

## RULES GOVERNING BROKERAGE SERVICES

### SECTION I – GENERAL PROVISIONS

#### Definitions and Interpretation

**Bank** means AS „Baltic International Bank“;

**Brokerage Services** include acceptance of Client's Orders and routing (allocation) thereof for execution custody of financial instruments management of financial instruments on Client's behalf; *General Information Concerning an Investment Services Provider and Investment Services (General Information)* provides a description of the features of Brokerage Services;

**Client** means a natural or legal person with whom Bank has concluded the Brokerage Services Agreement;

**Agreement / Brokerage Services Agreement** means the Brokerage Services Agreement entered into between Bank and Client that consists of the documents listed in cl. 1.1 hereof;

**Application** means Client's Application for Brokerage Services, completed and submitted in the form and manner prescribed by Bank, and accepted by Bank;

**Rules** means the Rules Governing Brokerage Services outlined herein, including all annexes, amendments and supplements thereof and other documents that constitute an integral part hereof in accordance with the Rules;

**Order** means Client's *order to execute transaction* or *order to cancel or amend other order* (order which satisfies Bank's requirements and Bank-prescribed criteria of a proper order);

**Verification of the Authenticity of the Order** means a verification of an Order, which allows Bank to obtain reasonable assurance that Client or Client-designated representative has been submitted the Order;

**Transaction** means any of the following activities: the purchase, sale, deregistration, transfer, pledging as security (collateral), 'blocking-of-financial instruments' procedure (according to which the instruments are earmarked and made unavailable for any transaction), and any other legitimate and eligible transactions involving Client's financial instruments in accordance with the Rules, including FX Margin Trading;

**Product** means a financial instrument, as specified in the Order, in respect of which a Brokerage Service is requested or provided;

**Internet Banking** means a service that enables Client to submit Orders to Bank and receive (send) information, using internet-based technology solutions and Bank's special-purpose software;

**Business Day** means that part of any business day on which Bank is open for Clients and for all of its banking operations;

**Operating Hours** means Bank's regular hours of operation on Business Days (from 9:00 am to 5:30 pm; on Business Days preceding public holidays (from 9:00 am to 5:00 pm); Bank may establish other Operating Hours and post the information on Bank's website [www.bib.eu](http://www.bib.eu);

**FI Account** means a financial instrument account opened and maintained by Bank in Client's name to provide custody, to maintain records of Client's financial instruments and to post transactions involving Client's financial instruments;

**Investment Account** means a special cash account opened and maintained by Bank in Client's name and intended specifically to settle Transactions;

**Current Account** means the account in which Client's money is held and which is set up in accordance with the Agreement for Opening and Maintaining Multicurrency Account or Customer Service Agreement entered into between Bank and Client or in accordance with any other *agreement for opening and maintaining cash account* entered into between Bank and Client, except for the Agreement and the Forex Trading Agreement;

**Security Deposit Account** means Client's cash account with Bank intended specifically to hold collateral and to settle Transactions in Derivative financial instruments or Transactions sealed (concluded) through the Platform;

**Partner** means a third party engaged by Bank (at its sole discretion) to provide Brokerage Services, including legal persons of the Republic of Latvia or of any other foreign jurisdictions who, in accordance with all applicable laws and regulations of the respective jurisdictions in which they operate, are authorised to render investment services (core services) and ancillary (non-core) services;

**Corporate Actions** means certain types of actions that directly affect financial instruments. Actions classified as corporate events include shareholder meetings, interest and dividend payments, redemption of debt securities, alteration of the par value of the financial instruments, splits or reverse splits (consolidation), issuance of subscription rights, and other corporate actions related to financial instruments;

**Market Price** means a price for financial instruments traded on a trading venue or price for financial instruments traded over the counter (if the financial instruments are non-exchange-listed or information about the exchange quotes is unavailable) or price for any other traded financial instruments, as available to Bank;

**Parties** mean Bank and Client referred to collectively;

**Party** means Bank and Client referred to individually;

**Fee Schedule** means a listing of fees and rates charged by Bank for the services provided. Bank's Fee Schedule constitutes an essential and integral part of the Rules;

**Law** means the laws governing the legal relationship between the Parties, including the applicable laws of the Republic of Latvia and ES Regulations;

**General Terms and Conditions for Transactions** means Bank's General Terms and Conditions for Transactions;

**Security Deposit** means an amount of money deposited in the Security Deposit Account which serves as collateral (security) against Client's accumulated loss stemming from the Open Positions;

**Initial Margin (IM)** means the initial security deposit, i.e. the amount of money that Client is required to deposit to the Security Deposit Account when ordering Transaction in Derivative Financial Instruments;

**MSD** means the minimum security deposit, i.e. the minimum amount of money that Client is required to hold in the Security Deposit Account in connection with the Open positions (otherwise known as maintenance margin);

**Margin Call (Margin Call level)** is a situation where the Security Deposit Account holds an insufficient amount of money;

**Open Position** is an arrangement where Client has actual obligations and rights arising from the concluded Transaction;

**Position Squaring** means a closure (closing out) of trading positions, an arrangement intended to terminate obligations and rights stemming from Transaction in the manner prescribed by the Rules;

**Execution Date** means the date on which the rights stemming from no Derivative financial instruments can be exercised or the obligations must be fulfilled; the execution date is determined by the nature of a particular financial instrument;

**FX Margin Trading** means foreign exchange transactions aimed at profiting from fluctuating exchange rates; such a transaction consists of two opposite forex transactions (two separate legs) without having to make or take delivery of the actual currencies;

**Derivative Financial Instruments (Derivatives)** means derivative financial instruments, as mentioned in the Financial Instruments Market Act [*Finanšu instrumentu tirgus likums*] of the Republic of Latvia (Article 3, Part 2), including the objects of FX Margin Trading;

**OTC Transactions in Derivatives** means transactions in Derivative Financial Instruments the execution of which does not take place on trading venues;

Client: \_\_\_\_\_

RULES GOVERNING BROKERAGE SERVICES	Approved: 11.06.2020	Effective Date: 01.07.2020	Version 3	Page 1 of 13
------------------------------------	----------------------	----------------------------	-----------	--------------

**Enforcement Event** means the filing of insolvency or liquidation (dissolution) application to commence a proceeding against Client, or any other claim, a writ of execution, collection order, or other process issued against Client;

**General Information** means investment services-related information which is designated for all clients and is not covered by the obligation of secrecy (labelled as confidential), including any of the following documents: *Client Order Execution Policy (transactions in financial instruments), General Information Concerning an Investment Services Provider and Investment Services, Prevention of Conflict of Interest Policy (with reference to the provision of investment services), Description of Financial Instruments and Inherent Risks, Client Categorisation and Service Suitability Assessment Policy related to the provision of investment services and ancillary services, the List of Counterparties, Information about general risks and consequences that can arise from the agreement on the right of use in respect of financial collateral under a security collateral arrangement or under a title transfer collateral arrangement, the List of non-complex financial instruments, Information about costs and charges related to financial instruments and illustrative examples of the calculation thereof, Rules for Handling Client Complaints (Disputes) and Proposals*, and other relevant documents available for viewing on Bank's website <https://www.bib.eu/lv/dokumenti#A3>, section "Documents for transactions in financial instruments";

**First Notice** means the first notice of the delivery of the underlying asset; the notice is given by the respective execution venue or stock exchange where a transaction in Derivative financial instrument is executed;

**First Delivery Date** means the first day on which the underlying asset of the Derivative Financial Instrument is delivered to the respective Derivative Financial Instrument's execution venue (stock exchange);

**Last Trade Date** means the last trading day of the Derivative Financial Instrument in the respective Derivative Financial Instrument's execution venue (stock exchange);

**Stop-Out** means a situation where Client's accumulated loss resulting from the Open Positions exceeds the value of the Security Deposit Account (Account Value);

**Account Value** means the amount of money, as specified on the Platform, within the limits of which Client may conclude Transaction;

**Platform** means a trading platform (as specified on the Application) which enables Client to conclude Transactions and obtain relevant information

**Trading Venue** means a regulated market, a multilateral trading facility (MTF) or organised trading facility (OTF);

**Investment Advice** means an investment service specified in Article 3, Part 4, paragraph 5 of the FIMA;

**Investment Research** means research or other information recommending or suggesting an investment strategy, explicitly or implicitly, concerning one or several financial instruments or the issuers of financial instruments, including any opinion as to the present or future value or price of such instruments, intended for distribution channels or for the public;

**Financial Instrument** means a financial instrument mentioned in Article 3 (2) of the FIMA or any other financial asset in respect of which Bank provides or agrees to provide Brokerage Services;

**Non-Complex Financial Instrument** means a financial instrument mentioned in Article 26.<sup>2</sup> (12), 1) of the FIMA;

**Member State** means a member state of the European Union or European Economic Area;

**Bank's Internal legal Instrument (ILI)** means Bank's policy, procedure or any other document that governs Bank's business, is approved by Bank's Supervisory Board or Management Board and is posted on Bank's website or is available for viewing by Bank's clients in the respective section of Bank's internal information system;

**Legal Entity Identifier (LEI)** is an international identifier that identifies distinct legal entities. LEI is defined by ISO 17442;

**PRIIPs Regulation** means REGULATION (EU) No1286/2014 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 26 November 2014 on key information documents for packaged retail and insurance-based investment products (PRIIPs);

Client: \_\_\_\_\_

**MiFIR** means REGULATION (EU) No 600/2014 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012;

**FIMA** means the Financial Instruments Market Act [*Finanšu instrumentu tirgus likums*] of the Republic of Latvia;

**Customer Service Agreement** means an *agreement on provision of Bank's services* that is concluded between Bank and Client and that does not include services provided for by the Brokerage Services;

**RL** means the Republic of Latvia;

**application WhatsApp Messenger** means software provided by WhatsApp Inc. or Whatsapp Ireland Limited or by WhatsApp Inc. regional branch or affiliated entity for the provision of a communication service within WhatsApp Messenger by means of a telephone number assigned to a person;

**application Viber Messenger** means software provided by Viber Media S.a.r.l. or by Viber Media S.a.r.l. regional branch or affiliated entity for the provision of a communication service within Viber Messenger by means of a telephone number assigned to a person;

**Submitting Order telephonically** means submitting an Order to the Bank via telephone call function or WhatsApp Messenger Application or Viber Messenger Application.

**Internetbank user** means the Client or a natural person specified by the Client in the Customer service agreement, who is authorized by the Client to perform transactions using the Internetbank.

**Client's questionnaire** means the Client's questionnaire for Investment Services and Ancillary Services submitted by the Client to the Bank prior to receiving Brokerage Services, in which the Client provided the Bank with requested information on its competence, experience and knowledge of investment services, financial instruments, investment objectives and financial position, and other information necessary for the Bank in accordance with the Law or regulatory documents of the Bank to grant the Client status or to assess the compliance of a particular Brokerage Service, Transaction or Product with the Client.

