INTRODUCTION

The entry into force, on 3rd January 2018, of Directive 2014/65/EU, of the European Parliament and of the Council, of 15th May 2014, on markets in financial instruments ("MIFID II"), of Regulation (EU) No. 600/2014, of the European Parliament and of the Council, of 15th May 2014, on markets in financial instruments ("MIFIR"), as well as the implementing provisions thereof, increase the applicable information requirements in relationships with Professional Clients and Eligible Counterparties.

INFORMATION ON AHORRO CORPORACIÓN FINANCIERA, S.V., S.A.U (hereinafter "ACF")

ACF is a Securities Company with registered office at Madrid (28046), Paseo de la Castellana no. 89, with Tax Identification No. A-79202628. It is licensed as an Investment Services Company by the National Securities Market Commission (CNMV), located in Madrid (28006), C/ Edison no. 4 and is registered with the CNMV Administrative Registry of Securities Companies with nº 24, as well as with the Business Registry of Madrid, Volume 9671, General 8374 of Section 3 of the Corporate Ledger, Page no. 89,593, Folio 66.

ACF clients can contact our Company through a written communication addressed to the registered office previously indicated, to the attention of the Compliance Department.

Clients can also contact us by e-mail to the addresses indicated below:

Email: cumplimiento@ahorro.com
mifidii@ahorro.com

Through our web page, www.ahorrocorporacion.com, the client can access up-to-date information about the Company itself and the services it provides, financial instruments, and the expenses and costs related to transactions. Likewise, pursuant to the legal provisions, ACF has defined and approved a series of policies, among which are the Best Execution Policy, the Safeguarding of Assets Policy and the Conflicts of Interest Policy. These Policies are updated and available to clients, including potential clients, on the aforesaid web page, and information may also be requested on them through any of the Company's usual information channels provided in this document.

The client can communicate with the company in Spanish or English and receive documents and any information in these languages.

The Company has enabled different communication methods in order to allow its clients to contact the Company, which includes the following:

- On the general information telephone: 00 34 91 586 93 00
- By telephone in order to acquire products and/or services .
- Using telematics means in order to acquire products anr/or services

- Through those channels determined by our Customer Service (regular mail, the Company web) in order to submit claims and complaints.

In order to consult information on means and ways of sending orders on financial instruments, you can check the contracting documents that regulate each financial instrument operation specifically.

Currently, ACF offers the following **investment or auxiliary services** to its clients, subject to the aforesaid regulations (notwithstanding being licensed to provide all investment or auxiliary services included in its Programme of Activities registered with the CNMV):

- Reception and transmission of orders;
- Execution of orders;
- Placement of financial instruments;
- Administration and custody of financial instruments on client's behalf;
- Currency exchange service related to any of the aforesaid services;
- Advice to companies on capital structure, industrial strategy and related matters, as well as advice and other services regarding corporate mergers and acquisitions;
- Preparation of investment reports and financial analysis or other forms of general recommendation relating to transactions in financial instruments.

The regulation establishes the obligation entities that provide investment services have of providing in a durable medium the reports on the provided service, including, if so, operations costs and services carried out by the client.

In this sense, the Company will provide clients to which it provides services of execution or reception and transmission of orders, thorough information on its execution, the later, the following day to the operation execution, Likewise, the Company will provide its client too, at least quarterly, with a statement detailing the financial instruments held for account of the clients.

The Company is member of the Investments Guarantee Fund (FOGAIN) who offers compensation to investors in some cases, when the company that provides an investment service is in a state of insolvency. FOGAIN guarantees clients of the companies that are members the recovery of hard cash and the financial instruments that have been delivered to the company and that it owns, administrates or operates on behalf of the investor, with a maximum or 100,000 Euros per investor, when the company is unable to return it.

