

INFORMATION REGARDING GENERAL PRINCIPLES OF CONFLICTS OF INTEREST MANAGEMENT AT XTB S.A.

as of December 20, 2023

I. INFORMATION REGARDING GENERAL PRINCIPLES OF CONFLICTS OF INTEREST MANAGEMENT

XTB S.A. ("XTB") conducts brokerage activities in a fair and professional manner, following the principles of fair trading. We prioritize the best interests of the client and strive to avoid conflicts with our clients by implementing appropriate organizational, administrative solutions, and internal regulations. We take due diligence to prevent any conflict of interest from violating the client's interests.

As a brokerage house, we provide various services in the financial market to a diverse range of clients, especially concerning financial instruments subject to client orders, we may acquire or dispose of instruments on our own or others' accounts and transact on these instruments, provide order execution services, order reception and transmission services, foreign exchange services, prepare investment analyses, financial analyses, and other recommendations of a general nature regarding transactions in financial instruments. In return, we may receive compensation, commissions, and realize profits.

However, we are aware of the conflict of interest between us and the client. This conflict arises in the execution of the brokerage service of acquiring and disposing of financial instruments in the client's account. Its essence lies in our position as the counterparty to transactions made by the client on CFDs, and we prepare investment recommendations concerning financial instruments offered in our portfolio.

Therefore, we have developed an internal regulation - the Conflict of Interest Management Policy ("Policy"), which outlines the principles and methods of managing and preventing conflicts of interest. Below are the key provisions of the Policy.

- To prevent conflicts of interest, the Trading Department is separated from departments that work directly with clients, such as the Sales Department and the Customer Service Department (the principle of "Chinese walls"). This separation allows these departments to autonomously propose investment products from our offering to clients and assess whether these products are suitable for individual clients. The division of departments ensures that the selection of a financial instrument offered to the client is not in any way linked to our current open position. The Trading Department also does not have direct contact with our clients. Additionally, the Analysis Department, which prepares market analyses, is not aware of the financial situation of our clients or XTB's positions in the offered financial instruments.
- The motivation system for the relevant persons¹ is not linked to the result of the portfolio of XTB's own financial instruments, created through transactions with our clients.
- Departments with direct client contact and departments within the scope of the conflict of interest between us and the clients are not interdependent.
- Employees of the Trading Department are not allowed to publicly comment on the current market situation. They are also not allowed to participate in the preparation of reports and market commentaries that we publish.
- Employees of the Trading Department never know the client's intentions regarding the direction of the transaction. In every situation, Trading Department employees must provide the client with both buying and selling prices of a given financial instrument, taking into account the spread according to the table of specifications for financial instruments and the service regulations. The client can use this information at their discretion to open a new position or close an existing one.
- Our employees are not allowed to accept gifts in the form of monetary or non-monetary benefits from clients, potential clients, or third parties. Acceptance of small gifts and courteous gestures, customary in certain types of relationships, is not a violation of this prohibition. However, the transfer of such a gift must comply with the Policy.
- Due to the routing of orders to the trading system or other order execution systems, XTB does not accept monetary or non-monetary benefits that would violate its obligations related to managing conflicts of interest and accepting monetary or non-monetary benefits.
- The implementation of regulations other than the Policy concerning investing for their own account by involved persons and protecting the flow of information constituting professional secrets and preventing access by unauthorized persons to confidential information. These regulations include: (i) Organizational rules of XTB S.A. specifying the scope and division of competencies of individual organizational units of XTB, (ii) Regulation concerning protection of inside information and professional secrecy flow at XTB S.A., specifying solutions implemented by XTB to prevent unauthorized persons from accessing confidential information and professional secrets, and preventing the use of such information by persons authorized to access it for purposes other than performing duties resulting from their functions or employment; (iii) Regulations on personal transactions, specifying the rules for entering into personal transactions by Persons involved in XTB.

Clients interested in detailed information about the principles of our conduct in the event of a conflict of interest are provided with such information upon request, through the XTB Website or using a durable medium of information.

We regularly update the conflict of interest management rules as needed.

¹ The persons referred to in Article 2(1) of Commission Delegated Regulation (EU) 2017/565 of 25 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive