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# Annex I to the Product Governance Policy Target Market & Product Governance Compendium

**Product governance arrangements, target market assessment and risk  
description for financial instruments distributed by the Company**



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# 1. Introduction and Regulatory Basis

Where EXT LTD (the “Company”) distributes financial instruments falling within the scope of MiFID II or related services, it has product governance obligations under Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments (“MiFID II”) and Commission Delegated Directive (EU) 2017/593 of 7 April 2016 supplementing MiFID II. The Company acts exclusively in the capacity of product **distributor** within the meaning of Article 10 of Delegated Directive (EU) 2017/593; it does not manufacture financial instruments.

The Company identifies the target market for the financial instruments it distributes, specifying the type of client whose needs, characteristics and objectives each financial instrument is compatible with. In some cases the Company is not able to verify whether a specific client belongs to the identified target market of a financial instrument. With this document the Company provides the set of data required under the MiFID II product governance framework, and clients should assess independently whether they belong to the target market of a specific instrument they wish to purchase on their own initiative.

This Compendium covers the following aspects: **target market evaluation** (Section 4, consolidated matrix, and Section 5, product profiles); **product distribution strategy**; **general risks** related to financial instruments (Section 6); **instrument-specific risks** (within each product profile); and the Company’s **governance arrangements** as distributor (Section 7).

The provision of target market data does not constitute, and should not be understood as, marketing, a personal recommendation, investment advice or any other recommendation with regard to financial instruments. Any investment restrictions or sales restrictions applicable to the relevant financial instruments remain unaffected.

## 2. Client Categorisation and the Retail Appropriateness Gate

### 2.1. Client categories

This Compendium applies three client categories only, aligned with Annex II of MiFID II: **Retail clients**; **Professional clients**, comprising per se professionals and elective professionals assessed under Annex II.II.1; and **Eligible Counterparties**.



## 2.2. Retail appropriateness gate

Retail client access to complex, leveraged or contingent-liability instruments is governed by three Retail Appropriateness Tests administered under Article 25(3) MiFID II: The trading conditions and Charges for the above Financial Instruments are available in the Online Facility.

<b>DAT</b>	Derivatives Appropriateness Test	Exchange-traded derivatives and derivative contracts: futures (including calendar spreads), options and CFDs.
<b>CCSI</b>	Complex Cash-Settled Instruments Appropriateness Test	Complex cash-settled instruments: non-listed shares, shares embedding a derivative, complex funds, non-listed or complex debt securities, and debt securities embedding a derivative.
<b>LTCSI</b>	Leveraged Trading of Cash-Settled Instruments Appropriateness Test	Leveraged trading of cash-settled instruments and other contingent-liability transactions: margin trading, short selling and securities financing transactions.

**Rule.** A Retail client falls within the **positive target market** of an instrument subject to a Retail Appropriateness Test only where the client has completed and passed the applicable test. A Retail client who has not completed, or has not passed, the applicable test always falls within the **negative target market** of that instrument. For non-complex instruments provided at the client's initiative, no appropriateness assessment is required under Article 25(4) MiFID II and Retail clients fall within the positive target market without a test gate.

Where a PRIIPs KID is required for an instrument, its availability to the Retail client is a precondition to Retail distribution. CySEC and ESMA product-intervention measures (in particular for CFDs) apply to all Retail distribution irrespective of test outcome.



## 3. How to Read the Consolidated Matrix

Section 4 presents the target market in a consolidated matrix aligned with the client categorisation in Section 2. A cross (×) indicates that the criterion forms part of the **positive** target market; a bracketed cross (×) in parentheses indicates a **neutral** assessment (neither positive nor **negative** target market); an “o” indicates the negative target market. For Retail clients, knowledge and experience are assessed exclusively through the applicable test identified in the Retail Appropriateness Gate row.

The matrix is presented in two panels: **Panel A — Cash and Fund Instruments** and **Panel B — Leveraged, Derivative and Financing Instruments**. Full narrative target market assessments, distribution strategies, commercial characteristics and instrument-specific risks are set out in the product profiles in Section 5.



## 4. Consolidated Target Market Matrix

### 4.1. Panel A — Cash and Fund Instruments

Product family	Listed shares	Non-listed shares	Shares w/ embedded derivative	UCITS & non-complex funds	Complex funds	Listed debt & MM instr.	Non-listed/ complex debt	Debt w/ embedded derivative
<b>Customer Group</b>								
Retail clients <sup>1</sup> (see appropriateness gate row below)	x	x <sup>1</sup>	x <sup>1</sup>	x	x <sup>1</sup>	x	x <sup>1</sup>	x <sup>1</sup>
Professional clients (per se and elective)	x	x	x	x	x	x	x	x
Eligible counterparties	x	x	x	x	x	x	x	x
<b>Investment Objective (Client Objectives and Needs)</b>								
Capital preservation	(x)	(x)	o	(x)	o	(x)	o	o
Capital growth	x	x	x	x	x	x	x	x
Income	x	x	x	x	x	x	x	x
Hedging	o	o	o	o	(x)	o	o	o
Leverage / directional trading (non-linear return profile)	o	o	(x)	o	(x)	o	(x)	(x)
Other objectives	x	x	x	x	x	x	x	x



Product family	Listed shares	Non-listed shares	Shares w/ embedded derivative	UCITS & non-complex funds	Complex funds	Listed debt & MM instr.	Non-listed/ complex debt	Debt w/ embedded derivative
<b>Investment Horizon (no restriction specified in Annex I)</b>								
Short term	x	x	x	x	x	x	x	x
Mid term	x	x	x	x	x	x	x	x
Long term	x	x	x	x	x	x	x	x
<b>Risk Tolerance</b>								
PRIIPs SRI / UCITS SRRI (where a KID/KIID is available)	—	—	1-7*	1-7*	1-7*	—	1-7*	1-7*
Internal methodology — low risk tolerance	x	o	o	x	(x)	(x)	o	(x)
Internal methodology — medium risk tolerance	x	(x)	(x)	x	x	x	(x)	x
Internal methodology — high risk tolerance	x	x	x	x	x	x	x	x
<b>Ability to Bear Losses</b>								
Client can bear no, or only minor, loss of capital	o	o	o	o	o	o	o	o
Losses limited to a level specified by the product	(x)	(x)	(x)	(x)	(x)	(x)	(x)	(x)



Product family	Listed shares	Non-listed shares	Shares w/ embedded derivative	UCITS & non-complex funds	Complex funds	Listed debt & MM instr.	Non-listed/ complex debt	Debt w/ embedded derivative
Losses up to the invested capital (100% at risk)	x	x	x	x	x	x	x	x
Losses exceeding the invested capital	x	x	x	x	x	x	x	x
<b>Retail Appropriateness Gate</b>								
Applicable test (— = non-complex, no test; see Section 2.2)	—	CCSI	CCSI	—	CCSI	—	CCSI	CCSI
<b>Distribution Channel</b>								
Execution only (non-complex instruments, Art. 25(4))	x	o	o	x	o	x	o	o
Execution with appropriateness test / non-advised	x	x	x	x	x	x	x	x
Investment advice / portfolio management (not provided)	o	o	o	o	o	o	o	o

x = positive target market • (x) = neutral • o = negative target market • <sup>1</sup> Retail clients fall within the positive target market only upon completion and passing of the applicable Retail Appropriateness Test (Section 2.2). \* SRI/SRRI is product-specific in the range 1–7 per the relevant PRIIPs KID / UCITS KIID. Investment horizon: the source Annex I records "Neutral" (no restriction) for all product families.



## 4.2. Panel B — Leveraged, Derivative and Financing Instruments

Product family	Margin trading /CLT	Futures	Options	CFD	SFT
<b>Customer Group</b>					
Retail clients <sup>1</sup> (see appropriateness gate row below)	x <sup>l</sup>	x <sup>l</sup>	x <sup>l</sup>	x <sup>l</sup>	x <sup>l</sup>
Professional clients (per se and elective)	x	x	x	x	x
Eligible counterparties	x	x	x	x	x
<b>Investment Objective (Client Objectives and Needs)</b>					
Capital preservation	o	o	o	o	o
Capital growth	o	o	o	o	o
Income	o	o	o	o	o
Hedging	(x)	x	x	x	o
Leverage / directional trading (non-linear return profile)	(x)	x	x	x	(x)
Other objectives	x	x	x	x	x



Product family	Margin trading /CLT	Futures	Options	CFD	SFT
<b>Investment Horizon (no restriction specified in Annex I)</b>					
Short term	x	x	x	x	x
Mid term	x	x	x	x	x
Long term	x	x	x	x	x
<b>Risk Tolerance</b>					
PRIIPs SRI / UCITS SRRI (where a KID/KIID is available)	—	7	7	7	—
Internal methodology — low risk tolerance	o	o	o	o	o
Internal methodology — medium risk tolerance	x	(x)	(x)	(x)	x
Internal methodology — high risk tolerance	x	x	x	x	x
<b>Ability to Bear Losses</b>					
Client can bear no, or only minor, loss of capital	o	o	o	o	o
Losses limited to a level specified by the product	o	o	o	o	o
Losses up to the invested capital (100% at risk)	x	x	(x)	x	x
Losses exceeding the invested capital	x	x	x	x	x



Product family	Margin trading /CLT	Futures	Options	CFD	SFT
<b>Retail Appropriateness Gate</b>					
Applicable test (— = non-complex, no test; see Section 2.2)	LTCSI	DAT	DAT	DAT	LTCSI
<b>Distribution Channel</b>					
Execution only (non-complex instruments, Art. 25(4))	o	o	o	o	o
Execution with appropriateness test / non-advised	x	x	x	x	x
Investment advice / portfolio management (not provided)	o	o	o	o	o

x = positive target market • (x) = neutral • o = negative target market • <sup>1</sup> Retail clients fall within the positive target market only upon completion and passing of the applicable Retail Appropriateness Test (Section 2.2).  
A PRIIPs KID must be available for Retail distribution of futures, options and CFDs; ESMA/CySEC product-intervention measures apply to Retail CFD distribution. SRI 7 = highest PRIIPs risk class.



## 5. Product Profiles

Each profile sets out the product description, its MiFID categorisation and complexity, the target market assessment expressed against the five criteria of the Product Governance Policy (type of client; knowledge and experience; financial situation and ability to bear losses; risk tolerance; objectives and needs), the distribution strategy, the fee-charging structure, the commercial characteristics and the key instrument-specific risks. General risks in Section 6 apply to all instruments in addition to the risks listed in each profile.

### 5.1. Listed Shares

<b>Product name (Annex I)</b>	Shares
<b>Product description</b>	Shares in companies and other securities equivalent to shares in companies, partnerships or other entities, and depositary receipts in respect of shares or in similar trading facilities where such facilities are located outside the EU
<b>MiFID categorisation</b>	Section C of Annex I, MiFID II — point(s) 1
<b>Complexity</b>	Non-Complex Financial Instruments
<b>Leveraged / contingent liability</b>	No
<b>Investment services</b>	Reception and transmission of orders in relation to one or more financial instruments; Execution of orders on behalf of clients.

#### Positive target market

**Type of client:** Retail clients, professional clients (including elective professionals) and eligible counterparties.

**Knowledge and experience:** The instrument is non-complex; when provided at the client's initiative on an execution-only basis, no appropriateness assessment is required under Article 25(4) MiFID II. Clients should nevertheless understand the functioning and risks of the instrument before trading.

**Financial situation and ability to bear losses:** Clients able to place 100% of the invested capital at risk (no capital guarantee or protection); clients able to bear losses exceeding the invested capital; losses limited to a



product-specified level: neutral. The product is not compatible with clients who can bear no, or only minor, loss of capital.

**Risk tolerance: internal methodology:** low / medium / high risk tolerance within the positive target market

**Objectives and needs:** Clients whose objectives and needs include capital growth, income, other objectives not captured by the standard categories. The instrument is assessed as neutral for capital preservation.

### **Negative target market**

**The negative target market comprises:** clients requiring full capital protection or a guaranteed return; clients unable to bear the losses described above; clients whose sole objective is hedging or a leveraged / non-linear return profile.

### **Distribution strategy and fees**

Execution-only and other non-advised services for Retail and professional clients at the client's initiative (Article 25(4) MiFID II), and execution with appropriateness test where applicable. Investment advice and portfolio management are not provided. The Company will take into account the distribution strategy defined by the product manufacturer whenever possible. If a product manufacturer is an entity not subject to MiFID II and thus it is not obliged to identify a distribution strategy, the Company will define its own distribution strategy in light of information on its client base and type of services provided.