Regarding **client classification,** ACF classifies its clients as Professional Clients or Eligible Counterparties pursuant to the applicable legislation, informing them of their right, where applicable, to demand a different classification and the right of any limitation that could result from this regarding client protection. Your classification by ACF as an Eligible Counterparty allows ACF, within the framework of execution and reception and orders transmission services provision, to carry out transactions without being obliged to comply with the obligations set forth in Article 24, with the exception of Sections 4 and 5, Article 25, with the exception of Section 6, Article 27 and Article 28, Section 1 of Directive 2014/65/EU.

INFORMATION ON FINANCIAL INSTRUMENTS & INVESTMENT RISKS THEREOF

The client is hereby informed that a transaction relating to the investment services, either individually, or through transactions consisting of the combination of one or more financial instruments, entails that the client is willing to take the following risks:

- <u>Market risks:</u> Volatility risk: risk arising from a total or partial loss of an investment as a consequence of the fluctuation of the risk factors on which the value of said investment depends;
- <u>Interest rate risk:</u> Risk arising from variations in market interest rates that affect the return on investments;
- <u>Counterparty credit risk</u>: Risk that the counterparty of a transaction may default on the payment of the cash flows from that transaction before the final settlement thereof;
- <u>Risk of lack of liquidity:</u> Risk of a possible penalty in the price obtained by undoing an investment when it was necessary to make the sale quickly. In extreme cases it could mean the impossibility of recovering the money at the desired time;
- <u>Leverage risk:</u> Risk of generating a position from which the possibility of a real loss, which is much greater than the amount disbursed, arises;
- <u>Currency risk</u>: investment in assets expressed in currencies other than the investor's base currency (for Spain, generally, the euro) implies a risk, derived from possible fluctuations in exchange rates.

The client is hereby informed that securities transactions and financial instruments in their different categories, either individually or through transactions consisting of the combination of one or more financial assets, require specific investor knowledge of both the products and the functioning of markets and trading systems, and that the client is willing to take high risks, and has the financial capacity to address them.

An investment in securities or financial instruments may entail the entire or partial loss of the investment or in some cases it may produce unlimited losses that even exceed the capital invested. Additionally, it may result in failure to obtain any profitability.

A general description of the financial instruments' nature and risks is shown below, taking into account that, in accordance with your categorisation as a professional client or eligible counterparty, it is assumed that, regarding the products, transactions and services for which you have obtained that classification, you have the experience and knowledge necessary to understand the risks involved in the transaction and investment in a specific financial instrument, be it complex or non-complex.

This information is not offered taking into account a client's personal characteristics, so under no circumstances should it be understood that this information constitutes a recommendation, counsel, invitation, advice or offer to buy or sell securities on the part of ACF.

Any investment decision must be adopted according to the criterion of the investor and/or advisors that he/she deems appropriate.

EXCHANGE-TRADED FUNDS (ETFs)

a) CHARACTERISTICS

Exchange traded funds or ETFs are funds whose shares are traded on a stock exchange.

These funds are intended to replicate the behaviour of a specific reference index (both share indices and bond indices). The fact the shares are traded on a stock exchange allows the investor to know the estimated net asset value at all times.

On the other hand, there are also other more sophisticated types, such as the Leveraged, Short or Short Leveraged ETFs that do not just replicate the movement of an index, but can amplify the daily variations (for example, a leveraged ETF x2 should rise approximately +2% for every +1% the underlying rises), or behave inversely in order to benefit from falls (for example, a Short ETF should rise approximately +1% for every -1% the underlying falls), or they can behave inversely and as a leverage, inversely amplifying the daily variations (for example, a Short Leveraged ETF -x2 should rise approximately +2% for every -1% that the index falls).

There are also other variants such as ETNs (Exchange Traded Notes) which are very similar to ETFs since they try to replicate the behaviour of an asset and are traded on the market. On the other hand, there are issues of senior unsubordinated debt, so that, in case of liquidation of the issuing bank, they rank higher than subordinated or preferential issues.

b) INHERENT RISKS

Leverage risk

In leveraged and short leveraged ETFs, the daily movements of the ETFs may undergo more abrupt and amplified fluctuations than in the variations of the underlying which they replicate.

