DIF BROKER

Pre-contractual information

General risks associated with trading in securities and financial instruments

1. Preamble

trading in financial assets, in general, and securities involves financial risks arising from the investment exposure to uncertainty. This is a consequence of natural ignorance and inability to forecast the future performance of an asset.

Determining the risk degree has a personal component, resulting, on one hand, from the asymmetric individual perception of the various components of the financial reality and, on the other hand, from the differentiated impact of those consequences.

DIF Broker – Sociedade Financeira de Corretagem, S.A., hereinafter designated as DIF Broker, informs that the Client is required to read and understand the risks described below and be sure that investment in financial markets will not affect his/her financial situation. Likewise, the Client should avoid contracting service or negotiating any financial instrument whenever does not understand their effects and/or cannot tolerate its consequences.

The present definitions refer to key risks in which the Client may incur, either by contracting the services of securities management with DIF Broker, either by trading specific financial assets.

2. General definitions

2.1. Financial instruments or equivalent instruments:

- **a)** Securities;
- **b)** Money market instruments;
- **c)** Derivatives to transfer the credit risk;
- **d)** Contracts for Difference (CFD);
- **e)** Options, futures, swaps, interstate forwards and any other derivative contracts regarding securities, currencies, interest rates or rates of return, or concerning other derivative instruments (i.e., derivatives), indices and financial ratios with physical or financial settlement;
- **f)** Options, futures, swaps, interstate forwards and any other derivative contracts with financial settlement, even if upon decision of one of the parties, regarding commodities, climate variables, freight rates, emission licenses, inflation rates or any other official economic statistics;
- **g)** Options, futures, swaps, interest rate forward agreements and any other derivative contracts regarding commodities with physical settlement, provided that:
  - i) They are traded on regulated markets or in a multilateral trading system;
  - ii) They are not used for commercial purposes, but share similar features with other derivatives;
- **h)** Insurance contracts related to investment funds.

2.2. Securities:

- **a)** Shares;
- **b)** Bonds;
- **c)** Equity instruments;
- **d)** Units in collective investment schemes in transferable securities;
- **e)** Covered warrants;
- **f)** The rights detached from the securities described in paragraphs a) to d), provided that the detachment applies to the entire issuance or series and is set out in the conditions of the issuance;
- **g)** Other documents representing similar legal situations as long as they can be traded in the market.

2.3. The financial instruments or equivalent instruments and the securities described previously are not a deposit and therefore are not covered by a deposit guarantee fund.

3. Financial intermediation activities

This contract comprises the following financial intermediation activities:

- **a)** Investment services and activities in financial instruments, including:
  - Reception and transmission of orders on behalf of a third party;
  - Execution of orders on behalf of a third party;
  - Investment consulting, which will only be provided after assessment and prior express agreement by DIF Broker;
  - Portfolio management on behalf of a third party whenever the Client expressly requests and DIF Broker accepts to provide this service; in this case, it will be subject to specific regulation and separate contract.

Madrid
Av. de la Industria, 4 Natea Business Park, 2B, 2ª Planta
28108 - Alcobendas - Madrid - España
T: + 34 913 540 838

Porto
Rua António Cardoso, Nº 613, loja 8
4150-083 Porto, Portugal
T: + 351 226 152 800

Lisboa
Av. da Liberdade, Nº 244-4º Andar
1250-149 Lisboa, Portugal
T: + 351 211 201 595

DIF BROKER-SOCIEDADE FINANCEIRA DE CORRETAGEM, S.A. | SUCURSAL EN ESPAÑA • MATRÍCULA/NIPC 504 767 640 - CAPITAL €3.800.000 - REGISTADA NA CMVM Nº 276 - BDP Nº 225 - FCA Nº 434573 - CNMV Nº 36

b) Ancillary services to investment services and activities, including:
- Registration and deposit of financial instruments, as well as services related to their custody in the financial instruments account;
- Investment studies, financial analysis or other generic recommendations related to transactions in financial instruments;
- Advice on capital structure, industrial strategy and related issues, as well as mergers and acquisitions.

3.1. Financial instruments trading will be subject to a prior assessment.
DIF Broker considers that the Client may not meet the appropriate conditions to negotiate or contract the services provided in this section:

a) If he/she is unable to tolerate sudden and rapid capital losses;
b) If he/she wishes to allocate a high portion of its assets to the services and products described in this section and this may jeopardize his/her economic and financial stability;
c) If he/she do not have a steady annual income flow;
d) If he/she cannot mobilize liquidity quickly to sustain risk positions on the market, in particular, to increase margins;
e) If he/she does not have enough time to systematically monitor the evolution and the results of the services and products referred to in this section.

3.2. We inform that the securities and financial instruments deposit and registration services are provided by the following institutions:

a) "Spot" securities: Saxo Bank A/S, Banco Investimento Gobal, Banco Inversis e Optimize Investment Partners;
b) Derivative financial instruments: Saxo Bank A/S.

Therefore, the Client is exposed to the risks mentioned in subparagraph c) of paragraph 4.2. of this document, including default by the depositaries, within its relationship with Saxo Bank A/S, Banco Investimento Global, Banco Inversis e Optimize Investment Partners.

3.3. While reports and opinions may be generically disclosed through the website www.difbroker.com, through other means of communication, or directly by our employees, these should not be treated as personalized investment advice. Accordingly, DIF Broker informs the Client that the information contained in the reports and opinions issued by its employees:

a) Have been compiled by DIF Broker based on information available to the public and sources deemed reliable;
b) Do not constitute a recommendation for the purchase or sale of financial instruments.

Consequently, DIF Broker does not assume any responsibility for damages caused by the inaccuracy of the information provided under the above-mentioned terms or by its missuse.

4. Information on general risks of financial instruments

The Client is aware that, when trading financial instruments, is exposed to the following risks:

4.1. Market risks

The market risk inherent to trading in financial instruments is related with the possibility that an investment may prove to be unprofitable for the Client, against Client's expectations, due to market fluctuations. The market risk also involves the risk of price or rate fluctuations that may adversely affect the specific interests of each Client as a result of uncontrollable and indeterminable economic factors. These risks include fluctuations in the stock, bond, interest rate, currency exchange rate and commodity markets, among other markets accessible to trading by the Client.

4.2. Credit risks

Credit risk refers to the possibility that one contractual party may fail to meet its obligations, thus leading to capital losses. The Client is exposed to the following types of credit risk:

a) Credit risks as a result of the issuer's default: in reimbursement of capital, in case of financial instruments with maturity dates, in payment of dividends or interests;
b) Credit risks as a result of settlement failures: Client is subject to these risks under the terms and conditions determined by the several business counterparties and the risks inherent to each trading venue. The settlement procedures aim to eliminate the risk of payments without the corresponding consideration. However, the consequences of eventual cancellations or delays in settlements persist;
c) Credit risks as a result of the depositary institutions' default: Client is subject to the risk of default by the depositary institutions with which DIF Broker has a business relationship, either directly or indirectly.

4.3. Liquidity risks

This risk arises from the potential inability to trade and/or execute the trade of any financial instrument at a reasonable speed and price, which may result in a loss to the Client. In certain situations, a lack of market liquidity may lead to a situation where it is not possible to close a position at the desired moment or, ultimately, it is only possible to close such position with a significant loss. In these cases, there is a risk that Stop orders will not be executed at desired price, which may generate differences in the expected result.

4.4. Operational risks

The difficulties in processing and executing security trading services, including, but not limited to, technological reasons, expose the Client to losses resulting from the deterioration of the service quality arising from any decrease in the transaction execution ability, delays, inaccuracies, errors and disruptions considering the usual standards. Hence, DIF Broker informs the Client that, because of force majeure reasons, Client may incur losses resulting from factors reasonably unpredictable or difficult to control, including but not limited to strikes and social unrest, fall of energy supply lines or interruption of energy supply caused by natural or human factors, informatic support, fall of telephone lines or data transmission, communications and trading or information systems. In case any of these unpredictable events occur, DIF Broker will make the best efforts to protect the Client's interests to minimize the consequences of such events.

4.5. Systemic risks

The organization of the global financial system is based on trust and therefore the bankruptcy of a company, including but not limited to a financial company, of a settlement system or other catastrophic event, may result in a "domino effect" and, consequently, will generate a crisis of trust in the financial system. The systemic risk may also significantly change the usual liquidity conditions of securities and/or dramatically increase market volatility, destroying the normal patterns of price formation.

5. Definition of general and specific risks inherent to investment services

5.1. Brokerage service or reception, transmission and execution of orders: This service consists on the reception of the client's order and its subsequent transmission or execution, in different trading venues made available by DIF Broker. The general policy regarding orders execution leads to the direct sending of the order to the order books of the various trading venues provided for each product.
Accordingly, by signing the account opening form of which this document is an integral part as pre-contractual information, the Client authorizes that orders related to financial instruments admitted to trading on a given market may be executed in that or in other markets, in compliance with the "best execution" policy.

