



WESTERN UNION INTERNATIONAL BANK GMBH, ITALY BRANCH

Financial Services Guide

1. Introduction

The purpose of this Financial Services Guide (**FSG**) is to provide you with general information about Western Union International Bank GmbH, Italy branch and the services it provides. This FSG sets out:

- who we are;
- how we can be contacted;
- what services we are authorised to provide to you;
- the financial products to which those services relate;
- how we categorise our clients;
- how we structure the remuneration for our services;
- how we protect clients funds we potentially hold;
- how we handle potential source of conflicts of interest when we provide services to our clients; and
- how we handle complaints.

In addition to this FSG, the following documents (copies of which are available upon request) also contain important information about our services:

- Product Disclosure Statement for Foreign Exchange Transactions and Protection, Participation & Enhanced Options - this includes a detailed description of (a) the Payment, Forward Contract and Spot Foreign Exchange Services we offer and (b) the Option Products we offer; and, for all services and products, the advantages and risks involved;
- Terms and Conditions governing our services; and
- Fees Schedule.

You can also find further information on us and the products and services we offer on our website at <http://business.westernunion.it>.

Where the terms WUIB, we, us, our, or Western Union Bank are used in this Guide, it refers to Western Union International Bank GmbH (Austria), its branches, in particular Western Union International Bank GmbH, Italy Branch operating in Italy, and its affiliates as the context requires.

2. About Western Union International Bank GmbH

Western Union International Bank GmbH was established in 2004, in order for Western Union to offer private and business clients a wider range of quality products and services. Western Union International Bank GmbH is a fully licensed bank with its registered seat in Austria. In addition to Austria, we are active in other European countries (for example Italy, France and Germany).

As the international banking arm of Western Union, WUIB is traditionally known for its business activities in the area of consumer banking services, especially international money transfers. In accordance with the business strategy of the Western Union Group, WUIB has extended its services portfolio offering ancillary foreign currency services to money transmission. Accordingly we provide solutions for our clients that need to pay for foreign invoices or to exchange foreign receivables. Our clients include corporations and small to medium enterprises as well as entrepreneurs. These products are offered under the Western Union Business Solutions brand.



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The following services are offered by WUIB in Italy:

- International funds transfers;
- Spot and forward foreign exchange contracts;
- Foreign exchange option contracts.

3. Austrian Banking License

Western Union International Bank GmbH has held an Austrian Banking Licence since October 2004, which authorises it to provide the products and services described in section 5 below.

WUIB has passported this license pursuant to the EU Freedom to Provide Services right to 29 states within Europe and additionally offers these services through branches in Italy, the Czech Republic, France, Germany, Poland and the UK and will look to broaden this branch network in the future.

Our Austrian Head Office address as well as contact details of the Austrian Financial Market Authority are set out in section 14 of this FSG.

WUIB has established a branch in Italy and therefore, by virtue of the Markets in Financial Instruments Directive 2014/65/EU (**MIFID**) mutual recognition regime, WUIB provides investment services in Italy pursuant to the Legislative Decree No. 58/98, under number No. 2515.

4. How do we communicate

You can contact us by telephone, e-mail, fax or by post. You will find our contact details in section 14 of this FSG.

Our method of communication with you will be e-mail and telephone conversations. Orders will regularly be sent and received over the telephone, as you contact your Client Relationship Manager (**CRM**) or via Our online platform (where this is available for the products and services being requested).

Communication will be provided to your e-mail address if you agree to be contacted in this manner and you provide us with your email address.

Reports on your forward contracts and future payments can be drawn over the individual profile on our online platform or through your CRM at any time. Reports on your Option Contracts can be requested from your CRM at any time.

Please note that we record all telephone conversations (for training, quality control and regulatory purposes). You can communicate with us in Italian and English.

5. Our products and services

We offer our clients the following products and services:

- Payment Services;
- Foreign Exchange Forward Contracts;
- Future Payments Transactions; and
- Foreign Exchange Option Contracts.

Our products and services are further described in our Product Disclosure Statement, a copy of which can be found and downloaded from our website at: <http://business.westernunion.it/corporate/mifid/> and/or provided upon request.

We are also authorised offer our clients investment advice. Investment advice means the provision of personal recommendations, either upon the request of a client or at the initiative of WUIB, in respect of one or more transactions relating to financial instruments. We are authorised to provide financial product advice which takes into account your personal circumstances, financial situation or needs in regards to the financial instruments we offer. What this means is that we are able to provide you with advice as to your hedging strategy and can recommend particular products and/or hedging strategies to you.