Market risk

ETFs are usually equity funds, except those that replicate bond indices, so they generally have high volatility and are suitable for investors with an aggressive risk profile.

Exchange-traded funds that replicate equity indices mainly assume a market risk. Therefore, in bear market situations, significant losses may be recorded in the investment made, and conversely in bullish markets.

In short or leveraged ETFs, the daily movements of the ETFs may behave inversely or oppositely to the variations of the underlying which they replicate.

Liquidity risk

The liquidity level of the assets which are exposed through the ETF shall also determine the higher or lower liquidity risk of the ETF itself.

Credit or counterparty risk:

Some funds, due to their investment policy, may keep securities or contracts in their portfolio, which incorporate a credit or counterparty risk, i.e. it is possible that the issuer or the counterparty cannot meet its payments or that they are delayed. The counterparty risk of the Exchange-traded funds affects those ETFs that use OTC derivatives, such as financial swap contracts, in order to synthetically replicate the profitability of the reference assets.

In the case of ETNs, there is also credit risk, and the value of the ETN may be affected by changes in the rating of the issuer.

Currency risk

ETFs that replicate an index denominated in a different currency to the euro also incorporate a risk arising from fluctuations in exchange rates.

SICAVs

a)CHARACTERISTICS

SICAVS are part or the IICC family, which, in general, characterize for collecting funds, assets or rights from the community in order to operate with them and invest in assets, rights, shares or other financial instruments, or not, establishing the investors return on the basis of collective results.

SICAVs are ICCs that adopt the form of a public limited company and whose corporate purpose is as previously described. When the company's bylaws therefore provide it, the General Board or, by delegation, the Administration Counsel, may agree that the assets management, totally or partially, should be entrusted to one or more than one management company or to one or more than one qualified entity to perform in Spain investment services.

b)INHERENT RISKS

Risk related to the development of the Net Asset Value. The development of the investment portfolio is what will determine the liquidating value or net asset value at which the client may reimburse its inversion in the IICC. Volatility indicates if historically IIC's net assets values have experimented important changes or if, on the contrary, they have evolved in a stable basis. A very volatile ICC has a higher risk because it is difficult to predict if the net asset value will increase o decrease.

Credit or counterpart risk. Some IICs may maintain in its portfolios assets that have a higer credit or counterpart risk, which means the issuer, is unable to pay off or that he payment is delayed.

Leveraging Risk. ICCs that invest in derivative financial instruments may imply a higher risk due to intrinsic characteristics of these products (for example, leveraging). However, it should be taken into consideration that some ICCs usederivative exclusively or primarily to decrease risks of the accounts portfolio (hedge). In the description of the investment policy, which is in the brochure, it must be specified if derivatives will be used as an investment or as hedge. The use of OTC derivatives carries also a counterpart risk, as it exposes to solvency and capacity of respecting the conditions of the counterpart derivative contracts.

Exchange rate risk. The ICCs that invest in assets which are expressed in currency other that Euros imply a risk, called exchange rate or currency risk, as a result of the possible exchange rate fluctuations.

SHARES

a) CHARACTERISTICS

Shares are variable income securities, which means that it is not possible to know with certainty the return that may be obtained from the investment. Shares represent a proportional part of a public limited company's capital stock; therefore, they grant their holders the position of joint owner thereof, in proportion to their stake. This shareholder status entails both a set of economic rights (dividends and rights on winding up) and political (voice and vote), as well as a series of responsibilities associated with the exercise thereof.

Shares can be bearer form, in which case the name of the shareholder is unknown, or they can me nominative, in which case the company know the name of the shareholders and they are registered in the shareholders registry book.

b) INHERENT RISKS

Market risk

One of the main risks associated with investing in shares is the uncertainty about their returns.