5.1.1. Portfolio turnover risk – Day trading

DIF Broker informs the Client that, within the scope of the brokerage service, the systematic activity of portfolio turnover at short notice, including but not limited to, during the day - "day trading" – in order to benefit from the securities or financial instruments price fluctuation, leverages the market risk when compared with a more defensive and long-term investment attitude. DIF Broker also informs that this activity may lead to higher financial intermediation costs and, therefore, the potential benefits of this activity can be lower.

5.1.2. Risks of Trading through Electronic Platforms

DIF Broker draws the attention to the risks associated with the use of electronic trading platforms. The use of this type of platform may cause damages to the Client due to communication failures caused by, for example, but not exclusively, the fall of power supply lines or the interruption of electricity supply caused by natural factors or by human intervention, provided that the reasons are not attributable to DIF Broker or its employees. In addition to the risks previously described, there may be technological risks arising from the fact that the Client does not have updated software on his/her platform. This may have negative consequences in the execution of orders, the presentation of account statements and in the accuracy of the information provided.

5.2. Non-independent investment advice service

Investment advice service is the provision of a personalized recommendation to a client whether under by his request or by DIF Broker's initiative related to one or more financial instruments.

DIF Broker provides non-independent Investment Advice service, given that it does not have access or offers to its client's primary markets' financial instruments and financial instruments that are available to its Clients are limited by those offered by DIF Broker' selected counterparts (Saxo Bank A/S, Banco Inversis, Optimize Partners and Banco de Investimento Global).

The provision of this service depends on the previous filling of a questionnaire called "Suitability Test" in order to allow DIF Broker to recommend the investment service or the financial instruments that best suits the Client.

In any investment advice given by DIF Broker the good faith of its qualified professionals is ensured; however, the ultimate responsibility for the execution of the transactions will always belong to the Client and, therefore, the execution of the transactions will be a consequence of his/her decisions.

Neither DIF Broker nor its managers or employees can give any guarantee concerning performance of the products on which they have provided investment advice. The Client is responsible for any capital losses or capital gains obtained through the advice given in good faith by DIF Broker.

The Investment Consulting fees are described in DIF Broker's pricing conditions available at the company's facilities and at http://www.difbroker.com/pl/oplaty/
There is a risk that the recommendations made by DIF Broker analysts may have a negative impact on the Client's assets.

Madrid
Av. de la Industria, 4 Natea Business Park, 2B, 2ª Planta
28108 - Alcobendas - Madrid - España
T: + 34 913 540 838

Porto
Rua António Cardoso, Nº 613, loja 8
4150-083 Porto, Portugal
T: + 351 226 152 800

Lisboa
Av. da Liberdade, Nº 244-4º Andar
1250-149 Lisboa, Portugal
T: + 351 211 201 595

5.2.1. Risks of Trading through Electronic Platforms
DIF Broker draws the attention to the risks associated with the use of electronic trading platforms. The use of this type of platform may cause damages to the Client due to communication failures caused by, for example, but not exclusively, the fall of power supply lines or the interruption of electricity supply caused by natural factors or by human intervention, provided that for reasons not attributable to DIF Broker or its employees. In addition to the risks previously described, there may be technological risks arising from the fact that the Client does not have the software on his/her platform updated. This may have negative consequences in the execution of orders, the presentation of account statements and in the accuracy of the information provided.

5.3. Discretionary Portfolio Management Service on behalf of third party
DIF Broker informs the Client that the portfolio management service that it provides consists on the management of the Client's financial assets, under a mandate granted for this purpose, on an individual and discretionary basis, whereby DIF Broker undertakes to carry out all actions aimed at increasing the value of the portfolio.

The management carried out by DIF Broker is characterized as a discretionary management, without any guarantee of capital or return, which depends on the previous completion of a questionnaire called "Suitability Test" in order to allow DIF Broker to manage the account according to the risk tolerance revealed by the Client.

To this extent, DIF Broker informs that the investment decisions will be taken by DIF Broker on behalf of the Client and, therefore, the Client may incur in losses arising from an increase of the associated risk, since the portfolio management service may involve the investment in shares, bonds, ETFs, units or other instruments traded on the spot market or on a regulated or unregulated market (OTC).

The Client has been informed, in particular, about the high degree of leverage of the derivative financial instruments, which can entail high gains or substantial losses, and such losses may exceed the entire initial capital.

Considering its specific features, the risks of this investment service are identified below:

5.3.1. Capital Risk
The discretionary portfolio management service can provide zero or negative returns, as it involves derivative financial instruments, which allow the investor to leveraged exposure to the underlying assets; In certain situations, a lack of market liquidity may lead to a situation where it is not possible to close a position at the desired moment or, ultimately, it is only possible to close this position at a significant loss. In these cases, there is a risk that Stop orders will not be executed at desired price, which may generate differences in the expected result.

5.3.2. Client Evaluation Risk
In the context of this investment service, the Client delegates the management of its financial assets to DIF Broker, which must therefore establish minimum criteria / requirements of a qualitative nature and risk management rules to be complied by the consultants in the exercise of their functions (e.g. degree of risk exposure, level of dispersion / diversification, capacity to absorb losses, among others). Those criteria/requirements work as parameters of the conditions for providing a service, which is intended to satisfy the interests and the actual needs of the Client, and which are defined considering the results of the Suitability Test. There is a risk that the criteria / requirements described above may not be met, due to anomalies at the time of the negotiation or due to the occurrence of extreme events, such as election results, monetary policy changes, technical failures, among others.

6. Definition and specific risks of financial instruments

6.1. Shares
Shares represent the share capital of a company. Their remuneration is uncertain and consists in the payment of a dividend based on the company's profits. DIF Broker informs the Client that trading in shares exposes him/her to the following risks:

a) Market risks, resulting from fluctuations in the respective prices and/or insufficient return on invested capital. The Client may perceive the risk level of each share by the range and systematic nature of prices fluctuations (volatility). The Client may lose his/her investment if the company goes bankrupt. The Client is also exposed to market risks arising from price fluctuations in the forex market when he/she trades in securities in a currency other than the base currency of his/her account.

b) Liquidity risks. DIF Broker informs the Client that he/she may mitigate this risk by trading in shares that are included in relevant indexes or that are subject to liquidity contracts with market makers. Orders over shares are subject to the following rules:

i. To the trading venue with more liquidity regarding the respective share, in case there are several trading venues for the same share;

ii. Orders valid for more than one day to the European markets will be withdrawn at the end of the day and reintroduced in the respective order book at the opening of the market on the following day, thus determining the loss of priority in the reopening of the market.

DIF BROKER

iii. With the exception of NASDAQ, trading venues are regulated markets that use the central order book method, under the terms and conditions of each venue's regulations.
iv. DIF Broker informs the Client that trading in shares is not exclusive to the venues provided; on certain circumstances, temporary or persistent, there could be more favourable trading conditions elsewhere. This risk is particularly higher if trading on NASDAQ because its poolorganization favours trading asymmetries.
v. DIF Broker informs the Client that on NASDAQ market, his/her orders are executed using DIF Freedom trading platform via Saxo Bank A/S, which in turn uses ECN and marketmakers.
vi. DIF Broker informs the Client that he/she is subject to the risk described in sub-paragraph b) of paragraph 4.2., in accordance with the rules and conditions of the companies associated to each trading venue, hereinafter referred to as counterparty, as detailed on the followingtable:

Country of Origin	Name of Trading Venue	Counterparty
Germany	Deutsche Borse Gruppe, XETRA	Saxo Bank A/S
Spain	SIBE	Saxo Bank A/S
United States of America	NYSE y NASDAQ	Saxo Bank A/S
Finland	Helsinki Stock Exchange	Saxo Bank A/S
France	Euronext-Paris	Saxo Bank A/S
Netherlands	Euronext - Netherlands	Saxo Bank A/S
Italy	Affari – Bolsa Italiana	Saxo Bank A/S
Portugal	Euronext- Lisboa	Saxo Bank A/S
United Kingdom	SETS	Saxo Bank A/S
Sweden	Stockholm Stock Exchange	Saxo Bank A/S
Switzerland	SWX e Virt-X	Saxo Bank A/S

6.2. **Bonds** (non-complex)
The Client's orders that do not specify the trading venue will be sent directly to the bond market. Hence, DIF Broker informs the Client that there may be other trading venues with more favourable conditions.
Bonds are securities representing the issuer's debt, usually with a pre-established maturity for capital repayment, which earn interest rate, with periodic payments or at the bond's maturity. Interest rate can be periodically indexed to a benchmark or can be fixed until the bond matures.
DIF Broker informs that when trading bonds the Client will be exposed to the following risks:

a) Credit risks arising from the issuer's default in the payment of interest and/or capital. The Client may perceive the degree of bonds' credit risk through the credit ratings assigned by independent companies specialized in that service.
b) Market risks on fixed interest rate bonds resulting from fluctuations in interest rates in the monetary markets. Bond price fluctuation can also result from changes in bond rating. The Client is also exposed to market risks arising from price fluctuations in the forex market whenever Client trades securities in a currency other than the base currency of the account.
c) Liquidity risk due to difficulties in trading; bonds with liquidity contracts may reduce or dilute this type of risk.

