Information on MiFID requirements for PKO BP Securities Customers regarding brokering services

Effective from 2 January 2024

Permit for brokering operations
Biuro Maklerskie PKO Banku Polskiego ("PKO BP Securities") pursues brokering operations on the basis of a permit issued by the Securities and Stock Exchange Commission (currently the Polish Financial Supervision Authority).

Polish Financial Supervisory Commission
ul. Piękna 20 00-549 Warsaw

Branches
PKO BP Securities provides brokering services at:
1) Customer Service Centres,
2) Brokerage Service Points also referred to as Bond Sales Centres (BSCs) in connection with selling and processing Treasury bonds,
3) the headquarters of PKO BP Securities in Warsaw (ul. Puławska 15).

Brokering services rendered by PKO BP Securities:
1) accepting and forwarding orders to buy or sell financial instruments,
2) executing orders to by or sell financial instruments on behalf of the entity placing the order,
3) buying or selling financial instruments on own account,
4) investment consulting,
5) offering financial instruments,
6) performing concluded agreements on issue underwriting or concluding and performing other agreements of a similar nature, insofar as they relate to financial instruments,
7) providing currency conversion services, if they are connected with brokering services in the scope described under item 1)-6),
8) safekeeping or recording financial instruments, including managing securities accounts, derivatives accounts, and cash accounts,
9) drafting investment analyses, financial analyses, and other general recommendations concerning transactions in financial instruments,
10) consulting organisations with respect to their capital structure, corporate strategy or other issues connected with such structure or strategy,
11) consulting and other services connected with mergers, demergers, and acquisitions.

Terms and conditions of rendering brokering services by PKO BP Securities
Detailed terms and conditions for rendering brokering services by PKO BP Securities have been set forth in the *Rules of rendering brokering services by PKO BP Securities* which constitute an integral part of the *Agreement on rendering brokering services by PKO BP Securities* concluded with the Customers.
In addition, in the scope of rendering services concerning:
1) investment consulting, the *Rules of rendering investment consulting services by PKO BP Securities* will apply together with the relevant agreement,
2) drafting investment analyses, financial analyses, and other general recommendations pertaining to transactions in financial instruments, the *Rules of drafting investment analyses, financial analyses, and other general recommendations with respect to transactions in financial instruments by PKO BP Securities* will apply together with the relevant agreement.
3) offering and underwriting, the *Rules of offering financial services and issue underwriting by PKO BP Securities* (to the extent set forth in said Rules) or the relevant agreement will apply.

Language of communication
Any and all documents and information exchanged between the Customer and PKO BP Securities will be drafted in or translated into Polish. PKO BP BM reserves the right to communicate with its Customers in a language other than Polish if the agreement concluded with a Customer so stipulates.

Communication channels
PKO BP Securities will be using the following communication channels to communicate with Customers with respect to rendering the service of accepting and forwarding orders, executing orders, investment consulting, and concluding transactions on own behalf:
- landline phones,
- mobile phones,
- e-mail,
- in person, at service points, and
- Electronic Access Channels.

Registering communication with Customers
PKO BP Securities will be recording phone conversations and electronic correspondence as well as storing and archiving documents exchanged with the Customers. Upon the Customer's request, PKO BP Securities will release to the Customer copies of the recordings of phone conversations and correspondence with the Customer for inspection for a period of 5 years from the first day of the year ensuing after the year in which they were recorded or received and will charge a fee in line with the *Table of Fees and Commissions collected by PKO BP Securities*. The Polish Financial Supervision Authority may request that PKO BP Securities store and archive such data after the lapse of the aforementioned time-limit, however not longer than 7 years from the first day of the year ensuing after the year in which they were recorded or received. PKO BP Securities will draft notes on meetings with Customers and will release such notes to the Customers upon their request.

Transaction conclusion confirmations, information on the balance of assets, and other reports
Further to rendering order execution services, immediately upon concluding a transaction constituting the object of an order placed by a Customer, however not later than by the end of the business day ensuing after the day on which said transaction was concluded, PKO BP Securities will deliver to the Customer a durable medium containing information regarding the concluded transaction.
In addition, further to rendering the service of accepting and forwarding orders to buy and sell financial instruments, PKO BP Securities will provide the Customer with reports regarding accepting and forwarding such orders immediately after the Customer's orders are forwarded to another entity, however not later than by the end of the business day ensuing after the day on which the order was forwarded. PKO BP Securities will not

deliver a separate report if the information on forwarding the order is contained in the order form or the buy confirmation or, in case of share units, in the report delivered by funds.
PKO BP Securities will deliver to the Customer a quarterly statement of assets held by the Customer and maintained in the investment account as well as annual information on the costs of and return on the Customer's investment and the annual information about incentives received. The Rules of rendering brokering services by PKO BP Securities contains a description of notifications delivered to Customers and reports connected with performing the agreement.

Incentives

PKO BP Securities may not accept or give any gratifications other than a standard commission or fee for a given service further to rendering services in the field of brokering operations, unless their aim is to improve the quality of the service rendered for the Customer. Neither accepting nor granting a commission may conflict with performing the service in a due manner in the interest of the Customer, and the very fact of accepting or granting such commission, its type and amount must be communicated to the Customer in a complete, clear, and comprehensible manner before the service is provided. Detailed information on the rules of accepting or granting pecuniary and non-pecuniary gratifications in force at PKO BP Securities are described in Appendix 5 to this Information.

Investment consulting

PKO BP Securities will provide investment consulting services in a dependent manner, i.e. PKO BP Securities will analyse a limited range of financial instruments upon rendering the service and may accept and collect remuneration, commissions, and other pecuniary or non-pecuniary gratifications
that are paid or delivered by any third party or person acting on behalf of a third party in connection with rendering investment consulting services for the Customer (incentives). Prior to accepting any incentives, PKO BP Securities will assess their acceptability in accordance with regulations in force. In addition, it is also possible that personal recommendations within the scope of investment consulting services that take into consideration the individual situation of the Customer (according to the conducted suitability assessment) will differ from general recommendations, as the latter do not take into consideration the individual situation of the Customer.

Terms of protecting the Customers' assets

Financial instruments and cash registered in the deposit system of Krajowy Depozyt Papierów Wartościowych S.A. are maintained by PKO BP Securities on individual securities accounts managed for respective Customers separately from PKO BP Securities' own assets.
PKO BP Securities is a participant of the compensation system maintained by Krajowy Depozyt Papierów Wartościowych S.A. (Central Securities Depository of Poland) aimed at protecting the Customers' assets by ensuring them a payout of funds and the value of lost financial instruments in 100% of the value of funds encompassed by the compensation system up to the PLN equivalent of EUR 3,000 and in 90% of the surplus exceeding that amount, subject to the stipulation that the cap on funds subject to the compensation system will amount to the PLN equivalent of EUR 22,000 in case of:

- declared bankruptcy of PKO BP Securities,
- final and binding dismissal of an application to declare bankruptcy on the grounds that the assets of PKO BP Securities are not sufficient to satisfy the costs of the proceeding,
- the Polish Financial Supervision Authority ruling that PKO BP Securities is unable to discharge its obligations arising from the Customers' claims for reasons strictly connected with its financial standing and that discharging such obligations will not be possible in the near future.

The above amounts will constitute the cap on the Customer's claims, irrespective of the value of assets and the number of accounts the Customer has held assets in with PKO BP Securities.
PKO BP Securities will maintain foreign financial instruments and cash allocated to concluding and settling foreign transactions placed by Customers on a pool account with an entity with which PKO BP Securities concluded a separate agreement on maintaining foreign financial instruments (hereinafter: "Custodian"). The Customers' foreign financial instruments and funds will be held by the Custodian separately from the foreign financial instruments and funds owned by PKO BP Securities. PKO BP Securities will abide by the principles of due diligence to ensure that the Custodian registers the Customers' foreign financial instruments and funds separately from the assets owned by the Custodian, unless applicable laws on the given foreign market forbid it. PKO BP Securities will periodically and systematically review the manner in which the Custodian renders the service of safekeeping funds.
PKO BP Securities reserves that, in order to render services for PKO BP Securities, the Custodian may at its own initiative and discretion use the services of another entity that PKO BP Securities has no agreement with (hereinafter: "Third Party"). Foreign financial instruments of the Customers may be transferred by the Custodian to the Third Party for safekeeping purposes. In light of the above, PKO BP Securities cannot guarantee that the Customers' foreign financial instruments are registered separately from the assets of the Third Party and other Customers of the Third Party.
PKO BP Securities notes that regulations regarding funds due or guaranteed to the Custodian's Customers or Third Party Customers are different in the countries where the Custodian renders its services to PKO BP Securities from the regulations stipulated in domestic law. PKO BP Securities hereby notifies its Customers of the risks connected with this manner of safekeeping foreign financial instruments and cash:

- in the event the Custodian or the Third Party is declared bankrupt, the foreign financial instruments and cash might not be separated from the bankruptcy estate of the Custodian or the Third Party and, as a result, might not be protected from the creditors of the Custodian or the Third Party,
- in the event the Custodian or the Third Party is declared bankrupt, the value of funds guaranteed to respective Customers of PKO BP Securities may be restricted to the proportional share of the value of foreign financial instruments and cash owned by respective Customers in the value of all foreign financial instruments and cash recorded in the given pool account.

Cross-selling

Pursuant to the applicable legal regulations (the Financial Instruments Trading Act, hereinafter: the Act, and the Ordinance of the Minister of Finance of 30 May 2018 on the procedures and conditions of conduct of investment firms, banks referred to in Article 70(2) of the Financial Instruments Trading Act, and custodian banks), cross-selling is understood as combined sales or bundling.
The former (combined sales) refers to a situation where a brokering service is to be provided under an agreement together with another service or where concluding a service agreement is dependent on concluding another service agreement. In both cases, the Customer has the option to conclude a separate agreement for each of these services.
Meanwhile, the latter type of cross-selling (bundling) refers to a situation where a brokering service is to be provided under an agreement together with another service or where concluding an agreement depends on concluding another agreement and the Customer has no option to conclude a separate agreement for individual services; in other words, at least one of these services cannot be provided by the investment firm under a separate agreement.
PKO BP BM will inform its Customers of the terms of cross-selling agreement(s), taking into account their specificities.
In the event that the provision of a brokering service is possible under one of the agreements or under a separate agreement, PKO BP Securities will notify the Customer of it to enable the Customer to make an informed decision as to choosing the agreement under which the brokering service will be provided, as well as to understand the nature and risks arising from cross-selling.

Having regard to the welfare of the Customer and the specifics of cross-selling, PKO BP Securities will provide the following information on the services provided.

List of brokering services rendered by PKO BP Securities within the scope of bundled sales
The following brokering services are provided by PKO BP Securities within the scope of bundled sales:

1) the service of accepting and forwarding orders to buy or sell financial instruments (Article 69, sec. 2, item 1 of the Trading Act),
2) the service of executing orders to buy or sell financial instruments on behalf of the Customer (Article 69, section 2, item 2 of the Trading Act),
3) investment consulting service (Article 69 section 2 item 5 of the Trading Act),
4) the service of safekeeping or recording financial instruments, including managing securities accounts, derivatives accounts, and pool accounts, and maintaining cash accounts (Article 69, section 4, item 1 of the Trading Act),
5) the service of drafting investment analyses, financial analyses, and other general recommendations with respect to transactions in financial instruments (Article 69, section 4, item 6 of the Trading Act).

The above brokering services will be provided under the following agreements:
- Agreement on rendering brokering services by PKO BP Securities.

Services described under item 1, 2, and 4 above are rendered under this agreement. Customers to whom this model is dedicated may not conclude an agreement only for executing orders or only for safekeeping financial instruments or an agreement for two out of three services that are available under said agreement.
- Agreement on investment consulting services by PKO BP Securities.

Concluding the aforementioned agreement (service specified under item 3 above) is conditional upon concluding the Agreement on rendering brokering services by PKO BP Securities or the Agreement on managing an individual pension account and rendering brokering services by PKO BP Securities (SUPER IKE account) with the Customer.
- Agreement on paid delivery of analytic materials by PKO BP Securities

Concluding the aforementioned agreement (service specified under item 5 above) is conditional upon concluding the Agreement on rendering brokering services by PKO BP Securities or the Agreement on managing an individual pension account and rendering brokering services by PKO BP Securities (SUPER IKE account) with the Customer.
- Agreement on managing an individual pension account and the provision of brokering services by PKO BP Securities (SUPER IKE Account)

Services described under item 1, 2, and 4 above are rendered under this agreement. The Customer may not only conclude an agreement for executing orders or an agreement for safekeeping financial instruments. While the Customer has the option to conclude an agreement for accepting and forwarding orders to buy or sell financial instruments to another entity for execution (hereinafter: AFO service), said agreement is not identical with the AFO service under the Super IKE. It is the essence of the Super IKE Agreement that the purchased financial instruments are credited to the account maintained on the basis of the IKE Act and generate a number of privileges and limitations for their holders, e.g. with respect to tax law or withdrawals in instalments.
- Agreement on managing an “IKE BONDS” individual pension account

Services described under item 1 and 4 above are rendered under this agreement. It is not possible to conclude agreements for each individual service while maintaining the nature of an individual pension account.
Risks and costs
Other than specified in the Table of Fees and Commissions charged by PKO BP Securities, the Customer will not be charged with any additional costs further to concluding, performing, or terminating the above agreements. The risk resulting from bundle sales of these services will not change compared to the situation where each of these services is provided separately. More information on the risks associated with respective financial instruments offered by PKO BP Securities can be found in Appendix 7 to this Information.

List of brokering services rendered by PKO BP Securities under combined sales
The following brokering services are provided by PKO BP Securities within the scope of combined sales:

1) the service of buying or selling financial instruments on own account (Article 69, sec. 1, item 3 of the Trading Act),
2) the service of drafting investment analyses, financial analyses, and other general recommendations with respect to transactions in financial instruments (Article 69, section 4, item 6 of the Trading Act).

The Customer has the option to conclude an Agreement on drafting analytic materials at the Customer’s individual request by PKO BP Securities, under which the Customer may select one of four packages available, two of which encompass the service indicated under item 1 in addition to the service described under item 2.
Costs
If the Customer concludes an agreement for services described under items 1 and 2 within the framework of combined sales, the cost of individual services will amount to PLN 60,000 per year for the service described under item 2 and PLN 15,000 per year for the service described under item 1, i.e. a total of PLN 75,000 per year.
Meanwhile, if the Customer concludes separately an agreement for the service described under item 1, its annual cost will amount on average to PLN 24,000, subject to the stipulation that the price of the service will be established individually with the prospective Customer and will depend on such factors as, including but not limited to, the size of the organisation, the liquidity of financial instruments, and the volume of trading in a given financial instrument. Meanwhile, the annual cost of the service described under item 2 (assuming the same scope of service as if it were provided together with the service described under item 1) will amount to PLN 60 000 per year.
Risk
The risk resulting from combined sales of these services does not change compared to the situation where each of these services is provided separately.

