 317 et seq. of the SC;
- b. enforces compliance with the requirements stipulated in the applicable internal Regulations prior to receiving and processing orders on financial instruments;
- c. has an organic and functional system in place for receiving, registering, controlling, forwarding / processing orders for securities and other financial instruments;
- d. acknowledges the importance of the Customers' contributions, namely Retail 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 receive their complaints, through:
  - Branches/Commercial Network;
  - Telephone, Internet;
  - Client Ombudsman's Office
- e. ensures, regarding complaints from Retail Investors, that<sup>7</sup>:
  - the reception and handling of the complaint is made by an employee other than the author of the act that led to the complaint, without prejudice to the duty of the unit analysing the complaint to hear that employee;
  - disposes of a system of specific procedures organised for the adequate appraisal of the complaints and respective answer within a defined maximum deadline that will be communicated upon receipt of the complaint (as provided for in the Complaints Management Policy);

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<sup>7</sup> Corresponds to the adapted aggregation of the contents of art. 305-E (1) and (2).

- keeps, for 5 years, the record of all complaints received with the mentions required by Article 305-E (2) of the SC.

### **Article 20 – Assessment of the transaction (appropriateness) <sup>8</sup>**

1. The Bank requests information from the Customer regarding their knowledge and experience in investment matters in relation to the type of financial instrument or service considered, enabling it to assess whether the Customer understands the risks involved.
2. If the Bank deems that the transaction sought by the Customer is not appropriate for them, it will warn them in writing.
3. If the Customer does not provide the information or if the information is insufficient, the Bank shall warn the Customer in writing that it cannot, therefore, assess the adequacy of the transaction.

### **Article 21 – Exclusion of the assessment of the transaction (Non-complex financial instruments)<sup>9</sup>**

1. The provisions of the preceding article do not apply in cases where the firm exclusively provides services involving the receipt and transmission of, or the execution of, Client orders, even if accompanied by the provision of ancillary services, provided that all of the following conditions are met:
  - a. the object of the transaction is:
    - Shares admitted to trading on a regulated market or on 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;
    - Bonds or other forms of securitised 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

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<sup>8</sup> Essentially corresponds to the transcription of the contents of art. 314 of the SC; enshrines the general principle that the financial intermediaries are responsible for assessing the appropriateness of the transaction the Customer wishes to undertake (appropriateness).

<sup>9</sup> Essentially corresponds to art. 314.-D of the SC.

incorporating derivatives or a structure that makes it difficult to understand the risks involved.

- Money market instruments, excluding those incorporating derivatives or a structure that makes it difficult to understand the risks involved.
- Participation units and shares in undertakings for collective investment in harmonised securities, excluding undertakings for collective investment in structured harmonised securities as defined in the European Union legislation.
- 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 Customer;

c. the Customer was warned in writing, even if in a standardised manner, that while rendering such service, the Bank is not obliged to determine the adequacy of the transaction in question to the Customer's 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 of transactions in financial instruments in which it intervenes.

2. Notwithstanding section 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 actual or potential Customers such information as is necessary to enable it to understand the essential facts relating to the Customer and to enable it to have a reasonable basis, having due regard to the nature and scope of the service provided, for considering 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 sustainability preferences;
  - b. Enables the Customer to financially bear any related investment risks, consistent with their 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 their 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 their regular income, assets, including liquid assets, investments and real estate 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, their preferences regarding risk taking and the purposes of the investment.

## Article 23 – Source of information

1. The Bank may rely on the information provided by the Customer, unless it is aware or can advise that it is out of date, inaccurate or incomplete.
2. When the Bank receives instructions from another Financial Intermediary to provide investment services on behalf of a Customer of the latter, it may be based on:
  - a. the information on the Customer passed on to it by the Financial Intermediary which engaged it;
  - b. The recommendations regarding the service or transaction provided to the Customer by another Financial Intermediary;
3. When the Bank sends instructions to another financial intermediary it must ensure that the information sent regarding the Customer is sufficient and true and that the recommendations or advice regarding the service or transaction rendered to the Customer are adequate.