- Shares do not have a known return, or even a predictable one. The price of a share depends at all times on the valuation made by the market participants of the issuing company
- A share's behaviour in the past does not guarantee its future evolution.
- A share's evolution does not solely depend on the company itself, but on other factors such as the state of the economy, the evolution of other markets, interest rates, inflation, etc. That is why some companies with good business results may not see their stock market value increase.
- They do not have maturity period, so the investment can only be undone by selling the shares,

Currency risk

Asset investment in different currencies to the investor's base currency (for Spain, generally, the euro) implies a risk, arising from possible fluctuations in exchange rates.

Risks related to early intervention measures and resolution (within the EU)

This is the risk securities by some entities, pursuant to the internal recapitalisation instrument (bail in) and/or of the write-down and conversion powers pursuant to Directive 2014/59/EC, of 15th May 2014, establishing a framework for the restructuring and resolution of credit institutions and investment services companies, may be subject to measures of write-down and/or conversion into shares or other equity instruments. The adoption of these measures could significantly affect the rights of the holders of these securities and their price, including the total or partial loss of the investment.

Credit Risk. The fact that when the client adquires shares becomes co-owner of the issuing company implies he participates in its development, ans so he becomes a part of its successes and its possible failures, being the worst case scenario when the company declares bankruptcy and the client loses his investment.

BONDS & HYBRID SECURITIES

a) BONDS

Bonds are a broad array of negotiable securities issued by both private companies and public institutions.

Economically, they have the role of financing the company that issues the tittle and, consequently, they represent loans that issuing entities receive from investors. Unlike equities, the holder of fixed income securities has economic but not political rights, since he/she is not the company's owner.

Typology

Spanish Gilts

Include securities issued by the Spanish State, the Autonomous Communities and other public bodies

Main types of gilts

State bonds ("bonos") & debentures ("obligaciones")

These are securities, identical in all their characteristics, except in maturity, which in the case of bonds ranges between 3 and 5 years, while debentures have maturities greater than 5 years. They are issued at their nominal value at a fixed interest rate paid through annual coupons.

Currently, the Treasury issues:

- Bonds with a maturity of 3 or 5 years;
- Debentures with a maturity of 10, 15 & 30 years.

State bonds and debentures are issued through competitive auction. The minimum nominal value that can be requested in an auction is € 1,000, and requests for higher amounts must be multiples of 1,000.

For more information, visit www.tesoro.es.

Regional debt and other national entities

The Autonomous Communities, local corporations and various public entities issue short-term (promissory notes) and long-term securities. Its characteristics are similar to the Treasury Bills, bonds and State Obligations, respectively.

Gilts issued by other EU Member States

These are securities issued by the other States, by the Territorial Units that compose them and other Public Bodies

The most common securities or financial instruments are:

- Bills: are short-term assets (generally no more than 18 months) and at a discount; that is, with an implicit return;
- Bonds or debentures: are medium- term admitted assets (generally 3, 5 and 7 years) and long- term (generally 10, 15 and 30 years). They yield a fixed interest rate that is paid through coupons that are generally annual (explicit return).

Public Debt issued by non-EU Member States

They are securities issued by non-EU Member States

Private-sector Bonds

Main private-sector bonds

Simple bonds & debentures

Simple debentures are transferable securities that represent a proportional part of a loan. The issuing company commits itself to remunerate the security holders with an interest that can be fixed or variable, and to return the invested capital, on the date established for the maturity of the securities.

Simple bonds are fixed income transferable securities, similar to debentures but with shorter life terms.

Bonds and debentures issued by companies are medium and long-term securities. Their characteristics can vary considerably from one issuer to another, and even among different issues of the same company. These differences can be the maturity, interest rate, coupon frequency, issue and repayment prices, repayment clauses and other issue conditions, convertibility options, if any, rank in the event of liquidation, or the guarantees offered, among others.

