

## 1. INTRODUCTION

### 1.1. Scope and objectives

In carrying out its activity, Bison Bank, S.A. ("Bank") guarantees that it is equipped with the appropriate material, technical and human resources, assigning to the different functions human resources with appropriate qualifications and in sufficient numbers, as well as having information systems that ensure that the services are provided in conditions of security, efficiency and in compliance with legal requirements.

To safeguard the rights of its customers, the Bank:

- It duly segregates the assets of its clients from those of the Bank, keeping such records and accounts as are necessary to enable it, at any time and immediately, to distinguish the assets of one client from those of any other client, as well as its own assets;
- Keeps records and accounts organized in such a way as to guarantee their accuracy and, in particular, their correspondence with financial instruments and Client money;
- It reconciles its internal account records with those of any third parties on whose behalf it holds these assets as often as necessary, settling any discrepancies detected quickly;
- It acts to ensure that any client financial instruments deposited or registered with a third party are identifiable separately from the Bank's financial instruments, through accounts with a distinct holder in the third party's accounts;
- It acts in such a way as not to use its clients' financial instruments for its own interests or those of third parties and adopts the necessary measures to prevent the unauthorized use of clients' assets;
- Adopts organizational provisions to minimize the risk of loss or diminution in value of Client assets and rights relating to such assets as a result of misuse, fraud, mismanagement, inadequate record-keeping or negligence and takes the necessary measures to ensure continuity and regularity in the performance of investment services and activities, employing appropriate systems, resources and procedures for these purposes;
- It exhaustively monitors the balance of Client accounts, in order to ensure that there are sufficient amounts in them to carry out operations and transactions, and undertakes to notify Clients, by any means of communication established in the contract entered into with them, that the existing balance is or is about to become insufficient for this purpose, and must record this communication on a durable medium;
- It exhaustively monitors the settlement dates of each financial instrument and immediately asks clients to return any financial instruments that have not yet been delivered and are pending on or after the settlement date;
- It prepares information notes indicating the detailed costs of each operation to be carried out, so that customers can clearly distinguish the costs of the service, the value of the financial instrument, the charges and all amounts that do not result from the market's own risk. If this breakdown of costs is not possible prior to the operation, the Bank must alternatively indicate its calculation method;
- It immediately informs the supervisory bodies of any facts that could affect the security of clients' assets and create a risk for other financial intermediaries or the market, as well as alerting the bodies if it detects discrepancies and these persist for more than a month;
- It uses financial intermediaries subject to supervision by the competent regulatory authorities in their countries, if it subcontracts the services of registration and deposit of financial instruments to third parties; and,

- It participates in the Investor Compensation Scheme and benefits, for deposits, from the repayment guarantee provided by the Deposit Guarantee Fund.

## 1.2. Policy management

This Policy must be reviewed on an annual basis in order to ensure that it remains up-to-date and appropriate for fulfilling its purpose and that it is appropriate to the Bank's internal and external environment.

Whenever necessary, the document may be updated on an interim basis.

Any changes to the policy must be made by the person responsible for safeguarding customer assets, with the due approval of the Board of Directors.

## 2. LEGAL FRAMEWORK

- Regime Geral das Instituições de Crédito e Sociedades Financeiras ("RGICSF")
- Lei n.º 83/2017, de 18 de Julho
- Código dos Valores Mobiliários
- Portaria n.º 1266/2001, de 6 de Novembro, com as alterações da Portaria n.º 1426-A/2009, de 18 de Dezembro;
- Regulamento da CMVM n.º 2/2000, com as alterações dos Regulamentos n.º 2/2010 e n.º 2/2013;
- Portaria n.º 285-B/95, de 15 de Setembro.

## 3. RESPONSIBLE FOR THE FUNCTION

In accordance with Article 306-G of the Securities Code, the Bank appoints a person responsible for safeguarding customer assets, a role which falls to the Head of the Operations Area, who is given the powers and authority to carry out this function effectively and independently. Their main duties include the obligation to periodically inform the management and supervisory bodies and Compliance of the degree of compliance with the Bank's obligations in this area and the main deficiencies detected, as well as proposing actions to correct them. The person responsible for safeguarding customer assets must also monitor the annual external audits on this subject, carried out under Article 304-C (4) of the Securities Code.

## 4. REGISTRATION, DEPOSIT AND USE OF CLIENT FINANCIAL INSTRUMENTS

The opening of accounts with third parties for the purpose of registering or depositing clients' financial instruments is subject to strict selection criteria and periodic assessment, particularly in terms of technical capacity, suitability, reputation and applicable legal and regulatory requirements.