## Article 24 – Receiving orders<sup>10</sup>

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 order.<sup>11</sup>

## Article 25 – Acceptance and refusal<sup>12</sup>

1. The Bank must refuse an order when:
  - a. the originator does not provide it with all the elements necessary 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 clear that the transaction is contrary to the interests of the originator, unless

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<sup>10</sup> Corresponds to art. 325 of the SC.

<sup>11</sup> On this subject, see Banco Comercial Português' Order Execution Policy.

<sup>12</sup> Nos. 1 to 4 correspond to the content of article 326 of the Securities Code; nos. 5 and 6 integrate the provisions of article 33 of CMVM Regulation no. 2/2007.

- the originator confirms the 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 security required by law to carry out the transaction;
  - e. the originator is not permitted 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 provide proof of the availability of the financial instruments to be sold;
  - 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 sections, the Bank cannot refuse an order issued by someone with whom it has a prior Customer relationship.
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, which execution 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 will always refuse them if the investors do not provide proof of the instruments to be sold being readily available or if the amount required to settle them is not provided to the Bank.

## Article 26 – Forbidden transactions

1. Without prejudice to other transactions, the Bank shall refuse:
  - a. Short-selling transactions on Financial Institutions, and therefore does not accept or execute orders for the sale on markets managed by Euronext Lisbon and OPEX of:
    - i. shares issued by the said Financial Institutions and
    - ii. other securities giving the right to their acquisition, subscription or conversion, when the originator or the market member acting on its own account does not ensure that it has or does not have those securities at the time of the transmission or execution of the order (short selling);
  - b. the purchase and sale of securities for the purpose of subsequently renegotiating those securities to fulfil previously received Customer orders.
2. The prohibition referred in paragraph a) of the previous section does not include orders executed by market operators that act as market or liquidity creators for the said securities.

## Article 27 – Form and validity<sup>13</sup>

1. Orders may be issued verbally or in writing.
2. Orders issued 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. Orders are valid for the period defined by the originator and, under the terms of the law, may not exceed a maximum period of one year from the day following the date of receipt of the order by the Bank, unless a shorter period is applicable, under the terms of the following section.
4. Orders are deemed valid:
  - a. until the end of the day on which they are given if the originator does not specify

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<sup>13</sup> Sections 1 to 6 correspond to the unified and adapted reproduction of Articles 327 and 327-A of the SC

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 Customers of the expiry dates it practises, which may vary depending on the trading venues where the order may be executed or the nature of the financial instruments.
6. When so requested by the Customer, the Bank will provide information on the order's status.

#### **Article 28 – Handling Customer orders<sup>14</sup>**

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. registers orders and carries out their execution sequentially and swiftly, unless the characteristics of the order or the prevailing market conditions make this impossible or if doing so does not safeguard the Customer's interests;
  - b. immediately informs retail investors of any special difficulties in the proper 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

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<sup>14</sup> Corresponds to article 328 of the SC.

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 provided for in the previous section in the case of orders whose volume is high in relation to the normal market volume as defined in Article 20 of EC Regulation 1287/2006 of 10 August. Regulation (EC) no. 1287/2006 of the Commission, of August 10.

### **Article 29 – Aggregation and allocation of orders<sup>15</sup>**

1. The Bank must not aggregate a Customer's order or a transaction carried out for its own account with another Customer's order unless the following conditions are met:
  - a. The aggregation of orders and transactions is unlikely to result, overall, in a loss for any Customer whose order is to be aggregated;
  - b. It is disclosed to all Customers whose orders are to be aggregated that the aggregation effect may be detrimental to them in relation to a specific order;
  - 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 customers 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 own-account transactions<sup>16</sup>**

1. When the Bank has aggregated transactions carried out on its own account with one or more Customer orders, it shall not affect the corresponding transactions in a way that is detrimental to a Customer.
2. Whenever the Bank aggregates a Customer's order with a transaction carried

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<sup>15</sup> Corresponds to the content of Article 68 of Commission Delegated Regulation (EU) 2017/565 of 25 April 2016.