6.3. **Structured Bonds** (complex): Security which combines a bond with a financial derivativeinstrument embedded in that bond, making the yield of that bond depend on the performance of another asset, instrument, financial contract or index which can boost or increase this income. The yield of the bond will depend, proportionally or not, on the variation of the value of the underlying asset or index.
The trading of structured bonds involves the following risks:

a) Risk of total or partial loss of the invested capital in the event of early repayment or insolvency of the issuer, or loss of the asset in which the conversion takes place in the case of reverse convertibles;
b) Risk of non-guaranteed remuneration;
c) Risk of early repayment by the issuer;
d) Liquidity risk, if there is no admission to market (regulated or not) or the liquidity in the market is reduced, for example due to the lack of a market maker or because there is no possibility of requesting early repayment at the option of the investor;
e) Risk of conflicts of interest, including but not limited to, as a result of a coincidence or links between the issuer, the placement agent and the calculation agent;
f) Legal risks (changes on the legal framework applicable to taxation or transfer, exercise of rights, etc.).

DIF BROKER

6.4. ETF – Exchange Traded Funds (non-complex)

ETFs are open-ended investment funds that are admitted to trading on a stock exchange and aim to obtain a performance which depends on the behaviour of a specific reference indicator (being it an index, an asset or an investment strategy). The performance of these funds is identical to the performance of the reference indicator only in certain contexts and on certain time horizons. Investing in an ETF does not guarantee the same performance as the reference indicator and is therefore exposed to trading risks of a share, as outlined in point 5.1. of this document.

6.5. ETF – Exchange Traded Funds (complex)

Exchange-traded Funds (ETFs) are opened investment funds admitted to trading on a stock exchange and whose main purpose is to achieve a performance related to a specific reference indicator, regardless of being an index, a market segment, an asset, a financial instrument or an investment strategy, in the case of "Actively managed" ETFs.

The underlying assets of the reference indicator are multiple and allow exposure to different types of risk, such as financial instruments (shares / bonds), financial derivative instruments, exchange rates, commodities, including precious stones, cereals, oil, among others.

Complex ETFs, because they target more complex strategies when compared to simple ETFs, involve broader financial and non-financial risks that can be identified in the respective prospectuses and are, as a rule, the following:

a) Market risk of the assets that compose the reference indicator. The value of these assets may decrease causing the change of the reference indicator and the loss of the invested capital;
b) Risk related to constraints inherent to the replication of the reference indicator or respective multiple (existence of "tracking error");
c) Liquidity risk, whether related to the trading of the shares in the stock exchange or to the assets comprised in the portfolio of the ETF.

In the case of "Leverage ETF" or "Inverse ETF", there are also the following risks:

a) Risk of leverage, which is related to the increase of the level of loss (or gain) against the performance of the reference indicator;
b) Risk of divergence (the greater the volatility of the respective underlying asset the greater the divergence) from its behaviour in relation to the behaviour of the reference indicator when the time horizon of comparison is greater than one day, considering its structuring in order to replicate the daily profitability of the positive or negative multiple of the reference indicator;
c) Risk of conflicts of interest as a result of the coincidence or links between the various entities involved in the product design (ex: managing entity and issuer of the assets that compose the portfolio of the fund) and the respective placement agent;
d) Legal risks (changes on the legal framework applicable to taxation or transfer, exercise of rights, etc.).

DIF Broker currently only provides complex ETFs on its trading platform and has developed the "KID" - Key Information Document, which are available on its website.

6.6. Futures

The Future contract is a standardized and reversible contract for the purchase and sale of a given quantity and quality of an asset (financial or otherwise), at a specific future date, against a price determined now. Under a future contract, the buyer is bound to pay the agreed price and the seller is bound to deliver the asset under the agreed conditions. Future contracts may be the subject to a physical settlement (if the seller delivers the sold assets) or financial settlement (if there is no physical delivery of the assets but only a set-off considering the market price of the asset on the settlement date). Future contracts allow either party to reverse its contractual position by taking an opposite position to the initial one.

The risks associated with the negotiation of future contracts are:

a) Market risks arising from fluctuations in the market value of an asset or group of underlying assets (shares, indexes) and their impact on the value of the Client's portfolio.
b) Capital risk. Investment in future contracts carries the risk that the amount of capital to be received may be lower than the invested capital, with the possibility of incurring in a loss greater than the invested capital. Future contracts are leveraged derivative financial instruments, allowing the investor a leveraged exposure to the underlying assets concerned.
c) Credit risk. Investment in Future contracts entails credit risk of:
- DIF Broker, arising from the possibility of default of the obligations arising from its intermediation (brokerage) activity, in case of bankruptcy or insolvency;
- Saxo Bank A/S, which acts as counterpart of DIF Broker, regarding amounts that the investor is entitled to receive, when his/her position in Futures is closed with gain or loss, in the event of bankruptcy or insolvency.

d) Liquidity risks. In certain situations, due to lack of market liquidity, it may not be possible to close a position at the desired moment or it may only be possible to close it at a significant loss. In these cases, there is a risk that Stop orders will not be executed at desired price, which may generate differences in the expected result.

Madrid
Av. de la Industria, 4 Natea Business Park, 2B, 2ª Planta
28108 - Alcobendas - Madrid - España
T: + 34 913 540 838

Porto
Rua António Cardoso, Nº 613, loja 8
4150-083 Porto, Portugal
T: + 351 226 152 800

Lisboa
Av. da Liberdade, Nº 244-4º Andar
1250-149 Lisboa, Portugal
T: + 351 211 201 595

DIF BROKER

DIF Broker informs the Client that the way to mitigate this risk is by trading in futures that are object of liquidity contracts with market makers as well as through the negotiation of future contracts of reference indicators characterized by higher liquidity.

DIF Broker informs the Client that it executes the orders in the following future markets:

Country of origin	Name of Trading Venue	Counterparty
Australia	Sydney Futures Exchange	Saxo Bank A/S
Canada	Bourse de Montreal	Saxo Bank A/S
United States of America	CBOT, CFE CME, COMEX, ICE, NYMEX	Saxo Bank A/S
Hong Kong	Hong Kong Exchanges	Saxo Bank A/S

6.7. Contracts for Difference - CFD

CFD are financial derivative instruments traded on an OTC or non-regulated market that allow investors to use financial leverage to hedge or speculate over the price of an underlying asset.

The underlying assets of the CFD may include many different stocks, stock market indices, exchange traded funds, commodity futures (eg oil, gold, silver), bond futures and foreign exchange futures.
CFD are the subject of an exclusively financial settlement which is calculated by the difference between the initial price (opening of the position) and the final price (closing of the position), multiplied by the number of units traded and therefore no delivery / receipt of underlying asset.

The price of CFD of shares, indexes or other financial instruments, shall consider the effect of the corporate events associated with underlying asset, such as dividends, capital increases or decreases, stock splits and reverse stock splits. For example, in the case of dividend distribution, the investor with a long position will be credited by the amount corresponding to the net dividend. The investor with a short position will be debited by the amount corresponding to the gross dividend. Other events, such as increases or decreases in capital, stock splits and reverse stock splits, will also have an impact on the investor's account as described in this document.

In the case of an index constituent share dividend distribution, there will be an adjustment to the investor's account in the same proportion of the security in the index, except where the CFD itself adjusts the payment of dividends, such as on Total Indices Return.
CFD do not give the investor corporate rights over the issuer of the shares that serve as the underlying asset. Therefore, investors cannot participate and vote in the deliberations at a general meeting of shareholders, exercise the right of potential divestment, benefit from the right of potestative acquisition, among others.

Given that CFD is a product that uses financial leverage, maintaining positions beyond the day itself will result in the payment or receipt of interest depending on the type of transaction (long or short) and the spread applied. Interest is calculated daily between the opening day and the closing date of the trade and are debited monthly.

If the transactions are closed on the same day (day-trade), there will be no interest payment or charge. Customer's orders are always settled according to the FIFO ("First In First Out") criteria, unless the Customer enters conditional related orders in his account or sub-account, subject to the charge of a roll-over cost, or a cost of financing, depending on the financial derivative product that has been traded.
Opening of a position implies that the investor has always and previously available the necessary margin. When a position is opened, the investor will no longer have available the amount relating to the margin, which corresponds to a percentage of the trade value.

Although these financial products made available are similar to those traded in regulated markets, DIF Broker informs that CFD trading is subject to the exclusive rules of Saxo Bank A/S A / S (www.saxobank. com), when using DIF Freedom platform, and is considered, for its due purposes, as trading outside regulated markets.

