Simplified information sheet

prepared under the law on the accessibility
of products and services.

Orders for financial instruments

This simplified information sheet is intended for you as an interested person. You are a client of the bank or may become one.
The **ABBL** has prepared this sheet together with its members. The ABBL is the **A**ssociation des **B**anques et **B**anquiers, **L**uxembourg, (Luxembourg Bankers' Association).

The information sheet explains:

- What are orders for financial instruments
- How the execution of orders on financial instruments works

The information provided here is not legally binding. It does not create any obligation for you. It also does not oblige the bank to offer this service to you.
Some words are explained in the text. **Underlined** words are explained in a **glossary** at the end of this sheet.

By providing this information, the bank complies with Article 15 of **the Luxembourg law of 8 March 2023 on the accessibility of products and services** offered by companies.

This means that companies must provide clients with **easy access** to the products and services they offer. Clients should be able to understand and use the products and services, without assistance.
The aim is to enable **everyone to participate in social life**.

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Content

1. What is a financial instrument?

"**Financial instrument** " is a legal term, used, for example in the Luxembourg law of 5 April 1993 on the financial sector.

Financial instruments are financial products that can be bought or sold, either on **financial markets** or **over-the-counter**.

Financial instruments include, in particular:

- Securities, such as **shares** (ownership in a company) or **bonds** (loans made to a company or a State).
- **Derivative** products, such as **options,** whose value depends on another asset (for example, a share or a currency).
- **Units or shares of collective investment undertakings**, such as **investment funds.** These funds pool the money of several investors to invest in financial markets.

There are two main categories of financial instruments: **non-complex** (simple) and **complex**.

Non-complex financial instruments are products that are easy to understand without in-depth knowledge of financial markets.

Complex financial instruments, on the other hand, require a good understanding of financial markets.

The law defines the criteria used to determine which financial instruments are considered **non-complex** and which are **complex**.

Examples of non-complex and complex financial instruments:

Non-Complex (Simple) Financial Instruments	Non-Complex (Simple) Financial Instruments
- Listed **shares** - Standard **bonds** - Shares or units of standard **UCITS** (investment funds investing in shares, bonds, or cash)	- **Convertible shares** - **Convertible bonds** - Derivatives - **Structured products**

Attention: Even though they are easier to understand, buying or selling a non-complex financial instrument is always a decision that involves risks. You can lose all or part of the money you have invested.

2. What are orders for financial instruments?

When you use the order execution service for financial instruments**,** you ask the bank to **buy or sell** one or more financial instruments on your behalf.

The decision to buy or sell **belongs entirely to you**; it is made by you alone. The bank does **not** intervene in this **decision.**

Depending on the type of financial instrument, the bank's role differs:

- If you give the bank an order to buy or sell one or more **non-complex (simple)** financial instruments**,** the bank executes this order **without asking you any questions**.
- If you give the bank an order to buy or sell one or more **complex financial instruments**, the bank must check whether the transaction is **appropriate for you** (see point 3).
  Before executing the order, the bank must obtain information about your **experience and knowledge** of financial markets.
  If the bank does not have this information, it must inform you that it **cannot determine whether the transaction is suitable** for you.
  However, the bank **may still execute the order** if you wish to proceed.

3. What does the bank do before executing your order?

Before executing your order, the bank checks whether you have the **necessary experience and knowledge** to understand the **risks involved** in the transaction — that is, the risks related to buying or selling a financial instrument.

For example:

- Have you invested before?
- Do you know the main types of financial instruments?

Answering these questions **clearly and accurately** helps **protect you**.
If, after this assessment, the bank considers that the transaction is **not suitable for you**, the bank will **inform you**.
If the bank warns you but you still wish to buy or sell the financial instrument, the bank will execute your order — **but at your own risk**.

To place an order for financial instruments, you must have the following accounts with the bank:

- **A securities account:** this is a special account where the bank keeps your financial instruments; and
- **An account linked to the securities account:** this account records the money movements related to your transactions. It is usually your current account.

4. How are your orders executed?

Your orders can be executed in different ways:

- **Through a trading platform**, for example, the Luxembourg Stock Exchange;
- **Outside a trading platform**, which is called **over-the-counter (OTC) trading**.

Depending on your order, the bank can act as either an **intermediary** or as your **counterparty**.
There are different types of orders, such as **market orders**, **limit orders**, **stop orders**, etc. Each bank specifies which types of orders it accepts. You can find this information on the website of your bank. Your bank advisor can also answer any questions you may have.

In general, the law requires each bank to **act in your best interest**. When executing your orders, the bank must take sufficient measures to achieve the **best possible result** for you in terms of **costs and price**.

5. What happens after the bank executes your order?

a) the bank provides you information

After your order is executed, the bank sends you a **"trade confirmation"**. This document contains the essential details of the transaction and confirms that the order was executed according to your instructions.