The Company, under its capacity as distributor, will take reasonable steps to ensure that its financial products are distributed to the identified target market. The primary distribution channel will be through an online trading platform within the scope of the following investment services: "Reception and transmission of orders in relation to one or more financial instruments" and/or "Execution of orders on behalf of clients". The Company's products will be distributed directly to professional clients and eligible counterparties of a country which lies within the context of its authorization to freely provide/perform services/activities for Member States and for Third Countries where the Company has a legal opinion or can justify beyond any reasonable doubt with substantive evidence that it can offer such services and products.

**Fee-charging structure:** Fixed execution fee. Standard exchange fees, Settlement fees, custody fees (pre-trading disclosure), pass-through fees.

### **Commercial characteristics**

**Diversification.** Vast amount of different shares available on the market provide broad diversification possibilities. That can help offset the risks associated with any one security or market sector

**Low costs.** Trading shares is a cost-effective way to invest in specific companies.



**Flexibility.** Shares of companies representing various market sectors are available, they offer a flexible way to build a diversified portfolio.

**Transparency.** Information on traded companies is publicly available. It is possible to do a comprehensive research before investing.

### **Key instrument-specific risks (these include, but are not limited to)**

**Company risk:** a share purchaser does not lend cash to the company, but becomes a co-owner of the corporation. He or she thus participates in its development as well as in chances for profits and losses, which makes it difficult to forecast the precise yield on such an investment. An extreme case would be if the company went bankrupt, thereby wiping out the total sums invested.

**Price risk:** share prices may undergo unforeseeable price fluctuations causing risks of loss. Price increases and decreases in the short-, medium- and long-term alternate without it being possible to determine the duration of those cycles. General market risk must be distinguished from the specific risk attached to the company itself. Both risks, jointly or in aggregate, influence share prices.

**Dividend risk:** the dividend per share mainly depends on the issuing company's earnings and on its dividend policy. In case of low profits or losses, dividend payments may be reduced or not made at all.

**Risk relating to market conditions:** the price of a share and its disinvestment risk may each be affected by factors relating to wider market conditions, both positive and negative, and such market conditions will affect each company differently depending on the nature and size of the company, amongst other factors; a share cannot therefore be assessed as an investment in isolation.

**Disinvestment risk:** shares may be affected by impediments to disinvestment (e.g. shares may prove illiquid or difficult to sell and/or may be difficult to sell at a price equal to or greater than the transaction price at the point in time that the purchaser wishes to sell).

**Dilution risk:** in the absence of any restrictions in the incorporation documents of the company or other agreement, an issuer may issue more of its shares, thereby potentially reducing the value of the holding and putting downward pressure on the amount of dividends per share

**Termination of listing:** where the shares are listed or admitted to trading, the relevant issuer will not be obliged to maintain the listing or trading. Shares may be suspended from trading and/or de-listed at any time in accordance with applicable rules and regulations of the relevant stock exchange(s). This may result in reduced liquidity or a reduction in the value of the shares.



## 5.2. Non-listed Shares

<b>Product name (Annex I)</b>	Non-listed Shares
<b>Product description</b>	Shares that are not traded on regulated markets, organised trading facilities or in multilateral trading facilities, or in similar trading facilities where such facilities are located outside the EU.
<b>MiFID categorisation</b>	Section C of Annex I, MiFID II — point(s) 1
<b>Complexity</b>	Complex Financial Instruments
<b>Leveraged / contingent liability</b>	No
<b>Investment services</b>	Reception and transmission of orders in relation to one or more financial instruments; Execution of orders on behalf of clients.

### Positive target market

**Type of client:** Retail clients — exclusively subject to completion and passing of the Complex Cash-Settled Instruments Appropriateness Test — professional clients (including elective professionals) and eligible counterparties.

**Knowledge and experience:** For Retail clients, knowledge and experience are assessed exclusively through the Complex Cash-Settled Instruments Appropriateness Test administered under Article 25(3) MiFID II. Professional clients and eligible counterparties are presumed to possess the necessary knowledge and experience for the products and services for which they are so classified.

**Financial situation and ability to bear losses:** Clients able to place 100% of the invested capital at risk (no capital guarantee or protection); clients able to bear losses exceeding the invested capital; losses limited to a product-specified level: neutral. The product is not compatible with clients who can bear no, or only minor, loss of capital.

**Risk tolerance:** internal methodology: high risk tolerance within the positive target market; medium neutral

**Objectives and needs:** Clients whose objectives and needs include capital growth, income, other objectives not captured by the standard categories. The instrument is assessed as neutral for capital preservation.



## Negative target market

The negative target market comprises: Retail clients who have not completed, or have not passed, the Complex Cash-Settled Instruments Appropriateness Test; clients requiring full capital protection or a guaranteed return; clients unable to bear the losses described above; clients whose sole objective is hedging or a leveraged / non-linear return profile.

## Distribution strategy and fees

Execution of orders and reception and transmission of orders on a non-advised basis, with the Complex Cash-Settled Instruments Appropriateness Test applied to all Retail clients (execution with appropriateness test). The execution-only channel under Article 25(4) MiFID II is not available for this complex product family. Investment advice and portfolio management are not provided. The Company will take into account the distribution strategy defined by the product manufacturer whenever possible. If a product manufacturer is an entity not subject to MiFID II and thus it is not obliged to identify a distribution strategy, the Company will define its own distribution strategy in light of information on its client base and type of services provided.

The Company, under its capacity as distributor, will take reasonable steps to ensure that its financial products are distributed to the identified target market. The primary distribution channel will be through an online trading platform within the scope of the following investment services: "Reception and transmission of orders in relation to one or more financial instruments" and/or "Execution of orders on behalf of clients". The Company's products will be distributed directly to professional clients and eligible counterparties of a country which lies within the context of its authorization to freely provide/perform services/activities for Member States and for Third Countries where the Company has a legal opinion or can justify beyond any reasonable doubt with substantive evidence that it can offer such services and products.

**Fee-charging structure:** Fixed execution fee. Standard exchange fees, Settlement fees, custody fees (pre-trading disclosure), pass-through fees.

## Commercial characteristics

**Diversification.** Vast amount of different shares available on the market provide broad diversification possibilities. That can help offset the risks associated with any one security or market sector

**Low costs.** Trading shares is a cost-effective way to invest in specific companies.

**Flexibility.** Shares of companies representing various market sectors are available, they offer a flexible way to build a diversified portfolio.

**Transparency.** Information on traded companies is publicly available. It is possible to do a comprehensive research before investing.



## **Key instrument-specific risks (these include, but are not limited to)**

**Company risk:** a share purchaser does not lend cash to the company, but becomes a co-owner of the corporation. He or she thus participates in its development as well as in chances for profits and losses, which makes it difficult to forecast the precise yield on such an investment. An extreme case would be if the company went bankrupt, thereby wiping out the total sums invested.

**Price risk:** share prices may undergo unforeseeable price fluctuations causing risks of loss. Price increases and decreases in the short-, medium- and long-term alternate without it being possible to determine the duration of those cycles. General market risk must be distinguished from the specific risk attached to the company itself. Both risks, jointly or in aggregate, influence share prices.

**Dividend risk:** the dividend per share mainly depends on the issuing company's earnings and on its dividend policy. In case of low profits or losses, dividend payments may be reduced or not made at all.

**Risk relating to market conditions:** the price of a share and its disinvestment risk may each be affected by factors relating to wider market conditions, both positive and negative, and such market conditions will affect each company differently depending on the nature and size of the company, amongst other factors; a share cannot therefore be assessed as an investment in isolation.

**Disinvestment risk:** shares may be affected by impediments to disinvestment (e.g. shares may prove illiquid or difficult to sell and/or may be difficult to sell at a price equal to or greater than the transaction price at the point in time that the purchaser wishes to sell).

**Dilution risk:** in the absence of any restrictions in the incorporation documents of the company or other agreement, an issuer may issue more of its shares, thereby potentially reducing the value of the holding and putting downward pressure on the amount of dividends per share

**Termination of listing:** where the shares are listed or admitted to trading, the relevant issuer will not be obliged to maintain the listing or trading. Shares may be suspended from trading and/or de-listed at any time in accordance with applicable rules and regulations of the relevant stock exchange(s). This may result in reduced liquidity or a reduction in the value of the shares.



### 5.3. Shares that Embed a Derivative

<b>Product name (Annex I)</b>	Shares that embed a derivative
<b>Product description</b>	Preference shares that embed a derivative, convertible shares and similar instruments traded outside the EU; subscription rights (including nil-paid rights) that have a complex share (such as a non-listed share or derivative-embedding share) as underlying and all subscription rights irrespective of their underlying if traded on secondary market (including similar instruments issued or traded outside the EU).
<b>MiFID categorisation</b>	Section C of Annex I, MiFID II — point(s) 1
<b>Complexity</b>	Complex Financial Instruments
<b>Leveraged / contingent liability</b>	Neutral
<b>Investment services</b>	Reception and transmission of orders in relation to one or more financial instruments; Execution of orders on behalf of clients.

#### Positive target market

**Type of client:** Retail clients — exclusively subject to completion and passing of the Complex Cash-Settled Instruments Appropriateness Test—professional clients (including elective professionals) and eligible counterparties.

**Knowledge and experience:** For Retail clients, knowledge and experience are assessed exclusively through the Complex Cash-Settled Instruments Appropriateness Test administered under Article 25(3) MiFID II. Professional clients and eligible counterparties are presumed to possess the necessary knowledge and experience for the products and services for which they are so classified.

**Financial situation and ability to bear losses:** Clients able to place 100% of the invested capital at risk (no capital guarantee or protection); clients able to bear losses exceeding the invested capital; losses limited to a product-specified level: neutral. The product is not compatible with clients who can bear no, or only minor, loss of capital.

**Risk tolerance:** PRIIPs SRI 1–7 (product-specific per the relevant KID); internal methodology: high risk tolerance within the positive target market; medium neutral

**Objectives and needs:** Clients whose objectives and needs include capital growth, income, other objectives not captured by the standard categories. The instrument is assessed as neutral for a leveraged / non-linear return profile.



## Negative target market

**The negative target market comprises:** Retail clients who have not completed, or have not passed, the Complex Cash-Settled Instruments Appropriateness Test; clients requiring full capital protection or a guaranteed return; clients unable to bear the losses described above; clients whose sole objective is capital preservation or hedging.

## Distribution strategy and fees

Execution of orders and reception and transmission of orders on a non-advised basis, with the Complex Cash-Settled Instruments Appropriateness Test applied to all Retail clients (execution with appropriateness test). The execution-only channel under Article 25(4) MiFID II is not available for this complex product family. Investment advice and portfolio management are not provided. The Company will take into account the distribution strategy defined by the product manufacturer whenever possible. If a product manufacturer is an entity not subject to MiFID II and thus it is not obliged to identify a distribution strategy, the Company will define its own distribution strategy in light of information on its client base and type of services provided.

The Company, under its capacity as distributor, will take reasonable steps to ensure that its financial products are distributed to the identified target market. The primary distribution channel will be through an online trading platform within the scope of the following investment services: "Reception and transmission of orders in relation to one or more financial instruments" and/or "Execution of orders on behalf of clients". The Company's products will be distributed directly to professional clients and eligible counterparties of a country which lies within the context of its authorization to freely provide/perform services/activities for Member States and for Third Countries where the Company has a legal opinion or can justify beyond any reasonable doubt with substantive evidence that it can offer such services and products.

**Fee-charging structure:** Fixed execution fee. Standard exchange fees, Settlement fees, custody fees (pre-trading disclosure), pass-through fees.

## Commercial characteristics

**Diversification.** Vast amount of different shares available on the market provide broad diversification possibilities. That can help offset the risks associated with any one security or market sector

**Low costs.** Trading shares is a cost-effective way to invest in specific companies.

**Flexibility.** Shares of companies representing various market sectors are available, they offer a flexible way to build a diversified portfolio.

**Transparency.** Information on traded companies is publicly available. It is possible to do a comprehensive research before investing.



## **Key instrument-specific risks (these include, but are not limited to)**

**Company risk:** a share purchaser does not lend cash to the company, but becomes a co-owner of the corporation. He or she thus participates in its development as well as in chances for profits and losses, which makes it difficult to forecast the precise yield on such an investment. An extreme case would be if the company went bankrupt, thereby wiping out the total sums invested.

**Price risk:** share prices may undergo unforeseeable price fluctuations causing risks of loss. Price increases and decreases in the short-, medium- and long-term alternate without it being possible to determine the duration of those cycles. General market risk must be distinguished from the specific risk attached to the company itself. Both risks, jointly or in aggregate, influence share prices.

**Dividend risk:** the dividend per share mainly depends on the issuing company's earnings and on its dividend policy. In case of low profits or losses, dividend payments may be reduced or not made at all.