## 1. SUBJECT MATTER OF THE AGREEMENT AND THE NATURE OF SERVICES

1.1. These Rules, Application and *General Information* constitute the Brokerage Services Agreement entered into between the Parties.

1.2. To custody (hold) Client-owned financial instruments and execute Transactions, Bank sets up FI Account and Investment Account (which is designated as a multicurrency account) and maintains the both accounts while providing Brokerage Services to Client.

1.3. Bank accepts, routes for execution, and executes the following Client's Orders for Transactions in financial instruments:

- 1.3.1. purchase and sale of financial instruments;
- 1.3.2. transfer of financial instruments to or from the FI Account;
- 1.3.3. deregistration, pledging and blocking of financial instruments;
- 1.3.4. participation in corporate actions and implementation thereof;
- 1.3.5. other lawful and possible Transactions in Financial Instruments, as agreed between the Parties.

1.4. If Client intends to conclude REPO transactions, then the Parties enter into the REPO Agreement (the integral part hereof) to specifically agree upon the terms and conditions on a transaction-by-transaction basis. Bank does not conclude REPO transactions with Clients categorised by Bank as a 'retail client' within the meaning of the Article 124.<sup>1</sup> of the FIMA. REPO transactions with Financial Instruments, as well as other securities financing transactions involving Client's Financial Instruments, will generate a return for the Client when the yield of Financial Instruments exceeds financing costs and from the date when the funds are placed in the most profitable Financial Instruments; deadlines depend on the terms and conditions of the concluded transaction, and in some cases, but not on any occasion, may occur from the date of the transaction.

1.5. Bank executes any type of Transactions based on Client's Order, unless the Rules provide for otherwise.

1.6. Orders are executed on Client's own account. If Bank grants a loan

(funding) to Client for Transactions in financial instruments, then Bank and Client conclude a standalone agreement to be attached to the Rules as an integral part thereof.

1.7. Bank sets up Client's FI Account and Investment Account in response to Application if Client holds Current Account with Bank.

1.8. Bank may refuse to execute (unilaterally and at any time) Client's Order or to provide a specific Brokerage Service in respect of particular financial instruments.

1.9. Bank's Brokerage Services do not include the provision of Investment Advice to Client. Bank may express, at its absolute discretion, its opinion regarding Client's investments in financial instruments. However, Bank's opinion is offered and intended for informative purposes only and should not be regarded or relied upon as Bank-provided Investment Advice, Investment Research or recommendation within the meaning of the Law;

1.10. Client voluntarily admits that all actions carried out by Bank in accordance with the Agreement are binding upon Client. Client undertakes to reimburse Bank for all losses and expenses incurred by Bank in connection with the fulfilment of the Agreement or Order execution and to pay all fees and charges payable to Bank according to the Fee Schedule.

1.11. All Transactions executed under the Agreement conform to the Rules, the General Terms and Conditions for Transactions, the Law, and customs and practices adopted by the respective financial instruments market and stock exchanges. Transactions may be governed by the respective Bank's IILs, foreign laws and regulations pertaining to the circulation of financial instruments regulated by the respective jurisdiction and transactions in financial instruments; rules, instructions and procedures adopted by Bank's Partners (Counterparties and financial intermediaries), clearing systems, depositories, stock exchanges or multilateral trading facilities (MTFs) serving as venues where Bank or its Partners execute transactions in Client-owned financial instruments.

1.12. Client is obligated to notify, without undue delay, Bank if Client is included on the list of holders of inside information of any issuer.

1.13. Client (a legal entity) undertakes to ensure that Client possesses LEI; ensure the validity of the LEI on a continuous basis and to extend the validity in a timely manner.

## 2. CLIENT STATUS

2.1. Before commencing provision of Brokerage Services Bank assigns the respective client status to Client. The level of regulatory protection depends on the respective client status.

2.2. Client may submit the respective written application to Bank requesting to re-categorise Client (to assign other client status) in respect of all Bank-rendered Brokerage Services or particular Brokerage Services, particular Financial Instruments or Transactions.

2.3. If Client requests to be re-categorised, Bank may require Client to submit information and documents needed to evaluate Client's knowledge, experience and expertise in the investment area (appropriateness assessment).

2.4. Bank may refuse to re-categorise Client (to assign Client-requested category) if Client does not satisfy the criteria prescribed by the Law or Bank's IILs.

2.5. Client categorised as an Eligible Counterparty (ECP) or Professional Client (including in respect of certain investment transactions) is obligated to inform Bank of any changes that could affect Client's then-current client status. If Bank becomes aware that Client's activity no longer meets the assigned client status, Bank may decide to re-categorise Client after it has given Client a written notice thereof.

2.6. Bank's obligations (as provided for in the Agreement) in respect of the achievement of the best execution results for Client's transactions, assessment of whether the respective transactions and products meet Client's interests, the provision of relevant information, reports/overviews and confirmations to Client, prohibition of inducements, etc. are applicable to

- clients categorised as eligible counterparties (ECPs) in accordance with Article 124.<sup>2</sup> (2) of the FIMA, inasmuch as Bank is obligated to apply those provisions to an ECP
- clients categorised as professional clients within the meaning of Article 124.<sup>1</sup> of the FIMA, inasmuch as Bank is obligated to apply those provisions to a professional client in accordance with the requirements laid down in the FIMA.

Client: \_\_\_\_\_

## 3. SUITABILITY OF TRANSACTIONS AND PRODUCTS TO CLIENT'S INTERESTS

3.1. Upon Bank's request, Client must provide Bank with the requested information about Client's expertise, experience and knowledge with respect to investment services, financial instruments, transactions in financial instruments, a particular Transaction or Product, investment objectives, financial condition and other relevant information that Bank requires in accordance with the Law or Bank's IILs to categorise Client into an appropriate category or to assess the suitability of a particular Brokerage Service, Transaction or Product to Client. Client must also inform Bank about any changes in previously provided information. The Client confirms that the Client's questionnaire contains information about the person who makes a decision on concluding the Transaction and / or submitting the Order.

3.2. Bank carries out the appropriateness test whereby it assesses whether Client-chosen Brokerage Services and Transaction or Product are appropriate or not for Client's level of knowledge and experience and warns Client of that the chosen Transaction or Product is inappropriate to Client. If Bank's warning, however, does not prevent Client from concluding the inappropriate Transactions, and Client submits the Order to execute the inappropriate Transaction, Bank will not be held responsible for any possible consequences arising out of Client's decision.

3.3. If Client fails to furnish Bank with the information mentioned in cl. 3.1 hereof or submits incomplete or insufficient information, Bank warns Client of that the failure will result in Bank's inability to perform the appropriateness test, i.e. to determine whether Client-requested Brokerage Service or chosen Transaction or Product is suitable and appropriate to Client. If Bank's warning, however, does not prevent Client from concluding the inappropriate Transactions, and Client submits the Order to execute the inappropriate Transactions, Bank will not be held responsible for any possible consequences arising out of Client's decision.

3.4. Bank is not obligated to carry out the appropriateness test in respect of Transaction and Product mentioned in cl. 3.2 hereof if Client submits on his own initiative, the Order for a Transaction in a Non-complex Financial Instrument. Client understands and expressly agrees as follows: when providing Brokerage Services with respect to Transactions in Non-Complex Financial Instruments, Bank has the right not to carry out the appropriateness test mentioned in cl. 3.2 hereof and Client therefore will not be afforded the regulatory protection envisaged by the Law.

3.5. If Bank exercises the right mentioned in cl. 3.4 hereof, Bank will notify Client thereof before providing the Brokerage Services. Bank is not obligated to give the warning referred to herein if the respective Transaction relates to the following Non-Complex Financial Instruments: shares, bonds and other debt securities admitted to trading on a Member State regulated market or MTF, money market instruments, investment fund participation certificates (IFPCs) authorized for distribution in the Member State, and structured deposits.

3.6. Bank warns Client of Bank's inability to determine whether the respective investment products are fully appropriate to Client because the information available is not sufficient to ensure a full target market assessment within the scope of Brokerage Services (also when using trading platforms).

3.7. The Client undertakes to ensure that the decision on concluding the Transaction and / or submitting the Order was made by a person whose competence, knowledge and experience in transactions with financial instruments are reflected in the Client's questionnaire and confirms that he / she has ensured this obligation, including implementing appropriate procedures and control measures. Otherwise, the Client is obliged to inform the Bank about the non-fulfillment of this obligation in time before concluding the Transaction and / or submitting the Order.

## 4. CUSTODY OF CLIENT'S FINANCIAL INSTRUMENTS AND USE IN THIRD-PARTY TRANSACTIONS

4.1. Financial Instruments recorded (in a book-entry form) with a central securities depository (where Bank is a member) are custodied in a separate account of Bank's clients with the central securities depository in accordance with the depository's rules ("Omnibus Client Account"). According to Client's separate request, Bank enables Client to open an individually segregated account that allows Bank to segregate Client's securities ("Individually Segregated Account"). To open the Individually Segregated Account, the Parties conclude a supplementary agreement to the Brokerage Services Agreement. In response to Client's separate request, Bank furnishes Client with the information about the costs and risks associated with the Individually

Segregated Account and the Omnibus Client Account.

4.2. Financial Instruments recorded (in a book-entry form) with a central securities depository where Bank is not a member are custodied with Bank-chosen Partners. Client expressly agrees that the financial instruments mentioned in this clause are custodied in accordance with the Partner's rules that are binding upon Client.

4.3. Bank-developed financial instruments that are not recorded with any central securities depository are held in Bank's custody. Client takes on all of the risks associated with the custody of the financial instruments that have not been developed by Bank and are not recorded with any central securities depository. Within the meaning of this clause, Bank is considered as the developer of a financial instrument if Bank is the financial instrument's issuer or counterparty to a transaction involving a derivative financial instrument.

4.4. Bank maintains segregated accounts, i.e. Bank keeps Client's Financial Instruments strictly separate from Bank's own Financial Instruments. Bank holds Client's Financial Instruments in a clients' or nominee (omnibus) account opened in Bank's name with Partner; the account records contain a specific indication that Bank holds therein the Financial Instruments of Bank's clients. One omnibus account may simultaneously hold the Financial Instruments owned by Bank's multiple individual clients.

4.5. Bank has also the right to hold Client's financial instruments with Partners incorporated in a foreign jurisdiction that lacks the legal and regulatory framework for the custody (custody means possession of financial instruments on behalf of third parties, for the purposes of safe-keeping) of Financial Instruments in third-party name whenever it is required (taking into account the nature of the financial instruments or of the respective Order / Transaction) for execution of Order/Transaction. This restriction does not apply if Client categorised by Bank as a 'professional client' has requested in writing that his financial instruments be held in custody with the Partner domiciled in the foreign jurisdiction mentioned herein.