Please note, however, it is important to point out that this advice is not independent. The advice we provide is limited to our assessment of the suitability of the products offered by WUIB in meeting the hedging objectives you describe to us. It does not take into account other products that might be available on the market that may or may not be more suitable for your needs, nor do we offer advice on topics outside of mitigating your currency risk. We also do not provide ongoing periodic statements of the suitability of the financial instruments recommended to you. If you require these services, we recommend you seek independent advice accordingly.

6. WUIB's Order Execution Policy

Introduction

1. In accordance with applicable laws, when executing a client's order, WUIB is required to act honestly, fairly and professionally in accordance with the best interests of the client.
2. WUIB's Order Execution Policy (hereinafter the "**policy**") has been developed in order to establish the ways to achieve the best possible result when executing customer orders and sets out an overview of WUIB's order handling processes and order execution processes.
3. The standards contained within the policy are derived from the Markets in Financial Instruments Directive 2014/65/EU and related regulations.

Scope of Application & General Provisions

4. The policy applies to the entire business relationship between the client and WUIB in relation to the Foreign Exchange Forward Contracts (including Future Payments Transactions) ("**FX Forwards**") and Foreign Exchange Option contracts "**FX Options**" and together with FX Forwards, "**FX Transactions**") that WUIB provides to its Clients.
5. The policy is reviewed on an annual basis and monitored regularly so as to determine whether the orders WUIB receives from its Clients are properly executed in accordance with this policy.
6. If WUIB makes any changes to this policy, it will notify clients of such changes via e-mail. Any changes to the policy will not apply to transactions initiated before the date of change.
7. A Client may object to changes in this policy within two months of notification of the changes, The customer may notify WUIB in writing, by e-mail or by telephone to the Client's Client Relationship manager (please see section 14 for WUIB's contact details). If no objection is received from the client within two months of the notification of the changes, the changes will be considered to have been accepted by the client.

Access Channels

8. Clients can place orders for FX Forwards via our online trading platform, via the telephone or by email.
9. Clients can place orders for FX Options via the telephone or by email.
10. Trading over the telephone or via email is available during the normal business hours of WUIB. Please note, all telephone conversations are recorded.

11. The online trading platform is available to clients who have signed the necessary documentation. The administration of this internet platform is available 24 hours 7 days in week. Trading using the online trading platform will be available 24 hours in each business day.
12. Transactions concluded via the online trading platform are processed on the same business day as the request. Other transactions are processed on the same business day as the request if WUIB receives the request before 5 p.m. on a business day.
13. For each trade submitted, the customer will receive written confirmation (**Customer Confirmation**) of the trade and a unique Customer Confirmation number.

Requirements for participation in FX Options trading

14. Trading in FX Transactions is limited to corporate clients.
15. Trading in FX Transactions is limited to activities which have an underlying commercial need. Trading for purely speculative purposes is not permitted.
16. As FX Transactions involve particular risks, WUIB undertakes checks of clients before approval of such clients to trade to ascertain whether and to what extent the participation in the FX Transactions trading is appropriate for such clients.
17. Each Client will complete a client profile document confirming such Client's knowledge and experience and thus the Client's risk level.

Execution Criteria

18. WUIB has incorporated the following relevant order execution criteria and factors so as to achieve the best possible result for a client:
 - Price
 - Speed and likelihood of execution
19. In most cases, price will be the most important execution factor. For these purposes, the best possible result will be determined in terms of the total consideration representing the price of the FX Transaction and the costs related to execution (including all expenses incurred by the Client which are directly related to the execution). Due to the unique character of the products offered by WUIB, there are no comparable prices on public trading platforms. However, it should be possible for a Client to get comparative quotes from other providers in the market offering similar products.
20. In some circumstances, however, WUIB may incorporate other factors and criteria to the extent that they appear relevant to the execution of a certain order if justified and in the Client's interest. In order to establish the relative importance of factors, WUIB takes the following criteria into account: (i) customer characteristics, including his classification as a retail or professional customer; (ii) customer order characteristics; (iii) characteristics of the financial instruments involved in the order; and (iv) characteristics of the execution venues to which the order may be addressed.
21. WUIB adopts an order execution strategy that: (a) for each instrument category, identifies at least the execution venues that in the long-term offer the best possible result in relation to the execution of customer orders; and (b) steers the decision towards one of the identified execution venue. WUIB avoids the structuring or application of commissions in accordance with methods that lead to undue discrimination between one execution venue or another.
22. Where WUIB execute orders on behalf of a retail customer: (a) the selection of the execution venues shall be based upon the sum total of the price of the financial instrument and related execution costs; and (b) the decision

of the execution venue shall be based on the total amount payable, including the firm's own fees and costs for execution of the order for each appropriate execution venue.