**Risk relating to market conditions:** the price of a share and its disinvestment risk may each be affected by factors relating to wider market conditions, both positive and negative, and such market conditions will affect each company differently depending on the nature and size of the company, amongst other factors; a share cannot therefore be assessed as an investment in isolation.

**Disinvestment risk:** shares may be affected by impediments to disinvestment (e.g. shares may prove illiquid or difficult to sell and/or may be difficult to sell at a price equal to or greater than the transaction price at the point in time that the purchaser wishes to sell).

**Dilution risk:** in the absence of any restrictions in the incorporation documents of the company or other agreement, an issuer may issue more of its shares, thereby potentially reducing the value of the holding and putting downward pressure on the amount of dividends per share

**Termination of listing:** where the shares are listed or admitted to trading, the relevant issuer will not be obliged to maintain the listing or trading. Shares may be suspended from trading and/or de-listed at any time in accordance with applicable rules and regulations of the relevant stock exchange(s). This may result in reduced liquidity or a reduction in the value of the shares.

**Leverage risk:** subscription rights such as warrants involve leverage, the price of a warrant can be highly volatile. A relatively small movement in the price of the underlying security can result in a disproportionately large movement, favourable or unfavourable, in the value of the warrant.

**Derivatives risk:** shares like preferred shares may include an embedded derivative, making the shares redeemable, giving the issuer the right to redeem the share at a date and price specified in the prospectus.

**Conversion risk:** Preferred shares may also be convertible. The timing for conversion and the conversion price specific to the individual issue will be laid out in the prospectus.



## 5.4. UCITS & Other Non-complex Funds (incl. ETF)

**Product name (Annex I)** UCITS Funds (Mutual funds and ETF), other non-complex mutual funds

**Product description**

Mutual funds and ETFs created under the UCITS Directive; other mutual funds created in EU or outside of it if they are not derivatives and do not embed derivatives, they can be sold frequently at market prices or other independently determined prices, they do not involve any liabilities that exceed their acquisition costs, their nature, risk or payout cannot be altered significantly (such as via conversion), their exit costs do not make them effectively illiquid, and there is sufficient public information available that enables an average client to make an informed investment decision about them.

**MiFID categorisation** Section C of Annex I, MiFID II — point(s) 1,3

**Complexity** Non-Complex Financial Instruments

**Leveraged / contingent liability** No

**Investment services** Reception and transmission of orders in relation to one or more financial instruments; Execution of orders on behalf of clients.

### Positive target market

**Type of client:** Retail clients, professional clients (including elective professionals) and eligible counterparties.

**Knowledge and experience:** The instrument is non-complex; when provided at the client's initiative on an execution-only basis, no appropriateness assessment is required under Article 25(4) MiFID II. Clients should nevertheless understand the functioning and risks of the instrument before trading.

**Financial situation and ability to bear losses:** Clients able to place 100% of the invested capital at risk (no capital guarantee or protection); clients able to bear losses exceeding the invested capital; losses limited to a product-specified level: neutral. The product is not compatible with clients who can bear no, or only minor, loss of capital.

**Risk tolerance:** PRIIPs SRI 1–7 (product-specific per the relevant KID); UCITS SRRI 1–7 (product-specific per the relevant KIID); internal methodology: low / medium / high risk tolerance within the positive target market



**Objectives and needs:** Clients whose objectives and needs include capital growth, income, other objectives not captured by the standard categories. The instrument is assessed as neutral for capital preservation.

### **Negative target market**

The negative target market comprises: clients requiring full capital protection or a guaranteed return; clients unable to bear the losses described above; clients whose sole objective is hedging or a leveraged / non-linear return profile.

### **Distribution strategy and fees**

Execution-only and other non-advised services for Retail and professional clients at the client's initiative (Article 25(4) MiFID II), and execution with appropriateness test where applicable. Investment advice and portfolio management are not provided. The Company will take into account the distribution strategy defined by the product manufacturer whenever possible. If a product manufacturer is an entity not subject to MiFID II and thus it is not obliged to identify a distribution strategy, the Company will define its own distribution strategy in light of information on its client base and type of services provided.

The Company, under its capacity as distributor, will take reasonable steps to ensure that its financial products are distributed to the identified target market. The primary distribution channel will be through an online trading platform within the scope of the following investment services: "Reception and transmission of orders in relation to one or more financial instruments" and/or "Execution of orders on behalf of clients". The Company's products will be distributed directly to professional clients and eligible counterparties of a country which lies within the context of its authorization to freely provide/perform services/activities for Member States and for Third Countries where the Company has a legal opinion or can justify beyond any reasonable doubt with substantive evidence that it can offer such services and products.

**Fee-charging structure:** Fixed execution fee. Standard exchange fees, Settlement fees, custody fees (pre-trading disclosure), pass-through fees.

### **Commercial characteristics**

**Diversification.** UCITS Funds offer broad diversification. That can help offset the risks associated with any one security or market sector. Professional asset managers carefully select the securities in which they invest. Asset managers also employ a group of analysts and experts that produce detailed information set on which the managers rely in order to select securities.

**Low costs.** Trading UCITS Funds is a cost-effective way to invest in financial instrument managed by professionals.

**Flexibility.** UCITS Funds can provide broad exposure to different asset classes or market sectors, they offer a flexible way to build a new portfolio or restructure an existing one.



**Transparency.** Information on UCITS Funds (including KIID and KID) is publicly available. It is possible to do a comprehensive research before investing.

**Key instrument-specific risks (these include, but are not limited to)**

**Market risk:** the value of a fund depends on the value of the assets it holds. If general market conditions deteriorate, it is likely that the value of the investment in the fund will also deteriorate. Typically, an ETF will seek to replicate a stock market index, market sector, commodity or other basket of assets. Accordingly, the investor is exposed to the market risk of the underlying assets.

**Liquidity risk:** interests in UCITS are intended to be easily transferable and redeemable, but in the event of poor performance of the fund, liquidity may be drastically reduced and investors may be unable to realise their investments without incurring losses or reduced returns.

**Country risk:** the value of a foreign investment may decline because of political changes or instability in the country where the foreign investment was issued.

**Changes to portfolio:** the composition of the fund's portfolio of investments may change from time to time. Such changes may have an impact on the value of the fund.

**Counterparty risk and service provider risk:** the insolvency of any institution providing services to the fund, such as safekeeping of assets or acting as counterparty to the fund in derivatives or other instruments, may expose the fund to financial loss.

**Limited diversification risk:** as UCITS can only invest in certain assets, they are therefore highly exposed to market conditions affecting those investments.

**Performance risk:** no assurance can be given relating to the present or future performance of a fund and any underlying asset or instrument in which the fund may invest, that any analytical model used by the fund will prove to be correct or that any assessments of the short-term or long-term prospects, volatility and correlation of the types of investments in which a fund has or may invest will prove accurate. Investors in an ETF may rely on the manager to track the performance of the underlying indices or assets, or the ETF may track the underlying assets passively (i.e. without the active involvement of the manager). In practice, the ETF's performance will differ from the performance of those indices or assets. More specifically, this may be the result of an ETF tracking error (being the difference between the returns of the ETF and its reference index or asset) may occur owing to a number of factors including rebalancing, restrictions/limitations (e.g. emerging market accessibility), method of replication and the costs/expense ratio (higher costs may lead to a greater tracking error). Therefore, an investor may receive lower returns than it would have had it invested directly in those underlying assets.

**Tracking risk:** changes in the price of the fund are unlikely to match the exact performance of the relevant/ underlying instrument of group of instruments. Factors such as fees and expenses payable in respect of the ETF,



liquidity of the market, failure of the tracking strategy, currency effect, policies etc., may affect the correlation with the underlying instruments.

**Composition risk:** while two funds may track the same index or sector, their performance may not be equal due to different holdings in the underlying basket. For example, two funds may track particular industry, but rely on a completely different basket of companies or segments.

## 5.5. Complex Funds (Complex UCITS, Non-UCITS, Leveraged/Synthetic ETF, AIF)

<b>Product name (Annex I)</b>	Complex mutual funds that are listed or non-listed (Complex UCITS, Non-UCITS, Leveraged or structured or synthetic ETF, AIF, other similar funds)
<b>Product description</b>	Structured UCITS, AIFs or complex ETFs, and similar collective investment undertakings recognized outside the EU (real estate funds, private equity funds, hedge funds, venture capital funds and funds with other unusual underlying).
<b>MiFID categorisation</b>	Section C of Annex I, MiFID II — point(s) 1,3
<b>Complexity</b>	Complex Financial Instruments
<b>Leveraged / contingent liability</b>	Neutral
<b>Investment services</b>	Reception and transmission of orders in relation to one or more financial instruments; Execution of orders on behalf of clients.

### Positive target market

**Type of client:** Retail clients — exclusively subject to completion and passing of the Complex Cash-Settled Instruments Appropriateness Test — professional clients (including elective professionals) and eligible counterparties.

**Knowledge and experience:** For Retail clients, knowledge and experience are assessed exclusively through the Complex Cash-Settled Instruments Appropriateness Test administered under Article 25(3) MiFID II. Professional clients and eligible counterparties are presumed to possess the necessary knowledge and experience for the products and services for which they are so classified.



**Financial situation and ability to bear losses:** Clients able to place 100% of the invested capital at risk (no capital guarantee or protection); clients able to bear losses exceeding the invested capital; losses limited to a product-specified level: neutral. The product is not compatible with clients who can bear no, or only minor, loss of capital.

**Risk tolerance:** PRIIPs SRI 1–7 (product-specific per the relevant KID); internal methodology: medium / high risk tolerance within the positive target market; low neutral

**Objectives and needs:** Clients whose objectives and needs include capital growth, income, other objectives not captured by the standard categories. The instrument is assessed as neutral for hedging, a leveraged / non-linear return profile.

### **Negative target market**

The negative target market comprises: Retail clients who have not completed, or have not passed, the Complex Cash-Settled Instruments Appropriateness Test; clients requiring full capital protection or a guaranteed return; clients unable to bear the losses described above; clients whose sole objective is capital preservation.

### **Distribution strategy and fees**

Execution of orders and reception and transmission of orders on a non-advised basis, with the Complex Cash-Settled Instruments Appropriateness Test applied to all Retail clients (execution with appropriateness test). The execution-only channel under Article 25(4) MiFID II is not available for this complex product family. Investment advice and portfolio management are not provided. The Company will take into account the distribution strategy defined by the product manufacturer whenever possible. If a product manufacturer is an entity not subject to MiFID II and thus it is not obliged to identify a distribution strategy, the Company will define its own distribution strategy in light of information on its client base and type of services provided.

The Company, under its capacity as distributor, will take reasonable steps to ensure that its financial products are distributed to the identified target market. The primary distribution channel will be through an online trading platform within the scope of the following investment services: "Reception and transmission of orders in relation to one or more financial instruments" and/or "Execution of orders on behalf of clients". The Company's products will be distributed directly to professional clients and eligible counterparties of a country which lies within the context of its authorization to freely provide/perform services/activities for Member States and for Third Countries where the Company has a legal opinion or can justify beyond any reasonable doubt with substantive evidence that it can offer such services and products.

**Fee-charging structure:** Fixed execution fee. Standard exchange fees, Settlement fees, custody fees (pre-trading disclosure), pass-through fees, fund manager fee, performance fee



## Commercial characteristics

**Diversification.** Complex funds offer broad diversification including investments in non-financial instruments. That can help offset the risks associated with any one security or market sector or asset class. Professional asset managers assets in which they invest.

Asset managers also employ a group of analysts and experts that produce detailed information set on which the managers rely in order to select securities.

**Low costs.** Complex funds is a cost-effective way to invest in different asset classes managed by professionals.

**Flexibility.** Complex funds can provide broad exposure to different asset classes or market sectors, they offer a flexible way to build a new portfolio or restructure an existing one.

**Transparency.** Fund manager will provide fund prospectus or other information on Complex funds. Information for some Complex funds is publicly available. It is possible to do a comprehensive research before investing.

### Key instrument-specific risks (these include, but are not limited to)

**Market risk:** the value of a fund depends on the value of the assets it holds. If general market conditions deteriorate, it is likely that the value of the investment in the fund will also deteriorate. Typically, an ETF will seek to replicate a stock market index, market sector, commodity or other basket of assets. Accordingly, the investor is exposed to the market risk of the underlying assets.

**Liquidity risk:** open-ended funds may not be able to liquidate their assets and return funds to investors in the event that there is poor liquidity in the market generally or in the specific sector in which the fund invests. Ongoing costs to service those investments could lead to increased losses or reduced profits for investors in the fund. Closed-ended funds can be subject to risks of low trading and therefore provide limited liquidity, making it difficult for an investor to realise its investment. Some AIFs have lock-up periods or may otherwise be illiquid, so realising your investment can be difficult.