Terms of Customer classification and suitability assessment
Before concluding an agreement on rendering brokering services, in the classification process PKO BP Securities will assign the Customer to one of three categories that vary in terms of the investment protection level: non-professional customer (the highest level of protection), professional customer (moderate level of protection), or eligible counterparty (the lowest level of protection). Next, PKO BP Securities will hold a suitability assessment. A description of the terms of Customer classification and of conducting suitability assessments at PKO BP Securities is presented in Appendix 1 to this Information.
Scope of information provided and protection afforded to respective Customer categories
In providing brokering services, PKO BP Securities will provide its Customers with information and afford them protection depending on the category they have been assigned to. The scope of the information provided and protection afforded to respective Customer categories is described in Appendix 2 to this Information.
Policy for executing orders and acting in the Customer’s best interest

PKO BP Securities has implemented detailed rules of executing the Customers' orders. A description of the policy for executing orders and acting in the best interest of the Customer in force at PKO BP Securities is presented in Appendix 3 to this Information.

Rules for managing conflicts of interest

PKO BP Securities manages conflicts of interest in accordance with the principles described in Appendix 4 to this Information.

Rules for accepting and giving pecuniary and non-pecuniary gratifications

The rules for accepting or granting pecuniary and non-pecuniary gratifications in force at PKO BP Securities are described in Appendix 5 to this Brochure.

Information on fees and costs incurred by Customers of PKO BP Securities

General information on the fees and costs incurred by the Customers of PKO BP Securities is presented in Appendix 6 to this Information.

Financial instruments offered by PKO BP Securities (general description of facts and risks)

The catalogue of financial instruments offered by PKO BP Securities, including the characteristics of said financial instruments and the investment risks associated with them, constitutes Appendix 7 to this Information.

Appendix 1
to Information on MiFID requirements for PKO BP Securities Customers regarding brokering services
Terms of Customer classification and suitability assessment at PKO BP Securities (description)

Customer classification process

1. The purpose of the classification is to determine the extent of investment protection afforded to Customers with respect to rendered brokering services.
2. The Customers are classified to the following categories:
   - Non-professional customer,
   - Professional customer,
   - Eligible counterparty.
3. A non-professional customer is an entity that is not a professional customer or an eligible counterparty to whom one or more brokering services are or are to be provided:
   a) an individual customer (a natural person to whom a brokering service is or is to be provided),
   b) an institutional customer that is not a professional customer or an eligible counterparty:
      - a central or local administration entity,
      - a small or medium-size enterprise that does not meet the requirements for being recognised as a large enterprise as stipulated under item 4d).
4. A professional customer is a Customer with experience and knowledge permitting correct investment decisions as well as an appropriate assessment of risks connected with such decisions:
   a) a financial institution:
      - banks,
      - investment firms,
      - insurance companies,
      - investment funds, alternative investment companies, investment fund companies, or AIC managers in the meaning of the Investment Funds and Alternative Investment Fund Management Act of 27 May 2004,
      - pension funds or pension fund companies in the meaning of the Organisation and Functioning of Pension Funds Act of 28 August 1997,
      - commodity brokerage houses,
      - entities that conclude transactions on markets for futures, options or other derivatives or on money markets on their own account within the scope of pursued business operations exclusively in order to hedge their positions on such markets or that operate for that purpose on account of other members of such markets, provided that the liability for performing the obligations arising from such transactions is borne by the participants performing settlements on such markets,
      - financial institutions other than stipulated above,
      - institutional investors pursuing regulated operations on the financial market,
      - entities pursuing operations equivalent to operations pursued by the aforementioned entities outside the territory of the Republic of Poland,
   b) public institution:
      - public authorities that manage public debt,
      - central bank,
      - World Bank,
      - International Monetary Fund,
      - European Central Bank,
      - European Investment Bank,
      - another international organisations with similar functions,
   c) other institutional investors whose main object of operations consists in investing in financial instruments, including but not limited to entities dealing in asset securitisation or concluding other types of financial transactions,
   d) enterprises that meet at least two of the following requirements:
      - their balance sheet total amounts to at least EUR 20m,
      - the value of sales revenue they generate amounts to at least EUR 40m,
      - their equity amounts to at east EUR 2m, subject to the stipulation that the equivalent of the amounts denominated in EUR will be calculated using an average EUR conversion rate determined by the National Bank of Poland on the day on which such enterprise drafts its financial statements.
5. An eligible counterparty is an entity stipulated under item 4 with which the Bank concludes transactions or serves as an intermediary in concluding transactions under a commercial agreement within the scope of rendering the following services:
   - accepting and forwarding orders to buy or sell financial instruments,
   - executing orders to by or sell financial instruments on behalf of the entity placing the order,
   - buying or selling financial instruments on own account.
6. The Bank may assign a Customer to a lower category than stipulated under items 4-5 in order to afford the Customer a broader scope of investment protection.
7. The non-professional customer category stipulated under item 3 is not subject to changes.
8. The professional customer or eligible counterparty category stipulated under item 4 may be downgraded:
   - to ensure a broader scope of investment protection,
   - on account of a change in the profile of the Customer's operations.
9. The non-professional customer or professional customer category assigned under item 8 may be upgraded: at the Customer's request, if the Customer meets the statutory requirements to be assigned to the category applied for and if the Customer accepts a narrower scope of investment protection.
10. In order to ensure the Customer a high level of security and protection of investment activities, PKO BP Securities may refuse to change the category assigned to the Customer to a category with a lower level of investment protection.
11. PKO BP Securities may change the Customer's category (to a category with a higher level of protection) at its own discretion in the event of learning that the Customer no longer meets the conditions permitting the Customer to be treated as a professional customer. The Customer will be notified of the Customer's category being changed.
12. The final decision on the Customer's category will be made by PKO BP Securities.

13. With respect to certain brokering services rendered by PKO BP Securities, it will be permissible to assign the Customer to a certain category for the purpose of providing specific services irrespective of the category assigned for other brokering services.

Suitability assessment and target group determination

1. The purpose of the suitability assessment is to determine whether the given brokering service and financial instrument meets the Customer's goals and needs, including but not limited to with respect to the Customer's risk tolerance, whether the Customer is able to cover financially any and all risks corresponding to the Customer's purposes and needs, and whether the Customer possess the necessary knowledge and investment experience to understand the risks connected with the brokering service provided and the financial service offered.
2. The suitability assessment is based on:
   1) with respect to investment consulting, on information concerning:
      a) the Customer's financial standing, including:
         - the sources and amount of regular income,
         - held assets, including liquid assets, investments, real estate, and recurring financial liabilities,
      b) the Customer's investment goals and risk profile, including:
         - preferred level of risk,
         - needs,
         - investment period,
      c) the Customer's preferences with respect to sustainability as well as the Customer's knowledge and investment experience, including:
         - education background,
         - current or former occupation,
         - knowledge of investment services and financial instruments,
         - nature, volume, and frequency of transactions in financial instruments and the period during which they were concluded,
   2) with respect to other brokering services and financial instruments, on the information referred to in item 2(1)(c).
3. In the event PKO BP Securities establishes on the basis of information received from the Customer that a service or financial instrument constituting the object of the service is unsuitable for the Customer, PKO BP Securities will notify the Customer thereof in writing or using Electronic Access Channels.
4. The information referred to in item 2 will be used by PKO BP Securities to establish the Customer's risk profile.
5. PKO BP Securities will require the Customer to update the information stipulated in item 2 periodically.
6. In the event of providing the service consisting in offering financial instruments and providing services connected with performing concluded issue underwriting agreements or with concluding and performing other agreements of a similar nature, PKO BP Securities may only conduct a suitability assessment with regard to the Customer's knowledge and experience if their subject-matter involves financial instruments,
7. No suitability assessment will be conducted in the event of rendering the service of buying and selling financial instruments on own account, currency conversion (if connected with brokering operations), safekeeping or registering financial instruments (including but not limited to maintaining securities accounts, derivatives accounts, or money accounts), drafting investment analyses, financial analyses, and other general recommendations with respect to transactions in financial instruments, corporate consulting with respect to capital structure, corporate strategy, or other issues connected with such structure or strategy, consulting and other services with respect to merging, demerging, and acquiring business entities.
8. It is assumed that brokering services and financial instruments offered to professional customers and eligible counterparties are suitable with respect to their knowledge and investment experience and that professional customers and eligible counterparties are able to cover financially any risks corresponding to their goals and needs.
9. PKO BP Securities will not recommend, offer, or otherwise propose buying or acquiring financial instruments to Customers who are not included in the target group of the given financial instrument.
10. The suitability assessment conducted for the purpose of recommending, offering, or otherwise proposing to buy or acquire a financial instrument will be primarily based on the information stipulated under item 2.
11. PKO BP Securities will be entitled to identify a negative target group, i.e. a group of customers whose needs, characteristics, and goals do not correspond with the given financial instrument.
12. If a financial instrument is to be recommended, offered, or otherwise proposed to Customers jointly, it will be assumed that the potential transaction is consistent with the target group if each Customer is individually included in the target group for such financial instrument.
13. A Customer may buy or acquire a financial instrument that is not consistent with such Customer's target group at the Customer's own discretion, provided the Customer accepts the risks connected with such transaction.
14. If the investment consulting service rendered for the Customer is deemed inappropriate after the agreement is concluded, the Bank will refrain from providing recommendations.
15. The suitability assessment of the transaction recommended within the scope of investment consulting should provide an explanation as to how the recommended transaction is suitable for the Customer.

Appendix 2
to Information on MiFID requirements for PKO BP Securities Customers regarding brokering services
Scope of information provided and protection afforded to respective Customer categories at PKO BP Securities

Scope of protection	Non-professional customer	Professional customer	Eligible counterparty
Bank and investment services rendered			
Delivering the "Information" that comprises information on: 1. PKO BP Securities, 2. brokering services provided, 3. financial instruments offered, including a general description of the nature of and risks connected with such financial instruments, 4. rules for classifying Customers to categories, the category assigned, and the rules for changing it, and the scope of protection afforded to each category of Customers, 5. rules for conducting the suitability assessment of investment services and financial instruments with respect to the Customer's personal circumstances, 6. a general description of the conflict of interest policy, 7. policy for executing instructions and acting in the Customer's best interest 8. rules for accepting and giving incentives	●	●	●
Delivering contracts, regulations, and other provisions concerning the brokering services provided.	●	●	●
Conflict of interest			
Disclosing emerging conflicts of interest.	●	●	●
Delivering detailed information concerning the conflict of interest policy and steps taken to mitigate the risk of damage to the Customer's interests (at the Customer's request or prior to the transaction).	●	●	●
Suitability assessment			
Assessing the suitability of brokering services and financial instruments with respect to the Customer's personal circumstances and, where required, alerting the Customer to the inadequacy of the transaction or inability to perform the assessment due to the Customer's failure to provide the necessary information.	●	●[1]	●[1]
investment consulting[2]			
Delivering information on dependent or independent nature and scope of investment consulting.	●		
Communicating the grounds for the recommendation being suitable for the Customer.	●		
Delivering information on the frequency, extent, and manner of communicating suitability assessments, where brokerage firms conduct periodic suitability assessments for investment consulting purposes.	●		
Delivering quarterly reports on provided Recommendations.	●		
Costs, fees, and non-pecuniary benefits (incentives)			
Providing information on the costs and associated fees of provided brokering services and their impact on investment returns: 1. prior to concluding the agreement (ex ante), 2. annually, after executing an order or concluding a transaction (ex post).	●	●[3]	●[3]
Delivering annual information on received and provided incentives.	●	●[3]	●[3]
Reporting to the Customer			
Providing information on the nature, frequency, and timing of reports on the performance of brokering services for the Customer.	●	●	●
Delivering a general description of the measures taken to ensure the protection of the financial instruments and funds maintained for the Customer, including summary information on any compensation or guarantee systems, if the Brokerage Office holds the Customer's financial instruments or funds.	●	●	●
Confirming transaction conclusion.	●	●	●
Delivering information on the manner of executing the transaction in accordance with the best interests of the Customer (upon request).	●	●	
Delivering key information on executing orders and confirming order execution.	●	●	●[3]
Delivering reports concerning performing the service of drafting investment analyses, financial analyses, and other general recommendations concerning transactions in financial instruments,	●	●	●
Safekeeping and registering the Customers' assets			
Delivering a short description of conduct aimed at ensuring the protection of financial instruments held in custody, including any and all compensation and deposit guarantee systems, if the Brokerage Office safekeeps the financial instruments of its Customers.	●	●	●
Delivering a quarterly statement of financial instruments, if the Brokerage Office safekeeps the financial instruments of its Customers.	●	●	●
Delivering information regarding the safekeeping of the Customers' financial instruments and funds by a third party, the existence and terms of any security measures, and the application of foreign law.	●	●[3]	●[3]
Upon the Customer's request, delivering information on order execution status.	●	●	●[3]
Delivering a report on render the service of accepting and forwarding orders to buy or sell financial instruments.	●	●	●

1 Based on the assumption that professional customers and eligible counterparties are financially able to bear all the risks corresponding to their goals and needs and have the necessary investment knowledge and experience, it is presumed that investment services and financial instruments offered to them are suitable for them.
2 This service is not offered to eligible contractors,
3 The scope of the information provided may be limited by contractual arrangements with the Customer

Delivering reports concerning performing the service of drafting investment analyses, financial analyses, and other general recommendations concerning transactions in financial instruments,	●	●	●
Delivering information on a 10% decrease in the initial value of each instrument, and of multiples of 10% thereafter, where the maintained account includes positions in high-risk financial instruments or contingent liability transactions.	●		
Other obligations			
Applying the rules on proper Customer notification, including delivering commercial and promotional information.	●	●	
Delivering information on receiving and processing complaints as well as alternative dispute resolution (at the Customer's request or after a complaint has been lodged).	●	●	●
Delivering information on the rules for recording phone calls and correspondence.	●	●	●

Appendix 3

to the Information on MiFID requirements for the Customers of PKO BP Securities regarding brokering services where the principles of acting in the best interests of the Customer in order to obtain the best possible results for the Customer are applied

Policy for executing orders and acting in the Customer's best interest in force at PKO BP Securities (description)

