



Interactive Brokers Central Europe Zrt.

ANNOUNCEMENT

Uniform prior information (in relation to MiFID2 requirements)

Effective from 14 December 2020

I. Introduction

Before using any investment services or ancillary investment services (hereinafter collectively: investment services) of Interactive Brokers Central Europe Zrt. (hereinafter referred to as IBCE or Company), please read this notification (hereinafter collectively: Notification) and the additional documents referenced in it in order to make an investment decision regarding investment services, related transactions and financial instruments. If you have any further questions regarding the information contained in this Notification or do not have access to any of the documents or information referenced therein, please contact our client service.

II. Legal basis

Interactive Brokers Central Europe Zrt. will at all times operate in accordance with the laws in force at the time of using the service. In the course of providing investment services to its Clients, the investment services relationship between IBCE and its Clients is primarily governed by

- Act CXXXVIII of 2007 on Investment Firms and Commodity Dealers and on the Regulations Governing their Activities (hereinafter: Bszt or Investment Act) and
- Act CXX of 2001 on the Capital Markets (hereinafter: Tpt) and
- Regulation (EU) 2017/565 of 25 April 2016 supplementing Directive 2014/65 / EU of the European Parliament and of the Council (hereinafter referred to as the Regulation) as regards organizational requirements and operating conditions for investment firms and terms defined in that Directive,
- directly applicable legal acts of the European Union.

This Notification serves the purpose of providing prior information required by the Investment Act and Regulation.

III. Basic information about this Notification

This notification contains in a uniform manner for all Clients, the information provided for in sections 40-41 and 43 of the Investment Act and Articles 46-50 and 52 of the Regulation, of which IBCE shall inform the Client prior to the conclusion of the contract or, in the case of a framework contract, prior to the submission of the transaction order. The terms defined in this Notification are contained in its Business Rules and General Terms and Conditions in force at any time (hereinafter collectively: Business Rules). Additional provisions for informing the Client that are not included in this Notification are included in the Business Rules and other documents referred to in the Notification together.

The following documents are an integral part of this Prospectus:

- the Business Rules,
- Annex 2 to the Business Rules Template contracts and declarations used by the Company:
 - Client agreement and its annexes
 - Investment Loan Framework Agreement
 - Securities lending agreement
- Annex 3 to the Business Rules on business hours,
- Annex 4 to the Business Rules on Best execution policy
- Annex 5 of the Business Rules on Conflict of Interest Policy,
- Annex 6 of the Business Rules on the Complaint handling policy,
- Announcement on the IBCE Investment Services cost and fees (hereinafter: the Announcement),
- Annex 7 to the Business Rules outsourcing in accordance with the Investment Act,
- Annex 8 to the Business Rules on intermediaries under the Investment Act,
- Announcement on investor protection, data protection and securities secrecy arrangements,
- Privacy notice on data management in connection with the investment services activity,

- other announcements and documents referred to or indicated in the Business Rules.

IBCE has prepared this Notification in accordance with the highest level of investor protection requirements set out in the legislation referred to above, ie. in accordance with the requirements for retail clients, however, IBCE also applies this document uniformly to Professional Client and Eligible Counterparties. However, this Notification does not imply that IBCE undertakes to meet requirements specified in its Business Rules and in this Notification and specified in the referenced legislation governing the client rating in accordance with the Investment Act professional client and the clients with eligible counterparty category higher than the investor protection requirements for professional clients and clients with eligible counterparty category.

1 Conditions of use of investment service

In order for the Client to use the investment services of IBCE, unless otherwise agreed between IBCE and the Client (collectively: the Parties), the Client must have a securities account and a client account (hereinafter together: the Account) with the Company. The Account shall be maintained by IBCE on the basis of a written agreement between its Client.

To open a securities account, the Client must enter into a Client Agreement with IBCE. The terms and conditions of this are contained in the Business Rules, in particular the Client Agreement templates attached to it, as well as the Company's announcements, notifications, descriptions and additional information (the latter: "Announcement"), which are available on its website and on the IB Account Interface.

Pursuant to Act LIII of 2017 on the Prevention and Combating of Money Laundering and Terrorist Financing, an IBCE may enter into a Client Agreement only with a Client who has verified his identity in accordance with the IBCE and who is identified by the IBCE. IBCE's Customer Identification rules are available in Announcement.

Other conditions for using the service (eg. concluding other contracts, making and presenting legal declarations, etc.) are contained in the referenced documents, in particular the Business Rules.

2 About the Company

2.1 Name, registered office and other contact details of the IBCE

Name: **Interactive Brokers Central Europe Zrt.**
Registered by the Registry Court of the Budapest-Capital Regional Court under company number **01-10-141029**
Headquarters: **1075 Budapest, Madách Imre út 13-14.**
Phone: **+36 (80) 088 401**
Website: **<https://www.interactivebrokers.hu/>**
Email: **ibce@interactivebrokers.com**

2.2 Languages that Client may use to communicate with IBCE **nyelvek**

Unless otherwise provided in the Business Rules or the template contracts, the Company and the Client shall primarily use English and secondarily Hungarian in their communication with each other. The Company may, at its sole discretion, make its services available in other languages.

When informing the Clients, the Company publishes notifications and disclaimers of risks and products provided by third parties in the original language. IBCE may decide to translate such documents into additional languages but excludes any responsibility for any errors or omissions in the translations.

Other rules of language use are contained in Chapter 7.1 "General rules of communication and contact" of the Business Rules.

2.3 Method and means of contacting the Client, including the method and means of sending and receiving orders

The primary contact between the Company and the clients takes place electronically, on the Company's website and on the IB Account Interface, by message.

The Company fulfills its information obligation primarily by publishing the information specified in the law on the Company's website or on the IB Account Interface. In this regard

- the Client declares that he has regular internet access by concluding the Client Agreement and starting to use the IB Account Interface,
- the Client declares that he has chosen this form of information by concluding the Client Agreement and starting to use the IB Account Interface,
- the Company notifies the Client electronically of the address of the Company's website and has indicated exactly in which part of the website the given information is available,
- the Company ensures that the information displayed on the website is up-to-date and available to the Client at all times for as long as it may be necessary for the Client.

Further rules of contact are contained in Chapter 7.1 of Chapter 7. " Communication and Information on Turnover " of the Business Rules.

2.4 Name and postal address of the supervisory authority (hereinafter: the Authority) issuing the authorization to carry out the investment services and ancillary investment services activities of IBCE

Name: **Magyar Nemzeti Bank**
Client service: **1013 Budapest, Krisztina krt. 39.**
Mailing address: **Magyar Nemzeti Bank, 1850**

The number of relevant supervisory licenses is included in the introductory part of the Business Rules. The information provided in this section does not mean that the Authority expressly recommends or recognizes IBCE and its investment services activities.

3 Rules for operation and activities of the investment firm

3.1 Frequency, timing and nature of the investment services activity report

The Company shall send a notification of the execution of the Orders given by the Client by means of a system message no later than on the trading day following the execution of the Order in accordance with the applicable contractual provisions. The formal notification of compliance shall contain the information necessary to identify the operation carried out.

