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Local Policy

Responsible Brokerage

**Approving
Function**

Board of Director

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**Proposing
Function**

Global Business Department

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1 FOREWORD

FinecoBank S.p.A., in compliance with applicable laws and regulations, issues its own local guidelines in the interest of the stability of the Bank and the Group. Internal and external regulations in force at the date of issuance of this document apply, including subsequent updates where applicable. This document integrates internal regulations and is directly applicable locally following its approval.

2 PURPOSE OF THE DOCUMENT

This Local Policy (“Policy”) governs the principles, conduct rules, and controls adopted by FinecoBank S.p.A. (“FinecoBank” or the “Bank”) to ensure a responsible, transparent brokerage model aligned with investor protection and sound, prudent management.

The Policy:

- defines the reference framework for the design, provision, and control of trading and investment services offered to retail clients;
- formalizes existing practices at the Bank regarding responsible trading;
- ensures alignment with applicable laws, regulations, and supervisory authority recommendations (ECB, ESMA, CONSOB, Bank of Italy);
- defines roles and responsibilities of the functions involved.

The Policy applies to:

- order reception and transmission services, order execution on behalf of clients, and proprietary trading where connected to retail brokerage;
- trading in financial instruments available to retail clients (e.g., equities, ETFs, bonds, derivatives, structured products, margin trading), with particular attention to complex and/or leveraged instruments;
- the Group’s digital trading and investment channels and platforms.

3 EXTERNAL REGULATORY FRAMEWORK

The Policy is consistent with and implements, where applicable, the European and national regulatory framework on:

- Investment services and investor protection:
 - MiFID II Directive and MiFIR Regulation;

- Product Governance and inducement regime (including cost transparency and incentives);
 - Regulation (EU) No. 596/2014 (Market Abuse Regulation – MAR).
- Digitalisation, gamification, and retail investor protection:
 - ESMA initiatives on digitalisation of investment services, gamification techniques, and recommendations to strengthen retail investor protection;
 - CONSOB warnings on online trading “videogames”, funded trading, and models that may induce impulsive or speculative behaviour.
 - Banking and financial customer protection aligned with Bank of Italy guidelines on:
 - fairness in customer relations;
 - transparency;
 - financial education and protection of vulnerable clients.
- A. The Policy also considers supervisory expectations (ECB/SSM) regarding:
- business model and risks related to retail trading services;
 - risk culture and sustainability of the operating model.

3.1 GLOSSARY AND ACRONYM

Keyword	Definition
Parent Company	FinecoBank S.p.A. (hereinafter also “FinecoBank”, “Fineco” or the “Bank”).
Subsidiary	Company directly or indirectly controlled by FinecoBank S.p.A. (hereinafter also "Subsidiary Company"/ "Subsidiary").
Group Companies	Companies of the FinecoBank Group, which are the Parent Company FinecoBank and its Subsidiaries.
Group	FinecoBank Group, consisting of FinecoBank S.p.A. and the Group Companies (hereinafter also “Fineco Group”).
Gamification	Use of game-like techniques in non-gaming contexts applied to investor behaviour, particularly financial investments. (CONSOB Legal Paper 32/2025)

4 ROLES AND RESPONSIBILITIES

4.1 RESPONSIBILITY OF THE PARENT COMPANY/PARENT COMPANY STRUCTURES

In line with Group rules on Rule management:

Board of Directors (BoD):

- defines the strategic orientation on responsible brokerage.

Global Brokerage:

- performs appropriateness and target market checks under MiFID II;
- accompanies each transaction with detailed information, including specific warnings for structured/high-risk instruments and clear cost disclosure;
- a monitors clients with significant losses relative to their assets.

Compliance Department:

- assesses, manages and monitors the risk of non-compliance with the regulations in force from time to time within its areas of responsibility, including aspects related to investor protection arising from brokerage activities.

Chief Risk Officer (CRO) Department:

- integrates and assesses, within the risk inventory process and the overall risk framework, social risks relating to the client sphere arising from brokerage activities carried out with client;
- assesses reputational risk arising from new initiatives/products, with a view to the sustainability of the brokerage model;
- monitors reputational risk through indicators, complaint analysis and loss data collection.

In this policy, for the sake of clearer representation, additional responsibilities relating to the specific areas addressed in the following paragraphs are referenced within the respective sections.

