

FINANCIAL INSTRUMENTS AND PRECIOUS METALS TRANSACTION TERMS AND CONDITIONS

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CHAPTER I. GENERAL TERMS AND CONDITIONS

1. TERMS AND DEFINITIONS

1.1. Unless otherwise noted, the following terms are used according to the following definitions:

Account – an Investment Account, Trading Account or FI Account.

Agreement – a package of documents consisting of the Client's Application for Receiving Brokerage Services on the FI Market, the Trust Agreement concluded between the Bank and the Client (if trust services are being provided), these FI and Precious Metals Transaction Terms and Conditions, any amendments, updates, supplements to the aforementioned documents.

Bank – BluOr Bank AS.

Business Day – a date on which Latvian banks, foreign banks issuing currencies involved in the Transaction, and the organiser of the relevant regulated market are open for the execution of a particular transaction.

Client Identifier (Number) – a unique identification number assigned to the Client by the Bank.

Collateral – financial collateral in the interpretation of the Financial Collateral Law, i.e. assets (cash, FIs, etc.) belonging to the Client which are deposited/held at the Bank as financial pledge according to the Terms and Conditions of this Agreement, to ensure enforcement of the Bank's claims on the Client and fulfilment of the Client's obligations.

Confirmation – a document drawn up by the Bank that contains information about execution of a Transaction.

Counterparty – a person, including an overseas holder of financial instruments, whose services the Bank could utilise in the execution of an Order or a Transaction. A person can be considered a Counterparty only if that person's country of origin allows that person to provide investment services, account for and list financial instruments, ensure transfer of FIs or funds within the framework of financial instrument transactions or organise the regulated market, or if it is a member of the aforementioned system according to the Law on Settlement Finality in Payment and Financial Settlement Systems.

Current Account – a current account with the Bank, held for purposes of executing banking operations.

Date of Settlement – the date on which settlement for a transaction occurs.

FCMC – Financial Capital and Market Commission.

Financial Instruments (FIs) – Financial instruments defined in the Law on the Financial Instruments Market.

FI Event – any fact or condition which influences the performance of an FI, as well as the issuer's actions in fulfilling obligations to the FI holder, including, but not limited to: shareholder meeting, paying out dividends, paying out interest, redemption of fixed-income FIs, change in the nominal value of FIs, splitting or merging of an issue (issues) of FIs, issue of subscription rights.

Financial Instrument Account (FI Account) – the Client's account with the Bank on which financial instruments are held and all registered transactions with them are listed.

General Terms of Business – a document compiled, authorised and enforced by the Bank, governing the overall relationship between the Bank and the Client, which describes the rights and responsibilities of the Parties which may apply to Bank operations, inasmuch as they are not stipulated in any other Agreement signed by the Parties. The General Terms of Business can be obtained on the Bank's premises during regular business hours, as well as on the Bank's website at www.bluorbank.lv.

Investment Account – the Client's account with the Bank on which the Client's funds and/or Precious Metals reserved for the execution of Orders and Transactions are stored, and which holds a record of funds and/or Precious Metals used in Transactions.

Investing Account – Client's Investment Account and related Accounts in the Bank that is investing account in accordance with "Law on personal income tax".

Law – Law on the Financial Instruments Market.

Means of Communication – the phone, the Internet Bank, electronic mail (e-mail), the OTP and other forms of communication mutually agreed upon by the Bank and the Client which can be used to issue Orders, to execute Transactions and to exchange information between the Parties, in accordance with the provisions of the Agreement. The Client uses the Internet Bank in accordance with the Agreement on Current Account Opening and Maintenance, mutually signed by the Bank and the Client.

Online Trading Platform (OTP) – an electronic trading platform with which one can submit Orders and execute Transactions through the use of a computer and the world wide web. The Client can use several Trading Platforms simultaneously.

Order – an assignment for the Bank to render a Service to the Client or to conclude a Transaction with the Client, issued by the Client in accordance with the Bank's requirements.

OTP administrator – a third party having a separate agreement with the Bank, ensuring operation of the OTP and/or the Bank's or the Client's access to the OTP.

OTP password – a password assigned by the Bank to the Client, which the Client uses to gain authorised access OTP.

Parties – the Bank and the Client, in relation to each other.

Password – a combination of digits and special characters specified in the Application for everyday servicing of an Individual's or Legal Entity's which is the Client's means of authentication for executing Transactions or giving Orders, which confirms its user's authorisation to give Orders and execute Transactions in the Client's name.

Personal Data Processing Policy — A document developed and approved by the Bank, establishing the principles for the processing of personal data by the Bank. Detailed information on the Bank's policy on personal data processing is available in the Bank's website: <https://www.bluorbank.lv/en/information-on-processing-of-personal-data>.

Precious Metal – a precious metal in cashless form: gold (XAU), silver (XAG) or platinum (XPT).

Pricelist – actual pricelist for services offered by the Bank.

Service – any service provided to the Client by the Bank in accordance with the Agreement.

Terms and Conditions – these FI and Precious Metals Transaction Terms and Conditions, as well as any amendments or supplements hereto about which the Bank has informed the Client.

Trading Account (TA) – an account opened for the Client by the Bank to keep an inventory of OTP funds and FI Transactions on the OTP, and to execute transactions.

Transaction – a transaction executed for the Client according to an Order issued by the Client to the Bank and with the Bank acting as mediator, including, but not limited to: FI buying, FI selling, FI holding, FI exchange, FI transfer, FI registration/deregistration, Precious Metals sale, purchase of transfer.

Username – the Client's user name within the OTP.

- 1.2. Other terminology used in the Agreement should be construed according to the definitions of terminology definitions stipulated in the applicable legislation of the Republic of Latvia and international treaties, unless otherwise defined in or evident from the Agreement.

2. APPLICATION OF THE AGREEMENT

- 2.1. The and Terms and Conditions regulate the legal relationship between the Client and the Bank, delineate the rights and responsibilities of both Parties when the Client receives Services or executes Orders, and establishes guidelines to ensure that both Parties fulfil their obligations.
- 2.2. The Bank reserves the right to unilaterally amend the Terms and Conditions. It is the Bank's obligation to inform the Client about amendments to the Terms and Conditions, via Internetbank, in writing form or in in a durable medium 30 (thirty) calendar days before the amendments take effect. If the Bank has not received any objections from the Client pertaining to amendments in the Terms and Conditions by their effective date, the Bank considers the Client to be in agreement with the amendments. If the Bank receives the Client's objections and the Parties cannot achieve consensus, the Bank may unilaterally terminate the Agreement.
- 2.3. Legal relations between the Parties which are not regulated by the Agreement or other agreements signed by the Parties, are to be handled in accordance with the applicable legislation of the Republic of Latvia and generally accepted market practice.
- 2.4. The titles of paragraphs and clauses are included in the Terms and Conditions for convenience and reference only, and are not to be used in order to construe the meaning of the Terms and Conditions.
- 2.5. During provision of Services and execution of Orders, the Bank's activity may be regulated by foreign legislation, binding regulations of financial market oversight authorities and the provisions of overseas exchange, depository, clearing, or other institutions. No activity performed by the Bank in compliance with the regulations of overseas exchanges, depositories, clearing, or other institutions may be considered a breach of any Transaction, the Agreement or violation of the Client's rights and does oblige the Bank to compensate the Clients for any profits or losses incurred.
- 2.6. Where an amount expressed in the Agreement as numbers differs from an amount expressed as words, the amount expressed as words prevails.
- 2.7. The invalidity or non-compliance of any clause in the Agreement with the applicable legislation does not invalidate any other clauses or the Agreement as a whole. If such a discrepancy is discovered, the Parties should negotiate to eliminate the discrepancy and continue to co-operate according to valid Terms and Conditions of the Agreement in such a way as to best preserve the Agreement's goals and purpose.

3. THE CLIENT'S ACCOUNTS

- 3.1. In order to keep a record of the Client's FIs and Precious Metals, as well as to execute FI and Precious Metals Transactions and provide Services, the Bank opens for the Client an FI Account, Investment Account and Trading Account.
- 3.2. The Bank opens Accounts for the Client upon conclusion of the Agreement. If the Bank opens Accounts after the Agreement is signed, the Bank informs the Client of the Account opening using a Means of Communication.
- 3.3. The Bank can open nominal accounts for the Client, on which it maintains a record of existing FIs, funds and/or Precious Metals held by the Client. In this case, the Bank has the right to receive and the Client has the obligation to submit additional information and documentation to the Bank upon the Bank's request.
- 3.4. The Bank has the right to unilaterally adjust Account records if such records have been made inadvertently or due to technical error.
- 3.5. Funds from the Investment Account can only be transferred to another Investment Account or Current Account held by the Client with the Bank. If the Client gives an Order to transfer funds from the Investment Account to a different account held with the Bank, the Bank fulfils this Order within 2 (two) Business Days following receipt of the Order, if execution of the requested transfer is possible.
- 3.6. In accordance with legislation of the Republic of Latvia the Client has a right to inform the Bank about conferment of Investing Account status to account and related accounts. The Bank provide the information about Investing Account status in accordance with Law on account register.

4. PROCEDURE OF COMMUNICATION AND EXCHANGE OF DOCUMENTS

- 4.1. Information pertaining to the Agreement and the Services provided hereunder that is addressed to the Client is uploaded to the Bank's website, www.bluorbank.lv, and made available on the Bank's premises; the Bank may also, at its discretion, send it to the Client via the Internet Bank.
- 4.2. Notices pertaining to the Agreement may be mailed by the Bank to the Client's registered office or specified correspondence address. A notice is considered received on the 10th (tenth) Business Day after it has been sent (postmarked).
- 4.3. The Parties agree that, in addition to the Internet Bank, electronic mail (e-mail) may be used for exchanging information and documents, which the Parties have stipulated upon conclusion of the Agreement. Prior to conclusion of the Agreement, the Client represents that they understand the risks inherent to use of e-mail, that the Bank has informed them about potential risks and explained their consequences, and that the aforementioned information is understood by the Client.

5. BANK COMPENSATION AND EXPENSES

- 5.1. The Client pays a commission fee for Services provided by the Bank, in accordance with the Pricelist, unless the Parties negotiate a different fee.
- 5.2. The Client is obliged to get acquainted with the Pricelist and follow changes thereto.
- 5.3. The Bank has the right to amend the Pricelist in accordance with General Terms of Business. If the Bank receives objections from the Client regarding changes in the Pricelist and the Parties are unable to achieve consensus, the Bank has the right to unilaterally terminate the Agreement.
- 5.4. The Client covers all Service fees which are not listed in the Pricelist but are necessary in fulfilling the provisions of the Agreement.
- 5.5. The Bank provides the Client with information about expenses applicable to provision of Services and execution of the Client's Orders within the scope of the Agreement.
- 5.6. If an Order is executed in several parts, the Bank may deduct the full fee for each part.
- 5.7. The Bank may, without a specific Order from the Client, deduct fees from any of the Client's accounts with the Bank.
- 5.8. In specific cases the Bank and the Client can agree that an individually compiled Pricelist can be applied to the Client within the scope of the Agreement. The Pricelist specified in this Clause can be applied to one or several Services or types of Transactions executed between the Bank and the Client. The Bank can at any time amend or completely or partially annul this individual Pricelist applied to the Client, in which case the standard commission according to the Pricelist will apply to the Client. The Client is notified about changes in the individual Pricelist via a Means of Communication.

- 5.9. While executing the Client's Orders, the Bank may receive inducements from Counterparties if the purpose of a payment is to increase the quality of an existing Service that is rendered to the Client, and it does not affect the Bank's obligation to ensure best execution for the Client. Upon the Client's request, the Bank provides information about received inducements and their respective amounts. The Bank may not accept and retain inducements, including monetary and non-minor non-monetary benefits, from Counterparties for providing trust management services or independent investment advice. Minor non-monetary benefits that are designed to enhance the quality of the relevant service and that, considering the volume and nature thereof, do not impair compliance with the Bank's duty to act in accordance with the best interests of its Clients may be accepted, provided that the Bank discloses information about them to the Client.

6. USERNAMES AND PASSWORDS

- 6.1. The Bank, in granting the Client the right to use the OTP, provides the Client with a Username and an OTP Password for access to the OTP. The Bank sends this Username and OTP Password to the Client via the Internet Bank.
- 6.2. If technically possible, the Client should immediately change their initial OTP Password on the OTP.
- 6.3. The Client is responsible for the confidentiality of the Username, Password and OTP Password, undertaking not to reveal them to third parties.
- 6.4. The Bank does not screen the identity of the party giving Orders or executing Transactions if this party has named/typed the correct Password and/or OTP Password. In this case, it is considered that the Order and the Transaction have been requested by the Client personally.
- 6.5. If the Client has suspicions or establishes that their Password/OTP Password or Username have been revealed to unauthorised parties, the Client should notify the Bank without delay, and should issue an Order to have them changed. The Client assumes all responsibility for Orders issued in the Client's name which, using the previous Username or Password/OTP Password, have been issued within 2 (two) Business Days following the Bank's receipt of the Order for their change.

7. HOLDING OF CLIENT AND BANK FIS

- 7.1. The Bank is the holder but not the owner of FIs on the Client's FI Account. FIs registered with Counterparties in the name of the Bank or the Client are held on the FI accounts opened with such Counterparties (incl. nominal accounts) in accordance with the applicable legislation regulating their activity/operation.
- 7.2. The legislation of the country in which FIs and/or funds and Precious Metals are held may apply to the holding of FIs and/or funds owned by the Client, and in this case the Client's rights with respect to these FIs can differ from the rights stipulated in the legislation of the Republic of Latvia. The Client assumes all risk connected to the holding of such FIs.
- 7.3. In its records, the Bank ensures the separate holding of the FIs of the Client and the Bank. The Bank may not use the Client's FI to fulfil its obligations to creditors. FIs for which the Client has issued an alienation assignment (Order), based on which the Bank has begun execution of the Order, cannot be used to fulfil the Client's obligations to creditors.
- 7.4. The Client confirms that they are informed about, agree to and understand all possible consequences which could occur from the holding of funds, FIs and/or Precious Metals on an open account with Counterparties, where the assets of several Clients of the Bank may be recorded. Upon signing the Agreement, the Client delegates the holding thereof with a Counterparty to the Bank. The Client assumes all risks that might arise from holding funds, Precious Metals and FIs in the manner outlined in this Clause.
- 7.5. The Client is informed and agrees that, in cases where the laws of the country in which Counterparties open accounts in the Bank's name do not allow the holding of FIs on nominal accounts, or if this type of holding is not possible, the Bank may hold the Client's FIs and funds together with those of other Clients and the Bank, on accounts opened by Counterparties. In addition, the Client's FIs may also be registered under the Bank's name.

8. ONLINE TRADING PLATFORMS

- 8.1. This paragraph describes the procedure by which the Client, through the mediation of the Bank, issues Orders and executes transactions using the OTP, if the Bank has granted the Client access to the OTP.
- 8.2. When using the OTP, the Client should follow the OTP regulations specified by the OTP developer (user manual).
- 8.3. The Bank does not own the OTP, and the OTP is provided to the Bank and its Clients by the OTP administrator. In certain cases, the Bank may require (and the Client is obliged to conclude) an additional agreement with a third party before providing access to the OTP, including, but not limited to: the OTP administrator, the OTP developer, the Information Resource Provider.