The Company prepares a monthly report to its Clients on the balance of financial instruments and funds owned or belonging to them, on the part of the balance that was the subject of the securities financing transaction, and on the result (in addition to the calculation of the result) that the securities financing transaction realized on a financial instruments or cash and other mandatory content elements specified in the law (hereinafter: Monthly Report), which the Company sends to the Client by uploading it to the IB Account Interface. The Monthly Report also serves as a monthly account statement (hereinafter: Account Statement).

The account statement includes information for the Client on the turnover on and the balance of the account, by including the cash-related, securities and funds-related credits and debits performed on the Account within the reference period and the end-of-period balance. The account statement includes all data necessary for identifying the transactions performed on the Account. The Client may not request the personal receipt of the account statement, as the Company sends it on a durable medium according to the provisions set out in the Client Agreement or makes it available on the IB Account Interface.

If the Client does not view the Monthly Report or Account Statement in the IB Client Portal at least every three months, the Company is entitled to send the Monthly Report or Account Statement to the Client on a durable medium.

Account statements are available to the Clients on an annual basis (annual account statement) and, if requested by the Client, on a quarterly (quarterly account statement) basis through the IB Client Portal.

The monthly report prepared pursuant to Article 63 (2) of the Regulation and Section 69/A of the Investment Act for the last day of the month shall contain the following information:

- the stock and details of financial instruments and funds owed or belonging to the Client as of the last day of the month covered by the report
- the stock of financial instruments and funds owed or belonging to the Client that was the subject of a securities financing transaction as of the last day of the reporting month,
- the profit realized on the financial instruments and cash owed or belonging by the Client, which is the subject of the securities financing transaction, and the basis for calculating the profit,
- a clear indication of which financial instruments and funds are covered by the rules and implementing provisions of Directive 2014/65 / EU and which are not, such as collateral arrangements involving a transfer of ownership;
- a clear indication of which assets have a special ownership status, such as in the context of liens;
- the password, which is individually qualified according to the methodology specified in a separate legal regulation, required to query the data made available to the Client on the MNB's website.

The Company informs retail clients if, in respect of transactions involving transferable financial instrument positions or contingent liabilities within the meaning of Article 62 (2) of the Regulation, the initial value of each asset decreases by 10% or each additional 10% decrease thereafter. Unless otherwise agreed with the Client, the information shall be based on a breakdown by asset and shall be provided no later than the end of the business day on which the threshold was exceeded or, if it is not a business day, by the end of the following business day.

Detailed rules related to the above information are contained in Chapters 5.9 “Monthly Report”, 5.10 “Account Statement” and 7. “Communication and Information on Turnover” of the Business Rules

3.2 Investor protection systems, measures to ensure the protection of financial instruments and funds owned by the Client

IBCE shall keep records of its investment services activities in such a way that the Client can dispose of the financial instruments and funds it owns at any time, and they will not be used or encumbered by IBCE without the written consent of the Client. The Company manages the Client's assets separately from its own assets.

The provisions of this section are without prejudice to the provisions that allow IBCE to use financial instruments and funds owned by the Client (with the Client's consent by accepting the Business Rules or a contract between the Parties) as collateral or security, and default or default. to satisfy and secure your claim. Detailed rules for this are set out in the Business Rules 5.2 “The Account”, 5.7 “Provisions securing the Client's Receivables”, 6.6 “Settlement”, 6.7 “Fees and costs”, 6.8 “Security deposit, collateral and the reuse of the collateral General provisions”, 6.10 “Investment Loan”, 6.11 “Foreign exchange trading related to investment service activity”, 13.3 “Termination by notice”.

Measures to ensure the protection of financial instruments and funds owed to or belonging to the Client by investment firms, including the operation of the investor protection system available to the Client, are prescribed by the Capital Markets Act. For information on investor protection and the Investor Protection Fund, as well as a summary of the measures taken to safeguard these assets in the management of the Client's financial instruments or funds, see Chapter 5.7 "Provisions securing the Client's receivables " and Chapter 18 "Investor Protection Rules" of the Business Rules.

3.3 Conflict of Interest Policy

IBCE provides a wide range of investment services as well as ancillary services. It is a natural feature of all these activities that conflict of interests may appear. In order for the Company to act in the best interests of the Client in all cases, it has established internal procedures that are effective in identifying, preventing and managing conflicts of interest related to IBCE's various business activities. In order to ensure the uniform management of these procedures, the Company has established a Conflict of Interest Policy in accordance with the relevant legal regulations. In its Conflict of Interest Policy, IBCE summarizes the circumstances that lead or may lead to a conflict of interest and that may have adverse consequences for the Client. The Conflict of Interest Policy contains the procedural rules and measures that enable the prevention, detection and management of conflicts of interest that may result in the Client's potential harm. Nevertheless, in some cases, the Company may disclose a conflict of interest that persists after the procedure for its management. In all such cases, IBCE shall inform the Client of the nature of the conflict of interest so that it may be aware of the use of the Company's services. In exceptional cases, IBCE may also consider that a conflict of interest is not only potentially but also actually detrimental to the Client; in this case, the Company will not enter into a contract for the given transaction.

In this Notification, IBCE will only publish a summary description of its Conflict of interest policy. The Company's Conflict of Interest Policy is contained in Appendix 5 to the Business Rules.

3.4 Best Execution Policy

IBCE provides investment services to Clients in the field of financial instruments, in particular securities transactions, structured products transactions, derivatives transactions and securities financing transactions. The Best Execution Policy, based on the client rating valid at the time of placing the order, covers the orders of retail clients and professional clients. In executing the Clients' orders, the Company will take all necessary and sufficient steps to achieve the best possible result for the Client, taking into account the criteria, factors and execution venues set out in the Best Execution Policy, based on the principle of "best execution". To this end, in the absence of specific instructions, IBCE takes into account the aspects specified in the legislation, their relative importance and the market information available to the Company in its internal proceedings. However, if the Client gives a firm and specific instruction regarding the execution of his order, IBCE will primarily follow the Client's instruction and the Company's best execution procedure means that the order will be executed following the Client's instruction. In this case, IBCE does not guarantee that the Client will achieve the best possible result or a result that could have been achieved if the provisions of the Best Execution Policy had been followed. The Company regularly monitors and evaluates the effectiveness of its Best Execution Policy, which includes a review of the Best Execution Policy and its order execution mechanisms at least once a year. It shall be considered the most favorable execution for the Client according to the rules of the Investment Act, if the execution of the order is performed by IBCE at the primary venue specified for the given financial instrument in accordance with the Best Execution Policy.

Execution Venues are included in the Company's Best Execution Policy by asset class for each financial instrument. In this disclosure, IBCE will only publish a summary description of its Enforcement Policy. The Bank's Execution Policy is contained in Annex 4 to the Business Rules.

3.5 Complaints handling policy

The Company accepts, registers and investigates all complaints about its products or services. IBCE shall maintain an electronic record of the Customer's complaints and objections and the measures taken to resolve them, which shall include a description of the complaint, an indication of the event or fact complained of, the date of the complaint, a description of the action to resolve or resolve the complaint and the deadline for completing the action and the name of the person responsible for implementation.