The main risks associated with trading in CFD are:

a) Market Risk: consist of the total or partial loss of the invested capital if, in a CFD with long (short) position, the value of the underlying decreases (increases) in relation to the value by which it was acquired. In that situation the buyer will have to pay to the seller the difference between these two prices, thus not recovering the invested capital;

b) Risk of lack of remuneration and of losses higher than the amount invested: If the price fluctuation of the underlying asset is sufficiently sharp, the amount of the loss may exceed the amount of the margin, in which case the loss may exceed the amount initially invested. In this case the investor may be required to pay an additional margin, and, under certain circumstances, Client's positions may be compulsorily closed, and the loss may be greater than the total amount initially invested, even if the investor's expectations are subsequently reached;

Madrid
Av. de la Industria, 4 Natea Business Park, 2B, 2ª Planta
28108 - Alcobendas - Madrid - España
T: + 34 913 540 838

Porto
Rua António Cardoso, Nº 613, loja 8
4150-083 Porto, Portugal
T: + 351 226 152 800

Lisboa
Av. da Liberdade, Nº 244-4º Andar
1250-149 Lisboa, Portugal
T: + 351 211 201 595

c) Counterparty risk: typical risk of derivative financial instruments traded over the counter and associated with the solvency of the counterparty in a contract. In CFDs, if the counterparty to the contract defaults its financial obligations, the CFDs may lose their value, even if the price fluctuation of the underlying asset is favourable;
d) Legal risks, which mainly include changes on the legal framework applicable to taxation, transfer, exercise of rights, etc.;
e) Technical risks which include, for example, not having access to information about CFD prices following technical problems in the trading platform normally made available by the counterparty.

6.8. Forex Forward Contract

The "Forex Forward" contract differs from the "Forex spot" because it has a specific and future maturity date, converting into a "Forex Spot" on maturity date.

The required margins are variable depending on the Forex pair and vary considering factors such as volatility and liquidity and can be consulted under "Conditions" » "Forex Margin Conditions". Forex are currency derivatives (cross), and the investor is remunerated in accordance with the valuation differences of the currencies invested. In these products, the investment may be leveraged, and the chances of gains and losses can therefore be multiplied.

The main risks associated with forward contracts are:
a) Risk of total or partial loss of the invested capital;
b) Non-guaranteed returns;
c) Exchange rate risk;
d) Risk of misunderstanding the product risks, including but not limited to, the risk of misunderstanding the scenarios of loss of the invested capital;
e) Legal risks (changes on the legal framework applicable to taxation, transfer, exercise of rights, etc.).

6.9. Investment fund units

Units in investment funds are characterized, from a legal perspective, as non-complex financial instruments. Despite their nature, these financial instruments are not risk-free and can therefore generate losses of the invested capital. The risks of trading in investment fund units are explained in the prospectuses of the respective funds, where you can learn more about any restrictions on redemptions.

6.10. Capital guaranteed structured products

These financial instruments are complex products but are aimed to protect capital. Therefore, the Client is exposed to market risks, when the return is lower than expected, and to credit risks as a result of issuer's default of its obligations, particularly when the issuer is not a financial institution. DIF Broker does not provide this type of financial instruments to its Clients.

6.11. Structured products without protected capital

DIF Broker informs the Client that any structured product, which does not include capital guarantee clauses, falls under this section given the complexity in assessing the risks involved.

6.12. Options

Vanilla Options over Financial Instruments are complex financial products traded in OTC markets and regulated markets whereby a buyer/seller acquires the right (but not the obligation) to execute a purchase or sale operation over a financial instrument, at a certain price (Exercise Price), on a certain date (Expiration Date), against the payment/receipt of a premium. The asymmetry of rights and obligations between seller and buyer is remunerated through the payment of a price (premium) by the buyer to the seller. The right may be exercised exclusively at the expiration date (European style options) or in any time before the expiration date (American style options). Options may be subject to physical settlement (if the seller delivers the sold assets) or to financial settlement (if there is no physical delivery of the assets, but only a set-off based on the market price of the asset on the liquidation date). Option contracts allow either party to reverse its contractual position by taking an opposite position to the initial one.

Options underlying assets may include: shares, indexes, currencies, futures, treasury bonds, ETFs, commodities and other financial instruments traded in regulated and non-regulated markets.

DIF Broker informs the Client that trading in options in OTC market is subject to the exclusive rules of Saxo Bank A/S (website: www.saxobank.com) whenever the Client uses DIF Freedom platform. The risks associated with trading in options are:
a) Risk of total or partial loss of the invested capital;
b) Non-guaranteed returns;
c) Exchange rate risk;
d) Risk of misunderstanding the product risks, including but not limited to, the risk of misunderstanding the scenarios of loss of the invested capital which may be as follows:

- The worst possible outcome for the buyer of an Option is the loss of the amount paid, corresponding to 100% of the Option premium, at the time of purchase, without further exercise of the Option. The worst possible outcome for the seller of an Option is the unlimited loss equal to the difference between the price of the underlying asset at the exercise date of the Option and the exercise price, if unfavourable, and if the buyer exercises the Option.
- The best possible outcome for the purchaser of an Option is an unlimited gain equal to the difference between the price of the underlying asset at the exercise date of the Option and the exercise price, if favourable, and in case of exercise of the Option.
- The best possible outcome for the seller of an Option is the receipt of a limited gain (Option premium), followed by a non-exercise of the Option by the buyer, in which case the seller will not have to pay any amount to the purchaser of the Option.

7. Costs and associated fees

the Company will charge, for pursuing its activity and for the provision of investment and / or auxiliary services, fees and commissions as established in its Pricing table of Commissions & Fees.
The fees and commissions depicted in the Pricing table do represent the maximum amount of fees and commissions, as duly registered and authorized by CMVM, notwithstanding that the effectively charged amounts to the clients for the provision of the referred services may be lower than amounts depicted in the Pricing table.

The Pricing table is available on the institutional website of the Company, by accessing the link http://www.dibroker.com/pl/oplaty/, as well as at the company's premises.

In case any changes are made to the applicable fees and commissions, the Company will expressly communicate it, in writing, to its clients or notified through any of the periodic communications sent to them.

8. FATCA

FATCA or Foreign Account Tax Compliance Act was approved on 18 March 2010 and currently is included in Chapter 4 of the Internal Revenue Code in force in the United States of America. The main purpose of this legal instrument is to strengthen the prevention and fight against tax evasion of non-exempt US taxable persons, concerning the income earned and the financial assets held by such person outside the territory of the United States of America.

For this purpose, FATCA demands that Foreign Financial Institutions (FFI), such as DIF Broker, assume a formal commitment before the Internal Revenue Service (IRS) in order to proceed with the identification and the annual report of all the accounts owned by US Persons. The main concepts to be considered under FATCA legislation will be described below.

8.1. Foreign Financial Institution (FFI)

A Foreign Financial Institution (FFI) consists of any non-US financial entity that:

a) accepts deposits in the ordinary course of its activity or other similar services;
b) holds, as a substantial part of its activity (more than 20%), financial assets on behalf of a third party;
c) meets the requirements set out in points i, ii or iii:

i. Its main activity (more than 50%) includes at least one of the following activities, for (or for the account of) clients:
1. Trading on money-market instruments (checks, cash, deposit certificates, derivatives, etc.), foreign currencies, exchange rates, interest rates, indexed instruments, transferable certificates or commodities);
2. Management of portfolios of natural or legal persons; or
3. Investment, administration or management of funds, cash or financial assets for the account of a third party.

ii. Its gross income (more than 50%) arises mainly from investment, reinvestment or trading of financial assets and is managed by one of the entities mentioned above;

iii. Is incorporated (or is presented) as a collective investment undertaking, mutual fund, exchange traded fund, private equity fund, hedge fund, leveraged buyout fund, venture capital fund or other similar investment vehicle whose purpose is to invest, reinvest or trade financial assets; or

d) is an insurance company (or a holding company of a group that includes an insurance company) that provides life insurance, with cash value policies or annuities.

8.2. U.S. Person

For the purposes of FATCA legislation, clients who meet one of the following criteria will be considered a U.S. person:

- US citizenship, including holders of dual nationality, even if they live outside the USA;
- Residence in the USA*;
- Place of birth in the USA, unless he/she has renounced to US citizenship;
- Company or partnership incorporated or organized in the United States of America or under US law or the US federal states law;

- Any inheritance, whenever the deceased is a citizen or resident in the United States of America.
- Any trust in so far as:
  i. An American court has jurisdiction, under the applicable law, to render decisions or judgments that, in substance, relate to all matters regarding the trust management; and
  ii. One or more US Persons have sufficient power to control all substantive decisions taken within the scope of the trust activity.