- 8.4. To allow issuance of Orders and execution of transactions on the OTP, the relevant TA is opened for the Client. The Bank performs all activities required to open the TA on the OTP and provides the OTP administrator with the Client's information in accordance with procedure outlined on the OTP Terms and Conditions, and the Client authorises the Bank to perform these activities.
- 8.5. Within 5 (five) Business Days of granting access to the OTP, the Bank electronically sends the Client's confirmation to the Client's email, along with their TA number, Username and OTP Passwords, which are used by the Client to gain access and identification on the OTP. The TA number, OTP Passwords and Usernames constitute confidential information and are not to be revealed to third parties.
- 8.6. The Client compiles and issues Orders for FI Transactions in accordance with these Terms and Conditions and OTP regulations.
- 8.7. The Client receives authorisation to use the OTP for the duration of the Agreement from the moment that the confirmation specified in Chapter I Clause 8.5 hereof comes into effect.
- 8.8. The Bank transfers funds to and from the TA according to Orders issued by the Client. The Client understands that a certain amount of time is required for the respective transfers.
- 8.9. The Bank deducts a commission for the use of the OTP in accordance with the Pricelist. In addition, the Client agrees to pay for the use of information resources and other services (that is, paid information from the stock exchange and from news agencies – real-time quotes, news etc.) while using the OTP. The fees for information resources and other services are set by a third party and are subject to change.
- 8.10. A separate TA is opened for each OTP. FIs and funds on each OTP are separate from all other active Investment Accounts/ FI Accounts etc., and FI Transactions may only be executed by the Client using the respective OTP.
- 8.11. When executing FI Transactions on the OTP, the Client uses their Username and OTP Password for identification and authorisation. The Client confirms that a record from electronic OTP registers and databases constitutes sufficient basis for proving issuance of Orders and performance of other activities. The Parties agree that Orders issued using the OTP are as binding legally as those signed by hand. These Orders constitute sufficient basis for attributing legal responsibility and, in the event of disagreement, may be used as evidence.
- 8.12. The Client agrees that all Orders issued via the OTP and all transactions executed therein are recorded as Orders with special conditions and the Bank does not guarantee a best result in accordance with the Order Execution Policy for Investment Services on the Financial Instruments Market.
- 8.13. To gain access to the OTP and/or to install the OTP, the Bank gives the Client (if necessary) – or the Client downloads – the appropriate OTP software from the website specified by the Bank, which the Client personally installs on their computer. The OTP developer and the OTP Administrator can, at any time, interrupt or completely restrict the use of the OTP, amend its functionality, or include/exclude FIs available to the Client from the OTP.
- 8.14. The Bank has the right to:
 - 8.14.1. Specify the minimum allowed balance of FIs and/or funds on the TA, limits for FI Transactions, and other limitations. In some cases, the limits set by the Bank may differ from the funds available to the Client on the Client's Accounts;
 - 8.14.2. Within its abilities and competence, but without the obligation to do so, provide the Client with information about OTP procedure, opportunities and advantages;
 - 8.14.3. Inspect and monitor the Client's activity with the OTP;
 - 8.14.4. Monitor the Client's FI Transactions and Orders;
 - 8.14.5. Amend or suspend the Client's Orders;
 - 8.14.6. Deny the Client access to the OTP and execution of FI Transactions in the following cases:
 - 8.14.6.1. The Client's balance of funds and/or FIs is insufficient for the Bank to execute concluded Transactions and to deduct applicable Service fees;
 - 8.14.6.2. The Bank suspects that the Client is executing manipulative transactions;
 - 8.14.6.3. The Client does not fulfil their obligations under the Agreement;
 - 8.14.6.4. The OTP Administrator suspends the operation of the OTP;
 - 8.14.7. Convert into the base currency of the TA Account any loss, profit, fee, FI Transaction price, or other fee specified in a different currency.
- 8.15. The Client undertakes to:
 - 8.15.1. Make no claims against the Bank with regard to OTP operation and Orders issued and Transactions executed on the OTP, provided that the Bank has fulfilled all of its obligations;
 - 8.15.2. Observe the Bank's limits when executing FI Transactions;
 - 8.15.3. Use the OTP only for personal purposes and in accordance with OTP regulations, with which the Client is acquainted and which the Client has signed at the Bank's request;

- 8.15.4. Not reveal any OTP information to third parties;
- 8.15.5. Monitor the execution of Orders issued on the OTP, including active Orders. In case of any suspicion or error, it is the Client's obligation to contact and inform the Bank without delay;
- 8.15.6. Cease using the OTP if the Agreement expires or is terminated;
- 8.15.7. Cease using the OTP and destroy all OTP data back-ups and other copies if the OTP regulations or the Terms and Conditions are violated, as well as if co-operation between Parties under the Agreement is discontinued;
- 8.15.8. Upon request, provide the Bank with all information and documentation pertaining to the use of the OTP;
- 8.15.9. Inform the Bank without delay if the Client's Username and OTP Passwords have been revealed to third parties, or if the Client has any suspicion in this regard, immediately performing all activities necessary to change the Username and OTP Password;
- 8.15.10. If the OTP is unavailable, the Client has the right to issue Orders via other Means of Communication, including by phone. In this case, the Bank may request the Client to provide the Client's Username and TA number and issue the relevant OTP Order on the Client's TA.

9. TRANSACTION CONFIRMATION AND BANK STATEMENTS

- 9.1. The Bank gives the Client the opportunity to get acquainted with FI Account and Investment Account statements showing all transactions and FIs recorded on the FI Account, as well as transactions with Precious Metals, within 1 (one) Business Day following any update in FI Account records.
- 9.2. Within 1 (one) Business Day after an Order is executed (and only after receiving the relevant confirmation from the Counterparties, if the Order is executed via a Counterparty), the Bank prepares and issues a Confirmation to the Client.
- 9.3. Only a Confirmation received from the Bank is considered confirmation of an executed Order or concluded Transaction.
- 9.4. Once per year, the Bank prepares a statement of the Client's FI Account and Investment Account, listing all of the Client's FIs, Precious Metals, and FI and Precious Metals transactions recorded on the account during the past year.
- 9.5. The Bank reports to the Client within 1 (one) Business Day about any reduction of the Trust portfolio value by 10% (ten per cent) or more from the beginning of the reporting period.
- 9.6. In case of leveraged FIs or contingent liability transactions, the Bank reports to the Client within 1 (one) Business Day if the initial value of the relevant instrument depreciates by 10% (ten per cent) or more of its initial value.
- 9.7. Unless the Client disputes a FI or Precious Metals transaction recorded on their FI Account or Investment Account in writing within 10 (ten) Business Days following receipt of an FI Account Statement (Chapter I Clause 9.1 hereof) or within 10 (ten) Business Days following receipt of a Confirmation (Chapter I Clause 9.2 hereof), the Client is assumed to have accepted the records in the statement/Confirmation of the FI Account and Investment Account, along with any FI and Precious Metals transactions performed during the period, and is assumed to acknowledge them as properly executed.

10. RIGHTS AND OBLIGATIONS OF THE PARTIES

- 10.1. The Bank has the right to:
 - 10.1.1. Unilaterally make corrections on the Accounts if errors have occurred due to deception, miscalculation or other technical error;
 - 10.1.2. At its discretion, involve Counterparties in order to execute the Client's Orders and to hold the Client's FIs;
 - 10.1.3. Transfer to a third party the authority (or a portion of the authority) provided to the Bank under the Agreement, provided that this is necessary for defending the interests of the Bank or the Client and/or for execution of the Agreement;
 - 10.1.4. Reserve FIs, funds and/or Precious Metals on the Client's Accounts in the amount necessary to execute transactions;
 - 10.1.5. Provide the Latvian Central Depository (LCD) and the market organiser with information about the Accounts as necessary for them to perform the functions stipulated in the Law;
 - 10.1.6. Provide information about the Client, the Accounts and the Client's transactions to third parties in the cases and amounts stipulated in the applicable legislation.
- 10.2. The Client grants the Bank authority and delegates to the Bank the drawing up and signing of all documents necessary to execute Transactions, execute Orders or fulfil the Agreement.
- 10.3. According to the Client's request, the Bank informs the Client about particular FI Events that have occurred with FIs on the FI Account.

- 10.4. The Client undertakes to inform the Bank in writing without delay about the following changes: legal entity – name, type of business, registered office or contact address, seal specimen, as well as any persons authorised to represent the Client (employees or other authorised persons); individuals – name, surname, address or contact information (contact address etc.), persons authorised to represent the Client; as well as any facts that might influence the Client’s legal capacity, financial solvency or legal status. Similarly, the Client undertakes to inform the Bank in writing without delay about any changes to the information provided in the Application of a Legal Entity/Individual for everyday servicing, Application for receiving brokerage services on the FI market, Questionnaire (for receiving brokerage services on the FI market), Trust agreement or Questionnaire for receiving trust services.
- 10.5. The Bank does not require the Client’s consent to debit from the Client’s Investment Account (or any other Account which the Client holds with the Bank) commission fees and other fees specified in the Agreement or applicable to the Client’s activity, as well as taxes and mandatory fees specified in the applicable legislation, and wherever possible provides the Client with confirmation documents.
- 10.6. The debiting described in Chapter I Clause 10.5 hereof should be performed using the Client’s assets in the currency in which the fee is to be paid. If such assets are not sufficient to execute the payment, it should be executed with all of the relevant currency available on that account, while the remaining portion should be paid at the Bank’s discretion with the Client’s assets in another currency or currencies, converting such currencies currency exchange rate specified by the Bank on the relevant day.
- 10.7. If the Investment Account lacks the funds necessary to fulfil the Bank’s demands and to execute other payments outlined in Chapter I Clause 10.5 hereof for more than 1 (one) week, the Bank may sell the Client’s FIs held by the Bank or Precious Metals on the Client’s Investment Account at a free market price and use the assets thus obtained to settle all of the Bank’s demands.
- 10.8. The Client undertakes to:
 - 10.8.1. Provide the Bank with documents in accordance with the Bank’s requirements;
 - 10.8.2. Ensure sufficient funds on the Accounts for execution of Orders, Transactions and payment of Service fees;
 - 10.8.3. Inform the Bank about erroneously executed transfers of funds, Precious Metals and/or FIs and erroneously withdrawn amounts and/or FIs;
 - 10.8.4. Constantly monitor the amounts of FIs, Precious Metals, and FI Transactions, open positions, financial asset balance on Accounts;
 - 10.8.5. Compensate the Bank for all losses the Bank incurs by fulfilling the Agreement;
 - 10.8.6. In case if Account has an Investing Account status in accordance with paragraph 3.6. of this terms and conditions, ensure operations compliance with requirements to the Investing Account stated in “Law on personal income tax”.

11. LIABILITY

- 11.1. The Client assumes all risk and liability for any losses and/or expenses incurred due to:
 - 11.1.1. Any form of connection faults or interruptions within Means of Communication or the OTP which lead to erroneous, inaccurate or otherwise distorted information in the content of an Order or the provisions of a Transaction (in the recorded telephone conversation between the Parties);
 - 11.1.2. Unauthorised use of their Password, OTP Password or Username;
 - 11.1.3. Illegal activity of third parties (including Counterparties);
 - 11.1.4. The Bank holding the Client’s FIs with a different FI holder (including foreign holders), and the Bank or the Client having limited access to these FIs, or the possibility that they might not be recovered (they may be sold forcibly, used to fulfil another FI holder’s obligations to a third party, the Client may lose the possibility of returning the FIs if foreign legislation restricts this or as a result of any other action or inaction of the FI holder);
 - 11.1.5. Delay or failure in fulfilment of obligations by third parties involved in providing counterparty services, other investment services, or non-core investment services.
- 11.2. The Bank is liable for the delivery of Orders to the relevant regulated market organiser, depository or Bank intermediary in a timely and accurate manner, as well as for timely records on FI Events.
- 11.3. If the Bank has fulfilled all of its obligations under the Agreement and all duties specified in the legislation of the Republic of Latvia, the Bank is not liable for:
 - 11.3.1. The consequences of executing an erroneous, inaccurate, ambiguous or contradictory Order;
 - 11.3.2. An FI Transaction based on a fraudulent or otherwise invalid Order, if this fact is not obvious when identifying the Client with the methods identified in the Agreement and/or in General Terms of Business, and if special inspection is required in order to establish the fact;
 - 11.3.3. Partial execution of an Order, provided that its execution in full was impossible in the current market situation;

- 11.3.4. The provisions of the Agreement and other applicable legislation or current market conditions making impossible the execution of an Order on the part of an intermediary of the bank, which renders impossible the Bank's fulfilment of its contractual obligations;
- 11.3.5. The Client's losses or expenses incurred due to the execution of the FI holder's instructions, including if the FI holder has provided the Bank with inaccurate or incomplete information about an FI Event or the actions necessary for its execution;
- 11.3.6. Failure to execute Orders in the situations outlined in Chapter I Clause 15.12 hereof;
- 11.3.7. The Client's losses or expenses which may occur through the application of foreign legislation or market practice;
- 11.3.8. Unauthorised use of the Username, Password and/or OTP Password by third parties.
- 11.4. Within the framework of the Agreement, the Bank does not provide the Client with tax or legal advice. No information or explanation provided by the Bank regarding FI Transaction provisions can be considered investment advice or a suggestion to issue an Order or to execute a Transaction within the framework of the Agreement.
- 11.5. In the case specified in Chapter I Clause 11.3.4 hereof, the Bank defends the Client's interests in a legal and reasonable manner.
- 11.6. Each Party is liable for the payment of taxes and other mandatory payments in accordance with the applicable legislation.
- 11.7. The Parties are not liable for non-fulfilment of Agreement obligations due to force majeure. Force majeure includes conditions which: occur outside the control of either Party (e.g. amendments in or supplements to legislation binding upon a Party, the adoption of new legislation and/or its coming into effect, natural disasters and elements, military action, strikes, interruptions in communications); occur after the execution of an Order or Transaction has begun; render the affected Party unable to execute the Order or Transaction; cannot be overcome by applying every reasonable effort; and about which the Party can submit the evidence outlined in Clause 11.8.
- 11.8. The Party affected by force majeure informs the other Party and, if possible, provides the other Party with evidence of force majeure upon that Party's request, including a reference issued by the relevant national institution confirming the occurrence of force majeure.
- 11.9. The inability of one Party to fulfil its obligations due to force majeure does not restrict the other Party's right to complete execution of an Order or conclusion of a Transaction in accordance with the Agreement and Terms and Conditions, or that Party's right to offset the mutual obligations of the Parties or to sell the Collateral in order to satisfy the relevant demands.

12. CONFIDENTIALITY

- 12.1. Any information pertaining to the Agreement, Orders, Transactions and their execution is confidential. Both Parties undertake not to reveal any information pertaining to the Agreement, Orders, Transactions and their execution to a third party, except in situations outlined in the Agreement, in the General Terms of Business or in the applicable legislation.
- 12.2. If it is the Bank's obligation under binding legislation, the Bank may provide third parties with information about the Client, their Orders, Transactions and their execution. If the Client executes Transactions with FIs issued or registered in a different country, or executes any other Transaction that falls within the jurisdiction of a foreign financial market supervision agency, then the Bank is entitled provide information about the Client and the Client's Transactions to the foreign financial market inspection body, to market agencies (exchange, depository, clearing institution etc.) or to other parties upon the request of this institution, agency or person, provided that, in the opinion of the Bank, the relevant country's national legislation, the regulations of the relevant financial market supervision body, exchange, depository or clearing institution require the Bank to fulfil this obligation.
- 12.3. The Bank is entitled to, in the amount and in accordance with the procedure specified in international treaties, laws and other binding regulations, render available information about the Client, their accounts and transactions to law enforcement institutions, regulatory bodies, tax administrations and other competent state authorities.
- 12.4. The Client agrees that the Bank may disclose information on the Client, Client Accounts, Orders and Transactions to third parties where such disclosure is necessary to provide the service to the Client, or if a third party requests such information for the fulfilment of the requirements of binding external regulatory enactments. The Bank shall conduct processing of the personal data in accordance with the Personal Data Processing Policy.
- 12.5. The Parties may each disclose information about the other Party and Transactions to a third party with the other Party's consent.