In the absence of identification data, the Company will only provide the Client with general information regarding the content of the IBCE Business Rules and List of Conditions. In the absence of identification, the Company does not provide data on the Client's accounts and contracts, their existence, or on specific orders and transactions.

IBCE will send a response to the Client within 30 calendar days of the result of the investigation of the Client's report in the manner specified by the Client. If the Client does not agree with the response to his complaint, he may request the Company to review his complaint. In the event that the Client still does not accept the received answer or considers that his/her complaint has not been handled properly by IBCE, he/she has the opportunity to address the complaint to the Supervision in writing.

In the course of this information, the Company only publishes a summary description of its complaint handling policy. The IBCE Complaint Handling Policy is contained in Annex 6 to the Business Rules.

4 Management of financial instruments and funds owed to or belonging to the Client

The Company shall maintain its records in such a way that:

- they are accurate and present a true picture of the Client's financial instruments and funds at all times, and
- on the basis of them, a separate statement of the financial instruments and funds owed or belonging to the Client, as well as the Company's own financial instruments and funds can be provided at any time without delay.

The Client of the Company may request the opening of an individual sub-account with the operator of the securities settlement system according to Section A, Clause 3 of the Annex to EU Regulation 909/2014 by concluding a separate contract or signing a statement and paying the fees indicated in the respective Announcement.

Based on the service (custody) pursuant to Section 5 (2) (a) of the Investment Act, the Company undertakes to take over, register and issue the Client's financial instruments for safekeeping (registration) in return for the fees set out in the Announcement. The financial instrument may be deposited by transfer of securities or, in the case of a fulfilled Purchase Order, by crediting the financial instrument to the Account.

The Company does not deposit physical securities and does not accept Order from the Client for the physical issuance of physical securities produced by printing.

The Company reserves the right to refuse to accept certain assets (for operational, risk management, anti-money laundering or other reasons) in the event of a transfer of any additional financial instruments for the benefit of the Client from another service provider. Prior to initiating the transfer, the Client must make sure that there are no obstacles to the transfer of the relevant financial instrument to the Company. The Company shall not be liable for damages resulting from failure to provide information.

Pursuant to the service (custody) pursuant to Section 5 (2) (b) of the Investment Act, the Company undertakes the temporary custody of the financial instruments deposited by the Client, the management related to the custody, and the interest, dividends, yield and repayment due (hereinafter: Revenue). The amount of Revenue will be credited to the Account by the Company after deduction of fees and expenses. The Company will not send a separate notice to the Client

about the Revenues. The Company provides custody services only in respect of financial instruments that are accepted by the organizations and institutions used by it as sub-custodians for safekeeping and management. Revenue is accounted for in the currency in which it was generated. The financial instruments transferred to the Account are treated separately from the Company's own assets, as a homogeneous thing and are kept or registered as a collective deposit. In the case of a collective deposit, the financial instruments subject to the deposit is determined by series and amount. Upon termination of the deposit, the Company is obliged to return the financial instrument in the same series and quantity as the deposit to the Client.

In the case of the Account, the Company executes a transfer and financial transfer order, no cash payment or deposit at the cash desk.

Detailed rules for the management of financial instruments and funds owed or belonging to the Client are contained in Chapter 5.2 "The Account" of the Business Rules.

5 Information about the financial instrument involved in the transaction, including public information about the transaction and the risk of the transaction

5.1 Client rating of the Company's Clients according to Investment Act (MiFID) and its modification

The Company shall, at the same time as the due diligence in accordance with the money laundering legislation, carry out the Client's assessment in accordance with the relevant regulations of the Company in accordance with the relevant regulations of the Investment Act (retail client, professional client, eligible counterparty) and notifies the Client in writing or on another durable medium of this category, the legal consequences of the category and the conditions under which it may request a change in its category. In the case of existing Clients, the Company shall also notify the Client of any changes in its category on a durable medium.

The purpose of the classification of Clients is to enable the Company to provide investment services and additional services to all existing and future Clients at the appropriate level, fulfilling the legal obligations.

IBCE classifies the Clients according to the defined categories, however, according to the conditions specified in the Investment Act, there is a possibility to reclassify and change the category between the individual client categories. The Company classifies eligible counterparties as professional clients, thus receiving adequate investor protection.

The level of protection and service related to client rating 'Retail clients' are as follows:

- Extent of protection: top level of investor protection
Obligation to provide information: complete information before, during and after investment
Best execution obligation: according to IBCE Best Execution Policy

The level of protection and service related to client rating 'Professional clients' are as follows:

- Extent of protection: limited level of investor protection
Obligation to provide information: more limited pre-investment information and warnings during and after investment in accordance with legal requirements
Best execution obligation: according to IBCE Best Execution Policy

The Company informs the Client in writing about the result of the MiFID classification before concluding the contract or using the service. Clients are classified based on data available to IBCE about the Client. The Company has the option to reclassify the Client into a client category that provides higher investor protection. The Client is also provided with the opportunity to request his / her reclassification to another client category in his / her express written statement if the conditions specified by law are met.

There are significant differences in the depth of information and orientation between the different client classification, as set out in the following sections.

The rules for the classification of Clients are contained in Chapter 2.9 " Client's classification" of the Business Rules

5.2 Pre-trade information obligation

As part of its investment services or ancillary services, the Company shall inform the Client or the prospective counterparty, depending on the services provided by it, in particular Articles 45-51 of Commission Delegated Regulation (EU) 2017/565. as set out therein, which includes the following:

- a basic information about the Company,
- the rules of operation and activities of the Company,
- the rules for the management of financial instruments and funds owed or belonging to the Client or the prospective counterparty,
- information about the financial instrument involved in the contracted transaction,
- information about the transaction included in the contract, including public information about the transaction and the risk of the transaction, as well as the documents to be provided for each product,
- the execution venues of the Client's order,
- the rules of electronic contracting,
- the costs and fees related to the conclusion of the contract and the conclusion of each transaction, which are borne by the Client,
- transaction and product fees related to the provision of services and the asset (open position) purchased by the Client, if required by law.

The Company provides prior information by making it available on its website.

The Company provides the Client with an opportunity to read, study and indicate the terms and conditions of the contract in detail if Client does not agree with any provision or needs further information or interpretation. Therefore, if the Client enters into the contract with the Company, the Company may rightly assume that the contract contains all conditions relevant to the Client and that all contractual provisions have been read, understood and expressly accepted by the Client. This provision also applies to offers and orders made by the Client.

In accordance with the relevant provisions of the Investment Act, the Company is not obliged to (repeatedly) comply with its prior information obligation

- in respect of the transaction or financial instrument in respect of which the prospective Client would be considered an eligible counterparty in the case of its investment services and related ancillary services specified in Section 5 (1) (a) to (c),
- the contract is concluded on the basis of a framework contract and the Client has already received the said information,
- for all Clients who submit their order and information electronically before receiving the relevant contract or the start of the first such operation, and
- in the cases provided by law, if the Client has given his/her prior express consent to receive certain information, which, as a general rule, must be provided in advance only after the conclusion of the transaction.

