



**EXTRACT FROM THE POLICY FOR RECORDING CUSTOMER  
COMMUNICATIONS WITHIN THE FRAMEWORK FOR THE  
PROVISION OF BANCO SABADELL INVESTMENT SERVICES**

This document is a translation of a Spanish language document which was approved by the Board of Directors of Banco de Sabadell, S.A. The Spanish version of this document will prevail in the event of any discrepancy or dispute.

## **1. Introduction**

The recording of telephone conversations or electronic communications related to customer orders is compatible with the European Union's Charter of Fundamental Rights and is justified by the need to enhance investor protection, improve market surveillance and increase legal certainty for the benefit of investment firms and their customers. The European Commission's technical recommendation, issued by the Committee of European Securities Regulators on 29 July 2010, also highlights the importance of such records.

### **1.1. Definition**

The recording of telephone conversations or electronic communication makes it possible to have proof of the terms and conditions of the orders given by customers and their correspondence with the transactions carried out by investment services firms as a result of those orders, and to detect any conduct that may be relevant to market abuse, in particular when firms engage in proprietary trading.

As required by Articles 16.7 MiFID II and 76.1 Delegated Regulation 2017/565, the recording of telephone conversations or electronic communications must be included in the bank's record of activities and transactions, as a minimum those transactions carried out under proprietary trading and the provision of services related to the reception, transfer and execution of customer orders.

### **1.2. Aim and responsible party**

The purpose of this Policy is to inform that, in accordance with legal requirements and with the maximum protection of the investor being the ultimate goal, Banco de Sabadell, S.A. (hereinafter Banco Sabadell or the Bank) shall record the telephone conversations which its employees have with the Bank's customers in the context of providing investment services, regardless of whether the conversation results in a firm order or transaction (applicable where the channel permits). In other words, Banco Sabadell will not only record the conversations which are part of the services which allow telephone orders but also any conversations between the manager and customer whose content refers to information or advice about investment products (MiFID products) (art. 16.7 MiFID II) which may lead to a customer order with regard to such products. This policy specifies in greater detail the mechanics of these recordings and how the Bank's customers and staff may access them if they so request them.

The Department of Regulatory Compliance of Banco de Sabadell, S.A. is responsible for this policy.

### **1.3. Scope of application**

This Policy shall be applicable to Banco Sabadell's activities with regard to its communications with customers or potential customers within the framework of the provision of investment services with MiFID instruments. The recordings and, in general, the record of customer (and eligible counterparty) communications shall include the transactions carried out under proprietary trading and the provision of services related to the reception, transfer and execution of customer orders, which is why these communications - except for direct conversations (conversations that are held in face-to-face meetings with the customers) - shall only be held through the corporate devices that the Bank makes available to its employees.

### **1.4. Regulatory framework**

The legal instruments to which this Policy refers are:

- European Parliament and Council Directive 2014/65/EU of 15 May 2014 on markets in financial instruments, which amends directives 2002/92/EC and 2011/61/EU (MiFID II per se)
- Commission Regulation (EU) 2017/565 of 25 April 2016 (CdR 2017/565)

- Revised text of the Securities Market Law as drafted in Royal Legislative Decree 4/2015 of 23 October and subsequent amendments.
- Royal Decree 1464/2018 of 21 October, approving the consolidated text of the Securities Market Act.
- Memorandum 1/2014 of 26 February from the Spanish National Securities Market Commission on the requirements for internal organisation and control functions of entities providing investment services.