13. DECISION-MAKING AND RISKS

- 13.1. All decisions pertaining to signing the Agreement, issuing Orders and executing Transactions should be made individually by the Client, based on the Client's opinion or suggestions made by the Client's professional advisors. The Client should individually evaluate the conformity of an Order to be issued or a Transaction to be executed with the Client's business and investment goals.
- 13.2. The Client acknowledges that the execution of Orders and Transactions inherently entails an element of financial risk which may cause losses to the Client, and that the profit obtained from an executed Order or Transaction may not be as high as expected. It is the Client's obligation to individually analyse and understand all possible risks pertaining to the signing of the Agreement and the execution of a particular Order or Transaction, and the Client assumes all responsibility for evaluating carefully all risks listed in the Information Disclosure Statement and all other potential risks each time that the Client issues an Order or executes a Transaction.

14. PENALTIES

- 14.1. If the Client has not ensured a sufficient amount of funds and/or Precious Metals for the execution of an Order and/or the full or partial payment of Bank fees and/or other fees as specified in the Agreement for the execution of an Order, then the Client is obliged to pay a penalty of 1% (one per cent) of the amount necessary to ensure the execution of the Order or the amount of any unfulfilled obligation, but no more than 10% (ten per cent) of the amount overdue. The penalty does not release the Client from fulfilment of obligations. The Bank has the right to deduct penalties from funds on any account held by the Client with the Bank, in any currency, and without prior authorisation.
- 14.2. If either Party has not fulfilled its obligations in accordance with the provisions of a Transaction, that Party has the obligation to pay a penalty to the other Party, according to the following terms:
 - 14.2.1. If, in the case of a REPO transaction, the Client has not made FIs available on the FI Account or has not paid a fee on the date specified in the provisions of a Transaction, then it is the Client's obligation to pay the Bank a penalty of 1% (one per cent) of the unpaid amount or 1% (one per cent) of the market value of the unremitted FI. In the case of a late transfer, the penalty is calculated according to the market price of the unremitted FI on the day on which the FI transfer was to be made in accordance with the provisions of a Transaction;
 - 14.2.2. If, in the case of other Transactions, the Client has not provided the Bank with Collateral or Additional Collateral in sufficient amounts, or has omitted to make a payment on the date required by the provisions of a Transaction, the Client has an obligation to pay the Bank a penalty of 1% (one per cent) of the Transaction amount.
- 14.3. The obligation to pay the penalty does not apply to a situation where a Party has failed to fulfil its obligations due to force majeure.
- 14.4. The payment of a penalty does not remove the obligation to compensate any losses incurred due to failure to execute a Transaction or premature execution, and does not avert the termination of the Transaction.

15. ACCEPTANCE AND EXECUTION OF ORDERS

- 15.1. The Bank accepts and executes Orders in accordance with the Law, other applicable legislation, the provisions of the Agreement, the Bank's General Terms of Business and Order Execution Policy for Investment Services on the Financial Instruments Market, the customs of the appropriate regulated financial market organiser (exchange), and accepted market practice.
- 15.2. The Client issues an Order either in person or via a Means of Communication.
- 15.3. An Order must be accurate, clear and unambiguous. Upon submitting an Order, the Client ensures that the content and submission procedure of the Order conform to the Bank's Order Execution Policy for Investment Services on the Financial Instruments Market.
- 15.4. If an Order is issued over the phone, then the following terms should be followed:
 - 15.4.1. The Bank identifies the Client by their name and surname (for legal entities – by the company name) and Password, or by Client Identifier (Number) and Password, which the Client specifies to a representative of the Bank prior to executing a Transaction;
 - 15.4.2. The Bank may request additional information from the Client, as well as take other legal and reasonable measures to fully identify the Client or to ascertain the completeness and veracity of the information provided by the Client. The Bank is bound only by those authorisations and representation rights (as well as amendments thereto and retractions thereof) which have been submitted to the Bank in writing.
- 15.5. If an Order is issued using the Internet Bank, the Client compiles the Order and sends it to the Bank in compliance with the regulations governing the use of the Internet Bank that are available on www.bluorbank.lv.

- 15.6. If an Order is issued using the OTP, the issue and execution of the Order are regulated by Chapter I Paragraph 8 hereof. The Username and OTP Password are used for OTP Customer identification.
- 15.7. The Bank may execute Orders partially or in several parts unless the Client has specified otherwise in the Order. A completely or partially executed Order is recorded on the appropriate Account of the Client.
- 15.8. The Client may revoke an Order only with the Bank's consent, only if it has not yet been executed, and only if there are no other obstacles to its revocation. An Order for an FI Transaction at a market price cannot be revoked. Provisions of the Agreement for issuing Orders also apply to revocation of an Order (type, form, identification, legal consequences etc.).
- 15.9. According to the request of the Client, the Bank informs the Client about their Order being accepted for execution and about the progress of its execution.
- 15.10. Documents issued by the Bank (instructions regarding the transfer of funds, cash income and expense orders, bank statements etc.) are accepted as evidence of obligation fulfilment with regard to execution of Orders.
- 15.11. The Client, in giving Orders over the phone, is informed about recording of calls by the Bank and acknowledges such records as sufficient evidence for resolution of disputes between the Parties.
- 15.12. The Bank may refuse to accept for execution and/or not execute the Client's Order if any of the following applies:
 - 15.12.1. The Order has been drawn up erroneously and/or does not conform to the Terms and Conditions and/or the Order Execution Policy for Investment Services on the Financial Instruments Market;
 - 15.12.2. During the identification process, the Bank becomes suspicious about the identity of the person issuing the Order or the conformity of their data to those of the Client or their authorised representative;
 - 15.12.3. The Client delays any payment stipulated in this or another agreement between the Bank and the Client;
 - 15.12.4. The fee for execution of the issued Order is not specified in the Pricelist and the Parties have not negotiated its amount;
 - 15.12.5. The balance of FIs, funds and/or Precious Metals on the Client's Accounts is not sufficient to execute the Order and/or to cover the cost of the Bank's Services;
 - 15.12.6. The Client's assets or FIs have been allocated for a different transaction;
 - 15.12.7. Due to conditions external to the Bank, it is impossible for the Bank to execute transactions with the FIs and/or Precious Metals specified in the Client's Order, or execution of the Order is impossible;
 - 15.12.8. The Bank has suspicions of attempted manipulative transactions and/or money laundering.
- 15.13. The Bank informs the Client of its refusal to execute the Order.

16. PROCEDURE OF EXECUTING TRANSACTIONS

- 16.1. Transactions are executed once both Parties come to an agreement about the provisions of a Transaction. Before executing a Transaction, each Party may refuse to execute the Transaction without providing an explanation.
- 16.2. If execution of a Transaction is initiated by the Client, the Client issues an Order outlining the desired provisions of the Transaction to the Bank in accordance with procedure outlined in the Agreement.
- 16.3. A Transaction is considered executed and comes into effect once the Bank has agreed to the provisions of a Transaction as outlined in the Order and the Client has provided the Bank with Collateral (if the Bank requests such in accordance with the provisions of the Agreement on providing Collateral). If Transactions are executed over the phone, in cases where the execution and content of the Transaction are under dispute, the Bank's recording of the Parties' phone conversation is considered sufficient evidence.
- 16.4. The Parties agree to amendments or updates in the provisions of a Transaction in the same manner in which the Parties agree on execution of Transactions.
- 16.5. Once a Transaction has been executed, the Bank provides the Client with a Confirmation upon the Client's request.
- 16.6. At any time following the conclusion of a Transaction, the Bank may request the Client's consent to the Transaction, providing the Client with a Confirmation – which the Client signs and returns to the Bank on the same day and using the same Means of Communication, or else submits to the Bank in person.
- 16.7. The Client should constantly monitor the status of their Accounts and Transactions executed. If the Client does not dispute a Transaction within 10 (ten) Business Days of its execution (i.e. the date that a record is made on the Account), then the Client is considered to have confirmed execution of that Transaction's without objection; in this case, the Client may no longer dispute the Transaction.

17. MUTUAL SETTLEMENT FOR TRANSACTIONS

- 17.1. Both Parties assume the obligation to make payments and transfers of Precious Metals or FIs according to the provisions of a Transaction and in amounts and within time frames specified in the Agreement, following procedure outlined in the Agreement.
- 17.2. In fulfilling the obligation to transfer of the specified funds, Precious Metals or FIs in accordance with the provisions of a Transaction, the Client must provide sufficient funds, Precious Metals or the appropriate FIs on their Account, so that such assets are freely available to the Bank on the Date of Settlement. On the Date of Settlement, the Bank debits the Account by the amount determined by the Client's obligations under the provisions of the Transaction.
- 17.3. If the Client only provides a currency on their Account that differs from the currency specified in the provisions of a Transaction, the Bank may exchange this currency for the currency specified in the provisions of the Transaction at the rate specified by the Bank.
- 17.4. If the Client has not fulfilled their obligations in accordance with the provisions of a Transaction and/or the provisions of the Agreement on the Date of Settlement, and while this non-fulfilment persists, the Bank may refuse to make payments or transfers for the benefit of the Client which are expected according to the pending Transaction or any other transaction or agreement concluded between the Parties.
- 17.5. If both Parties are to make mutual payments in one currency on the same date, the Bank may offset the Client's obligations against the Bank's obligations, and settle only for the difference in such amounts, or to make no settlement at all if the difference is equal to 0 (zero).
- 17.6. Any interest payments for Transactions executed in accordance with the Agreement are calculated for the actual number of days in a given time period, assuming that a year has 360 (three hundred sixty) days (ACT/360).

18. COLLATERAL

- 18.1. All of the Client's assets with the Bank are considered Collateral in the interpretation of the Agreement.
- 18.2. Provision of Collateral entitles the Bank to financial lien over the subject of Collateral. If Collateral consists of a deposit invested by the Client, the Bank's right of lien applies to the deposit's principal amount and interest. If Collateral consists of financial instruments, the Bank's right of lien applies to the FI and their growth and returns (dividends, coupons, interest etc.), as well as FI acquired through the exchange, conversion, change of nominal value of FIs originally designated as Collateral, or as a result of another event related to the FIs.
- 18.3. The Bank unilaterally determines the amount of Collateral and calculates the sufficiency of Collateral to fulfil the obligations of the Client, taking into account all Transactions concluded but not yet executed at the time of the Bank calculating Collateral. The amount of Collateral may vary depending on the current market value of currencies, FIs, Precious Metals involved in the Transaction, Collateral value, change of the Client's limits for execution of Transactions, and other conditions.
- 18.4. Collateral provided by the Client to the Bank within the framework of the Agreement is, without separate negotiation or warning, considered Collateral for all of the Client's obligations to the Bank applicable to any Transactions occurring within the framework of the Agreement, regardless of whether a Transaction is concluded before or after provision of Collateral.
- 18.5. The Client authorises the Bank to use the Collateral by alienating it or pledging it to third parties. In case the Bank uses the Collateral, the Bank undertakes the obligation to replace the originally provided Collateral with an equivalent asset no later than the day that the Client's obligations are fulfilled.
- 18.6. The Client confirms that the Collateral provided to the Bank is not under the tenure or care of others, is not alienated, encumbered, pledged as collateral; that it is not the subject of ownership disputes; that there are no restrictions or prohibitions on it being alienated, pledged or collected, that the subject of Collateral is unencumbered by the demands of third parties; and that the Client has obtained all the necessary permissions before providing the subject of Collateral to the Bank. If the Client's affirmations prove to be false, the Client undertakes compensation of any losses incurred by the Bank in this situation.
- 18.7. Once Collateral has been provided, all Client activity with the subject of Collateral – alienation, including selling, lending, gifting, transferring to a different account, as well as encumbrance (including repeated lien) etc. – are allowed only with the Bank's written consent.
- 18.8. The Bank removes encumbrance from the Collateral only once the Client has fulfilled all obligations applicable to the Transaction.

19. SALE OF COLLATERAL

- 19.1. If the Client does not fulfil their obligations related to the Agreement or a specific Transaction, the Bank may, according to procedure outlined in this Paragraph, completely or partially sell the Collateral and use the amount obtained from this sale to fulfil its demands. The provisions of this Paragraph apply to financing secured by FIs (Margin Loans), insofar as they do not contradict the provisions of Chapter I Paragraph 21 hereof.
- 19.2. If the subject of Collateral is money, the Bank may, without special reminder, debit from the Client's Deposit Account or any other account with the Bank an amount equal to that demanded by the Bank.
- 19.3. If the subject of Collateral is Precious Metals on the Client's Investment Account, the Bank is entitled to, without special notice to the Client, sell the Precious Metals and allocate the proceeds towards discharging of the Bank's claims.
- 19.4. If Collateral consists of FIs, the Bank may, without special reminder, sell such FIs at a market price or, at the Bank's discretion, alienate them for its own benefit at a market price, diverting the proceeds from the sale of the FIs (or the Bank's valuation thereof in case of alienation in favour of the Bank) to fulfil the Bank's demands.
- 19.5. When using income from sale of Collateral to fulfil its demands, the Bank may convert the amount obtained from sale of Collateral into the currency of the Client's obligations, according to the Bank's currency exchange rate.
- 19.6. Before using proceeds from the sale of Collateral to fulfil its demands, the Bank may first use part of Collateral to cover all expenses incurred during sale.
- 19.7. In addition to the Collateral provisions described in the Agreement, the Client authorises the Bank to withdraw assets from any of the Client's accounts with the Bank without separate warning if the Client fails to fulfil the Client's obligations, as well as to sell any FIs on the Client's accounts at a free market price and to use the proceeds for settling the Client's obligations.

20. ADDITIONAL COLLATERAL

- 20.1. If the amount of Collateral necessary to fulfil the Client's obligations changes according to the Bank's calculations, the Bank may, at any time, demand Collateral for previously executed and pending Transactions not secured with Collateral, as well as to request the increase of Collateral provided previously (hereinafter referred to as Additional Collateral). The Bank notifies the Client of the need for Additional Collateral over the phone, simultaneously sending the Client a notification to via the Internet Bank and/or to email address provided in the Agreement.
- 20.2. The Client should fulfil the Bank's request of Additional Collateral as specified in the previous Clause by the end of the Business Day on which the request is received, if received before 04:00pm EET (GMT+02:00). If the request is received after 04:00pm EET (GMT+02:00), the Client should fulfil it by the end of the following Business Day. If a Bank employee is unable to reach the Client in order to inform the Client of the need for Additional Collateral by 04:00pm EET (GMT+02:00) on the day that the request is made, or otherwise if the Client has been notified of the need for Additional Collateral but has not submitted Additional Collateral in due time, the Bank can, without warning to the Client and, at its sole discretion unilaterally cancel any Transaction or Transactions for which the Bank, according to its calculations, has insufficient Collateral. On the day the Transaction is cancelled, the Client should reimburse the Bank for any losses in connection with such premature cancellation of the Transaction.