As part of the prior information, IBCE will provide the following information to its Clients or potential Clients:

- as general information: name, address, contact details, contact language, language of communication, method of contact, IBCE activity and operating licenses, intermediaries,
- The nature and frequency of reports on the performance of the service to be provided to the client,
- measures taken to protect client assets, the investor protection system and its operation
- conflict of interest policy
- nature of financial instrument, risks of leverage and explanation of its effect

- asset price volatility and available market constraints
- Obstacles or limitations to capital withdrawal
- In addition to the cost of purchasing the asset, the client also incurs financial liabilities and other liabilities, including contingent liabilities
- deposit requirements and similar obligations for the assets concerned
- general rules for the execution of the order
- Client charges and related fees

IBCE assumes that the professional client has the necessary experience and knowledge to understand the risks associated with the investment services or transactions or types of transactions or products for which it qualifies as a professional client.

In the case of a Client with an Eligible Counterparty rating, the Company must provide information on the protection of the Client's financial instruments or funds in advance and provide the Client with information to the IBCE prior to the conclusion of the contract, if it so requests in writing, ie. In the case of a Client with an eligible counterparty classification, the Company is not obliged to provide information and information in the case of recording, transmitting and executing the order, as well as in connection with trading on own account. Obtaining and knowing the other necessary information and data is the duty and responsibility of the eligible counterparty.

The detailed rules regarding this prior information shall be complied with by the Company in accordance with the provisions of Chapter 3 "Prior Information and Orientation" of the Business Rules.

5.3 Appropriateness testing

In order for the Company to assess whether a given asset or transaction corresponds to the Client's knowledge, it must obtain the Client's statement from the retail Client:

- the substance of the transaction included in the contract,
- the characteristics of the financial instrument involved in the transaction, and
- specially with their risks,
- his / her knowledge and experience in connection with it, in order to judge whether the Company actually makes available to the Client an appropriate transaction or financial instrument.

The Company is not required to conduct an appropriateness assessment:

- in the case of an eligible counterparty,
- in the case of a professional client,
- if the Company otherwise has all the information on the basis of which the compliance check can be performed and the Client's appropriate knowledge and risk-taking can be determined in accordance with Investment Act, in particular when it is carried out by a company belonging to the same group of companies as the Company and having its registered office, branch or establishment in another Member State of the European Union.

If an appropriateness assessment has to be performed in accordance with the Investment Act, but the Client does not make a full statement as above and the Company has no knowledge of the relevant circumstance and thus cannot determine whether the given asset and / or transaction is appropriate for the Client, the Company it shall not refuse to provide the service in question and may enter into the relevant contract or execute the order if the Company informs the Client that it is unable to determine whether the service or product is appropriate for it. If the Client still wishes to conclude the given transaction after receiving information that appropriateness cannot be determined, the Company may enter into the contract, accept and make an offer, execute the order, however, the Company shall not be liable for the consequences of the transaction, that being entered into it with Client in the knowledge that it was not appropriate for Client.

The Company is entitled to request the statements of the Clients in the framework of the appropriateness assessment, which form the basis of the classification, in a uniform, questionnaire form. The questionnaire can only be evaluated if the Client answers all relevant questions as specified

therein.

The Company evaluates the declarations provided by the Client during the appropriateness assessment on the basis of the general evaluation system applied by the Company in its own system and accordingly determines the category for which the products and services are suitable for the Client. The Company shall notify the Client of the classification of the Client.

The Company is entitled to unilaterally reclassify the result if the Company becomes officially aware that the Client's statement (s) do not correspond to reality. The Company shall inform the Client about the reclassification.

The Company has the right to repeat the appropriateness test from time to time and review its results.

The Company is entitled to request from the Client, in confirmation of its previous statements or new circumstances arising during the client relationship, as well as other review of the relationship with the Client, a full or partial or additional statement of appropriateness, if otherwise provided to the Company cannot be established. In case of refusal, the Company is entitled to disregard the previous statements of the Client and / or the proxy and to treat the Client in such a way that its appropriateness cannot be established or to decide on the basis of the Company's otherwise available data about the classification. The Company cannot be held responsible for the resulting consequences.

Detailed rules for appropriateness testing are contained in Section 3.8 "Appropriateness Test, Appropriateness Testing" of the Business Rules.

5.4 Enforcement of the “best execution” principle in transactions

Any order, notification or request received from the Client shall become effective upon receipt by the Company (filing by the IB Account Interface) without the Company being obliged to confirm the order in writing.

The Client acknowledges that the principle of best execution does not mean that individual transactions are executed in the world in general or under the best conditions available at the moment. It cannot be ruled out that market participants independent of the Company may be able to provide a better price or faster execution, as well as access execution venues and offer execution methods that are not available to the Company.

In the course of the transactions of the retail client and, if the provision of the framework / contract concluded with the professional client covers it, the professionally qualified client, in order to provide the Client with the Investment Act shall comply with the provisions of the Enforcement Policy annexed to the Business Terms and Conditions, unless the Client or the law provides otherwise.

The Best Execution Policy includes the relevant circumstances and factors that determine the possible execution venues of the transaction and the conditions of execution.

In executing the Client's order, the Company – based on IBCE's own experience, market judgment, Client's mandate and the nature of the financial instrument – shall take all sufficient steps to achieve the best possible result for the Client, taking into account the execution criteria, factors and execution venues set out in the Execution Policy.

In selecting the execution venue, the Company will act in accordance with the Enforcement Policy.

If the Client's order relates to execution on a regulated market where the Company does not have the right to trade, in such cases the IBCE will forward the Client's order for execution to the execution partner.

In the event that the Client gives an instruction different from the provisions of the Best Execution Policy during the execution and execution of the order, the Company shall try to execute the order according to the Client's instruction. In this case, the Client expressly acknowledges that his instruction may exclude or limit the fulfillment of the provisions of the Best Execution Policy, the consequences of the instruction shall be borne by the Client.

If you execute the transaction in accordance with the Company's Execution Policy, this shall be deemed that the Company has provided the Client with the "best execution".

Further detailed provisions on “best execution” are contained in Chapter 6.2 Recording of Orders and

Annex 4 of the Business Rules.

5.5 Information via website and durable medium

The primary contact between the Company and the clients is made electronically, by notification on the Company's website and on the IB Account Interface.

By concluding the Client Agreement and starting to use the IB Client Portal, the Client expressly declares the following:

- accepts contact with the Company on a durable medium other than on paper and agrees that the Company may provide information that can be provided in accordance with the law on a durable medium and / or on the Company's website. In this connection, the Client declares that this method of communication is in accordance with the existing or to be established business relationship between the Company and the Client, the Client has provided his e-mail address to the Company as a notification channel or otherwise declares that he has regular Internet access;
- Due to the nature of communication and ordering via telecommunications, the Client agrees that certain information required by law, which must be provided in advance in accordance with the general rule (especially the so-called Key Information Document (KID) ensure that the Client is entitled to request the provision of these documents prior to the execution of each Order prior to the conclusion of each transaction and may postpone the assignment until then;
- the Client agrees to provide certain documents that are not available to the Company in Hungarian only in the language available to the Client;
- the Client accepts the Company's Best Execution Policy and agrees to execute his order outside the Company's trading venue on the basis of its contents.