**Country risk:** the value of a foreign investment may decline because of political changes or instability in the country where the foreign investment was issued.

**Changes to portfolio:** the composition of the fund's portfolio of investments may change from time to time. Such changes may have an impact on the value of the fund.

**Interest rate risk:** a leveraged fund will be exposed to interest rate rises. This could reduce the returns that investors receive, or even lead to losses.

**Currency risk:** if investments in the fund are denominated in a currency other than that in which the investor's initial investment was made, returns could be reduced (or losses incurred) due to currency fluctuations



**Derivatives risk:** a fund may utilise instruments in the form of warrants, futures, options, forward contracts and swaps to seek to enhance investment returns. While this can potentially have the effect of enhancing the fund's performance, it can also be detrimental if there are losses on the derivatives.

**Restrictions on subscription:** an investor in the fund's units/shares may be prevented from subscribing and redeeming such units/shares, either at the official net asset value (for example, as a result of the imposition of any charges by the fund) or at all, or the prescribed notice period, timing cut-offs and minimum/maximum amounts in respect of subscriptions and redemptions for the fund's units/shares may be changed.

**Compulsory redemption risk:** the fund may compulsorily redeem the shares/units upon the occurrence of certain events (for example, if, following the insolvency of the investment manager, the fund becomes unable to fulfil its investment objections).

**Counterparty risk and service provider risk:** the insolvency of any institution providing services to the fund, such as safekeeping of assets or acting as counterparty to the fund in derivatives or other instruments, may expose the fund to financial loss.

**Limited diversification risk:** unless the fund is subject to investment restrictions and diversification requirements, the number and diversity of investments held by a fund may be limited. AIFs may not be subject to investment restrictions and diversification requirements, and therefore they may have limited diversification meaning that an investor may be highly exposed to poor market conditions in the relevant sector.

**Performance risk:** no assurance can be given relating to the present or future performance of a fund and any underlying asset or instrument in which the fund may invest, that any analytical model used by the fund will prove to be correct or that any assessments of the short-term or long-term prospects, volatility and correlation of the types of investments in which a fund has or may invest will prove accurate. Investors in an ETF may rely on the manager to track the performance of the underlying indices or assets, or the ETF may track the underlying assets passively (i.e. without the active involvement of the manager). In practice, the ETF's performance will differ from the performance of those indices or assets. More specifically, this may be the result of an ETF tracking error (being the difference between the returns of the ETF and its reference index or asset) may occur owing to a number of factors including rebalancing, restrictions/limitations (e.g. emerging market accessibility), method of replication and the costs/expense ratio (higher costs may lead to a greater tracking error). Therefore, an investor may receive lower returns than it would have had it invested directly in those underlying assets.

**Sub-funds segregation:** the sub-funds of the fund may be segregated as a matter of the law of the fund's home jurisdiction and, as such, the assets of one sub-fund will not be available to satisfy the liabilities of another sub-fund. However, the fund may operate or have assets held on its behalf or be subject to claims in other jurisdictions other than its home jurisdiction which may not necessarily recognise such segregation. There can be no guarantee that the courts of any jurisdiction outside its home jurisdiction will respect the above limitations on liability.



**Composition risk:** while two funds may track the same index or sector, their performance may not be equal due to different holdings in the underlying basket. For example, two funds may track particular industry, but rely on a completely different basket of companies or segments.

**Asset allocation:** AIFs can invest in a very wide range of investments. Some AIFs will invest in highly speculative or very illiquid assets; this may increase the risk of losing some or all of the investment in the AIF or making it difficult to relive the value of the investment.

**Leverage risk:** AIFs can be highly leveraged. This means that small falls in the value of the investments they hold can have significant impact on the value of the fund.

**Derivatives risk:** ETF managers may employ a synthetic structure to provide the stated return, whereby the return is based on a derivative executed with a counterparty. The return may therefore be dependent on the credit quality of the counterparty and/or the collateral held to support the position. Investors may also be exposed to the risks outlined below in respect of derivatives.

**Authorised participant (AP) concentration risk:** in the ETF market, only an AP is permitted to engage in the creation/redemption of transactions directly with the ETF. Since the ETF may only permit for a limited number of institutions to act as an AP, there is the risk that, where an AP exits the business, or is otherwise unable to proceed with the creation/redemption transactions, it was instructed to carry out, and no other AP is able to step in to give effect such creation/redemption transactions, the ETF shares/units may be more likely to trade at a premium price or a discount to the net asset value of index or assets it seeks to replicate, and as a result the ETF may be subject to trading halts and/or delisting.

**Index-linked risk:** an ETF may seek to track and replicate a specific index (e.g. a stock index) to achieve returns that correspond to value of that underlying index. There is a risk that, where the provider of such index has not compiled, composed or calculated the index accurately, the investor may be exposed to the risks associated with that index and its inaccurate or erroneous composition.

## 5.6. Listed Bonds & Money Market Instruments

### Product name (Annex I)

Listed Bonds and Money Market instruments

### Product description

Bonds and other debt securities that are traded on regulated markets or in multilateral trading facilities, or in similar trading facilities where such facilities are located outside the EU. Money market instruments may include treasury bills, certificates of deposit or commercial papers that are usually traded on money market where such instruments have a value that can be determined at any time, they are not derivatives and they have a maturity of 397 days or less at issuance.



**MiFID categorisation** Section C of Annex I, MiFID II — point(s) 1,2

**Complexity** Non-Complex Financial Instruments

**Leveraged / contingent liability** No

**Investment services** Reception and transmission of orders in relation to one or more financial instruments; Execution of orders on behalf of clients.

### Positive target market

**Type of client:** Retail clients, professional clients (including elective professionals) and eligible counterparties.

**Knowledge and experience:** The instrument is non-complex; when provided at the client's initiative on an execution-only basis, no appropriateness assessment is required under Article 25(4) MiFID II. Clients should nevertheless understand the functioning and risks of the instrument before trading.

**Financial situation and ability to bear losses:** Clients able to place 100% of the invested capital at risk (no capital guarantee or protection); clients able to bear losses exceeding the invested capital; losses limited to a product-specified level: neutral. The product is not compatible with clients who can bear no, or only minor, loss of capital.

**Risk tolerance: internal methodology:** medium / high risk tolerance within the positive target market; low neutral

**Objectives and needs:** Clients whose objectives and needs include capital growth, income, other objectives not captured by the standard categories. The instrument is assessed as neutral for capital preservation.

### Negative target market

The negative target market comprises: clients requiring full capital protection or a guaranteed return; clients unable to bear the losses described above; clients whose sole objective is hedging or a leveraged / non-linear return profile.

### Distribution strategy and fees

Execution-only and other non-advised services for Retail and professional clients at the client's initiative (Article 25(4) MiFID II), and execution with appropriateness test where applicable. Investment advice and portfolio management are not provided. The Company will take into account the distribution strategy defined by the product manufacturer whenever possible. If a product manufacturer is an entity not subject to MiFID II and thus it is not obliged to identify a distribution strategy, the Company will define its own distribution strategy in light of information on its client base and type of services provided.



The Company, under its capacity as distributor, will take reasonable steps to ensure that its financial products are distributed to the identified target market. The primary distribution channel will be through an online trading platform within the scope of the following investment services: "Reception and transmission of orders in relation to one or more financial instruments" and/or "Execution of orders on behalf of clients". The Company's products will be distributed directly to professional clients and eligible counterparties of a country which lies within the context of its authorization to freely provide/perform services/activities for Member States and for Third Countries where the Company has a legal opinion or can justify beyond any reasonable doubt with substantive evidence that it can offer such services and products.

**Fee-charging structure:** Fixed execution fee. Standard exchange fees, Settlement fees, custody fees (pre-trading disclosure), pass-through fees.

### **Commercial characteristics**

**Investment returns.** Fixed rate or interest is paid to a bond holder and the principal is returned when bond matures. Bond holder knows exactly the amount of return.

**Risk.** In general risk is lower than holding the shares. In the event of liquidation, bond holders are paid first over shareholders.

**Volatility.** While bond prices fluctuate reflecting market conditions, they are generally more stable compared to shares.

**Credit Ratings.** Bonds are widely rated by credit rating agencies, such as S&P and Moody's. This provides guidance to investors when selecting a bond. However it is still necessary to conduct own research and due diligence before investing.

**Money market safety.** Money market securities are considered extraordinarily safe.

**Money market liquidity.** Money market instruments are extremely liquid and can be converted into cash immediately.

### **Key instrument-specific risks (these include, but are not limited to)**

**New Issuances risk:** investors should be aware that they may not receive the full allocation they apply for, and that any debt instruments they do receive may decline in value from the par value of issuance.

**Bail-in risk:** debt instruments issued by banks, certain other financial services firms and, in some cases, their parents and other affiliates may, depending on the rank of the debt security in the resolution creditor hierarchy, be vulnerable to "bail in" or equivalent measures, where the issuer undergoes a resolution procedure. In a bail in, a governmental or other regulatory body may require investor's rights under such securities to be written off in whole or part, or converted into equity, or the terms of such securities to be altered (e.g. date of maturity or interest rates payable) or payments suspended. The purpose of such a bail-in is to prevent the issuer from entering into insolvency proceedings, and will therefore precede formal insolvency. This means that the holders



of the bank and related debt securities may lose some or all of their investment, where the issuer is in financial difficulty, even outside an insolvency scenario and absent the technical default of the issuer.

**Insolvency risk:** the issuer may become temporarily or permanently insolvent, resulting in its incapacity to repay the interest or redeem the bond. The solvency of an issuer may change due to one or more of a range of factors including the issuing entity, the issuer's economic sector and/or the political and economic status of the countries concerned. The deterioration of the issuer's solvency will influence the price of the securities that it issues.

**Interest rate risk:** uncertainty concerning interest rate movements means that purchasers of fixed rate securities carry the risk of a fall in the prices of the securities if interest rates rise. The longer the duration of the loan and the lower the interest rate, the higher a bond's sensitivity to a rise in the market rates.

**Credit risk:** the value of a bond will fall in the event of a default or reduced credit rating of the issuer. Generally, the higher the relative rate of interest (that is, relative to the interest rate on a risk free security of similar maturity and interest rate structure usually a government bond or certificate of deposit, generally considered to be free from risk of monetary loss), the higher the perceived credit risk of the issuer.

**Risk relating to market conditions:** the price of a bond and its disinvestment risk may each be affected by factors relating to wider market conditions, both positive and negative, and such market conditions will affect each issuer differently depending on the nature and size of the issuer, amongst other factors; a bond cannot therefore be assessed as an investment in isolation.

**Disinvestment risk:** bonds may be affected by impediments to disinvestment (e.g. the liquidity of a bond may affect the market value of a bond despite its projected yield based on its coupon and expected maturity). Market may become less liquid, meaning that the bond holder is unable to exit this investment before the maturity date. This exposes the bond holder to inflation and/or interest rate risk, as the return on the bond may become lower than the rate of inflation or interest rates available elsewhere.

**Termination of listing risk:** where the bonds are listed or admitted to trading, the relevant issuer will not be obliged to maintain the listing or trading. Bonds may be suspended from trading and/or de listed at any time in accordance with applicable rules and regulations of the relevant stock exchange(s). This may result in reduced liquidity or a reduction in the value of the bonds.

**Market risk:** when the equity and debt markets are extremely volatile, investing in money market instruments is generally considered to be lower risk. Conversely, during normal market conditions you may be prevented from achieving your objective during any period in which assets are not substantially invested in accordance with your principal investment strategies as a result of being invested in such money market instruments.

**Risks affecting the issuer:** investors in money market instruments are exposed to the political, market and operational risks that affect the issuers of the underlying assets. They are also exposed to currency risk insofar as underlying assets are denominated in a currency other than the one in which their investment was made.



## 5.7. Non-listed or Complex Debt Securities

### Product name (Annex I)

Non-listed debt securities or debt securities that have a complex structure that makes it difficult to understand the risk

### Product description

Bonds and other debt instruments that are not traded on regulated markets, multilateral trading facilities or organized trading facilities, or in similar trading facilities where such facilities are located outside the EU such as fixed-rate or floating rate bonds, inflation-linked bonds, step-up bonds and covered bonds (including other similar instruments issued or traded outside the EU). As well as Bonds and other debt instruments which return is dependent on the performance of an asset pool; that are subordinated; where issuer can modify cash flows; that have no maturity date; that have unusual or unfamiliar underlying; that have complex return calculation methodology, where the principal may not be fully repaid or may be bailed-in; where the name of issuer or guarantor may mislead the investors; that have conditional or complex guarantee mechanism. (including other similar instruments issued or traded outside the EU).