I. General provisions

1. The Policy for executing orders and acting in the Customer's best interest in force at PKO BP Securities sets forth the detailed terms of executing the orders placed by Customers.
2. The terms and abbreviations used in the Policy have been defined in the *Rules of rendering brokering services by PKO BP Securities.*
3. Implementing the Policy is aimed at meeting the requirements arising from applicable laws, including in particular the Trading in Financial Instruments Act of 29 July 2005 (hereinafter: the Act).
4. The Policy applies to brokering services rendered in favour of Non-professional customers and Professional customers that consist in executing, accepting, and forwarding orders.
5. In executing the Customers' orders, PKO BP Securities will take any and all justified measures aimed at achieving the best possible results, taking into consideration the following criteria which have been enumerated in the order of their significance (with respect to all order execution systems):
   a) price of the financial instrument,
   b) costs related to executing the order,
   c) time of concluding the transaction,
   d) probability of executing and clearing the order,
   e) order volume and nature,
   f) other aspects that have a significant impact on executing the order.
6. As regards orders placed by Non-professional customers, the best possible result is determined in general terms, taking into consideration the price of the financial instrument and the costs connected with executing the order that include expenses the Customer would incur further to executing the order, including in particular transaction fees, fees on account of settling and clearing the transaction, and costs incurred in favour of third parties involved in executing the order.
7. In determining the significance of the criteria enumerated under item 5, PKO BP Securities will take into consideration in particular:
   a) Customer category,
   b) specificity of the order,
   c) features of the financial instrument constituting the object of the order,
   d) type and specificity of the possible order execution systems.
8. PKO BP Securities will execute orders placed by Customers by way of order execution systems which will be understood as:
   1) with regard to the order execution service:
      a) the regulated market,
      b) an alternative trading system,
      c) an investment company or a foreign investment company executing orders in the manner prescribed under Article 73 sec. 2 of the Act,
      d) an investment company or a foreign investment company performing tasks related to the organisation of a regulated market or ensuring the liquidity of financial instruments,
      e) an entity conducting operations described under a)-d) within the territory of a country other than a Member State,
      f) a bank stipulated under Article 70 sec. 2 of the Act that acts on its own account, if the object of said transactions comprises securities issued by the State Treasury or the National Bank of Poland, or ensuring the liquidity of financial instruments,
   2) with regard to the service consisting in accepting and forwarding orders: an entity executing orders forwarded by PKO BP Securities.
9. PKO BP Securities will execute the Customers' orders in order execution systems that are deemed to be facilities permitting the achievement of the best possible result for the Customer on an ongoing basis. These are, for respective financial instrument categories:
   1) for equities: the regulated market operated by Giełda Papierów Wartościowych w Warszawie S.A., the New Connect alternative trading system operated by Giełda Papierów Wartościowych w Warszawie S.A., and foreign order execution systems in which PKO BP Securities executes orders of which the Customers have been notified,
   2) for bonds: the regulated market and the alternative trading system operated by Giełda Papierów Wartościowych w Warszawie S.A., the regulated market and the alternative trading system operated by BondSpot S.A., and foreign order execution systems in which PKO BP Securities executes orders of which the Customers have been notified,
   3) for derivatives: the regulated market operated by Giełda Papierów Wartościowych w Warszawie S.A.,
   4) for shares in collective investment institutions: the regulated market operated by Giełda Papierów Wartościowych w Warszawie S.A. with respect to instruments admitted to organised trading and investment fund companies managing the given fund; transfer agents operating the fund with respect to participation units in investment funds,
   5) for instruments constituting the object of a public offering or an initial public offering: issuers of financial instruments or entities appointed to execute orders connected with the offers of said issuers, with respect to financial instruments of a given issuer where PKO BP Securities provides intermediary services.
10. PKO BP Securities will execute the Customer's orders by concluding transactions on the Customer's behalf in the order execution system in which PKO BP Securities operates directly. The Customer's orders concerning regulated markets on which PKO BP Securities does not operate directly will be executed through the intermediation of foreign brokers with whom PKO BP Securities has concluded relevant agreements.

II. Policy for executing orders and acting in the best interest of the Non-professional Customer and Professional Customer concerning orders executed in financial instrument trading systems in Poland

11. With respect to financial instruments traded in a single order execution system, PKO BP Securities will execute the Customers' orders on the regulated market on which the given financial instrument is traded.
12. With respect to financial instruments traded on a regulated market operated by Giełda Papierów Wartościowych w Warszawie S.A. and, at the same time, on the regulated market operated by BondSpot or in an alternative trading system operated by Giełda Papierów Wartościowych w Warszawie S.A. and, at the same time, on the regulated market operated by BondSpot S.A., PKO BP Securities will execute the Customer's orders in the order execution system which in general terms ensures the Customer the best price (taking into

consideration the costs incurred) and the shortest order execution time (taking into consideration its volume), unless in the content of the order the Customer explicitly stipulates the system in which the order is to be executed.

III. Policy for acting in the best interest of the Non-professional Customer and the Professional Customer concerning accepting and forwarding orders

13. PKO BP Securities will forward the orders placed by the Customers that pertain to share units in investment funds and other participation units in collective investment institutions to investment fund companies of which the Customers will be notified.
14. PKO BP Securities will forward the Customers' orders regarding buying a new issue of the given financial instruments, including in particular shares or bonds, to the issuer of such financial instruments or, as in the case of State Treasury bonds, the order is not forwarded and all the activities connected with processing it are performed internally by PKO BP Securities.
15. PKO BP Securities will forward the Customers' orders with respect to buying existing shares within the scope of initial public offerings to the entity selling such financial instruments.

IV. Policy for executing orders and acting in the best interest of the Non-professional Customer and Professional Customer concerning orders executed outside the systems for trading in financial instruments

16. Pursuant to the *Rules of rendering brokering services by PKO BP Securities*, PKO BP Securities may execute orders outside the system for trading in financial instruments after first receiving an explicit consent of the Customer to having the Customer's order executed outside the system for trading in financial instruments.
17. Prior to accepting an order to be executed outside the system for trading in financial instruments, within the scope of acting in the Customer's best interest PKO BP Securities will:
    1) review and deliver to the Customer:
        a) the price and the daily trading volume of the given financial instrument in the trading system, provided it is available and is sourced from the order execution systems in which PKO BP Securities operates,
        b) the quotes of the given financial instrument provided by the Systematic Internaliser, provided that such quotes exist for the given financial instrument and that PKO BP Securities has concluded the relevant agreement with the Systematic Internaliser,
        c) the quotes of the given financial instrument as provided by foreign brokers with whom PKO BP Securities has concluded the relevant agreement, provided that the order pertains to financial instruments that are not traded in Poland.
    2) execute the Customer's order outside the system for trading in financial instruments in the following sequence:
        a) as part of a transaction with the Systematic Internaliser,
        b) with the broker who offers the best price,

    insofar as the Customer has not indicated a specific entity in the order who should serve as an intermediary in executing the order.
18. If the Customer has not indicated the conditions for order execution, including in particular if the Customer has not identified the broker to provide intermediary services in executing the order for a financial instrument that constitutes the object of the transaction and with respect to which there is more than one order execution system:
    1) when selecting the order execution system, PKO BP Securities will primarily take into consideration the price of the financial instrument and the costs connected with order execution,
    2) PKO BP Securities will consider the remaining factors stipulated under item 5 as more important than the price and costs if overall they serve the purpose of achieving the most advantageous result.

V. Policy for executing orders and acting in the best interest of the Non-professional Customer with respect to orders executed on Foreign Markets.

19. In the case of financial instruments traded on Foreign Markets, PKO BP Securities will execute the Customers' orders using the intermediary services of KBC Securities and, in the case of debt securities, using the intermediary services of other foreign brokers, and the Customer will be notified of the list of such foreign brokers.
20. Orders on Foreign Markets will be executed in line with the given broker's best order execution policy.

VI. Policy for executing orders and acting in the best interest of the Professional Customer with respect to orders executed on Foreign Markets.

21. With respect to financial instruments traded in a single order execution system, PKO BP Securities will execute the Customers' orders in the system in which the given financial instrument is traded.
22. The obligation to obtain the best possible conditions for the Customer will not apply to situations where the Customer has determined detailed conditions under which the order is to be executed.
23. PKO BP Securities will execute orders on Foreign Markets through brokers with whom PKO BP Securities has concluded relevant agreements according to their policies of best order execution.
24. The broker to whom orders are forwarded will be selected according to the following terms:
    1) if PKO BP Securities is not a participant of the given order execution system, PKO BP Securities will first forward the orders to the broker who is a direct participant of the given system,
    2) if more than one broker is a direct participant of the given order execution system or if no broker is a direct participant of the given order execution system, PKO BP Securities will select the broker in whose case the probability of execution and clearance is the highest.
25. In assessing the probability stipulated under item 2.2, PKO BP Securities will take the following factors into consideration:
    a) the most advantageous price possible to achieve,
    b) execution costs,
    c) speed of order execution and clearance.

VII. Final provisions

26. Prior to concluding the agreement on rendering brokering services, PKO BP Securities will deliver to the Customer or potential Customer information regarding the applied Policy for executing orders and acting in the best interest of the Customer and will obtain the Customer's consent to the policy for executing orders in force at PKO BP Securities being applied to the Customer.
27. The content of the Policy is also available at www.bm.pkobp.pl.
28. PKO BP Securities will notify the Customer of any material amendments to the Policy with sufficient advance to enable the Customer to terminate the agreement before such amendments come into force.
29. Information on any significant amendments to the policy will be delivered by PKO BP Securities through its website to Customers with regular Internet access who have granted their explicit consent in that respect.

30. PKO BP Securities recognises that any Customer who provides an e-mail address in the agreement on rendering brokering services or who has access to the online application of PKO BP Securities or the Bank application has regular access to the Internet.
31. PKO BP Securities will draft an annual report on the quality of executed orders and a list of the best order execution systems to which PKO BP Securities forwards orders and post them on its website.
32. PKO BP Securities will be monitoring the efficiency of implemented solutions connected with executing orders and acting in the best interest of the Customer and its policy applied in that respect.

Appendix 4
to the Information on MiFID requirements for the Customers of PKO BP Securities regarding brokering services, where PKO BP Securities implements the procedure for preventing and managing conflicts of interest, both by avoiding situations that may give rise to a potential conflict and by undertaking organisational and administrative measures that institutionally prevent conflicts of interest from arising. If the risk of conflicts of interest cannot be eliminated effectively (i.e. of organisational and administrative measures implemented are not sufficient to prevent the risk of damage to the Customer's interests with reasonable certainty), it is necessary to provide the Customer with appropriate information and refrain from providing brokering services until the Customer has given an explicit statement on the Customer's intention to continue or terminate the agreement with PKO BP Securities.

Rules of managing conflicts of interest in force at PKO BP Securities (description)

1. A conflict of interest is a situation known to PKO BP Securities that may lead to a discrepancy between:
   1) the interests of PKO BP Securities and the interests of the Customer,
   2) the interests of a person involved with PKO BP Securities and the interests of the Customer,
   3) several Customers of PKO BP Securities.
2. PKO BP Securities will prevent the emergence of circumstances considered to be conflicts of interest in order to render brokering services in an honest and reliable manner, taking into consideration the best interest and sustainability-related preferences of the Customer through:
   1) identifying sources that may give rise to conflicts of interest,
   2) avoiding situations that may give rise to conflicts of interest,
   3) preventing situations that may give rise to conflicts of interest.
3. PKO BP Securities undertakes the following measures to prevent a conflict of interest from occurring:
   1) promoting, applying, and enforcing compliance from persons involved with PKO BP Securities, in particular with respect to the Rules on managing conflicts of interest in brokering activities conducted by PKO BP Securities and the PKO Bank Polski Code of Ethics that determines ethical standards of pursuing business activities by the Bank and the manner of conduct of the Bank's employees, including but not limited to the employees of PKO BP Securities, in relations with the Bank and its Customers, and other ethical requirements related to brokering activities,
   2) developing and implementing separate internal regulations specifying the issue of accepting and giving incentives by persons involved with PKO BP Securities and assuming positions in the governing bodies of other entities by the persons involved,
   3) restricting the scope of persons that have access to: confidential information and information constituting professional secrecy concerning the Customers of PKO BP Securities and their activities, including but not limited to information on the financial, economic and financial, or social and financial standing of the Customers and undertakings carried out and planned by them, as well as data on orders, instructions, balances and turnover on the Customers' accounts and on the transactions executed by the Customers and the IT system resources of PKO BP Securities ("Chinese walls"),
   4) analysing personal transactions executed by persons involved with PKO BP Securities on their own account,
   5) ensuring that remuneration regulations applied at PKO BP Securities do not encourage behaviour that may result in a conflict of interest and, in particular, that they ensure that the amount of remuneration paid to individuals involved with PKO BP Securities who perform certain activities and the remuneration or profits earned by individuals performing other activities are independent of one another, insofar as such a situation would result in a conflict of interest,
   6) eliminating or restricting simultaneous or consecutive participation of a person involved with PKO BP Securities in brokering services in a situation where such participation may adversely affect the possibility of proper management of conflicts of interest,
   7) ensuring organisational separation of persons responsible for relations with customers who intend to issue securities and customers intending to purchase securities.
4. In the event of a conflict of interest emerging, PKO BP Securities will take any and all actions aimed at eliminating or curbing the negative influence of said conflict of interest on the Customer's interests.
5. Before and after concluding the agreement on rendering brokering services, PKO BP Securities will notify the Customer of any existing conflict of interest, if it proves impossible to eliminate its impact on the Customer's interests in full. Such disclosure will be a final measure, used only if effective solutions adopted by PKO BP Securities are not sufficient to ensure with due diligence that the risk to the Customer's interests did not occur.
6. If the Customer receives the information stipulated under item 5 before concluding the agreement on rendering brokering services, the agreement may only be concluded if the Customer confirms:
   1) having received such information, and
   2) the intention to conclude the agreement with PKO BP Securities.
7. If the Customer receives information stipulated under item 5 after concluding the agreement on rendering brokering services, PKO BP Securities will refrain from rendering brokering services to the Customer until the Customer makes an explicit statement on continuing or terminating the agreement.
8. Upon a request from the Customer, PKO BP Securities will provide the Customer with detailed information regarding the applied rules of managing conflicts of interest on a durable medium or through the PKO BP Securities website.

Appendix 5
to Information on MiFID requirements for PKO BP Securities Customers regarding brokering services
Description of the rules for accepting or granting pecuniary and non-pecuniary gratifications in force at PKO BP Securities (description)

1. PKO BP Securities will not be accepting or paying any fees, commissions, or non-pecuniary gratification in connection with rendering brokering services, with the exception of:

1) pecuniary and non-pecuniary gratification received from or given to the Customer or received from or given to the person acting on behalf of the Customer; including in particular standard fees or commissions,
   2) pecuniary or non-pecuniary gratification received from or given to a third party as necessary to execute a given brokering service for the Customer, including in particular:
      a) the costs of safekeeping the Customer's financial instruments and funds deposited by the Customer,
      b) fees charged by the entity organising the system for trading in financial instruments as well as clearance and settlement fees,
      c) fees due to the supervisory authority on account of supervision,
      d) taxes, public law levies, and other fees with respect to which the payment obligation arises from applicable laws,
      e) fees connected with currency conversion,
   3) pecuniary and non-pecuniary gratifications other than stipulated under item 1) and 2), if:
      a) it is received or given in order to improve the quality of the brokering service rendered by PKO BP Securities for the Customer,
      b) accepting or offering them has no negative impact on PKO BP Securities' reliable and professional operation in accordance with the terms of fair trade and in line with the best interest of the Customer,
      c) the information on gratifications, including but not limited to on their essence and amount (or, if the value of such gratifications cannot be estimated, on the manner of determining their value) has been delivered to the Customer or the potential Customer in a reliable, precise, and clear manner prior to beginning the provision of the given brokering service, subject to the stipulation that this condition will also be deemed met if the Customer or the potential Customer has received such information in a consolidated form.

2. The general rules for the admissibility of accepting or giving gratifications are set forth in generally applicable laws, in particular the Trading in Financial Instruments Act of 29 July 2005, the Ordinance of the Minister of Finance of 30 May 2018 on the procedures and conditions of conduct of investment firms, banks referred to in Article 70(2) of the Financial Instruments Trading Act, and custodian banks, as well as the opinions and recommendations of external supervisory and control authorities.
3. PKO BP Securities has implemented relevant procedures setting forth the internal policy regarding accepting and giving pecuniary and non-pecuniary gratifications in order to avoid situations when PKO BP Securities puts its own interest above the interest of the Customer when offering a given product or brokering service to the Customer.
4. Pursuant to said procedures, before the planned conclusion of an agreement that will give rise to accepting or giving a pecuniary or non-pecuniary gratification, when assessing a gratification of:
   1) a non-pecuniary nature, e.g. a training organised by an investment fund company for PKO BP Securities employees, PKO BP Securities will consider in particular:
      a) the value of the benefit,
      b) the adequacy of the benefit in relation to the type of service rendered and the positions of persons to benefit from it,
      c) whether the place and manner of giving or receiving the gratification is aimed at improving the quality of the brokering service rendered,
      d) the expected future benefit for the Customer, including the type and scope of said benefit,
   2) a pecuniary nature, e.g. PKO BP Securities receives remuneration on account of additional activities performed for the participants of investment funds operated by an investment fund company with respect to which PKO BP Securities acts as a distributor, PKO BP Securities will consider in particular:
      a) its potential influence on the manner of operation of PKO BP Securities, taking into particular consideration the interests of the Customer,
      b) the expected benefit for the Customer, including the type and scope of said benefit,
      c) the existing relationship between PKO BP Securities and the entity in question.
5. PKO BP Securities will render investment consulting services in a dependent manner, which means that PKO BP Securities may accept pecuniary or non-pecuniary gratifications from any third party in connection with providing investment consulting services, subject to the stipulation that:
   1) such gratifications are accepted or given in order to improve the quality of investment consulting services rendered for the Customers,
   2) accepting or giving such gratifications has no adverse impact on PKO BP Securities abiding by the obligation to act with due diligence and professionally, in accordance with the rules of fair trading and best interests of its Customers,
6. the information on gratifications, including but not limited to on their essence and amount (or, if the value of such gratifications cannot be estimated, on the manner of determining their value) has been delivered to the Customer or the potential Customer in a reliable, precise, and clear manner prior to beginning the provision of the given brokering service, subject to the stipulation that this condition will also be deemed met if the Customer or the potential Customer has received such information in a consolidated form. PKO BP Securities may also accept minor non-pecuniary gratifications if they take the form of:
   1) information or documents pertaining to a financial instrument or a brokering service the nature of which is general or individualised to reflect the situation of an individual customer;
   2) written materials received from a third party that have been ordered and paid for by a corporate issuer or a potential corporate issuer in order to promote a new issue of such organisation or with respect to which the third party concluded an agreement with and is paid by the issuer to develop such materials on a current basis, subject to the stipulation that such relationship has been explicitly disclosed in said materials and that said materials are delivered at the same time to all investment companies wishing to receive them or to the general public;
   3) participation in conferences, seminars, and other training events regarding benefits that may arise from a specific financial instrument or a specific brokering service as well as their features;
   4) representative expenses of a reasonable minor value, such as food and beverages during a business meeting or a conference, a seminar or other training events stipulated under 3); and
   5) other minor non-pecuniary gratifications that may be considered to potentially improve the quality of the service rendered for the Customers and (taking into consideration the cumulative level of gratifications provided by an entity or a group of entities) whose scale or nature make it reasonably improbable for them to have a negative impact on PKO BP Securities' obligation to act in the best interest of the Customer.

PKO BP Securities will charge its Customers with fees and commissions for brokering services rendered under the terms stipulated in the *Rules of rendering brokering services by PKO BP Securities* and in the *Table of Fees and Commissions charged by PKO BP Securities*.

The fees and commissions collected from Customers may be used to cover current costs incurred by PKO BP Securities in connection with pursued brokering operations, which include:
a) fees and commissions paid to entities organising regulated markets (GPW S.A., BondSpot S.A.), providing clearing and settlement services (KDPW S.A. and KDPW_CCP S.A.), providing reporting services (Transaction Repository operated by KDPW S.A., hereinafter "KDPW_TR", and KDPW S.A. acting as ARM, hereinafter "ARM"),
b) fees and commissions paid to entities providing intermediary services in executing orders on foreign regulated markets and fees for servicing foreign financial instrument accounts,
c) costs of news services (PAP, Bloomberg, etc.),
d) maintenance and operating costs of the ICT network (internet, landline and mobile telecommunications, intranet),
e) postal fees,
f) costs of legal services,
g) marketing and promotional costs,
h) the costs of publishing notices with an information agency and a nationwide daily paper,
i) operating costs of sales branches,
j) costs of servicing bank accounts.

PKO BP Securities does not benefit from the proceeds arising from allocating the Customers' funds.

Fees paid to the GPW

Further to rendering the service of executing orders to buy or sell financial instruments, PKO BP Securities will be obliged to incur costs on account of fees and commissions connected with participating in the regulated market operated by GPW:
a) for accessing the GPW IT system: one-off and quarterly fees (in accordance with item 1 of Schedule no. 1 to Stock Exchange Regulations),
b) for using the GPW IT system: quarterly fees (in accordance with item 2 of Schedule no. 1 to Stock Exchange Regulations),
c) spot market operating fees (pursuant to item 3 of Schedule no. 1 to Stock Exchange Regulations),
d) futures market operating fees (pursuant to item 4 of Schedule no. 1 to Stock Exchange Regulations),
e) other fees (pursuant to item 6 of Schedule no. 1 to Stock Exchange Regulations),

The main operating fees on the GPW spot market amount to:

1) for equities, allotment certificates, and ETFs:
    a) fixed fee: PLN 0.15 per order,
    b) fee charged on order value:
        – up to PLN 100,000: 0.029%,
        – between PLN 100,000 and PLN 2,000,000: 0.024%,
        – over PLN 2,000,000: 0.010%,

    subject to the stipulation that the total fee may not exceed PLN 880,
2) for debt financial instruments:
    a) fee charged on order value: 0.010%,
3) for other financial instruments:
    b) fixed fee: PLN 0.30 per order,
    c) fee charged on order value: 0.025%

    subject to the stipulation that the total fee may not exceed PLN 880.

The main operating fees on the GPW futures market amount to:

1) for futures, a fixed fee per contract:
    a) - WIG20 or mWIG40 indices: from PLN 0.65 to PLN 1.6,
    b) - sector indices: PLN 0.6,
    c) - bonds: PLN 0,
    d) - equities: from PLN 0.15 to PLN 0.34,
    e) - F/X: PLN 0.04,
    f) - WIBOR rates: PLN 0,
2) for options:
    a) - index options: 0.60%, min. PLN 0.20, max. PLN 1.20 per option,
    b) - equity options: 0.60%, min. PLN 0.04, max. PLN 0.24 per option,

The Stock Exchange Regulations and the price list binding for GPW members are available at the GPW website.

Fees paid to BondSpot S.A.

Further to rendering the service of executing orders to buy or sell financial instruments, PKO BP Securities will be obliged to incur costs on account of fees and commissions connected with participating in:
1) the regulated over-the-counter market operated by BondSpot S.A. in accordance with Appendix no. 2 to the Rules of Trading on the Regulated Over-The-Counter Market,
2) the Alternative Trading System in accordance with Appendix no. 4 to the Rules of the Alternative Trading System operated by BondSpot S.A.

Main operating fee on the regulated over-the-counter market of BondSpot S.A.:

Fee on the value of concluded transactions (excluding block trades and negotiable transactions):
1) in the part pertaining to the total value of the transaction up to PLN 5m: 0.01%,
2) in the part pertaining to the total value of the transaction exceeding PLN 5m: 0.005%.

Main operating fee in the Alternative Trading System operated by BondSpot S.A.:

– transaction fee (excluding block trades and negotiable transactions): 0.005%.

The Rules of Trading on the Regulated Over-The-Counter Market and the Rules of the Alternative Trading System organised by BondSpot S.A. are available at the website of BondSpot S.A.

Payments to KDPW, KDPW_CCP, KDPW_TR, ARM

As participant of KDPW S.A., KDPW_CCP S.A., KDPW_TR, and ARM, PKO BP Securities incurs fees connected with settling and clearing transactions or operations in financial instruments and with reporting transactions:
1) deposit fees: for opening a formal account, for managing an entity account, fee for safekeeping cash market instruments (in accordance with Appendix no. 1 to KDPW Rules),
2) settlement fees (in accordance with Appendix no. 1 to KDPW Rules),
3) fees for processing messages or instructions (in accordance with Appendix no. 1 to KDPW Rules),
4) lending and borrowing fees (in accordance with Appendix no. 1 to KDPW Rules),
5) special fees (in accordance with Appendix no. 1 to KDPW Rules),

6) fees for additional services (in accordance with Appendix no. 1 to KDPW Rules),
7) participation fees (in accordance with Appendix no. 1 to KDPW CCP Transaction Clearing Rules: Organised Trading),
8) clearing fees (in accordance with Appendix no. 1 to KDPW CCP Transaction Clearing Rules: Organised Trading),
9) derivatives fees (in accordance with Appendix no. 1 to KDPW CCP Transaction Clearing Rules: Organised Trading),
10) fees for managing and administering cash paid in as contributions to the clearing fund and the relevant guarantee fund and cash paid in as margin deposits within the scope of the liquidity guarantee system for transaction clearing or within the scope of the liquidity guarantee system for negotiated lending (according to Appendix no. 1 to KDPW CCP Transaction Clearing Rules: Organised Trading),
11) fees for additional services (in accordance with Appendix no. 1 to KDPW CCP Transaction Clearing Rules: Organised Trading),
12) compensation system management fee (in accordance with the Rules of Operation of the Investor Compensation Scheme – KDPW),
13) fees for reporting transactions or positions to KDPW_TR (in accordance with Appendix no. 1 to Transaction Repository Rules),
14) fees for maintaining information on the concluded transactions or positions in KDPW_TR (in accordance with Appendix no. 1 to the Rules of Transaction Repository),
15) fees for participating in ARM (in accordance with the Appendix to ARM Rules),
16) fees for submitting notifications to ARM (in accordance with the Appendix to ARM Rules).

Main fees connected with financial instruments paid to KDPW S.A. KDPW S.A., KDPW_CCP S.A., KDPW_TR, and ARM:
1) for managing a spot market instrument deposit: charged monthly on the market value of securities according to the status at the end of respective calendar days:
   a) for Treasury bonds: 0.00018%,
   b) for other securities (including equity): 0.00033%,
   c) for securities for which the central depository is maintained in foreign clearing houses: from 0.00405% to 0.01597%
2) for clearing transactions concluded in organised trading: PLN 3.9 (PLN 1 in the case of transactions subject to a clearing fund or a relevant guarantee fund), subject to the stipulation that if clearance is performed on the basis of a clearance order which does not determine pecuniary or non-pecuniary liabilities and receivables arising from respective transactions separately but indicates compensated or aggregate results of said liabilities and receivables, the fee amounts to PLN 3.9 (in which case the fee is charged for clearing all transactions subject to the clearing order),
3) for pairing orders: PLN 1,
4) for clearing a transaction: 0.0035% of the transaction value, however not less than PLN 0.2 and not more than PLN 2.0 for clearing a single transaction,
5) on account of registering a futures transaction for:
   a) equity futures: PLN 0.34 per futures contract, however not more than PLN 340 in the case of registering a single transaction concluded for more than 1,000 (one thousand) future contracts,
   b) F/X futures: PLN 0.08 per futures contract,
   c) other than enumerated above: PLN 0.80 per futures contract,
   d) index participation unit futures: 0.0075% of the transaction value, however not less than PLN 0.2 and not more than PLN 50 for clearing a single transaction,
   e) options: 0.2% of the premium value, however not less than PLN 0.2 and not more than PLN 2 per single position,
6) for closing a position on account of the expiry of:
   a) equity futures: PLN 0.34 per future contract,
   b) F/X futures: PLN 0.08 per future contract,
   c) future contracts other than enumerated above: PLN 0.80 per future contract,
7) for the service consisting in exercising options or index participation units cleared in cash: 0.2% of clearing value, however not less than PLN 0.2 and not more than PLN 2 per single position.
8) for submitting reports to KDPW_TR:
   a) for reporting a transaction or a position to the Transaction Repository: PLN 0.04,
   b) for maintaining information on the reported transaction or position in the Transaction Repository: PLN 0.04,
9) for submitting reports to ARM:
   a) fee for submitting a notification to ARM: PLN 0.04 per notification.

Fees connected with foreign markets

PKO BP Securities will bear the costs connected with the provision of service consisting in executing orders to buy or sell foreign financial instruments. These costs comprise:
1) the commission of a foreign broker, ranging from 0.02% to 0.50% depending on the market,
2) stock exchange charges, ranging from 0.00224% to 1% depending on the market,
3) fees for safekeeping securities, ranging from 0.0075% to 0.50% depending on the market.

Additional transaction costs may include local fees and taxes which are required on certain markets. The costs of transactions on foreign financial instruments concluded on markets where there are taxes on transactions, stamp duties or other fees specific for a given market in force should be increased by the relevant fee charged at the latest upon clearing the transaction.