The Company fulfills its information obligation primarily by publishing the information specified in the law on the Company's website. In this regard

- the Client declares that he has regular internet access by concluding the Client Agreement and starting to use the IB Account Interface,
- the Client declares that he has chosen this form of information by concluding the Client Agreement and starting to use the IB Account Interface,
- the Company notifies the Client electronically of the address of the Company's website and has indicated exactly in which part of the website the given information is available,
- the Company ensures that the information displayed on the website is up-to-date and available to the Client at all times for as long as it may be necessary for the Client to know it.

The rules of the above information, which differ from the provisions detailed in Chapter 7 "Communication and Information on Turnover" of the Business Rules, are contained in the Business Rules.

5.6 Risk of financial instruments

Investing in financial instruments may entail certain risks, the main feature of which is that the financial instrument does not deliver the performance (i.e yield, profit) that the investor expects on the basis of the information available at the time of the transaction, and for certain types of financial instruments, the investor may lose the funds invested (the investor may incur losses). Financial instruments that are leveraged may pose a higher risk, which means that the investor has to provide only a certain part of the total consideration required to acquire the financial instrument at the time of the transaction, and the full amount only at the clearing of the transaction or at a later date, which may also result in investors losing multiples of their invested money in a given leveraged transaction.

In order to make investors aware of the risk of financial instruments, the legislation imposes disclosure and information obligations on issuers and distributors of financial instruments. For all these reasons, it is essential for the Client prior to investing in a specific financial instrument to

examine in detail the disclosure documents published by the issuer regarding the specific financial instrument, which are usually available on the issuer's or distributor's website or registered office.

5.7 Market value of financial instruments

The market value of financial instruments may change significantly within a short term. Such changes can be either beneficial or disadvantageous to the investor. Market value is dependent, inter alia, on the economic and legal characteristics of the financial instrument, the issuer and the financial and capital markets in which the financial instrument is traded or distributed. It is not always possible to draw reliable conclusions regarding the future market value of a financial instrument based on the market value at or before a particular date, so information about the future market value is based on an estimate and should not constitute a guarantee to the investor.

In order to make investors aware of the risk of financial instruments, the legislation imposes disclosure and information obligations on issuers and distributors of financial instruments. For all these reasons, it is essential for the Client prior to investing in a specific financial instrument to examine in detail the disclosure documents published by the issuer regarding the specific financial instrument, which are usually available on the issuer's or distributor's website or registered office.

5.8 Price volatility of a financial instrument and market access constraints

Volatility is a measure of the risk of a financial instrument from which the volatility of the price of a financial instrument can be inferred. The greater the volatility of the exchange rate of a financial instrument, the greater the fluctuation of that financial instrument gets, and the greater the risk that an investor investing in that particular financial instrument may have. Volatility is dependent, inter alia, on the economic and legal characteristics of the financial instrument, the issuer and the financial and capital markets in which the financial instrument is traded or distributed. It is not always possible to draw reliable conclusions regarding the future volatility of the exchange rate of a financial instrument based on the volatility at or before a particular date, so information about the future volatility is based on an estimate and should not constitute a guarantee to the investor. Certain financial instruments may be traded in a market that investors may have limited access to at certain times or under certain conditions.

In order to make investors aware of the risk of financial instruments, the legislation imposes disclosure and information obligations on issuers and distributors of financial instruments. For all these reasons, it is essential for the Client prior to investing in a specific financial instrument to examine in detail the disclosure documents published by the issuer regarding the specific financial instrument, which are usually available on the issuer's or distributor's website or registered office.

5.9 Price movement of a financial instrument

The price of financial instruments may change significantly within a short term. Such changes can be either beneficial or disadvantageous to the investor. The development of price is dependent, inter alia, on the economic and legal characteristics of the financial instrument, the issuer and the financial and capital markets in which the financial instrument is traded or distributed. It is not always possible to draw reliable conclusions regarding the future price of a financial instrument based on the price at or before a particular date, so information about the future price is based on an estimate and should not constitute a guarantee to the investor.

In order to make investors aware of the risk of financial instruments, the legislation imposes disclosure and information obligations on issuers and distributors of financial instruments. For all these reasons, it is essential for the Client prior to investing in a specific financial instrument to

examine in detail the disclosure documents published by the issuer regarding the specific financial instrument, which are usually available on the issuer's or distributor's website or registered office.

5.10 Supplementary costs related to a financial instruments

The Client may expect supplementary costs in addition to the cost of acquiring the financial instrument. Information regarding such supplementary costs may be found in the documents related to the issuance of the given financial instrument which are usually available on the issuer's or distributor's website or registered office.

5.11 Publication place of information in case a financial instrument is issued

Information documents regarding the issuance of a financial instrument by IBCE in Hungary are available on the Company's website or on the IB Account Interface platform. Information documents regarding other publicly issued financial instruments of the Company can be found in either of the following:

- in electronic form on the issuer's website and, where applicable, on the website of the financial intermediaries issuing or selling the securities, including paying agents; or
- in electronic form on the website of the regulated market to which admission is required; or
- in electronic form on the website of the competent authority of the home Member State, if that authority has ordered the provision of this service.

6 Costs and fees related to the conclusion of the contract and the conclusion of certain transactions borne by the Client

The Company is entitled to set and eliminate fees and costs for the performance of any investment service activity and the provision of additional services, and the Client is obliged to pay such fees and costs. The cost and fees to be paid to the Company is specified in the Announcement, which constitutes an integral part of the Business Rules, or in certain contracts concluded with the Client.

The Company shall provide the Client with the information that is generally to be considered in connection with the provision of services. These fees and costs include:

- direct transaction costs incurred in connection with using the service, including the fee for the provision of the service, and in the case of a continuous service, the fees and costs for its commencement, maintenance and termination,
- in the case of a transaction, on the basis of reasonably available information, issuer or producer fees, costs and other fees due to the distributor and other product costs incurred in respect of the given financial instrument that are not directly charged to the Customer but affect the price of the given financial instrument.

For information purposes, the impact of costs on returns over a specific time interval and asset size is also presented. Fees and costs of which the Company is not precisely aware prior to the transaction are estimated using market and other public information available, provided that in some cases it is not always possible to ensure that the Company possesses all relevant information regarding product costs.

The Company is also entitled to provide this information in a standardized form, taking into account the cost items specific to the given financial asset category (meaning that information may be provided for several asset categories uniformly). The details of this information document are available on the Company's website or otherwise available at the written request of the Client.

The Company shall provide additional information relevant for the Client (especially information on ad hoc fees not directly related to the conclusion of the transaction) at the Client's request, taking

into account the Client's specific circumstances related to the conclusion of the transaction and to the holding of a financial instrument.

If the Company maintains a continuous relationship with the Client, it shall inform the Client on an annual basis about the fees and costs actually incurred in the given period. The Company is entitled to make this information available to the Client along with other notices and statements.