### MiFID categorisation

Section C of Annex I, MiFID II — point(s) I

### Complexity

Complex Financial Instruments

### Leveraged / contingent liability

No

### Investment services

Reception and transmission of orders in relation to one or more financial instruments; Execution of orders on behalf of clients.

### Positive target market

**Type of client:** Retail clients — exclusively subject to completion and passing of the Complex Cash-Settled Instruments Appropriateness Test — professional clients (including elective professionals) and eligible counterparties.

**Knowledge and experience:** For Retail clients, knowledge and experience are assessed exclusively through the Complex Cash-Settled Instruments Appropriateness Test administered under Article 25(3) MiFID II. Professional clients and eligible counterparties are presumed to possess the necessary knowledge and experience for the products and services for which they are so classified.



**Financial situation and ability to bear losses:** Clients able to place 100% of the invested capital at risk (no capital guarantee or protection); clients able to bear losses exceeding the invested capital; losses limited to a product-specified level: neutral. The product is not compatible with clients who can bear no, or only minor, loss of capital.

**Risk tolerance:** PRIIPs SRI 1–7 (product-specific per the relevant KID); internal methodology: high risk tolerance within the positive target market; medium neutral

**Objectives and needs:** Clients whose objectives and needs include capital growth, income, other objectives not captured by the standard categories. The instrument is assessed as neutral for a leveraged / non-linear return profile.

### **Negative target market**

The negative target market comprises: Retail clients who have not completed, or have not passed, the Complex Cash-Settled Instruments Appropriateness Test; clients requiring full capital protection or a guaranteed return; clients unable to bear the losses described above; clients whose sole objective is capital preservation or hedging.

### **Distribution strategy and fees**

Execution of orders and reception and transmission of orders on a non-advised basis, with the Complex Cash-Settled Instruments Appropriateness Test applied to all Retail clients (execution with appropriateness test). The execution-only channel under Article 25(4) MiFID II is not available for this complex product family. Investment advice and portfolio management are not provided. The Company will take into account the distribution strategy defined by the product manufacturer whenever possible. If a product manufacturer is an entity not subject to MiFID II and thus it is not obliged to identify a distribution strategy, the Company will define its own distribution strategy in light of information on its client base and type of services provided.

The Company, under its capacity as distributor, will take reasonable steps to ensure that its financial products are distributed to the identified target market. The primary distribution channel will be through an online trading platform within the scope of the following investment services: "Reception and transmission of orders in relation to one or more financial instruments" and/or "Execution of orders on behalf of clients". The Company's products will be distributed directly to professional clients and eligible counterparties of a country which lies within the context of its authorization to freely provide/perform services/activities for Member States and for Third Countries where the Company has a legal opinion or can justify beyond any reasonable doubt with substantive evidence that it can offer such services and products.

**Fee-charging structure:** Fixed execution fee. Standard exchange fees, Settlement fees, custody fees (pre-trading disclosure), pass-through fees.



## Commercial characteristics

**Investment returns.** Higher rate or interest returns compared to non-complex debt instruments at cost of higher risk losing all or part of the investments.

**Flexibility.** Complex debt securities allow to build custom portfolios with complex structure for specific investor needs.

**Transparency.** Bond prospectus which is either publicly available or may be obtained from an executing broker outlines key characteristics of the bond structure. If bond falls under PRIIP regime, KID may be available.

**Credit Ratings.** Bonds are widely rated by credit rating agencies, such as S&P and Moody's. This provides guidance to investors when selecting a bond. However it is still necessary to conduct own research and due diligence before investing.

### Key instrument-specific risks (these include, but are not limited to)

**All risks related to Listed debt securities:** Please see section "Listed debt securities"

**Risks specific to certain types of bond:** additional risks may be associated with certain types of bond, for example floating rate notes, reverse floating rate notes, zero coupon bonds, foreign currency bonds, convertible bonds, reverse convertible notes, indexed bonds, and subordinated bonds. For such bonds, it is advised to make inquiries about the risks referred to in the issuance prospectus, and not to purchase such securities before being certain that all risks are fully understood. In the case of subordinated bonds, it is advised to enquire about the ranking of the debenture compared to the issuer's other debentures. Indeed, if the issuer becomes bankrupt, those bonds will only be redeemed after repayment of all higher ranked creditors and, as such, there is a risk that bond holder will not be reimbursed. In the case of reverse convertible notes, there is a risk that bond holder will not be entirely reimbursed, but will receive only an amount equivalent to the underlying securities at maturity.

**Asset backed Securities (ABS) operational risk:** An ABS is a debt security in respect of which the income payments, and therefore the value, are derived from and collateralised (or "backed") by a specified underlying asset or pool of underlying assets. The asset can be a loan, a lease, a pool of secured loans or receivables relating to assets such as cars, aircraft or real estate or revenue streams. Often, an ABS is issued by a special purpose vehicle ("SPV") which is specifically formed for the purpose of issuing the ABS and purchasing the relevant asset or assets. An SPV is highly dependent on third parties such as corporate service providers, servicers/asset managers, paying agents, trustees and other service providers to meet its own obligations. It is therefore exposed to the operational and credit risk of those third parties.

**ABS Credit risk:** the holder of an ABS is exposed to the credit risk of the issuer of the ABS and the borrower against the underlying asset. These two risks may be related. Wide spread default by underlying obligors may lead to the insolvency of the issuer of the ABS.



**ABS Ownership risk:** the holder of the relevant ABS does not have any ownership rights over the underlying assets and will therefore have no claim over the underlying obligor(s) in the event of its or their insolvency.

**Perpetual bond risk:** Perpetual bonds do not have a maturity date, which means that there is no point in time when issuer will return principal amount to a bond holder. Bond must be sold to another investor in order to receive the money.

## 5.8. Debt Securities that Embed a Derivative

<b>Product name (Annex I)</b>	Debt securities that embed a derivative
<b>Product description</b>	Bonds and other debt instruments of the following type: convertible and exchangeable bonds, indexed bonds and turbo certificates, contingent convertible bonds, callable or puttable bonds, credit-linked notes, warrants (including similar instruments issued or traded outside the EU).
<b>MiFID categorisation</b>	Section C of Annex I, MiFID II — point(s) 1
<b>Complexity</b>	Complex Financial Instruments
<b>Leveraged / contingent liability</b>	Neutral
<b>Investment services</b>	Reception and transmission of orders in relation to one or more financial instruments; Execution of orders on behalf of clients.

### Positive target market

**Type of client:** Retail clients — exclusively subject to completion and passing of the Complex Cash-Settled Instruments Appropriateness Test — professional clients (including elective professionals) and eligible counterparties.

**Knowledge and experience:** For Retail clients, knowledge and experience are assessed exclusively through the Complex Cash-Settled Instruments Appropriateness Test administered under Article 25(3) MiFID II. Professional clients and eligible counterparties are presumed to possess the necessary knowledge and experience for the products and services for which they are so classified.



**Financial situation and ability to bear losses:** Clients able to place 100% of the invested capital at risk (no capital guarantee or protection); clients able to bear losses exceeding the invested capital; losses limited to a product-specified level: neutral. The product is not compatible with clients who can bear no, or only minor, loss of capital.

**Risk tolerance:** PRIIPs SRI 1–7 (product-specific per the relevant KID); internal methodology: medium / high risk tolerance within the positive target market; low neutral

**Objectives and needs:** Clients whose objectives and needs include capital growth, income, other objectives not captured by the standard categories. The instrument is assessed as neutral for a leveraged / non-linear return profile.

### **Negative target market**

The negative target market comprises: Retail clients who have not completed, or have not passed, the Complex Cash-Settled Instruments Appropriateness Test; clients requiring full capital protection or a guaranteed return; clients unable to bear the losses described above; clients whose sole objective is capital preservation or hedging.

### **Distribution strategy and fees**

Execution of orders and reception and transmission of orders on a non-advised basis, with the Complex Cash-Settled Instruments Appropriateness Test applied to all Retail clients (execution with appropriateness test). The execution-only channel under Article 25(4) MiFID II is not available for this complex product family. Investment advice and portfolio management are not provided. The Company will take into account the distribution strategy defined by the product manufacturer whenever possible. If a product manufacturer is an entity not subject to MiFID II and thus it is not obliged to identify a distribution strategy, the Company will define its own distribution strategy in light of information on its client base and type of services provided.

The Company, under its capacity as distributor, will take reasonable steps to ensure that its financial products are distributed to the identified target market. The primary distribution channel will be through an online trading platform within the scope of the following investment services: "Reception and transmission of orders in relation to one or more financial instruments" and/or "Execution of orders on behalf of clients". The Company's products will be distributed directly to professional clients and eligible counterparties of a country which lies within the context of its authorization to freely provide/perform services/activities for Member States and for Third Countries where the Company has a legal opinion or can justify beyond any reasonable doubt with substantive evidence that it can offer such services and products.

**Fee-charging structure:** Fixed execution fee. Standard exchange fees, Settlement fees, custody fees (pre-trading disclosure), pass-through fees.



## Commercial characteristics

**Investment returns.** Higher rate or interest returns compared to non-complex debt instruments at cost of higher risk losing all or part of the investments.

**Flexibility.** Complex debt securities allow to build custom portfolios with complex structure for specific investor needs.

**Transparency.** Bond prospectus which is either publicly available or may be obtained from an executing broker outlines key characteristics of the bond structure. If bond falls under PRIIP regime, KID may be available.

**Credit Ratings.** Bonds are widely rated by credit rating agencies, such as S&P and Moody's. This provides guidance to investors when selecting a bond. However it is still necessary to conduct own research and due diligence before investing.

### Key instrument-specific risks (these include, but are not limited to)

**All risks related to Listed debt securities and Non-listed or complex debt securities:** Please see section "Listed debt securities" and "Non-listed or complex debt securities"

**Early redemption risk:** the issuer of a bond may include a provision allowing early redemption of the bond if market interest rates fall. Such early redemption may result in a change to the expected yield.

**Tax call risk:** the issuer of the bond may have the right to call the bond should there be an adverse change to the tax laws that affect it. This may mean that the yield on the bond is lower than anticipated.

**Derivatives risk:** as these bonds include an embedded equity derivative, investors should consider the effect of the embedded derivative on the value of the bond, which may be to amplify any losses.

**Equity risks:** on exercise of the conversion rights, holders are exposed to the risks relating to shares in respect of the relevant equity securities.

**Conversion risk:** conversion of the bond into equities may only be possible during certain periods of time and may also be subject to certain other conditions. This may mean that the holder is unable to exercise its conversion right at the most advantageous time, which may result in reduced profits or increased losses.



## 5.9. Debt Securities that Embed a Derivative

**Product name (Annex I)** Margin (leveraged) trading and contingent liability transactions

**Product description**

Margin trading refers to the practice of using borrowed funds from a broker to trade a financial asset, which forms the collateral for the loan from the broker.

A contingent liability transaction should involve any actual or potential liability for the client that exceeds the cost of acquiring the instrument.

**MiFID categorisation** Not a Section C instrument category in itself (service / transaction type)

**Complexity** Complex Financial Instruments

**Leveraged / contingent liability** Yes

**Investment services** Reception and transmission of orders in relation to one or more financial instruments; Execution of orders on behalf of clients.

### Positive target market

**Type of client:** Retail clients — exclusively subject to completion and passing of the Leveraged Trading of Cash-Settled Instruments Appropriateness Test — professional clients (including elective professionals) and eligible counterparties.

**Knowledge and experience:** For Retail clients, knowledge and experience are assessed exclusively through the Leveraged Trading of Cash-Settled Instruments Appropriateness Test administered under Article 25(3) MiFID II. Professional clients and eligible counterparties are presumed to possess the necessary knowledge and experience for the products and services for which they are so classified.

**Financial situation and ability to bear losses:** Clients able to place 100% of the invested capital at risk (no capital guarantee or protection); clients able to bear losses exceeding the invested capital. The product is not compatible with clients who can bear no, or only minor, loss of capital.

**Risk tolerance:** internal methodology: high risk tolerance within the positive target market

**Objectives and needs:** Clients whose objectives and needs include other objectives not captured by the standard categories. The instrument is assessed as neutral for hedging, a leveraged / non-linear return profile.



## Negative target market

The negative target market comprises: Retail clients who have not completed, or have not passed, the Leveraged Trading of Cash-Settled Instruments Appropriateness Test; clients requiring full capital protection or a guaranteed return; clients unable to bear the losses described above; clients whose sole objective is capital preservation or capital growth or income.