<sup>16</sup> Corresponds to the content of Article 69 of Commission Delegated Regulation (EU) 2017/565 of 25 April 2016.

out on its own account and the aggregated order is only partially executed, it shall prioritise the corresponding transactions for the Customer. However, if it can demonstrate on reasonable grounds that, without the combination, it would not have been able to execute the order under such favourable conditions or would simply not have been able to execute it, the Bank may affect the transaction carried out on its own account in a proportionate manner, on terms that comply with its order allocation policy.

### **Article 31 – Withdrawal and alterations<sup>17</sup>**

1. Orders may be withdrawn or altered as long as 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 conditions and Order Execution Policy<sup>18</sup>**

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 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.
3. The provisions of the previous section cover the execution of decisions to trade on behalf of Customers.
4. The Bank adopts an “Order Execution Policy” which:
  - a. enables the best possible result to be obtained and includes, as a minimum, the trading structures that enable that result to be obtained repeatedly;
  - b. for each type of financial instrument, includes information on the different trading structures and the factors determining their choice.
5. The Bank informs the Customer of its order execution policy, set out in the

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<sup>17</sup> Corresponds to article 328 of the SC.

<sup>18</sup> Corresponds to article 330 of the SC.

document entitled “Order Execution Policy”, and may not start providing services until the Customer has given its consent to the Bank by means of a written communication to which it is the recipient.

6. Relevant changes to the order execution policy are communicated to the Customer prior to their implementation.
7. The execution of Customer orders outside a regulated market or multilateral trading facility shall be subject to the Customer's express consent, which may be given in the form of a general agreement or in relation to 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 to them.
9. The Bank assesses its order execution policy, namely regarding the negotiation structures provided:
  - a. on a yearly basis, to identify and, if necessary, correct any deficiencies;
  - b. whenever there is a material change that could affect its ability to continue to obtain the best possible result, in consistent terms, using the trading structures included in its order execution policy.
10. Orders can be partially executed, unless otherwise indicated by the originator.
11. Whenever the Bank executes an order on behalf of a retail investor, it is presumed that the best conditions are represented by the overall cash consideration, determined by the price of the financial instrument and the costs related to its execution, including all expenses incurred by the Customer and directly related to the execution of the order, such as the fees of the organised trading venue, settlement or clearing 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 it charges the Customer 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-pecuniary benefit for the execution of orders in a particular organised trading venue which violates the

applicable duties on conflicts of interest, including the rules on illegitimate benefits.

14. The Bank informs the Customer of the place where the order was executed.
15. The periodic information provided for in the preceding sections 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 Customers' 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 – Execution criteria under the best conditions<sup>19</sup>**

1. When executing Customer orders, the Bank shall take into account the following criteria for the purpose of determining the relative importance of the factors listed in section 2 of the preceding Article:
  - a. The characteristics of the Customer, including their classification as a Retail (non-professional) or Professional Customer;
  - b. The characteristics of the Customer's order, including in cases where the order involves a financing transaction through securities;
  - c. The characteristics of the financial instruments that are the object of the order;
  - d. The characteristics of the trading facilities or organisations to which the order can be directed.

For the purposes of this document, «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

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<sup>19</sup> Corresponds to the content of Article 64 of Commission Delegated Regulation (EU) 2017/565 of 25 April 2016.

a third country functions similar to those performed by any of the foregoing.