21. FINANCING SECURED BY FINANCIAL INSTRUMENTS (MARGIN LOANS)

- 21.1. These provisions of financing secured by FIs apply to the relations between the Bank and a Client who has applied for investment services and Margin Loans, holds an FI Account with the Bank, and has received a Loan in accordance with these Terms and Conditions.
- 21.2. These Terms and Conditions, the Client's application for investment (brokerage) services and Margin Loans, and the concludent actions of the Bank and the Client constitute a Loan Agreement. A Loan Agreement is considered concluded at the moment of issuance of a Loan, and terminated once the Client fully repays the issued Loan and applicable payments. The Bank is entitled to, at its discretion, refuse to issue a Margin Loan to the Client.
- 21.3. The Bank and the Client agree that the purpose of a Margin loan is financing of a purchase of FIs for (an individual's) personal needs.
- 21.4. The Client consents to the Bank issuing a loan by submitting to the Bank an application for issuing a Margin Loan (Chapter I Clause 21.2 hereof). Such an application by the Client also has effect with regard to further cases of Loan issue, each time that: a) the Client submits to the Bank an order for purchase of FIs where the funds on the Investment Account are insufficient for execution of the order; or b) the Client submits to the Bank an Order for a transfer of funds from the Client's Investment Account to their Current Account where the funds on the Investment Account are insufficient for execution of the Order; resubmission of the application is not necessary.

- 21.5. A Loan is issued upon fulfilling the Client's order or executing the Client's Transaction where the amount necessary for execution exceeds the balance on the Client's Investment Account with the Bank. The Loan is considered received in the amount lacking at the moment that the Client's order is executed.
- 21.6. A statement of the Client's Investment Account serves as confirmation of issuance of a Loan. The Bank notifies the Client about the interest rate, amount and credit limit of the provided Loan, calculated in accordance with the provisions of Chapter I Clause 21.7 hereof, at the moment of issuing the Loan, specifying them in the Investment Account overview in the Internet Bank or in a separate notification.
- 21.7. A Loan is issued within the credit limit. The credit limit is a proportional restriction on the total amount which the Bank may extend to the Client, based on the types of financial instruments available on the FI Account and in accordance with the Pricelist. The allowed limit for each type of FI is calculated according to the formula:

$$KL = \sum_{i=1}^m \frac{TC_i \times (100\% - INITL)}{100\%}, \text{ where:}$$

KL – credit limit for this FI type;
 TC_i – market value of the ith FI attributable to the type of FI;
 INITL – amount of initial collateral specified for the type of FI;
 M – number of FI of a given type that serve as collateral for the Loan.

For purposes of calculating the credit limit, the Parties interpret the market value of FI as the market value of the financial instruments on a given Business Day of the Bank. If the Client owns a number of distinct FI types, the total credit limit is equal to the sum of limits allowed for each type of FI.

- 21.8. The Client understands and agrees that, as the market value of an FI changes, the ratio of the issued loan to FI pledged as collateral will change as well. If a change in the market value of an FI leads to the Loan issued to the Client (including calculated interest) exceeding the credit limit specified by the Bank, the Client is obliged to immediately repay the Loan (Chapter I Clause 21.21.2 hereof) or to increase the amount of Loan collateral upon coordinating the type and amount of collateral with the Bank.
- 21.9. The Client is obliged to monitor the market situation and the correspondence of the issued Loan to the credit limit specified by the Bank.
- 21.10. If, as a result of the Client's FI transactions, changing market value of the relevant FIs, or non-fulfilment of the Client's obligations, the Client is faced with a Margin Call situation, i.e. in a situation where the Collateral is equal to or lower than the minimum Collateral amount, then, until the situation is reversed, the Bank could apply higher interest rate to the amount in excess of the credit limit when calculating Loan interest. Bank informs the Client about the higher interest rate. The overall Loan interest rate is calculated in accordance with Chapter I Clauses 21.16-21.19 hereof.
- 21.11. Without prejudice to the provisions of Chapter I Clauses 21.22-21.23 hereof, if, as a result of the Client's FI transactions, changing market value of the relevant FIs, or non-fulfilment of the Client's obligations, the Client's Margin Call situation reaches a Stop Loss level specified by the Bank the Bank is entitled to, unilaterally and without requesting consent, begin selling the Client's FIs in such an amount as to reduce the amount of the Loan to the credit limit (see Chapter I Clause 21.7 hereof), while observing current market practice (e.g. with regard to the minimum number of financial instruments sold/purchased on the financial market).
- 21.12. The Bank has the right but not the obligation to extend a Loan. The provisions for extension of a Loan are specified according to the Bank's discretion.
- 21.13. The Bank has the right but not the obligation to notify the Client about their credit limit being exceeded. The Bank informs the Client about the credit limit and its changes using an Internet Bank notification.
- 21.14. All financial instruments on the FI Account and funds and/or Precious Metals on the Client's Accounts with the Bank serve as Loan Collateral (including Additional Collateral) in favour of the Bank.
- 21.15. The Client pays the Bank interest for using a Loan at the rates specified by the Bank.
- 21.16. For purposes of determining Loan interest rates, it is assumed that the Bank continuously determines which FI types could be used as the Collateral for the Loan.
- 21.17. As the market value of financial instruments changes, the ratio of the Loan provided to the financial instruments pledged as Collateral could be changed as well, which leads to the interest rate for the Loan being dependent on shifts in the market value of financial instruments. The Bank notifies the Client about the interest rate for the Loan and changes therein using a notification in the Internet Bank. The Client is obliged to monitor the changes in the floating interest rate of the Loan by requesting the information from the Bank.
- 21.18. Interest is accrued for the amount of the Loan actually used are deducted once a month in the currency in which the loan was granted.
- 21.19. During calculation of Loan interest, it is assumed that a year consists of 360 (three hundred sixty) days; if the term of using the Loan is less than one year, the Loan interest is accrued for the actual number of days that the Loan is used. The days when the Loan is issued and settled are treated as a single day.

- 21.20. Changes in the Pricelist which apply to financing secured by FIs come into force at the moment of notification, unless the Bank's notification specifies otherwise.
- 21.21. The Client should repay the Loan and applicable payments:
- 21.21.1. Upon the Bank's first request to do so; or
- 21.21.2. Once the amount of the Loan issued exceeds the credit limit specified by the Bank, unless the Client has increased the amount of Collateral (Chapter I Clause 21.11 hereof).
- 21.22. The Parties agree that, regardless of the Loan repayment deadline, the funds remitted to the Investment Account in the currency of the Loan will, without the Client's specific order or the Bank's request, be used to settle the Loan on the day of remittance. The Bank is entitled but not obliged to convert the necessary amount of funds on the Investment Account at the rate specified by the Bank into the Loan currency, using the funds thus converted to settle the Loan (even prior to a Loan repayment deadline).
- 21.23. On a Loan repayment deadline, or upon the occurrence of any event specified in Chapter I Clause 21.22 hereof, the Client should settle the amount of the Loan received and all applicable payments (i.e. interest, Fees) before the end of the current Business Day of the Bank (i.e. 05:30pm EET, GMT+02:00). If the Client does not comply with the provisions of this Clause, the Bank is entitled to act in accordance with Chapter I Clause 21.11 hereof.
- 21.24. The Client is entitled to fully settle a Loan and all applicable payments before the Loan repayment deadline or the occurrence of an event specified in Chapter I Clause 21.22 hereof.
- 21.25. The Client confirms that they are informed about the Bank's obligation to provide data on the Client to the Bank of Latvia and its right to receive data from the Credit Register of the Bank of Latvia in specific cases. The Client is informed about the right of individuals and legal entities to receive data about themselves which are included in the Credit Register of the Bank of Latvia.

22. CANCELLING A TRANSACTION DUE TO NON-FULFILMENT OF OBLIGATIONS

- 22.1. In the interpretation of this Clause, any one of the following events is considered non-fulfilment of obligations:
- 22.1.1. The Client does not fulfil or improperly fulfils any of their obligations arising from the Agreement, other agreements with the Bank, transactions, or General Terms of Business;
- 22.1.2. The Client does not fulfil the Bank's demand for Additional Collateral;
- 22.1.3. A government body makes a decision on the liquidation or reorganisation of Client (a legal entity), cancellation of its license/permit, suspension or restriction of its activities, or the Client conducts any activity pertaining to their liquidation, reorganisation, interruption of activity, or assignment of an administrator or liquidator;
- 22.1.4. A government authority receives notice concerning the Client's insolvency, a request to forcefully liquidate or reorganise the Client, or if forced liquidation, reorganisation or insolvency proceedings are initiated in any other way;
- 22.1.5. A decision to initiate bankruptcy proceedings for the Client is made;
- 22.1.6. The Client's death or insolvency;
- 22.1.7. The Client's property is encumbered, seized, the Client is forbidden to engage in certain activities, third parties are forbidden to provide the Client with funds or other property, the Client's property is used to enforce debts, other events which restrict the Client's right to dispose of their property;
- 22.1.8. The Bank receives information on the basis of which the Bank can assume that the Client's ability to fulfil the Client's obligations has deteriorated, or, according to the Bank's evaluation, the credit standing of the Client following reorganisation is lower than the Client's credit standing before the reorganisation;
- 22.1.9. The Client has closed all of their accounts with the Bank;
- 22.1.10. The Client cannot fulfil their transaction obligations due to force majeure.
- 22.2. The Client should inform the Bank without delay about any event bringing about the non-fulfilment of obligations, except in the situations outlined in Chapter I Clauses 22.1.6 and 22.1.8 hereof.
- 22.3. Upon the occurrence of an event bringing about the non-fulfilment of obligations, the Bank may, at its sole discretion, refuse to provide any Services and may cancel all Transactions that have not been executed, as well as sell any or all FIs on the Client's FI Account at their current market value. At its sole discretion, and if this is consistent with the intent of the Transaction, the Bank cancels the Transaction by concluding a reverse transaction on the Account. The Bank reports activities listed in this Clause by sending the Client a written notification specifying the reason for performing such activities.

- 22.4. In the interpretation of this Clause, Transactions subject to cancellation include all incomplete Transactions whose date of execution is on or before the date of the notice of cancellation and which are still incomplete as at the date when the cancellation notice is sent, as well as all those Transactions whose date of execution is after the date of the notice of cancellation.
- 22.5. The provisions of this Clause do not restrict the Bank's right to unilaterally cancel individual Transactions in the cases and according to the procedure specified the Agreement without cancelling other Transactions; neither do they limit the Bank's right to sell Collateral in accordance with the Agreement.
- 22.6. On the date of cancelling Transactions, the obligation of both Parties to observe the provisions of a Transaction is replaced with their obligation to complete settlement as specified in Chapter I Clause 23 hereof.

23. SETTLEMENT FOLLOWING TRANSACTION CANCELLATION

- 23.1. After a notice of cancellation of Transactions has been sent according to Chapter I Paragraph 22 hereof, the Bank calculates both Parties' mutual obligations for all cancelled Transactions.
- 23.2. While performing settlement resulting from the Client's obligations under Chapter I Clause 22.1 hereof, the Bank has the right to, following activities listed in Chapter I Clause 22.3 and settlement in accordance with Chapter I Clause 23.1 hereof, remit the balance of such funds due to the Client to the Client's Current Account with the Bank without requiring a separate Order from the Client.

24. AGREEMENT VALIDITY AND TERMINATION

- 24.1. The Agreement comes into effect upon signing by both Parties and remains effective indefinitely.
- 24.2. Amendments or supplements to the Agreement may be made if both Parties agree to such in writing, unless specified otherwise in the Agreement and General Terms of Business.
- 24.3. Unless there are unfulfilled obligations between the Parties, either Party may unilaterally terminate the Agreement by notifying the other Party of terminating the Agreement 30 (thirty) calendar days in advance.
- 24.4. The Bank may unilaterally terminate the Agreement upon notifying the Client, provided that the Client does not issue any Orders or conclude any Transactions over a period of 6 (six) consecutive months and the balance on the Client's Accounts is either negative or equal to 0 (zero).
- 24.5. The Bank may unilaterally terminate the Agreement and all concluded Transactions without prior notice if:
- 24.5.1. The Client does not fulfil or violates any provisions of the Agreement or commits non-fulfilment of some obligation (refer to Chapter I Paragraph 22 hereof);
 - 24.5.2. The Bank suspects that the Client is involved in fraudulent and/or manipulative transactions;
 - 24.5.3. The Bank has received notice from a competent national institution/public authority about collection procedure applicable to the Client's funds or FIs or about the encumbrance (seizure) of the Client's Accounts.
- 24.6. Upon termination of the Agreement, the Client should, within 1 (one) Business Day, submit an Order to the Bank regarding further actions with FIs still on the FI Account and funds and/or Precious Metals still on the Investment Account. If the Agreement is terminated in accordance with Chapter I Clause 24.5.1 hereof, the Bank is entitled to perform the activities listed in Chapter I Clause 24.7 hereof without a requiring separate Order from the Client.
- 24.7. If the Client does not issue an Order to the Bank regarding actions with FIs still on the FI Account or in the case specified in Chapter I Clause 24.6 hereof, the Bank may sell them at a market price. The relevant FI sale transaction is executed at the Client's expense and the Bank deducts all applicable fees.
- 24.8. Before the Agreement's last day of effect, the Bank executes the Client's Order with regard to FIs on the FI Account and funds and/or Precious Metals on the Investment Account, and closes these Accounts.

25. DISPUTES AND JURISDICTION

- 25.1. Any dispute in accordance with the Agreement is resolved outside a court of law, i.e. the Parties negotiate agreement amongst themselves through discussion or in writing. If the Client notifies the Bank about inconsistencies in the reports and/or Confirmations provided, the Parties will apply every effort to resolve the inconsistencies by negotiating and by exchanging information.

- 25.2. If a dispute cannot be resolved amicably within 1 (one) month following submission of a written complaint, provided that the Client is legal entity, it is to be resolved by Court of Arbitration of the Association of Commercial Banks of Latvia in Riga, in accordance with this court's statutes, bylaws and Regulation on Expenses of the Court of Arbitration of the Association of Commercial Banks of Latvia. The provisions of these documents are considered incorporated into this Clause. The subject of dispute is any tangible or intangible disagreement or demand stemming from this Agreement, including any disagreement or demand concerning the fulfilment of Agreement obligations, payment of penalties, compensation of losses, or collateral, as well as any other disagreements or demands that relate to the Agreement, amendment, violation, termination, legality, effectiveness or interpretation. The decision of the court of arbitration is final, binding upon both Parties, and cannot be appealed. The number of arbiters is 1 (one). The language of the court of arbitration is Latvian. The arbiter is to be appointed by the Chairman of the Court of Arbitration of the Association of Commercial Banks of Latvia. In case the Client is an individual, the dispute is to be resolved in a court of general jurisdiction of the Republic of Latvia.

CHAPTER II. SPECIAL TERMS AND CONDITIONS FOR TRANSACTIONS

1. OPTION TRANSACTIONS

1.1. Terms and Definitions

Call Option – an option which allows the buyer to (i) buy a certain amount of an Underlying Asset from the Option vendor at the price specified in the provisions of an Option Transaction; or (ii) receive the relevant amount of money from the Option vendor, if the market price of the Underlying Asset is greater than the price specified in transaction provisions.

Delivery of an Underlying Asset – a form of settlement in Option Transactions where the Parties execute a transaction to purchase/sell the Underlying Asset on the Date of Settlement.

Expiration Date – the date specified in Option Transaction regulations, on which the Option buyer's right to exercise the Option according to the concluded transaction expires.