23. WUIB provides information appropriate to its customers with regard to the order execution strategy adopted and obtains the preliminary consent of the customer regarding the order execution strategy. To this end, WUIB provides retail customers, in good time prior to provision of the service, on hard copy or through its web site, with the following information regarding its execution strategy: (i) an indication of the relative importance assigned to the abovementioned factors or the procedure adopted in determining the relative importance of said factors; (ii) a list of the execution venues through which WUIB regularly operates in performing obligations relating to the adoption of all reasonable measures to achieve the best long-term result possible in the execution of customer orders; and (iii) clear and visible warnings that any specific instructions from the customer may prejudice the measures envisaged by the execution strategy only with regard to the elements involved in such instructions.
24. Note – WUIB is not a market maker in FX Transactions and does not take positions of its own. This means that we do not enter into an FX Transaction with a Client without covering our risk with one of our panel of counterparty banks. This means that whatever a client deals with WUIB, WUIB will deal with its counterparty and therefore the outcome for the Client is the same for WUIB.
25. Western Union has established dealing relationships and trading lines with a significant number of market leading counterparty banks. Western Union's size and global scope ensures that we have considerable clout with these institutions and WUIB is confident that it gets competitive rates for its products.
26. All type of transactions provided by WUIB represent highly customised over the counter financial instruments that involve a unique contractual relationship tailored to the circumstances of the client. As such, all orders with WUIB will be executed outside of a regulated market or multilateral trading facility.
27. All prices and rates quoted by WUIB are exclusively quoted prices and rates of WUIB.

Execution Venues

28. All orders in FX Transactions will be executed by WUIB dealing as principal.
29. WUIB does not execute any client orders on a regulated market or multilateral trading system.
30. Transactions will be entered into by WUIB subject to market conditions.

Specific instruction

31. If the Client gives WUIB a specific instruction in relation to the execution of an order which WUIB accepts, WUIB will use reasonable efforts to execute the Client Order in accordance with the client's instruction. Where the client's instruction relates to a part of the order, WUIB will apply the policy to the remainder of the order.
32. **A client instruction to carry out an order that deviates from this policy will prevent WUIB, with regard to the elements covered by such client instruction, from taking the measures laid down and implemented in this policy to achieve the best possible result for the Client in the execution of the order.**

Cancelation and correction of orders

33. All declarations of the client to WUIB are made as soon as the client has submitted these statements to WUIB. Cancellations of or changes to these declarations are not possible. WUIB will take into account later changes only insofar as is technically possible with reasonable effort. Any additional expenses and fees incurred as a consequence of such changes are charged to the client.
34. WUIB will do everything possible to rectify any error that may occur, but it cannot be held liable for any harm or loss caused by errors or inaccuracies contained in a client's instruction.

35. WUIB may correct or cancel an FX Transaction in case of non-compliance with WUIB's Terms and Conditions or any other agreement between WUIB and the client. If the cancellation price deviates from the original contract price then the cost or benefit will be paid and the contract will be cancelled. Any additional expenses and fees will be charged to the client.
36. WUIB will inform client in case of market disturbances. If, in the case of a market disturbance, WUIB is not able or not willing to present actual quotes, Clients will not be permitted to enter into any new FX Transaction.

Monitoring and amendments

37. WUIB will monitor the quality of its execution arrangements regularly, promptly making any changes where a need is identified. WUIB will, in any event, review these arrangements periodically, to ensure reasonable efforts to deliver the best possible result to its clients.
38. Upon a request from a client, WUIB will demonstrate to the client how it has complied with the policy.
39. The policy will be reissued where there is a material change to the arrangements described above.

7. Classification of clients

Pursuant to the provisions of MiFID, we are required to carry out client categorisation and to assign each of our clients into one of the following three categories:

- Non-professional Client
- Professional Client
- Eligible Counterparty

We set out below a description of these categories. We will categorise you during your on-boarding process with us and will notify you of your categorisation.

Non-professional clients

Non-professional clients is the most protected category: natural persons (private individuals, individual entrepreneurs, etc.) as well as to legal entities (businesses, associations, etc.).

The protections enjoyed by the 'non-professional client' includes the following:

- 'best execution of orders' on financial products; (please refer to section 6 of this FSG for more detailed information);
- the right to be provided with certain information about: (i) the service provider; (ii) how the service provider protects client funds; (iii) the costs associated with the service provider's services; and (iv) the risks involved with the services and products offered by the service provider;
- the service provider must ensure provision of appropriate and suitable products and services;
- the service provider must ensure it has in place an effective Compliant Management;
- the service provider is under an obligation to treat the client honestly, loyally and professionally;
- the service provider is under an obligation to prevent and notify clients about potential conflicts of interest (please refer to section 10 of this FSG for more detailed information).