4.6. Client understands and assumes risks associated with the circumstances mentioned in cl. 4.5 hereof; in this this case, Client's financial instruments are held in custody as the financial instruments owned by Bank or by Partner in whose name an account intended to hold Client's financial instruments has been opened account. Thus, it is impossible (due to the application of the foreign law) to fully identify Client's title to the Financial Instruments. However, Bank keeps separate records and accounts for Client's Financial Instruments held in Bank's custody to ensure that

- Bank is able, at any point in time, to distinguish Financial Instruments owned by a particular Client from Financial Instruments owned by other Client or from Bank's own Financial Instruments;
- the accounting records are regularly reconciled against those maintained by Partner where Bank holds Financial Instruments.

4.7. If, in connection with the custody of financial instruments or cash in a foreign jurisdiction in accordance with the applicable law of the jurisdiction, Bank is obligated to conclude (with a Partner or any other third party) the agreement that envisages or gives rise to the person's collateral-specific right, collateral-related interests, encumbrances, lien or netting right in respect of the financial instruments or cash that Client owns or is entitled to, and hence enable this person to alienate Client's financial instruments or cash in order to recover the debts that are not connected with Client or the provisions of services to Client, then Bank will disclose this information to Client before executing the Order; if during the order-execution time Bank is not aware of the information, then Bank will disclose this information to Client as soon as possible after Bank becomes aware of the obligation to conclude the agreement mentioned herein.

4.8. Bank furnishes Client with a written information about Client's financial instruments and cash against which the right to collateral, collateral-related interests, encumbrances, lien or the netting right (mentioned in cl. 4.7 hereof) have been performed; Bank also specifies the affected financial instruments / cash, the Partner with whom the financial instruments / cash are custodied and the respective collateral-specific right, collateral-related interests encumbrance, lien or netting right. The written information mentioned in this clause constitutes a part of the Brokerage Services Agreement and is equivalent to a record made in the Agreement.

4.9. Client expressly agrees that Partner is ir entitled to establish and exercise the right to collateral, collateral-related interests, encumbrances, lien

or netting right, except for financial collateral with the transfer of the right, in respect of Client's financial instruments and cash held in custody with Partner, in order to secure or recover Partner's claim associated with Client or the financial instruments owned by Client.

4.10. In connection with the conclusion of the Brokerage Services Agreement, Client gives his express consent to Bank to use Client's financial instruments in securities financing transactions and other transactions carried out by Bank in its own interests and in the interests of any other person or of any other client. Bank has the right to use Client's financial instruments only in accordance with the provisions stated by Client on the Application.

4.11. The Parties agree that the consent or prohibition of the Client (who has entered into the Brokerage Services Agreement before the effective date of the Version No. 2 of the Rules) to use the Client's financial instruments in securities financing transactions and other transactions carried out by the Bank in its own interests and in the interests of any other person or of any other client provided by the Client to the Bank after the effective date of the Version No. 2 of the Rules, as well as the special provisions related to the use of financial instruments owned by the Client remain valid with the Rules (Version No. 2) becoming invalid and the Rules (version No. 3) coming into force.

4.12. If Client's financial instruments are held in the nominee account with Partner, Bank is entitled to conclude the Transactions that are mentioned in cl. 4.10 hereof and involve the financial instruments recorded in the account only if (in addition to the requirement concerning Client's consent specified in cl. 4.10 hereof) one of the following conditions is met:

- 4.12.1. all clients whose financial instruments are held in the nominee account with Partner have given their prior consent to the transactions;
- 4.12.2. Bank possesses a system or a control mechanism to ensure that Bank uses only financial instruments owned by clients that have given their prior consent thereto.

## 5. ACCOUNT MANAGEMENT

5.1. Bank records Transactions in the FI Account and the Investment Account in a timely manner. Transaction-related records must be made chronologically order in electronic storage media or Transaction logbooks (journals). While in the legal relationship with Bank, Client acquires the legal title (ownership right) to the financial instruments at a point in time they are credited to FI Account. While in the legal relationship with Bank, Client ceases to hold the title to the financial instruments at a point in time they are debited from the FI Account.

5.2. Financial instruments are credited to Client's FI Account and Client's funds are credited to the Investment Account, and the financial instruments are deducted from the FI Account and the funds are debited from the Investment Account if Bank receives Partner's respective confirmation of the entry/writing-off of the financial instruments and cash funds on the date the Transaction is settled (settlement date) or on the next Business if the local time in the financial market, (where the respective Transaction is executed) differs from the local time in Riga.

5.3. Payments and other bonuses due and payable to Client in his capacity of the owner of the Financial Instruments (redemption related payments, dividend payments, coupon payments, bonus shares, and others), without specific orders from Client, are credited to Client's Investment Account or FI Account on the same day when Bank receives the above payments or bonuses or on the next Business Day if there is a difference between the time zones - local time in Riga and local time in the financial instruments market whereon the respective payments are paid out.

5.4. Bank may debit, without first receiving Client's Order, FI Account for Client's Financial Instruments placed by Bank into Partner's custody in the case of total and irreversible loss of the Financial Instruments. If the totally and irreversibly lost Financial Instruments were held in Bank clients' or nominee account (*omnibus client account*), then Bank exercises its right (as mentioned in the previous sentence) to write off the Financial Instruments proportionally to the number of Client's Financial Instruments that have been totally and irreversibly lost.

5.5. Bank is not obligated to inform and consult Client in respect of events related to financial instruments (issued outside the Republic of Latvia). Client must independently keep track of information (available in the public information sources) relevant to the events associated with Client's Financial

Client: \_\_\_\_\_

RULES GOVERNING BROKERAGE SERVICES	Approved: 11.06.2020	Effective Date: 01.07.2020	Version 3	Page 4 of 13
------------------------------------	----------------------	----------------------------	-----------	--------------



Instruments, their prices, condition and offers and submit, on his own initiative, the respective Orders to Bank on a timely basis. Bank, at its sole discretion, may post the information on Bank's website or otherwise make the information available to Client. However, Bank will not assume responsibility whatsoever for the accuracy and completeness of the information and will not assume liability for any loss incurred by Client in connection therewith.

5.6. Bank may request, and Client must provide, within the timeframe and in the manner specified by Bank, additional information or documents whenever it is necessary or appropriate to do so for the purpose of executing a Transaction specified in the Order; or in connection with certain financial instruments owned or possessed by Client; or in accordance with the requirements of the documents, laws and legal instruments, institutions, organisations referred to in cl. 1.11 hereof.

5.7. Bank has the right to halt (suspend) the provision of Brokerage Services and to suspend/discontinue fulfilling obligations under the Agreement until all the circumstances are cleared up, whenever Bank has a reasonable suspicion that Client-ordered Transaction involves insider dealing or is carried out for improper manipulative purposes (market manipulation or abuse). Bank will immediately notify (over any means of communication agreed upon in the Agreement) Client of Bank's intention to exercise and enforce the right mentioned in this clause of the Rules.

5.8. Bank may unilaterally reverse (correct) the erroneous records relating to FI Account and Investment Account and related reports/statements and confirmations in respect of Order execution if such errors resulted from incorrect calculations or were technical in nature.

## 6. ACCEPTANCE, EXECUTION AND CANCELLATION OF ORDER

6.1. Client submits Orders in the manner prescribed by the Application and in Bank-approved manner. Client is entitled to submit a written Order also when the Client did not specify (tick) this option in the Application.

6.2. Order must be formulated in a clear and understandable manner, unambiguously reflect the substance of the transaction to be executed and (irrespective of a means of communication used) contain all required information and details/particulars as specified in Bank-approved Order forms.

6.3. Bank accepts Orders submitted by Client or Client-designated representative during Business Days and Bank's Operating Hours, unless the Parties have agreed otherwise. Bank accepts Orders written in Latvian, Russian and English languages.

6.4. Client authorises Order as follows:

6.4.1. Client or Client-designated representative signs the Order in person while on Bank's premises (hand-submitted Order);

6.4.2. when submitting Order telephonically via telephone call function or WhatsApp Messenger Application or Viber Messenger Application, Client provides:

6.4.2.1. his full name (given and family name) or business/corporate name (as the case may be) as well as the full name of Client-designated representative and the valid password specified in the Application or act on the use of authentication and authorization means, or

6.4.2.2. Client's unique username and the valid password specified in the Application or act on the use of authentication and authorization means;

6.4.3. when transmitting Order in the Internet Banking environment, Internetbank user specifies a code generated by the DigiPass identifier or DigiPass for Mobile (as chosen by Client according to Customer Service Agreement).

6.5. If a caller telephonically provides correct identification data required for Client's authentication and authorisation (cl. 6.4.2 hereof), Bank will consider that the caller is duly empowered to represent Client and give Bank Orders on Client's behalf. Bank is under no obligation to verify the person's identity as well as the validity and scope of powers specifically granted to such person who has provided the accurate personally identifiable information.

6.6. Client may reveal the password (hand over other means of authentication and authorization) only to Client-designated representatives and undertakes to protect the password (other means of authentication and authorization) against unauthorised disclosure. Client agrees to accept all actions carried out by using Client's password (other means of authentication and authorization) as legally binding upon Client, even in cases where such

Client: \_\_\_\_\_

actions have been carried out by any unauthorised third party.

6.7. Any Internetbank user specified in the Customer Service Agreement, who has been granted the right to submit orders in accordance with the Customer Service Agreement, is entitled to submit an Order to the Bank on behalf of the Client until the Client informs the Bank otherwise. If Client-designated representative forfeits the right to represent Client, including the right to submit Orders, or if Client has a reasonable suspicion of fraudulent use of the password or any other means of authentication and / or authorisation by any unauthorised third party, Client undertakes to notify Bank thereof without undue delay.

6.8. Client may not submit the Order to execute the same Transaction over different means of communication. Client must cancel the previous Order before submitting the next Order to Bank. Whenever any disputes or discords arise in respect of the contents of any Order, priority will be given to the first Order received.

6.9. Bank records and retains telephone conversations (and other Client-Bank communication) by use of reasonable means (data storage media). A copy of Client-Bank conversation or communication will be made available upon request at any point in time throughout the five-year timeframe. Upon a competent institution's request, it will be made available throughout the timeframe of up to seven years. The Parties expressly agree that the recording will be regarded as sufficient proof of the receipt and of the contents of the Order as well as proof of any other important information shared between Bank and Client and may be admitted into evidence at trial, action or proceeding in any court.

6.10. Bank records (documents) its meetings with Client during which Client submits Order or the Parties discuss (negotiate) the Transaction.

6.11. Client is entitled to request from Bank and obtain (free of charge) electronic copies of the records and information mentioned in cl. 6.9 and 6.10 hereof within the accessibility timeframe as envisaged by the Law. If Client request a copy of the record or information that has already been released to Client, then Client will pay a fee according to the Fee Schedule.