The Bank only deals with entities whose states apply the appropriate regulations to financial intermediation activities and exceptionally when the nature of the financial instrument does not allow it or at the written request of a professional investor.

In any case, the Bank guarantees compliance with the duty of segregation with the contracted entities.

The use of clients' financial instruments can only be carried out with their express authorization, namely through their signature or other equivalent record. However, the Bank does not currently use client assets. Whenever this happens, the Board of Directors approves and implements systems and controls to ensure that only financial

instruments registered or deposited in the name of Clients who have previously given their express authorization are used, and stored on a durable medium, including information on the Client who authorized the use of the financial instruments, the conditions of such use and the quantity of financial instruments used that are registered or deposited in the name of each Client, so as to allow any losses to be allocated. These records are kept for a minimum of 5 years after the end of the client relationship.

## **5. INVESTOR COMPENSATION SYSTEM**

The Investor Compensation Scheme ("Scheme") was created in 1999 with the aim of protecting small investors in the event of the financial incapacity of financial intermediaries, and the Bank is a participating entity in this Scheme.

The System is a legal person governed by public law, with administrative and financial autonomy, created by Decree-Law no. 222/99, of June 22 (amended by Decree-Law no. 252/2003, of October 17, and by Decree-Law no. 162/2009, of July 20), whose Internal Regulations are set out in Ministerial Order no. 1266/2001, of November 6 (amended by Ministerial Order no. 1426-A/2009, of December 18), and in CMVM Regulation no. 2/2000 (amended by Regulations no. 2/2010 and no. 2/2000). ° 1266/2001, of November 6 (amended by Portaria n.º 1426-A/2009, of December 18), and CMVM Regulation n.º 2/2000 (amended by Regulations n.º 2/2010 and n.º 2/2013), which regulates the obligations of participating entities.

The Scheme guarantees coverage of the amounts owed to investors in respect of financial instruments and the money expressly earmarked for their purchase, namely:

- Financial instruments (namely shares, bonds, participation certificates, investment fund units, commercial paper, treasury bills, futures and options on financial instruments, FRAs) deposited by Clients or managed on their behalf;
- Money deposited by clients expressly intended to be invested in financial instruments; and,
- Loans held by Clients resulting from investment operations whose contractual conditions establish a guarantee of repayment of specific or determinable amounts.

### **5.1. Exclusions from the System's Coverage**

According to article 9 of Decree-Law no. 222/99, of June 22, as amended, the following are excluded from the coverage of the System:

- a) Credits arising from investment operations held by the qualified investors referred to in Article 30(1) of the Securities Code, whether acting in their own name or on behalf of Clients, or public administrative sector entities;
- b) Claims arising from investment operations owned by an investor, any other person or party interested in such operations, in respect of which a final criminal conviction for money laundering has been handed down;
- c) Claims arising from investment operations carried out or provided by entities not authorized to do so;
- d) Claims arising from investment operations carried out directly outside the territorial scope provided for in the previous paragraph, namely in off-shore jurisdictions, unless the investor was unaware of the destination of that investment;
- e) Claims arising from investment operations carried out in the name of and on behalf of members of the management or supervisory bodies of the participating entity, shareholders with a direct or indirect holding of not less than 2% of its share capital, statutory auditors at their service, external auditors providing audit services or investors with a similar status in other companies that are in a control or group relationship with the participating entity;
- f) Claims arising from investment operations carried out in the name of or on behalf of the persons or entities that have exercised the functions, held the stakes or provided the services referred to in the previous paragraph in the four years preceding the date on which the System was activated, or the Bank of Portugal adopted

recovery and reorganization measures, under the terms of the law, and whose action or omission was the cause of the financial difficulties of the participating entity or contributed to the worsening of such situation;

- g) Claims arising from investment operations carried out in the name and on behalf of the spouse, first-degree relatives or third parties acting on behalf of investors referred to in the previous paragraph;
- h) Claims arising from investment operations carried out in the name and on behalf of companies that are in a control or group relationship with the participating entity;
- i) Claims arising from investment operations owned by investors who are responsible for facts related to the participating entity, or who have benefited from them, directly or through an intermediary, and who are the cause of the financial difficulties or have contributed, through action or omission within the scope of their responsibilities, to the worsening of such a situation;
- j) Claims arising from guarantees of profitability, as well as guarantees of reimbursement of funds allocated to investment operations which have been abusively agreed between investors and participating entities or granted by the latter, such claims being presumed to have been constituted as from the third month prior to the date of activation of the System or the adoption by Banco de Portugal of recovery and reorganization measures under the terms of the law; e,
- k) Claims arising from investment operations owned by investors acting on behalf of any of the persons or entities referred to in the preceding paragraphs.

