

## Securities Supervision Act 2018 (WAG 2018)

### Investor information on investment business

#### **Translation Disclaimer**

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#### **1 General information requirements**

This information document applies exclusively for all transactions, contracts and business relationships between the Bitpanda Financial Services GmbH (hereinafter "Financial Services") and its customers, in particular for transactions and business relationships with regard to the provision of financial services for payment using the online platform <https://www.bitpanda.com> or mobile applications provided by the Bitpanda GmbH ("Bitpanda") and any associated technical interfaces/APIs of any said platform and application ("Bitpanda Systems").

The Bitpanda systems are not only used by Financial Services, but also by other companies in the Bitpanda Group. For this reason, some Financial Services pages are specifically marked, for example, with the text "Powered by Bitpanda Financial Services" or similar.

##### **1.1 Legal entity information**

Bitpanda Financial Services GmbH  
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1020 Vienna  
Email: [support@bitpanda.com](mailto:support@bitpanda.com)  
Internet: [www.bitpanda.com](http://www.bitpanda.com)  
Commercial register: Commercial Court Vienna  
Company Register number: FN 551181 k  
UID number: ATU69116734

Bitpanda Financial Services GmbH is subject to regulation by the Austrian Financial Market Authority ("FMA"), 1090 Vienna, Otto-Wagner Platz 5.

##### **1.2 Licence**

Pursuant to the licence granted by the FMA, Financial Services is an investment firm as defined in section 3 of the Austrian Securities Supervision Act 2018 ("WAG") and is therefore entitled to provide the investment services of "accepting and transmitting orders relating to financial instruments".

##### **1.3 Legislation and applicable Law**

The applicable legal provisions are, in particular, WAG 2018 and the Delegated Regulation (EU) 2017/565 in their respective valid version. The contractual relationships are subject to Austrian Law.

##### **1.4 Communication**

The customer shall use German or English as the language of communication with Financial Services and Bitpanda. All contact, both on the part of the customer and by Financial Services and Bitpanda, shall be conducted electronically only. The customer has explicitly agreed to this electronic communication, as well as to the receiving of documents via electronic means.

## 2 Information on the offered services and investment activities

Financial Services invites its customers to submit an offer for derivative products issued by Bitpanda and then forwards the offer to them. Financial Services is required under section 73 para. 7 WAG to point out that the products it offers are **proprietary products**.

“Proprietary Products” are financial products, whose distribution produces a direct or indirect benefit for the investment firm, for an affiliated undertaking or for a relevant person within the investment firm beyond the compensation for the investment service. As the parent company of Financial Services, Bitpanda is an affiliated company and is therefore offering its proprietary product through Financial Services.

Financial Services does not provide any dependent or independent investment advice, portfolio management or makes any investment decision. Particularly the composition of the A-Token product or the stocks and ETFs offered as underlyings within this framework shall not be construed as advisory services.

For detailed information on the products or the respective underlyings, Financial Services refers to the prospectus or the respective PRIIPs-KID. All documents are available at <https://www.bitpanda.com>.

With regard to the target market, the products offered by Financial Services are intended for private customers, professional customers and eligible counterparties. Financial Services does not accept or keep client funds from customers. Financial Services also does not hold financial instruments of its customers at any time.

The financial instruments offered by Financial Services represent high-risk investments. A high level of risk tolerance is necessary for an investment. Customers are informed that investments offered by Financial Services represent a high risk and an equivalent risk tolerance is required.

Individuals should not invest in the products offered by Financial Services if:

- they desire full protection of capital or full repayment of the amount invested;
- are risk averse or have a very low risk tolerance;
- are not prepared to lose (at least parts of) their investment;
- want to acquire products offered by Financial Services by means of a loan or on credit.

Prior to the first transaction, Financial Services is required, pursuant to the provisions of WAG, to request personal data of its customers. This may include – where relevant – the following information:

- Knowledge and previous experience with investing, including: information on the nature of the service, transactions and financial instruments with which the customer is familiar, the nature, size and frequency of transactions using financial instruments carried out by the customer, educational background and occupation or previous professional activities;
- Further customer identification information in the sense of FM-GwG (Anti-Money Laundering Act) is also obtained during the registration process.

The customers are classified as "appropriate" and "not appropriate" as part of the framework of the appropriateness test with regard to the products offered by Financial Services. In the case of "not appropriate", customers are informed that the product is not appropriate for their experience and level of knowledge. After this warning the customer can decide whether the transaction should still be executed. Financial Services also recommends that the customers familiarise themselves with the

risks of the product as part of the appropriateness test. Should a customer be classified as "not appropriate", Financial Services reserves the right to exclude the customer from the transaction.

Financial Services reserves the right to refuse customers for regulatory, prevention of money laundering or other reasons. If this is the case, the customer will not be able to acquire the product.

Only fully registered and verified customers can make use of the services and benefits offered via the Bitpanda systems. If the establishment of a customer relationship between Bitpanda and/or Financial Services and the potential customer would lead to the violation of any applicable legal guidelines or other breaches of trust and/or business relationship, Bitpanda and/or Financial Services will exclude any such persons from using their services and benefits. In addition, legal guidelines can lead to Bitpanda or Financial Services terminating customer relationships which are already in place with immediate effect or closing or blocking Bitpanda customer accounts. In all of the above cases, an affected (potential) customer is excluded from the acquiring and the returning of the financial instruments offered via the Bitpanda systems.

Furthermore, pursuant to the Financial Markets Anti-Money Laundering Act (FM-GwG), Financial Services is obliged to obtain information from customers in order to prevent any potential risks of money laundering or terrorist financing. Furthermore, in order to prevent money laundering and terrorist financing, Financial Services is obliged to identify the account holders, persons with signing and disposal authority, as well as the beneficial owners and persons authorised to represent them and to query their PEP (politically exposed persons) status and the possible existence of trust.