The Company is entitled to unilaterally amend the Disclosure of cost and fees at any time in accordance with the Business Rules. The amendment shall take effect on the date indicated in the amended Announcement, or failing that, the effective date shall be published on the Company's website and shall be indicated in the publication.

Due date of fees and costs:

- in case of a consignment transaction, upon performance of the sales contract,
- in case of a securities lending, on a daily basis during the duration,
- in case of real-time data provision every month in advance, on the first working day of the month, or in case of a new subscription upon ordering the contract;
- in case of all other transactions, the fees and costs of the Company fall due when the Company has fulfilled its primary obligation related to the transaction.

The Company is entitled to charge the late payment fee specified on its website – that may change even daily, without prior notice – by debiting the Account, if the Customer fails to fulfill its payment obligation or its obligation to provide financial instruments in a timely manner.

In addition to the late payment fee, the Client is obliged to reimburse the Company for the verified damage and costs related to the delay (including the penalty interest and costs incurred due to its failure to fulfill its obligation).

Clients using the services of a Financial Advisor or Introducing Broker may have agreed with the Financial Advisor or Introducing Broker on the amount of fees these providers are entitled to for the Account-related services provided to the Customer.

Financial Advisor costs and fees are in addition to those applied by the Company. It is the responsibility of the Financial Advisor to notify the Client of the amount of costs and fees due to him. The Company collects and pays the fees due to the Financial Advisor from the Client's Account only on the basis of and within the framework of the authorization granted by the Client.

If the services of an Introducing Broker are used, the Introducing Broker and the Client jointly determine the amount of fees and costs applicable to the Account, provided that they shall not be lower than the fees and costs indicated on the Company's website. The Introducing Broker and the Client shall jointly communicate the fees and costs agreed between them to the Company, which - instead of the fees and costs indicated on the Company's website - shall charge and deduct the jointly agreed fees and costs from the Account and pay them to the Introducing Broker. The Company collects the fees and costs due to it from the Introducing Broker in an amount commensurate with the fees and costs listed on its website. In all statements made to the Client, the Company shall indicate the fees and costs actually deducted from the Account.

Detailed and additional rules related to fees and costs can be found in Chapter 3.3 "Information on Fees and Charges" and Chapter 6.7. "Fees and Costs" of the Business Rules.

7 Product-specific information

In any case, investments involve certain risks that may affect the profitability of the investment decision and may result in the investor not receiving the amounts that he expected or invested. As a result of the investment, the invested capital may decrease, or the investor may lose the full amount of his investment, or even his payment obligation may arise in excess of the invested amount.

7.1 Shares

Shares are securities issued by a company limited by shares and are embodying membership rights. If the share is listed on the stock exchange, banks and investment service providers will participate in the stock exchange trading of these securities. The client can place buy and sell orders for exchange traded shares through the service provider. The type of share can be: common share, preferential share, employee share, interest-bearing share or redeemable share. Regarding its type, the share can be: bearer share or registered share. Regarding its issuance, the share can be: dematerialized share or physical share. Regarding the operation of the company limited by shares, the share can be privately traded or publicly traded. Shares that can be traded on the stock exchanges are the ones issued by companies limited by shares that are listed on the stock exchange.

The share entitles its owner – the shareholder – to participate in the general meeting of the company and to share the profits of the company (e.g. dividends) in accordance with the relevant legislation and the company's Articles of Association. The shareholder therefore has the right, first and foremost, to speak at the general meeting of the company and to vote on the issues on the agenda. The price of the shares issued by companies listed on the stock exchange also depends on the market supply and market demand. The earnings on the owned shares, thus the return on equity investment, is the sum of the dividends and the price gains generated as the difference between the purchase and sale of the shares. The dividend is the amount paid to the shareholders from the company's annual profit based on the decision of the general meeting. The general meeting may also decide that the company does not pay dividends from its performance in the given year.

Typically, the return on equity investments may well exceed the risk-free return in the long run (e.g. bonds, money market funds), however, stock prices are the most sensitive to market events, i.e. stock prices can fluctuate sharply over the investment period.

In order to achieve a higher return, the investor also needs to take a higher risk, as the future return on securities may be affected by a number of factors: general risk in the economic situation, operations and markets of the country (market risk) and risks related to the individual operation of the company issuing the share (issuer risk), as well as foreign exchange risk and other risks, affect the future price of a share.

For all these reasons, it is essential for the Client prior to investing in a specific financial instrument to examine in detail the disclosure documents published by the issuer regarding the specific financial instrument, which are usually available on the issuer's or distributor's website or registered office.

7.2 Investment fund units

Investment Fund management companies collect the small savings of the investors in a large amount of assets (investment fund), and then manages the accumulated assets in accordance with the principles set out in the management regulations (i.e. the investment policy or strategy) on behalf of and for the benefit of the investors. In doing so, the investment fund manager takes advantage of the benefits of economies of scale, cost-effectiveness and risk-sharing, from which the fund's investors share through the return on investment. Investors can invest their money in mutual funds by purchasing an investment fund unit. Investors share the costs of managing the fund and the return achieved on the basis of their shares in the fund (number of investment fund units). Regarding the type of investment fund units, the investment fund can be a securities investment fund or a property fund, based on the redeemability of investment units the investment fund can be an open-end or a closed-end investment fund, and based on the composition of the fund portfolio, the investment fund

can be a money market fund, a bond market fund, a mixed investment fund, a stock exchange investment fund, a derivatives investment fund or a domestic or international investment fund.

An investment unit is a security issued “in the name” of an investment fund. Unitholders have property rights (i.e. they are entitled to a share in the return of the investment fund), but they do not have membership rights, so they cannot influence the operation of the investment fund, such as the development of the investment policy.

Investment fund units are backed by investments in cash, financial instruments or real estate, so the return on the units depends on the return and change in value of the underlying assets. Accordingly, the return-risk parameters of a unit are determined by the assets in which the investment fund invests the investors' money.

Money market and bond market funds, as they typically contain a large proportion of government securities, generally carry lower risk. Bond market funds largely consist of bond-type assets, although equities and other riskier assets may be included in accordance with the provisions of the Management Regulations. The yield on a bond is the sum of the interest paid by the bond and the change in the price of the bond, which can be significantly affected by macroeconomic events (e.g. changes in the base rate).

Stock and real estate funds are riskier than the previous ones, but may result in higher yields in case of favourable market conditions. However, the investment guidelines defined in advance by the investment fund provides accurate information regarding the risks and return opportunities of an investment fund unit.

In the case of open-end funds, the investment units are sold and redeemed through the distributor investment service provider. In the case of open-end funds, the client can always purchase the units at the current net asset value of the unit, and at the time of redemption, the current net asset value is applicable. In the case of closed-end funds, secondary trading is executed on the stock exchange, so the buying and selling price is determined by the supply and demand on the stock exchange. The yield on the units depends on how the price of the unit has changed between the time of purchase and redemption. It also means that the return of an investment unit cannot be predicted with certainty, and the past performance of an investment fund does not provide any guarantee for the future. The net asset value of investment funds is the value of the assets in the investment fund's assets, including accruals and receivables arising from lending, less all liabilities, including current accruals and deferrals and receivables from lendings. The sale and purchase of units of listed closed-end investment funds during the duration can only be carried out on the stock exchange and during the stock exchange sale the stock exchange sale / purchase price of the units may differ from the current demand and supply.

