



MEDIOBANCA
Banca di Credito Finanziario S.p.A.

MEMO

METHODS FOR MANAGING FOREX ORDERS

1. INTRODUCTION

This memo has been drawn up by Mediobanca (the "Bank") to provide Clients with information on the methods used by the Bank to execute orders in foreign currency (spot and forward exchange/Forex market), as required by the Global Forex Code, to which the Bank adhered on 29 March 2022.

This document provides Clients with general information, and accordingly has no legal value, nor is it to be construed as exhaustive in its description of the methods adopted by the Bank to execute orders on the Forex market. For further information on Client order management, reference is made to the Bank's Order Execution and Transmission Strategy, the most recent version of which is published on the Bank's official website (www.mediobanca.com), in the section entitled MIFID, Best Execution.

2. PROPRIETARY TRADING

The Bank generally operates in the Forex by responding to requests for quotes (RFQs) sent by Clients, and executes the Client's orders on own account (as "Principal"), that is, by acting directly as the Clients' counterparty, and assuming one or more of the risks related to management of the order, including the market risk and the credit risk.

3. CLIENT RFQs/ORDERS

Clients may send the Bank RFQs/orders via either the telephone or electronic messaging channel (BBG chat and electronic platform). The Bank executes the Client's orders in the order in which it receives them.

The Bank manages the execution of the orders by taking account of any instructions issued by the Clients when they send them (e.g. the instruction to execute the order only in part). The Bank uses the "stop loss" functionality only when asked to do so by the Clients, and informing them in advance of the possible difference between the level requested and that actually executed.

The Bank reserves the right not to execute orders or execute them only in part, based on its capability to execute the orders having regard to market conditions. The results of the execution are notified to Clients in a timely manner.

The Bank undertakes in any case to execute the Clients' orders in a reasonable and fair manner, in their interests, and taking into account the impact of the orders' execution on the markets.

4. HEDGING

Mediobanca performs trading activity in order to manage the risk deriving from the execution of Clients' orders on own account (hedging activity).



Conversely, the Bank does not carry out pre-hedging activity, i.e. risk management activities performed before executing the Clients' orders ahead of their probable execution.

5. LAST LOOK

The "last look" is a practice that enables market operators to have a final opportunity to accept or reject Clients' orders at the prices provided.

The Bank has implemented a system which enables it to carry out a final check on the price, to establish whether the price provided to the Clients and accepted by them remains consistent with the market price.

More specifically, the system allows the order transmitted by the Client in confirmation of the quotes provided to be rejected, if the market price departs from the price provided to the Client by more than the limit of 0.004%, regardless of the direction in which the market price has moved (and so regardless of whether the movement is favourable or unfavourable to the Bank or to the Client). This price control is carried at the same time as the Client accepts the quote provided.

The Bank uses this system only in order to check the consistency of the price and not for any other purposes.

6. FIXING

In cases where the Bank receives large spot orders in close proximity to the fixing window (during which the spot exchange rate is fixed), it executes the orders taking account of the impact they have on the market, and also of the Clients' interest, informing the Clients in advance of the execution methods it intends to use.

7. PRICING

Mediobanca shows the Clients the final fixed price at which it is willing to trade, on terms in line with market conditions. The price provided is determined by the instrument's fair value plus the following cost components which are applied to the fair value:

- The hedging costs, which pay for the Bank's activity in terms of managing the risk of the position until its expiry;
- The mark-up which pays for the cost incurred by the Bank to perform the trading activity.

Mediobanca may quote Clients different prices for instruments with the same or similar characteristics. The Bank has defined internally the maximum costs applicable for order execution on the Forex market.

8. CONFLICT OF INTERESTS

Mediobanca, in the performance of its own activities and in the provision of investment services, may execute deals with different counterparties, which could give rise to situations of potential conflict of interest with Clients.

Without prejudice to the foregoing, the Bank performs its operations in accordance with the processes which the Bank itself has adopted with a view to pursuing the Clients' interests, having regard also to the impact of the order execution on the market.

The Bank has no close links or proprietary relations with the venues which it uses to execute the Clients' orders, nor has it entered into specific agreements with such venues regarding



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payments made or received, or regarding discounts, non-monetary benefits obtained, on non-standard terms.

The Bank has adopted a Policy for managing conflicts of interest that can arise in the provision of investment and accessory services. Reference is made to the summary of the Policy published on the Bank's official website for further details (www.mediobanca.com, MiFID, Conflicts of interest).