**3** The data collected by Financial Services is processed and stored for as long as it is necessary for contractual and legal fulfilment. **Information on customer classification**

WAG 2018 identifies three categories of investors: "Retail customers", "Professional clients" and "Eligible counterparties". As a rule, all customers are classified by Financial Services as retail customers and a change in classification is only made after internal approval. Customers will be informed of their respective classification. The purpose of classification is to ensure that customers are appropriately handled according to their knowledge and experience of financial instruments and the nature, frequency and size of any such transactions.

### **3.1 Professional clients**

Professional clients are defined by Austrian Federal Law as the federal government, the federal states, credit institutions, investment firms, insurance companies, capital investment companies and companies that meet at least two of the following criteria:

- Balance sheet total of at least EUR 20 million
- Net revenue of at least EUR 40 million
- Equity of at least EUR 2 million

### **3.2 Eligible counterparties**

Certain professional clients, in particular credit institutions and investment firms, are to be considered eligible counterparties. Eligible counterparties are entitled to the lowest level of protection provided by WAG, in particular, principles of order execution (execution policy) or the suitability and appropriateness tests for the placing of orders do not apply.

### **3.3 Retail customers**

All customers, who are neither professional clients nor eligible counterparties, are retail customers. In the case of Financial Services, all customers are treated as "retail customers" pursuant to the provisions of WAG 2018, unless a different classification is applied to individual customers.

### 3.4 Modification to customer classification

Financial Services classifies all customers as private customers pursuant to the provisions of WAG 2018; professional customers and eligible counterparties thus also fall into this customer category in principle. Any upgrading will only be made upon request and will be subject to the approval of the Managing Directors of Financial Services.

### 4 Information on reporting obligations

The customer will receive confirmation of the order no later than the first business day after the order has been executed. The report will be sent by email to the email address provided by the customer during their registration.

An overall statement of the costs associated with the transactions and the investment services which are carried out is also sent to the customer annually.

### 5 Information and risk disclosures regarding financial instruments

#### 5.1 General investment risks

##### Currency risk

If a financial instrument in a foreign currency is chosen, the return or performance of this transaction depends not only on the local return of the financial instrument in the foreign market, but also strongly on the development of the exchange rate of the foreign currency in relation to the base currency (e.g. USD) compared to that used by the investor. The change in the exchange rate may therefore increase or decrease the return and value of the investment.

##### Transfer risk

For transactions with a foreign reference (e.g. foreign underlying), there is, depending on the respective country, the additional risk that political or exchange control measures may prevent or hinder the investment from being made. In the case of foreign currency transactions, such measures may also result in the foreign currency no longer being freely convertible. In addition, underlyings of the derivatives offered by Financial Services can lose considerable value and therefore also reduce the respective equivalent of invested capital.

##### Country Risk

Country risk represents the credit risk of a country. If the country in question represents a political or economic risk, this can have a negative impact on all counterparties situated in that country and therefore on the underlyings.

##### Liquidity risk

The ability to acquire, terminate or settle an investment at any time at fair market prices is called tradability (= liquidity). A liquid market can be defined as when an investor is able to trade their financial instruments for an order of average size (measured by the usual market turnover volume) without causing noticeable price fluctuations and which cannot be settled or can only be settled at a significantly-changed price level. At the moment, the products brokered by Financial Services can only be returned to Bitpanda. It cannot be relied upon that the product can be terminated at any time. As the contract can only be terminated back to Bitpanda,, it cannot be relied upon that the product can be exited from at any time.

##### Credit risk

Credit risk is defined as the risk of counterparty insolvency, i.e. a possible inability to meet its obligations, such as dividend payments, interest payments, repayments, etc., on time or in full.

Alternative terms for credit risk are debtor or issuer risk. In the case of A-Token, there are two different credit risks, that of the respective issuer/fund provider of the underlying and that of Bitpanda as the issuer of the derivative. In both cases, high losses, up to and including a total loss, must be expected in the event of insolvency.

## **Price/Market risk**

Price or market risk represents the possible fluctuations in value of individual investments. Price risk can lead to considerable losses of capital, as the value of the underlying and therefore of the derivative contract can fall considerably.

## **Total loss risk**

Total loss risk represents the risk that an investment may become worthless. In particular, total loss can occur if the issuer of a financial instrument is no longer able to meet its payment obligations for economic or legal reasons (insolvency). There is also a risk of total loss if the issuers of financial instruments get into financial distress and the settlement authority responsible for the issuer uses settlement instruments, such as deleting shareholders' stocks or using creditor participation instruments (bail-in), which may result in a reduction in the nominal value of the underlying bonds.

## **Purchases of financial instruments on credit**

The purchase of financial instruments on credit constitutes an increased risk. The loan taken out must be repaid irrespective of the success of the investment. In addition, the cost of the loan reduces the return. The purchase of financial instruments on credit is explicitly not recommended.

## **Tax aspects**

The customer should consult a tax advisor to assess the effects of an investment on their personal tax situation. In all cases, the respective tax must be paid by the customer. Bitpanda/Financial Services neither retains tax nor provides tax advice.

## **5.2 Particular investment risks**

The following comments describe risks which, from the point of view of Financial Services, may arise in connection with the products it offers. However, the listed risk factors are not exhaustive and the investor should carry out a thorough analysis before making an investment decision and, in particular, base this analysis on their own financial, legal and tax situation, their own risk tolerance and the statements in the documents provided by Financial Services. In addition, the potential investor's attention is drawn to the corresponding information documents, in particular, the prospectus, the PRIIPS documents and similar documents. In any case, an investment should only be made after a thorough analysis of these documents.