1) Duty to provide information

We are required to provide you with complete information before a service is rendered to you. Once the transaction has been carried out, we are also required to send you reports on this transaction.

Generally speaking, the information you receive must be precise, correct, clear and non-deceitful. It must enable you to understand the nature of the service with which you are being provided and the type of financial product in which you are going to purchase.

Good information must also be without ambiguity in substance as well as in form, particularly with regard to certain items: nature of the financial instrument; existence or non-existence of a guarantee; risk; recommended duration of the financial instrument; expenses; performances. We are required to inform you of the advantages as clearly and completely as possible, but also about the risks resulting from realisation of the operations under consideration.

2) Verification of the appropriateness and suitability

Consob Regulation No. 16190/2007 provides that:

- (i) in the provision of the trading service an appropriateness check must be conducted by the intermediary before executing the transactions the execution of which has been ordered by the client;
- (ii) in the provision of the advisory service a suitability check must be conducted by the intermediary (a) in the case of active advisory – namely when the said service is provided independently from an investment order by the client - before the recommendation of an investment transaction is provided to the client (b) in the case of passive advisory, namely when the service of execution of orders and the advisory services are jointly provided and thus the advisory service is carried out with regard to the transactions requested by the same client. In this last case the suitability test is conducted on the transactions the execution of which has been ordered by the client.

Please note that, except for the case in which WUIB services are executed through trading online, the execution services will be always provided jointly with the advisory service. Consequently the suitability check will be always conducted by WUIB on the transactions requested by its clients (except as said above, for the case transactions are requested through online trading platforms).

The conduct of the Appropriateness Check implies the request of information regarding the clients' awareness and experience in the investment sector relevant to the type of instrument or service requested.

Taking into account type and scale of the service, WUIB must verify that the client has the necessary level of experience and awareness to understand the risks deriving from the instrument or investment service requested by the same client.

When WUIB considers that the instrument or service is not appropriate to the customer or potential customer, WUIB shall advise accordingly. The client may request to proceed in any case to the execution of the transaction, notwithstanding it is not appropriate to his profile, and WUIB will be allowed to execute it.

Where the client or potential client decides not to provide the information, or where such information is insufficient, WUIB shall advise the client or potential client that such a decision inhibits WUIB verification that the service or instrument is appropriate to the client.

The conduction of the Suitability Check implies the request of information regarding the clients' knowledge and experience in the investment field relevant to the specific type of product or service, the clients' financial situation and the clients' investment objectives so as to enable the firm to recommend to the client the investment services and financial instruments that are appropriate and suitable for him.

Taking into account type and scale of the service, WUIB must verify that transactions proposed by WUIB or requested by the clients meet the following requirements:

1. it meets the clients' investment objectives;

2. any risks associated with the transaction are financially feasible for the client in accordance with its investment objectives; and
3. the client is able to understand the risks associated with the transaction based on its knowledge and experience.

If WUIB does not receive the information required when providing services in the form of investment advice or where such information is insufficient, or where the interested financial instrument or service is not suitable for the client, it shall abstain from providing the service.

Professional clients

The following subjects may be classified as professional clients:

(A) Professional clients by law:

- Legal entities which have been authorised or registered to operate in the financial markets of a Member State of the European Union or a third country:
 - o credit institutions
 - o investment firms
 - o other authorised or registered financial institutions
 - o insurance companies
 - o investment undertakings
 - o pension funds and management companies of such funds
 - o commodity and commodity derivatives dealers
 - o other institutional investors
 - o national governments
 - o central banks
- For legal entities, two of the following three criteria are to be met:
 - o realisation of a minimum of 40 million euros in net sales turnover or in net receipts
 - o having a total balance sheet equal to or greater than 20 million euros
 - o having a minimum net worth of 2 million euros

(B) Professional clients upon request:

- To request to be classified as professional client, a client shall satisfy at least two of the following three criteria:
 - o having a minimum portfolio of 500,000 euros in financial instruments;
 - o having realised at least ten significant transactions in the course of four consecutive quarters;

- having financial knowledge thanks to a current or recent professional activity in the financial sector lasting for at least one year.

Professional clients are subject to the following limitations of protection:

1) Execution and transmission strategy

The service provider shall not provide its professional clients with information regarding its strategy of execution and transmission of orders.

2) Duty to provide information

The duty to provide information is less thorough for 'professional clients' than it is for 'non-professional clients'. The following information shall not be provided: information about the Service Provider and its services, information about methods of safeguarding clients' money and assets, information about costs and charges, information relating to the terms of the contract.

3) Verification of the appropriateness and suitability of the service provided

With regard either to the suitability check or the appropriateness check, the Service Provider may presume that, with respect to the instruments, transactions and services for which said client is classified as a professional customer by law, he has the necessary level of experience and awareness. .

