

# **General Terms and Conditions of Framework Contract for Securities Transactions**

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# TERMS AND CONDITIONS OF FRAMEWORK CONTRACT FOR SECURITIES TRANSACTIONS

## PART I GENERAL TERMS AND CONDITIONS

### CHAPTER I

#### General conditions

##### 1. Definitions

1.1. The terms defined in the Contract, Transactions or Confirmations shall be used in the meanings attributed to such terms by definitions.

##### 1.2. General Definitions:

**"Settlement Date"** is the day on which monetary settlements or transfers of securities arising from a Transaction must be carried out.

**"Professional Customer"** is a customer who complies with the conditions stipulated in the Securities Market Act and is competent to decide on the appropriateness and suitability of their investment decisions and the risks associated therewith and/or who has been classified as such by the Bank.

**"Stock Exchange"** means such Financial Assets trading environment where the Financial Assets constituting the object of a Transaction are listed, as well as the clearing house servicing the Stock Exchange.

**"Stock Exchange Rules and Regulations"** or **"Rules and Regulations"** means the set of standards, rules, terms and conditions and practices which regulate the operation of the Stock Exchange and trading on the Stock Exchange, and, as the context may require, the terms and conditions applicable to the securities issued by the Stock Exchange.

**"Terms and Conditions of the Framework Contract for Securities Transactions"** means these terms and conditions, referred to in clause 2 on the first page of the Framework Contract for Securities Transactions.

**"Financial Assets"** are the securities or any rights and obligations related thereto constituting the object of a Transaction.

**"Investment Service"** shall mean all the investment services and ancillary services named in the Securities Market Act.

**"Confirmation"** is a document which specifies the terms and conditions of a concluded Transaction.

**"Customer"** is a person who has opened an account with the Bank and is classified as a Retail Customer or a Professional Customer.

**"Best Execution Policy of Customers' Orders"** shall mean the policy established by the Bank for execution of the customer's purchase or sale orders under the best terms and conditions.

**"Account"** means, as the context may require, the current account and/or the securities account of the Customer.

**"Adjustment Event"** is at least one of the following events: merger, division, transformation, dissolution or bankruptcy of the issuer; increase and reduction of the share capital; increase and reduction of the nominal value of a share constituting the object of a

Transaction; replacement of one currency with another; interruption of trading on the market; any other event upon the occurrence of which it is either temporarily or continuously impossible to perform a Transaction on the agreed terms and conditions for reasons independent of the Parties.

Occurrence of *force majeure* circumstances (clause 1.6, Chapter V of the Contract) shall not be deemed to constitute an Adjustment Event.

**"Contract"** means the Framework Contract for Securities Transactions concluded between the Parties.

**"Terminating Party"** is the Party who has the right to terminate a Transaction on the bases and pursuant to the procedure prescribed in Chapter IV.

**"Brokerage Service"** is mediation of securities sale and purchase transactions by the Bank to the Customer under the terms and conditions and pursuant to the procedure prescribed in the Contract.

**"Banking Day"** is the period between 9:00 a.m. and 5:00 p.m., Estonian time, from Mondays to Fridays, provided that the Bank is open to customers for business pursuant to general conditions.

**"Bank"** is Versobank AS.

**"Parties"** are the Bank and the Customer.

**"Defaulting Party"** is the Party whose act or omission involves one or several bases for termination of a Transaction listed in clause 1.1 of Chapter IV, or with respect to whom the said bases for termination of a Transaction exist.

**"Collateral"** means the Security Deposit or the Financial Assets or other assets accepted by the Bank, which have been pledged by the Customer for the benefit of the Bank to secure performance of the Customer's obligations arising from Transactions.

**"Collateral Contract"** is the contract concluded between the Parties pursuant to which the Customer shall pledge the Financial Assets or other assets accepted by the Bank for the benefit of the Bank to secure performance of the Customer's obligations arising from a Transaction.

**"Retail Customer"** is a Customer who may not have the necessary knowledge and experience to be able to assess the suitability of their investment decisions for their financial situation and investment goals or to weigh all the risks associated with investments and/or who has been classified as such by the Bank. Retail Customer status ensures more extensive investor protection to the person.

**"Transaction"** means a transaction with Financial Assets concluded between the Parties on the basis of the Contract and pursuant to the procedure prescribed therein, or, in the context of provision of Brokerage Services, also submission of a Transaction Order and conclusion by the Bank of a securities sale or purchase transaction with the Bank or a third party on the basis of the Transaction Order and for the account of the Customer.

**"Authorised Representative"** is the natural person specified in the Contract who has been authorised by the Customer to conclude Transactions and sign Confirmations.

**"Security"** shall mean any immaterial security that can be safely preserved through the Bank and with which securities transactions can be concluded.