Subordinated debentures

Subordinated debentures are very similar to simple debentures. The difference lies in its legal status in the event of the issuer's bankruptcy or insolvency proceedings.

b) HYBRID SECURITIES

These are securities which, by their nature, cannot be classified as bonds or shares. They have some aspects similar to bonds whilst having others similar to shares, hence its hybrid nature.

The main securities of this type are:

Preferential shares

Preferential shares have similarities and differences with both fixed bonds and shares. Due to their structure they are similar to subordinated debt, but for accounting purposes are considered securities representative of the issuer's share capital, which grant rights, different from those of ordinary shares, to their holders (since they lack political rights, except in exceptional cases, and the preferential right to underwrite shares in the case of capital increases).

Their main characteristics are:

• They grant their holders a non-cumulative, predetermined remuneration (fixed or variable), conditional on obtaining distributable profits, on the part of the guarantor company or the consolidated group. It is a complex and high- risk instrument that can generate profitability, but also losses in the capital invested

• In the ranking of debts, they are placed ahead of ordinary shares, on equal terms with any other series of preferential shares and behind all common and subordinated creditors.

• Preferential shares are perpetual, although the issuer may agree to repay them once at least five years have elapsed since their payment, with prior authorisation of the guarantor and the Bank of Spain, where appropriate.

Before dealing in preferential shares, it is recommended to carefully read the Information Leaflet, as well as the summary thereof.

Convertible and/or exchangeable bonds and debentures

Convertibility implies the possibility of converting one financial asset into another. Thus, a particular debenture can become a share or another class of debenture.

The difference between exchange and conversion is that, in the first case, conversion into shares is carried out through the delivery of old shares that form part of the issuer's treasury stock, while in the second case, new shares are delivered.

Until the conversion date, the holder receives the interest by collecting periodic coupons. The number of shares to be delivered for each bond or debenture, the way of determining prices, as well as the exchange or conversion dates, are specified in the issue prospectus.

Once the exchange date arrives, the investor has two options:

- To exercise the conversion option, if the share price offered in exchange/conversion is lower than its market price;
- To maintain the debenture until the next conversion option date or until its maturity.

c) INHERENT RISKS

Market risk

There is a possibility that, if the investor wishes to sell his/her asset before its maturity date (or if there is no maturity date), on turning to the secondary market, his/her sale price may be lower than the purchase price. This risk is fundamentally linked to interest rate trends, market circumstances and general economic conditions, and occurs when profitability offered by the asset is lower than that demanded by the market for the same period at the time of its sale.

Liquidity risk

It is the risk that there is no counterparty on the market and, therefore, that the security cannot be sold, or suffer a penalty in the price obtained by undoing the investment, in the event that it were necessary to quickly carry out the sale. In extreme cases, it could make recovering the money at the desired time impossible.

Before choosing an asset, it is necessary to remember the cost of lack of liquidity is always held by the investor.

Issuer risk

It is the risk that the security issuer cannot meet his/her payments; both of coupons and of reimbursement of the principal, or that there is a delay therein. The issuer can be a company, financial entity, a State or a public body.

In general, in our economic environment, it is considered that issues of any EU Member State are risk-free assets, as long as they are kept until maturity (if the securities are sold on the secondary market before repayment, only the price that the market is willing to pay at that time shall be secured). Any private issuer, no matter how solvent, incorporates a higher risk than public securities; therefore, higher returns are also usually required.

Before investing, it is advisable to take the issuer’s credit quality into account.

Minimum term. If the issuance is subject to a mandatory non-sale term and the investor settle the acquired securities, it is likely that it will suffer an economic penalty or have difficulties selling all of its positions.

Currency risk

Asset investment in different currencies to the investor’s base currency (for Spain, generally, the euro) implies a risk, arising from possible fluctuations in exchange rates.

Risks related to early intervention measures and resolution (within the EU)

This is the risk securities by some entities, pursuant to the internal recapitalisation instrument (bail in) and/or of the write-down and conversion powers pursuant to Directive 2014/59/EC, of 15th May 2014, establishing a framework for the restructuring and resolution of credit institutions and investment services companies, may be subject to measures of writdown and/or conversion into shares or other equity instruments. The adoption of these measures could significantly affect the rights of the holders of these securities and their price, including the total or partial loss of the investment.

MONEY MARKET INSTRUMENTS

a) CHARACTERISTICS

Money market instruments are short-term assets that are usually traded on the money market and have a maturity of less or equal to 397 days.

According to the MiFID classification, money market instruments are considered as non-complex products.

Spanish Treasury Bills:

Are short-term assets represented by book entries. Currently the Treasury issues letters at 3, 6, 9 and 12 months. Because they are short-term securities, the changes in their market price are usually small, and therefore, they represent a lower risk for the investor that foresees the necessity to sell these securities on the market before maturity date.

They are issued at discount, which means that its acquisition price is lower than the amount that the investor will receive at the time of the reimbursement, and therefore, the difference between the reimbursement value of the bill and its acquisition price will be the interest or return generated.

The bills are issued by auction. The minimum amount of each request is 1,000 euros, and requests for a higher amount will be multiples of 1,000.

For more information, visit www.tesoro.es.

Company Promissory Notes:

Are fixed-income securities with zero coupon issued at discount, therefore their profitability is obtained by the difference between the purchase price and the nominal value of the promissory note received on the amortization date. They are short term, and usually have maturities between 3 days and 25 months.

The placement of promissory notes in the primary market is carried out either through competitive auctions on which the acquisition price is determined, or by direct negotiation between the investor and the financial institution.

In the Spanish market, they can be negotiated in AIAF.

b) RISKS

The risk factors associated with money market instruments are the same as those described in the Fixed Income section.

DERIVATIVES TRADED IN ORGANISED MARKETS

a) CHARACTERISTICS

Definition

Derivatives are products whose price varies according to the price that another asset reaches in the markets, and is referred to as underlying. There is a great diversity of financial instruments and economic indicators that are used as underlying assets, including: shares, baskets of shares, bonds and debentures, currencies, interest rates, stock indices, commodities etc. and, even more sophisticated products, including inflation or credit risks.

A common characteristic of all derivative products is the leverage effect, which defines the relationship between the capital invested and the result obtained. For the same amount, the possible losses or profits obtained from transactions involving derivatives are higher than those that would be obtained if the underlying assets were directly traded.

Derivative transactions require constant monitoring of the position. They carry a high risk if they are not properly managed. In certain circumstances, part or all of the investment may be lost.

Derivatives are complex products for the purposes of MIFID.

Typology

These products can be grouped into two different types

Futures: These are forward contracts, negotiated in an organised market, which force the parties to buy or sell a specific amount of the underlying asset at a predetermined future date (maturity or delivery date) and at a price established in advance (a future price corrected by a conversion factor).

Among the most common future underlying assets, the following can be pointed out: shares, stock indices, interest rates, bonds and commodities.

Options. These are contracts negotiated in organised markets that, in exchange for the payment of a price, grant their buyer the right (not the obligation) to buy (call) or sell (put), on a certain date, a specific amount of the underlying asset at a pre-established price (exercise or strike price).

Among the most common underlying asset for options, the following can be pointed out: shares, stock indices, interest rates, commodities and currencies.

At the maturity date, the buyer may or may not be interested in exercising an option depending on the difference between the price set for the transaction and the underlying asset's spot market price at that time.

In the case of a future, losses can be unlimited; while the in case of an option, the option buyer's loss is limited to the amount of the purchase price.

b) INHERENT RISKS

Market risks

It is possible that the derivative instrument may be subject to sudden and pronounced changes in its price, given that its valuation is dependent on parameters such as the price of the underlying at any time, its volatility levels, interest rates of the different periods and the possible dividends that this underlying may accrue. A movement in any of these parameters shall have a greater or lesser effect on the derivative instrument's price depending on the type of instrument and its intrinsic characteristics.

