



The **Directive on Markets in Financial Instruments**, no. 2014/65/EU, of 15th May 2014 (“**DMIF II** (“**MiFID**”)), and related regulations, which enter into force in January 2018, aim to reinforce investor protection and increase the transparency and quality of the financial market operation and services provided, and cover all persons and entities operating in the markets in financial instruments.

This regulation determines the reinforcement of the duties of financial intermediaries, as well as changes in the marketing regulations of financial instruments, namely:

- A. Additional requirements for the collection of information from customers and respective assessment for the purpose of adjusting financial instruments or investment services to the customer's investment profile;
- B. New rules for the creation, distribution and monitoring of financial instruments, including, amongst others, the duty to define a target market for financial instruments that the financial intermediary produces or distributes;
- C. New requirements regarding the recording and register of the communications between financial intermediaries and Customers;
- D. New requirements to provide investment advice and portfolio management services;
- E. Reinforcement of the rules applicable to prevent conflicts of interest and safeguard customer assets.

To this extent, NOVO BANCO discloses the following relevant aspects of this regulation:

1. Recording and register of communications

NOVO BANCO is obliged to keep recordings and registers of all communications with Customers and potential Customers, with regard to all services, activities and operations carried out.

Communications between the parties may be sourced in various media - namely e-mail, NOVO BANCO's website, telephone or face-to-face meetings. The recording and register of the latter are intended to ensure the existence of evidence of services and transactions carried out by NOVO BANCO.

2. Customer Classification

NOVO BANCO classifies its customers for the purpose of transactions in financial instruments into one of three categories: non-professional, professional and eligible counterparty.

These classifications have implications on the level of protection allocated to the investor. The lower the knowledge and experience of the customer regarding the markets and financial instruments the greater the level of protection.

Non-Professional	<p>It is the category that comprises the majority of the private customers and companies, and offers a greater level of protection to the investor. The greatest protection offered to a non-professional customer comprises:</p> <ul style="list-style-type: none">• Greater level of detail of information that will be made available by the bank on products and services, in business communications and financial promotion;• The manner in which financial services are carried out and where specific implementation under the best conditions obligations are applied;• The bank's need to assess the compatibility of the product or service with the investor's profile (in particular with regard to knowledge, experience and, where appropriate, other characteristics) in the products to which it applies.
Professional	<p>They are, by nature, larger legal persons. They may also be professional customers who request these services, as long as they demonstrate compliance with two of the three criteria defined by law, which can be summarized as follows: having carried out operations with a significant volume in the market, with an average frequency of ten operations per quarter during the last four quarters; have a portfolio of financial instruments, including also cash deposits, exceeding € 500,000; to hold or to have held a position in the financial sector, for at least one year, in a position requiring knowledge of the services or operations concerned. The category of professional offers an intermediate level of protection, without prejudice to the duty of informing and assessing adequacy, in the products where the latter is applicable.</p>
Eligible counterparty	<p>It is the classification typically assigned to banks, other financial institutions and national governments and corresponds to the category that offers a lower level of protection.</p>

3. Assessment of adequacy

In order to ensure the adequacy of the financial instruments or investment services provided by NOVO BANCO to the Customer's investment profile, NOVO BANCO will request Customers and potential Customers to complete new individual profile questionnaires, in order to get to know in a more complete and detailed manner, inter alia, their experience and knowledge of investment, their financial situation, their investment objectives (including ability to withstand losses) and their risk tolerance, and thus assess whether a particular investment product or service is appropriate.

4. Investment consulting



Whenever you provide an investment consulting service, NOVO BANCO will provide non-professional investors, prior to performing any recommended transaction, a copy of the document assessing the adequacy of the recommended instrument or service to their investment profile. NOVO BANCO acts, within this scope, as a Non-Independent Consultant.

5. Provision of information

NOVO BANCO will, in a timely manner, provide to its Customers that are non-professional investors, prior to the conclusion of any transaction on retail investment products and insurance-based investment products ("PRIIPs"), a Fundamental Information Document ("DIF") relating thereto.

The purpose of DIF is to enable the investor to know fully the characteristics of the product, which he intends to contract, prior to contracting, and must therefore include essential information regarding the instrument (nature, characteristics, eventual possibility of capital loss, costs involved, product risk profile and other relevant performance information).

NOVO BANCO will provide the DIF in paper or other durable medium, or if the investor so selects and for the products and services where applicable, through the NOVO BANCO website (www.novobanco.pt).

DMIF II determines a reinforcement of pre-contractual, contractual and post-contractual information to be provided to customers on the characteristics of the products and services not included in the DIF, in particular with respect to costs and charges.

6. LEI (Legal Entity Identifier)

Applicable to legal persons or self-employed businessmen within the scope of their business activity

In order to be able to carry out any transaction on financial instruments admitted to trading or negotiated on trading platforms, Customers that are legal entities (i.e. legal persons or self-employed businessmen within the scope of their business activity) must obtain the LEI Code. NOVO BANCO can only execute orders on financial instruments or ask for them to be paid if it has registered said customers' LEI Code in the system.

To know where and how to ask for the LEI code, you can consult the NOVO BANCO website (www.novobanco.pt).

For more information, consult the NOVO BANCO site (www.novobanco.pt), in the area of Savings and Investments / Investor Information.