In cases where there is reasonable doubt as to whether any of the situations set out in the previous paragraph have occurred, the Scheme shall suspend the payment of compensation to the investors concerned until it is notified of a court decision recognizing the investor's right to compensation.

In cases where judicial or misdemeanor proceedings are underway for the commission of any acts related to investment operations covered by the Scheme in violation of a legal or regulatory rule, the Scheme suspends the payment of compensation to the investors in question until it is notified of the order of non-prosecution or the court decision of acquittal, which has become final.

In the event of a court decision not recognizing entitlement to the System's cover, after it has been awarded, the compensation granted is reverted to the benefit of the System.

## **5.2. Guarantee limits**

The Scheme guarantees reimbursement up to a limit of €25,000 (twenty-five thousand euros) for each investor, the limit being set per investor and not per account.

The amount of compensation to be awarded to each investor is calculated on the date the Scheme is activated based on the value of the funds and financial instruments registered in the investor's name, taking into account the limits laid down by law.

The Scheme may use independent and reputable entities to determine the value of the financial instruments.

## **5.3. Triggering the compensation system**

The system is triggered when:

- The financial intermediary is unable to comply with the obligations resulting from investor claims and the Bank of Portugal has verified, after consulting the Portuguese Securities Market Commission ("CMVM"), that the financial intermediary is unable to do so in the near future;
- The Bank of Portugal makes public the decision to revoke the authorization of the financial intermediary, if such publication occurs before the verification referred to in the previous point; or,

With regard to claims arising from investment operations carried out in Portugal by branches of investment firms and credit institutions based in another member state of the European Union, when a declaration is received from

the supervisory authority of the country of origin proving that the exercise of investors' rights to claim their claims against that entity is suspended.

The System publicizes the action and all the information that may be necessary to protect investors' interests at its head office and on its website, at the CMVM's head office and its website, at the physical premises of the financial intermediary that originated the action, in a widely circulated publication or in other places or means deemed appropriate.

The Scheme also notifies each investor, by registered letter with acknowledgement of receipt, of the amount of the compensation, the method of calculation and the procedures for making the payment.

Investors may disagree with the amount of compensation calculated by the Scheme, in which case they should fill in the Complaint Form available at the publicity points.

#### **5.4. Making the refund**

Compensation shall be paid within a maximum of three months of verification of admissibility and of the total amount of the claims, which may be extended to six months in exceptional cases, at the request of the Scheme to the CMVM.

Without prejudice to the limitation period laid down by law, the expiry of the three-month period shall not prejudice the right of investors to claim from the Scheme the amount owed to them by the latter.

In the case of investment firms and credit institutions authorized to carry out investment operations which have their head office in the territory of another member state of the European Community, with regard to the criteria arising from investment operations carried out by their branches in Portugal, the Scheme and the investor compensation scheme of the home member state must agree on how the costs to be borne by each scheme are to be shared.

The Scheme is subrogated to the ownership of investors' rights to the extent of the compensation it has paid out, and any legal agreement entered into between investors and participating entities, including the waiver of rights, cannot be invoked against it.

The Scheme suspends all payments to any investor or any other person who is the holder of claims arising from an investment operation, or an interested party in that operation, who has been convicted of money laundering. The suspension remains in place until the final judgment has been passed.

## **6. DEPOSIT GUARANTEE FUND**

### **6.1. Guaranteed deposits**

For the purposes of the guarantee given by the Deposit Guarantee Fund ("Fund"), deposits are credit balances which, under the applicable legal and contractual conditions, must be repaid by the credit institution and which consist of cash available in an account or which result from transitory situations arising from normal banking operations.

Credit balances or credits resulting from any investment operations are not considered deposits, including those in which the repayment of capital, plus any remuneration, is only guaranteed under a specific contractual commitment agreed with the credit institution or a third party.

The Fund guarantees all types of deposits, regardless of their type, including demand deposits, deposits with prior notice, term deposits, term deposits that cannot be withdrawn in advance, special deposits, housing savings deposits, emigrant savings deposits, retirement savings deposits, condominium savings deposits, other savings deposits, deposits represented by certificates of deposit and mandatory deposits.