2. The Bank fulfils the obligation to take all sufficient steps to obtain the best possible result for the Customer, to the extent that it executes an order or a specific aspect of an order following the Customer'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 Customer 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 Customer orders - General Principles<sup>20</sup>**

1. The Bank will ensure the following conditions when executing Customer orders:
  - a. that orders executed on behalf of customers are promptly and accurately recorded and allocated;
  - b. that comparable Customer 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 Customer require otherwise;
  - c. that retail (non-professional investor) customers 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 Customer financial instruments or Customer funds received in settlement of that executed order are promptly and correctly delivered to the account of the appropriate Customer.
3. The Bank shall not unlawfully use information relating to pending Customer orders and shall take all reasonable steps to prevent the unlawful use of such information

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<sup>20</sup> Corresponds to the content of Article 67 of Commission Delegated Regulation (EU) 2017/565 of 25 April 2016.

by any of its relevant persons.

### **Article 35 – Responsibility towards originators<sup>21</sup>**

1. The Bank is liable to its originators:
  - a. for the delivery of the financial instruments acquired and the payment of the price of the financial instruments sold;
  - b. for the authenticity, validity and regularity of the financial instruments acquired;
  - c. for the absence of any defects or legal situations encumbering the financial instruments acquired.
2. Any contractual clause contrary to the provisions of the preceding section shall be void when the order is to be executed on a regulated market or multilateral or organised trading facility.

### **Article 36– Duty to inform in connection with the execution of orders**

1. When it receives an order from a Customer, the Bank must:
  - a. inform the Customer in writing on its execution;
  - b. in the case of a Retail Investor, send a transaction execution note, confirming the execution of the order, as soon as possible and at the latest within the following maximum time limits:
    - 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. The execution note for Retail Investor orders shall include the specifications that are due pursuant to Article 59(4) of Delegated regulation (EU) n° 2017/565.

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<sup>21</sup> Corresponds to article 334 of the SC.

## Article 37 – Safeguarding Customer assets

1. In all its actions<sup>22</sup>, as well as in the accounting and transaction records, the Bank should ensure a clear distinction between its own assets and the assets of each of the Customers.
2. The Bank cannot, in its own interests or in the interests of others, use instruments of its Customers or exercise the rights inherent to them, except as otherwise agreed with the Customers, in accordance with article 306-B of the SC.
3. For the purposes of the preceding sections, the Bank:
  - a. keeps such records and accounts as may be necessary to enable it, at any time and immediately, to distinguish the assets belonging to a Customer's portfolio from those belonging to the portfolio of any other Customer, as well as from the assets belonging to its own portfolio;
  - b. keeps records and accounts organised in such a way as to ensure their accuracy and, in particular, their correspondence with financial instruments and Customer money, and in a format that allows their use for audit purposes;
  - c. reconciles, as often as necessary and at least monthly, the records of its internal Customer accounts with the accounts opened with third parties for the deposit or registration of the Customer's assets;
  - d. takes 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, through accounts opened in the name of the customers or in the name of the Bank marked as Customer accounts, or through equivalent measures ensuring the same level of protection;
  - e. takes the necessary steps to ensure that Customer money is held in an account or accounts opened in the name of the customers or in the name of the Bank labelled as Customer accounts, separately identified from any accounts used to hold the Bank's money, and
  - f. adopts organisational arrangements to minimise the risk of loss or decrease in value of Customers' assets or rights relating to such assets as a result of

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<sup>22</sup> Corresponds to paragraphs 1, 3, 5, 8, 9 and 10 of article 306 of the sc.

misuse of assets, fraud, mismanagement, inadequate record-keeping or negligence.

4. Whenever the Bank finds evidence of divergences as per paragraph c) of the previous section, these must be verified and corrected as soon as possible.
5. If the discrepancies referred to in the previous section persist for more than one month, the Bank must immediately inform the CMVM of the occurrence.
6. The Bank immediately informs the CMVM of any facts that could affect the security of assets belonging to Customers' portfolios or create a risk for other financial intermediaries or the market.

The Bank immediately makes available all documents and information relating to customers' assets at the request of the CMVM or insolvency administrators and resolution authorities.