## Distribution strategy and fees

Execution of orders and reception and transmission of orders on a non-advised basis, with the Leveraged Trading of Cash-Settled Instruments Appropriateness Test applied to all Retail clients (execution with appropriateness test). The execution-only channel under Article 25(4) MiFID II is not available for this complex product family. Investment advice and portfolio management are not provided. The Company will take into account the distribution strategy defined by the product manufacturer whenever possible. If a product manufacturer is an entity not subject to MiFID II and thus it is not obliged to identify a distribution strategy, the Company will define its own distribution strategy in light of information on its client base and type of services provided.

The Company, under its capacity as distributor, will take reasonable steps to ensure that its financial products are distributed to the identified target market. The primary distribution channel will be through an online trading platform within the scope of the following investment services: "Reception and transmission of orders in relation to one or more financial instruments" and/or "Execution of orders on behalf of clients". The Company's products will be distributed directly to professional clients and eligible counterparties of a country which lies within the context of its authorization to freely provide/perform services/activities for Member States and for Third Countries where the Company has a legal opinion or can justify beyond any reasonable doubt with substantive evidence that it can offer such services and products.

**Fee-charging structure:** Fixed execution fee. Standard exchange fees, Settlement fees, custody fees (pre-trading disclosure), pass-through fees.

## Commercial characteristics

**Leverage.** Margin trading allows the investor to get exposed to a larger position than he normally would by borrowing money from a broker or an exchange.

**Short selling.** Short selling strategy provides an opportunity to profit from depreciation of a security.

**Diversification.** Existing portfolio can be diversified by using it as collateral for margin trading, meaning that no additional funds will be necessary to open new positions.

**Line of credit.** It is possible to borrow money under margin rules and use them for purposes other than trading.



**Repayment flexibility.** As long a margin requirements are met, the investor may repay the margin loan on his own schedule.

### **Key instrument-specific risks (these include, but are not limited to)**

**Leverage risk:** Margin trading can magnify losses just as dramatically as it can boost returns

**Margin risk:** A relatively small market movement will have a proportionately larger impact on the margin an investor has deposited or will have to deposit: this may work against the investor as well as for them. An investor may sustain a total loss of required maintenance margin and any additional margin deposited with the firm to maintain the position. If the market moves against the position or margin levels are increased, the investor may be called upon to pay substantial additional collateral on short notice to cover losses incurred from price fluctuations to maintain the position. Failure to provide additional margin may lead to the position being closed out which could crystallise a loss position.

**Negative balance risk:** Under certain market conditions such as increased volatility or market gapping there may be a situation when the loss on the position exceeds the amount of deposited margin. The brokerage company will close the position out (stop-loss) leaving a negative balance on the account and the investor will be responsible to cover it.

## **5.10. Futures Contracts (Exchange-Traded)**

<b>Product name (Annex I)</b>	Futures contracts (Exchange traded)
<b>Product description</b>	Exchange traded standardized contracts tracking price of underlying assets, where a buyer and a seller have an obligation to settle transaction at specified time in the future.
<b>MiFID categorisation</b>	Section C of Annex I, MiFID II — point(s) 4,5,6,7,10
<b>Complexity</b>	Complex Financial Instruments
<b>Leveraged / contingent liability</b>	Yes
<b>Investment services</b>	Reception and transmission of orders in relation to one or more financial instruments; Execution of orders on behalf of clients.



## Positive target market

**Type of client:** Retail clients — exclusively subject to completion and passing of the Derivatives Appropriateness Test — professional clients (including elective professionals) and eligible counterparties.

**Knowledge and experience:** For Retail clients, knowledge and experience are assessed exclusively through the Derivatives Appropriateness Test administered under Article 25(3) MiFID II. Professional clients and eligible counterparties are presumed to possess the necessary knowledge and experience for the products and services for which they are so classified.

**Financial situation and ability to bear losses:** No capital guarantee (neutral assessment); clients able to bear losses exceeding the invested capital. The product is not compatible with clients who can bear no, or only minor, loss of capital.

**Risk tolerance:** PRIIPs SRI 7 (highest PRIIPs risk class); internal methodology: high risk tolerance within the positive target market; medium neutral

**Objectives and needs:** Clients whose objectives and needs include hedging, a leveraged / non-linear return profile, other objectives not captured by the standard categories.

## Negative target market

The negative target market comprises: Retail clients who have not completed, or have not passed, the Derivatives Appropriateness Test; clients requiring full capital protection or a guaranteed return; clients unable to bear the losses described above; clients whose sole objective is capital preservation or capital growth or income.

## Distribution strategy and fees

Execution of orders and reception and transmission of orders on a non-advised basis, with the Derivatives Appropriateness Test applied to all Retail clients (execution with appropriateness test). The execution-only channel under Article 25(4) MiFID II is not available for this complex product family. Investment advice and portfolio management are not provided. The Company will take into account the distribution strategy defined by the product manufacturer whenever possible. If a product manufacturer is an entity not subject to MiFID II and thus it is not obliged to identify a distribution strategy, the Company will define its own distribution strategy in light of information on its client base and type of services provided.

The Company, under its capacity as distributor, will take reasonable steps to ensure that its financial products are distributed to the identified target market. The primary distribution channel will be through an online trading platform within the scope of the following investment services: "Reception and transmission of orders in relation to one or more financial instruments" and/or "Execution of orders on behalf of clients". The Company's products will be distributed directly to professional clients and eligible counterparties of a country which lies within



the context of its authorization to freely provide/perform services/activities for Member States and for Third Countries where the Company has a legal opinion or can justify beyond any reasonable doubt with substantive evidence that it can offer such services and products.

**Fee-charging structure:** Fixed execution fee. Standard exchange fees, Settlement fees, custody fees (pre-trading disclosure), pass-through fees.

### **Commercial characteristics**

**Leverage.** Futures are highly leveraged instruments. The investor can expose himself to a much greater value of underlying asset than trading the underlying asset itself.

**Liquidity.** Future contracts (especially front month contracts) are very liquid. The constant presence of buyers and sellers in the future markets ensures market orders can be placed quickly. Also, this entails that the prices do not fluctuate drastically, especially for contracts that are near maturity. Thus, a large position may also be cleared out quite easily without any adverse impact on price.

**Low costs.** Trading futures is a cost-effective way to trade leveraged instruments.

**Short positions.** Shorting a futures contract is allowed, therefore investor may also benefit from a falling market.

**Hedging.** Futures are widely used to hedge risks. Companies engaged in foreign trade use futures to manage foreign exchange risk, interest rate risk by locking in a interest rate in anticipation of a drop in rates if they have a sizeable investment to make, and price risk to lock in prices of commodities such as oil, crops, and metals that serve as inputs.

**Transparency.** Exchange traded contracts are standardised. Contract specifications are publicly available on the exchange homepage. KIDs are also available for many futures contracts.

### **Key instrument-specific risks (these include, but are not limited to)**

**Leverage risk:** futures contracts are leveraged instruments as the amount of initial margin required is smaller relative to the potential gains or losses under the contracts.

**Margin risk:** a relatively small market movement will have a proportionately larger impact on the margin an investor has deposited or will have to deposit: this may work against the investor as well as for them. An investor may sustain a total loss of initial margin funds and any additional margin deposited with the firm to maintain the position. If the market moves against the position or margin levels are increased, the investor may be called upon to pay substantial additional collateral on short notice to cover losses incurred under the futures contracts and maintain the position. Failure to provide collateral may lead to the contracts being closed out which could crystallise a loss position.



**Clearing risk:** most Exchange Traded Derivatives are accepted for clearing by a clearing house. Such cleared derivatives are subject to the rules of the clearing house, including collateral arrangements required by the clearing house. Therefore, participants may be required to post collateral on short notice to cover losses incurred under the cleared Exchange Traded Derivatives contracts. Failure to post collateral may lead to the contracts being closed out, which could crystallise a loss position.

**Changes to exchange or clearing house rules:** the terms and conditions of exchange traded contracts can be modified by the exchange or clearing house to reflect changes or events in respect of the underlying asset or otherwise.

**Market risk:** 'stop loss' or 'stop limit' orders intended to limit losses may not be effective if market conditions make it impossible to execute such orders. Market conditions (e.g. illiquidity) and/or the operation of the rules of certain markets (e.g. the suspension of trading in any contract or contract month because of price limits or 'circuit breakers') may increase the risk of loss by making it difficult or impossible to effect transactions or liquidate/offset positions.

**Operational risk:** trading facilities utilise computer systems for the order routing, execution, matching, registration or clearing of trades. As with all facilities and systems, they are vulnerable to temporary disruption or failure. An investor's ability to recover certain losses may be subject to limits on liability imposed by the system provider, the market, the clearing house and/or member firms.

## 5.II. Options Contracts (Exchange-Traded)

<b>Product name (Annex I)</b>	Options contracts (Exchange traded)
<b>Product description</b>	Exchange traded standardized agreements that give the buyer, who pays a premium, the right, but not the obligation, to buy or sell a specified amount of an underlying asset at an agreed strike price on or before the expiry date of the contract. Options contracts may have various futures contracts, shares, and other instruments as an underlying.
<b>MiFID categorisation</b>	Section C of Annex I, MiFID II — point(s) 4,5,6,7,10
<b>Complexity</b>	Complex Financial Instruments
<b>Leveraged / contingent liability</b>	Yes
<b>Investment services</b>	Reception and transmission of orders in relation to one or more financial instruments; Execution of orders on behalf of clients.



## Positive target market

**Type of client:** Retail clients — exclusively subject to completion and passing of the Derivatives Appropriateness Test — professional clients (including elective professionals) and eligible counterparties.

**Knowledge and experience:** For Retail clients, knowledge and experience are assessed exclusively through the Derivatives Appropriateness Test administered under Article 25(3) MiFID II. Professional clients and eligible counterparties are presumed to possess the necessary knowledge and experience for the products and services for which they are so classified.

**Financial situation and ability to bear losses:** Clients able to place 100% of the invested capital at risk (no capital guarantee or protection); clients able to bear losses exceeding the invested capital. The product is not compatible with clients who can bear no, or only minor, loss of capital.

**Risk tolerance:** PRIIPs SRI 7 (highest PRIIPs risk class); internal methodology: high risk tolerance within the positive target market; medium neutral

**Objectives and needs:** Clients whose objectives and needs include hedging, a leveraged / non-linear return profile, other objectives not captured by the standard categories.

## Negative target market

The negative target market comprises: Retail clients who have not completed, or have not passed, the Derivatives Appropriateness Test; clients requiring full capital protection or a guaranteed return; clients unable to bear the losses described above; clients whose sole objective is capital preservation or capital growth or income.

## Distribution strategy and fees

Execution of orders and reception and transmission of orders on a non-advised basis, with the Derivatives Appropriateness Test applied to all Retail clients (execution with appropriateness test). The execution-only channel under Article 25(4) MiFID II is not available for this complex product family. Investment advice and portfolio management are not provided. The Company will take into account the distribution strategy defined by the product manufacturer whenever possible. If a product manufacturer is an entity not subject to MiFID II and thus it is not obliged to identify a distribution strategy, the Company will define its own distribution strategy in light of information on its client base and type of services provided.

The Company, under its capacity as distributor, will take reasonable steps to ensure that its financial products are distributed to the identified target market. The primary distribution channel will be through an online trading platform within the scope of the following investment services: "Reception and transmission of orders in relation to one or more financial instruments" and/or "Execution of orders on behalf of clients". The Company's products will be distributed directly to professional clients and eligible counterparties of a country which lies within



the context of its authorization to freely provide/perform services/activities for Member States and for Third Countries where the Company has a legal opinion or can justify beyond any reasonable doubt with substantive evidence that it can offer such services and products.

**Fee-charging structure:** Fixed execution fee. Standard exchange fees, Settlement fees, custody fees (pre-trading disclosure), pass-through fees.

### **Commercial characteristics**

**Leverage.** Options are leveraged instruments. The investor can expose himself to a much greater value of underlying asset than trading the underlying asset itself by paying options premium upfront.

**Limited risk.** When an option contract is purchased, the investor risks the amount of premium that is paid to an option seller, thus meaning that maximum amount of loss is known when the options contract is traded.

**Low costs.** Trading options is a cost-effective way to trade leveraged instruments.

**Short positions.** When the investor sells (writes) an option, the option premium is paid by the options buyer. If market is favorable, option seller keeps the premium, if not, underlying asset must be delivered to the option buyer. It is essential that sold options are covered by underlying asset, otherwise, the losses to option seller (writer) may be virtually unlimited.

**Hedging.** Options are widely used to hedge risks. This is done by establishing a position in the options market as a means of offsetting an exposure to price fluctuations in an underlying asset. In this way, options act like an insurance policy on that investment.

**Transparency.** Exchange traded contracts are standardised. Contract specifications are publicly available on the exchange homepage. KIDs are also available for many options contracts.