Option – a standardised, quotable FI expressed as a two-sided transaction giving one party – the Option buyer – the right but not the obligation to buy or sell a specific amount of Underlying Assets within a specific time period, to perform another transaction or to receive the value of the Option in money; and giving the other party – the Option vendor – the obligation to buy or sell the specified amount of Underlying Assets or to pay the Option value amount in money if the Option Buyer exercises their right. To receive the Option, the Option buyer pays a commission to the Option vendor.

Option Agreement – if the provisions of an Option Transaction specify a number of Option Agreements, one Option Agreement is equal to 100 (one hundred) shares or other FIs which constitute the Underlying Asset of the particular Option Transaction.

Premium – an amount of money paid by the Option buyer to the Option vendor for obtaining buyer's rights upon concluding an Option Transaction.

Put Option – a type of Option that entitles its buyer to: (i) sell a certain amount of Underlying Assets to the Option Vendor for a set price; or (ii) receive an amount of money equivalent to the price of the Option, if the specified price of the Underlying Assets is greater than their market price.

Strike Price – the price of Underlying Assets used to conclude the buying/selling transaction for these Underlying Assets, if the buyer wishes to exercise their options.

Underlying Asset – the currency, FI, index or commodity which is the subject of an Option Transaction.

1.2. Option Transaction Terms and Conditions

- 1.2.1. The procedures in this Clause outline the manner in which the Client, with the Bank's mediation, executes transactions with Options (Option Transaction).
- 1.2.2. The Bank maintains a record of Options on the Client's FI Account.
- 1.2.3. Before entering into an Option Transaction, the Client undertakes the obligation to familiarise themselves with the relevant exchanges' regulations on options, as well as the obligation to observe such regulations. An Order issued for an Option Transaction is considered confirmation of the Client's acquaintance with the regulations mentioned herein.
- 1.2.4. The Bank may at any time refuse to accept an Order for an Option Transaction or to specify additional restrictions.
- 1.2.5. The Bank determines the limit on the Client's open Option position. The Bank may, at its discretion and without prior notice or the Client's consent, close one, several, or all of the Client's open Option positions. In this case, potential losses are covered by the Client.
- 1.2.6. All of the Client's funds and FIs held by the Bank are considered Collateral for fulfilment of the Client's obligations according to Option Transactions, and the Bank may use this Collateral provided by the Client to ensure that all of the Client's obligations to the Bank are fulfilled, unless the Client has fulfilled their obligations within the time specified in the Terms and Conditions or otherwise indicated by the Bank.
- 1.2.7. The Client realises that Option Transactions are high-risk transactions and, before executing a Transaction, the Client must be informed about types of options (i.e. Call and Put Options), their peculiarities and related risks.

- 1.2.8. The Client understands that the sale of Options (if such a transaction is not connected to closing the Client's open Option positions) is considered a higher-risk transaction compared to the buying of Options, and, in acting as the Option vendor, the Client understands that unlimited losses which can exceed the received Premium by a large factor might be incurred.
- 1.2.9. The Client acknowledges that Option Transactions can be suspended and/or terminated due to suspension/termination of trading in the Underlying Asset or due to other trading disturbances (including liquidity and system issues etc.). The Bank assumes no liability for such delays and/or losses.

1.3. Format of Orders for Option Transactions

- 1.3.1. To conclude an Option Transaction, the Client issues at least the following information to the Bank in an Option Transaction Order:
 - 1.3.1.1. Type of Transaction (Option sale/purchase);
 - 1.3.1.2. Type of Option (Call/Put);
 - 1.3.1.3. Underlying Asset of the Option;
 - 1.3.1.4. Opening/Closing of the Option position;
 - 1.3.1.5. Strike Price;
 - 1.3.1.6. Expiration Date;
 - 1.3.1.7. Number of Option Agreements;
 - 1.3.1.8. Size of the Premium (market price or price indicated by the Client);
 - 1.3.1.9. Duration/validity term of the Order.
- 1.3.2. An Option Transaction is considered concluded when the Client, following the procedure specified in the Agreement, uses a Means of Communication to issue an Order containing the provisions of an Option Transaction; it comes into effect once the Client (the Option buyer) has paid the Premium indicated in the Order to the Option vendor.

1.4. Buying Options

- 1.4.1. By buying a Call Option, the Client receives the right but not the obligation to buy the Underlying Assets of the particular Option, while buying Put Options gives the Client the right but not the obligation to sell the particular Underlying Asset in accordance with the relevant terms of the Option Transaction.
- 1.4.2. As the Option Buyer (unless an Option is being bought to close the Client's Option position), the Client has the right to:
 - 1.4.2.1. Close their position by selling the Option;
 - 1.4.2.2. Use the Call Option to buy Underlying Assets according to the procedure outlined in Chapter II Clause 1.5 hereof or exercise the Put Option, in order to sell the Underlying Asset according to the procedure outlined in Chapter II Clause 1.5 hereof.
- 1.4.3. Allow the Option to expire. In this case, the Client understands that the loss of assets invested in the Option – i.e. the Premium paid for the Option as well as Transaction expenses relating the Option – may ensue if the Option expires out-of-the-money. An out-of-the-money Option refers to either a Call Option whose Strike Price is higher than the market price of the Underlying Asset, or a Put Option whose Strike Price is lower than the market price of the Underlying Asset.

1.5. Exercising Options

- 1.5.1. The buyer of an Option has the right to exercise their Option. To exercise an Option, the Client issues an Order about exercising their Option to the Bank no less than 3 (three) Business Days before the intended date of exercising the Option.
- 1.5.2. If the Client holds a Call Option at the moment they place an Order for exercising the Option, the Client ensures sufficient funds on the Client's Investment Account in order to buy the Underlying Asset of the Option, to be blocked by the Bank in order for the Client to exercise that Option.
- 1.5.3. If the Client holds a Put Option at the moment they place the Order for exercising the Option, the Client ensures a sufficient amount of the Underlying Asset on the Client's FI Account in order to sell the Underlying Asset, to be blocked by the Bank in order for the Client to exercise that Option.
- 1.5.4. The Client undertakes the obligation to ensure a sufficient amount of Underlying Assets or funds on the Client's Account no less than 3 (three) Business Days before the Expiration Date of an Option. If the Client does not fulfil this obligation and the Bank sustains losses for this reason, the Client is obliged to compensate the Bank for such losses.

- 1.5.5. If the Option buyer exercises their Option, the Bank assumes no responsibility for the risk attributable to the timely delivery of funds and/or Underlying Assets.
- 1.5.6. Options can only be exercised completely, unless the Client, the Bank and the Counterparty individually agree on partial exercise of an Option.
- 1.5.7. All expenses associated with the buying of Options are covered by the Client.
- 1.5.8. The Bank may refuse to execute the Client's Orders for exercising Options if the Client has not fulfilled the respective provisions of Chapter II Clauses 1.5.2 and 1.5.3 hereof, as well as if there are insufficient funds on the Client's Investment Account to cover the Bank's fee and any expenses related to exercising an Option.

2. EXCHANGE TRANSACTIONS WITH DERIVATIVES

2.1. Terms and Definitions

Derivatives (within this Chapter) – Exchange-traded future agreements (futures).

Exchange – the organisation/location where public trading (sale/purchase) of FIs is organised with the participation of professional Exchange participants.

Exchange Transaction – a sale/purchase of Derivatives on an Exchange.

Initial Margin – the Collateral initially requested by the Bank in order to open a position. The Initial Margin may be equal to or higher than the Maintenance Margin for the Open Position, and may also be dependent on the Counterparty's provisions.

Maintenance Margin – the amount of Collateral requested by the Bank in order to maintain the Client's Open Position. The Maintenance Margin may be equal to or lower than the Initial Margin and may also be dependent on the Counterparty's provisions.

Open Position – the difference between the Client's claims and obligations in one type of Derivative, arising due to the sale/purchase of different quantities of Derivatives.

The Client's claims in an asset – the amount of Derivatives of a given type purchased by the Client.

The Client's obligations in an asset – the amount of Derivatives of a given type sold by the Client.

Underlying Asset – the asset on which the value of a Derivative is based. An underlying asset may itself be an FI (such as shares, futures, commodities, currencies, indexes etc.).

2.2. General Terms and Conditions

- 2.2.1. OTC Transactions are concluded with the Bank's mediation in accordance with the Client's Order and the provisions of the relevant Exchange.
- 2.2.2. The Client is aware that Exchange Transactions are high-risk transactions carrying a substantial probability of capital loss. The Client is aware that losses on Exchange Transactions may considerably exceed the initial investment and the Collateral available on their Investment Account.
- 2.2.3. The Exchange specifies the Underlying Assets which may be used to conclude an Exchange Transaction. The Exchange also specifies the levels of Initial Margin and Maintenance Margin. The Exchange is entitled to, at its discretion, change these Collateral levels. The Exchange specifies limits on Open Positions, which may change at the Exchange's discretion, and may set other restrictions. In addition to the rights of the Exchange specified herein, the Bank is entitled to change the Initial Margin, Maintenance Margin and trading limit.
- 2.2.4. Exchange Transactions and Derivatives are standardised. Each Exchange-traded FI has certain specifications which the Client undertakes to consider. Submission of an Order for an Exchange Transaction is interpreted as confirmation of the Client's acquaintance with the specifications and trading provisions for the relevant Derivative.
- 2.2.5. The Bank may open a separate Investment Account for the Client in order to conduct and record their Exchange Transactions.
- 2.2.6. In order to conclude an Exchange Transaction, the Client is obliged to provide the Bank with the Initial Margin and maintain an adequate Maintenance Margin on the relevant Investment Account for the entire term that the Open Position is maintained.
- 2.2.7. The Client is obliged to maintain an Initial Margin and a Maintenance Margin on their Investment Account in accordance with the requirements of the Exchange and the Bank.
- 2.2.8. The Client is obliged to constantly monitor the state of Open Positions, evaluate risks, and keep track of changes in the value of their asset portfolio and the adequacy of Collateral, replenishing their Investment Account as necessary.

- 2.2.9. If the sum of Collateral and unrealised losses for an Open Position becomes equal to or lower than the Maintenance Margin, the Client is obliged to immediately (on the same day) either replenish their Investment Account or close the Open Position to ensure that the Collateral is sufficient.
- 2.2.10. The Client is aware that the Bank may at any time and at its sole discretion change the levels of Initial Margin and Maintenance Margin or refuse to accept an Order for an Exchange Transaction.
- 2.2.11. The Bank is entitled to refuse to open a position if the Collateral provided by the Client is equal to or less than the Initial Margin.
- 2.2.12. The Bank is entitled to close a position if the Client has failed to maintain a Maintenance Margin on their Investment Account, including cases where the Maintenance Margin has been specified by the Bank.
- 2.2.13. Unless the Bank and the Client specifically agree otherwise, the Bank observes the specifications set by the Exchange but does not ensure or allow delivery/acceptance of an Underlying Asset, and the Client should, upon the Bank's request, close an Open Position by concluding an offset transaction. If the Client does not fulfil this obligation, the Bank is entitled to close the position at the Client's expense.

2.3. Procedure of Executing Exchange Transactions

- 2.3.1. In order to conclude Exchange Transactions, the Client employs a Means of Communication in accordance with these Terms and Conditions to submit the relevant Order to the Bank.
- 2.3.2. In order to execute Exchange Transactions in the interest of the Client, the Bank is entitled to use the Collateral as subsequent pledge to its Counterparty. The aforementioned amount may be placed together with the Bank's funds and be recorded in the Bank's name. In fulfilling the Client's Orders for Exchange Transactions with the mediation of Counterparties, the Bank may act in its own name.
- 2.3.3. The Bank is not liable for losses sustained by the Client due to the activity of the Counterparty or the Exchange where the relevant Derivatives are traded.
- 2.3.4. The Client consents to the Bank and Counterparties acting in accordance with the legislation, regulations, practice and customs applicable to Exchanges, other institutions, markets where transactions with the relevant Derivatives take place when they execute an Exchange Transaction. The Bank is not liable for any losses due to the enforcement of the aforementioned regulations or amendments.
- 2.3.5. The Client is obliged to sell Derivatives (close their Open Position) before the last day of trading the asset specified by the relevant Exchange.

2.4. Closing an Open Position

- 2.4.1. Closing of the Client's Open Position is performed by concluding a Derivatives sale/purchase transaction whereby the Client's claims and obligations in that Derivative become equal.
- 2.4.2. An Open Position is closed on the basis of the Client's Order, or else the Bank may, without coordinating this with the Client, immediately close all (or some) of the Client's Open Positions in the following cases:
 - 2.4.2.1. On the last day of trading the relevant Derivative, unless the Client has provided the Bank with an order to sell the Derivative earlier;
 - 2.4.2.2. If, in the opinion of the Bank, the Collateral is insufficient;
 - 2.4.2.3. According to the indications of Exchanges involved in executing the Exchange Transaction, in accordance with the provisions of these Exchanges;
 - 2.4.2.4. Upon the request of Counterparties involved in executing the Exchange Transaction, in accordance with the agreements concluded between the Bank and the relevant Counterparty;
 - 2.4.2.5. If unrealised losses for the Customer's Open Position reach 50% (fifty per cent) of the Maintenance Margin.

3. OVER-THE-COUNTER TRANSACTIONS WITH DERIVATIVES

3.1. Terms and Definitions

Contract for Difference (CFD) – a Derivative FI consisting of an agreement between two parties whereby one party will pay the other the difference between an asset's current value and its value at the end of the agreement term.

Derivatives (within this Chapter) – any derivative FIs, including SPOT contracts, forex futures, options, swaps and contracts for difference (CFDs) traded outside of an Exchange. The value of Derivatives is based on the value of Underlying Assets specified therein.

Initial Margin – the Collateral initially requested by the Bank in order to open a position. The Initial Margin may be equal to or higher than the Maintenance Margin for an Open Position, and may also be dependent on the Counterparty's provisions.

Maintenance Margin – the amount of Collateral requested by the Bank in order to maintain the Client's Open Position. The Maintenance Margin may be equal to or lower than the Initial Margin and may also be dependent on the Counterparty's provisions.

Open Position – the difference between the Client's claims and obligations in one type of Derivative, arising due to the sale/purchase of different quantities of Derivatives.

OTC Transaction – an FI sale/purchase transaction conducted outside an Exchange.

The Client's claims in an asset – the amount of Derivatives of a given type purchased by the Client.

The Client's obligations in an asset – the amount of Derivatives of a given type sold by the Client.

Underlying Asset – the asset on which the value of a Derivative is based. An underlying asset may itself be a Financial Instrument (such as shares, futures, commodities, currencies, indexes etc.).