When buying an investment unit, the investor must take into account several risks, the most important of which are the following:

- **Risk arising from changes in the value of investment instruments in the investment fund's portfolio**

Depending on the asset in which the fund invests, changes in the current economic and political environment, changes in the monetary policy of central banks and the supply-demand relationship may cause the market price of investment instruments in the fund's portfolio to fluctuate. The effect of exchange rate fluctuations may be reduced by the fund manager by diversifying the portfolio, but it cannot be completely eliminated, so the fund's net asset value per share may differ from the last net asset value per share available on the day the order was placed.

- **Liquidity risk**

Certain securities and investment instruments remain below the liquidity required, i.e. it is relatively difficult to find a buyer / seller for them. As a consequence, the sale of certain securities being in the

portfolio but intended to be sold (e.g. closed-end investment units) may be difficult, so the sale price may be lower than the market value of the security.

- **Foreign exchange risk**

- **Credit risk**

The possible bankruptcy of the issuers of the investment instruments in the fund's portfolio may lead to a devaluation of the assets in the fund's portfolio, which may also lead to a significant decrease in the net asset value per unit of the fund.

- **Default risk related to derivative transactions**

An unfavourable change in the solvency or management of the business partners involved in the derivative transactions in the fund's portfolio may adversely affect the payment to the fund of the profits generated by the derivative transactions.

- **Suspension of continuous distribution of investment units**

In certain cases, the distribution of investment units may be suspended by the fund manager or by the Financial Supervisory Authority, therefore the investor may not be able to purchase or redeem his investment units on the day he wishes.

- **Possible adverse changes in tax rules for investment funds and investors**

- **Decrease in the Fund's equity**

In the event of a large redemption of units, the fund's equity may decrease to the extent that the fund manager may initiate the liquidation of the fund.

For all these reasons, it is essential for the Client prior to investing in a specific financial instrument to examine in detail the disclosure documents published by the issuer regarding the specific financial instrument, which are usually available on the issuer's or distributor's website or registered office.

7.3 Bonds

A bond is a registered debt security that has no maturity or has a maturity regulated by law. By purchasing a bond, the investor provides a form of credit to the issuer of the bond. The issuer undertakes to pay, in accordance with the schedule of the bond (which may be in one lump sum in the end of the term, or evenly over the term) the pre-determined interest or other commissions on the specified amount and any other services it undertakes (hereinafter collectively referred to as: interest), as well as the amount of the loan to the current holder or the eligible counterparty (the creditor) at the specified time and in the specified manner.

Unlike shares, a bond does not entitle its holder to participate in the management of the company and to pay dividends. According to their interest rate, bonds are divided into two major groups: fixed-rate and variable-rate bonds. Fixed-rate bonds provide the investor with a fixed amount of interest at predetermined times over their entire term. For floating rate bonds, the amount of interest is variable, usually based on the market interest rate valid on the due date plus some kind of premium.

The bond is usually "redeemed" by the issuer itself only at maturity (i.e. pays the promised consideration), but the bondholder can still receive his money in case he finds a buyer for his bond in the market. This means that some bonds may have limited secondary market liquidity.

An important risk associated with bonds as debt securities is the credit risk to the issuer, which is that in the event of the issuer's insolvency, the bond may become depreciated, which could ultimately lead to a total loss of investment.

As a result of changes in capital and money markets and the nature of the capital market instrument, bonds, like securities, carry risks that are independent of either the risks of the issuer's business environment or the risks of the issuer's business. Such risks may include:

- **market risks related to bond prices and interest payments,**
- **liquidity risk,**
- **foreign exchange risk,**
- **risks of listing procedure.**

For all these reasons, it is essential for the Client prior to investing in a specific financial instrument to examine in detail the disclosure documents published by the issuer regarding the specific financial instrument, which are usually available on the issuer's or distributor's website or registered office.

7.4 Certificate

A certificate is a derivative that price depends solely on the price of the underlying product (index, structure, etc.), some of its behaviour is similar to that of structured products (e.g. its price follows the price movement of a product or index), in other cases a certificate is a securitized derivative (e.g. the price does not entirely follow the price movement of the underlying product, but is clearly defined by it).

Based on the amount of capital required for investment and the product risk, certificates can be investment certificates (does not include leverage, in many cases provides a capital guarantee, is similar to structured products) and leveraged certificates (riskier products, the desired strategy can be accomplished with a lower capital investment, similar to futures products).

The certificates are traded on the stock exchange in Hungary, so the market price changes of the securities can be monitored and, as they are liquid, they can be traded even within a day. The potential loss is limited: in the case of the most risky products, the total capital can be lost, but even in the case of leveraged types, no capital replacement is required, i.e. no financing of the loss is required. It is recommended to consider investing in certificates primarily for sophisticated or professional clients, who are willing to take higher risks in the hope of higher returns and are able to take on the total loss of the amount of invested capital based on their ability to bear the costs and expenses.

The risk of certificates depends on:

- **the type of certificate, i.e. whether it has a capital guarantee or the level of leverage,**
- **fluctuations in the price of the underlying product,**
- **the risk of the issuer.**

For all these reasons, it is essential for the Client prior to investing in a specific financial instrument to examine in detail the disclosure documents published by the issuer regarding the specific financial instrument, which are usually available on the issuer's or distributor's website or registered office.

7.5 Derivative transactions

This type of transaction is based on a so-called derivative investment, the value of which depends on the value of another investment (the underlying product) and is subject to independent trading. Derivatives include futures and options.

For all these reasons, it is essential for the Client prior to investing in a specific financial instrument to examine in detail the disclosure documents published by the issuer regarding the specific financial instrument, which are usually available on the issuer's or distributor's website or registered office.

8 Regulation (EU) No 236/2012 on short selling and certain aspects of credit default swaps and certain obligations on Clients under related EU acts

Regulation (EU) No 236/2012 on short selling and certain aspects of credit default swaps and related EU acts (hereinafter collectively: Short Selling EU Regulations) shall be directly applicable in the territory of Hungary from 1 November 2012.

Under the EU Short Selling Regulations, customers may be required to report and / or disclose certain transactions based on some of their transactions and certain financial instruments in their possession, and may be prohibited from entering into certain transactions. Customers may, in certain circumstances, be exempted from fulfilling their obligations under the Short Selling EU Regulations. Compliance with Short Selling EU Regulations is monitored in Hungary by the Competent Authority within the framework of its market surveillance procedure.

More information can be found on the following websites:

http://ec.europa.eu/internal_market/securities/short_selling_en.htm
<http://www.esma.europa.eu/page/short-selling>
https://www.kozzetetelek.hu/short_selling

9 Ex-ante price transparency

The preliminary cost estimate (hereinafter: cost estimate) shall show the fees charged for the investment service and / or ancillary (investment) services provided to the Client, as well as the costs and fees related to the production and management of the relevant financial instrument and its acquisition, holding and sale, as well as the amount of benefits received from the third party.