If the bank was unable to execute your order**,** it will also inform you.

If your contract provides for it, the bank will regularly send you **detailed statements** showing:

- Transactions executed during a given period;
- The financial instruments held;
- Funds held on your behalf;
- Fees and charges associated with this service.

These statements cover the period specified in your contract. At least **once a year**, you will receive a statement of all **fees and costs** related to your transactions.

This document also discloses any payments or economic benefits that the bank may pay to or receive from a third party in connection with these transactions.

b) recording the transaction in your securities account and movements in your current account

When you **buy** a financial instrument, it is added to your securities account. At the same time, the corresponding amount of money is debited from your current account**.**

When you **sell** a financial instrument, it is removed from your securities account, and the corresponding amount is credited to your current account**.**

Attention: The bank may also deduct **taxes or fees** from this amount.

c) currency conversion

If you sell a financial instrument denominated in a **currency different** from your current account, the bank converts the amount received into euros.

For example, if the instrument is in U.S. dollars and your current account is in euros, the bank converts the amount into euros so that your account is entirely in euros.

d) income and rights related to financial instruments held with the bank

The bank ensures that all income generated by your financial instruments, such as interest or dividends, is paid to you**.** Taxes or fees may be deducted.

If the financial instruments are shares of a company**,** the bank can also help you exercise any voting rights attached to them.

6. How much does it cost to execute your order?

When you give the bank a **buy or sell order** for financial instruments, fees may apply**.** These fees are detailed in the bank's **fee brochure**.
These fees may include, for example:

- **Execution or transaction fees** for each buy or sell order;
- **Fees related to the administration** of your current account and securities account;
- **Currency conversion fees** if the financial instrument is denominated in a currency different from your account (see point 5).

7. Do you have a withdrawal right?

If you signed the contract **remotely** (for example, online or by phone), you can **withdraw the contract within 14 days**. This is known as the **right of withdrawal**.

The 14-day period starts from the moment:

- The contract is signed, and
- You have received all the necessary legal information**.**

The 14 days include **weekdays, Saturdays, Sundays, and public holidays**.

Before signing the contract, the bank must clearly explain your right of withdrawal and how to exercise it.

8. What is the duration of the contract? Can you terminate the contract?

The contract is generally concluded for an indefinite period (i.e., without an end date). You can terminate the contract at any time by respecting the **notice period** specified in your contract.

The bank may also terminate this contract in accordance with the conditions set out in the agreement.

Glossary :

- **Bond:** The person who buys a corporate bond is lending money to the company. The company must pay interest on the borrowed money. Bonds have a fixed term. At the end of this term, the company must repay the principal amount of the bonds.
- **Convertible bond:** gives its holder the right to convert it, at a specified time, into shares.
- **Convertible share:** it gives its holder the right to convert it, at a specified time, into another form of security, usually into bonds (loans made to a company or a state) or ordinary shares (ownership parts of a company), according to the terms and conditions provided.
- **Derivative:** A derivative is a financial product whose value depends on another financial product**.** a stock, a bond, a currency, an interest rate, or even a commodity (like oil or gold).
- **Notice Period:** It is the period between the notice of termination (for example, the end of a contract) and the date on which the termination takes effect (when the contract ends).
- **Financial Instruments:** These are financial products that can be bought or sold either on financial markets or over-the-counter markets. Financial instruments include, for example, stocks, bonds, derivatives, investment funds, etc.
- **Financial Market:** A financial market is a place where buyers and sellers trade financial instruments (such as stocks, bonds, or derivatives). These trades can take place between investors, companies, or banks, either on organized markets (like stock exchanges) or over-the-counter markets. These markets help companies, governments, and individuals raise money for their projects and also allow investors to place their money and resell it easily.
- **Investment Fund:** A general term for pooling money from several investors to invest in a diversified portfolio of financial instruments.
- **Over-the-Counter Market (OTC):** This is a market where two parties (for example, a bank and an investor) negotiate directly with each other without using an organized market like a stock exchange. The two parties agree on the contract terms (price, quantity, maturity, etc.) themselves.

- **Option:** A financial product that gives the buyer the right, but not the obligation, to buy or sell an asset (like a stock) at a price fixed in advance, until a specific date.
- **Structured product:** a complex financial instrument that combines traditional financial assets (such as shares or bonds) with derivatives (such as options).
- **Stock (Share):** A stock is a share of ownership in a company. When you buy a stock, you become a shareholder, which means you are a co-owner of the company.
- **UCITS (Undertakings for Collective Investment in Transferable Securities):** A specific type of investment fund that pools money from multiple investors to invest in a portfolio of securities such as stocks or bonds.

A glossary is also available on the OSAPS website (www.osaps.lu)
You will find other banking terms explained there.

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