Qualified counterparties

Qualified counterparties shall be those customers to whom order execution and/or own account trading and/or receipt and transmission of orders services are provided, defined as such in article 6, subsection 2-quater, paragraphs d1), d2), d3) and d5) of the Legislative Decree No. 58/98, namely:

- (a) investment companies, banks, insurance companies UCIs, managers, pension funds, financial brokers registered on the lists contemplated by articles 106 and 113 of the Consolidated Banking Law, the companies referred to in article 18 of the Consolidated Banking Law, the electronic money institutes, banking foundations, national governments and their corresponding offices, including the public bodies appointed to management of the public debt, central banks and supra-national organisations of a public nature;
- (b) companies whose main activity consists in trading commodities on own account and derivatives on commodities;
- (c) companies whose exclusive activity consists of trading on their own behalf on the derivative financial instrument markets and, merely for hedging purposes, on the spot markets, providing they are guaranteed by members who adhere to the central counterparties of said markets, when the responsibility for the settlement of the contracts stipulated by said companies falls under the competence of members who adhere to the central counterparties of said markets;
- (d) other categories of private persons identified by regulation by Consob, after consulting the Bank of Italy, with respect to criteria pursuant to directive 2004/39/EC and related execution measures;
- (e) categories corresponding to those of previous paragraphs for persons in non-EU countries

The following subjects to which the aforesaid services are provided are also classified as qualified counterparties where not included within the subjects indicated above:

- 1) persons authorised and regulated to operate in financial markets, both Italian and foreign, i.e.:
 - a) banks; investment firms;
 - b) other authorised and regulated financial institutions;

- c) insurance companies;
 - d) collective investment undertakings and management companies for such undertakings;
 - e) pension funds and management companies for such funds;
 - f) dealers acting on their own account on commodities and commodity-based derivatives;
 - g) persons dealing exclusively on their own account on financial instruments markets with indirect membership of clearing and settlement services and the local compensatory and guarantee system;
 - h) other institutional investors;
 - i) stockbrokers;
- 2) large companies which at individual company level meet at least two of the following requirements:
- balance sheet total: 20,000,000 euro,
 - net revenues: 40,000,000 euro,
 - own funds: 2,000,000 euro.

Due to their particular status, the following protection does not apply to 'qualified counterparties:

- 'best execution obligations';
- verification of the appropriateness and suitability of products and services offered to them;
- duty to provide information regarding the Service Provider and its services, the methods of safeguarding clients' money and assets, information about costs and charges, information relating to the terms of the contract, information regarding financial instruments, information regarding inducements perceived or provided by the Service Provider, information regarding the execution and transmission strategy;
- obligation to enter into a written agreement and to insert therein certain mandatory information;
- reporting obligations;
- provisions on the processing of clients' orders.

Whatever your level of protection, the provider of investment services must respect organisational obligations, particularly those aimed at preventing conflicts of interest and guaranteeing continuity and regularity in the supply of investment services.

A classification as qualified counterparty shall not prejudice the right of the person to request, in general terms or for each individual transaction, to be treated as a professional customer or, on express request, as a retail customer. Said request is subject to the consent of the intermediary.

You may request a different classification from that assigned to you.

In particular:

(i) if you have been classified as a non-professional client, you may request to be treated as a professional client (**professional client upon request**), provided that the following criteria and procedures are satisfied: (a) you have to communicate in writing to us your intention to be treated as a professional client in relation to all existing relationships with us or in relation to one particular service or type of transaction or financial instrument; (b) further to your request, we will answer you in writing also indicating the rights and protections you are going to lose further to the requalification

as a professional client upon request; and (c) you shall declare in writing through a document separated from our Terms and Conditions that you are aware of the consequences deriving from losing such protections;

(ii) if you have been classified as professional client, you may request to be treated as a non-professional client. Such request shall be conditioned to our approval. To the aim of being classified as a non-professional client, you shall conclude a written agreement with us providing in relation to which products the treatment as non-professional client shall apply;

(i) if you have been classified as qualified counterparty, you may request, in general or in relation to any single transaction, to be treated as professional client or as a non-professional client. Such request shall be conditioned to our approval. To the aim of being classified differently, you shall conclude a written agreement with us providing in relation to which products the different treatment shall apply.

When you request to upgrade your classification, we may reject such request because, for example, we deem that you deserve an highest level of protection.

When you request a downgrade of your classification, we may deny our approval and in such case, we will withdraw from our Standard Terms and Conditions with you with immediate effect.