### Order Cancellation and Alteration

6.12. Client may only request that any unfilled portion of the Order be altered or cancelled. Order amendment or cancellation requests are honoured to the extent that an Order has not been previously executed or has not been routed for execution by Partner or execution venue.

6.13. It is imperative that Client's Orders requesting to cancel or alter previously submitted Orders contain all required payment details and information as specified and requested in Order forms approved by Bank. The provisions of these Rules pertinent to the submission of Orders also apply to the Orders requesting to amend or cancel previously submitted Orders.

### Order Execution

6.14. Client is obligated to ensure (at the time of submitting Order) that Investment Account /FI Account holds cash funds/financial instruments required to execute all submitted yet unexecuted (unfilled) Orders, to pay Bank's fees and reimburse Bank for expenses. Client may transfer money to Investment Account only from Current Account with Bank. Client may submit Order to sell financial instruments, which are held in FI Account or will be entered into FI Account, once previously submitted Order to buy FI has been executed, unless otherwise agreed between the Parties (short sale).

6.15. After receiving Client's *Order to buy Financial Instruments*, during the validity period of the Order Bank will apply a 'blocking-of-funds procedure' to Client's Investment Account to ensure that the earmarked sum of money is sufficient to cover the maximum purchase amount plus all fees (and additional charges attributable to the execution of the Order) payable to Bank according to Fee Schedule. Client authorises and empowers Bank to deduct the required money from Investment Account on the date that Transaction is settled (settlement date).

6.16. After receiving Client's *Order to sell Financial Instruments*, during the validity period of the Order Bank will apply a 'blocking-of-funds procedure' to Client's FI Account to ensure that the required amount of the earmarked Financial Instruments is used for the execution of the Order. Bank will also place a freeze on a sum of money (held in Client's Investment Account) sufficient to cover the maximum amount of fees and additional charges attributable to the execution of the Order. Client authorises and empowers Bank to deduct the required money from Investment Account and the required Financial

Instruments from FI Account.

6.17. In case of non-execution of the Order Bank will release its freeze on FI Account and Investment Account where the Financial Instruments and cash items, respectively, are held, according to clauses 6.15 and 6.16 hereof.

6.18. If the Order satisfies the requirements of the Rules and is submitted to Bank during the Operating Hours, Bank will execute the Orders in the sequence in which they have been received by Bank during the Operating Hours, by routing the Order to the appropriate trading venue during the venue's operating hours, unless specific nature of the Order or any other considerations make it impossible to execute such Order.

6.19. Unless Client's Order contains any special instruction to the contrary, Bank is entitled to execute the Order outside a trading venue in the manner prescribed by Bank's ILIs.

6.20. Order is valid within the timeframe stated therein. If the Order does not contain the validity date, and the Order has been submitted during the Operating Hours, then the Order will be valid during the entire receipt day. Bank will execute the Order without undue delay, taking into account factors having impact on Order execution, as described in the Client Order Execution Policy (transactions in financial instruments), unless Bank-accepted Order specifies otherwise.

6.21. Prior to the execution of the Order, Bank is entitled to make a unilateral decision concerning additional safety precautions and, using the agreed means of communication, to request Client to provide additional confirmations with respect to the information contained in the respective Order.

6.22. Bank has the right to execute the Order partially, depending on the situation prevailing in the financial instruments market where a particular Transaction is to be executed according to the Order. Bank will notify Client of a partial execution of the Order via the means of communication specified in the Agreement. If a partially filled (executed) Order relates to a Transaction in shares admitted to trading on a regulated market or traded on a trading venue and Client does not cancel the unfilled portion of the Order and does not give Bank other instructions concerning the unfilled portion of the Order, then Bank will publicly disclose the Order in the manner prescribed by the *Client Order Execution Policy (transactions in financial instruments)*.

6.23. Client agrees to the following: when carrying out Transactions in Financial Instruments in accordance with the *Client Order Execution Policy (transactions in financial instruments)*, Bank may aggregate (or 'bunch') Client's Order with orders for other clients' accounts or with orders for Bank's dealing on own account, whenever possible and if it is unlikely that the aggregation will work to the disadvantage of Client. Bank gives Client a clear and prominent warning of that the aggregation of Client's Order with the orders or other client or clients or orders for Bank's dealings on own account may bear loss to Client in respect of a particular Transaction.

6.24. **Bank has the right to refuse to execute Order** in the following instances:

6.24.1. Bank's Partner refuses to accept Order for execution;

6.24.2. Order does not meet Bank's requirements;

6.24.3. Order or its contents (nature) is in conflict with the Law or foreign laws pertaining to the circulation of and transactions in financial instruments or contradicts the rules adopted by Partners, depositories, clearing systems or trading venues where financial-instrument transactions are executed;

6.24.4. Bank has a reasonable doubt as to the authenticity of Order (i.e. as to whether the Order has been submitted by Client or Client-designated representative);

6.24.5. Client or Client-designated representative is not entitled to submit Order;

6.24.6. Client has any unsettled financial obligations owed to Bank under the Agreement or other transactions with Bank;

6.24.7. no sufficient amount of financial instruments or cash funds is available in Client's FI Account / Investment Account to cover Client's Transaction, to pay Bank's fees, and to reimburse Bank's expenses;

6.24.8. Bank reasonably believes that Client does not possess sufficient expertise, experience and knowledge with respect to a financial-instrument

transaction which constitutes the object of Client's Order, or Order relates to an investment product whose target market is not appropriate to Client;

6.24.9. Order cannot be executed on the terms and conditions as outlined by Client;

6.24.10. execution of Order may result in loss to Bank;

6.24.11. Bank does not provide services with respect to financial instruments specified on Order, or the Agreement does not envisage the execution of a particular Transaction;

6.24.12. Bank has a reasonable suspicion that Transaction could constitute or be related to a money laundering or terrorist financing offence;

6.24.13. financial instruments or cash funds, with respect to which Order is submitted, are designated as collateral, and the pledgee has not provided his consent for the Transaction;

6.24.14. Bank has a reasonable suspicion that Transaction involves insider dealing or is carried out for improper manipulative purposes (market manipulation or abuse);

6.24.15. transactions involving Client's assets are prohibited or are subject to certain restrictions set forth by the Law, or the decisions of competent governmental authorities, or any restrictions or prohibitions are imposed in connection with any other transactions;

6.24.16. Client (a legal entity) does not possess LEI or the LEI status is listed as lapsed;

6.24.17. in any other cases specifically envisaged by the Agreement or the Law.

6.25. If Bank does not accept Orders for execution, Bank will immediately notify Client of the non-acceptance over the means of communication as specified in the Agreement.

6.26. Bank may halt the execution of a particular Order and request Client to submit additional confirmation whenever Bank has a reasonable doubt regarding Client's identity, the authenticity of the Order or accuracy of the information indicated thereon. In this case, Bank will halt the execution of the Order until it clears up all circumstances, receives additional confirmation, or re-verifies Client's identity.

6.27. Client categorised by Bank as a 'retail client' within the meaning of Article 124.<sup>1</sup> of the FIMA confirms that he has read the Key Information Document that contains the key information about the transaction in accordance with the PRIIPs Regulation before submission of the Order, except when Bank provides Client with the Key Information Document after conclusion of the Transaction (to which the requirements of the PRIIPs Regulation apply) in the manner prescribed by Article 13, paragraph 3 of the PRIIPs Regulation.

6.28. Client undertakes to inform Bank before submitting Order if the decision about conclusion of the Transaction has been made by a person whom Client has charged with making the decisions concerning conclusion of transactions in financial instruments and who is not Client's authorised representative or employee (decision-maker within the meaning of the MiFIR). The following information about the decision-maker should be provided:

6.28.1. the LEI (if the decision-maker is a legal entity);

6.28.2. the person's full name, date of birth, passport number, issuing country, and the national identity number or identification number, if any (if the decision-maker is a natural person).

6.29. If (before submitting Order) Client fail to notify Bank of that the decision-maker has made the *decision to conclude Transaction*, Bank will consider that Client has not engaged a person (who is a decision-maker within the meaning of the MiFIR) for the decision-making purpose (to make the *decision to conclude Transaction*).

6.30. Bank is entitled to receive from its Partners fees or commissions associated with the execution of Client's Order ("Inducement") if

- the purpose of the Inducement is to enhance the quality of the service provided to Client, or
- the Inducement essentially does not impair Bank's duty to act honestly, fairly and professionally in accordance with the best interests of Client.

Client: \_\_\_\_\_

RULES GOVERNING BROKERAGE SERVICES	Approved: 11.06.2020	Effective Date: 01.07.2020	Version 3	Page 6 of 13
------------------------------------	----------------------	----------------------------	-----------	--------------

**7. TRANSACTION REPORTS, NOTICES AND ACCOUNT**

7.1. Bank sends to Client Transaction confirmation stating that the Order has been executed no later than on the next Business Day following the day on which the Order has been executed, or (if the confirmation has been received from Partner) no later than on the next Business Day following the day on which the respective confirmation has been received from Partner (this obligation does not apply whenever the Order execution confirmation is delivered to Client directly by Partner).

7.2. Client, who uses Platform, familiarises himself with the Transaction confirmations on the respective Platform, using Platform-offered technology solution.

7.3. If Client's Order relates to the participation certificates of an investment fund or an alternative investment fund or to the units or collective investment undertakings (CIUs) and is to be filled periodically, Bank furnishes Client with the confirmation mentioned in cl. 7.1 hereof once every six months, starting from the point at which the Order was received.

7.4. Upon Client's request, Bank furnishes (in the manner specified on the Application) Client with the information about status of the Order.

7.5. Unless the Application specifies otherwise, Bank informs Client (whom Bank has categorised as a 'retail client' within the meaning of Article 124.<sup>1</sup> of the FIMA and whose FI Account holds positions with leveraged financial instruments or contingent liability transactions) about the 10-percent decrease in the initial value of every such financial instrument posted to the Client's FI Account and thereafter about every subsequent 10-percent decrease, as calculated based on the initial value of the respective financial instrument, no later than by the end of a Business Day on which the threshold of the decrease has been exceeded or (if the threshold of the decrease has been exceeded on a day other than a Business Day) no later than on the next Business Day.