*** Natural persons with permanent residency in the USA, green card holders and natural persons who meet two cumulative requirements are considered as residents in the USA. For this purpose, it should be noted that any natural person who was physically present in the USA for, at least, 31 days in the current calendar year and who was present in the USA for at least 183 days in the period including the current calendar year and the two immediately preceding years will also be considered a resident in the USA. In order to meet this second cumulative requirement, it should be considered the total number of days the natural person was present in the USA in the current calendar year, 1/3 of the total number of days of presence in the USA in the previous year and 1/6 of the total number of days of presence in the USA in thetwo years before the current calendar year. EXAMPLE: Natural Person A, Portuguese citizen, was physically present in the USA for 145 days in 2016, 79 days in 2015 and 96 days in 2014. When counting the days on which the natural person A was present in the USA, we will conclude that the natural person was present 187 days in the USA during the years 2016, 2015 and 2014. In particular, 145 days in 2016, 26 days in 2015 (1/3 of 79 days) and 16 days in 2014 (1/6 of 96 days).**

It should be noted that the abovementioned USA presence periods refer to days of presence, regardless of being consecutive days or not.

8.3. Active Non-Financial Foreign Entity (Active NFFE)

For the purposes of FATCA legislation, the term Active NFFE refers to any company which meets the following criteria:

- Has not been incorporated or organized under US law or under any US federal states law;
- Does not fall under the concept of financial institution; and
- The percentage of passive income over the total gross income produced in the previous tax year has been less than 50% and the percentage resulting from the weighted average of assets which produced or are held for the production of passive income is also less than 50%.

8.4. Passive Income

For the purposes of FATCA legislation, the term Passive Income covers:

- Dividends;
- Interest, including income equivalent to interest and certain income arising from investments made under insurance contracts;
- Certain rents and royalties, except those derived from transactions carried out in the ordinary course of its business;
- Annuities;
- Net gains from transactions, including forward contracts and similar transactions associated with certain types of commodity transactions;
- Certain income arising from foreign currency exchange transactions;
- Net gains from swap contracts;
- Amounts received under certain insurance contracts or amounts received by an insurance company in connection with its reserves for insurance contracts and annuity contracts; and
- Net gains derived from the sale of assets that originate any type of income specified above.

8.4.1. Passive Income exclusions

For the purposes of FATCA legislation, the Passive Income concept does not include:

- Any income from interest, dividends, rents or royalties which is earned or accrued to the extent that the amount is properly allocated to the income of that person which does not constitute, under FATCA legislation, passive income;
- Income generated by certain intermediary companies in transaction over commodities and securities in the ordinary course of business.

8.5. Passive Non-Financial Foreign Entity (Passive NFFE)

Usually, the concept of Passive NFFE includes, under FATCA legislation, the set of NFFE that do not meet the necessary criteria for a foreign company to be considered an Active NFFE. On the one hand, these entities do not carry out typical activities of financial institutions, which is why they are not treated as FFI. On the other hand, they do not fall under the Active NFFE concept, because the percentage of passive income over the gross income earned in the previous tax year was not less than 50% or the percentage resulting from the weighted average of assets which produced or are held for the production of passive income is not less than 50%.

8.6. Substantial US owners

Under FATCA legislation, this concept covers natural persons who hold a shareholding of not less than 10% of a non-American company.

8.7. Forms required under FATCA Legislation (W-9, W-8BEN, W-8BEN E)

If there is any evidence that a specific Client may fall under the US Person classification, he/she must, depending on the circumstances, fill in one of the following forms:

8.7.1. Form W-9 - This is one of the forms made available by the Internal Revenue Service (IRS) of the United States and must be filled by clients who, under FATCA legislation, are a US Person. This form is intended to certify the name and the American address and tax identification number of those clients.

8.7.2. **Form W-8BEN** - This is one of the forms made available by the Internal Revenue Service (IRS) and must be filled by clients who are natural persons and who do not fall, pursuant to FATCA legislation, under the concept of US Person. These clients should fill the form in order to ensure a reduction of the withholding tax applied to payments or income originated in, or connected with, the USA. The withhold tax applied in this situation will be less than 30%.
8.7.3. **Form W-8BEN E** - This is one of the forms made available by the Internal Revenue Service (IRS) and must be filled by clients who are legal persons and which, pursuant to FATCA legislation, do not fall under the concept of US Person. Active NFFE should fill in this form to ensure a reduction of withholding tax on payments or income originated in the USA. The withhold tax applied in these situations will be less than 30%. Passive NFFE should also fill in this form, as they will only benefit from a similar reduction of withholding tax rate if, when filling this form, they ensure that there are no Substantial US owners in their corporate structure or, alternatively, if they identify the name and American address and tax identification number (TIN) of the Substantial US owners present in their corporate structure.

9. Common Reporting Standard (CRS)

The Common Reporting Standard consists in a model developed with the aim to set "standard" rules for the automatic and global exchange of information in tax matters.

This model, which was proposed and approved by the Organization for Economic Cooperation and Development (OECD), was implemented through several multilateral international agreements. Portugal is in the list of States that subscribed the Common Reporting Standard. The European Union, through the publication of the European Council Directive no. 2014/10/EU, also subscribed the Common Reporting Standard. Therefore, it has become essential, in the scope of European Union Law rules, to implement this model in the several Member States, which, naturally, includes Portugal. The legal framework governing the Common Reporting Standard in Portugal was approved by Law nº 64/2016, of 11 October.

The Common Reporting Standard constitutes a mechanism to prevent cross-border tax fraud and evasion and is primarily concerned with assets, investment income, as well as income from other sources, which are obtained outside the jurisdiction of residence for tax purposes of the Client.

9.1. What are the main obligations arising from the Common Reporting Standard for DIF Broker?

As a reporting financial institution, DIF Broker is obliged, as from 2017, to report to the Tax Authority certain accounts, treated as reportable accounts, which will be reported by the Tax Authority to the respective counterparty that performs similar functions in the jurisdiction of the tax residency of the Client.

9.2. What types of accounts should be reported by DIF Broker to the Tax Authority?

Pursuant to the Common Reporting Standard, and with respect to natural persons, DIF Broker must report to the Tax Authority two types of accounts: lower value accounts and high value accounts.
The lower-value accounts are a set of accounts maintained by the reporting financial institution as of 31 December 2015, whose aggregate balance or value at that date was not higher than USD1,000,000. High value accounts are a set of accounts maintained by the reporting financial institution as of 31 December 2015, whose aggregate balance or value at that date was higher than USD1,000,000.
With respect to financial accounts held by legal persons, the above distinction is not applicable, and any accounts maintained by the reporting financial institution as of 31 December 2015, whose aggregate balance or value was higher than USD250,000, will be treated as reportable accounts.

9.3. Which information should be reported by DIF Broker to the Tax Authority regarding accounts identified as reportable accounts?

Pursuant to the Common Reporting Standard, the reporting financial institutions, which includes DIF Broker, must report to the Tax Authority, for each reportable account, the following information:
The name, address, Member State(s) of residence, tax identification number(s) and, in the case of a natural person, the date and place of birth of each reportable person who holds the account;
In case the account holder is a legal person and it can be concluded, after the required due diligence process, that it is controlled by one or more reportable persons, DIF Broker must notify the Tax Authority: name, address, Member State(s) and, if applicable, other jurisdiction(s) of residence and tax identification number(s) of the entity and the name, address, Member State(s) or jurisdiction(s) of residence, tax identification number(s) and date and place of birth of each reportable person;
The account number or, in its absence, the functional equivalent;
The name and, if available, the identifying number of the reporting financial institution;
The balance or value of the account or, if the account was closed during that year, its closure;
The total gross amount of interest paid or credited to the account during the relevant calendar year.

10. Ultimate beneficial owner

DIF Broker is subject to the legal rules applicable to the prevention of money laundering and financing of terrorism and, therefore, is subject to a specific due diligence duty that requires it to identify its clients and, in certain situations, the beneficial owner(s) of its clients. In these cases, the client will be asked to fill in the Ultimate Beneficial Owner Identification Form.

10.1. How can the concept of Beneficial Owner(s) of a business relationship be defined?

It should be noted that in what concern legal persons' accounts, the ultimate beneficial owner consists on the natural person or persons who, ultimately, own or control, directly or indirectly, the Account/Client. In case of natural persons' accounts, the identification of the ultimate beneficial owner will only be required in situations where there is a suspicion that the account holder is not the true beneficiary. In any of these cases, the ultimate beneficial owner to be identified will be the natural person on whose behalf the Client is acting, and the Client must fill and send the Ultimate Beneficial Owner Identification Form made available by DIF Broker for this purpose.

When assessing the Ultimate Beneficial Owner in respect of legal persons' accounts, one must consider the natural persons who meet the following criteria:

- **a)** Natural person holding shares representing more than 25% of the share capital or voting rights of the Client, as this evidences a direct ownership of the Client;
- **b)** Natural person(s) who, through one or several companies, holds shares representing more than 25% of the share capital or the voting rights of the Client, as this evidences an indirect ownership of the Client;
- **c)** Natural person(s) who exercise, by any other means, control over the Client's management or administration bodies at the shareholders' general meetings of that legal person.