## 5. FINANCIAL INTERMEDIATION CONTRACTS

### Article 38 – Contracts with Retail Investors

1. Financial intermediation contracts<sup>23</sup> relating to the services provided for in Article 290(1)(a) to (d) and Article 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 retail (non-professional) investors may only be invoked by them.
2. Financial intermediation contracts may be signed based on general clauses. Financial intermediation contracts are governed by general contractual clauses, and, for this purpose, retail investors are treated as consumers.
3. Financial intermediation contracts entered into with retail investors include at least<sup>24</sup>:
  - a. the complete identification of the parties, address and phone numbers;
  - b. an indication that the Bank is authorised for the provision of the financial intermediation activity, as well as its registration number with the

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<sup>23</sup> Nos. 1 and 2 correspond to part of article 321 of the SC.

<sup>24</sup> As stated in Article 321-A(1) of the sc.

- supervisory authority;
- c. general description of the services to render, as well as the identification of the financial instruments object of the services;
- d. an indication of the rights and duties of the parties, in particular those of a legal nature and the respective form of fulfilment, as well as the consequences resulting from a breach of contract attributable to either party;
- e. indication of the law applicable to the contract.

### **Article 39 – Investment advice<sup>25</sup>**

1. Investment advice is understood to mean the provision of customised advice to a Customer, in their capacity as an actual or potential investor, either at their request or at the Bank's initiative in relation to transactions concerning securities or other financial instruments.
2. For the purposes of the previous section, customised advice exists when a recommendation is made to a person, in their capacity as an actual or potential investor, which is presented as being suitable for that person or based on a consideration of the circumstances relating to that person, with a view to making an investment decision.
3. A recommendation does not constitute customised advice if it is issued exclusively 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 Customer'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

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<sup>25</sup> Article 294 of the SC and Articles 52 and 53 of Delegated Regulation EU 2017/565.

relationship, or in which one of the entities directly or indirectly holds shares 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 relationships, such as contractual relationships, 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 advice on an independent basis, the prohibition on receiving and retaining incentives.
6. Where advice is offered or provided to the same Customer 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 customers.
7. When providing investment advisory services on an independent or non-independent basis, the Bank will explain to the Customer 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 advice 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. When the Bank provides the retail investor with a periodic assessment of the suitability of recommendations pursuant to Article 54(12) of Delegated Regulation EU 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 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 customers, 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.

## **Article 40 – Portfolio Management Contract**

1. Under the terms of the portfolio management contract<sup>26</sup> for financial instruments, the Bank, as a financial intermediary, pledges to:
  - a. carry out all acts aimed at increasing the value of the portfolio;
  - b. exercise the rights inherent in the financial instruments that make up the portfolio.
2. Even if such is not defined in the contract, the Customer may issue orders that bind the manager in terms of transactions to be executed.
3. The provisions of the previous section do not apply to contracts that guarantee a minimum return on the portfolio.
4. The provisions of the preceding sections apply to the management of financial instruments, even if the portfolio includes assets of another nature.

## **Article 41 – Assistance<sup>27</sup>**

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 entrusted with assisting in a public offer, will advise the offering party on the terms of the offer, in particular with regard to the timetable and price, and will ensure that the legal and regulatory provisions are complied with, in particular with regard to the quality of the information transmitted.

## **Article 42 - Placement and placement guarantee<sup>28</sup>**

1. Under the placement contract, the Bank undertakes to use its best endeavours in order to distribute the securities offered to the public, including receiving subscription or purchase orders.
2. The placement contract may be awarded to a financial intermediary other than

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<sup>26</sup> Corresponds to the aggregate content of Articles 335 and 336 of the SC.

<sup>27</sup> Corresponds to Article 337(1) and (3) of the SC.

<sup>28</sup> Nos. 1 and 2 of this article correspond to article 338 of the SC and no. 3 corresponds to article 340 of the SC.

the one providing assistance services to the offering.