3.2. General Terms and Conditions

- 3.2.1. OTC Transactions are concluded with the Bank's mediation in accordance with the Client's Order.
- 3.2.2. The Client is aware that OTC Transactions are high-risk transactions carrying a substantial probability of capital loss. The Client is aware that losses on OTC Transactions may considerably exceed the initial investment and the Collateral available on their Investment Account.
- 3.2.3. The Bank specifies the Underlying Assets which may be used to conclude an OTC Transaction. The Bank also specifies the levels of Initial Margin and Maintenance Margin. The Bank is entitled to, at its discretion, change these levels of Collateral. The Bank specifies limits on Open Positions, which may change at the Bank's discretion, and may set other restrictions.
- 3.2.4. The Bank may open a separate Investment Account for the Client in order to conduct and record OTC Transactions.
- 3.2.5. In order to conclude an OTC Transaction, the Client is obliged to provide the Bank with the Initial Margin and maintain an adequate Maintenance Margin on the relevant Investment Account throughout the period that the Open Position is maintained.
- 3.2.6. The Client is obliged to maintain an Initial Margin and a Maintenance Margin on their Investment Account in accordance with the Bank's requirements.
- 3.2.7. The Client is obliged to constantly monitor the state of Open Positions, evaluate risks, and keep track of changes in the value of their asset portfolio and the adequacy of Collateral, replenishing their Investment Account as necessary.
- 3.2.8. If the sum of Collateral and unrealised losses for an Open Position becomes equal to or lower than the Maintenance Margin, the Client is obliged to immediately (on the same day) either replenish their Investment Account or close the Open Position to ensure that the Collateral is sufficient.
- 3.2.9. The Client is aware that the Bank may at any time and at its sole discretion change the levels of Initial Margin and Maintenance Margin or refuse to accept an Order for an OTC Transaction.
- 3.2.10. The Bank is entitled to refuse to open a position if the Collateral provided by the Client is equal to or less than the Initial Margin.
- 3.2.11. The Bank is entitled to close a position if the Client has failed to maintain a Maintenance Margin on their Investment Account, including cases where the Maintenance Margin has been specified by the Bank.
- 3.2.12. Unless the Bank and the Client specifically agree otherwise, the Bank does not ensure or allow delivery/acceptance of an Underlying Asset, and the Client should, at the Bank's request, close an Open Position by concluding an offset transaction. If the Client does not fulfil this obligation, the Bank is entitled to close the position at the Client's expense.

3.3. Procedure of Executing OTC Transactions

- 3.3.1. In order to conclude OTC Transactions, the Client employs a Means of Communication in accordance with these Terms and Conditions to submit the relevant Order to the Bank.
- 3.3.2. In order to execute OTC Transactions in the interest of the Client, the Bank is entitled to use the Collateral for subsequent pledge with its Counterparty. The aforementioned amount may be placed together with the Bank's funds and be recorded in the Bank's name. In fulfilling the Client's Orders for OTC Transactions with the mediation of Counterparties, the Bank may act in its own name.
- 3.3.3. The Bank is not liable for losses sustained by the Client due to the Counterparty's activity.
- 3.3.4. The Client consents to the Bank and Counterparties acting in accordance with the applicable legislation, regulations, practice and customs applicable to the markets where transactions with the relevant Derivatives take place when they execute an OTC Transaction. The Bank is not liable for any losses due to the enforcement of the aforementioned regulations or amendments.

- 3.3.5. The Client is obliged to sell the Derivatives (close their Open Position) before the last day of trading that asset, if specified.

3.4. Closing an Open Position

- 3.4.1. Closing of the Client's Open Position takes place by concluding a Derivatives sale/purchase transaction whereby the Client's claims and obligations in that Derivative become equal.
- 3.4.2. An Open Position is closed on the basis of the Client's Order, or else the Bank may, without coordinating this with the Client, immediately close all (or some) of the Client's Open Positions in the following cases:
- 3.4.2.1. On the last day of trading the relevant Derivative, unless the Client has provided the Bank with an Order to sell the Derivative earlier;
- 3.4.2.2. If, in the opinion of the Bank, the Collateral is insufficient;
- 3.4.2.3. Upon the request of Counterparties involved in executing the OTC Transaction, in accordance with the agreements concluded between the Bank and the relevant Counterparty;
- 3.4.2.4. If unrealised losses for the Client's Open Position reach 50% (fifty per cent) of the Maintenance Margin.

4. REPO TRANSACTIONS

4.1. Terms and Definitions

Collateral – a ratio, expressed as a percentage, calculated according to the formula:

$\text{Collateral} = (1 - (\text{Sale Amount with accrued REPO interest} / \text{FI market value})) * 100\%$

Date of Repurchase – the date on which the Client must repurchase FIs in accordance with the Repurchase Agreement.

Date of Sale – the date on which the Client sells the Bank FI.

FI Income – dividends, awarded premium shares, coupons or other income.

Initial Margin – the value of collateral for conclusion of a REPO Transaction, expressed as a percentage (interest).

Interest Rate – the difference between the Repurchase Price and the Sale Price expressed as annualised interest, taking into account the time elapsed between the Date of Sale and the Date of Repurchase.

Maintenance Margin – the value of Collateral which, when reached, allows the Bank to unilaterally terminate the Repurchase Agreement and/or sell the FIs involved in the Repurchase Agreement for a market price.

REPO Transaction – each separate agreement between the Parties based on the Agreement, in accordance with which the Client undertakes to sell FIs to the Bank, simultaneously undertaking to repurchase them for the Repurchase Price on the Date of Repurchase.

REPO Transaction Terms and Conditions – the parameters of the REPO Transaction, which the Parties negotiate at the time of concluding the REPO Transaction: the name and amount of FIs, the Date of Sale, the Date of Repurchase, sale price and currency, repurchase price and currency, Interest Rate, Maintenance Margin.

Repurchase Amount – the total amount for which the Client must repurchase from the Bank all FIs in accordance with the REPO Transaction.

Repurchase Price – the price of one FI, at which the Client must repurchase FIs from the Bank on the Date of Repurchase.

Sale Amount – the total amount of money for which the Client sells the FIs to the Bank under the Repurchase Agreement.

Sale Price – the price of one FI, at which the Client sells FIs to the Bank on the Date of Sale.

4.2. Subject of REPO Transaction

- 4.2.1. The Client sells FIs to the Bank and simultaneously undertakes to repurchase the same FIs in accordance with the provisions of the REPO Transaction.

4.3. REPO Transaction Procedure

- 4.3.1. To conclude a REPO Transaction, the Client submits the relevant Order to the Bank. The Client may place Orders to conclude a REPO Transaction via a Means of Communication.
- 4.3.2. The Bank may, without elaborating reasons, refuse to conclude a REPO Transaction with the Client.

- 4.3.3. The Client guarantees that the FIs are in the Client's ownership at the time of conclusion of the REPO Transaction, that they are not sold or alienated in some other way to a third party, that the FIs are not an item of dispute, lien, or court proceedings, that no third parties have established any prohibitions or encumbrances on the FIs, and that no third parties no contractual or legal rights to the FIs.
- 4.3.4. The Bank, on its own initiative or upon the Client's request, can send REPO Transaction Confirmation to the Client no later than 1 (one) Business Day following conclusion of a REPO Transaction. The REPO Transaction Confirmation is sent to the Client via a Means of Communication.
- 4.3.5. The Client has no right to, having failed to receive the REPO Transaction Confirmation, file any complaint with the Bank regarding a concluded REPO Transaction. The Client assumes all responsibility for requesting Confirmation of their REPO Transaction in a timely manner, if such is necessary for the Client.
- 4.3.6. If the Client has not submitted any objections in writing on the second Business Day after the Bank sends the Client Confirmation of the REPO Transaction, the provisions of the REPO Transaction conform to the provisions negotiated by the Bank and the Client upon conclusion of the REPO Transaction, including cases where the Parties reach consensus about the provisions of the REPO Transaction verbally.
- 4.3.7. If written objections regarding the provisions outlined in the REPO Transaction Confirmation are received in a timely manner, the Parties use documents confirming the provisions of the REPO Transaction to resolve the dispute, including recorded phone conversations; if possible, the execution of the particular REPO Transaction is suspended in this case.
- 4.3.8. The Bank assumes no responsibility for the consequences incurred due to suspension of a REPO Transaction, including the Client's losses, except cases where the Bank has acted maliciously.
- 4.3.9. If the Client submits and Order for conclusion of initial REPO Transactions, the Bank and the Client may agree that a REPO Transaction will be extended automatically on the Date of Repurchase, by concluding a new REPO Transaction. In this case a REPO Transaction may be concluded without additional agreement on the provisions of the REPO Transaction, and the Bank sends Confirmation of the new REPO Transaction to the Client within 1 (one) Business Day via a Means of Communication.

4.4. Procedure for Executing of a REPO Transaction

- 4.4.1. On the Date of Sale:
 - 4.4.1.1. The Client ensures that the amount of FIs indicated in the provisions of the REPO Transaction is available on the FI Account;
 - 4.4.1.2. The Bank debits the FI Account for the agreed-upon amount of FIs and credits the Investment Account with the Sale Amount.
- 4.4.2. Once the Bank has transferred the Sale Amount to the Investment Account, the Bank acquires title to the FIs. The Client maintains the right to FI Income during the execution of the REPO Transaction. With the Parties' consensus, the Bank can authorise the Client or the Client's representative to participate in the issuer's shareholder meeting during the execution of the REPO Transaction.
- 4.4.3. On the Date of Repurchase:
 - 4.4.3.1. The Client ensures a sufficient amount of assets on the Investment Account to cover the Repurchase Amount and other expenses in accordance with the Agreement that have not yet been settled;
 - 4.4.3.2. If the conditions of the previous Clause are met, the Bank debits the Repurchase Amount from the Investment Account and credits the FI Account with the amount of FIs. Once these obligations have been fulfilled, the REPO Transaction is considered executed and concluded.
- 4.4.4. The Client resumes ownership of the FIs once the Investment Account is debited with the Repurchase Amount.
- 4.4.5. If, during the time span between the Date of Sale and the Date of Repurchase, FI Income is transferred to the Bank's accounts, then on the Date of Repurchase, the Bank transfers such to the Investment Account, provided that the Client has fulfilled all obligations specified in the REPO Transaction.
- 4.4.6. The Bank may unilaterally alter the procedure for paying out FI Income, reducing the Repurchase Amount accordingly.
- 4.4.7. If the Client has not properly fulfilled obligations to the Bank under the Agreement, the Bank may use FI Income to fulfil any of the Client's obligations to the Bank.
- 4.4.8. By agreement between the Bank and the Client, a REPO Transaction can be terminated before the Date of Repurchase, by agreeing on a new Date of Repurchase. On its own initiative or upon the Client's request, the Bank may send the Client REPO Transaction Confirmation no later than 1 (one) Business Day after agreement on a new Date of Repurchase. The REPO Transaction confirmation is sent to the Client via a Means of Communication.
- 4.4.9. The Bank may refuse to execute a REPO Transaction before the Date of Repurchase without providing explanations.
- 4.4.10. If a REPO Transaction is executed prematurely, the Repurchase Amount is adjusted by applying the Repurchase Interest Rate for the actual number of days from the Date of Sale to the new Date of Repurchase.

4.5. Margin Call Situation

- 4.5.1. The Maintenance Margin is specified in the Order when both Parties agree to the provisions of a REPO Transaction. If the Parties have not agreed on a Maintenance Margin at the time of concluding a REPO Transaction, it must be specified in the Confirmation of that REPO Transaction.
- 4.5.2. The Client undertakes to independently and constantly monitor changes in the market price of FIs and to notice if the Maintenance Margin becomes equal to and/or greater than Collateral. If the Maintenance Margin becomes equal to and/or greater than Collateral, this constitutes a Margin Call situation.
- 4.5.3. If the Bank identifies a Margin Call situation, the Bank has the right but not the obligation to notify the Client using a Means of Communication and, at its discretion, to request that the Client repurchase all FIs by the Date of Repurchase or execute any other activity necessary in order to regulate the Margin Call situation at the Bank's discretion – that is, to ensure that Collateral is sufficient to the Bank's satisfaction. The Client undertakes to fulfil all of the Bank's demands according to this Clause.
- 4.5.4. The Client has the obligation to fulfil the Bank's request in the previous Clause on the day that such a request is made (if made before 04:00pm EET (GMT+02:00)). If the aforementioned request of the Bank is made after 04:00pm EET (GMT+02:00), it must be fulfilled on the following Business Day.
- 4.5.5. If the Bank identifies a Margin Call situation, the Bank may also sell any FIs involved in the REPO Transaction for a market price immediately (without notifying the Client) and to terminate the REPO Transaction before the deadline.

4.6. General Terms and Conditions for REPO Transactions

- 4.6.1. The number of FIs to be repurchased and the Repurchase Amount are proportionally altered without separate agreement between the Parties in the following cases:
 - 4.6.1.1. If the nominal value of the FIs increases without changing the amount of stock capital of the issuer, then the Repurchase Amount is increased proportionally and the number of FIs to be repurchased is proportionally reduced;
 - 4.6.1.2. If the nominal value of the FI is reduced without changing the amount of stock capital of the issuer, then the Repurchase Amount is reduced proportionally and the number of FIs to be repurchased is proportionally increased;
 - 4.6.1.3. If the stock capital of the FI issuer is increased by the issue of premium stock, then the Repurchase Amount is reduced proportionally to the increase in stock capital, whereas the number of FIs to be repurchased is proportionally increased;
 - 4.6.1.4. If the stock capital of the FI issuer is reduced by retiring shares, then the Repurchase Amount is increased proportionally to the reduction in stock capital, whereas the number of FIs to be repurchased is proportionally reduced.
- 4.6.2. The Client may receive information about the market price of an FI from the Bank.
- 4.6.3. If the Client concludes a REPO Transaction simultaneously with FI purchase, the Bank may record the FIs purchased by the Client on an FI correspondent account belonging to the Bank, opened with a different FI holder for the holding of FIs, making the relevant records in the Bank's internal books only.
- 4.6.4. If, while repurchasing FIs from the Bank in accordance with the REPO Transaction, the Client simultaneously places an Order for their sale, the Bank may refuse to transfer these FIs from the FI correspondent account opened with a different FI holder for the holding of the Bank's own FIs to a correspondent account with that same FI holder for the holding of clients' FIs, making the relevant records in the Bank's internal books only.
- 4.6.5. If, during the period from the Date of Sale till the Date of Repurchase, any condition specified in Chapter II Clause 4.7.2 hereof occurs, the Bank is entitled to manage FIs at its discretion in accordance with the procedure specified in Chapter II Clause 4.7.3 hereof.
- 4.6.6. The Client understands that a REPO Transaction carries a high risk of losses due to the loss of all FIs involved in the REPO Transaction, as well as additional losses related to the use of additional financing, low liquidity, and other disadvantageous factors which affect the value of their investment. The Client confirms that they are informed of all risks, the Client has sufficient knowledge and experience to evaluate and assume all risk inherent in REPO Transactions, and undertakes not to make any complaints against the Bank and not to take any action against the Bank for any losses incurred, provided that the Bank has properly fulfilled its obligations to the Client.

4.7. Non-fulfilment of Obligations

- 4.7.1. If, on the Date of Sale, the Client has not ensured the necessary amount of FIs for the execution of a REPO Transaction on their FI Account, the Bank may refuse any further action on the REPO Transaction without notifying the Client.