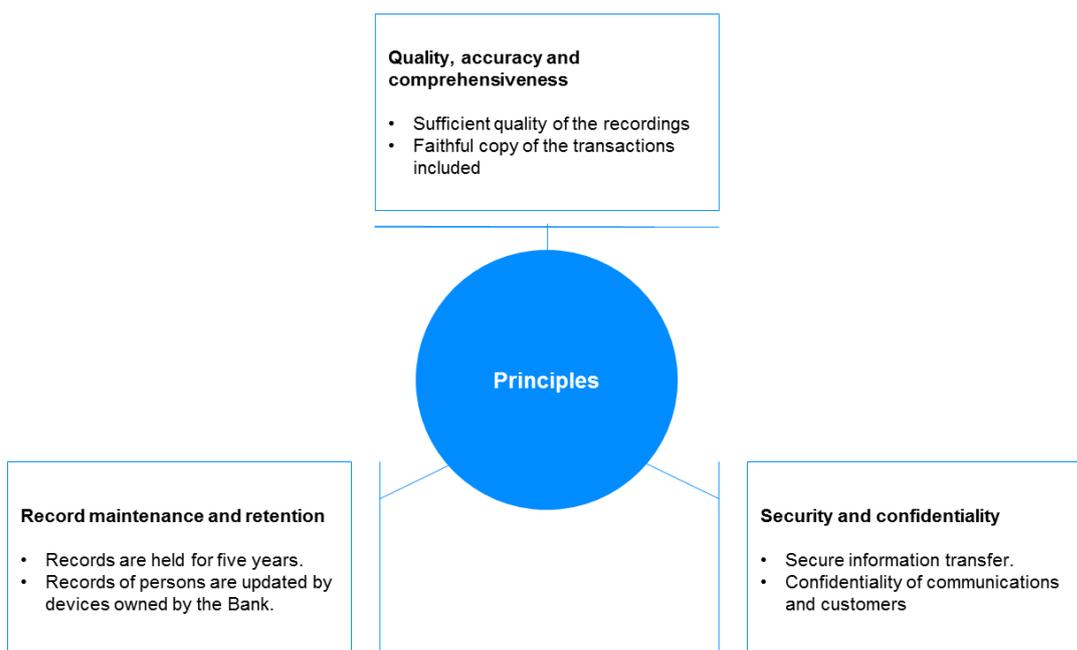
## 2. Critical management principles and parameters

The following critical management principles and parameters have been identified in the recording of customer communications:

### 2.1. Principles

The general principles that will govern the recording of customer communications are as follows:

Figure 1. Principles for the recording of customer communications



In addition, the recording mechanisms for customer communications within a framework for the provision of investment services will make it possible to comply with the right of access of those affected with regard to data protection and to locate, within the legally established time limits, the dealings that have taken place in relation to a given transaction.

#### 2.1.1. Quality, accuracy and comprehensiveness

The Bank must guarantee that the stored recordings of both telephone conversations and electronic communications are of sufficient quality to be understood by the subjects who, in the exercise of their powers or responsibilities, must examine them.

Furthermore, such recordings must be sufficiently exhaustive and must faithfully reproduce the transactions included in them, in accordance with the principle of accuracy of such records.

### 2.1.2. Record maintenance and retention

Records shall be available to customers for a period of five years and to the regulator for a period of seven years, notwithstanding the fact that they may be kept for a maximum of ten years - prior to destruction - in accordance with the rules on the prevention of money laundering. This period begins from the moment the transaction matures in full for transactions with a deferred maturity, such as forward purchases or sales of certain instruments or multi-year rate hedges.