7.6. Bank provides Client with the statements of the FI Account and the Investment Account once every quarter considered as the reporting period. The statements show the financial instruments accounted for during the period. Bank delivers the statements after the end of the reporting period within 10 (ten) Business Days, except when Client has chosen (on the Application, section "Communication channels and form", subsection "Receipt of statements, overviews, statements and individual notifications") the Internet Banking facility as a means of communication whereby Client agrees to receive the statements of the FI Account and the Investment Account. In this case Client is obligated to read the statements of the FI Account and the Investment Account in the Internet Banking environment at least once every quarter. If Client fails to comply with this obligation, Client must inform Bank thereof without undue delay. Client will be held liable for any losses incurred by Bank or penalty charges imposed on Bank as resulting from Client's non-compliance with the obligation mentioned herein. If Client carries out Transactions through the Platform, then the statements are also made available through the Platform, namely, through a technical solution offered by the Platform. Client may agree with Bank upon any other reporting period and may request Bank to issue the statements of the FI Account and the Investment Account on a more frequent basis (e.g. once a week or once a month); the pre-agreed frequency will be specified on the Application, section "Special Provisions". If Client requests a frequency other than that mentioned in the first sentence of this clause, Client will pay the respective service fee according to Bank's Fee Schedule. Bank provides Client with the statements of the FI Account and the Investment Account in the manner described in the first sentence of this clause.

7.7. Within 2 (two) Business Days after receiving Client's respective request, Bank provides Client with a statement of the FI Account and the Investment Account showing particular transactions in financial instruments and covering the timeframe specified in Client's request.

7.8. Bank furnishes, on a monthly basis, clients (who conduct OTC Transactions in Derivatives) with the reconciliation statements relevant to the said financial instruments if Client holds the Open Positions in the abovementioned transactions. If Client conducts OTC Transactions in Derivatives on the Platform, then the reconciliation statements relevant to the financial instruments are available on the Platform, using Platform-offered technology solution.

7.9. Client is obligated to verify whether Bank-provided

7.9.1. account statement contains accurate and correct information about financial-instruments Transactions handled in FI Account and Investment Account;

Client: \_\_\_\_\_

7.9.2. confirmation contains accurate and correct Transaction-related basic provisions;

7.9.3. Bank-provided *reconciliation statement relevant to the financial instruments* (available in the Platform) shows the correct value of the Transactions.

Client is entitled to lodge written claims to Bank regarding the documents referred to in cl. 7.1 to 7.8 hereof within 5 (five) calendar days from the date when the respective document was received (made available in the Platform). Client's failure to lodge a claim within the stated timeframe will be regarded as Client's tacit approval of the said documents (information).

7.10. Statements of the Investment Account and the Security Deposit Account will be provided in the same manner as that for Current Account.

7.11. Disputes arising in connection with the contents of the documents mentioned in cl. 7.1 to 7.8 hereof will be resolved in the manner prescribed by Section 13 hereof.

**8. REMUNERATION PAYABLE TO BANK**

8.1. Client will pay fees charged by Bank for its services in accordance with the Rules and Fee Schedule. Client will pay the fees according to the Fee Schedule in effect at the time of the Transaction (unless otherwise prescribed by the Rules or on a mutually agreed basis in relation to a particular Transaction (a one-time fee).

8.2. Bank gives a clear warning and Client agrees that in connection with Bank-rendered Brokerage Services Client may be required to:

8.2.1. cover all expenses actually incurred by Bank in connection with the services provided by Bank's Partners if such expenses are directly attributable to the services stipulated in the Rules and if the expenses exceed the fee indicated in the Fee Schedule;

8.2.2. cover other additional payments (including taxes, duties and penalties) charged to Bank in connection with financial-instrument transactions by Partners, regulated markets, financial regulatory authorities, public institutions and municipalities;

8.2.3. cover other justifiable expenses.

8.3. Bank will notify Client that Client's expenses are expected to exceed the fees set by Bank before executing Client's Order or immediately after Bank has become aware of that.

8.4. Bank may charge a fee, as determined by Bank is its sole discretion, for services that are not stipulated in the Fee Schedule but that have been rendered by Bank according to Client's Order.

8.5. Client is obligated to ensure that Investment Account holds sufficient available funds to cover payments and execute Transactions as stipulated in the Rules.

8.6. Client authorises and empowers Bank, without obtaining a prior approval from Client, to debit unilaterally Client's Investment Account for all amounts due and payable in Bank's favour under the Rules.

8.7. Custody fee charged for custody (safekeeping) of Financial Instruments is debited from Investment Account (without Client's prior consent) for the current month before the 5<sup>th</sup> (fifth) day of the next calendar month. Upon Client's written request, Bank will issue an appropriate invoice for Client.

8.8. Order execution charge due and payable to Bank (for the execution of Transactions and Orders), without obtaining a prior approval of Client, will be debited from Client's Investment Account at a point in time when Client's Financial Instruments and cash funds are credited to and/or debited from FI Account and to/from Investment Account.

8.9. If Investment Account holds a sum of money that is insufficient to cover any payments due and payable to Bank according to the Rules, Bank may:

8.9.1. debit, without Client's prior consent and approval, Client's Current Account or any other account held by Client with Bank for amounts due and payable in any currency, by way of converting one currency into another currency according to Bank's exchange rate effective for the date when the funds are debited from the account;

8.9.2. sell, at its sole discretion and determination, Financial Instruments

held in FI Account for a market price then current and to use the sale proceeds to pay off in full the debt payable to Bank, including interest payments and penalty charges. If Account holds different classes of fungible (interchangeable) financial instruments, Bank will have the absolute discretion to determine which Financial Instruments Bank should sell to repay Client's obligations as specified in this clause.

8.10. Bank may convert Client's funds denominated in one currency into another currency at Bank's exchange rate effective for the date of the conversion, if this is necessary to execute Client's Orders and /or to cover Bank's expenses and to pay fees and charges payable to Bank and/or to repay any other obligations of Client under the Rules, even in cases where such currency conversion clause is not expressly specified in Client's Order while Client authorises Bank to do so.

8.11. Payment of late-payment fee will not relieve and exempt Client from the responsibility to pay fees due and payable to Bank or from the responsibility to perform any other obligation under the Rules.

## 9. RESPONSIBILITY AND RISKS, FINANCIAL COLLATERAL

9.1. Bank will bear the cost of any direct damage incurred by Client solely to the extent of Bank's gross negligence or intentional non-fulfilment of its obligations under this Agreement. Bank will not reimburse Client for foregone earnings, incomes, non-pecuniary damage, and the damage done to Client's reputation.

9.2. Bank will not be liable in any manner whatsoever for any expenses and losses incurred by Client, including the total loss of all of the assets caused by:

9.2.1. adverse swings in the prices for Financial Instruments on the financial services markets and stock markets, refusals by the issuers of Financial Instruments to fulfil their respective obligations, exchange rate fluctuations, interest rate fluctuations, and fluctuations in indexes;

9.2.2. failure to perform their respective obligations (non-execution or Order execution delays, total and irreversible loss of the financial instruments by the custodian, and others) by Bank's Partners, stock exchanges, market makers, multilateral trading facilities (MTFs), organised trading facilities (OTFs), clearing and settlement systems, and other involved financial institutions, including their insolvency;

9.2.3. rules, instructions and procedures of Bank's Partners, stock exchanges or MTFs, organised trading facilities (OTFs), clearing and settlement systems (where Bank or its Partners execute Transactions) as well as the national laws, regulations and administrative provisions of the jurisdictions where these third parties are incorporated or carry on their business;

9.2.4. confiscation or seizure, imposing of restrictions or placing a freeze on Client's Financial Instruments and cash funds for any reason resulting in that Client's assets become unavailable to Client and/or Bank;

9.2.5. submission of Orders by any unauthorised third parties, including unauthorised and fraudulent (the fraud having the malicious nature) use of Client's authentication and authorisation means (telephone password, the *Internet Banking* password and access code, test key /code for the DigiPass identifier);

9.2.6. Bank's refusal to execute Client's Order or a halt to further execution of the Order in cases stipulated in the Rules; improper execution or failure to execute the Order on the grounds that the Order is not in conformance with the requirements of the Rules in terms of form, contents and submission procedure; incorrect information (details) indicated by Client;

9.2.7. Client's failure to perform his duties or obligations under the Rules.

9.3. Bank will not be held liable for the rendering to Client legal or tax advice with respect to regulatory (legal and tax) framework for transactions in Financial Instruments in any foreign jurisdiction. Client will be responsible for filing a tax return; for paying all taxes and other assessments arising out of the ownership of the financial instruments, taxes levied on financial Transactions; income tax and capital gain tax (a tax assessed on profits gained from the Transactions). Nevertheless, whenever under the tax legislation of the Republic of Latvia or any other foreign jurisdiction the custodian of the assets is required to withhold taxes, then Bank or its Partner is entitled to deduct and withhold all payable taxes and levies from Client's assets, cash funds deposited in Investment Account or Current Account without Client's prior consent and specific Order thereto.

Client: \_\_\_\_\_

9.4. Bank will not assume responsibility for any loss incurred by Client, if Client refuses to provide the required information about his expertise, experience and knowledge with respect to the Transactions in Financial Instruments, information about his investment goals and financial condition and fails to notify Bank of any changes in previously submitted information, such a refusal or failure resulting in Bank's inability to carry out the suitability assessment -- to determine whether Client's expertise, experience and knowledge are sufficient to properly understand the risks associated with investment activities specifically chosen by Client or with a particular Transaction in Financial Instruments and whether a chosen investment service (or product) is suitable for Client or whether it meets Client's investment objectives.

9.5. Client will assume responsibility for any loss incurred by Bank through non-performance of Client's obligations.

9.6. Client must familiarise himself with the rights and obligations embodied in the purchased Financial Instruments and will bear responsibility for the performance of those obligations and liabilities inherent in the ownership of the Financial Instruments. Client will take on the responsibility for all risks and losses caused by a violation or breach of the rights embodied in Client's Financial Instruments, whenever the issuer of the Financial Instruments or any other participant of the financial instruments market violates or breaches those rights, or fails to perform its obligations owed to the owner of the Financial Instruments.

9.7. Client has the responsibility to pay in a timely manner all fees and charges due and payable to Bank according to the Fee Schedule as well as other payments under the Rules. If Client's Investment Account, Current Account and other accounts with Bank do not hold sufficient available sums of money at the time of payment execution, Client will pay a late-payment fee at the rate of 0.1% (one tenth of one percent) of the outstanding unpaid amount per each day of delay.

9.8. All the cash funds and financial instruments (including improvements, additions, accessions and other subsequent increments upon them), which are held in or will be credited to Client's accounts with Bank or to which Client otherwise is entitled, as well as all of Client's cash funds and financial instruments (including improvements, additions, accessions and other subsequent increments upon them), which are held in or will be credited to Bank's accounts with Partners or to which Client otherwise is entitled, serve (throughout the life of the Agreement and after the expiration thereof) as financial collateral pledged to secure Client's existing (and potential future obligations) owed to Bank (hereinafter referred to as Financial collateral) within the meaning of the Financial Collateral Act [*Finanšu nodrošinājuma likums*] of the Republic of Latvia. Financial collateral secures all Customer-owed obligations whose amount will be assessed at the time of selling Financial Collateral, including all interest, penalty charges, expenses and losses to be incurred by Bank through Client's default (non-fulfilment of obligations) and the sale of Financial Collateral.

