



## **XTB S.A.**

(joint stock company with its registered office in Warsaw and address at Prosta 67, 00-838 Warszawa, entered into the Register of Business Entities of the National Court Register under No. 0000217580)

## **DISCLAIMER**

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## **CURRENT REPORT NO 27/2024**

Warsaw, 15 July 2024

# **Update on the impact of CNMV CFD marketing regulations on XTB's Spanish market activities**

With reference to the information contained, inter alia, in XTB's Management Board Report on the Operations of the Group and Company for 2023 regarding the Decision of the Spanish National Securities Market Commission (hereinafter: "CNMV") on product intervention regarding financial contracts for difference and other leveraged products on the Spanish market (the "Decision"), the Management Board of XTB S.A. with its registered office in Warsaw (hereinafter: "XTB", the "Company") announces that on 15 July 2024 it assessed the impact on the XTB Group's business of the interpretative criteria issued by the CNMV in connection with the implementation of the Decision in the document entitled "Questions and answers document regarding the implementation of the CNMV's Resolution of 11 July 2023 on product intervention measures relating to financial contracts for differences and other leveraged products." (hereinafter "Q&A") dated 12 July 2024.

The Company's analysis has mainly shown that, according to the interpretative criteria issued by the CNMV:

- a) The decision prohibits the advertising of CFDs and other commercial practices in Spain, irrespective of the client's place of residence, but not the trading itself. The sale of CFDs is allowed provided it is on the investor's own initiative. Therefore, the decision does not imply any change in the way retail investors can trade CFDs through intermediaries of which they are already clients, nor does it prevent them from opening new accounts to trade CFDs, provided that the entities comply with all regulatory obligations.
- b) Investment firms offering CFDs are prohibited from displaying promotional information about these products on their website.

- c) The Decision prohibits any sponsorship or branding of events or organisations where the purpose or effect is directly or indirectly to promote CFDs, unless it can be demonstrated that such sponsorship or branding is not intended to offer such products or services. In addition to the intention to restrict indirect and general advertising of CFD trading using a company's brand or name through sportswear, this prohibition also means that a company may not advertise certain products other than CFDs if the promotional effect is similar.

The above means that, in practice, companies offering CFDs may not advertise their activities on the Spanish market in any way, while the decision does not prohibit investing in CFDs themselves, as long as this is done on the investor's own initiative.

In view of the above, the Management Board of the Issuer has today taken a decision to continue its activities in the Spanish market. As a matter of urgency, marketing in this market will be restricted in accordance with the guidelines set out in the Q&A and measures will be taken to optimise the cost side of the business. In the opinion of the Management Board of XTB, the Q&A may have an adverse effect in the medium and long term on the number of clients acquired in the Spanish market and consequently on the level of revenues generated in this market, but the Management Board of the Company is not in a position to quantify this effect in a precise and reliable manner at the time of publication of this report.

At the same time, the Company points out that XTB has not carried out any significant advertising activities related to CFDs in Spain for more than two years, and that the XTB Capital Group's revenues generated on the Spanish market amounted to approximately 11,3% of the consolidated revenues of the entire XTB Capital Group in 2023.

Legal basis:

*Article 17 section 1 MAR – inside information.*