### **5.2.1 Issuer-related risk factors**

#### **Insolvency risk associated with Bitpanda GmbH**

Financial Services intermediates Bitpanda products. Bitpanda is subject to the risk of insolvency. In the event of the insolvency of Bitpanda, repayment of the provided capital is not secured. As a limited liability company, the company's liability is limited to the existing corporate assets. There is therefore a risk that the customer's claims cannot be enforced. This risk exists, in particular, if Bitpanda's solvency deteriorates significantly and therefore its ability to make repayments is impaired. In the event of insolvency, a total loss or withdrawal in the amount of the insolvency amount must also be expected.

## **Risk of cyberattacks**

Any unauthorised access to Bitpanda's specially secured crypto-asset wallets and/or successful cyber attacks may lead to substantial losses for Bitpanda and jeopardise Bitpanda's economic solvency. The effects depend heavily on the scope and depth of the respective attack. Successful cyber attacks can therefore generally lead to considerable losses for Bitpanda. In this context, however, it should be noted that Bitpanda attaches great importance to IT security and uses appropriate security measures. Unauthorised access still cannot be ruled out.

## **Business model risks**

The Bitpanda Group operates a comparatively new business model as a part of its core business (crypto-assets) in a fast-moving industry. The business model and the success of the Bitpanda Group depend on various factors. Declining revenue, sharply rising costs, fierce competition and other factors may have a significant adverse effect on Bitpanda's business and financial position and on Financial Services. All of these factors are increasingly relevant to the new business model related to the A-Token.

## **Risk of default for Financial Services and Bitpanda partners**

Financial Services and Bitpanda are exposed to the risk of default vis-à-vis financial institutions, crypto marketplaces and other partners with whom the company opens accounts or holds assets. Insolvencies in the financial or crypto trading sector may have a negative impact on the liquidity and solvency of the Bitpanda Group.

## **Reputation risk**

Reputation risk is the risk of losing the trust of customers or other partners in Bitpanda or Financial Services. As reputation is closely linked to the success of the company, the Bitpanda Group always strives to meet all the requirements of customers, the community and other stakeholders in order to prevent damage to its reputation as far as possible. Damage to reputation may be caused by, among other things, customer complaints, hacking and data attacks, IT system failures, other technical disruptions, legal disputes or criminal or administrative proceedings on the part of the FMA. Reputation risk can lead not only to declining customer confidence, but also to lower trading volumes on the Bitpanda platform, illiquidity or even insolvency due to the associated decline in customer payments, which can lead to payment delays or a total loss of invested capital.

## **Risk of an IT systems failure**

A failure of the IT systems of Bitpanda or Financial Services can have a significant impact on business operations. To a large extent, the severity of the impact on the Bitpanda Group depends on the duration of the outage.

## **Market risk**

Bitpanda is subject to various market risks, the materialisation of which can have a significant adverse effect. These include, in particular, market fluctuations that have a negative impact on the products offered by Financial Services. Large and unexpected price fluctuations, incorrect data or prices and weaknesses in hedging can therefore have a significant impact on the solvency of the Bitpanda Group. As other currencies are also accepted for transactions via the Bitpanda platform, exchange rates related to foreign currencies also represent a risk.

## **Operational risk**

Financial Services, as well as Bitpanda, is subject to operational risks, the materialisation of which may have a significant adverse effect on the business and financial position of Financial Services and Bitpanda. Operational risk is the risk of losses that may occur as a result of the inadequacy or

failure of internal procedures, people and systems or as a result of external events. This refers, for example, to misconduct by an employee (deletion of databases, falsification of data due to typing errors, etc.). There is also the possibility of technical errors occurring, e.g. erroneous programming, incorrect prices or double payments. Furthermore, the possibility of fraudulent or malicious actions by employees, business partners or customers cannot be excluded. Appropriate measures have been taken as part of the internal control framework to avoid any such risks. Nevertheless, the possibility of operational risk occurring cannot be ruled out.

## **Occurrence of unexpected risks**

Despite risk analysis, both Bitpanda and Financial Services could be exposed to unidentified or unexpected risks that could have a significant adverse effect on its business, financial position or operating results.

## **Combination of several risk factors**

It can occasionally be the case that the risk factors listed here as examples do not occur individually, but instead together and at the same time. This will be the case especially if there is a strong interrelation (i.e. correlation) between the risks. This means that the occurrence of one risk can also lead to the manifestation of other risks that are related to this particular risk. The occurrence of individual risks can thus sometimes trigger a chain reaction and lead to the occurrence of further risks that mutually reinforce one another.

## **5.3 Investor and product-related risk factors**

### **Market value risk**

The market value of financial instruments depends on various factors and can be considerably lower than the purchase price. The price development can be negative for the customer and, in certain cases, a sudden massive loss in value can also occur. These situations can lead to a decline or even a total loss of the capital invested by the customer.

### **Issuer risk of insolvency**

In addition to the insolvency risk of Bitpanda, the customer also bears the insolvency risk of the other issuers of the financial instruments offered by Financial Services. Insolvency risk is the risk that a company can no longer meet its liabilities or payment obligations. Even in the event that the issuer of a financial instrument offered by Financial Services becomes insolvent, the customer shall bear the total loss of the invested capital.

### **Risk of suspension of trading**

There is a risk that the trading of financial instruments may be suspended, interrupted or terminated due to market disruptions or other reasons. In addition to the suspension of trading, the trading of certain securities may also be suspended for an indefinite period of time or terminated altogether (e.g. delisting).

### **Impact of investment measures**

While Financial Services products are held, so-called "investment measures" may take place, which may have a negative impact on the price of financial instruments. These measures may involve changes to the share capital, changes to the structure of stocks and voting rights or other changes to the capital shares of the company's shareholders. Depending on the type and impact of the investment measures, significant losses in value may occur.