9.9. If Client fails to perform his obligations owed to Bank and/or Bank possesses the right of claim against Client and/or the Enforcement Event occurs, then Bank will be entitled to satisfy all of its claims against Client through selling Financial Collateral. Bank may, at its sole discretion and according to the order (priority) and manner prescribed by Bank, without giving a prior notice (reminder letter) and without Client's Order:

9.9.1. sell such a certain portion of Financial Instruments held in the Financial Instruments Account at a market price (including in Bank's favour) which will be sufficient to fully repay Client's obligations owed to Bank, and

9.9.2. transfer /write off, in Bank's favour, the amount of money (held in any Customer's account with Bank or the money to which Customer otherwise is entitled) which will be sufficient to fully repay Customer's obligations owed to Bank.

9.10. *Prohibition clause.* Client is not allowed, without the explicit consent of Bank, to alienate (sell), re-pledge Financial Collateral, change the components (items) and reduce the value of the collateral. Client is obligated to notify all interested persons of the creation of Financial Collateral in Bank's favour. Bank may enforce its right of possessory retention/lien over Financial Collateral. Also, Bank may apply a 'blocking-of-funds procedure' whereby Financial Collateral held in the accounts is earmarked and made unavailable for any transaction until Client fulfils his obligations owed to Bank and/or until maturity date arrives, and/or until Bank sells Financial Collateral.

9.11. Any liability of Bank for Financial Collateral-related loss will be limited to cases of Bank's malicious actions. Bank may use Financial Collateral, by

RULES GOVERNING BROKERAGE SERVICES	Approved: 11.06.2020	Effective Date: 01.07.2020	Version 3	Page 8 of 13
------------------------------------	----------------------	----------------------------	-----------	--------------



replacing it with the equivalent collateral without paying any compensation to Client.

9.12. The Client assumes responsibility for the correct and lawful use of all communications services that the Client uses for communication with the Bank, as well as assumes all risks for the proper operation of these communications services, except as provided in the Agreement.

#### 10. FORCE MAJEURE EVENTS

10.1. Each Party will be relieved from responsibility for complete or partial non-fulfilment of any of its respective obligations under the Rules when such non-fulfilment arises out of force majeure circumstances that a Party pleading force majeure could not definitely foresee, prevent or avoid.

10.2. Force majeure is defined generally as any event or condition, such as natural disasters, natural fires, industrial disasters, long-lasting telecommunications failures, civil disturbance or disobedience (mass riots), strikes, military operations, decisions made by governmental authorities or municipalities and judicial institutions or their legally binding normative instruments which are non-individual in nature --but at all times-- force majeure events which could not be definitely foreseen, prevented or avoided and which have directly obstructed the fulfilment of contractual obligations under the Rules.

10.3. Upon the occurrence of force majeure events the affected Party is obligated to immediately notify the other Party thereof in writing and to provide, upon the other Party's request, evidence (furnish appropriate proof) of the occurrence of such force majeure.

10.4. If force majeure events continue for more than three months, the Parties will agree upon alternative methods for fulfilling their obligations. If the Parties are unable to reach an agreement within a three-month timeframe due to substantiated objections based on good faith, then a Party pleading force majeure may refuse to fulfil its respective obligations under the Rules. In that case, the other Party may not request reimbursement for losses incurred.

#### 11. EXCHANGE OF INFORMATION

11.1. Periodic statements and any other information specifically designated for Client in connection with the provision of investment services will be delivered to Client over any of the means of communication as indicated on the Application.

11.2. Bank's information will be considered as delivered to Client (depending on a particular method of information-sharing):

11.2.1. at the time the electronic message is sent (including in the Internet Banking environment);

11.2.2. at a point in time when Bank's information is posted to the Internet Banking facility;

11.2.3. on the fifth calendar day, including the date the information was delivered by post, as indicated on the receipt from the delivery / postal service;

11.2.4. the date of posting the information to Bank's website [www.bib.eu](http://www.bib.eu).

11.3. In any case, Bank is entitled to send the information to Client through postal services.

11.4. General Information designated for all clients will be posted on Bank's website [www.bib.eu](http://www.bib.eu). Client hereby confirms that he has continuous access to the internet.

11.5. Client agrees to receive the Key Information Document that contains the key information about the transaction in accordance with the PRIIPs Regulation after conclusion of the Transaction (to which the requirements of the PRIIPs Regulation apply), rather than to postpone the Transaction, if all of the provisions referred to in Article 13, paragraph 3 of the PRIIPs Regulation have been fulfilled.

#### 12. CONFIDENTIALITY

12.1. Under the Law, Bank will maintain the confidentiality of all Client-related information possessed by Bank, Client's accounts with Bank and all financial transactions executed according to the Rules.

12.2. The confidentiality requirement does not apply and the confidential information may be disclosed:

12.2.1. in cases, scope and manner prescribed by the Law that permits Bank to disclose the information about Client and Client's transactions (law-mandated

Client: \_\_\_\_\_

disclosure);

12.2.2. to Bank's Partners in such total volume as may be necessary to Partners to provide a particular service and to perform the assigned duties.

#### 13. FORUM SELECTION CLAUSE. HANDLING CLIENT'S COMPLAINTS

13.1. The Parties will resolve any disputes and discords arising out of the Rules informally through good faith negotiations. The Parties will apply the *Rules of Handling Client Complaints (Disputes) and Proposals* (available for viewing on Bank's website [www.bib.eu](http://www.bib.eu)) in so far as the Agreement and the Law provide for otherwise.

13.2. If Client has any well-grounded complaints alleging improper performance of Bank's obligations under the Rules, Client may lodge a written complaint to Bank within 10 (ten) Business Days from the date of the alleged non-performance or from the date when Client learned or ought to have learned about Bank's non-performance of the obligations. Bank is obliged to investigate the complaint and to send a response letter to Client within 30 (thirty) Business Days from the receipt of the complaint.

13.3. If an amicable resolution proves impossible, the disputes between Bank and Client arising in connection with the Rules or as a result of fulfilment or non-fulfilment of the obligations stemming therefrom, will be finally settled, at the discretion of the complaining party, in one of the following courts:

13.3.1. by applying the prorogative jurisdiction *{it means that the Parties agree in advance upon a specific dispute resolution forum; the forum is the free, voluntary choice of the Parties; thus, the agreement contains 'prorogation of jurisdiction' clause, also known as 'the consent to jurisdiction and forum selection' clause}* (unless the dispute falls within the exclusive jurisdiction), in the Vidzeme District Court in the City of Riga [*Rīgas pilsētas Vidzemes priekšpilsētas tiesa*], a court of first instance of the Republic of Latvia; or

13.3.2. by the Court of Arbitration run by the Association of Latvian Commercial Banks [*Latvijas Komerčbanku asociācijas šķīrējtiesa*] (registration number: 40003746396, headquartered in Riga), in accordance with the applicable laws of the Republic of Latvia and the Charter, Standing Order and Regulations on sue charges of the Court of Arbitration. The covenants of the foregoing instruments are considered as incorporated by reference into this clause. The panel will be composed of a sole arbitrator. The Parties charge the Chief Justice of the Court of Arbitration to appoint the arbitrator. The language applicable to the Arbitration will be Latvian; or

13.3.3. by court having jurisdiction over the place where the respondent (natural person) is domiciled or where the respondent (legal entity) has its corporate seat (registered office).

13.4. Client unconditionally and irrevocably agrees as follows: if Bank assigns (transfers) its claims against Client under the Rules to a third party, then the provisions outlined in clause 13.3 hereof concerning the adjudication procedure (including the agreement concerning the Court of Arbitration) will remain in full force and effect and will govern Client's relationship with a person to whom Bank assigns (transfers) its claims against Client.

13.5. When concluding OTC derivative contracts with each other, the Parties identify, record and monitor disputes relating to the recognition or valuation of the contract and to the exchange of collateral between the Parties; they record the length of time for which the dispute remains outstanding, the counterparties involved in the dispute and the amount being disputed. The Parties will apply the *Rules of Handling Client Complaints (Disputes) and Proposals* (available for viewing on Bank's website [www.bib.eu](http://www.bib.eu)) in so far as the Agreement and the Law provide for otherwise. If the dispute between the Parties mentioned in this clause is not resolved within 5 (five) Business Days from the date on which the respective Party has delivered the dispute-related notice to the other Party, the Parties refer (while informing each other thereof) issues internally to appropriately senior members of staff to assist in resolving the dispute more expeditiously. If the dispute is not resolved within 10 (ten) Business Days from the date on which the respective Party has delivered the dispute-related notice to the other Party, the dispute will be resolved by the court mentioned in cl. 13.3 hereof.

#### 14. AMENDMENTS TO THE RULES

14.1. Bank may, unilaterally and at its sole discretion, amend the Rules, Fee Schedule, and General Information in the following manner:

14.1.1. Bank notifies Client of the amendments prior to the date upon which such amendments take effect. To this end, the text of the amendments /

RULES GOVERNING BROKERAGE SERVICES	Approved: 11.06.2020	Effective Date: 01.07.2020	Version 3	Page 9 of 13
------------------------------------	----------------------	----------------------------	-----------	--------------

or Rules (Fee Schedule, General Information) will be made available at Bank's premises, posted to Bank's website [www.bib.eu](http://www.bib.eu) or delivered to Client over the means of communications as specified in the Application;

14.1.2. If Client does not agree to Bank-made amendments, Client may discontinue (subject to the condition that Client has discharged all of the obligations owed to Bank under the Rules) using Brokerage Services, by giving Bank a written notice thereof before the date on which the amendments become effective. Client's failure to give Bank a written notice (statement) of objection within a specified timeframe will be construed as tacit acceptance of the amendments.

14.2. Client has the right and obligation to read the most recent version of the Rules, Fee Schedule, General Terms and Conditions for Transactions, and General Information and to regularly keep track of the updates and amendments (available for public review at Bank's premises during regular operating hours or on Bank's website [www.bib.eu](http://www.bib.eu) or contained in Bank's letters of notice individually delivered to clients. Bank will not take on the responsibility for any loss incurred by Client if Client fails to have read the most current versions of the above-listed documents, also before ordering every single Transaction.

14.3. By submitting his Order to Bank, Client confirms that he has read and agrees to be bound by the most current version of the Rules and General Information (are available for viewing in the sources mentioned in cl. 14.2 hereof). Bank, Client also confirms that he is fully aware of Client's obligations arising therefrom.

14.4. Upon Bank's request, Client must provide, in the manner and form prescribed by Bank, Client's informed consent, i.e. confirmation of that Client has read and agrees to be bound by the most current version of the Rules and General Information (are available for viewing in the sources mentioned in cl. 14.2 hereof). Bank has the right to suspend the provision of Brokerage Services or execution of a particular Order until Client duly fulfils his duty mentioned in this clause.