The Fund provides all the information it deems necessary for depositors at [www.fgd.pt](http://www.fgd.pt), namely information on the amount, scope of coverage and redemption procedure for deposits.

## 6.2. Guarantee limits

The Fund guarantees the reimbursement of the total value of the cash balances of each depositor up to a limit of €100,000 (one hundred thousand euros), per depositor, per credit institution, considering the balances existing on the date the deposits become unavailable.

The guarantee limit does not apply for a period of one year from the date on which the amount was credited to the respective account for the following deposits: Depósitos decorrentes de transacções imobiliárias relacionadas com prédios urbanos habitacionais privados;

- Deposits with social objectives with their own legal requirements; and,
- Deposits resulting from the payment of insurance benefits or compensation for damages resulting from the commission of a crime or wrongful conviction.

The above amount will be determined in accordance with the following criteria:

- a) All deposit accounts held by the person concerned with the credit institution shall be considered, regardless of their type, with the exception of those explicitly referred to in the point below under deposits excluded from the repayment guarantee;
- b) The balances of the deposits shall include the respective accrued but unpaid interest up to the date on which the deposits become unavailable;
- c) Deposit balances denominated in foreign currency shall be converted into euros at the exchange rate on the date the deposits become unavailable;
- d) In the absence of any provision to the contrary, the balances of collective, joint or solidarity accounts shall be presumed to belong in equal shares to the holders;
- e) If the account holder is not the holder of the right to the amounts deposited and the latter has been, or can be, identified before the deposits become unavailable, the guarantee shall cover the holder of the right;
- f) if the right has several holders, the part attributable to each of them under the rule set out in point (d) shall be guaranteed up to the guarantee limit; or,
- g) Deposits to an account to which several persons have access in their capacity as members of an association or special committee without legal personality shall be aggregated as if they had been made by a single depositor and shall not count for the purposes of calculating the above limit applicable to each of those persons.

Deposits are repaid in euros.

## 6.3. Deposit exclusions

Under the terms of article 165 of the RGISCF, the following are excluded from the reimbursement guarantee:

- a) Deposits made in their name and on their behalf by the qualified investors referred to in Article 30(1) of the Securities Code, as well as by entities in the public administrative sector, with the exception of deposits by pension funds whose members are small or medium-sized enterprises and deposits by local authorities with an annual budget of €500,000 or less;
- b) Deposits arising from operations for which a final criminal conviction for money laundering has been handed down;

c) Deposits whose holder has not been identified under the terms of article 26 of Law 83/2017 of July 18, by submitting the elements provided for in articles 23 et seq. of the aforementioned law, on the date the deposits become unavailable;

d) The deposits of persons and entities who, in the two years preceding the date on which the deposits become unavailable or on which a resolution measure has been adopted, had a direct or indirect holding equal to or greater than 2% of the credit institution's share capital or were members of the credit institution's management bodies, unless it is demonstrated that they were not, by act or omission, at the origin of the credit institution's financial difficulties and that they did not contribute, by act or omission, to the worsening of such a situation.

In cases where there are well-founded doubts as to whether any of the above situations have occurred, the Fund shall suspend the reimbursement to the depositor in question until it has been notified of a court decision recognizing the depositor's right to reimbursement.

#### **6.4. Making the refund**

The Fund will repay the deposits under the following conditions:

- 20 working days until December 31, 2018;
- 15 working days from January 1, 2019 to December 31, 2020;
- 10 working days from January 1, 2021 to December 31, 2023; or,
- 7 working days from January 1, 2024.

The reimbursement is not dependent on the depositors submitting a request, so the deadlines are considered to run from the date on which the deposits become unavailable.

As a transitional measure and until December 31, 2023, the Fund will make available, within a maximum of 7 working days, an installment of up to €10,000 (ten thousand euros) for all deposits guaranteed by the Fund.

In accordance with Article 167(3) of the RGICSF, the deadlines may be deferred at the request of the Fund to the Bank of Portugal and in the following situations: Seja incerto que o depositante tenha direito a receber o reembolso;

- Judicial or misdemeanor proceedings are in progress for the commission of any acts related to deposits guaranteed by the Fund in violation of legal or regulatory rules;
- The deposit is subject to restrictive measures imposed by national governments or international organizations;
- There have been no deposit account transactions in the last two years;
- It is one of the deposits provided for in Article 166(2) of the RGICSF; and,
- The amount of the reimbursement is paid by the deposit guarantee scheme officially recognized in the host member state, under the terms of Article 167-A(2) of the RGICSF.