Fees connected with information services

Further to distributing stock exchange data and providing information services to its Customers, PKO BP Securities will bear the following costs paid to entities authorised to distribute said data:
1) distribution fees increased by technical costs,
2) monthly fees for using a trading review for every Subscriber, depending on the scope of data presented:
   a) natural persons using listings for private purposes:
      - real-time full market depth (GPW and NewConnect): PLN 214.02,
      - 5 real-time best bids/inquiry (GPW and NewConnect): PLN 108.24,
      - 1 real-time best bid/inquiry (GPW and NewConnect):
         - for 1-1,000 subscribers: PLN 12.18,
         - for 1,001-3,000 subscribers: PLN 2.03,
         - for 3,001-12,500 subscribers: PLN 1.22,
         - for 12,501-25,000 subscribers: PLN 0.7,
         - over 25,001 subscribers: PLN 0.31.
   b) other Customers:
      - real-time full market depth (GPW and NewConnect): PLN 263.22,
        5 real-time best bids/inquiry (GPW and NewConnect): PLN 242.31.

Receiving or making payments involving a third party on account of activities connected with brokering services

Agreements and contracts concluded by PKO BP Securities may provide for receiving or making payments involving a third party on account of activities connected with brokering services. In particular, payments involving a third party may be received or made in the following categories of agreements and contracts:

1) agreements pertaining to initial public offerings and primary trading,
2) agreements pertaining to accepting and forwarding orders regarding share units and participation units in collective investment institutions,
3) agreements pertaining to purchasing significant stakes in public companies,
4) other agreements and contracts pertaining to rendered brokering services comprising pecuniary and non-pecuniary considerations from a third party in the form of:
    a) staff training,
    b) training materials,
    c) IT applications and systems,
    d) marketing and promotional materials.

In particular, PKO BP Securities will receive the following types of consideration on account of accepting and forwarding orders with regard to share units and participation units in collective investment institutions:

- handling fee in the amount of 100%;

The Customers of PKO BP Securities will cover the fees on account of buying, converting and redeeming participation units in collective investment institutions in accordance with the terms stipulated in the statutes and tables of fees and commissions published by respective investment funds.

- financial consideration accepted in order to improve the quality of services rendered for the participants or potential participants.

PKO BP Securities receives financial gratification on account of taking measures improving the quality of services rendered and its readiness to render them for participants or potential participants. The calculation of the amount of such gratification is based on the time intensity of the given measure, a cost analysis, and generally binding market standards, such as market prices,

In addition, PKO BP Securities will receive remuneration from issuers on account of offering financial instruments in the amount determined in relevant agreements with issuers. not exceeding 10% of the offer value.

On each occasion, PKO BP Securities will analyse all payments involving a third party from the perspective of their conformity with the legal regulations in force and with regard to their impact on improving the quality of brokering services rendered for the Customers.

Payments involving a third party which are contrary to legal regulations in force will be deemed by PKO BP Securities as prohibited and will not be collected.

Taxes

Taxes

PKO BP Securities will discharge its tax obligations imposed on it under legal regulations in force. As a rule, the tasks of PKO BP Securities will apply to the following fields:

A. the function of the withholding agent of personal income tax (in particular on the basis of Article 41 sec. 4, 4d and 10 of the Personal Income Tax Act[4]) and of the corporate income tax (in particular on the basis of Article 26 sec. 1 and sec. 2c in relation to sec. 2d of the Act on Corporate Income Tax[5]).

    Within the scope and under the terms stipulated in the aforementioned Acts, PKO BP Securities will as a rule withhold and settle a flat-rate tax on income (revenue) generated by the taxpayers of personal income tax (and, to a limited extent, from the taxpayers of corporate income tax) on account of:

    – dividends,
    – interest, premium, and discount on securities,
    – interest on cash assets,
    – other income (revenue) in accordance with the tax law regulations in force.

    The basic tax rate amounts to 19% (20% for the selected income of legal persons). PKO BP Securities will withhold tax on the income (revenue) of taxpayers who are not tax residents within the territory of the Republic of Poland subject to the provisions of the relevant agreement on the avoidance of double taxation, provided that the given taxpayer first submits a certificate on tax residency confirming that at the date of generating the income (revenue) the taxpayer had the status of a tax resident and that the taxpayer meets other required conditions, provided that they determine the application of a preferential tax rate or exclusion from taxation. The application of other tax preferences, such as tax exemptions provided for under PITA or CITA, will require meeting conditions stipulated in applicable laws. In the case of revenues generated by the taxpayer outside the territory of the Republic of Poland, PKO BP Securities is as a rule not encumbered with the obligation to act as the income tax withholding agent.

B. The information function of PKO BP Securities (the legal basis comprises in particular Article 39 sec. 3 of the Personal Income Tax Act).

    As regards income stipulated under Article 30b sec. 2 of PITA, it is above all required to enumerate income from the sale of securities or derivatives, from exercising rights attached to them, and from selling equities in companies with a legal personality.

    PKO BP Securities does not withhold or pay output tax on the aforementioned income; however, PKO BP Securities will submit information on the amount of income (incurred loss) on the PIT-8C form to the taxpayer and the competent revenue office.

    The PIT-8C form constitutes the basis for an individual settlement of income tax drafted by the taxpayer. The taxpayer will be obligated to calculate and settle the tax individually as well as submit a tax return on the amount of generated income (incurred loss) during the relevant fiscal year (if, in the Customer's opinion, the information in the PIT-8C form is not sufficient, the tax return will be drafted also on the basis of other documents). The tax return will be submitted to the competent revenue office by 30 April of the year ensuing after the relevant fiscal year.

[4] Personal Income Tax Act of 26 July 1991, hereinafter "PITA".
[5] Corporate Income Tax Act of 15 February 1992 – hereinafter "CITA".

Appendix 6

to the Information on MiFID requirements for the Customers of PKO BP Securities regarding brokering services

Information on fees and costs incurred by the Customers of PKO BP Securities

Standing costs:

Information on the amount of any and all standing costs incurred by the Customer, included but not limited to the fees for account maintenance, fees for safekeeping financial instruments, fees for transferring financial instruments, and fees for issuing certificates or drafting an account statement, is presented in the Table of Fees and Commissions charged by PKO BP Securities.

Variable costs:

The rates of commission charged on the Customers are presented in the Table of Fees and Commissions charged by PKO BP Securities.

Commissions charged on transactions concluded in trading systems for financial instruments:

The value of the commission charged on transactions concluded in the trading systems for financial instruments depends on the order volume and the Customer's table of commissions.

Example transaction costs for financial instruments (excluding futures, options and bonds)are as follows:

Example:

A Customer with a standard table places the order personally or by phone with the CSC.

The value of the order placed by the Customer amounts to PLN 4,000. According to the standard table, a commission of 1.5% + PLN 9 is charged on the order of that value, i.e. the commission on that order will amount to (4,000x1.5%)+9=PLN 69.

For an order value of PLN 20,000, the commission according to the Table of Fees and Commissions will amount to:

(20,000x0.75%)+46.5=PLN 196.50

For an order value of PLN 40,000, the commission according to the Table of Fees and Commissions will amount to:

(40,000x0.50%)+109=PLN 309

The standard commission for Customers with activated online account access amounts to 0.39%, however not less than PLN 5. In their case, the costs will be lower:

For an order value of PLN 4,000, the commission according to the Table of Fees and Commissions will amount to:

(4,000x0.39%)=PLN 15.6

For an order value of PLN 20,000, the commission according to the Table of Fees and Commissions will amount to:

(20,000x0.39%)=PLN 78.0

For an order value of PLN 40,000, the commission according to the Table of Fees and Commissions will amount to:

(40,000x0.39%)=PLN 156,0

In case of a low value of the order, the percentage share of the commission rises, resulting in reducing the return on investment for the Customer:

Example:

For an order value of PLN 100, the commission according to the Table of Fees and Commissions for Customers who have activated online account access will amount to:

(100x0.39%)=0.39, but the commission cannot be lower than PLN 5, which means that the commission charged will be PLN 5 and equal 5% of the transaction value.

In the case of bonds, example transaction costs are as follows:

A Customer with a standard table places the order personally or by phone with the CSC.

The value of the order placed by the Customer amounts to PLN 4,000. Pursuant to the standard table, the commission on account of such an order will amount to:

(4,000x0.45%)+4.5=PLN 22.50

For an order value of PLN 20,000, the commission according to the Table of Fees and Commissions will amount to:

(20,000x0.35%)+14.50=PLN 84.50

For an order value of PLN 51,000, the commission according to the Table of Fees and Commissions will amount to:

(51,000x0.25%)+64.50=PLN 192

The standard commission for Customers with activated online account access amounts to 0.20%, however not less than PLN 5. In their case, the costs will be lower:

For an order value of PLN 4,000, the commission according to the Table of Fees and Commissions will amount to:

(4,000x0.20%)=PLN 8.0

For an order value of PLN 20,000, the commission according to the Table of Fees and Commissions will amount to:

(20,000x0.20%)=PLN 40.0

For an order value of PLN 40,000, the commission according to the Table of Fees and Commissions will amount to:

(40,000x0.20%)=PLN 102.0

If the Customer places an order with no price limit (PKC, PCR), the higher margin deposit will be required in case of placing a buy order. PKO BP Securities will receive the margin deposit at 110% of the latest price of the given instrument. This means that, in order to place a PKC buy order for 1,000 equities with a table of commissions for Customers with activated online account access (0.39%) at the price of PLN 10, the Customer is required to hold PLN 11,042.90 on the Customer's account.

With respect to future contracts, the commission is charged in quantitative terms which means that the amount of the commission depends on the order volume and the Customer's table of commissions:

Example:

A Customer with a standard table places an order to buy/sell 5 index futures personally or by phone with the CSC. The commission on that order will amount to 5xPLN 10=PLN 50

Customers with activated online account access will pay a commission of 5xPLN 8.50=PLN 42.50

Futures are packaged retail and insurance-based investment products (PRIIP) and are subject to the Regulation of the European Parliament and of the Council (EU) no. 1286/2014, under which the issuer issues and publishes Key Information Documents (KIDs) allowing the Customer to understand and compare the key features of the PRIIP and key risks connected with them (encompassing the list of all costs connected with the investment to be borne by an individual investor).

In the case of options, the commission will be charged on the value of every option.

Example:

A Customer with a standard table of commissions places an order to buy/sell 5 index options for WIG20 personally or by phone with the CSC. The commission on such an order is charged by every option, depending on the value of respective options.
In case of a personally placed order the commission on the options will amount to 2.5% but not less than PLN 1.50 and not more than PLN 10 per option.
In case of an order placed online, the commission on the options will amount to 2% but not less than PLN 1.50 and not more than PLN 8.50 per option.
In case of orders placed personally or by phone for options with the value of PLN 0.40, the commission will amount to PLN 7.50 because (0.40x10x2.5%)=0.1, but the minimum commission may not be lower than PLN 1.50 and PLN 1.50 multiplied by 4 options equals PLN 7.50.
In case of options with a limit of 140.00 points the commission will amount to PLN 50.00 because (140.00x10x2.5%) = PLN 35 but the maximum commission may not be higher than PLN 10.00 which multiplied by 5 options equals PLN 50.00.
In case of orders placed online, the commission in the above cases will amount respectively to PLN 7.50 (5xPLN 1.50) and PLN 42.50 (5xPLN 8.50).
Options are packaged retail and insurance-based investment products (PRIIP) and are subject to the Regulation of the European Parliament and of the Council (EU) no. 1286/2014, under which the issuer issues and publishes Key Information Documents (KIDs) allowing the Customer to understand and compare the key features of the PRIIP and key risks connected with them (encompassing the list of all costs connected with the investment to be borne by an individual investor).

Foreign markets

For financial instruments traded on Foreign Markets, example transaction costs are as follows:
For the table: 0.28%, not less than GBP 19 (Great Britain)

For an order value of GBP 4,000, the commission according to the Table of Fees and Commissions will amount to:
(4,000x0.28%)=GBP 19.0
For an order value of GBP 20,000, the commission according to the Table of Fees and Commissions will amount to:
(20,000x0.28%)=GBP 56.0
For an order value of GBP 40,000, the commission according to the Table of Fees and Commissions will amount to:
(40,000x0.28%)=GBP 112.0

For the table: 0.28%, not less than PLN 99 (Great Britain)

For an order value of PLN 4,000, the commission according to the Table of Fees and Commissions will amount to:
(4,000x0.28%)=PLN 38, but not less than PLN 99.0
For an order value of PLN 20,000, the commission according to the Table of Fees and Commissions will amount to:
(20,000x0.28%)=PLN 56.0, but not less than PLN 99.0
For an order value of PLN 40,000, the commission according to the Table of Fees and Commissions will amount to:
(40,000x0.28%)=PLN 112.0

TREASURY BONDS

I. **One-off costs**
   1. Fee for purchasing Treasury bonds
      The Customer does not incur any fees on purchasing bonds.
   2. Fee for early redemption of Treasury bonds
      The amount of the fee for early redemption is stipulated in the Letter of Issue pertaining to the given bond issue. The fees range from PLN 0.00 to PLN 2.00 per bond presented for early redemption.

Example:
The Customer holds 100 ten-year EDO bonds. After five years, the Customer decides to return a part of them (50 bonds) to the Issuer for early redemption. The nominal value of the EDO bond is PLN 100. After five years, the interest per 1 bond is PLN 24.25. The fee for early redemption per 1 EDO bond is PLN 2.00.
The charge for early redemption of 50 EDO bonds will amount to:
(50 x PLN 124.25) – (50 x PLN 2.00) = PLN 6,212.50 – PLN 100 = PLN 6,112.50

INVESTMENT FUND SHARE UNITS

I. **One-off costs**
   1. Fee for buying investment fund share units (handling fee).
      The buyer of share units incurs a one-off fee upon placing the order to buy investment fund share units. The amount of the fee for buying investment fund share units depends on the value of invested funds, in accordance with the table of fees determined by the Investment Fund Company.
      depends on the value of invested funds, in accordance with the table of fees determined by the Investment Fund Company.

Example:
The Customer buys investment fund share units in the X subfund of the Y Investment Fund Company for PLN 100,000.00 According to the table of fees, the fee for buying investment fund share units is 3%.
As a result, the Customer's cost amounts to PLN 100,000.00 x 3% = PLN 3,000.00
Invested capital amounts to PLN 100,000.00 – PLN 3,000.00 = PLN 97,000.00.
The value per investment fund share unit on the purchase day amounts to PLN 10; the number of share units held amounts to PLN 97,000.00:PLN 10 = 9,700

   2. Fee for the buyback of investment fund share units
      The fee for the buyback of investment fund share units is a one-off fee charged upon the execution of the order to buy back investment fund share units, provided that its collection is provided for in the fund statutes. The value of the buyback fee is stipulated in the table of fees established by the Investment Fund Company.