- 4.7.2. If any other case of non-fulfilment of obligations specified in the general provisions of this Agreement applies or if a Margin Call situation occurs and the Client has not rectified the Margin Call situation in a timely manner within the time limit given by the Bank, the Bank is entitled:
- 4.7.2.1. Terminate the concluded REPO Transaction without notifying the Client;
 - 4.7.2.2. Demand that the Client to pay a penalty of 1% (one per cent) of the Sale Amount, due by the deadline specified by the Bank. This is a mandatory requirement for the Client, and the Client undertakes to fulfil it;
 - 4.7.2.3. Terminate any other REPO Transaction between the Bank and the Client and use all funds thus acquired to fulfil the Client's obligations.
- 4.7.3. If the Bank terminates a REPO Transaction in accordance with the provisions of Chapter II Clause 4.7.2 hereof, the Client authorises the Bank (and it is entitled) to:
- 4.7.3.1. Sell the FIs involved in the REPO Transaction at its discretion;
 - 4.7.3.2. Deduct the unpaid Repurchase Amount, the Bank's losses (if any), and applicable penalties from any funds obtained from the sale of FIs, transferring the remainder to the Investment Account;
 - 4.7.3.3. Unilaterally debit from any other Account held by the Client with the Bank any additional funds needed in case the funds obtained through the sale of FIs are insufficient, in order to cover all amounts listed in Chapter II Clause 4.7.3.2 hereof.
- 4.7.4. If the funds obtained under Chapter II Clauses 4.7.3.1 – 4.7.3.3 hereof are insufficient to cover all amounts listed in Chapter II Clause 4.7.3.2 hereof, the Client undertakes to reimburse the Bank for the remaining amount within 2 (two) Business Days following receipt of the relevant notice from the Bank, which is delivered to the Client via a Means of Communication.
- 4.7.5. If a REPO Transaction is terminated due to the reasons listed in Chapter II Clause 4.7.2 hereof, the Bank recalculates the Repurchase Amount, assuming that the Date of Repurchase is the actual date of termination.
- 4.7.6. If the Client has not ensured sufficient funds on the Investment Account by the Date of Repurchase as per Chapter II Clause 4.4.3.1 hereof, the Bank acts as outlined in Chapter II Clause 4.7.3 hereof.

5. CURRENCY EXCHANGE TRANSACTIONS

5.1. Terms and Definitions

Closing an Open Position – liquidation of the difference between the Client's claims and obligations in one currency by concluding a transaction at the currency market rate to offset the original Transaction concluded between the Client and the Bank.

Forward Transaction – a currency exchange operation wherein settlement takes place on a specific date in the future at a rate specified on the day of executing the transaction. The minimum term of a Forward Transaction is 3 (three) Business Days.

Open Position – the difference between the Client's claims and obligations in one currency which occurs as a result of executing Transactions in accordance with the provisions of this Paragraph.

Spot Transaction – a currency exchange operation during which settlement occurs by the end of the 2nd (second) Business Day following the execution of the Transaction, at a rate specified on the day of executing the transaction.

Swap Transaction – a mutual currency exchange transaction which consists of 2 (two) mutually offsetting currency exchange transactions – a Spot Transaction and a Forward Transaction.

Type of Transaction – Forward, Spot or Swap transaction.

Value Date – the date of Transaction settlement, a Business Day.

5.2. Subject of an Exchange Transaction

5.2.1. The subject of a Transaction is an exchange Transaction with actual settlement according to the currency exchange rate specified by the Bank, according to the type of Transaction.

5.2.2. The provisions of this Clause apply to Transactions outlined in Chapter II Clause 5.2.1 hereof which are executed with Collateral, where availability of funds on the Investment Account on the date of the Transaction execution is not required.

5.3. Transaction Execution Procedure

5.3.1. By agreeing on the provisions of a Transaction, the Parties negotiate the type of Transaction, currency and amounts, the currency exchange rate(s), and the Value Date(s).

- 5.3.2. The Client may assign the Bank to execute a Transaction if once the foreign exchange market rate reaches a particular level. The Bank may unilaterally determine a minimum assigned amount and a maximum term of validity of such an assignment. The assignment is executed and the transaction is concluded between the Client and the Bank without the Client's express consent if the conditions indicated by the Client apply. An assignment loses force if the term of its execution has expired, if the revoking condition specified by the Client applies, or if the Client notifies the Bank about revoking the assignment. A Transaction concluded in accordance with a given assignment is binding upon the Client.
- 5.3.3. On the Value Date, the Client ensures the necessary amount of funds in the relevant currency on their Account in order to fulfil all Transaction obligations.
- 5.3.4. If, in the case of a Forward or Swap Transaction, the Client's Account contains insufficient funds for fulfilment of the Client's obligations under the Transaction on the Value Date, then the Bank has the right but not the obligation to extend the Transaction until the end of the following Business Day, closing the Client's Open Position and simultaneously opening the same position for the Client with the Value Date set to the next Business Day, i.e. to conclude a Swap transaction at the rate unilaterally specified by the Bank.
- 5.3.5. By signing this Agreement, the Client consents to the extension of a Transaction and related additional expenses as specified in Chapter II Clause 5.3.4 hereof and the Client's express consent is not required for doing so.
- 5.3.6. The procedure for providing Collateral and the Parties' rights and responsibilities in case of non-fulfilment of obligations are specified in Chapter I hereof.
- 5.3.7. In addition to the rights of the Bank outlined in Chapter I hereof, if the Client has given insufficient Collateral, the Bank may terminate a Transaction by concluding a reverse transaction on the Account at the current market rate of exchange.

6. CURRENCY EXCHANGE WITH COLLATERAL (MARGIN TRADING)

6.1. Terms and Definitions

Closing an Open Position – liquidation of the difference between the Client's claims and obligations in one currency by concluding a transaction at the currency market rate to offset the original Transaction concluded between the Client and the Bank.

Open Position – the difference between the Client's claims and obligations in one currency which occurs as a result of executing Transactions in accordance with the provisions of this Paragraph.

Realised Profit or Loss – the Client's profit or loss following closing of an Open Position.

Swapping – the maintenance of the Client's Open Position in accordance with an executed Transaction, closing the Client's Open Position under the concluded Transaction if the Client has not closed it at the end of a Business Day, and simultaneously opening the same position for the Client with a the Value Date set to the following Business Day.

Unrealised Profit or Loss – the Client's potential profit or loss from an Open Position, calculated from the re-evaluation of currency exchange rates applicable to the Open Position.

Value Date – the date of Transaction settlement, a Business Day.

6.2. Subject of a Margin Trading Transaction

- 6.2.1. The subject of a Currency Margin Trading Transaction is a specialised currency exchange Transaction with Collateral and a Value Date of – 2 (two) Business Days (T+2) following the conclusion of the Transaction, which the Client concludes in order to gain a profit from fluctuations in currency exchange rates, and which is settled for the amount of profit or loss which results once the Client's Open Position is closed, i.e. actual delivery of currency does not take place.

6.3. Transaction Execution Procedure

- 6.3.1. When negotiating the provisions of a Transaction, the Parties agree on the currency to be bought/sold, the rate of exchange and the Value Date.
- 6.3.2. The Client may assign the Bank to postpone a Transaction until a certain currency exchange rate has been reached. In this case, the Bank unilaterally sets a minimum Transaction amount and a maximum time limit for executing the assignment.
- 6.3.3. The Bank unilaterally determines the minimum Transaction amount and maximum Open Position exposure.
- 6.3.4. According to the Client's Order, the Bank closes the Open Position and transfers Realised Profit to the Investment Account, provided that the remaining amount of Collateral is sufficient to cover all other Open Positions.
- 6.3.5. The Bank collects Realised Losses by debiting the Investment Account or by reducing the Collateral deposit accordingly.

- 6.3.6. If the Client has not closed an Open currency Position by the Value Date, the Bank performs a Swap at the end of each Business Day according to an exchange rate unilaterally determined by the Bank.
- 6.3.7. If the Client has closed or partially closed an Open Position but the date of the initial Transaction and the reverse Transaction do not coincide, the initial Transaction's Value Dates are automatically extended until the closest Value Date of the reverse Transaction, executing a Swap Transaction at a rate unilaterally determined by the Bank. In this case, the Bank is not liable for the Client's additional expenses related to a Swap Transaction.
- 6.3.8. The procedure for providing Collateral and the Parties' rights and obligations in case of non-fulfilment of obligations are specified in Chapter I hereof.
- 6.3.9. In addition to the rights of the Bank outlined in Chapter I hereof, if the Client has provided insufficient Collateral, the Bank may terminate the Transaction by concluding a reverse transaction on the Account at the current market rate of exchange.

6.4. General Transaction Terms and Conditions

- 6.4.1. To reduce potential losses, the Bank may demand, and the Client undertakes to submit to the Bank, an assignment for the buying/selling of a particular currency according to such a rate of exchange that the Client's losses upon execution of the Transaction would not exceed the amount of the Client's Collateral. If the Client does not give the Bank such an assignment, the Bank may either perform the relevant Transaction in the Client's name without negotiating this with the Client, or refuse to execute further Transactions.
- 6.4.2. It is the Client's obligation to independently calculate the extent of an Open Position and the Realised or Unrealised Profit or Loss and to ensure that the amount of Collateral is no less than that required by the Bank.

7. INTEREST RATE SWAP TRANSACTIONS

7.1. Terms and Definitions

Nominal Capital – an amount in a specific currency agreed upon by both Parties that is used to calculate interest payments but is not transferred to any Party.

Period of Accrual – the period of time from the beginning of interest accrual until the next interest payment.

7.2. Subject of an Interest Rate Transaction

- 7.2.1. By concluding a Transaction, the Parties undertake to make regular interest payments to each other over a set period of time in the same currency, with one Party paying a floating rate and the other Party paying a fixed rate. The amount payable is calculated within a Period of Accrual, based on the Nominal Capital and using either a fixed or a variable interest rate as appropriate.

7.3. Transaction Execution Procedure

- 7.3.1. When concluding a Transaction, the Parties specify which Party will pay a fixed interest rate and which Party will pay a variable interest rate, and agree on the fixed interest rate, type of variable interest rate, the Period of Accrual, the payment basis for fixed and variable interest rates, dates when the variable interest rate is revised, and the start date of interest accrual.
- 7.3.2. The variable interest rate is determined by the Bank in accordance with generally accepted financial market practice, and the Client is notified thereof via a Means of Communication.
- 7.3.3. On the date of settlement, one Party becomes the creditor, and the other Party becomes the debtor. The debtor has the obligation to pay the creditor the relevant amount of interest.
- 7.3.4. If, in accordance with the provisions of a Transaction, both Parties have the obligation to make interest payments on the same date of Settlement, the amounts payable are mutually offset and only the difference is paid to the appropriate Party. The Client undertakes to provide an amount sufficient for interest payments on their Investment Account by 02:00pm EET (GMT+02:00) on each Date of Settlement, provided that the Client is the debtor.
- 7.3.5. On the date of interest payment, the Client authorises the Bank to debit the Client's Account for the amount of interest payable to Bank (if the Client is the debtor) or to credit the Client's Account (if the Client is the creditor).
- 7.3.6. The procedure for providing Collateral and the Parties' rights and liability for non-fulfilment of obligations are specified in Chapter I hereof.

8. SHORT SALE

8.1. Terms and Definitions

Initial Margin – Collateral initially requested by the Bank that is necessary for conducting a Short Sale. The Initial Margin may be equal to or greater than the collateral necessary for maintaining an Open Short Position.

Maintenance Margin – Collateral requested by the Bank that is necessary for constant maintenance of an Open Short Position.

Open Short Position – a position opened as a result of a Short Sale.

Reverse REPO transaction – a REPO wherein the Bank sells FIs on the initial date.

Short Sale – the Client's Transaction involving sale of FIs wherein the relevant FIs are not available on the Client's FI Account at the moment of concluding the Transaction. If, on the day of conclusion of the Transaction, the necessary FIs are still not available on the Client's FI Account, a Reverse REPO Transaction will be concluded between the Client and the Bank regarding the purchase of the relevant FIs from the Bank, with the Client being obliged to sell them back to the Bank.

8.2. General Terms and Conditions

8.2.1. The Bank is entitled to, at its discretion and for compensation specified in the Pricelist, execute the Client's Orders for Short Sale. The Client understands and acknowledges that, if the Bank executes the Client's Order for a Short Sale Transaction and if the necessary FIs are not available on the Client's FI Account on the day of executing the Transaction, a Reverse REPO Transaction between the Client and the Bank will be concluded automatically. In accordance with the Reverse REPO Transaction, the Client purchases the FIs necessary for execution of the Short Sale from the Bank, immediately undertaking the obligation to sell the FIs back to the Bank within a specific term (generally, on the following Business Day) for a price specified by the Bank.

8.2.2. Execution of an Order for Short Sale Transactions depends on a number of factors such as the market situation, current liquidity of the FIs etc. Execution is not guaranteed and remains at the Bank's discretion in each specific case.

8.2.3. The Bank unilaterally specifies a list of FIs with which the Client may conduct Short Sale transactions. The Client may receive the relevant information from the Bank. The Bank may amend this list of FIs at any point and at its sole discretion.

8.2.4. The Bank is entitled to refuse to execute the Client's Short Sale Transaction without elaborating its reasons.

8.2.5. Short Sale may also be governed by the applicable regulations of the states and exchanges where the relevant FIs are registered and traded. The Client should acquaint themselves with the provisions of such regulations and act in accordance with them. By providing an option to conclude Short Sale, the Bank does not credit FIs purchased by the Client on the basis of a Reverse REPO Transaction to the Client's FI Account.

8.3. The Client's Representations Regarding Risk

8.3.1. The Client is aware that conducting Short Sale Transactions is a high-risk strategy that may result in a negative balance on the Client's accounts in the event of unfavourable developments on the market.

8.3.2. The Client represents and guarantees that, considering all applicable risks and the complexity of Short Sale, their knowledge and experience are sufficient for conducting such Transactions. The Client also represents and guarantees that their investment experience and qualifications in the financial sector allow them to evaluate risks inherent to Short Sale adequately.

8.3.3. The Client represents that they are informed about Short Sale Transactions being available only to parties capable of assuming the risk of losses that exceed the value of the Initial Margin. The Client also represents that they have the financial capacity necessary to cover any risk or liability arising due to Short Sale Transactions.

8.3.4. The Bank is not liable for losses which the Client may sustain as a result of conducting Short Sale Transactions.

8.4. Procedure for Executing Short Sales. Opening and Closing of the Client's Position

8.4.1. Unless the Bank and the Client have agreed otherwise, the Client undertakes to, before conducting Short Sales, deposit the necessary funds and/or FIs on their Investment Account and/or FI Account, which are treated as Collateral and used as the Initial Margin for the Client's obligations to the Bank.

8.4.2. To conduct a Short Sale, the Client submits an Order to the Bank via a Means of Communication.

8.4.3. An Order received from the Client is verified for conformity to the Bank's requirements and, if the Order conforms to the requirements, it is accepted for execution. The Bank is entitled to refuse the Client's Order of a Short Sale transaction regardless of conformity to the Bank's formal requirements without elaborating its reasons.

- 8.4.4. During execution of the Client's Order of a Short Sale, the Client incurs a liability to the Bank with regard to the relevant FIs, reflected as a negative balance on their FI Account; the funds obtained from the Short Sale are transferred to the Client's Investment Account and used for calculating Collateral.
- 8.4.5. Upon submitting an Order for a Short Sale transaction, the Client agrees and undertakes to sell to the Bank the FIs that have been bought in accordance with a Reverse REPO transaction, by the specified time on the Date of Settlement (*cut-off time*), which is indicated by the Bank.
- 8.4.6. The Client is entitled to fully or partially close a Short Position at any point, i.e. fully or partially fulfil their obligation of purchasing the FIs, either by concluding a Reverse REPO Transaction with the Bank or by depositing the FIs on their FI Account.
- 8.4.7. In case of any Short Sale, if, between the moment of conducting a Short Sale transaction and fulfilment of the Client's obligations to the Bank, notification is received regarding payment of principal, interest, dividends or any other amounts related to the relevant FIs (hereinafter referred to as Income), the Client undertakes to, no later than the Business Day following the date of payment of such Income, deliver to the Bank funds, FIs or other property which is analogous to the Income in terms of its type and nominal value. The Bank is entitled to deduct the amount of such Income from any account held by the Client with the Bank without giving the Client prior notice.