10.2. Rules applicable in case any of the criteria for identifying the Ultimate Beneficial Owner in legal entities' accounts is not verified

In situations where, after all means have been exhausted and existing no grounds for suspecting of any natural person(s), none of the circumstances listed in the previous point are met, the Ultimate Beneficial Owner for the purposes of the applicable legislation and regulations will be the natural person(s) who present themselves as members of the top management of the legal person.

11. Politically exposed persons (pep) / prominent public functions

Pursuant to the applicable legal and regulatory requirements, and in compliance with its identification and due diligence duties, DIF Broker must assess whether any potential client is a Politically Exposed Person or holds relevant political or public functions before beginning any business relationship. DIF Broker is also obliged to assess whether any of its clients is a Politically Exposed Person or assumes relevant political or public functions both before and after the establishment of the business relationship.

In order to comply with the applicable enhanced due diligence duty, DIF Broker focuses its attention on the assets and source of funds involved in the business relations where the clients or their beneficial owners are identified as Politically Exposed Persons or as holders of other relevant political or public functions. However, the adoption of the necessary procedures for the identification and verification of the assets and source of funds involved is not restricted to the business relationships previously described. Business relationships involving persons recognized as close family members or as persons closely associated with Politically Exposed Persons (PEP), either as clients or as beneficial owners, will also be subject to those procedures considering the risk of money laundering or financing of terrorism that the law assigns to this type of business relationship.

11.1. Concept of Politically Exposed Person (PEP)

The concept of Politically Exposed Person aims to identify natural persons who perform or have performed, in the last twelve months, in any country or jurisdiction, the following functions of a political or public nature:

- **i.** Heads of State, Heads of Government and Government members, including but not limited to, ministers, State secretaries and deputy secretaries of State;
- **ii.** Members of parliaments;
- **iii.** Members of supreme courts, constitutional courts, court of auditors and other high-level judicial bodies, whose decisions are not subject to appeal, except in exceptional circumstances;
- **iv.** Representatives of the Republic and members of the governing bodies of the Autonomous Regions;
- **v.** Ombudsman, State Councilors and members of other constitutional bodies;
- **vi.** Heads of diplomatic missions and consular posts;
- **vii.** High-ranking officers of the Armed Forces;
- **viii.** Mayor and members of City Councils;
- **ix.** Members of management and supervisory bodies of central banks, including the European Central Bank;
- **x.** Members of management and supervisory bodies of public institutes, public foundations, public establishments and independent administrative entities, regardless of the appointment method;
- **xi.** Members of management and supervisory bodies of entities part of the corporate public sector, national or regional;

xii. Important officials of political parties, including but not limited to, members of their respective national or regional governing bodies;

xiii. Members of the top management of the institutions that compose the European Union and other international organizations, including, at least, the members of the management bodies, the directors and the deputy directors of those organizations.

11.2. Other relevant political or public functions

Natural persons who do not qualify as Politically Exposed Persons will be deemed to hold other relevant political or public functions for the purposes of the applicable legislation and regulation if they perform or have performed in the last twelve months in national territory any of the following functions:

a) Functions listed in subparagraph a) of paragraph 2 and in paragraphs 1 and 3 of article 4 of Law nº 4/83, of 2 April, if they do not determine the treatment of the natural person as a Politically Exposed Person;

b) Members of representative or executive bodies of a metropolitan area or of any other form of municipal association.

11.3. Close family members of a Politically Exposed Person (PEP)

The identification and enhanced due diligence duties above-mentioned that are imposed on DIF Broker also extend to the business relationships established between DIF Broker and close family members of a Politically Exposed Person, including but not limited to:

a) The spouse, or unmarried partner, of the Politically Exposed Person;

b) The parents of the Politically Exposed Person;

c) The children and respective spouses or unmarried partners of the Politically Exposed Person;

d) Other family members or relatives of the Politically Exposed Persons, known as such.

11.4. recognized as being closely associated with a Politically Exposed Persons (PEP)

The identification and enhanced due diligence duties above-mentioned that are imposed on DIF Broker also extend to the business relationships established between DIF Broker and persons recognized as being closely associated with a Politically Exposed Persons, including but not limited to:

a) Any natural person who assumes co-ownership of the property over a legal person or a legal arrangement together with a Political Exposed Person;

b) Any natural person who owns the share capital or voting rights of a legal person or the assets of a legal arrangement, the beneficial owner of which is a Politically Exposed Person;

c) Any natural person who has close corporate, commercial or professional relationships with a Politically Exposed Person.

12. Lei Code

Following a recommendation by the G20 Finance Ministers and Central Bank Governors to the Financial Stability Board, a unique universal identifier was created for “legal entities” that participate in financial transactions, including as counterparties.

Regulation (EU) nº 648/2012, of 4 July 2012 (EMIR) provides that, for the purposes of reporting transactions on derivative contracts to Trade Repositories, the identification of financial and non-financial counterparties subject to this duty must be made under the LEI Code, in accordance with the Implementing Regulation nº 1247/2012, of 19 December 2012.

12.1. What is the LEI Code?

The LEI Code consists of a 20-digit alphanumerical code that allows entities to identify themselves internationally as counterparties in trade transactions. In Portugal, the Institute of Registries and Notaries (Instituto dos Registos e do Notariado, I.P.) is the entity responsible for the issue of the LEI Code under paragraph 1 of article 1 of Law nº 202/2015, of 17 September.

12.2. Which clients will be required to present the LEI Code when establishing a business relationship with DIF Broker?

When a business relationship is established with DIF Broker, the following entities must present their respective LEI Code as part of the mandatory documentation for opening an account in accordance with article 4 of Law nº 202/2015, of 17 September:

- Entities subject to commercial registration, with head offices in Portugal;
- Entities subject to registration in the central register of legal persons (Ficheiro Central de Pessoas Colectivas - FCPC), with head offices in Portugal;
- Funds specified under subparagraph b) of paragraph 2 of Article 11 of Law nº 14/2013, of 28 January, whose management company or other legal representative, as applicable, is headquartered in Portugal;
- Other entities not contemplated above, including but not limited to, entities with their head offices abroad, legally or regularly obliged to use the LEI Code.

DIF BROKER-SOCIEDADE FINANCEIRA DE CORRETAGEM, S.A. | SUCURSAL EN ESPAÑA • MATRÍCULA/NIPC 504 767 640 - CAPITAL €3.800.000 - REGISTADA NA CMVM Nº 276 - BDP Nº 225 - FCA Nº 434573 - CNMV Nº 36

DIF BROKER

13. Client categorization in accordance with MiFID II (markets in financial instruments directive)

Under the Markets in Financial Instruments Directive II (MiFID II), the entities who perform a financial intermediation activity are obliged to classify their clients in accordance with a matrix that includes three key categories: professional client, retail client and eligible counterparties. The categories of clients defined by MiFID II are designed to reflect the different levels of knowledge and experience in the financial markets of each Client. DIF Broker performs an appropriate classification of its Clients and informs the Clients about the category that was assigned to him/her as well as its implications. You can access more information about MIFID II on DIF Broker website. Below is a description of the main implications of this classification, as well as the requirements that allow Client to request a change of the category that he was initially assigned. DIF Broker has a Client Classification Policy that can be made available upon request.

13.1. Eligible counterparties

MiFID II defines eligible counterparties as the entities with broad knowledge of the financial markets and of products that are traded in those markets.

The following entities are included in this category:

- **a)** Credit Institutions;
- **b)** Investment firms;
- **c)** Insurance companies;
- **d)** Pension Funds and their respective Management Companies;
- **e)** Other authorized Financial Institutions;
- **f)** National governments and related services.

13.2. Professional Client

Pursuant to the MiFID II, this category includes entities that provide investment services, entities that carry out investment activities or large companies, provided that, according to their latest financial statements, they meet two of the following criteria:

- Net equity of 2 million euros;
- Total assets of 20 million euros;
- Net turnover of 40 million euros.

13.3. Retail Client

This category includes all Clients who do not meet the requirements of the categories previously defined. Presently, any Client that holds a financial instrument account with and/or to whom portfolio or investment management services are provided, will be classified by DIF Broker, by default, as a Retail Client. However, the Client may be treated as a Professional Client if he/she requests the treatment as a Professional Client and demonstrates for this purpose that he/she meets two of the requirements listed below.

13.4. Classification changes requested by the Client

MiFID II gives Clients the right to request, through a formal procedure, the change of category assigned to them by the financial intermediaries.

In situations where the Client wishes to be treated as a Professional Client rather than an Eligible Counterparty or as a Retail Client rather than a Professional Client, such change will not, as a rule, be subject to the fulfilment of any specific requirements, as both changes involve an increase of the level of protection assured to the Client.