Example (higher investment fund share unit value):
The Customer performs a buyback of 9,700 investment fund share units in X Subfund of the Y Investment Fund Company. According to the table of fees, the buyback fee is 1%.
The value of an investment fund share unit on the buyback date amounts to PLN 11 and the value of the Customer's investment is PLN 106,700.00.
As a result, the Customer's cost amounts to PLN 106,700.00 x 1% = PLN 1,067.00
The value of the investment before tax is PLN 105,633.00.

Example (unchanged investment fund share unit value):
The Customer performs a buyback of 9,700 investment fund share units in X Subfund of the Y Investment Fund Company. According to the table of fees, the buyback fee is 1%.
The value of an investment fund share unit on the buyback date amounts to PLN 10 and the value of the Customer's investment is PLN 97,000.00.

As a result, the Customer's cost amounts to PLN 97,000.00 x 1% = PLN 970.00
The value of the investment is PLN 96,030.00
Example (lower investment fund share unit value):
The Customer performs a buyback of 9,700 investment fund share units in X Subfund of the Y Investment Fund Company. According to the table of fees, the buyback fee is 1%.
The value of an investment fund share unit on the buyback date amounts to PLN 9.00 and the value of the Customer's investment is PLN 87,300.00.
As a result, the Customer's cost amounts to PLN 87,300.00 x 1% = PLN 873.00
The value of the investment is PLN 86,427.00

3. Fees for conversion/exchange/transfer
   The fees for conversion/exchange/transfer are one-off fees charged upon concluding the transaction for conversion/exchange/transfer of investment fund share units. The value of these fees and the manner of their collection are stipulated in the table of fees established by the Investment Fund Company.

Example (conversion/exchange/transfer to a subfund for which the free rate is higher than was collected):
The Customer places an instruction to e.g. exchange share units in X Subfund for share units in Z Subfund. The fee for buying share units in the X Subfund was 1.5%, while the fee for buying share units in the Z Subfund is 4.0%.
Option I: the fee is charged as a difference, i.e. 4.0% - 1.5% = 2.5%.
Option II: the fee is charged in the full amount according to the table of fees, i.e. 4.0%.
The calculation of the fee amount for exchanging share units with the value of PLN 100,000.00 is as follows:
- for option I: PLN 100,000.00 x 2.5% = PLN 2,500.00
- for option II: PLN 100,000.00 x 4.0% = PLN 4,000.00
Example (conversion/exchange/transfer to a subfund for which the free rate is lower than was collected):
The Customer places an instruction to e.g. exchange share units in z Subfund for share units in X Subfund. The fee for buying share units in the z Subfund was 4.0%, while the fee for buying share units in the X Subfund is 1.5%.
Option I: no fee is charged.
Option II: the fee is charged in the full amount according to the table of fees, i.e. 1.5%.
The calculation of the fee amount for exchanging share units with the value of PLN 100,000.00 is as follows:
- for option I: PLN 0.00
- for option II: PLN 100,000.00 x 1.5% = PLN 1,500.00

II. Recurring costs
Investing in a fund is connected with recurring costs connected with the fund's operation as a collective investment instrument and pursuing its investment policy. The basic cost categories include:
- management fees paid to the entity managing the fund's assets,
- transaction fees paid to institutions participating in the process of concluding transactions on the fund's assets,
- administrative fees connected with the fund's operations, including one-off fees, current fees, and additional fees, i.e. for holding the function of depositary, for legal representation of the fund, etc.

Example (investment fund share unit value unchanged during the year):
Number of share units: 9,700
Share unit value: PLN 10
Investment value: PLN 97,000.00

Subfund name	Current fees connected with providing the investment service	Transaction costs	Fees connected with additional services
X	0.80% (PLN 776.00)	0.75% (PLN 727.50)	0.1% (PLN 97.00)

NB:
In the example, a mechanism was adopted for calculating costs influencing the investments over the period of one year. For reasons of simplicity, it was assumed that the value of investment did not change within the year (i.e. that every day the value of the share unit was the same).

INVESTMENT CERTIFICATES

I. One-off costs

1. Fee for buying certificates (handling fee)
   Upon placing the instruction to buy certificates, the buyer incurs a one-off fee. The amount of the fee for buying certificates depends on the value of invested funds, in accordance with the table of fees determined by the issuer.
2. Fee for certificate redemption
   An investment certificate is a kind of financial instrument for which the issued does not determine the redemption date. The issue prospectus provides for the possibilities to withdraw from the investment, e.g.
   - by placing an order to sell the certificates at the Warsaw Stock Exchange. In such case, the fees are incurred in accordance with the *Table of Fees and Commissions charged by PKO BP Securities*,
   - through submitting the so-called redemption request: in such a case, the amount of the fee is stipulated in the Issue Prospectus. In the case of most issues, there are no fees for redemption. In other cases, the fees can amount up to 1.00% of the redemption value of certificates allocated for redemption.

II. Recurring costs
Investing in certificates involves recurring costs connected with the operation of a closed-end investment fund.
The basic cost categories include:
- management fees paid to the entity managing the fund's assets,
- transaction fees paid to institutions participating in the process of concluding transactions on the fund's assets,
- administrative fees connected with the fund's operations, including one-off fees, current fees, and additional fees, i.e. for holding the function of depositary, for legal representation of the fund, etc.

No recurring costs are incurred if the certificates are left on the Registration Account. In case of depositing the certificates on the Investment Account, the Customer will be covering fees charged for managing the Investment Account in accordance with the Table of Fees and Commissions charged by the brokerage house managing the account.

Investment Certificates are considered packaged retail and insurance-based investment products (PRIIP) and are subject to the Regulation of the European Parliament and of the Council (EU) no. 1286/2014, under which the issuer issues and publishes Key Information Documents (KIDs) allowing the Customer to understand and compare the key features of the PRIIP and key risks connected with them (encompassing the list of all costs connected with the investment to be borne by an individual investor).

MORTGAGE BONDS

I. **One-off costs**
   Fee on an early withdrawal from an investment in mortgage bonds
   Early withdrawal from an investment in mortgage bonds is possible through placing a sell order on the Stock Exchange. The fees are charged in accordance with the Table of Fees and Commissions charged by the brokerage house managing the investment account.

II. **Recurring costs**
   After purchasing by the Customer, mortgage bonds are deposited on the Investment Account. The Customer is charged for managing the Investment Account in accordance with the Table of Fees and Commissions charged by the brokerage house managing the account.

STRUCTURED PRODUCTS (structured notes)

I. **One-off costs**
   A fee for an early withdrawal from the investment in structured notes.
   Early withdrawal from an investment in structured notes is possible through placing a sell order. The fees are specified in the terms of product issue.

II. **Recurring costs**
   Structured bonds are deposited on the Investment Account. the Customer will incur charges for managing the Investment Account in accordance with the Table of Fees and Commissions of the brokerage house managing the account.

Structured products are packaged retail and insurance-based investment products (PRIIP) and are subject to the Regulation of the European Parliament and of the Council (EU) no. 1286/2014, under which the issuer issues and publishes Key Information Documents (KIDs) allowing the Customer to understand and compare the key features of the PRIIP and key risks connected with them (encompassing the list of all costs connected with the investment to be borne by an individual investor).

Appendix 7
to Information on MiFID requirements for PKO BP Securities Customers regarding brokering services
Catalogue of financial instruments offered by PKO BP Securities (characteristics of instruments and investment risk connected with them)
The main risk connected with investing in financial instruments is the risk of disadvantageous changes in prices resulting in a decline in the investment value and the risk of liquidity in trading in given financial instruments, i.e. the inability to close a position without incurring losses.

EQUITIES

Equities are a type of securities that combines rights of a property and corporate nature. Property rights include, among other things, the right to dividend and the right to an appropriate part of the company's property in case it is liquidated. Meanwhile, corporate rights include, among other things, the right to participate in a general shareholders meeting and the right to information about the company's operations insofar as determined by applicable laws, and the voting right.
PKO BP Securities renders brokering services in the field of equities in organised trading and equities not permitted in trading on the organised market.
Risk factors that influence the valuation of equities in a given company include:

- **macroeconomic risk: connected in particular with the given entity's sensitivity to domestic and global macroeconomic factors,**
- **industry risk: connected in particular with the increase in competition, a decline in demand for products sold by entities within a given industry, and technological changes,**
- **company-specific risk: connected, among other things, with the quality of the management board's work, change in the company's strategy or business model, change in the quality of corporate governance, and dividend policy.**

The main factor determining the risk of investing in equities is the financial standing of the company issuing given equities reflecting the company-specific risk.
In addition, a characteristic feature of investing in equities in organised trading is a **relatively high volatility of equity prices (compared to price volatility of traded bonds), in particular in the short term (the price of equities may change in minutes, or even in seconds).** As a rule, if the company performs well, an increase in its value may be followed by a rally in its equity price; alternatively, a share in the company's profit, i.e. dividend, may be expected. Pursuant to the principles of free market economy, when investing in such securities as equities it is also necessary to take into consideration possible difficulties connected with selling the company's products or services, lack of profit and, in consequence, a reduction in the company's market value (or even its bankruptcy) which ultimately leads to a decrease in the value of the company's equities.
Furthermore, holding equities is encumbered with general risks connected with investing in organised trading, such as liquidity risk, suspension risk or risk of withdrawal from organised trading.
Equities bought on foreign markets are subject to additional risk factors, including in particular:

- **risk of changes in the conversion price of the currency in which the equities are traded versus the PLN,**
- **risk of limited access to information,**
- **legal risk connected with issuing and holding shares in legal systems other than the Polish legal system.**

ALLOTMENT CERTIFICATES

An allotment certificate gives rise to a right to receive equities of a new issue in a public company that do not have a document form. Such rights emerge upon allotting such equities and expire when such equities are registered in the depository for securities or on the day on which the court of registration refuses to make an entry on the increase in share capital in the register of entrepreneurs.
Allotment certificates do not give their holders identical rights as the equities in the same company. Equity issuers are not obliged to issue allotment certificates or introduce new issue allotment certificates in organised trading. **Investing in allotment certificates is connected with all the risk factors typical for investing in equities. Additionally, there is the risk that the registration court may refuse to register the equities of the new issue. Allotment certificates are characterised by their relatively high price volatility. This means that, in many cases, the price of an allotment certificate is higher or lower than the equity price of the same company.**

PRE-EMPTIVE RIGHTS

A pre-emptive right is a security which is closely connected with a planned issue of new equities by a company. It authorises the current shareholders of a company to take up (pre-empt) the equities of a new issue pro rata to the number of shares they already hold (as a rule, if following such allotment they are allotted interest in full shares, after rounding down the number of shares allotted to them). An important feature of the pre-emptive right is the fact that it can be traded as an independent security. By exercising the pre-emptive right in full, shareholders may retain their share in the company's shareholding structure unchanged, as a rule, if following such allotment they are allotted interest in full shares, after rounding down the number of shares allotted to them. If not interested in taking up newly issued shares, existing shareholders may sell their pre-emptive rights (including in particular in organised trading, if pre-emptive rights are admitted to trading in such organised trading or outside organised trading). Such sale results in the opportunity for investors who have so far not been shareholders of the given company to acquire pre-emptive rights.
Investing in pre-emptive rights is connected with all the risk factors typical for investing in equities. In addition, there is e.g. the risk of not exercising the pre-emptive right within its validity period. First, if the number of shares due to a given investor on account of the pre-emptive right is not is not an integer, such investor may acquire at most the number of shares arising from rounding down the number of shares to the nearest integer (which means that the pre-emptive right will not be fully exercised). Second, if an investor decides to sell the pre-emptive right, no such person might be found. In addition, a typical feature of this financial instrument is its short-term existence in organised trading. Importantly, pre-emptive rights that are not used during the equity subscription period usually expire with no remuneration and their holds are not entitled to any compensation or cost refund, including but not limited to the cost of acquiring pre-emptive rights on the secondary market.
Futures are a type of contract concluded between two parties, one of which undertakes to buy a specific amount of the underlying instrument or make an equivalent cash settlement after a given period at a determined price and the other undertakes to sell it under the same conditions. Underlying instruments for futures may include, among other things: stock exchange indices, foreign currencies, equities, and bonds.
The essence of this financial instrument is the obligation to deliver or collect the specified underlying instrument in the future. Nevertheless, it should be noted that, in the case of the majority of futures listed at the Warsaw Stock Exchange, the settlement of liabilities takes the form of a cash clearing.
Futures are traded in so-called series. A series covers all the contracts with the same delivery date. An investor who buys or sells a future contract has, respectively, a long or a short position open. Such a position may be maintained until the contract delivery date or may be withdrawn from the market (closed) before that date. If an investor has bought a contract (i.e. has a long position), the investor must sell a contract with the same delivery date and for the same amount in order to close it. If an investor has sold a contract (i.e. has a short position), the investor must purchase a contract with the same delivery date and for the same amount in order to close it.
An important element of investing in futures is the obligation imposed on the investor to contribute a margin deposit, the aim of which is to secure the settlement of the investor's liabilities towards the contracting party in the transaction to an investment company managing a securities account on behalf of the investor. The minimum amount of the margin deposit contributed to the investment company will determined by the relevant clearing house. For the Warsaw Stock Exchange this role is performed by KDPW_CCP which updates and performs market clearance resulting in the need to

replenish or return deposits. The price of futures is indicated in points and their value is determined by way of multiplying the price by an appropriate multiplier. The value of the multiplier differs depending on the underlying instrument to which the given contract pertains.
The main factor determining the volatility of this instrument is the trading liquidity: the lower the liquidity, the higher the price volatility and the investment risk. The trading volatility of futures depends on the liquidity of the underlying instrument and the time remaining until the date of the final settlement.
Risk factors which influence the valuation of index units include:

- **liquidity risk: a risk that the investor will not be able to buy/sell the contract at a specific price at no negative impact on the contract value.**
  This risk is positively correlated with the time remaining until contract delivery,
- **risk of the underlying instrument price volatility: the price of the underlying instrument influences the price of the derivative,**
- **market risk:**
  the risk of incurring losses due to disadvantageous changes in the price:
  a) the holder of a long position incurs losses if the price declines,
  b) the holder of a short position incurs losses when the price increases,
  - risk of the assets losing value or of failing to achieve the expected financial result on the investment due to a change in market parameters (market prices), including but not limited to market interest rates (interest rate risks) or stock exchange indices that are the underlying instruments for the given derivative,
- **F/X risk: connected with the possibility of F/X volatility.**

