



# HAITONG

**REGULATION No.COM21.0R57**  
**New Product Approval Regulation**  
**of Haitong Bank, S.A.**

Approved by the Board of Directors  
on the 25/06/2024

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## **1. OBJECTIVE**

The purpose of this Regulation of Haitong Bank, S.A. (hereinafter, the “Bank”) is to establish governance rules for the approval and review of new products and/or services that the Bank makes available to its clients, new distribution channels or geographies where the Bank wants to provide its services, as well as support services that have an impact on the operation of the products marketed by the Bank, namely systems, infrastructure, etc.

## **2. LEGAL FRAMEWORK**

- a) EBA Guidelines on internal governance (EBA/GL/2021052021/05);
- b) Directive 2014/65/EU (MIFID II);
- c) Portuguese Securities Code (Código dos Valores Mobiliários), articles 309-J to 309-L);
- d) New Business Committee Regulation;
- e) Approval of New Products Procedure (#265).

## **3. RECIPIENTS**

- a) This Regulation is applicable to Haitong Bank, S.A. and all the Bank’s branches.

## **4. RESPONSIBILITY AND MONITORING**

- a) This Regulation was prepared by the Compliance and Risk Management Departments.
- b) This Regulation is reviewed by the above mentioned departments.
- c) This Regulation should be reviewed at least every two years.

## **5. REGULATION CONTENT**

The present Regulation addresses the requirements related to the development of new markets, products and services, and significant changes to existing ones, as well as exceptional transactions involving bespoke conditions. These situations include, amongst others, the following:

- a) New products or services;
- b) Setting-up structures (e.g. new distribution channels, new subsidiaries or branches or single-purpose vehicles); and
- c) Critical changes to the Bank’s systems.

The Bank's definition of 'new product/market/business' is understood to be a product, market or business that has not been performed before by the Bank. It can be performed for the first time, in a new market or new geography, or offered/provided to a new type of customer or counterparty.

The Bank's definition of 'significant changes' is understood as previous product/market/business that has been expanded or modified, entailing different risks and/or involving different processes compared to the existing ones.

## **6. NEW BUSINESS COMMITTEE**

The New Business Committee main purpose is to encourage, promote and analyse new ideas, new business or support initiatives and new products, acting as a brainstorming and forum and providing all the necessary means to support the respective development.

After an overall assessment, the Committee submits a recommendation for approval and implementation to the Executive Committee.

## **7. MAIN ISSUES TO BE ADDRESSED BEFORE A DECISION IS MADE**

This Regulation explains the considerations to be taken into account before a decision is made to enter new markets, deal in new products, launch a new service, or make significant changes to existing products, services, distribution channels or supporting systems.

The following Bank departments shall be involved in the decision-making process in order to assess the various dimensions of the impact/requirements related to the decision, which will be discussed on the New Business Committee:

- CEO Office;
- IT;
- Risk Management;
- Operations;
- Finance;
- Human Resources;
- Legal;
- Compliance;
- Data Protection Officer (DPO);
- Other departments (if necessary).

The request/proposal of a new product/market/business shall include the following analysis, without limitation:

- strategic elements (rationale for the business, strategic fit in the Group's overall strategy, competitive advantage and competitive position);
- accounting, credit exposure, hedging instruments (if needed);
- pricing models;
- addressable market clients, counterparties, revenues and costs;
- impact on the risk profile, capital adequacy, including internal capital adequacy and profitability;
- availability of adequate front and back resources;
- availability of adequate internal tools, including IT tools, and expertise to understand and monitor the associated risks;
- regulatory compliance and product governance issues;
- product governance (requirements related with the manufacturing or distribution of a new product/service and requirements related with the ongoing monitoring of a product/service throughout the life of the product/service); and
- human resources issues (team organizational chart, in-house vs hiring externally, remuneration structure).

The decision to launch a new activity should clearly state the business unit and individuals responsible for the project and allocate specific responsibilities to departments and specific staff members.

When a decision is related with the setting up of a new business, it shall be agreed in advance: (i) the allocation of adequate resources to run such business; and (ii) the identification of new risks involved with such new business and relevant planning to mitigate and/or eliminate such risks; and (iii) the impact of the new business in the risk profile of the bank, including regulatory capital adequacy, internal capital adequacy and liquidity risk profile

The process of evaluating new products/services must follow the rules established in the New Business Committee, thus following the procedures for discussion and product approval, namely:

- Preparation of a business case;
- Analysis of advantages and disadvantages and main risks (prepared by the proponent of the product/service);
- Committee members carry out an impact analysis and which risks and respective controls to consider;

- Committee members (voting and non-voting) must have their opinion formalized;
- Proceed with final approval in accordance with committee rules;
- Address the committees' opinions to the Executive Committee.

The risk analysis of new products and services must follow the process of the three lines of defence, with the proponents of the new business proposal being required to carry out a preliminary analysis of the risks of the new product/services, being subsequently complemented by the internal control functions' analysis. As required in the EBA Guidelines, the Risk Management Function and the Compliance Function should be involved in the approval of new products or significant changes to existing products, processes and systems. The input from the control functions shall complement an assessment of risks arising from new activities under a variety of scenarios, of any potential shortcomings in the institution's risk management and internal control frameworks, and of the ability of the institution to manage any new risks effectively.

The Risk Management Function should also have a clear overview of the roll-out of new products (or significant changes to existing products, processes and systems) across different business lines and portfolios.

## **8. ARCHIVE**

This Regulation, and all the documents associated, are subject to the general archiving rules laid down in the procedure PM220 – Archive Management.

## **9. DISCLOSURE**

This Regulation is available on intranet and any change to the same should be duly communicated by e-mail to all the Bank's employees.

## 10.CONTROL OF VERSIONS

**Table 1: Information about the Document**

Name of the Document	New Product Approval Regulation
Version	Version 2.0
Prepared by (Name/Department)	Compliance and Risk Departments
Endorsed by (Committee name)	n.a.
Approved by (Committee name)	Board of Directors

**Table 2: Versions' Update**

Update and Approval Date	Main Changes
Version 1.0 – Approved by the BoD on 28/12/2021	Original Version
Version 2.0 – Approved by the BoD on 25/06/2024	Annual revision - update