In situations where Client wishes to be treated as Professional Client rather than a Retail Client, this change will only produce its effects if the Client complies with, at least, two of the following requirements:

- The Client has carried out transactions, with a significant volume, on the relevant market at an average frequency of 10 per quarter in the previous year;
- The Client has a financial instrument portfolio, including cash deposits, exceeding 500,000.00€;
- The Client works or has worked in the financial sector for, at least, one year, in a position that requires knowledge of the services or of the financial transactions at stake.

14. Risks arising from the trade and management of derivative financial instruments

DIF Broker informs the Client through this document, which can be complemented by oral information, about the nature, risks and structure of derivative financial instruments, including but not limited to, futures and currencies CFD (Contracts for Difference), including the risk inherent to the high leverage levels that these products may reach, which, when combined with their normal volatility, may originate losses exceeding the invested capital.

The Client was duly informed that:

- On certain market conditions, it may be difficult or impossible to close a position hold by the Client, especially in times featured with high volatility, which may result in significant pricefluctuations;
- Although DIF Broker can trigger stop-loss orders in your positions, in order to limit losses, in certain market conditions, it may be impossible to execute the operation at a pre-determined price;
- The investment in these financial instruments is subject to prior analysis of the Client, mainly by assessing his/her knowledge (Appropriateness Test);
- Your account will be a risk account, because derivative products require margins that will be provided by your account;
- You may be requested to reinforce your account, in order to maintain the initial margins required if market developments prove unfavourable to the position held;
- If you fail to provide the requested reinforcement in the shortest time possible, your position may be closed, and you will be held responsible for any costs and losses resulting from closing your positions;
- DIF Broker may not be held responsible for the management of derivatives or any securities owned by the Client, especially if he/she is unable to close his/her positions in order to minimize losses.
- DIF Broker informs that some derivatives are OTC and that, on some occasions, sudden force majeure changes may occur preventing the capital reinforcement of the financial instruments' account due to high leverage or lack of liquidity in the market.
- Clients' orders are always settled according to the FIFO criterion ("First In First Out"), unless the Client issues conditional related orders in its account or sub-account, being, in such cases, subject to a rollover charge or a financing cost, depending on the derivative financial instrument that has been traded.

Maintaining opposite positions in the same instrument increases the counterpart risk, and DIF Broker will reserve the right to cancel related orders when used in order to avoid to settle opposite positions in the same instrument. Client will be responsible for re-placing new orders, if necessary, without relating to be related to any position.

15. Supervision

The financial services and products provided by DIF Broker, including financial intermediaries, trading platforms, clearing houses and issuers mentioned in this document, are subject to the supervision of the authorities listed below.

Consequently, the Client may request additional information directly from the following entities:

Areas	Supervisory Authorities	Subject to Germany
Germany	Bundesanstalt für Finanzdienstleistungsaufsicht (www.bafin.de)	Deutsche Bourse, Eurex
Denmark	Finanstilsynet (www.ftnet.dk)	Saxo Bans A/S
Spain	Espanha Comisión Nacional del Mercado de Valores (www.cnmv.es)	SIBE e Iberclear
United States of America	The United States Securities and Exchange Commission (www.sec.gov)	NYSE, NASDAQ,CME, CBOT, DTC

Areas	Supervisory Authorities	Subject to Germany
Finland	Financial Supervision Authority (www.rahoitustarkastus.fi)	Helsinkia Stock Exchange,NCSD
France	Autorité des marchés financiers (www.amf-france.org)	Euronext Paris, Euronext-Liffe
Netherlands	The Netherlands Authority for the Financial Markets (www.afm.nl)	Euronext-Holanda, Clearnet
Italy	Commissione Nazionale per leSocietà e la Borsa (www.consob.it)	Affari, CC&C
Portugal	Comissão Mercado de Valores Mobiliários (www.cmvm.pt) Banco de Portugal	Euronext Lisboa, Clearnet
United Kingdom	Financial Conduct Authority (www.fca.org.uk)	SETS, Crest, Euronext-Liffe, Clearnet
Sweden	Finansinspektionen (www.fi.se)	Stockholm Stock Exchange, NCSD
Switzerland	Swiss Federal Banking Commission (www.sfbc.admin.ch)	SWX e Virt-X, SIS- Sega Intersettle AG

16. Information about margins

With respect to DIF Freedom platform, DIF Broker uses three margin control levels that, when triggered, will activate messages that will be sent directly to the Client's platform ("margin call"), regardless of any contact by phone. These three levels correspond to 75%, 90% and 100% of the utilization margin in the account. When the sum of the margins required by the different derivatives, adding up the potential capital gains or capital losses, reach 75% of the available amount, the Client receives a first warning, in the form of a pop-up alert in DIF Freedom terminal, informing the Client that must pay attention to any open positions and to the market.

In case the margin required reaches 90% of the available amount, which will occur when the investor is positioned contrary to market developments, the Client receives a warning in DIF Freedom platform informing of the need to reduce portfolio risk. In order to reduce the exposure, the Client may also close some positions, this way reducing the margin required. The last warning will be received when the margin reaches 100% and will include notice that all the positions have been closed. To reach this margin level, either the Client did not know how to manage the derivative positions or the market evolved very rapidly in the opposite direction to their positions.
DIF Broker's action pertains to protect the interests of its Clients and therefore it recommends the introduction of stop orders and the continuous monitoring of margins, through its platform, in order to minimize potential losses resulting from a market evolution opposite to the Client's expectations.

Since the Client's accounts are individualized, the margin is set up and calculated automatically for each account, in accordance with the trading conditions of each financial instrument available on the trading platform.

The margin is set up at the time the account is opened through the initial deposit and its reinforcement will be made in the same account of the initial deposit whenever necessary to prevent the forced closing of your positions.

17. Leverage

Leverage is one of CFD characteristics, which consists on trading a much higher value than the one deposited in your account, resorting to a guara**ntee or ma**rgin system. This type of trading may generate sudden (very high) losses in a short period of time, partial, total or highe**r than inv**ested capital. The effect of financial leverage may result in gains or losses greater than the price fluctuation of the underlying asset, allowing the Client to obtain higher exposure than the one arising from a direct investment in that asset. Leverage trading is carried out through the initial margin reserve, which implies that the investor, before opening a position, must deposit in DIF Broker an amount equivalent

DIF BROKER

to a percentage of the total investment value, which varies depending on the underlying asset (see margins under “Trading Conditions”» “List of Index /Share CFD Instruments”).

In the box where instruments are negotiated, it is possible to simulate the desired operation and to check the initial and maintenance margins required.

For example, in a CFD over security XPTO quoted at €10, whose required margin is €1,000 for a €5,000 exposure, the following scenarios may occur:

Scenario 1 - The security XPTO increases 5% to €10.50. The result is +€250 [(10.50-10)*500)], meaning a result of + 25% (250/1000).
Scenario 2 - The security XPTO drops 5% to €9.50. The result is -€250 euros [(9.50-10)*500], meaning a result of -25% (-250/1000).

As per this example, the use of leverage can lead to substantial losses in a portfolio and, therefore, the investor should be very cautious when using derivative financial instruments.

18. Information on markets

When subscribing information services that allow the Client to consult, in real time, the price of financial instruments traded on a specific market, the Client must inform himself/herself about the possibility of being treated as a professional client rather than a private client, considering the criteria adopted in that market. This classification is particularly important to the Client, as it can imply, in certain markets, the payment of a much higher subscription value than the one applicable to private clients.

19. Liabilities

DIF Broker informs that:

- It will not be held responsible for damages that may result from the adverse evolution in prices and markets;
- It will not be held responsible for any delays, errors, inaccuracies and omissions that may affect the services provided and which cannot be directly attributable to DIF Broker;
- It has delivered, and the Client has received and fully understood the additional information on derivatives instruments, which is also available at DIF Broker’s website: www.dif.pt.
- **The reimbursement and remuneration of derivative financial products are the sole responsibility of the entities that issue such products. Therefore, if the respective issuers are subject to a Special Revitalization Proceeding (Processo Especial de Revitalização) or an Insolvency Proceeding, DIF Broker will not be held responsible and will not replace those entities on the reimbursement and remuneration of the derivative financial products or securities issued by them, even if the issuers claim they do not have the financial capacity to perform the obligations to which they are bound. Consequently, it is recommended that the Client uses the means established by the law to obtain the reimbursement of the amounts due for payment.**

Share CFD
What are share CFD?
CFD (Contracts for Difference) are derivative financial instruments traded outside regulated markets that provide investors an alternative way to trade in shares using leverage.
The CFD price is based on its underlying asset’s price.

Underlying asset
CFD underlying assets are shares admitted to trading in several stock markets, including but not limited to, the New York Stock Exchange, NASDAQ and FTSE-100.

Trading volume
Investors can choose the volume of shares that form the underlying asset of the traded CFD, subject to the minimum amount or multiples defined by each market.