Investing on the derivatives market is inseparably connected with the concept of **financial leverage**. In the case of futures, the effect of the financial leverage consists in the fact that an investor has to contribute only a part of the bought futures (the so-called margin deposit) when buying or selling futures. Meanwhile, profits and losses on the investment are determined on the basis of the full value of the futures. This means that the financial leverage multiplies the financial result. Thanks to the margin deposit, in exchange for a specific percentage of the value an investor has to pay to buy a contract, the investor receives a derivative whose value is far higher than the amount for which the contract was bought. However, in contrast to the cash market, **the risk undertaken is unlimited: this means that the liabilities on account of concluding a transaction on futures may far exceed the investor's initial contribution. Given the above, it is necessary to remember that futures are an instrument characterised by a very high investment risk.**
Detailed information on the specific futures together with a description of the costs and risk and a description of the functioning and financial results in various market conditions connected with the given instrument are contained in **the KID (Key Information Document)** pertaining to the given financial instrument. **PKO BP Securities posts KIDs at www.bm.pkobp.pl/kid.**

OPTIONS

An option is a contract concluded between the buyer and issuer (seller), under which the buyer is entitled to buy (call option) or to sell (put option) the underlying instrument at a pre-determined price on the delivery date, i.e. has the right to exercise the option. In exchange for the premium paid by the issuer, the option holder has the right to exercise the option and the issuer is obligated to exercise the option.
As regards options listed on the Warsaw Stock Exchange, the underlying instrument is the WIG20 index. Liabilities under these options are cleared solely in the form of a cash netting. Similarly to futures, options are traded in so-called series. A series comprises all options of the given type with the same exercise date. For options listed on the GPW, the last day of trading in every series is the third Friday of the given exercise month. There are two types of options: a call option and a put option. An investor buying an option is described as buying a call or put option, while an investor selling an option is described as writing a call or put option. Such an option may be maintained until the option expiry date or may be withdrawn from the market (closed) before that date. If the option was bought, the investor has to sell an option with the same expiry date and the same strike price in order to close the position. If the option was sold, the investor has to buy it in order to close the position. The essence of investing in these types of financial instruments lies in the possibility of achieving profits upon an increase in the price of the underlying instrument afforded by buying a call option or writing a put option. Buying a put option and writing a call option provides the possibility to achieve profits when there is a decline in the price of the underlying instrument. The maximum profit of a Customer with a long position in options is unlimited, while the maximum profit of a Customer with a short position constitutes the equivalent of the premium received upon opening the position. A Customer opening a long position in options is required to pay a premium. A Customer opening a short position in options is required to submit a margin deposit. The minimum value of the deposit submitted to the investment company is determined by the relevant clearing house; in the case of trading at the Warsaw Stock Exchange, this role is played by KDPW_CCP which clears and guarantees all transactions concluded on the market.
The value of options is influenced by the following factors:

- interest rates: the amount of the risk-free interest rate leads to a decline in the price of put options and an increase in the value of call options,
- time until option expiry: the longer the time until option expiry, the higher the time value of the option,
- price of the underlying instrument: the higher the price of the underlying instrument, the higher the value of the call option or the lower the value of the put option,
- option strike price: price at which the buyer of a call option may purchase the option's underlying instrument or the price at which the buyer of a put option may sell the put options,
- price volatility of the underlying instrument: measure of uncertainty regarding future price changes.

The risk connected with investing in options is directly connected with the underlying instrument with which the given option is connected. There is a market rule, however, that the market price of an option is a combination of market expectations regarding the future price fluctuations of the underlying instrument.
The maximum loss incurred by a Customer with a long position in options (buying a call or a put option) equals the value of the invested capital. The maximum loss incurred by a Customer with a short position in options (selling a call or a put option) may exceed the value of the initially submitted margin deposit.
At the same time, it should be noted that investing in options is irretrievably connected with:

- **risk of time decay: the price of the option depends on the time remaining until its expiry. The approach of the option expiry date may result in a decline in the option's value even upon an unchanged price level of the underlying instrument. As a result, the passage of time acts to the disadvantage of the buyers of call options and the buyers of put options,**
- **market risk: it follows from the dependence on the underlying instrument and is intensified by the financial leverage effect that arises from the fact that the value of the initial investment (in the case of buying options, the option price multiplied by the multiplying factor, and in the case of writing options the deposit margin) is low compared to the value of the underlying instrument. This is why relatively small changes in the price of the underlying instrument have a proportionately greater impact on the value of the position in options.**
- **risk of underlying instrument volatility: the volatility of the underlying instrument influences the value of the option. The higher the volatility of the underlying instrument, the higher the value of the option; similarly, the lower the volatility, the lower the value of the option,**
- **liquidity risk: the liquidity of options (especially written on equities) is very low.**

Detailed information on specific options together with a description of the functioning and financial results in various market conditions connected with the given instrument are contained in the **KID (Key Information Document)** pertaining to the given financial instrument. **PKO BP Securities posts KIDs at www.bm.pkobp.pl/kid.**

SUBSCRIPTION WARRANTS

Subscription warrants are registered or bearer securities that entitle their holder to subscribe for or take up equities, excluding pre-emptive rights. In economic terms, a warrant is a derivative financial instrument whose price depends on the price or value of the so-called underlying instrument. Underlying instruments may be securities, foreign currencies, economic indicators (e.g. indices, interest rates) or other values. In light of the above dependence, a warrant is described as a derivative. From the formal and legal perspective, a warrant is an unconditional and irrevocable obligation assumed by its issuer to pay the settlement amount to authorised warrant holders. For a call warrant, the settlement amount is the positive difference between the price of the underlying instrument and the strike price determined by the issuer. Meanwhile, for a put warrant, the settlement amount is the positive difference between the strike price and the price of the underlying instrument. The obligation assumed by the issuer may be fulfilled not only by way of a cash settlement but also by delivering (i.e. selling or buying, respectively) the underlying instrument at an agreed strike price. However, while in the former case an underlying instrument may be basically any value (e.g. an index), in the latter it can only be a negotiable financial instrument.

In terms of their construction, subscription warrants are very similar to options; however, in the case of subscription warrants the issuer (short position) may only be the issuer of the underlying instrument (company). As a result, they combine the features of options and pre-emptive rights.

From the perspective of a Customer assuming a long position, risk factors connected with investing in subscription warrants are identical to risk factors applicable to options.

Liquidity risk: the liquidity of subscription warrant listings is relatively low; as a result, a position may be closed at a price deviating from the investor's expectations. Subscription warrants are characterised by their very high price volatility.

Detailed information on the specific subscription warrants together with a description of the costs and risk and a description of the functioning and financial results in various market conditions connected with the given instrument are contained in the **KID (Key Information Document)** pertaining to the given financial instrument. **PKO BP Securities posts KIDs at www.bm.pkobp.pl/kid.**

OPTION WARRANTS

Option warrants have an analogous structure and characteristics as subscription warrants; the only difference between them is the issuer. Subscription warrants are issued solely by the issuers of the underlying instrument, while option warrants may be issued by banks and other financial institutions, e.g. brokerage houses, with regard to the equities of other companies already functioning in organised trading.

Detailed information on the specific option warrants together with a description of the costs and risk and a description of the functioning and financial results in various market conditions connected with the given instrument are contained in the **KID (Key Information Document)** pertaining to the given financial instrument. **PKO BP Securities posts KIDs at www.bm.pkobp.pl/kid.**

BONDS

Bonds are a type of debt security in whose case the issuer states that it is the debtor of the bondholder and undertakes a specific consideration in favour of the bondholder. As a result, selling bonds is equivalent to the issuer incurring debt with the bond buyers. The debt is then paid as a financial liability within a strictly established period of time together with interest. The mode of charging interest is determined in the terms of a bond issue. The amount of the debt is the nominal value of bonds and its repayment date by the issuer is the bond redemption date.

Bonds are a type of financial instrument traded in series. Bonds are not equity securities. As regards the manner of settling interest on the incurred debt, we can differentiate between fixed-rate bonds, floating rate bonds (coupon bonds) and zero-coupon bonds.

Investing in bonds is connected with the following risks:

- **default risk, i.e. the risk that the issuer may default on the obligation to redeem bonds or pay interest on them,**
- **interest rate risk: this arises from the fact that the price of bonds declines together with a hike of market interest rates,**
- **credit risk: the risk connected with the bankruptcy of the issuer, underwriter, or a guarantor of security or a money market instrument means that the debtor might not be able to discharge assumed liabilities,**
- **liquidity risk.**

In spite of the aforementioned risks, the volatility of the bond market is lower than the volatility of the equity, futures or option market.

Treasury bonds are a special type of bonds issued by the State Treasury represented by the Minister of Finance. They are counted among the safest securities. The State Treasury guarantees the liabilities arising from issued Treasury bonds with all its property. In addition, in accordance with the Public Finance Act, the expenses on servicing the debt of the State Treasury takes precedence before any other expenditures of the State budget. In practice, this means that in case of any difficulties with respect to budgetary spending, the State Treasury is obligated to settle first the liabilities arising from issued Treasury bonds. This means that Treasury bonds are the safest of all liabilities that the State Treasury may have towards citizens. The terms and conditions of issue are determined in the Letter of Issue. Offered Treasury bonds bear either fixed or floating interest rate.

Liquidity, i.e. the possibility for the holder of Treasury bonds to withdraw invested funds, is ensured by way of exercising early Treasury bond redemption by the issuer.

The greatest advantage of fixed-rate Treasury bonds is the fact that the Customer/Investor knows the amount of interest due when buying the bonds. In stable market conditions, this kind of bonds can ensure real profit; meanwhile, in case of a growing inflation, it may turn out that the inflation rate will exceed the fixed interest rate.

In stable market conditions, this kind of bonds can ensure real profit; meanwhile, in case of a growing inflation, it may turn out that the inflation rate will exceed the fixed interest rate.

Example:

for two-year Treasury bonds with a nominal value of PLN 100 and an interest rate of 2.10% - the value of allocated capital after 24 months will grow by PLN 4.24 (annual capitalisation) per Treasury bond, which implies an interest rate of 4.24% over two years. If the inflation in the same period grows e.g. to 4.00%, the real return on investment will amount to 0.24% of the invested funds.

Bonds with a floating interest rate are better secured against the effects of a growing inflation. If the interest rate on the Treasury bonds depends on the price growth ratio (additionally increased by the margin, constituting the real profit of the investor), this mechanism guarantees that the capital invested in bonds will increase in value even in case of an unexpected inflation hike due to e.g. a significant rally in the prices of commodities.

Example:

For four-year Treasury bonds with a nominal value of PLN 100, the interest rate amounts to 2.40% in the first interest period and to the inflation ratio increased by a fixed margin of 1.25% in the following periods. If the inflation grows to 3.00%, the interest rate in the following interest period will amount to 4.25%.

DEPOSITARY RECEIPTS

Depositary receipts are securities issued by a financial institution that are traded on foreign capital markets. They are negotiable documents granting ownership title to one or more securities constituting the underlying instrument for the depositary receipt (usually equities, but also bonds and other securities). Depositary receipts are issued not by a securities issuer but by a bank that serves as a depositary for said securities. Depositary receipts may be issued as American depositary receipts (ADR) or global depositary receipts (GDR). Depositary receipts allow the company to be present on a foreign securities market other than its original market. The rights vested in the buyers of depositary receipts do not differ fundamentally from the

rights of the buyers of equities in a company: these instruments give their holders property and corporate rights as in the case of equities. Said rights are exercised through the agency of the depositary bank that is the main entity participating in the depositary receipt programme.
Investing in depositary receipts is connected with all the risk factors typical for investing in equities.
EXCHANGE TRADED FUNDS (ETFs)
An exchange-traded fund (ETF) is an investment fund whose goal is to reflect the behaviour (results) of a specific market index (equities, debt securities, commodities). That goal is usually achieved by an ETD by applying one of the following three methods:

- full replication,
- representative sampling,
- synthetic replication, i.e. comprising equities of companies from a broad index which do not fully reflect the index and the deviation of the ETF rate of return from the index is transferred to the investment bank that is party to the (total return swap) transaction. In other words, synthetic replication consists in using a (hedged or over-hedged) swap contract between the "supplier" of the ETF fund and one or more counterparties.

Based on the financial instruments bought for the investment portfolio, the fund issues ETF units (fund share units) which, similarly to e.g. equities, are exchange-traded securities.
There are many different types of ETF structures on the market, such as:

- Open-End Fund: primarily used by ETFs with exposure to equities or bonds,
- Unit Investment Trusts (UITs): primarily used by ETFs with a predominantly static investment portfolio. Structures of that kind are used by a small number of ETFs which following large classes of assets. UITs are characterised by a lower investment flexibility than ETFs with an Open-End Fund structure. For example, UITs do not reinvest dividends; instead, they retain the funds until they are paid out to the shareholders.
- Grantor Trusts: primarily used by ETFs investing in commodities and currencies,
- Exchange-Traded Notes (ETNs): primarily used by ETFs based on derivatives and frequently created to replicate exposures to niche markets (sectors or strategies, in particular with respect to commodities and currencies on certain emerging markets). ETNs differ from other structures used by ETFs in that they have no underlying assets. Instead, they constitute a promise of a specific rate of return made by the issuer (usually a bank). In the case of ETNs, it is necessary to take into consideration the additional credit risk of the issuer.
- Partnerships: the least popular type of ETFs. Partnerships have no legal personality. ETFs using a partnership structure are usually used to replicate exposure to commodities (gold, silver, natural gas, etc.) by accessing them on the futures market.