### **Key instrument-specific risks (these include, but are not limited to)**

**Leverage risk:** options contracts are leveraged instruments as the amount premium paid is smaller relative to the value of the underlying asset. Options buyer risk is limited to the amount of premium which is paid. Selling (writing) an option generally entails considerably greater risk than purchasing options. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of that amount.

**Pricing risk:** Option pricing theory uses variables (current underlying price, exercise price, volatility, interest rate, time to expiration) to theoretically value an option. Essentially, it provides an estimation of an option's fair value which traders incorporate into their strategies to maximize profits. Direct observation of volatility is impossible, so it must be estimated or implied. Therefore for an unexperienced investor it is very hard to predict how option price will react to price change of an underlying asset.



**Changes to exchange or clearing house rules:** the terms and conditions of exchange traded contracts can be modified by the exchange or clearing house to reflect changes or events in respect of the underlying asset or otherwise.

**Market risk:** 'stop loss' or 'stop limit' orders intended to limit losses may not be effective if market conditions make it impossible to execute such orders. Market conditions (e.g. illiquidity) and/or the operation of the rules of certain markets (e.g. the suspension of trading in any contract or contract month because of price limits or 'circuit breakers') may increase the risk of loss by making it difficult or impossible to effect transactions or liquidate/offset positions. If an investor has sold (written) options, this may increase the risk of loss.

**Operational risk:** trading facilities utilise computer systems for the order routing, execution, matching, registration or clearing of trades. As with all facilities and systems, they are vulnerable to temporary disruption or failure. An investor's ability to recover certain losses may be subject to limits on liability imposed by the system provider, the market, the clearing house and/or member firms.

## 5.12. Contracts for Difference (CFD)

<b>Product name (Annex I)</b>	Contract for Difference (CFD)
<b>Product description</b>	A CFD is an arrangement made in financial derivatives trading where the differences in the settlement between the open and closing trade prices are cash settled. There is no delivery of physical goods or securities with CFDs.
<b>MiFID categorisation</b>	Section C of Annex I, MiFID II — point(s) 9
<b>Complexity</b>	Complex Financial Instruments
<b>Leveraged / contingent liability</b>	Yes
<b>Investment services</b>	Reception and transmission of orders in relation to one or more financial instruments; Execution of orders on behalf of clients.



## Positive target market

**Type of client:** Retail clients — exclusively subject to completion and passing of the Derivatives Appropriateness Test — professional clients (including elective professionals) and eligible counterparties.

**Knowledge and experience:** For Retail clients, knowledge and experience are assessed exclusively through the Derivatives Appropriateness Test administered under Article 25(3) MiFID II. Professional clients and eligible counterparties are presumed to possess the necessary knowledge and experience for the products and services for which they are so classified.

**Financial situation and ability to bear losses:** Clients able to place 100% of the invested capital at risk (no capital guarantee or protection); clients able to bear losses exceeding the invested capital. The product is not compatible with clients who can bear no, or only minor, loss of capital.

**Risk tolerance:** PRIIPs SRI 7 (highest PRIIPs risk class); internal methodology: high risk tolerance within the positive target market; medium neutral

**Objectives and needs:** Clients whose objectives and needs include hedging, a leveraged / non-linear return profile, other objectives not captured by the standard categories.

## Negative target market

The negative target market comprises: Retail clients who have not completed, or have not passed, the Derivatives Appropriateness Test; clients requiring full capital protection or a guaranteed return; clients unable to bear the losses described above; clients whose sole objective is capital preservation or capital growth or income.

## Distribution strategy and fees

Execution of orders and reception and transmission of orders on a non-advised basis, with the Derivatives Appropriateness Test applied to all Retail clients (execution with appropriateness test). The execution-only channel under Article 25(4) MiFID II is not available for this complex product family. Investment advice and portfolio management are not provided. The Company will take into account the distribution strategy defined by the product manufacturer whenever possible. If a product manufacturer is an entity not subject to MiFID II and thus it is not obliged to identify a distribution strategy, the Company will define its own distribution strategy in light of information on its client base and type of services provided.

The Company, under its capacity as distributor, will take reasonable steps to ensure that its financial products are distributed to the identified target market. The primary distribution channel will be through an online trading platform within the scope of the following investment services: "Reception and transmission of orders in relation to one or more financial instruments" and/or "Execution of orders on behalf of clients". The Company's products will be distributed directly to professional clients and eligible counterparties of a country which lies within



the context of its authorization to freely provide/perform services/activities for Member States and for Third Countries where the Company has a legal opinion or can justify beyond any reasonable doubt with substantive evidence that it can offer such services and products.

**Fee-charging structure:** Fixed execution fee. Standard exchange fees, Settlement fees, custody fees (pre-trading disclosure), pass-through fees.

### **Commercial characteristics**

**Simplicity.** Trading CFDs is a rather easy to understand (although involving high degree of risk) way to trade a wide variety of assets.

**Tax Efficiency.** Subject to jurisdiction, but in most cases taxes such as stamp duty tax are not applied to CFD trading.

**Leverage.** CFDs provide higher leverage than traditional trading. Standard leverage in the CFD market is subject to regulation. Lower margin requirements mean less capital outlay for the investor, and greater potential returns. However, increased leverage can also magnify losses. CFDs give access to instruments to investors even with small trading capital.

**Hedging.** CFD is an efficient way to hedge an existing physical portfolio.

**Less strict trading rules.** Certain markets have rules that prohibit shorting, require the investor to borrow the instrument before selling short or have different margin requirements for short and long positions. CFD instruments can be shorted at any time without borrowing costs because the investor doesn't own the underlying asset. Certain markets require minimum amounts of capital to day trade, or place limits on the amount of day trades that can be made within certain accounts. The CFD market is not bound by these restrictions and the investor can day trade if they wish.

**Low costs.** Trading CFD is a cost-effective way to trade leveraged instruments. In many cases the fees are even smaller than trading physical instruments or may fees may not apply at all.

**Short positions.** Shorting a CFD contract is allowed, therefore the investor may also benefit from a falling market.

### **Key instrument-specific risks (these include, but are not limited to)**

**ESMA risk warning:** CFDs are complex instruments and come with a high risk of losing money rapidly due to leverage. 74–89 % of retail investor accounts lose money when trading CFDs.

The customer should consider whether he understands how CFDs work and whether he can afford to take the high risk of losing his money.

**Leverage risk:** CFDs are leveraged instruments as the amount of initial margin required is smaller relative to the potential gains or losses under the contracts. Under negative market conditions it is possible to lose more money than the initial deposit. (Subject to applicable regulations, such as negative balance protection)



**Margin risk:** a relatively small market movement will have a proportionately larger impact on the margin an investor has deposited or will have to deposit: this may work against the investor as well as for them. An investor may sustain a total loss of initial margin funds and any additional margin deposited with the firm to maintain their position. However, if the market moves against their position or margin levels are increased, the investor may be called upon to pay substantial additional collateral on short notice to cover losses incurred under the CFDs and maintain their position. Failure to provide collateral may lead to the contracts being closed out which could crystallise a loss position.

**Counterparty risk:** When buying or selling a CFD, the only asset being traded is the contract issued by the CFD provider. This exposes the investor to the provider's other counterparties, including other clients the CFD provider conducts business with. The associated risk is that the counterparty fails to fulfill its financial obligations. If the provider is unable to meet these obligations, then the value of the underlying asset is no longer relevant.

**Holding costs risk:** Depending on the positions and how long they are held for, the holding costs are applied to the account on a daily basis. In some cases, particularly if the positions are held for a long time, the sum of these holding costs may exceed the amount of any profits, or they could significantly increase losses. It is important to have sufficient funds in the trading account to cover holding costs.

**Volatility risk (including market gapping):** Financial markets may fluctuate rapidly and the prices of CFD will reflect this. Gapping is a risk that arises as a result of market volatility. Gapping occurs when the prices of CFDs suddenly shift from one level to another, without passing through the level in between. There may not always be an opportunity for the investor to place an order or for the platform to execute an order between the two price levels. One of the effects of this may be that stop-loss orders are executed at unfavourable prices, either higher or lower than anticipated, depending on the direction of the trade.



## 5.13. Securities Financing Transactions (SFT)

### Product name (Annex I)

Securities Financing Transactions (SFT) - bilateral transaction

### Product description

Repurchase transactions (including sell/buy-back and buy/sell-back transactions) and securities lending transactions. Under a repurchase transaction ("Repo"), the parties enter into two simultaneous transactions: (i) one party (the "Seller") transfers title to securities to the other party (the "Buyer") for immediate settlement (or for settlement on a forward start date) at an agreed purchase price paid by the Buyer to the Seller, and (ii) with the agreement for the Seller to repurchase equivalent securities from the Buyer on a specified future date, or on demand, at an agreed repurchase price (representative of the purchase price plus the 'Price Differential' or 'repo rate' reflective of the financing charge during the term of the Repo).

Under a shares lending transaction, one party (the "Lender") transfers title to securities (normally shares) to the other party (the "Borrower") for a defined period of time, or open and terminable on demand, in return for a fee paid by the Borrower to the Lender during the term of the loan (based on market value of the securities). The Borrower provides cash or securities collateral (by way of title transfer) to the Lender on commencement of the loan. On termination of the loan, the Borrower delivers equivalent securities to the Lender and, simultaneously, the Lender returns to the Borrower any collateral provided by the Borrower.

### MiFID categorisation

Not a Section C instrument category in itself (service / transaction type)

### Complexity

Complex Financial Instruments

### Leveraged / contingent liability

Yes

### Investment services

Reception and transmission of orders in relation to one or more financial instruments; Execution of orders on behalf of clients.



## Positive target market

**Type of client:** Retail clients — exclusively subject to completion and passing of the Leveraged Trading of Cash-Settled Instruments Appropriateness Test — professional clients (including elective professionals) and eligible counterparties.

**Knowledge and experience:** For Retail clients, knowledge and experience are assessed exclusively through the Leveraged Trading of Cash-Settled Instruments Appropriateness Test administered under Article 25(3) MiFID II. Professional clients and eligible counterparties are presumed to possess the necessary knowledge and experience for the products and services for which they are so classified.

**Financial situation and ability to bear losses:** Clients able to place 100% of the invested capital at risk (no capital guarantee or protection); clients able to bear losses exceeding the invested capital. The product is not compatible with clients who can bear no, or only minor, loss of capital.

**Risk tolerance: internal methodology:** high risk tolerance within the positive target market

**Objectives and needs:** Clients whose objectives and needs include other objectives not captured by the standard categories. The instrument is assessed as neutral for a leveraged / non-linear return profile.

## Negative target market

The negative target market comprises: Retail clients who have not completed, or have not passed, the Leveraged Trading of Cash-Settled Instruments Appropriateness Test; clients requiring full capital protection or a guaranteed return; clients unable to bear the losses described above; clients whose sole objective is capital preservation or capital growth or income or hedging.

## Distribution strategy and fees

Execution of orders and reception and transmission of orders on a non-advised basis, with the Leveraged Trading of Cash-Settled Instruments Appropriateness Test applied to all Retail clients (execution with appropriateness test). The execution-only channel under Article 25(4) MiFID II is not available for this complex product family. Investment advice and portfolio management are not provided. The Company will take into account the distribution strategy defined by the product manufacturer whenever possible. If a product manufacturer is an entity not subject to MiFID II and thus it is not obliged to identify a distribution strategy, the Company will define its own distribution strategy in light of information on its client base and type of services provided.

The Company, under its capacity as distributor, will take reasonable steps to ensure that its financial products are distributed to the identified target market. The primary distribution channel will be through an online trading platform within the scope of the following investment services: "Reception and transmission of orders in relation to one or more financial instruments" and/or "Execution of orders on behalf of clients". The Company's products will be distributed directly to professional clients and eligible counterparties of a country which lies within



the context of its authorization to freely provide/perform services/activities for Member States and for Third Countries where the Company has a legal opinion or can justify beyond any reasonable doubt with substantive evidence that it can offer such services and products.

**Fee-charging structure:** Fixed execution fee. Standard exchange fees, Settlement fees, custody fees (pre-trading disclosure), pass-through fees.

### **Commercial characteristics**

**Liquidity.** Repos provide the ability to invest cash overnight, making them a critical component in the effort to manage liquidity. The size of the market and supply of repos provide for strong liquidity.

**Yield Advantage.** Repos generally provide additional yield as compared to traditional money market instruments, such as Treasury bills, time deposits or agency discount notes. The yield advantage depends on such factors as the repo's maturity date and the credit quality of the repo's collateral.

**Flexibility.** The principal amount of repos can be adjusted up or down as fund cash flows dictate, and transactions can be conducted late in the day.