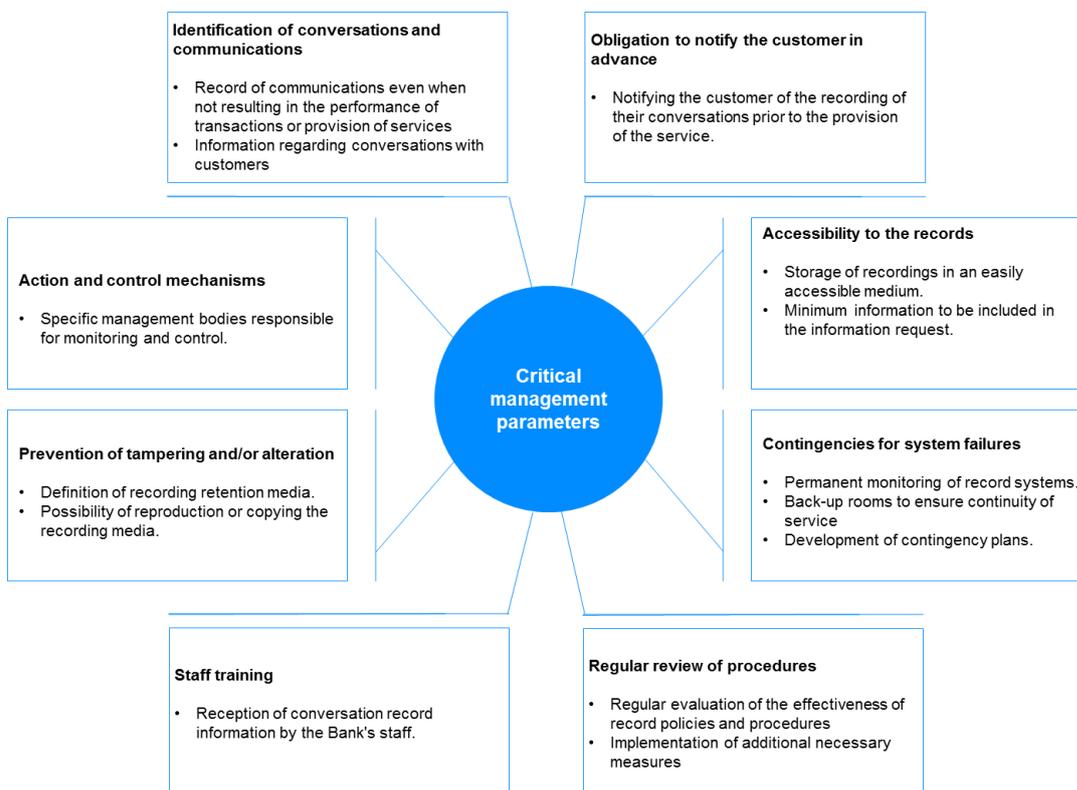
### 2.1.3. Security and confidentiality

The Bank must have communications recording mechanisms that ensure a secure transfer of information and maintain the confidentiality of both the communications and the customers affected by them.

## 2.2. Critical management parameters

The figure below shows the critical management parameters for the POLICY FOR THE RECORDING OF CUSTOMER COMMUNICATIONS WITHIN THE FRAMEWORK FOR THE PROVISION OF INVESTMENT SERVICES:

Figure 2. Critical management parameters for the recording of customer communications



### 2.2.1. Identification of telephone conversations, direct conversations and electronic communications subject to recording

As a minimum, the Bank's record shall include the recordings of telephone conversations or electronic communications relating to proprietary trading transactions and the provision of services relating to the receipt, transfer and execution of customer orders. Such conversations or communications must be included even if they do not result in the performance of such transactions or the provision of such services.

When exceptional circumstances arise that prevent compliance with this provision, the managers will put the details of the communication with the customer in writing. This document should contain information about the date and channel of communication, the promoter of the communication and the identity of the speakers.

#### **2.2.2. Obligation to notify the customer prior to the recording of communications**

With regard to investment activities or services, the Bank must notify both its current and potential customers that the corresponding telephone conversations or electronic communications from which transactions are derived or may be derived will be recorded. Such notice may be given only once, prior to the provision of services to such customers and informing them that:

- Their telephone conversations or electronic communications are being recorded, and
- The call is being recorded with their authorisation in order to be able to certify its content and so that they may exercise their data protection rights and obtain more information in the Customer Information section of the website, at any branch or through the Banco Sabadell Data Protection Officer

In this regard, the customer must express their consent with regard to the recording of the telephone conversations or electronic communications related to the investment services or activities provided by the bank.

#### **2.2.3. Action and control mechanisms in the recording of customer communications**

The bank shall have the necessary mechanisms to ensure effective monitoring and control over the policies and procedures related to its recording of telephone conversations and electronic communications. In order to monitor compliance with recording and record-keeping requirements, the bank shall regularly monitor the record of transactions and orders subject to such requirements.

#### **2.2.4. Accessibility to the records**

The bank must store the different recordings in a medium that allows them to be easily accessible and available the bank's customers and staff of the bank who so request them. If a request for information is made, it must include:

- The date and approximate time of the relevant communication (including the exact hour if known)
- Phone number or other device which was used
- Name of the corresponding manager
- Purpose of communication

#### **2.2.5. Prevention of tampering and/or alteration of the records**

In accordance with the principle of accuracy of the records, the bank must define a durable medium on which the corresponding recordings can be kept. In relation to this medium, it will be necessary to be able to reproduce or to make a copy of it, being thus assured that the corresponding original recording is protected against its possible tampering or theft at all times.

#### **2.2.6. Contingencies for record system failures**

The bank will carry out permanent monitoring of its system of registering telephone conversation and electronic communications. Should there be an event of force majeure which prevents the normal recording procedure, Banco Sabadell will activate its contingency plans, specifically:

- Use of the back-up room of the Treasury and Markets Department
- Call forwarding to the Asset Management service, which has its own recording systems.

#### **2.2.7. Staff training in the recording of communications**

All the bank's professionals whose function so requires must receive the appropriate training on the recording of telephone conversations and electronic communications, through the person responsible for this area, in accordance with this Policy.

#### **2.2.8. Periodic review of communications recording procedures**

The bank shall periodically evaluate the effectiveness of the policies and procedures for keeping records of conversations and communications and adopt such additional or alternative measures and procedures as may be necessary and appropriate. As a minimum, these additional or alternative measures shall be adopted when the bank accepts or authorises the use of a new medium of communication.

**B Sabadell**