Investing in ETFs of respective structures and based on different underlying instruments are connected with the following risk types:

- **ETFs replicating equity indices are connected with all the risk factors characteristic of investing in equities,**
- **ETFs replicating debt security indices are connected with all the risk factors characteristic of investing in debt securities,**
- **ETFs replicating indices of derivative markets are connected with all the risk factors characteristic of investing in derivatives,**
- **ETFs replicating the prices of commodities and currencies are connected with all the risk factors characteristic of investing in commodities and currencies, including in particular on the futures market for said products.**

Detailed information on specific ETFs together with a description of the costs and risk and a description of the functioning and financial results in various market conditions connected with the given instrument are contained in the **KID (Key Information Document)** pertaining to the given financial instrument, i.e. on the "Instrument Information Document" published by its issuer. **PKO BP Securities posts KIDs at www.bm.pkobp.pl/kid.**
EXCHANGE TRADED NOTES (ETNs)
Exchange Traded Notes are a variation of the ETFs. ETNs are also exchange-traded and based on similar instruments. The main difference is that the **risk of the underlying document is accompanied by the risk of the issuer**. This is because an ETN is a credit instrument of sorts, issued and guaranteed by the bank. One of the main risk factors influencing the value of an ETN is the issuer's creditworthiness. For example, **the value of an ETN may decline despite the absence of changes in the underlying index due to a reduced credit rating of the issuer. In addition, an ETN may be liquidated or the issuer may redeem the ETNs before their maturity date.**
Detailed information on specific ETNs together with a description of the costs and risk and a description of the functioning and financial results in various market conditions connected with the given instrument are contained in the **KID (Key Information Document)** pertaining to the given financial instrument, i.e. on the "Instrument Information Document" published by its issuer**. PKO BP Securities posts KIDs at www.bm.pkobp.pl/kid.**
SHARE UNITS
Share units are sold by open-end investment funds. An open-end investment fund sells share units to anyone who pays for them and places a buy order. A person who has bought share units becomes a fund participant. An open-end investment fund is obligated to buy back share units from any fund participant who demands it; in such a situation, the share unit is redeemed and cannot be sold again. Share units cannot be subject to organised trading; as a result, a participant in an open-end investment fund may not sell held share units to third parties.
Main types of risks connected with investing in share units:

- **risk of financial instrument selection: the manager of an open-end investment fund may make erroneous decisions regarding the selection of securities to the fund's investment portfolio. This risk is curbed through diversifying the investment portfolio,**
- **risk of inability to determine the precise investment parameters of a given fund, including risk level, on an ongoing basis,**
- **risk arising from the lack of access to the current composition of the given fund's investment portfolio,**
- **risk connected with the concentration of assets or markets for the purpose of investing in share units,**
- **risk connected with special terms of transactions concluded by the open-end investment fund (e.g. purchasing share units in foreign funds),**
- **risk of volatility of share unit prices depending on the type of the fund.**

There is a whole range of funds and subfunds on offer with a diversified level of risk to the Customer. The investment policy of the given subfund is determined in the Statutes of the given fund and in respective Key Information Documents. The risk level of respective subfunds is usually determined in a 7-degree scale. The higher the note with which the offer is described, the higher the risk of losing a part of invested funds connected with the investment.
The so-called monetary subfunds, cash subfunds or bond subfunds offer the lowest possible risk but it is also the most certain. They invest in Treasury bonds, among other things.
An average level of risk is connected with mixed subfunds, i.e. sustainable and stable growth funds. They invest a part of the funds in secure solutions, such as e.g. Treasury bonds, and a part in risky equities.
The highest risk is connected with equity subfunds: in their case, even 100% of the whole portfolio comprises equities in exchange-traded companies.
To sum up, investment funds may be built on safe solutions (e.g. Treasury bonds, bank deposits) or risky solutions (e.g. equities). The level of risk connected with the fund depends on the proportion: the higher the share of equities, the higher the risk.
The basic source of risk for the Customers of an investment fund company arises from the fact that it is difficult to predict the exact starting point of a bull market or a bear market and perform a conversion/exchange of share units in various funds or subfunds in time. The better a market participant is able to predict durable changes in the market situation and modify the proportion of various types of funds or subfunds in its

portfolio in reaction to them, the higher profit it is possible to generate (even in a relatively short time). Irrespective of these skills, if an investor wishes to invest actively in investment funds, it is necessary to monitor closely the portion of the funds allocated to fees connected with the conversion/exchange of share units in funds within a single investment fund company or buying and redeeming share units in funds managed by different investment fund companies. (cf.: Appendix 6).

Example:

An investor picks share units in an equity subfund of an investment fund company, investing PLN 10,000. The value of the share unit is PLN 100.00 and the entry fee (the so-called handling fee) on the buy transaction is 4.00%. The Customer buys 96 share units.

In a one-year horizon, the value of the share unit increases to PLN 105.00 (assuming a good market situation). After the one-year period, the value of the investment amounts PLN 10,080.00.

The Customer forecasts a change in the market trend and decides to exchange his share units in the equity subfund to share units in a bond subfund. The share unit price amounts to PLN 80.00 and the Customer receives 126 share units. Within another one-year period, the Customer gains 1.00% which means that the value of the investment now amounts to PLN 10,180.80.

The market has indeed collapsed and, in the second one-year period under analysis, the loss on the equity subfund amounted to 8.00%. Therefore, had the Customer not decided to exchange the share unit in the equity subfund for share units in the bond subfund, the value of the investment would have amounted to PLN 9.273.60 which means that, after two years of investing, the Customer would have incurred a loss. (More examples are featured in Appendix 6.)

INVESTMENT CERTIFICATES

Investment certificates are securities issued by closed-end investment funds. The value of investment certificates depends on the value of investment portfolio of the closed-end investment fund which has much broader investment possibilities than open-end investment funds. As a result, managers of closed-end investment funds have much greater possibilities with regard to selecting their strategy and investments. A closed-end investment fund may be established for a specific period of time.. A fund may be liquidated: in such a case, the liquidation procedure consists in redeeming investment certificates, as a result of which fund participants receive amounts corresponding to the number and the final valuation of certificates held.

Investment certificates are characterised by all the risk factors connected with share units. As closed-end investment funds have greater investment possibilities than open-end investment funds, the investment certificates connected with them may bear more risk compared to the share units of open-end investment funds.

Closed-end investment funds are obligated to appraise their assets less frequently than open-end investment funds. The market price of investment certificates may deviate from their value. These instruments are connected with liquidity risk. In the majority of cases, it is connected with a relatively low liquidity of investment certificates.

The volatility of investment certificate prices depends on the type of fund; however, as a rule it does not exceed the volatility of the prices of individual equities.

The main risk factors include:

1. Risk factors arising from the specificity of the Certificate:
    - valuation risk of the Fund Assets,
    - risk of failing to achieve the expected rate of return on investing in Certificates,
    - risk of the issue not taking place,
    - risk of Certificate liquidity,
    - risk connected with admitting and introducing Certificates into trading at the GPW,
    - risk of suspending or excluding trading in Certificates at the GPW,
    - risk of a decision on excluding the Certificates from trading on the regulated market.
2. Risk factors connected with the operations of the Fund.
3. Economic and legal risks.
4. Risk of other events.

Detailed information on risk factors is provided in the Issue Prospectus.

In addition, detailed information on specific investment certificates together with a description of the costs and risk and a description of the functioning and financial results in various market conditions connected with the given instrument are contained in the **KID (Key Information Document)** pertaining to the given financial instrument, i.e. on the "Instrument Information Document" published by its issuer. **PKO BP Securities posts KIDs at www.bm.pkobp.pl/kid.**

MORTGAGE BONDS

Mortgage bonds are registered or bearer debt securities issued by a mortgage bank. They are secured by the receivables of the mortgage bank arising from extended loans. A mortgage bank issuing mortgage bonds undertakes to pay their holders a specific consideration: pay the interest and redeem the mortgage bonds, i.e. pay out their nominal value at the dates and under the terms stipulated in the terms of their issue. Mortgage bonds are a financial instrument characterised by a relatively low investment risk and a high level of security, arising from the statutory requirement of their multi-stage security. In Poland, the legal basis for mortgage bonds constitutes the Act on Mortgage Bonds and Mortgage Banks.

The main risk factors include:

1. Factors that may influence the Issuer's capacity to discharge its obligations arising from mortgage bonds:
    - Risk factors connected with the operations of the Issuer.
    - risk factors connected with the economic and legal situation of the Issuer.
2. Factors which may prove significant for assessing the market risks connected with the mortgage bonds issued within the scope of the Programme:
    - risks connected with mortgage bonds,
    - risks connected with the market value of mortgage bonds,
    - risks connected with trading,
    - legal risks connected with mortgage bonds.

The list and description of all the risks borne by investors in connection with buying mortgage bonds is comprised in the Issue Prospectus.

EXCHANGE-TRADED PRODUCTS (ETPs)

ETPs are financial instruments whose price depends on the value of a specific market indicator or underlying instrument (e.g. the price of shares or share baskets, F/X rates or stock exchange index values). ETPs are issued by financial institutions, usually banks. The issuer of ETPs guarantees the buyer that, by the time of their redemption, the issuer will pay the buyer the amount of settlement calculated in accordance with a pre-determined formula. The form of the instrument which determines the terms of payment enables the holders of such instruments to monitor the current value of respective instruments.

Depending on the instrument structure, there are two basic types of ETPs:

- products guaranteeing the protection of capital which are very secure and give the Customer a specific share in profits generated by the underlying market indicator, together with a guarantee that 100% of investment capital will be returned,
- products which do not guarantee full capital protection: they are more risky and while the Customer's share in profits is higher, the share in potential losses generated by the built-in product is also higher.

ETPs are characterised by a valuation volatility arising from the volatility of the built-in derivative, credit risk of the issuer of a given ETP, and liquidity risk. ETPs based on the dealer quotation system are characterised by their relatively low price volatility. ETPs based on the brokerage quotation system may be characterised by their high volatility in the short term on account of limited liquidity.

Detailed information on specific structured instruments together with a description of the costs and risk and a description of the functioning and financial results in various market conditions connected with the given instrument are contained in the **KID (Key Information Document)** pertaining to the given financial instrument, i.e. on the "Instrument Information Document" published by its issuer. **PKO BP Securities posts KIDs at www.bm.pkobp.pl/kid.**

FINANCIAL INSTRUMENTS TRADED ON FOREIGN MARKETS

Investments in specific foreign market financial instruments are characterised by all the risk factors connected with the given class of financial instruments on the domestic market.

Furthermore, investments on foreign markets are connected with additional risk factors which include in particular:

- **volatility risk of other currencies in relation to the PLN,**
- **risk of limited or delayed access to information.**

The volatility risk of investing in foreign assets may be higher on account of exposure, not only to the volatility in the price of financial instruments, but also the volatility of F/X rates. In addition, when investing in financial instruments traded on foreign markets, it is necessary to take into consideration that different markets may be subject by different legal regulations specific for a given market and that, consequently, investing in respective market may require the investor to incur additional transaction costs (such as e.g. stamp duties, transaction tax or other costs connected with concluding transactions on the given market.

TYPES OF FOREIGN FINANCIAL INSTRUMENTS

EQUITIES

ADR (American Depository Receipts): a security that is issued by US financial institutions to allow US investors to invest capital in the equities in foreign companies (GDR, Global Depository Receipts). A certificate issued by a financial institution to certify equities deposited with the bank issuing the certificate. The risks in ADRs and GDRs are the same as the risk factors associated with equities. Similarly to equities, trading in these instruments may be characterised by a high degree of volatility. In the case of ADRs/GDRs, the impact of market conditions is analogous to that for equities, under both positive and negative variants. Key market conditions include changes to the situation in the company itself related to its financial performance, the current situation in the given industry, competition, financial leverage, the risk associated with changes in the macroeconomic situation (changes in macroeconomic parameters such as inflation, GDP growth rate, unemployment rate, currency level, interest rates, budget deficit, etc.).

However, two more characteristic risks can be identified with respect to these instruments:

- **legal risk related to the fact that these financial instruments are issued on the basis of legal regulations applicable in a legal system other than the Polish system,**
- **F/X risk during the course of a trading day: the price of an ADR/GDR may differ slightly from the price of the equity with respect to which it was issued, e.g. due to temporary increased supply and demand for ADRs/GDRs or due to time differences. The closing price of the equity at the Hong Kong stock exchange price may have been on a given level before the New York Stock Exchange opens and ADR/GDR trading will then continue throughout the day in isolation from the home exchange.**

ETPs

Financial instruments whose price is dependent on the value of a specified market indicator (the so-called underlying instrument) and which are traded on at least one exchange market or trading platform. The underlying instrument may include e.g. stock indices, equity and bond prices, prices of raw materials (e.g. of crude oil or gold), currency prices, commodity prices (e.g. wheat, coffee), interest rates, etc.

ETPs are divided into three basic types:

- ETFs: they operate as investment funds and are regulated by investment fund laws at both EU and national level. When buying ETFs, the Customer becomes the owner of the fund's assets, e.g. equities,
- ETNs: they are a debt instrument usually issued by a bank. This instrument is not hedged by any assets, which means that the issuer risk is heightened. A change in the issuer risk rating may change the value of the ETN regardless of changes to the underlying instrument,
- ETCs: they are debt instruments the value of which is supposed to reflect changes in the price of a given commodity. Unlike ETNs, ETCs are usually hedged with assets (physical or in the form of e.g. derivatives).

TREASURY BONDS denominated in foreign currencies: USD, EUR, CHF, GBP.

CORPORATE BONDS denominated in foreign currencies USD, EUR, CHF, GBP - bonds issued by private organisations.

This material is of a purely informative nature and does not constitute an offer in the meaning of the Polish Civil Code.

Information contained in this material cannot be treated as a proposal to buy any financial instruments, an investment consulting or fiscal consulting service or any form of legal assistance.

PKO BP Securities made every effort to ensure that the information provided herein is reliable and based on credible sources; however, PKO BP Securities cannot guarantee that it is precise or complete.

Concluding transactions involving financial instruments may be connected with fiscal consequences. In order to obtain detailed information with regard to taxation of profits generated through investing in respective financial instruments, the Customer is required to obtain advice from a professional tax consultant, solicitor or other persons licensed to provide consulting services in this respect.

Transactions involving financial instruments are not a liability of and are not guaranteed by PKO BP Securities or PKO Bank Polski S.A. Irrespective of the information relayed by PKO BP Securities, prior to concluding any transaction the Customer is obligated to determine and assess the risk, potential benefits and losses connected with such a transaction, as well as, in particular, the characteristics, terms, and legal and accounting consequences of the transactions and the consequences of changing market conditions. Furthermore, the Customer is required to assess independently or in consultation with the Customer's advisors whether the Customer is able to undertake such risk individually. Transactions involving respective financial instruments may not be appropriate for all Customers. Prior to concluding a transaction, the Customer is required to take steps in order to ensure full understanding of the transaction and to perform an independent assessment of the transaction's suitability in the light of the Customer's own goals and market conditions, including, in particular, the possible risk and benefits arising from concluding such a transaction.

The final decision regarding concluding the transaction, investment horizon, and the amount of assets involved must be taken exclusively by the Customer.

Address and registered office
Biuro Maklerskie PKO Banku Polskiego
ul. Puławska 15, 02-515 Warszawa

Hotline:
801 169 235: for domestic calls
+48 22 521 90 90: for domestic, international, and mobile calls
Operating times: from 9 a.m. to 5.00 p.m. on business days
801 304 403: for domestic calls
+48 81 535 63 63: number for domestic, international and mobile calls
Operating times: from 8 a.m. to 5.00 p.m. on business days

e-mail addresses:
bm@pkobp.pl
pkosupermakler@pkobp.pl
BM.ZRP@pkobp.pl

Websites:
www.bm.pkobp.pl