3. In the placement contract, the Bank may also undertake to acquire, in whole or in part, for itself or for others, the securities that have not been subscribed for or purchased by the addressees 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 – Underwriting<sup>29</sup>**

1. According to the underwriting contract, 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 asset content inherent in the securities that have been constituted after the date of the underwriting.
2. The underwriting does not affect pre-emptive rights in the 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 – Registry and Deposit<sup>30</sup>**

The Bank may sign contracts for the registration and deposit of securities, explaining, under the terms of the law, the system for exercising the rights inherent in the financial instruments registered and deposited.

### **Article 45 – Acting as Counterparty and Conflicts of Interests<sup>31</sup>**

1. The Bank, being authorised to act on its own behalf, may sign contracts as counterparty of the Customer, as long as the latter authorises or confirms such

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<sup>29</sup> Corresponds to art. 339 of the SC.

<sup>30</sup> Corresponds to art. 343 of the SC.

<sup>31</sup> Corresponds to article 346 and 347 of the SC.

business in writing.

2. The authorisation or confirmation referred to in the previous section is not required when the other party is a Professional Investor or the transactions are to be executed on a regulated market through centralised trading venues.
3. The Bank shall refrain from:
  - a. acquiring for itself any financial instruments when there are Customers who have requested them at the same or higher price;
  - b. disposing of financial instruments it holds instead of financial instruments whose disposal has been ordered by its Customers at the same or a lower price.
4. Transactions carried out against the provisions of the previous section shall be ineffective in relation to the Customer if they are not ratified by the latter within eight days of notification by the Bank.

#### **Article 46 – Loan agreement for investing in financial instruments<sup>32</sup>**

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, credit agreements entered into with retail investors for investment in financial instruments must comply with the rules defined in the applicable internal regulations and contain at least the following elements:
  - a. implicit interest rate and the respective calculation method, including the index, spread, index reference date and rounding, where applicable;
  - b. the terms under which the Bank may request the reinforcement of guarantees or proceed with their enforcement;
  - c. the type and frequency of information to be provided by the Bank to the Customer to enable effective risk management;
  - d. the list of financial instruments for which the credit granted can be used;
  - e. credit limits;

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<sup>32</sup> Corresponds to article 32 of CMVM Regulation 2/2007.

- f. stop-loss clause, the respective operating regime, form and deadlines for communications between the Bank and the investor, in order to legally safeguard the interests at stake and to contract mechanisms limiting the investor's losses in the event of a serious and abrupt devaluation of the assets it has encumbered.
2. When the contract provided for in section 1 allows for permanent changes in the composition of the portfolio of financial instruments pledged as collateral, the Bank shall manage the risk with a frequency appropriate to the financial instruments that may be acquired with the credit granted, namely on a permanent basis when financial instruments with high volatility may be transacted.
3. For the purposes of the previous section, 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.
4. In the event of a revision of the elements set out in section 1, paragraph a), the Customer shall be notified immediately of such revision and of the date on which it takes effect.

#### **Article 47 – Risk Control<sup>33</sup>**

The Bank, when it may grant credit for investment in financial instruments or accept orders with insufficient balance, must implement adequate risk control mechanisms, namely:

- a. adoption of criteria to define the requirements to be met by Customers to whom it allows these types of operations;
- b. limits to be observed by these Customers, in particular the minimum ratio between the value of the portfolio and the amount of the balance overdraft;
- c. the setting up of the option for the Bank, once the limit referred to in the previous paragraph has been exceeded, to stop accepting orders for which the Customers do not have sufficient funds;
- d. procedures and deadlines for informing investors about the management of guarantees provided;
- e. definition of a list of financial instruments in relation to which it allows these types of

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<sup>33</sup> Corresponds to article 34 of CMVM Regulation 2/2007.

operations to be carried out.

## 6. FINAL PROVISIONS

This document must be reviewed at least once every two years to ensure that existing risk procedures and controls defined by new regulations are up to date or when there is a significant change in regulations.

The new version will be disclosed and made available to all employees whose duties are relevant to the activity.

**Approval date:** 17/04/2026

**Approving Body:** Executive Committee

**Changes to Previous Version:** The review periodicity was changed from annual to biennial. Minor adjustments throughout the text.