Furthermore, on our initiative, we may: (i) treat you as a professional client or as a non-professional client notwithstanding that you could be classified as qualified counterparty; and (ii) treat you as a non-professional client notwithstanding you could be classified as professional client.

If you are a professional client, you must communicate to Us any changes that could influence your client classification. However, if we become aware that you do not satisfy the conditions necessary to be treated as a professional client, we shall adopt the necessary measures to deal with this and to re-classify you as a non-professional client.

8. How are we remunerated for the financial services which we provide to you?

International funds transfers – Transaction fee

If you use the international funds transfer services offered by us, transaction fees will apply. Those transaction fees will vary depending on the amount and type of foreign currency transferred, the number and frequency of transfers you conduct through us and the country to which the funds are destined. The transaction fee ranges from EUR 0 to EUR 30 per transfer. Further information is provided in our Product Disclosure Statement for Foreign Exchange Transactions and Fee Schedule.

Forward Contracts (including Future Payments Transactions)

When buying a forward contract from WUIB, we offer you a rate of exchange that you are able to lock in for your specified date in the future. This will be less favourable than the wholesale or 'interbank' exchange rate that we are able to access through our counterparties and the difference between the two rates is our profit, or margin.

As an example, if the 'interbank' spot rate is trading at \$1.5234 and you request a forward contract selling £100,000 and buying USD for delivery in 3 months' time. The forward adjustment (due to current and expected interest rate differentials between the currency you are selling and the currency you are buying which is determined by the counterparty bank) accounts for 34 pips (1 pip = \$0.0001). This means that we get a wholesale, net, rate of \$1.5200, but the forward rate we offer to you might then be \$1.5150. This means that you pay us £100,000 to buy \$151,500; however, at a rate of \$1.5200 we pay to our counterparty £99,671 to buy that amount of USD. We have therefore made a profit of £329 or 0.33%.

The rate that we offer to you will be dependent on a number of factors, including: the value of the transaction and the currency involved, the frequency that you trade with us, the likelihood of increases or decreases in the relevant rates of exchange and the differing interest rates applicable to the currency pair involved in the forward exchange transaction.

The exchange rates quoted in the media generally reflect the wholesale rates which we will obtain from the foreign exchange interbank market – although the rates that are available for free online are often not live rates. Our access to these more favourable rates results from our comparative size, market access and the large volumes of foreign currency transactions we deal in. The mechanism by which we earn revenue from option contracts is a little different.

Vanilla Options

If you buy a vanilla option, you will pay an upfront premium, which is expressed as a percentage of the amount of currency you wish to trade. So, a premium of 1.2% on a vanilla option giving you the right to sell £100,000 and buy USD at \$1.5000 (i.e. a GBP Put) will be £1,200. In this case, we do not adjust the Protection Rate that the option provides you in the same way as Western Union adjusted the forward rate as specified in the example above. We are buying a vanilla at \$1.5000 and selling you the same option. Instead, the premium we charge you will be slightly larger than the premium we are charged by our counterparty. For example, we pay 1% of the notional (£1,000) but charge you 1.2% of the notional (£1,200), leaving us with a profit of 0.2% (£200).

'Zero Cost' Options

With zero cost options, however, we do not adjust the option premiums at all. Instead, our profit margin is derived from an imbalance between the premium paid for the option being bought and the premium received for the option being sold.

Using a Participator as an example, where you have 100% protection and generally a 50% obligation to trade at the protection rate, you may buy the same GBP Put described above in relation to vanilla options giving you the right to sell £100,000 and buy USD at \$1.5000 should the rate be lower than 1.5000 at expiry. As above, this costs 1% of the notional amount (1% of £100,000) – so £1,000 – from our counterparty bank. You simultaneously sell a GBP Call – obligating you to sell GBP 50,000 and buy USD at \$1.5000 should the rate be higher at expiry. We offer you this structure at zero cost, or zero premium if you prefer; however, when we sell this GBP Call to our counterparty bank we may receive from them a premium of 2.4% of the notional amount for the GBP Call – so £1,200 (£50,000 x 2.4%). We have therefore sold you the structure for zero premium, but have received a net £200 (£1,200 received vs £1,000 paid) as our profit from the trade.

Note – Western Union is not a market maker in option contracts and does not take positions of its own. This means that we do not create our own prices and we do not sell an option to you without covering our risk with one of our panel of counterparty banks. This means that whatever you deal with us, we will deal with our counterparty and therefore the outcome for you is the same for us. If your option with Western Union is knocked in, Western Union's identical option with its counterparty is also knocked in. We therefore do not make any profit from your transaction other than that made at the outset via the mechanism above. There is no benefit to us from you receiving an unfavourable outcome.