## Tax risk

Financial Services does not provide tax advice. The products offered by Financial Services are complex products from a tax point of view and may be assessed differently depending on applicable jurisdiction. Financial Services recommends the use of a tax advisor. Customers are solely responsible for the payment of all taxes.

## **5.4 Stocks**

Stocks are securities that represent equity participation in a company. The most important rights of shareholders are the right to receive a stock of the company's profits and the right to vote at the general meeting.

Customers are not able to acquire stocks via the Bitpanda systems. It is only possible to acquire a derivative with an underlying stock. The derivative does not convey any voting rights or other rights regarding the issuing company; the customer is only entitled to withdrawal of the profit distributions associated with the underlying, as well as similar benefits in terms of value, to the extent that they have acquired A-Token for the respective stock. The customer will never receive a claim against the issuer of the stock, but instead exclusively on Bitpanda as the issuer of the A-tokens.

## Price risk

A stock is a security that is usually traded on a stock exchange. As a rule, the price is determined on a daily basis according to supply and demand. Stock investments can lead to significant losses.

In general, the price of a stock is based on the economic performance of the company as well as general economic and political conditions. Irrational factors (sentiments, opinions) can also influence price development and thus the return on the investment.

In addition, there are the risks described above (such as the insolvency risk of Bitpanda, risk of trading suspensions, etc.).

## **5.5 Stock certificates**

A certificate representing stocks is a traded financial instrument that represents the stock of a foreign company. The foreign company issues stocks, which are sold to a depository bank. The bank then issues stock certificates based on the stocks. Such certificates are issued, for example, in the USA (as an American Depositary Receipt ADR) or Europe (as a Global Depositary Receipt GDR).

stock certificates and stocks are so similar in terms of the rights and obligations associated with them that they are treated almost identically from a legal perspective. The holder of a certificate representing a stock therefore generally has ownership rights to the underlying stock; for example, they receive dividends and other benefits in terms of value.

The Bitpanda systems do not allow customers to acquire stock certificates. It is only possible to acquire a derivative with an underlying stock certificate.

A stock certificate is exposed to the same price risk as stocks. In addition, there are also other risks, since in the case of securities which represent stocks, due to prevailing law, the owner's position, warranty, etc. may be in a worse position than under EU or US law. Equally, the customer also bears the risk of a total loss in the event of the insolvency of the depository bank which deposited the stocks.



## **5.6 ETF**

Customers are not able to acquire ETFs via the Bitpanda systems. It is only possible to acquire a derivative with an underlying ETF.

Exchange Traded Funds (ETFs) are financial instruments that are traded on an exchange. As a rule, an ETF represents a group of securities that mirrors the composition of an index, i.e. it replicates the index through the securities included in the index and their current weighting in the index.

### **Price risk**

The risk depends on the underlying values of the respective group of securities.

In addition, the risks described above also exist (such as the risk of insolvency on the part of Bitpanda, risk of trading being suspended, etc.).

## **5.7 Derivatives**

Derivatives are financial instruments of which the value is derived from the price of another financial instrument (the underlying). Underlyings can generally be instruments, such as commodities, interest rates, stocks, currencies, etc. With the products offered by Financial Services, only stocks and ETFs are used as underlyings. Due to the similarity mentioned above, stock certificates are treated in the same way as stocks and are therefore classified as "stocks".

The derivatives are based on underlying assets which they reflect 1:1. The value of the derivatives is therefore calculated on the basis of price information that Bitpanda receives from an external provider. Based on the derivative contract, the user will indirectly, virtually and proportionately have a stake in the performance of the selected underlying and receives proportionate payments in the event of dividends. Bitpanda shall also endeavour to pass on other monetary benefits to customers as a result of investment measures, but there is no corresponding legal entitlement. Bitpanda is at no time obliged to procure or arrange for the customer to procure ownership of the underlying instruments or other rights associated with the ownership of stocks.

All products offered by Bitpanda and Financial Services are derivatives.

The return on derivatives is usually determined by the price performance of the underlying. In addition, in the case of A-Token, it also depends on the dividends of the underlying assets.

### **Price risk**

The risk depends on the underlying assets.

In addition, the risks described above (such as the risk of insolvency on the part of Bitpanda, risk of trading being suspended, etc.) exist in particular.

## **6 Execution policy**

Financial Services' execution policy implements sections 62 to 65 WAG 2018 and the relevant sections of the Delegated Regulation (EU) 2017/565. The execution policy describes the principles of executing client orders to acquire and dispose of the financial instruments offered by Financial Services in the client's best interest.

By executing an order, a contract is concluded between the customer and Financial Services. Financial Services is obliged to transmit the order to Bitpanda and the customer is obliged to pay the agreed purchase price for the financial instruments.

By agreeing to the GTC, the customer has agreed to Financial Services' execution policy in the respective applicable version. In the event that consent is not granted by the customer, Financial Services cannot accept customer orders from the customer. If consent is revoked, Financial Services

will no longer accept purchase orders or will continue to accept termination orders and orders for the closing of open derivative positions and execute them in accordance with the explicit instructions of the client.

## 6.1 Precedence of client instructions

In principle, it is assumed that the customer's instructions comply with the Financial Services execution policy. However, it is possible for the customer to issue explicit instructions to Financial Services regarding the execution of their order. If this instruction deviates from the execution policy of Financial Services, the customer is explicitly informed of the fact that Financial Services is released from any obligation to comply with the execution policy to the extent of the instruction and thus the attainment of the best possible result for the customer can no longer be ensured. As the client order is executed by Bitpanda, it should be noted that the Bitpanda platform or systems are the only place of execution.

Financial Services reserves the right to reject instructions in individual cases or the orders associated with them, in particular if the execution of the client order is not operationally possible.

## 6.2 General execution policy

Financial Services shall, in the absence of instructions, execute all assignments in accordance with the Execution Policy and shall endeavour to achieve the best possible result for each individual instruction.

In order to determine the best possible result, the factors taken into account are in particular the price of the financial instrument, the execution costs, the promptness and probability of execution and settlement, as well as the type and size of the order.

The aim of Financial Services is to allow customers to invest in financial instruments while providing the following, currently uncommon, benefits to customers:

- 1) Fractional shares: This means that the customer is able to make an investment in stocks and market values by means of a derivative without having to acquire them in units of whole stocks. Bitpanda customers are used to being able to determine the exact amount of the investment themselves, and will also be able to transfer this principle to selected financial instruments.
- 2) 24/7 trading: This means that customers can acquire and return the financial instruments at any time. Bitpanda's customers are regularly active in the evening or at weekends. A customer experience is marred if they can place an order but its execution does not take place until the next day. This means that the exact price is unknown and, in the event of a return, the customer's liquidity is bound for longer and they cannot use the liquidity for other investments at the same time. Financial Services would like to offer the customer the possibility to purchase and return the financial instruments at any time. The only exceptions to this are relevant and external events, such as a suspension of the market or similar events, which do not allow a reliable price to be set.
- 3) Immediate execution of orders: Orders being executed immediately is associated with 24/7 trading; customers should not only be able to purchase and return the financial instruments at any time, but the immediate execution of their orders should also be possible. This means that the customer's liquidity is only bound for as long as they wish.
- 4) One-stop shop and quick processing: In tandem with the above aspects, the focus of Financial Services is also on user-friendliness and the simplicity of using the services provided. The fact that all payments and dividends are processed via one platform is also an advantage. In this respect, however, a corresponding linked account with a third party (e.g.

via a technical interface) would be seen as equivalent. Furthermore, the one-stop shop, i.e. the lack of necessity for further contracts and, therefore, further costs on the part of the customer, should be noted as an advantage.

By entering into a business relationship and purchasing through Financial Services, the customer therefore accepts the above items taking precedence over other aspects, such as the best available price or the fact that the customer does not acquire actual stocks/ETFs nor ownership of the stocks/ETFs.

Exceptional market conditions, a market disruption or other special circumstances may necessitate an execution that deviates from the Financial Services execution policy. This applies in particular in the event of significant intraday price fluctuations, significant temporary increases in the number of orders to be processed, a computer failure, system bottlenecks or software errors. Even under such circumstances, Financial Services will endeavour to execute orders in the best possible manner.

### **6.3 Execution outside normal trading hours**

In order to ensure that, even outside normal trading hours, orders are executed in the customer's best interests, the last available price of the financial products on the relevant trading day will be maintained by Financial Services until the next possible trading day and guaranteed until the relevant trading venue opens on the next possible trading day after the order is placed.

### **6.4 Execution venues**

Financial Services is not a member of any exchange, regulated market or other regulated trading facility. The only execution venue in relation to the A-Token for Financial Services' services is the Bitpanda systems.

### **6.5 Notification of changes to the execution policy**

If Financial Services makes material changes to the execution policy that has already been outlined, customers will be informed of these changes. Material changes are only defined as those which are relevant to the customer, such as participation in regulated markets or multilateral trading facilities. All customers shall be informed of the changes. In the case of material changes to the execution policy pursuant to Section 64 para. 1 WAG, the customer's consent is not required for the changes to take effect.

## **7 Information on investor compensation**

Financial Services is a member of Anlegerentschädigung von Wertpapieren GmbH (AeW), 1040 Vienna, Lambrechtgasse 1/10.

Financial Services shall at no time become a debtor to its customers. An attribution of activities of any of the Bitpanda companies, including the issuing company, Bitpanda GmbH, is excluded. If customers do not recover funds from any of the Bitpanda companies, there is therefore no compensation through the statutory investor compensation of securities companies (AeW). This applies especially in view of the fact that the customer does not acquire any securities, but instead merely a claim against Bitpanda, on the basis of which they are to participate in the price development of securities.

## **8 Information on complaints management**

Financial Services strives to provide the best possible service to customers in terms of their concerns, their wishes and their needs, and to offer a unique user experience. In particular, with regard to the financial instruments offered through the Bitpanda systems, Bitpanda aims to provide a fast, convenient and reliable service that complies with any rules and laws.

# bitpanda financial services

If, contrary to expectations, there is a cause for complaint, Financial Services asks customers to report any dissatisfaction so that Financial Services can continuously improve the service.

Complaints can be submitted at any time either via the contact form (Helpdesk) or email (support@bitpanda.com).

Financial Services requests the following information to be provided with each complaint:

- A brief description of the facts;
- First and last name;
- The email address used for registration;
- The interface used (desktop version or app).

In all cases, the complaint will be handled and resolved as soon as possible. As a rule, Financial Services aims to process the complaint within a few working days and tries to send an appropriate reply to the customer.

Financial Services has established a complaints management process. All complaints are forwarded to the complaints management department without delay. An attempt will be made to inform the complainant about the processing and the estimated time for resolution within two business days. Should there be any delays, the customer will be informed of the reasons for this. Customer complaints are subject to strict confidentiality. Records concerning the actions taken to resolve complaints shall be kept for at least five years.

Complaints are first subject to a formal examination. If the complaint cannot be attributed to the company, the complainant will be informed of this with a detailed explanation. If Financial Services or another company is obviously not responsible, the complaint will not be answered individually and instead, a general response will be given.