14.5. With the entry into force of this version of the Rules for all relations between the Client and the Bank arising from the Agreement concluded between the Parties (including in respect of already concluded transactions), this version of the Rules shall apply. The provisions of the Rules, which apply to payment services within the meaning of the Law on Payment Services and Electronic Money of the Republic of Latvia, come into force with respect to the Clients who are considered to be consumers within the meaning of Consumer Rights Protection Law of the Republic of Latvia within 2 (two) months after the publication of this version of the Rules on the Bank's Internet website at [www.bib.eu](http://www.bib.eu) or at the Bank's premises, whichever comes first. The relevant provisions of the previous version of the Rules shall be effective before provisions of these Rules come into force.

14.6. The relevant provisions of the previous version of the Rules shall be effective before provisions of this version of the Rules come into force.

#### **15. TERMINATION OF TRANSACTION-BASED LEGAL RELATIONSHIP AND OF PROVISION OF SERVICES**

15.1. Either Party may terminate the transaction-based legal relationship arising from the Rules without disclosing the underlying reason and by giving the other Party a notice of termination at least 14 (fourteen) days prior to the proposed date of the termination.

15.2. Bank may unilaterally terminate a particular Transaction or the entire transaction-based legal relationship arising from the Rules and/or discontinue fulfilling its respective obligation under the Rules and terminate the Agreement

by giving Client a prior notice of intention to terminate in the following cases:

15.2.1. FI Account shows a zero balance of the financial instruments, or FI Account has been dormant for the past 6 (six) months (no Transactions were executed in FI Account);

15.2.2. decision regarding Client's insolvency or bankruptcy (liquidation) filing has been made, or any other actions directed towards Client's bankruptcy, liquidation or reorganisation procedures have been made;

15.2.3. Bank has a reasonable suspicion that Client is purportedly engaged in money laundering or terrorist financing;

15.2.4. Bank has a reasonable suspicion that Client's Transaction is carried out for improper manipulative purposes or Client (when concluding Transactions in Financial Instruments) uses inside information;

15.2.5. Client breaches or fails to meet any provision of the Rules;

15.2.6. Client has closed all current accounts held with Bank;

15.2.7. Client's property is subject to seizure or forfeiture; Client's property is subject to enforcement; Client is banned from certain activities; or under any other circumstances where the rights of Client to freely use his property are limited;

15.2.8. Bank ceases providing Brokerage Services under the Rules;

15.2.9. Client has not agreed to Bank-made amendments to the Rules, Fee Schedule or General Information;

15.2.10. Client (a legal entity) does not possess LEI or the LEI status is listed as lapsed;

15.2.11. the provision of Brokerage Services may result in loss to Bank;

15.2.12. in any other cases prescribed by Bank's *General Terms and Conditions for Transactions*.

15.3. Termination of the Transaction-based legal relationship will not relieve and exempt neither Party from the responsibility to fulfil their obligations under the Rules, as assumed before giving the termination notice, as well as will not make Sections 9 and 12 and clauses 13.3 and 15.3 to 15.6 hereof invalid.

15.4. If by the time of discontinuing transaction-based legal relationship Client's FI Account and Investment Account holds a balance of Financial Instruments or cash funds, Client is obligated to submit to Bank the Order to transfer the Financial Instruments to the accounts specified by Client or the Order to sell the Financial Instruments. If Bank fails to receive the relevant Order from Client within 10 (ten) calendar days after the discontinuance of transactions-related legal relationship, Bank will be entitled, without giving Client advance warning, to take over possession of the Financial Instruments and sell them at the Market Price. The proceeds derived from the sale (less any applicable fees and other amounts due and payable to Bank by Client under the Rules) as well as cash funds held in the Investment Account will be transferred to Client's account with the other bank.

15.5. After giving the other Party the notice of intention to terminate the transaction-based legal relationship, Bank will not execute Client's Orders, except for those stipulated in clause 15.4 hereof, unless otherwise agreed upon by the Parties.

15.6. Bank will close Client's FI Account and Investment Account, once Client has fulfilled all of the obligations under the Rules and Client's FI Account and Investment Account show a zero balance.

\*\*\*

Client: \_\_\_\_\_

RULES GOVERNING BROKERAGE SERVICES	Approved: 11.06.2020	Effective Date: 01.07.2020	Version 3	Page 10 of 13
------------------------------------	----------------------	----------------------------	-----------	---------------

## SECTION II - SPECIAL PROVISIONS

### 16. SPECIAL PROVISIONS FOR TRANSACTIONS IN DERIVATIVE FINANCIAL INSTRUMENTS

16.1. These Special Provisions apply to transactions in Derivative Financial Instruments, including transactions in Derivative Financial Instruments executed through the Platforms.

16.2. In the event of any conflict, variance or contradictions between the provisions Part I hereof and those contained in Part II, the provisions of Part II will in all respects supersede and govern.

16.3. Before concluding Transactions in Derivative Financial Instruments, Client opens the Security Deposit Account with Bank. A single Security Deposit Account is opened in respect of settlements (payments) and collateral for all Client-ordered Transactions in Derivative Financial Instruments, unless the Parties have agreed otherwise.

16.4. To conclude a Transaction, Client submits Order, remits money to the Security Deposit Account (up to the IM amount) and pays the Transaction amount plus a sum of money sufficient to cover Bank's fees. Bank may refuse to conclude the Transaction if the Security Deposit Account has not received the collateral (up to the IM amount) or Client has failed to pay the Transaction amount plus a sum of money sufficient to cover Bank's fees. Bank will not pay interest on the Security Deposit Account balance, unless the Parties have agreed in writing otherwise.

16.5. Security Deposit Account is governed by the same rules as Investment Account, unless the provisions of Part II provide for the contrary.

16.6. Client may only conclude Transactions in Derivative Financial Instruments, taking into account the value of the Security Deposit Account (Account Value) available by the time of submitting Order.

16.7. Client undertakes to timely comply with the MSD requirements and replenish the Security Deposit Account up to Bank-required amount and within the specified timeframe. If Bank does not specify the timeframe for replenishing the Security Deposit Account, then the Security Deposit Account must be replenished immediately in order to prevent the *Margin Call* situation.

16.8. Bank prescribes the IM and MSD level in accordance with the requirements of Bank's Partners and stock exchanges or market practices as well as according to Bank's own calculation method, and notifies Client of the required IM and MSD amounts. Bank may change, unilaterally and at all times, the IM and MSD requirements. The revised requirements take effect at the time that Bank makes the decision to change the requirements, unless Bank specifies any other effective date.

16.9. Bank sets forth the total MSD requirement for the Security Deposit Account in respect of all Open Positions of Client, unless the Parties have agreed in writing otherwise.

16.10. Irrespective of the IM and MSD amounts, all the money and financial instruments which are held in or will be credited to Client's accounts, will serve as financial collateral pledged to secure Client's obligations owed to Bank (Section 9, Part I hereof).

16.11. If the Margin Call situation has occurred, Client must immediately add money to the Security Deposit Account to comply with the MSD requirements or must square/close the Open Positions by concluding an opposite transaction to the previously concluded Transaction (offset transaction).

16.12. Client undertakes to independently and continuously keep track of the financial instrument's condition, keep the price of the financial instrument or its underlying asset in check, and prevent the Margin Call situation. Bank has the right, but not the obligation, to notify Client of the occurrence of the Margin Call situation.

16.13. Bank has the right, but not the obligation to remit money from other Client's accounts with Bank to replenish the Initial Margin or comply with the MSD requirement, including in the case of Margin Call.

16.14. If Client fails to have fulfilled cl. 16.7, 16.11 or 16.12 hereof, Bank has the right to:

16.14.1. close (at its sole discretion) specific or all of Client's Open Positions by concluding an opposite transaction to the previously concluded Transaction (offset transaction) and/or

16.14.2. sell the financial collateral performed against Client-owned cash funds held with Bank and use the sale proceeds to repay Client's obligations and/or

16.14.3. sell the financial collateral performed against Client-owned financial instruments held with Bank at the Market Price and use the sale proceeds to repay Client's obligations.

16.15. Bank may close Client's Open Positions by concluding an opposite transaction to the previously concluded Transaction (offset transaction) without giving Client a prior notice if the Stop-Out situation occurs.

16.16. Bank may close, at any time and without giving Client a prior notice, Client's Open Positions in order to protect Bank's or Client's interests (also, to avoid potential loss) by concluding an opposite transaction to the previously concluded Transaction (offset transaction).

16.17. Client undertakes to indemnify Bank for all losses and expenses resulting from the closure of positions in the case referred to in cl. 16.14.1, 16.15 or 16.16 hereof.

16.18. Client may close, at any time (before the Execution Date), Open Positions by concluding the offset transaction. For this purpose, Client ensures on the Security Deposit Account the availability of money required to conclude the offset transaction and to pay fees charged and related expenses incurred by Bank and third parties.

16.19. Client hereby confirms that all of the Transactions in Derivative Financial Instruments will be speculative in nature. Therefore, Client undertakes not to request the actual execution of futures, i.e. to make or take delivery of the underlying asset or money. Client agrees and understands that Bank will not execute Client's Orders and will not undertake actions aimed at the actual execution of futures, i.e. at making or taking delivery of the underlying asset or money.

16.20. Client must close the respective Open Position by submitting Order for the offset transaction (a transaction that closes Client's position in the previously concluded Transaction) in the following cases:

16.20.1. in the case mentioned in cl. 16.11 hereof;

16.20.2. when dealing in futures: two Business Days prior to *First Notice*, *First Delivery Date* or *Last Trade Date*, whichever is earlier;

16.20.3. when dealing in options: not later than on the Execution Date of the option, unless Client has undertaken the actions provided for in cl. 16.22 hereof in order to exercise the rights or fulfil obligations arising from the Option;

16.20.4. FX Margin Trading: every day not later than till 4:59 pm (the local time in New York City, USA) if Client does not want Bank to take the steps and actions mentioned in cl. 16.25 hereof;

16.20.5. when dealing in Contract for difference (CFD) which is an agreement between two counterparties (speculating on the movement of an asset price) to exchange the difference in value of a contract (based on a particular financial instrument) at the time the contract is opened and the time it is closed where a time-limit is set for Client's CFD: one Business Day before the maturity date of the CFD.

16.21. If Client fails to submit, in the manner prescribed and within the timeframe set by cl. 16.20.2 hereof (in respect of futures) or the manner prescribed and within the timeframe set by cl. 16.20.5 hereof (in respect of CFDs) Order to close the Open Position, then Bank will close the Open Position on Client's expense at the Market Price until the validity date of the requirements to execute the future on the actual basis (i.e. to deliver the underlying asset or money) or till the day of expiration of CFD. In that case, Client indemnifies Bank for all expenses and losses incurred.