**Security.** A repo or security lending is a secure type of loan. If borrower fails to repay, the lender may sell the collateral or use cash collateral to buy back the security.

### **Key instrument-specific risks (these include, but are not limited to)**

**Credit risk:** a party to a repo or shares lending transaction is exposed to credit risk because its counterparty may become insolvent or otherwise unable to meet its obligations and such party may not be adequately collateralised in order to mitigate this counterparty credit risk.

**Settlement risk:** operational risk may arise due to the non settlement or delay in settlement of securities, or failure to deliver securities due to illiquid market conditions in respect of the specific securities at any given time, with the securities difficult to source. Delivery failure could result in an event of default and termination of the repo or shares lending transaction.

**Market risk:** the economic risks and rewards remain with the Seller (or Lender). Therefore, there is also a potential opportunity cost to a repo or shares lending transaction. If the value of the securities transferred to Buyer (or Borrower) has fallen before equivalent securities are returned, the Seller (or Lender) may have missed the opportunity to dispose of those securities for a higher price which may exceed the price received for the use of its securities under the transaction.

**Interest rate risk:** for longer dated repos, there can be interest rate risk, in that parties are locked into paying/receiving a specific interest rate that is higher/lower than the prevailing rate.



**Collateral risk:** repo and shares lending transactions also involve risks relating to the re-use of collateral provided to the counterparty.

## 6. General Risks Related to All Financial Instruments

Pursuant to the obligations of the Company under the Markets in Financial Instruments Directive (Directive 2014/65/EU) ("MIFID II") this document provides general description of the risks involved when trading financial instruments. Although current document contains information about significant risks, the investor must be aware that other risks may occur that are not included in this document

Investment services, investment ancillary services and financial transactions are related to various risks, which may influence the results of the financial transaction and thus also the achievement of the targets of the investor. In order to achieve the planned results, the investor shall pay special attention to all risks related to a particular financial instrument and transaction. Thus, this document shall introduce the investor to potential risks, which may arise from financial instrument transactions. Investment risk involves the possibility of gains or losses, however this document seeks to inform primarily of risks that can result in potential losses and does not cover potential gains. These risk disclosures shall apply to all customers – Retail customers, Professional customers or Eligible counterparties.

Key risks generally related to all types of financial instruments (these include, but are not limited to):

1. **Change in law risk:** if there is a change in law or regulation which affects an investment, or the manner in which it is traded or held, additional costs might be incurred or, in extreme circumstances, investments lost.
2. **Contingent Liability Transactions (Margin Trading, Short selling) risk:** Contingent liability investment transactions or Margin trading can mean engaging in a transaction in which securities are purchased partially through a margin loan provided by a third party, for which the securities act as collateral, or borrowing Securities against cash collateral. Margin trading can also mean trading investment products such as futures, options, CFDs or FOREX in which an initial "margin" deposit is made to secure investor's obligations and further margin may be required to secure its obligations as the value of open positions changes. If investor trades using a "margin" it may sustain a total loss of the Margin or even a loss that exceeds the Margin which was deposited with to Broker to establish or maintain a position. If the market moves against the investor, the investor may be called upon to pay substantial additional Margin at short notice



to maintain the position. If the investor fails to do so within the time required, open position(s) may be liquidated at a loss and the investor will be responsible for the resulting deficit.

3. **Counterparty risk:** the insolvency of any institution acting as party to a contract in a financial product (or otherwise providing a service) may expose the investor to financial loss.
4. **Currency risk:** if investments are denominated in a currency other than that in which the investor's initial investment was made, returns could be reduced, or losses incurred, due to currency fluctuations.
5. **Cyber attack risk:** an exposure to harm or loss resulting from breaches of or attacks on information systems, including unauthorised access to trading software, account and or personal information hijacking etc.
6. **Data Quality risk:** The quality and reliability of official data published by the governments and government agencies in Emerging Market countries is generally not equivalent to that of more developed countries.
7. **Day Trading Risk:** Daytrading margin rules are generally less strict than overnight margin rules, therefore allowing the investor to open larger intraday positions. If market moves against the investor, the losses incurred may exceed initial deposit. Active day trading will also increase the amount of fees paid to the investment company, which will impact the returns from trading.
8. **Fellow Customer Risk:** Fellow customer risk arises when Client's funds are held based on Omnibus Client Segregation:
  - a. at Counterparty level, collateral/assets are not legally attributed to a Customer in terms of asset or value;
  - b. one customer's margin can offset another's positions and gains offset another customer's losses; one customer margin decrease may offset another's decrease;
  - c. Margin calls are all "netted" to a single call per omnibus account;
9. **Fraud risk:** if there is a fraud in relation to investments which the investor holds, the investor may be at risk of losing its investment.
10. **Investment Restrictions risk:** Investments in certain type of products and/or instruments may be legally restricted in some countries. Investors positions in restricted instruments may be scaled down or closed, causing potential losses.
11. **Legal risk in other jurisdictions:** some markets investments may be subject to different or diminished investor protection, which may put investor's assets at additional risk.
12. **Market order risk:** A Market Order is an instruction to execute an order at any price available in the market. A Market Order is not guaranteed a specific execution price and may execute at an undesirable price. To have greater control over the execution prices, investor may use a Limit Order, which is an instruction to execute an order at or better than the specified limit price.



13. **Market risk:** General market risk must be distinguished from the risk attached to the financial instrument itself. At some point of time market conditions may be more favourable for a specific type of the instrument, for example when equity market is extremely volatile, investing in debt securities or money market instruments is generally considered to be lower risk.
14. **Omnibus account risk:** Financial Instruments at the Company's Counterparties level are being held in an account registered in the name of the Company (in favour of its Clients) which is used for holding Financial Instruments of multiple Clients of the Company (omnibus client segregation). This level of segregation ensures that the Financial Instruments belonging to the Company's Clients are held separately from those belonging to the Company. As a result, the Client is not identified at the Counterparty level but only at the Company level. In case of insolvency proceedings of the Company, insolvency resolution of the affected accounts might not be as efficient and fast as in case with an individually segregated account. Omnibus accounts are also subject to "fellow customer risk".
15. **Past performance risk:** Often, Financial Instruments future performance is derived from the Financial Instrument's performance in the past. However, when performance figures quoted refer to the past performance there is no guarantee that future performance will be the same. Past performance does not guarantee future results.
16. **Price risk:** as a result of this risk the investor may suffer losses from fluctuations of prices of financial instruments. Prices may undergo unforeseeable fluctuations causing risks of loss. Price increases and decreases in the short-, medium-and long-term alternate without it being possible to determine the duration of those cycles.
17. **Risk of trading outside regulated market or trading venue (multilateral trading facility (MTF) or organized trading facilities (OTF)):** when performing transactions outside of the regulated market, MTF or OTF, they are concluded directly with the business partner. Such transactions are associated with a relatively higher risk in comparison with transactions concluded within the regulated market, as there is a possibility that trade with financial instruments outside of the regulated market, MTF or OTF may be suspended and the assessment and closing of open positions may become difficult.
18. **Risk of using electronic communication means and software:** when using electronic communication means, the investor may suffer direct or indirect losses, which have occurred due to damages in informative, electronic or remote service systems or errors related to shortages in market infrastructure, including shortages in transaction technologies and management, accounting and control systems, which are related to the unauthorized access of third persons to trade by using the name of the customer. In the case that refusals appear in the data transmission system or software operation, there is a risk of non-performance of the order of the investor as well as the investor will not be able to receive information on his account in a timely manner by using electronic Internet system or remote service systems.



19. **Risk trading complex financial instruments:** trading of complex financial instruments are generally not suitable for Retail customers. Complex instruments transactions include transactions with simple financial instruments (ordinary shares, bonds with simple structure, some investment funds certificates) which are made using a margin loan; derivatives (futures contracts, short options, swaps, forwards, FOREX, CFDs); structured financial instruments (index linked bonds, financial instruments which contain characteristics of derivatives), as well as other financial instrument with a complex structure that makes it difficult to understand the risk. Trading of complex financial instrument carries a substantial risk of loss.
20. **Settlement risk:** a risk to which the investor is exposed to during settlement of financial instruments. The risk of technical malfunctioning may lead to interruptions in reporting systems or communication channels, resulting in inaccurate processing of transactions.
21. **Suspension of trading risk:** Under certain trading conditions, it may be difficult or impossible to liquidate a position. This may occur, for example, at times of rapid price movement if the price rises or falls in one trading session to such an extent that, under the rules of the relevant exchange, trading is suspended or restricted. Placing a stop-loss order will not necessarily limit your losses to the intended amounts, because market conditions may make it impossible to execute such an order at the stipulated price.
22. **Tax risk:** a change in tax law to impose a new tax on the transfer or holding of an instrument could result in costs being incurred when realising one's investment. The level and basis of taxation on a particular product and on the investor and any reliefs from such taxation depend on the investor's individual circumstances and could change at any time. The tax and regulatory characterisation of the product may change over the life of the product. This could have adverse consequences for the investor.
23. **Third party risk:** certain investments may need third parties to act in relation to investments traded or held by the investor (e.g. custodians, settlement agents, exchanges). Investments may be at risk in the event of failure and/or fraud in respect of one of these third parties.

## 7. Governance Arrangements (Distributor Capacity)

### 7.1. Risk management

The Company has established, implements and maintains adequate risk management policies and procedures, which identify the risks relating to its activities. A Risk Manager has been appointed by the Board of Directors,



who is responsible for the implementation of the Company's relevant policies. The Company has embedded explicit and robust risk management practices across its entire business operations, to ensure that the level of risk it faces is consistent with its corporate objectives and its level of risk tolerance. This is achieved through the implementation of a comprehensive risk management framework for the identification, assessment, monitoring and control of all relevant risks, including the risks related to the provision of investment services. The framework also enables the Company to continually align its business objectives against a background of changing risks and uncertainty. This risk management framework:

1. Enables the Company to proactively manage its risks in a systematic manner;
2. Ensures that appropriate measures are in place to mitigate risks;
3. Creates a culture of risk awareness within the Company;
4. Ensures that risk management is an integral part of the Company's decision-making process.

## 7.2. Product testing

Under its capacity as a product distributor the Company has no obligation to stress-test the products distributed (the relevant obligation lies with the product manufacturer). However, the Company will assess (as defined in the Product Governance Policy) whether distributed products meet the identified needs, characteristics and objectives of the target market by examining the following elements:

1. whether the financial instrument's risk/reward profile is consistent with the target market; and
2. whether the financial instrument design is driven by features that benefit the client.

## 7.3. Distribution strategy — general approach

The Company will take into account the distribution strategy defined by the product manufacturer whenever possible. If a product manufacturer is an entity not subject to MiFID II and thus it is not obliged to identify a distribution strategy, the Company will define its own distribution strategy in light of information on its client base and type of services provided.

The Company, under its capacity as distributor, will take reasonable steps to ensure that its financial products are distributed to the identified target market. The primary distribution channel will be through an online trading platform within the scope of the following investment services: "Reception and transmission of orders in relation to one or more financial instruments" and/or "Execution of orders on behalf of clients". The Company's products will be distributed directly to professional clients and eligible counterparties of a country which lies within



the context of its authorization to freely provide/perform services/activities for Member States and for Third Countries where the Company has a legal opinion or can justify beyond any reasonable doubt with substantive evidence that it can offer such services and products.

## 7.4. Conflicts of interest

The Company has established, implements and maintains procedures and measures to ensure that the distribution of financial instruments complies with the requirements on proper management of conflicts of interest, including remuneration. The following conflicts of interest have been identified:

1. Personal Account Dealing;
2. Inside and Proprietary Information;
3. Inducements;
4. Selection of Service Providers;
5. Remuneration of Staff;
6. Access to electronic data; and
7. Supervision and segregation of departments.

In respect of these conflicts, the Company maintains and operates procedures with a view to taking all appropriate steps to prevent conflicts of interest from constituting or giving rise to material risk of damage to the interests of the Company's clients.

## 7.5. Review and oversight

Under its capacity as a product distributor, the Company will review products as described in the Product Governance Policy, by considering any event that could materially affect the potential risk of the identified target market. The Company shall consider if:

1. the financial instrument remains consistent with the needs, characteristics and objectives of the target market;
2. the financial instrument is being distributed to the target market;
3. the financial instrument is reaching clients for whose needs, characteristics and objectives the financial instrument is not compatible.



The Company's Board of Directors will have effective control over the Company's product governance process. The Company's compliance officer will be responsible for the monitoring and the periodic review of the Company's product governance arrangements, to detect any risk of failure by the Company to comply with its relevant obligations. In this respect, the compliance reports submitted to the Company's Board on an annual or an ad-hoc basis will include information about the products and services offered.