If accountability has been established, it will be examined whether the complaint is justified. If the complaint is unfounded because it is not a service shortcoming on the part of the company, the complainant will be informed of this in writing.

If the complaint is justified, it must be determined whether it is a shortcoming that can be remedied immediately or a shortcoming that requires further processing. A shortcoming that can be remedied immediately will be dealt with immediately and appropriate measures will be taken. The complainant will then be informed of the measures to be taken.

If the shortcoming cannot be remedied immediately, a solution will be worked out and the complainant will be informed accordingly. As soon as a suitable measure has been worked out, it is to be implemented by the technically and appropriately responsible team member. The customer will then be informed that the shortcoming has been remedied.

In general, Financial Services strives to respond to each complaint within a few days. In exceptional cases, a longer processing time may be necessary.

The reply will always and exclusively be sent by email to the email address registered in the Bitpanda system.

# bitpanda financial services

Customers and potential customers also have the option of using one of the alternative complaints bodies listed below (alternative dispute resolution) or filing a civil lawsuit:

- Schlichtung für Verbrauchergeschäfte (Arbitration for consumer transactions), 1060 Vienna, Mariahilfer Straße 103/1/18: [www.verbraucherschlichtung.at](http://www.verbraucherschlichtung.at)
- Ombudsman of the Professional Association of Financial Service Providers, available at [fdl.ombudsstelle@wko.at](mailto:fdl.ombudsstelle@wko.at)
- The EU Commission platform for Online Dispute Resolution; Website: <https://ec.europa.eu/consumers/odr/main/?event=main.home2.show>
- Complaints to the FMA regarding Bitpanda Financial Services GmbH to the FMA, 1090 Vienna, Otto-Wagner Platz 5, Telephone: +43 1 24959-0; Website: [www.fma.gv.at](http://www.fma.gv.at)

## 9 Information on records

Financial Services is required by law to record telephone calls and electronic communications as part of the framework for accepting, forwarding and executing orders from customers. As telephone contact is not possible, the record-keeping requirement is only relevant for electronic communications. A copy of the records of electronic communication is available to the customer upon request for five years.

## 10 Information on protection of customer funds

To secure customer funds Bitpanda grants customers of Bitpanda Stocks (investors in A-Token) a pledge on the Underlyings of the A-Token. For this purpose, Bitpanda's securities account (including settlement accounts) is covered by the pledge. Therefore, the customer agrees to a pledge agreement together with the derivative contract (see point 15 of the derivative contract) when acquiring and returning A-Token.

The pledge grants the customer a privileged position as a segregated creditor in the event of Bitpanda's insolvency. Instead of the insolvency quota, investors in A-Token receive back up to 100% of the invested capital.

However, Financial Services explicitly points out that the customer is nevertheless exposed to the insolvency risks of the custody bank- Likewise, there is a legal risk as the right of segregation could be challenged by the insolvency administrator or other creditors in the event of insolvency.

For detailed information and examples on the collateralisation of client funds by means of a pledge, see Chapter 2 item 1.13 of the prospectus.

## 11 Information on costs and additional costs

A detailed breakdown of costs can be found in the separate costs document. Financial Services advises that any costs incurred will be deducted from the amount invested in accordance with the terms of the costs document and an investment equivalent to the invested amount will be made. Detailed information on the pricing and costs of A-Token can also be found in the prospectus.

## 12 Information on the resolution of conflicts of interest

Financial Services strives to avoid any potential conflicts of interest between the customers and Financial Services or any partner companies, as well as between other companies of the group of companies or between customers themselves.

A conflict of interest exists when the interests of Financial Services and its obligation to protect the best interests of the customer conflict with one another. Financial Services must also accept an advantage while, at the same time, the customer suffers or may suffer a disadvantage.

## **12.1 Potential areas for conflicts of interest**

Conflicts of interest can take place

- between customers and Financial Services;
- between customers and other companies of the group of companies;
- between customers themselves.

## **12.2 Information on advantage acceptance**

Advantages include, for example, commissions from third parties in connection with investment services for customers. This category also includes non-monetary benefits from other service providers in connection with the offered transactions, such as financial analyses or other information material, training, technical services and the opportunity to access third-party information systems.

Financial Services must not accept advantages from third parties unless they are designed to improve the quality of the investment service provided to the customer and this is disclosed to the customer in advance.

The Financial Services business model is based on a service contract between Bitpanda and Financial Services. The contract includes a service fee for the general acceptance and execution of orders. It does not include a fee for individual securities services between the customer and Financial Services. Financial Services therefore receives no third-party commission for investment services provided to the customer. Bitpanda's service fee covers all costs for the securities services provided.

## **12.3 Examples of conflicts of interest**

Possible conflicts of interest could be, for example, the following:

- The existence of a financial or other incentive to place the interests of one customer or group of customers above the interests of another customer.
- Receiving or granting financial or non-financial advantages from or to third parties in connection with the provision of investment services to a customer without providing adequate quality enhancement related to the provision of investment services to customers.
- Receipt of performance-related remuneration by Financial Services or Bitpanda employees.
- The acquisition of information that is not known to the public.
- The brokerage of financial instruments for which there exists a credit relationship or an exclusive sales cooperation agreement with the issuer.

## **12.4 Information on the management of conflicts of interest**

The managers, team members and all business partners of Financial Services act in a lawful, diligent and honest manner in the interest of the customer pursuant to the relevant legal provisions. The aim of these regulations is to identify conflicts of interest at an early stage or to avoid them as much as possible.

Financial Services has implemented measures, internal policies and procedures appropriate to its size and organisation and the nature, scope and complexity of its business to prevent or manage conflicts of interest.