Financial product advice and structuring the solutions – no additional fees

We do not charge you additional fees for providing financial product advice or structuring a financial product according to your needs. We are remunerated for providing those services only by you acquiring our products.

9. Is WUIB a member of a deposit guarantee scheme?

As a credit institution, WUIB is a member of the deposit guarantee scheme named "*Einlagensicherung der Banken & Bankiers Gesellschaft m.b.H.*", with the address Börsegasse 11, 1010, Vienna, which is in charge of investor compensation as well. Additional information on the organisation of the Austrian deposit protection and investor compensation scheme can be found in the Information for the Depositor and on the following website www.einlagensicherung.at.

10. How do we prevent Conflicts of Interest?

WUIB conducts its business according to the principle that it must manage conflicts of interest fairly, both between itself and its clients, between its employees and its clients and between one client and another. Our policy is to take all reasonable steps to maintain and operate effective organisational and administrative arrangements to identify and manage relevant conflicts. The senior management of WUIB is responsible for ensuring that our systems, controls and procedures are adequate to identify and manage Conflicts of Interest. Our Compliance and Legal Departments assist in the identification and monitoring of actual and potential Conflicts of Interest. WUIB has in place business-specific procedures that address the identification and management of actual and potential Conflicts of Interest that may arise in the course of the conducting business.

Considering the business activities related to the product portfolio of WUIB, Conflicts of Interest may arise in situations that include:

- trading on own account;
- provision of advisory services to clients;
- personal account dealing of our employees.

Should a Conflict of Interest arise, it must be managed promptly and fairly. As a minimum standard WUIB has in place arrangements designed to ensure that:

- there are effective procedures in place to control the flow of information where, otherwise, the risk of a Conflict of Interest may harm the interests of a client;
- supervisory arrangements provide for separate supervision of staff where necessary for the fair treatment of the clients;
- there are appropriate controls in place to identify and to manage outside business interests of WUIB employees and management;
- relevant information is recorded promptly in a secure environment to enable identification and management of Conflict of Interest – the Conflicts of Interest Register;
- appropriate disclosure is made to the client in a clear, fair and not misleading manner to enable the client to make an informed decision;
- appropriate inter- and intra-divisional escalation processes are in place and complied with where a Conflict of Interest has been identified or may be identified;
- adequate records are maintained of the services and activities of WUIB, where a Conflict of Interest has been identified;
- where necessary, WUIB employees or managers may be asked to step aside from working on a specific transaction or participating in the management of a potential Conflict of Interest;
- where necessary, WUIB employees or managers are subject to personal account transaction rules; and
- a periodic review of adequacy of the WUIB's systems and controls in order to manage conflict of interest is in place.

In exceptional circumstances if some Conflict of Interest remains and, where permissible by local regulations, WUIB disclose it to affected clients. Disclosure is made of the general nature and/or sources of conflict to enable the client to make an informed decision, whereby the bank secrecy as well as personal data protection requirements are taken into account. In such a case we may resign any evaluation, advice or recommendation concerning the relevant financial instrument. At the client's request we will provide further details for the resolution of any such conflicts of interest on a durable medium.

Inducements

In a very limited number of cases WUIB has entered into agreements with third party referral partners pursuant to which WUIB would pay fees or commissions in relation to the provision of services to our clients.

If WUIB enters into such an arrangement with a third party, the following notifications will be made to the client:

- Prior to the provision of the first investment service, the amount of the corresponding inducement, or if not known, the method to calculate it;

- After the provision of the investment service, the precise amount of the inducement paid or received; and
- At least annually, the total amount of inducements paid or received.

Employee remuneration

Our employees do not receive specific payments or commissions for providing you with financial product advice. Our employees may broadly be divided into two specific categories: branch staff and dealer/sales representatives. Our branch staff includes directors, managers and administration personnel. Our branch staff are remunerated primarily by base salary. We also provide a company bonus and revenue sharing plan to branch staff, which is payable when predetermined budget targets are achieved for each branch.

Our dealer/sales representatives are also remunerated primarily by a base salary. Individual dealer/sales representatives may also be paid variable compensation based upon performance against annual objectives which include compliance adherence, customer outcomes as well as annually set revenue targets.

Copies of our Conflict of Interest Policy are available upon request.

11. Additional information related to communication media and data protection

Links

WUIB does not monitor the content and lawfulness of external websites linked to from its own website. WUIB does not have any influence on the content and design of these websites and expressly dissociates itself from their content, especially if this content is unlawful. Moreover, WUIB does not accept any responsibility for their content and cannot be held liable for such content.

Data protection

All personal data will be processed by us in accordance with applicable law including the Italian Legislative Decree No. 196/2003 as set out in our Terms and Conditions.