5 DEVELOPMENT OF THE REGULATION ACCORDING TO ITS CONTENTS

5.1 Ethical Principles of Responsible Brokerage

FinecoBank adopts a responsible brokerage model, conceiving its platform as a transparent and well-informed environment where clients can operate safely, in line with their objectives

and level of expertise.

The Bank adopts a brokerage model centred on transparency, investor protection, and awareness of financial decisions and behaviours. It has developed a system guided by ethical principles that integrates educational content as the foundation of each decision and applies appropriate control mechanisms.

The responsible brokerage model defined by Fineco is inspired by:

- Voluntary international self-regulatory standards in the field of sustainable finance:
 - United Nations Environment Programme Finance Initiative Principles for Responsible Banking, developed to integrate sustainability within banking activities;
 - United Nations Principles for Responsible Investment, developed in collaboration between UNEP FI and the United Nations Global Compact to integrate sustainability into investment decision-making processes and asset management;
- the United Nations General Assembly resolution:
 - 2030 Agenda for Sustainable Development, which sets out the sustainability principles of the United Nations' global action programme aimed at promoting development that is economically sustainable, socially inclusive and environmentally responsible;
 - the fundamental principles of fiduciary duty, in alignment with the principles and values set out in the Bank's Code of Ethics and with the Group's corporate purpose: "to support clients in adopting a responsible approach to their financial lives in order to create the conditions for a more prosperous and equitable society.

Specifically, the Bank aims to:

- assume a social role by promoting financial education to strengthen clients' financial skills, improve their understanding of financial products, and foster more informed investment and financial planning decisions, including with reference to new forms of digital investment and other forms of product innovation, with particular attention to their specific risk profiles;
- ensure that structured or high-risk financial instruments are accompanied by clear disclosure supported by specific alerts, thereby facilitating more informed decisions;
- adopt safeguards ensuring adequate margin levels, with the objective of limiting financial instrument volatility and protecting both the Bank and its clients;
- ensure timely and transparent communication in the event of significant losses, in order to maintain a high level of client awareness; exclude the use of gamification elements within its platforms, avoiding game-like mechanisms that could encourage compulsive behaviour.

More specifically, Fineco:

- excludes the use of gamification elements within its platforms, avoiding game-like mechanisms that could encourage compulsive behaviour;
- maintains a position of informational neutrality with respect to speculative content disseminated on social media and does not host forums or sections dedicated to phenomena such as “meme stocks” or purely entertainment-driven trading;
- explicitly discloses the actual costs of the services offered, does not monetise order flow through Payment for Order Flow (PFOF), and does not promote campaigns that may create opacity or distorted incentives;
- collaborates only with professionals, influencers and educators who comply with the Bank’s transparency and fairness standards. In particular, the Marketing, Advertising & Events Department:
 - (1) where Fineco acts as commissioner and/or sponsor of remunerated influencers for advertising activities, in accordance with the provisions of the Italian Consolidated Law on Finance (TUF), MiFID II, the CONSOB Intermediaries Regulation and the Consumer Code, prohibits any direct interaction by such influencers with clients or potential clients and imposes an absolute prohibition on providing financial advice or engaging in conduct that could constitute or be interpreted as the provision of investment advice
 - (2) verifies that content is truthful and accurate. In accordance with the CONSOB Intermediaries Regulation, Market Abuse Regulation and the transparency provisions issued by the Banca d'Italia, all content must be approved prior to publication. Should incorrect or inappropriate content be published, the content creator must remove or correct it within two hours;
 - (3) in accordance with the provisions set out in the Global Policy “Antitrust e Pratiche commerciali scorrette” , section 1.2.6 and Annex 4, as well as in the Codice del Consumo, artt. 20, 21, 22, 23-m; the Digital Chart IAP; the Linee guida AGCM; and the Regolamento AGCOM with reference to the TUSMA, it is required to make the advertising nature of the content explicit through clear hashtags and disclaimers.
- The Bank also provides clients with a dedicated Customer Care service exclusively aimed at operational and informational support, fully aligned with ethical and transparency principles. This service does not provide investment recommendations or commercial suggestions but offers clear guidance on procedures, security and proper use of the platform.