These guidelines and measures are reviewed by the Compliance department on an ad hoc basis, as well as at least annually, and are adjusted as necessary to ensure the best possible sustainable and effective avoidance of conflicts of interest.

The measures mentioned above include in particular:

# bitpanda financial services

- Internal guidelines as a basis for raising and managing circumstances that significantly harm or could harm the interests of one or more customers. The definition of procedures and standards of conduct that ensure the protection of client interests and prevent or manage conflicts.
- Implementing an independent compliance function to ensure that activities on behalf of customers or services provided to the customer are conducted in their best interest.
- The monitoring of the measures taken to avoid conflicts of interest by the Compliance Officer and the Risk Manager.
- Within the group of companies, different, independent confidentiality areas have been created to ensure that the disclosure of information does not exceed what is necessary for conducting regular business proceedings (need-to-know principle).
- Financial Services has issued written standards of conduct for employees for their personal business/own business, which are specifically intended to prevent the misuse of confidential information about customers or about business conducted with or for customers by employees. In addition, written standards of conduct or rules regarding the acceptance of gifts that may lead to an impairment of an employee's impartiality or other breach of duty, as well as a Code of Conduct, have been issued.
- Financial Services does not conduct financial analyses itself.
- Financial Services does not use a volume-based remuneration system for employees or other third parties and does not receive any volume-based remuneration itself.
- A reporting system is in place for employees' personal transactions to monitor any misuse of confidential information about customers or about customer transactions.
- The employees of Financial Services and Bitpanda are continuously trained and made aware of these issues.
- Financial Services has not employed any advisors or agents and does not provide any advisory services or make any investment decisions.

## 12.5 Disclosure of conflicts of interest

In individual cases, conflicts of interest may be unavoidable. In this case, Financial Services will inform the customers in question of the conflict of interest and disclose it accordingly. It is then up to the customers to decide whether they wish to conclude the transaction despite the conflict. The disclosure of conflicts of interest is to be regarded as an ultima ratio and not as an alternative to conflict of interest management measures.

The following potential conflicts of interest are disclosed by Financial Services and Bitpanda.

### 12.5.1 Potential conflicts of interest in connection with trading suspensions

This potential conflict of interest arises between the customer and Bitpanda, as the customer has an interest in being able to acquire or terminate their positions at any time. However, it may be the case that Bitpanda suspends trading, resulting in a conflict of interest. It is also possible that Bitpanda does not receive the price information required to arbitrate the offered financial instruments (e.g. due to technical difficulties) and, as a result, switches to "off-exchange" and the last available price is used for pricing. A further conflict may arise if Bitpanda suspends trading for a longer period of time in order to avoid a financial loss, which could result in a financial loss for the customer. In addition, Financial Services is also entitled to suspend the acceptance of orders, which in effect amounts to a suspension of trading.

## **12.5.2 Possible conflicts of interest in connection with own products**

This potential conflict of interest arises between the customer and Financial Services. The conflict is characterised by the fact that the A-Token offered by Financial Services is a Bitpanda proprietary product. The conflict is characterised by the fact that the A-Token offered by Financial Services is a Bitpanda product and Financial Services, as an affiliated company, subsequently offers its own product (see also chapter 2 of this document), which can lead to a financial advantage for Financial Services and must be disclosed pursuant to section 73 (7) WAG 2018.

Accordingly, the fee structure of the entire Bitpanda group differs from the fee calculation for the brokerage of "classic" securities. This also implies that an investment via the Bitpanda platform can generally be more expensive than via other brokers, for example if large investments are made or if purchases/returns are made during weekend or overnight hours (Mon – Fri 22:00 – 07:30 as well as weekends and holidays). Due to the fee structure, the costs also depend significantly on customer investment behaviour.

## **12.5.3 Potential conflicts of interest in connection with corporate actions**

This potential conflict of interest exists between the customer and Bitpanda. A conflict may arise if the customer were to choose a different course of action to Bitpanda as part of any shareholder decision-making. This could occur, for example, if the customer wishes to use their pre-emptive right to additional stocks in a stock split, but Bitpanda does not. Another example would be the customer's wish to receive a cash dividend, while Bitpanda chooses the stock dividend. Bitpanda could place its own advantages above the customer's benefit here.

## **12.5.4 Potential conflicts of interest related to voting rights**

This potential conflict of interest arises between the customer and Bitpanda. The reason for the conflict is that the customer does not acquire the underlying of the derivative itself as part of the framework of the A-Token. It is instead held by Bitpanda. This means that it is not possible for the customer to exercise voting rights arising from the underlying itself, instead this is done by Bitpanda. Since the interests of Bitpanda and the customers may diverge, voting rights may be exercised that are not in the interests of all customers or their investment decisions and portfolios.

## **12.5.5 Potential conflicts of interest related to Bitpanda's exercisable rights**

This potential conflict of interest exists between the customer and Bitpanda. The conflict is that Bitpanda can exercise the contractual exercisable rights at any time as part of the framework of the A-Token product. This can lead to a premature termination of the contract or a refusal to withdraw the A-Token. Both scenarios can be enforced against the interests of Bitpanda's customers.

## **13 Prohibited behaviour**

Any market abuse and similar actions are prohibited. This especially applies to acquisition and termination procedures with the help of the Bitpanda systems. The term "market abuse" essentially refers to insider trading and market manipulation. The definition originates from Regulation (EU) 596/2014 concerning market abuse (Market Abuse Regulation – MAR) and Directive 2014/57/EU concerning criminal sanctions for market manipulation (Market Abuse Directive – MAD). The objective of combatting market abuse is to ensure the integrity of the financial markets and to strengthen the confidence of investors in these markets.



Market abuse may be present if investors have been directly or indirectly harmed. In order to do this, other persons have:

- used confidential information (insider trading),
- influenced the price of financial instruments in a fraudulent manner or disseminated false or misleading information (market manipulation).