8.5. Swapping

- 8.5.1. If, at the end of the date of settlement for a Short Sale transaction, the FIs necessary for execution of the Transaction are not available on the Client's FI Account, a Reverse REPO Transaction is automatically concluded between the Client and the Bank on the sale of the necessary FIs to the Client, with the Client being obliged to sell them back to the Bank within the term specified by the Bank (usually the following Business Day), at a price specified by the Bank.
- 8.5.2. By conducting a Reverse REPO Transaction, the Client buys FIs for a price which the Bank considers to be the most acceptable and the most advantageous under the applicable market circumstances.
- 8.5.3. By selling FIs in accordance with a Reverse REPO Transaction, the Client sells FIs for a price reduced by the REPO rate, equal to the amount of the Bank's compensation for swapping the Open Short Position to the following day, unless the Parties agree otherwise.

8.6. Collateral. Enforced Closure of Short Positions

- 8.6.1. The Bank unilaterally specifies the Initial Margin and Maintenance Margin amounts, as well as specifies the maximum number of Open Short Positions for the Client. The Bank is entitled to, at its discretion, change the Initial Margin and Maintenance Margin amounts.
- 8.6.2. The Client is responsible for maintaining adequate Collateral and undertakes to at any time provide Collateral on their FI Account and/or Investment Account in conformity with the Bank's requirements. The aforementioned notwithstanding, if the Bank considers the amount of Collateral to be insufficient for coverage of potential risks inherent to a Short Sale, the Bank is entitled to unilaterally determine/change the amount of Collateral, giving the Client notice via a Means of Communication and requesting an increase in the amount of Collateral provided within the term specified by the Bank. The Client undertakes to satisfy such a request from the Bank immediately.
- 8.6.3. The Client should constantly monitor the status of Open Short Positions, evaluate risks, monitor changes in the value of their portfolio and the adequacy of their Collateral, replenishing their Investment Account and/or FI Account as necessary.
- 8.6.4. Funds obtained from the sale of FIs may also be accepted as Collateral at the point of executing a Short Sale transaction.
- 8.6.5. Fluctuations in current market prices affect the amount of Collateral and the extent of the Client's liabilities. Unless the Client has provided the necessary Maintenance Margin, the Bank is entitled to, without negotiating with the Client, forcibly close an open Short Position by buying FIs on the market. If the Client incurs losses after closure of a Short Position that result in a negative balance on the Investment Account, the Client undertakes to, within 1 (one) Business Day, transfer the remaining amount to their account, discharging the liability.
- 8.6.6. If the amount of Collateral becomes equal to or lower than the Maintenance Margin, the Bank has the right but not the obligation to contact the Client via a Means of Communication and to request additional Collateral. Failure to receive the Bank's request does not constitute sufficient basis for the Client not to provide additional Collateral.
- 8.6.7. The Bank is not liable for the Client's losses occurring as a result of enforced closure of open positions. The Bank has the right to deduct such amounts from funds obtained through the sale of the Client's FIs.
- 8.6.8. If the Client has opened a Short Position, the Bank has the right to refuse a transfer of funds and/or FIs on the Client's Investment Account or FI Account with the Bank to other account, i.e. the Bank has the right to stop payment until the Client discharges their liabilities to the Bank.

9. PRECIOUS METALS TRANSACTIONS

9.1. General Terms and Conditions

- 9.1.1. These terms and conditions apply if the Bank receives the Client's Order for transactions with Precious Metals, and the Client has had an Investment Account opened with the Bank.
- 9.1.2. The Bank accepts the Client's Orders for Precious Metals transactions on the same Business Day of the Bank in accordance with information specified in the Pricelist. An Order received on a day or at a time other than those specified is considered received on the Business Day of the Bank following receipt of the Order.

9.2. Procedure for Executing Transactions to Buy/Sell Precious Metals

- 9.2.1. For a Precious Metals purchase or sale transaction, the Client gives a written (also using the Internet Bank) or verbal (via phone) Order to the Bank in accordance with the Bank's requirements.
- 9.2.2. The Bank is entitled to refuse to accept or refuse to forward for further execution of the Client's Order for purchase/sale of Precious Metals if it has been filed incompletely or inaccurately, the provisions of the transaction do not correspond to market practice, the Bank does not provide such a service, or there are barriers to execution – including if the Precious Metals or funds on the Investment Account are insufficient for execution of the Order or payment of fees, or if the content or formatting of relevant documents does not correspond to the applicable legislation and/or the Bank's internal requirements.
- 9.2.3. The Bank has the right but not the obligation to execute the Client's Order if it cannot be executed immediately.
- 9.2.4. In an Order, the Client clearly specifies the transaction provisions (name of Precious Metal, type of transaction (purchase/sale), amount of the Precious Metal in troy ounces, price, validity term of the Order, Order date).
- 9.2.5. Unless the Client has specified a validity term in an Order, the Order is valid until the end of the Business Day.
- 9.2.6. In order to process an Order for purchase/sale of Precious Metals, the Bank is entitled to ask the Client for further information or confirmation and to process the Order only upon receiving such information or approval. If the Client fails to submit such information, or if submission and/or receipt of the information is not possible, the Bank is entitled to refuse execution of the Client's Order, notifying the Client about this verbally and/or in writing.
- 9.2.7. Upon execution of the Client's Order, transactions in the Precious Metal currency are recorded on the Client's Investment Account.
- 9.2.8. If a transaction to buy or sell Precious Metals requires currency exchange, the Client entitles the Bank to exchange the currency at the rate specified by the Bank or the rate specified by the Counterparty, at the Bank's discretion.
- 9.2.9. The Bank is entitled to execute an Order for purchase/sale of Precious Metals partly, or in several parts, unless the Client has specified in the Order that the Order is to be executed as 1 (one) transaction only. If the Client's Order is executed in several parts, the Bank is entitled to collect a fee from the Client for executing each part of the Order.

9.3. Procedure for Executing Transactions to Transfer Precious Metals

- 9.3.1. For a transfer of Precious Metals, the Client submits to the Bank an Order for transfer of Precious Metals in accordance with the format specified by the Bank.
- 9.3.2. The Bank is entitled to refuse a transfer or remittance of Precious Metals to the Client's Investment Account without explaining its reasons.
- 9.3.3. The Bank is entitled to refuse to accept or refuse to execute the Client's Order for transfer of Precious Metals if it has been filed incompletely or inaccurately or there are barriers to execution thereof.
- 9.3.4. In order to process an Order for transfer of Precious Metals, the Bank is entitled to ask the Client for further information or confirmation and to process the Order only upon receiving such information or approval. If the Client fails to submit such information, or if submission and/or receipt of the information is not possible, the Bank is entitled to refuse execution of the Client's Order, notifying the Client about this verbally and/or in writing.
- 9.3.5. The Bank executes the Client's Order for transfer of Precious Metals no later than within 5 (five) Business Days.
- 9.3.6. The Bank is not liable for the Client's losses or other additional expenses borne by the Client as a result of any delay in transfer if such delay has been the fault of third parties involved in executing the transfer of Precious Metals.
- 9.3.7. Remittance of Precious Metals addressed to the Client to the Investment Account takes place no later than the Business Day following receipt and availability of the Precious Metals at the Bank's disposal.

9.4. Liability

- 9.4.1. The Client is aware that the monetary value of Precious Metals may change. The Bank is not liable for the Client's losses or any additional expenses arising as a result of changes in the market value of the Precious Metal.
- 9.4.2. The Bank is not liable for the Client's losses if the Client's transfer of Precious Metals from an account held with the Bank to an account held by either the Client or a third party with a different bank (beneficiary bank) is rejected by the Counterparty because the beneficiary bank, for whatever reason, does not execute transactions, or if the losses have been caused by any action or omission on the part of the Counterparty. The Bank is not liable for any losses borne by the Client as a result of rejection or delayed processing of the Client's Order due to the fault of the Client.
- 9.4.3. The Bank is not liable for the Client's losses or any additional losses arising from the Bank's exercise of its right to refuse execution of an Order for whatever reason.
- 9.4.4. The Client undertakes to cover any expenses, losses, fines, or other payments carried by the Bank while executing the Client's Orders for transactions with Precious Metals.

10. FI LENDING TRANSACTIONS

10.1. Terms and Definitions

Available FIs – the Client's FIs available for lending. The Client's FIs are deemed Available FIs when defined as such in the Client's Order submitted to the Bank via Means of Communication (including the Internet Bank). The Available FIs may be changed by the Client from time to time by submitting an Order as provided herein.

Borrower/Lender – a borrower/lender participating in the Programme.

Cash Distributions – any interest, dividend or other payment distributed by any issuer, or any agent on behalf of an issuer, or a Partner, or any issue of FIs related to Loaned FIs, other than a payment in full.

Loan – means any loan of Available FIs by a Lender pursuant to and subject to these provisions.

Loaned FIs – FIs delivered as a Loan under these provisions or the provisions of the Programme.

Partner – a partner of the Bank that administers FI lending and borrowing programme.

Programme – FI lending and borrowing programme provided by the Partner and ensuring lending, borrowing, clearance and settlement for traded FIs; the Bank, as the authorised participant of the Programme, provides the Client, who has been classified by the bank as a Professional Client or an Eligible Counterparty, access to the Programme under conditions stated herein.

10.2. Warranties and Representations of the Client

- 10.2.1. By submitting an Order for participation in the Programme, the Client hereby accepts the provisions stated herein and the Client hereby warrants and represents:
 - 10.2.1.1. That the Client hereby acknowledges and accepts that the Bank is acting in the capacity of the agent or custodian, providing the access to the Programme, and the Bank cannot be held liable for any breaches, violations or misrepresentations by the Partner or any third party involved in the Programme;
 - 10.2.1.2. That the Client, acting as a Lender, by submitting an Order appoints and authorizes the Bank as their agent to provide access to the Programme. The Bank has the authority to do or cause to be done all acts the Bank deems be desirable, necessary, or appropriate to implement and administer this Order. The Client agrees that the Bank is acting as a fully disclosed agent and not as principal in connection with the Programme;
 - 10.2.1.3. That the Order is enforceable and applicable to the Available FIs duly specified in the Order; the Client hereby agrees that an Order defining the Available FIs constitutes sufficient proof of the Client's intention to participate in the Programme;
 - 10.2.1.4. That the Client hereby agrees that the Bank may forward the Client's Order to the Partner and that the execution of the Order may be the sole responsibility of the Partner; the Client hereby agrees and confirms that they will indemnify the Bank in any respect related to the execution of the Client's Order;
 - 10.2.1.5. That the Client hereby agrees that the Available FIs become Loaned FIs at the discretion of the Partner and pursuant to the effective provisions of the Programme;
 - 10.2.1.6. That the Bank cannot be held responsible for any statements, representations, warranties, covenants or agreements made by the Partner or any third party in connection with any Loan, or for any

Borrower's performance of or failure to perform the terms of any Loan, including the failure to make any required payments, except in the event of gross negligence, fraud or wilful misconduct by the Bank;

- 10.2.1.7. That the Available FIs are free from any lien or encumbrance and are suitable to serve as Available FIs within the scope of the Programme;
- 10.2.1.8. That the Client is aware of the effective provisions of the Programme, fully agrees and acknowledges these effective provisions, and undertakes all the risks related to the participation in the Programme;
- 10.2.1.9. That the Client is aware and agrees that the Bank, at its own discretion, is entitled to submit a recall Order to the Partner without sending specific notification to the Client;
- 10.2.1.10. That the Client is aware and agrees that the Client will not be able to participate in the corporate events with regard to the Loaned FIs.

10.3. FI Lending Terms and Conditions

- 10.3.1. By submitting an Order for participation in the Programme, the Client expresses their will and intention to participate in the Programme. The Order is deemed valid only if it clearly defines the Available FIs.
- 10.3.2. As the Client's FIs are duly defined as Available FIs, the Partner utilises such Available FIs in the Programme at its sole discretion.
- 10.3.3. The Client is entitled to recall all or any Available FIs and to request the repayment of the Loan at any time by submitting an Order to the Bank. The Client hereby acknowledges and accepts that the repayment of a Loan will be processed by the Partner and the repayment date of any Loan will be defined by the Partner in accordance with the provisions of the Programme. The Client hereby undertakes any risks related to the execution of such recall Order by the Partner.
- 10.3.4. The Client hereby acknowledges that the Bank also makes the Programme available for other clients of the Bank. The Bank may allocate FI lending opportunities among its clients using methods established by the Bank from time to time. The Bank does not represent or warrant that any amount or percentage of the Client's Available FIs will in fact be participating in the Programme. The Client agrees that they will have no claim against the Bank and the Bank will assume no liability arising from, based on, or relating to, loans allocated to other clients, or loan opportunities not made available to the Client.
- 10.3.5. The Client hereby acknowledges and agrees that the repayment date of any Loan is to be the latest of:
 - 10.3.5.1. The date specified in the Client's recall Order, pursuant to the provisions of Clause 10.3.3 above;
 - 10.3.5.2. The date specified in or determined pursuant to any credit arrangement entered into between the Borrower and the Partner;
 - 10.3.5.3. The expiry date, if any, specified in the Loan arrangements.
- 10.3.6. The Client also acknowledges that the Partner will not be required to return Loaned FIs immediately upon submission of a recall Order, but instead will be required to return such Loaned FIs as provided in Clause 10.3.5, but not later than the customary settlement period. Upon receiving the Client's recall Order, the Bank promptly notifies the Partner that such Available FIs are to be returned as provided herein/
- 10.3.7. In the event that a Borrower and/or the Partner fails to fulfil its obligations under the Loan, the Bank applies reasonable effort to seek appropriate compensation of the outstanding Loan (e.g. in similar FIs or cash distributions) or take other actions provided in the Programme, however the Bank may in no case be held liable for such violations by the Borrower and/or the Partner, and the Client hereby acknowledges and accepts all risks related to the participation in the Programme.

10.4. Cash Distributions

- 10.4.1. The Client hereby acknowledges and agrees that Cash Distributions paid with respect to Loaned FIs are credited to the Client's Account within 3 (three) business days after the Bank receives such distributions from the Partner.
- 10.4.2. The Client compensates the Bank for providing access to the Programme in the amount specified in the Pricelist or a separate agreement between the Bank and the Client. The Bank's compensation under this clause will be deducted from each Cash Distribution transferred by the Partner for the Loaned FIs involved in the Programme.
- 10.4.3. For the avoidance of doubt, any taxes required to be withheld at source from the compensation, will be deducted from the amount credited to the Client's Account, and, to the extent that such amount is less than the amount of such taxes, the Client will be responsible for any shortfall.

10.5. Obligations and Indemnification

- 10.5.1. The Bank exercises reasonable care in the performance of its duties hereunder consistent with that exercised by banks generally in the performance of duties arising from acting as agent for clients in FI lending and borrowing (as appropriate).

- 10.5.2. The Client is to reimburse the Bank and hold the Bank harmless from any loss or liability (including the reasonable fees and disbursements) incurred by the Bank in rendering services hereunder or in connection with any breach of the terms of any Order submitted and/or any warranty and representation given by the Client, except where such loss or liability results from the Bank's negligence, fraud or wilful misconduct.
- 10.5.3. The Client acknowledges that in the event that the Client's participation in the Programme generates income for the Client, the Bank may be required to withhold tax or may claim such tax from the Client as is appropriate in accordance with applicable law.