16.22. Client fails to submit Order to close the Open Position within the timeframe and in the manner prescribed by cl. 16.20.3, Client is obligated:

16.22.1. purchase of PUT/CALL option: ensure the availability of money (required to deliver/purchase the underlying asset) in the Security Deposit Account three days prior to Business Day preceding the Execution Date;

16.22.2. sale of PUT/CALL option: ensure the availability of money (required to purchase/deliver the underlying asset) on the Security Deposit Account three days prior to the Business Day preceding the Execution Date;

The availability of money in the Security Deposit Account will be regarded as Client's Order to exercise the rights arising from the Option and to fulfil

Client: \_\_\_\_\_

RULES GOVERNING BROKERAGE SERVICES	Approved: 11.06.2020	Effective Date: 01.07.2020	Version 3	Page 11 of 13
------------------------------------	----------------------	----------------------------	-----------	---------------

obligations (to deliver/buy the underlying asset).

16.23. If Client fails to submit Order to close the Open Position within the timeframe and in the manner prescribed by cl. 16.20.3 hereof and fails to meet the requirements of cl. 16.22 hereof, then Bank will close the Open Position at Client's expense at Market Price on the Execution Date. In that case, Client indemnifies Bank for all expenses and losses incurred.

16.24. If Client exercises the rights arising from the Option whose underlying asset is FX Margin Trading, then Client agrees to the provisions of the Underlying asset's trading - FX Margin Trading, as set forth by the respective stock exchange or trading venue. If Client exercises the rights arising from the Option, Client agrees to the trading provisions of underlying asset of the Derivative Financial Instrument, as set forth by the respective stock exchange or trading venue.

16.25. If Client fails to submit Order to close the Open Position within the timeframe and in the manner prescribed by cl. 16.20.4 hereof, then Bank closes the Open Position on Client's expense at the price as specified by Partner, and opens on Client's behalf a position, which is identical to the initially opened position (Transaction), at the price offered by Partner, but whose settlement date is the next Business Day, in the countries of the issuers of Transaction currencies (swapping).

16.26. Client understands and assumes all risks inherent to Transactions in Derivative Financial Instruments and has read Bank-provided description of the risks. Submission of Order is regarded as Client's confirmation of the said facts.

16.27. Before submitting Order, Client undertakes to read the rules for trading Derivative Financial Instruments (as set forth by the respective stock exchanges) and the specification of the respective Derivative Financial Instrument and undertakes to abide by the above rules and specification. Submission of Order is regarded as Client's confirmation of the said facts.

16.28. Client undertakes to adhere to the Regulation (EU) No 648/2012 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 4 July 2012 on OTC derivatives, central counterparties and trade repositories.

#### **17. SPECIAL PROVISIONS FOR TRANSACTIONS CONCLUDED ON THE PLATFORM**

17.1. The provisions outlined in this Section prescribe the manner whereby Client uses the Platform, as specified in the Application, for Transactions in Financial Instruments.

17.2. If the provisions outlined in this Section run counter to other provisions of the Rules, then the provisions outlined in this Section will in all respects supersede and govern.

17.3. In response to the Application, Bank furnishes Client with the Platform software or provides instructions for downloading the software or notifies Client of the address of Platform's web version and provides the unique identifiers (username and password) used to gain access to password-protected functionalities of the Platform. Client must change the initial password immediately after receiving.

17.4. Client may order the changing of the password by submitting application to Bank or may change the password independently, using Platform-offered technology solution.

17.5. Client ensures the safety of the unique identifiers (username and password) used to gain access to the Platform and prevents unauthorised use by third parties. If unauthorised third parties gain access to the Platform by using Client's unique identifiers or Client has any suspicion of the fraudulent third-party use of the Platform, Client must immediately notify Bank thereof.

17.6. Client agrees that in the Platform-based Transactions Client's unique identifiers (username and password) are regarded as the sole means to verify Client's identity and authorise Transactions. Bank will not be held liable for Client-incurred loss resulting from unauthorised third-party access to the Platform. Client has the burden of proof (is obligated to prove the fact of unauthorised third-party access to the Platform).

17.7. Client is prohibited from assigning (transferring) the right to use the Platform to third parties. Client may not to make the information (which has become known to Client on the Platform) publicly available.

17.8. Client is obligated to read the Platform User Manual (Platform's section "Help") and to follow all rules and recommendations, including the amendments to the manual. Client undertakes to follow the operator's (or Partner's) rules for concluding and executing Transactions, which are specified on the Platform or to

Client: \_\_\_\_\_

whose text the Platform provides reference.

17.9. To ensure settlements arising out of Transactions concluded on the Platform, Bank opens Client's Security Deposit Account. Money is credited to the Security Deposit Account and is debited therefrom within 2 (two) Business Days after receiving Client's Order. To settle Transactions and discharge payments obligations stemming therefrom, a separate Security Deposit Account is set up on every single Platform. Client may only conclude Transactions in Derivative Financial Instruments, taking into account the value of the Security Deposit Account available by the time of submitting Order, which is specified as *Account value* on *BIB Trader* platform.

17.10. Client is obligated to pay the Platform-related fees according to the Fee Schedule and to timely (before concluding Transaction) ensure that the Security Deposit Account holds money required to conclude the Transaction and to fulfil obligations stemming therefrom, taking into account the Order execution time at the specified execution venue, the time zone and the maximum timeframe for crediting money to the account (cl. 17.9 and 17.17 hereof).

17.11. Order for Transaction in Financial Instruments (submitted through the Platform) is regarded as an order which indicates a particular execution venue as specified in Client's Application to use Platform (Bank-accepted Application).

17.12. Client may submit Order at any time, taking into account the Order execution time at the specified execution venue, the time zone and the maximum timeframe for crediting money to the account (cl. 17.9 and 17.17 hereof).

17.13. Client understands that Bank is not the Platform's administrator, the Platform-specific web version's administrator or the developer of the Platform's software. Therefore Bank will not be liable for the consequences of transactions concluded in the manner prescribed by Section 17 hereof, including the validity of the transactions, the validity of the financial instruments, malfunctions or failures of the Platform, software compatibility (compatibility between Client-possessed software and the Platform software), access to Platform-specific web version's restrictions/limitations, the accuracy and correctness of the web version's functioning, and the web version administrator's actions or failure to act. Client understands all risks associated with the use of the Platform, including risks associated with malfunctions or failures of telecommunication systems, remote access systems, disruption on power supply, and unauthorised third-party access to the Platform. Client understands that Transaction- or Order-related data can be cancelled or totally and irreversibly lost as a result of malfunctions or failures of the Platform.

17.14. Bank ensures the entry of Financial Instruments and money to Client's FI Account and Security Deposit Account, if the entry arises from transactions concluded by Client on the Platform, and Bank has received Partner's confirmation regarding the entry of the money and Financial Instruments. Bank ensures the deduction of Financial Instruments and money from Client's FI Account and Security Deposit Account, if the deduction arises from transactions concluded by Client on the Platform.

17.15. Client is obligated to meet all requirements concerning the IM and MSD, as indicated on the Platform, in a real-time mode. Client independently and continuously keeps track of the Platform-provided instructions for the IM and MSD requirements and the Margin Call situation, taking into account that on BIB Trader Platform, MSD is specified in the section „used for margin requirement“ (moreover, upon identifying the amount held in the Security Deposit Account, the sum of money specified in the section „Account Value“ must be taken into consideration and the aforesaid sum of money must exceed the amount specified in the section „used for margin requirements“).

17.16. Client is obligated to independently keep track of all requirements (can be read on the Platform on a 24-hour-a-day basis) and to immediately meet them; also, Client is obligated to take into account that Bank's operating hours can differ from operating hours of the Platform operator, Partner, and other involved market participants. Therefore Client must take into consideration (when ensuring the sufficiency of money in the Security Deposit Account and the opening, maintenance or closure of the related positions) the differing operating hours, the location in different time zones, and the expediency of money transfers as a result of which the Margin Call situation can last even up to two days. The Margin Call situation will be considered as prevented, once the required amount of Client's money has been credited to the respective Bank's account with Partner.



17.17. Client is notified of the occurrence of the Margin Call situation through the Platform, depending on its functionality (text mode, colour mode, a creeping line, etc.).

17.18. In the Application to use Platform, Client may indicate certain limitations (restrictions) in respect of Financial Instruments that may not be involved in Client's Transactions. Bank has the right to:

17.18.1. deny Client's right (without giving Client a prior warning thereof) to use the Platform or cancel any Client's Order (Transaction) submitted (concluded) through the Platform if Client breaches the requirements of the applicable laws, the Rules or the Platform User Manual;

17.18.2. set limits of Client's to-be-concluded transactions without giving Client a prior warning thereof;

17.18.3. discontinue Client's access to the functionalities of the Platform by giving Client a prior warning thereof.

17.19. Client is prohibited from:

17.19.1. making a backup copy of or re-configuring, in any manner, the Platform and its software and transfer to third parties for usage;

17.19.2. use the Platform for the purposes other than that specified hereunder.

**Scope of Responsibility**

Client will be responsible for the consequences of all ordered and concluded (through the Platform) Transactions (activities carried out), including for all Bank-

incurred expenses and losses resulting from Client's activities on the Platform. Client will reimburse Bank for all losses and expenses stemming from claims lodged by third parties, such claims arising out of Client's activities on the Platform.

17.20. Bank will not be liable whatsoever for the effects of fluctuating rates of financial instruments or exchange rates in the financial markets. Thus, Client understands and agrees that the actual price of executing a particular transaction (market order) can differ from the execution price available on the Platform; all Platform-provided prices, total value or any other calculations are based on delayed data, rather than on real time or streaming data.

**Termination of the Use of the Platform**

17.21. Client may terminate, at any point in time, using the Platform by submitting the respective application, once Client has executed all transactions concluded on the Platform and has fulfilled all obligations stemming therefrom, as well as has closed the Security Deposit Account.

17.22. Bank may terminate Client's access to the Platform, at any time and at its absolute discretion, by giving Client a prior notice thereof. The termination of the use of the Platform will not relieve and exempt Client from the responsibility to discharge obligations that have arisen during the use of the Platform.

17.23. Once Client has discontinued using the Platform, Client must delete the Platform software from those data media and data-processing equipment that Client used to download the respective software (as issued /offered to Client).

\*\*\*

Client: \_\_\_\_\_ Date: \_\_\_\_\_

(Full name and signature of Client or o Client's authorised representative)

RULES GOVERNING BROKERAGE SERVICES	Approved: 11.06.2020	Effective Date: 01.07.2020	Version 3	Page 13 of 13
------------------------------------	----------------------	----------------------------	-----------	---------------