Price formation
The price and trading currency of share CFD is made available by DIF Broker with reference to the market quotation where the underlying asset trades.

The CFD is traded on the OTC market and therefore is subject to liquidity risk, notwithstanding the price at which it trades is formed based on the price of the best purchases and the best offers of the underlying asset plus the spread applied by the market maker.

Minimum price variation (tick size)
The minimum price variation of a CFD corresponds to the minimum price variation of the underlying asset in the relevant market.

Margin
Trading in CFD requires an initial and a maintenance margin (guarantee), whose value varies according to the risk of the underlying shares.
The minimum margins required also varies depending on the price variation of CFD's underlying asset and total number of open positions held by the investor.
Margins can be consulted prior to the transaction on the DIF Freedom trading platform.

Maturity
CFD have no maturity date, which means that an open position (long or short) can only be closed by assuming an opposite position (short or long) in a CFD with the same underlying asset and features. However, in short positions, investors should be particularly cautious as the market maker may require the closing of the position if there are no securities for loan, or due to interdictions imposed by local regulators or supranational entities.

Closing and settlement of positions
CFD are not subject to physical settlement, meaning they do not involve receiving/delivering the shares that constitute the respective underlying asset.
Hence, when closing positions, CFD are subject to an exclusively financial settlement that reflects the difference between the prices of the positions held multiplied by the volume traded.

Trading hours
CFD Trading Hours follow the same schedule as the markets where the underlying asset is traded.

Fees and other funding costs
Performing operations in CFD may involve the payment of a minimum fee, as set out in DIF Broker's pricing conditions, if a minimum trading amount is not met.
At each time the investor will have available a bid price and an ask price that includes a spread up to a maximum of 0.25%.
When assuming long positions (buy) the investor will bear a funding cost, which is obtained by applying the market rate, plus a 4% spread to the operation's total value (quantity x price) during the period the position is held. The funding cost may result in a credit in favor of the investor, however this depends on the interest rate differentials between the currencies traded and/or the applicable spreads.
Securities lending costs may also be charged if the investor opens a short position. In this case, you can view the daily financing cost on the trading platform prior to placing the order.
DIF Broker also charges a conversion cost of 0.6% on the amounts subject to currency conversion ifthe transaction currency differs from the base currency of the account. For example, capital gains or losses as well as amounts resulting from the liquidation of shares in markets other than the base currency will have a conversion cost of 0.6% of the converted value.
The financing cost, for the different trading currencies, is calculated by applying the following rates:

Trading Currency	Market Rate
All currencies	LIBOR O/N + 4,5%

When assuming short positions (sell), investors may be credited or debited a value obtained by applying the market rate, deducting a 4% spread to the operation's total value (quantity x price) during the period when the position is held. In such cases, it will be applied the following rates:

Trading Currency	Market Rate
All currencies	LIBID O/N –4%

Counterparty risk and asset liquidity guarantee

The investment in CFD entails the risk of Saxo Bank A/S, acting as DIF Broker's counterparty, failing to comply with its commitments, which may imply the loss of the CFD value, even if the underlying asset price variation is favorable to the investor. The liquidity of the financial instrument is guaranteed by Saxo Bank A/S and all the banks that intervene in the market.

In certain situations, due to lack of market liquidity, it may not be possible to close a position at the desired moment or it may only be possible to close it at a significant loss.

In these cases, there is a risk that Stop orders will not be executed at desired price, which may generate differences in the expected result.

Corporate events

Dividends Payment – If the investor holds a long position (buy) in CFD, he/she is entitled to receive an amount equivalent to net dividends distributed by the issuer of the shares, which constitute the respective underlying asset. If the investor holds a short position (sell), he/she will be charged an amount equivalent to the gross dividends distributed by the above-mentioned issuer.

Capital Increase/Decrease – When a company decides to increase or decrease its share capital, investors who have a long position (buy) in CFD, will have a right to receive an amount equivalent to the value of the right when traded in the stock market. Investors who have a short position (sell) in CFD, will have to pay an amount equivalent to the value of the right when traded in the stock market. The investors in CFD are not allowed to participate on the process that will lead to an increase or decrease of the capital stock, as the are not share owners and because the rights are automatically settled in the first day of transaction. **Takeover** – Operations with potential impact on CFD holders' asset base. Investors assuming long positions can maintain their positions open while the underlying asset is quoted. DIF Broker strongly advises investors to read the 'Risks of Trading in CFD' and to bear in mind possible changes in margin requirements. Holders of short positions may be forced to close positions and should therefore redouble their attention.

Non-corporate / Accounting events

Exchange Public Offer – This operation is characterized by the exchange of shares from one company to another. The investor in CFD (long or short) will be entitled to the new company's CFD, under the proposed conditions, but should note that the margins required by the new company may not be the same. **Stock Split/Reverse Split** – Theoretically, these events do not affect the asset value of the shareholder and CFD holder, and which will entail an increase or decrease in the amount of CFD adjusted to the underlying asset's new theoretical price.
Spin-off – In case of spin-off, the market maker may opt to deliver to the CFD holder the rights regarding the spin-off, as well as the CFD of the new entity, or the value in cash resulting from the difference. Investors who happen to be short on CFD should settle the difference in cash or receive CFD of the new company which may have different margin requirements.

Please note that the client will always be responsible for the payment of any taxes arising from corporate events, as well as from non-corporate/accounting events, which arise from the application of local or international laws.

FOREX CFD

What are forex CFD?

CFD (Contracts for Difference) are derivative financial instruments traded outside regulated markets that provide to investors an alternative way to trade in the forex market using leverage.
The CFD price reflects the price of its underlying asset.

Underlying asset

CFD's underlying assets are the quotations in the Forex market, where a currency is quoted against another currency, thus forming a currency pair.

Trading volume

Investors can trade any volume (> 5000) but should pay attention to the minimum quantities required for each currency pair, above which no fees will be charged.

Price formation

As derivatives, CFD have a currency pair as underlying asset and therefore the price of a CFD is formed in the same way as the price of those currencies.

Minimum price variation (Tick size)

The minimum price variation of a CFD is equal to the minimum price variation of the underlying asset in the relevant market. Each currency pair has its own minimum variation, which should be consulted directly on the trading platform in case of doubt.

Margin

Trading in Forex CFD requires an initial margin (guarantee) whose value varies depending on the currency pair chosen, which may range from 3.33% for more liquid currency pairs to 100% 2% up to 30% for more exotic pairs. The margins are the nominal value that the Client intends to trade.

The maintenance margin is the margin that will be required to maintain the position and is usually lower than the initial margin.
Initial and maintenance margins can be consulted prior to the transaction on the DIF Freedom trading platform.

Maturity

Forex CFD have no set maturity date. In case of forward positions, it is mandatory for investors to specify a maturity date and if that position is held until maturity should be closed with a spot position opposite to the one previously held. The investor can choose the CFD maturity date. On maturity, he/she can rollover the position defining a new maturity date or close the position. When a position (long or short) is opened in one of the currencies, it can only be closed with an opposite position (short or long) in a CFD/Option with the same underlying asset.

Settlement on closing of positions

Forex CFD are not subject to physical settlement and, consequently, the investor will not deliver/receive the currencies that constitute the respective underlying asset.
In closing positions, Forex CFD are subject to an exclusively financial settlement, which should be made in the base currency of the Client's account.

Trading hours

Forex CFD trading hours follow the same schedule as the schedule of the markets where the underlying asset is traded.

Fees and other funding costs

Trading operations in Forex CFD does not entail the payment of a fee if they meet the minimum volume exempt from fees. Please take into consideration the above-mentioned in section "Trading Volume" and whether any minimum fee will have to be paid.
The investor will have, at each time, a bid/ask price, which includes the applicable spread. In Forex CFD the rollovers are calculated based on the final Tom/Next swap rate, which is calculated daily. The rollover may entail a credit in favour of the investor, although this possibility depends on the interest rate differentials between currencies traded and/or applicable spread. Forex conversion of transactions, fees and profits and losses are based on the fixing of 5 pm, New York time. The rollover of Forex CFD with special market conditions takes place at approximately 10 am CET. Forex conversions of transactions, fees and profits and losses in NZD are based on the fixing of 7 am, Auckland time.
Fees and other associated costs (e.g. financing, currency conversion) can be consulted at DIF Broker Website.

Counterparty risk and asset liquidity warranties

The investment in CFD entails the risk of Saxo Bank A/S, acting as counterpart of DIF Broker, failing to comply with its commitments, which may imply the loss of the CFD value even if the underlying asset price variation is favourable to the investor.
The asset liquidity is a responsibility of Saxo Bank A/S and of all the banks involved in the Forex market. In certain situations, due to lack of market liquidity, it may not be possible to close a position at the desired moment or it may only be possible to close it at a significant loss. In these situations, the risk of Stop orders not being filled is high, and as consequence the final price can be different.