5.2 Safeguards in the conduct of brokerage activities

5.2.1 Target market and appropriateness assessment

The Products & Services Department, with the support of the relevant reporting structures, is responsible for carrying out appropriateness and target market controls in compliance with MiFID II requirements. These checks verify the client's characteristics (client classification, knowledge and experience, risk profile, financial situation, investment objectives and time horizon, and sustainability preferences) and the financial instruments traded within execution and reception and transmission of orders services.

Such controls are proportionate to the complexity of the product, with stricter safeguards for more complex instruments whose access is conditional upon passing appropriateness tests and verifying a positive target market.

5.2.2 Communication

Promotional content relating to brokerage services is subject to prior review and first-level controls by the Marketing, Advertising & Events Department and to ex-ante assessment by the Compliance Department to ensure clarity, accuracy and the absence of misleading messages or messages inconsistent with the principles of responsible brokerage set out in this policy.

In addition, the Global Brokerage structure, with ICT support, prepares and monitors automatic messages that are visible and understandable and sent before order confirmation (pre-trade warnings) aimed at highlighting the main risks of the instrument (e.g., leverage, possibility of total loss, complexity) and the related costs and charges.

5.2.3 Risk-limitation mechanisms for trading in derivative products

As defined from time to time by the internal Product Governance framework, specific measures are adopted to enhance client protection, including but not limited to the following:

a) Organisational and pre-contractual measures:

To carry out trading activities in all types of financial products and instruments, clients must sign the general contractual terms governing their relationship with the Bank, including the provision of investment services. In addition, clients trading in derivative instruments must:

- (i) have fully completed the MiFID profiling questionnaire, demonstrating a sufficient level of knowledge and experience for the type of products concerned;
- (ii) have completed and passed a specific test (the so-called "Complex Products Test"), demonstrating adequate knowledge of the risks and mechanisms associated with leveraged trading;
- (iii) have signed the supplementary agreement for derivatives trading (after having received appropriate pre-contractual disclosure containing the additional specific rules applicable to trading in derivative instruments and contracts with the Bank);
- (iv) declare a specific investment objective compatible with the type of instruments concerned.

b) Technical and operational measures:

- pricing mechanisms are established by the Bank for OTC derivative contracts and Fineco Leveraged Certificates, which must comply with the rules and limits applicable to this type of instrument under the relevant internal Pricing regulations in force from time to time;
- in order to limit clients' exposure to instruments such as derivatives and margin trading, position limits must be applied, to be defined in a manner inversely correlated with the volatility (and therefore the riskiness) of the underlying and directly correlated with the liquidity of the underlying;
- the use of mandatory automatic stop-loss orders for each open position is provided for, including contractually (for CFDs only) *engono previsti, anche contrattualmente, l'utilizzo di ordini di stop loss automatici obbligatori per ogni posizione aperta (solo per CFD)*;
- clients are offered the possibility to limit the level of leverage by choosing to use a margin higher than the minimum that may be required by applicable regulations to open and maintain a position (for CFDs only).

In addition to the requirements set out in the applicable regulations regarding the communication of transactions involving contingent liabilities, daily monitoring of realised and potential losses on the instruments concerned is carried out and, where such losses exceed predefined percentages of the client's assets held with the Bank, a specific communication is sent to the client by the following day.

5.2.4 Risk-limitation measures for Margin Trading services

As defined from time to time within the internal Product Governance regulations, and to ensure greater client protection, specific measures are established, which are reported below by way of example and not exhaustively:

a) Organisational and pre-contractual measures:

- to carry out trading activities in such instruments, clients, in addition to signing the general contractual terms governing all relationships with the Bank, including the provision of investment services for all other types of financial products and instruments, must:

(i) have fully completed the MiFID profiling questionnaire, obtaining a knowledge and experience score of at least 2.5 points; (ii) have completed and passed a specific test (the so-called "Complex Products Test"), demonstrating adequate knowledge of the risks and mechanisms associated with leveraged trading; (iii) have signed the "Margin Trading Operational Rules".

b) Technical and operational measures:

- in order to limit clients' exposure through the Margin Trading service, position limits must be applied, to be defined in a manner inversely correlated with the volatility (and therefore the riskiness) of the underlying and directly correlated with the liquidity of the underlying;
- the use of mandatory automatic stop-loss orders for each open position must be provided, including contractually;
- clients should be offered the possibility to select the leverage level, choosing from the different levels proposed by the Bank;
- the use of mandatory automatic stop-loss orders for each open position must be provided, including contractually;
- in addition to the requirements set out in the applicable regulations regarding the communication of transactions involving contingent liabilities, daily monitoring of realised and potential losses on the instruments concerned must be carried out and, where such losses exceed predefined percentages of the client's assets held with the Bank, a specific communication must be sent to the client by the following business day.