Any such behaviour may undermine the principle that all investors must be placed on equal terms. Even if the Bitpanda systems do not qualify as a recognised trading platform pursuant to the legal acts mentioned above and the Austrian Stock Exchange Act 2018 (BörseG 2018), any form of market abuse by Bitpanda customers is prohibited. Suspicious cases may justify the (temporary or complete) exclusion of the customer from the Bitpanda systems and will, without exception, be reported to the appropriate authorities and have criminal consequences.

### 13.1 Insider trading

Insider trading occurs when persons who have knowledge of insider information use this knowledge to withdraw financial instruments from the company concerned in order to obtain a special monetary advantage. Any person who obtains insider information about or from listed companies earlier than the other current and potential shareholders will be qualified as an insider. A distinction has to be made between two types of insiders:

- Primary insiders are persons who have insider information due to membership of a company's governing body, a shareholder position, completing duties for the issuer or criminal acts.
- Secondary insiders are all other persons who have insider information.

Information is considered insider information if the following criteria are met:

- It must be precise information that is not publicly known.
- It must be directly or indirectly linked to one or more issuers or one or more financial instruments.
- It must be likely to have a significant effect on the price of a financial instrument when it is made public.
- It must be sufficient for a reasonable investor to be likely to use it as part of the basis for their investment decision.

Insider trading is defined as the deliberate use of insider information to conduct business for one's own advantage. All financial instruments traded on regulated markets, MTFs or OTFs are covered by this prohibition. Additionally, all financial instruments are included which are not listed themselves, but the value of which is influenced by financial instruments or which reciprocally influence the value of financial instruments (e.g. derivatives). All types of transactions are included. Therefore, in addition to the acquisition of financial instruments, the return or cancellation of orders due to the possession of insider information is also prohibited.

This also means that the purchase or return of financial instruments offered on the Bitpanda systems is prohibited for insiders. This applies regardless of the circumstances under which the customer was made aware of the relevant information. Any violation of this prohibition may lead to criminal consequences.

As a special form of insider trading, Financial Services explicitly points out that so-called "front running" is also prohibited. This refers to the exploitation of insider information in the case of securities transactions by securities advisors, stock exchange traders or analysts in such a way that the persons mentioned above purchases stocks for their own account before recommending them

to their customers for purchase or executing larger customer orders that they are already aware of. This enables the front runner to acquire the securities at low prices and to sell their own position at a profit after executing the client orders.

## 13.2 Market manipulation

The Market Abuse Regulation expressly prohibits market manipulation and any attempts to carry it out. Therefore, market manipulation includes transactions or orders to buy or sell which

- give, or are likely to give, false or misleading signals as to the supply of, demand for, or price of financial instruments; or
- influence the price of one or more financial instruments in such a way that an abnormal or artificial price level is achieved.

A violation is not deemed to be market manipulation if there were legitimate reasons for doing so and if authorised market practice was not violated. Transactions or purchase or terminate orders under false pretences or under other acts of deception are also deemed to be market manipulation.

Furthermore, media dissemination of information, rumours or news that send false or misleading indications concerning a financial instrument in the market constitutes market manipulation.

Similarly, the transmission of false or misleading information or the provision of false or misleading initial data regarding a reference value is to be classified as market manipulation.

Practices that are to be considered market manipulation in any case are:

- Securing a dominant position with the consequence of setting the purchase and return prices directly or indirectly or other unfair trading conditions;
- Buying or selling financial instruments at the close of the market with the consequence that investors acting on the basis of the closing price are misled;
- Exploiting access to media by giving an opinion on a financial instrument and then benefiting from the impact on the price of that financial instrument.

Any form of market manipulation in or by using the Bitpanda systems as well as all indirect forms are strictly prohibited. Suspected incidents will be forwarded to the competent authority without exception. Any violation of this prohibition may lead to prosecution.

## 14 Notice of considerable changes

Amendments and additions to this document may be made by Financial Services at any time and shall take effect on the earlier of:

- (i) the customer accepting the amended information online;
- (ii) the passing of one month following the publication of the amendments or additions to this document.

The customer is entitled to terminate all contractual relationships with Financial Services with immediate effect before any such changes come into effect, without the need to comply with any agreed termination dates or periods and without incurring any costs for such termination.

Changes to this information document, including which new charges are to be introduced or existing charges are to be increased, will be communicated to the customer by Financial Services. With this communication, Financial Services will request that the customer accepts the amended charges online within one month. If the customer does not agree, all contractual relationships shall be deemed terminated upon the expiration of the one month period.

## **15 Consumer's right of withdrawal**

Financial Services offers financial services using a means of distance communication and is therefore pursuant to the scope of the Information pursuant to the Distance Financial Services Act (Fernfinanzdienstleistungsgesetz/FernFinG).

Pursuant to section 8 FernFinG, the consumer is entitled to withdraw from their contract with Financial Services or Bitpanda within 14 days of the conclusion of the contract or upon receipt of the contractual terms and conditions and sales information without stating any reasons.

The products offered by Financial Services or Bitpanda are contracts for financial services, the price of which is subject to fluctuations on the financial market over which the company has no influence and which may occur within the withdrawal period, therefore the right of withdrawal pursuant to section 10 (1) item c FernFinG is excluded.

Additionally, the customer accepts the immediate execution of orders pursuant to section 10 no. 3 FernFinG, which simultaneously leads to an exclusion of the customer's right of withdrawal pursuant to section 8 FernFinG.

## **16 Confidentiality**

Financial Services agrees to treat all information received from customers in connection with the customer account or transactions as confidential. Corresponding confidentiality areas have been established in order to maintain confidentiality.