The sole purpose of the cost calculation is to provide the customer with information on costs and fees in accordance with the law. The cost calculation is of general application and does not take into account the unique, special circumstances of each Customer.

Making the cost estimate available and handing it over to the Client does not constitute an offer, an investment recommendation, a call for tenders, investment advice, investment or financial analysis, or an incentive to invest.

The data and information included in the cost calculation are based on estimates, the investment amounts and time periods are only examples, therefore it is not possible to draw a clear conclusion about the actual amount of the given costs and fees even if the Client wishes to conclude an individual transaction with the same or similar characteristics.

Provisions related to cost calculation can be found in Chapter 3.3 "Information on Fees and Charges" and Chapter 6.7. "Fees and Costs" of the Business Rules.

The cost calculation is available to the Clients on the IBCE website or on the IB Account Interface platform.

10 Ex-post cost transparency report

The Company will subsequently provide its Clients with annual information on all fees and costs incurred in connection with the investment services and ancillary (investment) services provided by IBCE, as well as in connection with financial instruments.

The information is prepared individually for each Client, based on the investment services and additional (investment) services used by the relevant Client, as well as based on the individual transactions and products sold. In the case of subsequent annual information, the period covered by the information shall be determined taking into account the date of the Client's business relationship with IBCE, the conclusion of the contract for the use of the relevant investment service or ancillary service. If the contract between the Client and the Company for the use of investment services or ancillary services is terminated, the subsequent information will be issued for the relevant period.

Ex-post information under the Regulation includes:

- all costs and related fees charged for investment services and / or ancillary (investment) services provided to the Client,
- all costs and associated charges associated with the production and management of the financial instrument; and
- with regard to first point, the amount of benefits (sums of money) received by IBCE from third parties in connection with the investment service provided to the Client.

The ex-post information contains the costs and fees actually incurred in the relevant period. In the case of investment services and ancillary (investment) services, IBCE obtains the necessary data from the relevant issuers and product manufacturers, and, if necessary, contacts the product manufacturer or issuer in order to supplement the data.

The ex-post information shall include the fees and costs incurred, aggregated according to the cost items specified by law. The ex-post information also summarizes the total costs and fees and presents the total costs and fees both in terms of amount and percentage.

Subsequent information on all costs and fees should be provided and disclosed by the Company in an aggregated form so that the Client can understand the total cost and its cumulative effect on the return on investment.

In the subsequent information, the relevant fees and costs are reported in Client's base currency.

The detailed terms and conditions of the individual transactions and transactions affected by the ex-post information are contained in the contracts, confirmations, the Business Rules, their annexes and announcements, the lists of conditions, as well as the securities account statement and other statements.

11 Relevant communication

Relevant communication includes pre-trade communication for the purpose of providing a service, even if no actual transaction or service has taken place, as well as the transaction process and post-transaction, post-service communication, including communication regarding complaint handling.

Detailed rules related to the relevant communication are contained in Chapter 7 of the Business Terms and Conditions "Communication and Information on Turnover", Annex 6 "Complaint Handling Policy" and the Data Management Information.

12 Product governance rules and target market analysis

IBCE applies product governance rules in its internal process to ensure that the products and services offered are compatible with the needs, characteristics and objectives of the identified target market and that the planned marketing strategy is consistent with the identified target market.

For each financial instrument, the Company identifies the potential target market in sufficient detail and identifies the type or types of Clients with whose needs, characteristics and purposes the

financial instrument is compatible. As part of this process, the IBCE identifies the Client group or groups whose needs, characteristics and objectives are incompatible with the financial instrument. The Company shall establish and maintain procedures and measures to ensure compliance with the requirements applicable under capital market legislation, in particular disclosure, compliance assessment, incentives and requirements for the proper management of conflicts of interest. IBCE will periodically review its product governance rules and, as a result take appropriate action if necessary.

The Company also uses the information available to it regarding financial instruments, as well as information received from so-called producers of financial instruments and information about their own customers, to identify the target market and distribution strategy.

In the event that a financial instrument in respect of a Client qualifies as a sale outside the target market, IBCE shall inform the Client of this fact and provide a brief justification at the time of the sale as to why the Client may be eligible for a sale outside the target market.

Further rules related to the target market are contained in Chapter 3.2 "Target Market Information" of the Business Rules.

13 Package Retail Investment Products and Key Information Documents

Requirements regarding the key information documents may be found in Regulation (EU) No 1286/2014 on the key information document for retail investment package products and insurance-based investment products (hereinafter: Regulation (EU) No 1286/2014) and in retail investment package products Regulation (EU) No 1286/2014 of the European Parliament and of the Council on the disclosure, content, review and amendment of Commission Regulation (EU) 2017/653 (hereinafter referred to as Commission Regulation (EU) 2017/653).

Pursuant to Article 5 (1) of Regulation (EU) No 1286/2014, the so-called KID (Key Information Documentum) is prepared by the manufacturer of the Package Retail Investment Product and is required to be published on its website.

Pursuant to Article 4 (4) of Regulation (EU) No 1286/2014, the following shall be considered to be a manufacturer of a retail investment package product:

- any organization producing a retail investment package product,
- any organization that makes a change to an existing retail investment package product (such changes include, but are not limited to, changes to the product's risk and reward profile or costs associated with investing in the retail investment package product).

The form and content of the pre-contractual information of the KID shall be determined by Regulation (EU) No 1286/2014 and Commission Delegated Regulations (EU) 2017/653, according to which:

- the KID is a short, concise document of up to three A4 pages,
- the KID prominently includes the title "Key Information Document" at the top of the first page of the document,
- the KID contains an explanatory statement directly under the title of the key information document, with the following text: "This document informs you about the key information about this investment product. This document is not a marketing material. The provision of information is required by law to help you understand the nature, risks, costs and potential gains and losses of this product and to compare it with other products."
- the KID contains at the beginning of the document the name of the retail investment package product, the designation and contact details of the retail investment package product manufacturer, information on the competent authority of the retail investment package product manufacturer, and the date of the KID,
- The KID includes a complexity warning, as appropriate: "You are about to buy a product that is complex and difficult to understand."
- The topics of the KID defined by law are the following:
 - "What product is it?" section

- "What are the risks of the product and what can I get in return?" section
- "What happens if the name of the retail investment package manufacturer cannot pay?" section
- "What are the costs?" section
- "How long should I keep the product and how can I get my money earlier?" section
- "How do I make a complaint?" section
- "Additional important information" section.

In accordance with Article 10 of Regulation (EU) No 1286/2014 and Articles 15 and 16 of Commission Delegated Regulation (EU) 2017/653, the manufacturer of a retail investment package product shall regularly review the information provided in the KID and if necessary, certain parts of the document need to be amended based on the results of the review. The manufacturer shall publish the amended KID on its website.

The Company makes the KID of retail investment package products available to the Client on the website of the provisions of the Business Rules and on the IB Account Interface.

Further rules related to retail investment package products are contained in Chapter 3.4 "Product Information for Retail Investment Package Products" of the Business Rules.