12. Measures of safeguarding of clients assets

In the provision of investment services, the financial instruments of the clients held by WUIB represent separated assets from those pertaining to WUIB and those of other clients. On such assets legal actions of creditors of WUIB nor of creditors of the other clients are admitted. The legal actions of the single clients are admitted in the limits of the assets owned by these latter.

Money held by WUIB follows the discipline of the banking deposit and therefore pursuant to article 1834 of the Italian Civil Code WUIB becomes owner of such money, except for the right of the client to ask it back.

WUIB keeps accounting records of the financial instruments held on behalf of its clients. Such records are distinguished on the basis of the type of service provided. Such records are continuously updated in such a way to figure out in any moment the position of each client. They are regularly reconciliated with the assets deposited with WUIB. In the records, WUIB indicates with reference to each single transaction regarding assets belonging to clients, the date of the transaction, the settlement date provided by the contract and the actual settlement date.

WUIB shall avoid compensation between the positions in financial instruments of each single client.

WUIB shall not use, in its interest or in third's interest, the financial instruments of its clients, except they release written consent by an apposite agreement. Such agreement shall indicate the parties, the characteristics of the transactions that may be carried out, the guarantees provided, as well as the responsibilities of the parties involved in the single transactions, the conditions of restitution of the financial instruments and the consequential risks.

Money of the clients may be held in accounts owned by affiliates of WUIB.

WUIB is entitled to retain all securities and financial instruments of its clients that in any case and for any reasons are held by the same WUIB or delivered to WUIB as guarantee of any credit of the same WUIB towards its client – even if such credit is not liquid, and due, even if exchange or guaranteed by personal or real guarantee – existing or that could arise towards the client. The right of retention is exercised on such financial instruments or securities or part of them for amounts fairly correlated to credits toward WUIB and in any case not higher than two times such credit.

In case of breach of its client, WUIB may exercise its rights provided by articles 2761, paragraphs 3 and 4, and 2756, paragraphs 2 and 3, of the Italian Civil Code, realizing directly selling directly or through another authorised intermediary an amount of financial instruments fairly correlated to the credit of WUIB.

When there are reciprocal debit/credit positions between WUIB and its client on the same relationships or on more relationships or on more accounts of any type and nature, even if deposit account, compensation shall apply.

In the case provided by article 1186 of the Italian Civil Code or in case event negatively impacting on the financial, economic and patrimonial situation of the client occur, in such a way that the possibility to recover WUIB's credit is seriously compromised, WUIB has the right to avail itself of the compensation, even if the credits, even in foreign currencies, are not liquid and due and that in any moment without prior notice, except for the communication by WUIB to its client that compensation intervened.

13. What should you do if you have a complaint?

Our primary goal is to provide superior client service. To achieve this goal we would like to hear from you if you are dissatisfied with our client service or any of the financial services provided to you. We would also like to hear from you if you would like to compliment one of our employees for providing exceptional client service.

We have established procedures and policies to ensure that any complaint you may have is properly considered and appropriate measures are taken. If you have a complaint, please contact us by e-mail at the following address: reclami@westernunion.com. Alternatively you send your complaint in writing to our branch Office Address or to our fax number (please see section 14 below for details of these), marked for to the attention of the Compliance Officer. Your complaint will be promptly handled and we will give you a response within thirty (30) days from the receipt of the complaint.

In case You have not been classified as professional client or as qualified counterparty, if you are not satisfied with our answer to your complaint or in case we do not answer it within the term of thirty (30) days, the provision under article 32-ter of the Legislative Decree No. 58/98 regarding the extra judicial disputes resolution shall apply. Thus, in case of disputes between you and us regarding transparency and correctness in the contractual relationships between us and you, you may have recourse to the procedures for arbitrations and conciliation administered by the Camera di Conciliazione e Arbitrato set up by Consob, defined by article 27 of Law No. 262/2005 as implemented by the Legislative Decree No. 179/2007.

14. Contact Details and Important Information

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Branch manager: Christian Traversini

Office hours (09:00 CET till 18:00 CET)

Head Office:

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Austria

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Fax: +43 (0) 1 506 17-990

E-mail: WUBSaustria@westernunion.com

Website: <http://business.westernunion.at/>

Managing Directors: Peter Bucher; Christian Hamberger
Chairman of the Supervisory Board: Christopher Fischer

Company Register Number: FN 256184 t
Commercial Court of Vienna, DVR: 2111221

Responsible supervisory authority in Austria

Austrian Financial Market Authority
Otto-Wagner-Platz 5
A-1090 Vienna

<http://www.fma.gv.at>

Responsible supervisory authority in Italy

Banca d'Italia
Via Nazionale n. 91
00184 Rome
Italy

<http://www.bancaditalia.it>

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