Liquidity risk

Under normal conditions, a client may undo his/her position in a derivative instrument at any time. Even so, the characteristics of the financial instrument and the market's situation can condition the conversion of the investment into cash, inducing this to be carried out at higher/lower prices than those expected under these normal conditions.

The cancellation of a derivative entails an assessment thereof, which may generate a positive value (the client receives) or a negative value (the client pays) according to the circumstances prevailing in the market at the time of the request.

Financial liabilities

Apart from a possible acquisition cost of the financial instrument, there is the possibility of the client having to face financial obligations, such as the purchase or sale of the underlying under certain conditions, or other obligations, such as inherent liquidations of the product, which may favour or be against the client.

Currency risk

Asset investment in different currencies to the investor's base currency (for Spain, generally, the euro) implies a risk, arising from possible fluctuations in exchange rates.

Leverage

Derivative instruments allow an investment that is linked to a specific underlying to me made, requiring a much smaller amount of cash than a traditional investment would demand. This causes the calculated return on the effective investment to be multiplied in the case of the derivative instrument.

WARRANTS

a) CHARACTERISTICS

They are negotiable securities that grant their holder the right, not the obligation, to buy (call warrant) or sell (put warrant) a certain amount of an asset (underlying) at a prefixed strike price (strike) on a predetermined date.

Other characteristic elements of this product are:

- Price paid for the *warrant*. This price consists of:
  - Intrinsic value. Difference between the price of the underlying and the strike price.
  - Time value. It is the part of the price that assesses the right to buy or sell the underlying asset that is inherent to the *warrant*. It is determined by elements such as volatility or time to maturity.
- Ratio: corresponds to the number of underlying assets that each *warrant* represents, and can therefore be a fraction or multiple of 1.

Warrants are framed within the category of options, but differ from options traded in markets regulated by:

- The maturity period. *Warrants* may have a duration greater than 1 year;
- Liquidity: the issuing entities ensure this exists.

b) INHERENT RISKS

The main risk corresponds to the possibility of losing the entire investment (price) because if, once at the warrant's maturity date, the strike price in a *call warrant* is higher than the price of the underlying asset (or the strike price in a *put warrant* is lower) the investor would not exercise the option and would lose the price.

Market risk. It is possible that the warrant may be subject to sudden and pronounced changes in its price, given that its valuation is a dependent on parameters such as the price of the underlying at any time, its volatility levels, interest rates of the different periods and the possible dividends that this underlying or the time remaining until maturity may accrue. A movement in any of these parameters shall have a greater or lesser effect on the warrant's price depending on the type of warrant and its intrinsic characteristics.

Market liquidity. Under normal conditions, a client may undo his/her position in warrants at any time. Even so, the characteristics of the warrant and the market's situation can condition the conversion of the investment in cash, inducing such conversion to be carried out at higher/lower prices than those expected under these normal conditions.

The sale of a warrant can be made for a higher amount (profit) or lesser amount (loss) than the purchase price, according to the circumstances prevailing in the market at the time of the request.

Leverage. Warrants allow an investment that is linked to a specific underlying to me made, requiring a much smaller amount of cash than a traditional investment would demand. This causes the positive or negative calculated return on the effective investment to be multiplied (both positively and negatively).

Credit/issuer risk. It represents the risk that the issuer/counterparty cannot meet its payment commitments, or that there is a delay therein. This risk can be measured by the credit rating assigned by rating agencies to entities, both public and private, based on their credit quality and financial strength.

Currency risk. Asset investment in different currencies to the investor’s base currency (for Spain, generally, the euro) implies a risk, arising from possible fluctuations in exchange rates.

Counterparty risk of the warrant issuer, therefore it shall be advisable to go to issuers with a high credit rating.