5.2.5 Monitoring of Clients' Financial Sustainability and Preventive Communications

Within the Multi-Year Sustainability Plan, the Global Brokerage structure, supported by ICT, defines and implements a monitoring process aimed at identifying clients who incur significant losses relative to their assets.

The objective is to promote responsible financial behaviour, support responsible risk management, and foster greater financial literacy, particularly in contexts of market volatility.

The process applies to all clients who, during the reference period, have carried out trading activities resulting in realised gains/losses from various income sources.

For evaluation purposes, the average TFA over the observation period is used, calculated to mitigate distortions caused by isolated transactions, temporary liquidity flows, or non-structural changes in assets.

Analyses are conducted semi-annually on the following dates:

- 30 June
- 31 December

If, during the reference period, a client incurs losses in the tax-loss carry-forward account equal to or greater than 30% of the average TFA, they will receive an email communication aimed at:

- increasing the client's awareness of risk-return dynamics;
- promoting a sustainable and responsible approach to investment activity;
- directing them to educational content and risk self-assessment tools.

The communication includes:

- notification of the decrease in the average TFA detected during the semester;
- an invitation to access the training materials provided by the Bank in the personal area (videos, webinars, and on-demand resources).

5.3 Financial education and tools for the informed use of the platform

FinecoBank has always been active in financial education, in line with its corporate purpose, which is to support clients in the responsible management of their savings in order to create the foundations for a more prosperous and equitable society.

Through the competent Business Training structure, the Bank supports financial education initiatives in collaboration with universities, foundations, and independent organizations, ensuring the accessibility and usability of informational content, including for users with less financial or digital experience.

Financial education activities are aimed at increasing awareness and understanding of how financial markets operate, to better manage the assets of clients and potential clients.

Specifically, the Bank, across departments and with the active involvement of Business Training and the Marketing, Advertising & Events Directorate, promotes the conscious use of brokerage tools through webinars, online courses, videos, articles, and educational materials organized by experience level and dedicated to specific risk content.

Furthermore, through the measures implemented by the Global Brokerage structure, with the support of ICT, the Bank is responsible for providing clients with tools that allow them to independently monitor the frequency of transactions, overall exposure, leverage usage, and portfolio performance.

Finally, the Bank, also through the Global Brokerage structure with ICT support, is responsible for accompanying each transaction carried out on its platforms with detailed disclosure, including specific warnings for structured or high-risk instruments and a clear indication of costs and fees.

5.4 Controls, Risk Management, and Reporting

The Bank, through the Chief Risk Officer (CRO) Directorate, implements the principles of responsible brokerage within its operational and reputational risk management and monitoring framework, adopting a risk-based approach and leveraging Key Risk Indicators (KRI) and structured information flows. The Statements of the Risk Appetite Framework (RAF) are

consistent with the responsible brokerage principles described above, ensuring shared values that influence decision-making at every level of the organization.

Key Risk Indicators (KRI) are quantitative metrics that reflect exposure to operational risks of specific processes or products, with values correlated to changes in risk levels. Monitoring operational risk through these indicators allows the CRO Directorate and risk/process owners to exercise timely control over risk in business processes.

The most significant KRIs are included in the Group Risk Appetite Framework (RAF) dashboard, which establishes the level and objectives of risk and return the Group is willing to assume in pursuit of its strategic goals and business plan. Where possible, these indicators are associated with specific threshold values (Risk Appetite, Risk Tolerance, and Risk Capacity), whose breach triggers escalation processes proportionate to the type of indicator and the severity of the threshold violation.

Examples of indicators safeguarding responsible brokerage include, but are not limited to, the Gross Litigation Ratio and the Trim New Index, which measure client satisfaction/dissatisfaction with the Bank.

For more information on KRIs, refer to the GP “Framework per il monitoraggio e il controllo dei rischi operativi e reputazionali”, while for more information on the Group Risk Appetite Framework, refer to the GP “Group Risk Appetite Framework.

Finally, additional second-level controls are in place to assess client operational behavior and identify potential risk situations.