**"Loan Transaction of Securities"** is a transaction, according to which the Customer borrows Securities to the Bank for agreed period of time and the Bank shall pay to the Customer interests with agreed rate for the borrowed Securities.

## **2. Scope of applications and interpretation of contract**

2.1. The Contract specifies the procedure for conclusion of Transactions between the Parties, provision of Brokerage Services and establishment of Collaterals, the rights and obligations arising there from and the liability of the Parties in the event of inadequate performance of the obligations.

2.2. The Contract serves as the basis for all the Transactions concluded between the Parties, Brokerage Services provided to the Customer and Collaterals established by the Customer during the validity of the Contract. For the purposes of a certain Transaction, Brokerage Service or Collateral the Parties may agree on terms and conditions different from the Contract. In such case, the different terms and conditions, fixed in a format which can be reproduced, shall apply to the agreed part.

2.3. The provisions of Part I of the Contract shall apply to Transactions, Brokerage Services and Collaterals in so far as such provisions are not in conflict with the provisions of Part II of the Contract.

2.4. Any terms and conditions agreed on upon conclusion of a Transaction shall apply in so far as such terms and conditions are not in conflict with the terms and conditions of the Contract. If upon conclusion of a Transaction it has been expressly agreed that in the case of any conflict the terms and conditions of the Transaction shall apply, then interpretation shall be based on the terms and conditions of the Transaction.

2.5. Any terms and conditions specified in a Confirmation shall apply in so far as such terms and conditions are not in conflict with the terms and conditions agreed on upon conclusion of the Transaction.

2.6. In the case of any reference in the Contract to clauses or Chapters, the clauses and Chapters of the Contract are meant, unless there is a direct reference to any other document.

2.7. In the case of any reference in the Contract to clauses of the Contract, the clauses of the same Part and Chapter are meant, unless the reference indicates any other Part or Chapter of the Contract. In such case the clauses of the Part and Chapter referred to are meant. In the case of any reference in the Contract to Chapters of the Contract, the Chapters of the same Part are meant, unless the reference indicates any other Part of the Contract. In such case the Chapters of the Part referred to are

meant.

2.8. The headings of the Parts and clauses of the Contract are for convenience only and shall therefore not affect the interpretation of the provisions of the Contract.

2.9. Words in plural may, if the context so requires, include also singular, and *vice versa*.

2.10. With regard to settlements related to Transactions, provision of Brokerage Services and Collaterals, the Contract constitutes a part of the settlement contract concluded between the Customer and the Bank and referred to in the Law of Obligations Act. In the case of any conflict between the terms and conditions of the Contract and those of the settlement contract, the provisions of the Contract shall prevail.

## **3. Representation**

3.1. A Customer who is a natural person may conclude Transactions in person or through an Authorised Representative. A Customer who is a legal person may conclude Transactions only through an Authorised Representative.

3.2. The Customer hereby authorises each person who is deemed an Authorised Representative for the purposes of this Contract to conclude Transactions and sign Confirmations in the name and for the account of the Customer.

3.3. The name(s) and specimen signature(s) of the Authorised Representative(s) are set out in the list signed by the Customer and appended to the Contract. The Customer is obliged to immediately notify the Bank in writing of the termination of the authority of an Authorised Representative. The Bank has the right to regard the persons entered in the said list as Authorised Representatives until the moment when the Bank receives a notice signed by the Customer concerning the termination of the authority of the relevant person. The provisions of the previous sentence shall apply also in the case an entry regarding the right of representation has been made in a public register, corresponding information has been published in the media, including in *Ametlikud Teadaanded* [Official Notices], or there is a court decision which has entered into force concerning the right of representation.

3.4. The Bank shall not be liable for any damage incurred by the Customer in relation to Transactions concluded by an Authorised Representative before receipt by the Bank of the notice terminating the authority of the said Authorised Representative. The Customer is required to compensate the Bank for any damage incurred by the Bank in relation to non-performance by the Customer of the notification obligation specified in clause 3.3.

3.5. Any additional persons shall be deemed to be Authorised Representatives as from the moment when the Bank makes a corresponding note to the list of Authorised Representatives after receiving a relevant written notice from the Customer or a notice sent in electronical form, which enables to identify the sender (incl. via Internet Bank). The Bank has the right to verify the correctness of the notice and demand, that the person submitting the



notice would identify himself/herself within satisfactory extent. With the mentioned note by the Bank, the list of Authorised Representatives shall be considered as correspondingly changed.

3.6. All agreements specified in the Contract whereby the Customer grants the right to the Bank to debit funds from the Accounts of the Customer and conclude Transactions with the Bank or any third parties in the name and for the account of the Customer shall remain in force until the Parties agree otherwise.

3.7. The Parties deem the Contract to constitute an applicable contract within the meaning of § 34 (1) of the Estonian Central Register of Securities Act.

#### **4. Customer classification**

4.1. Unless a customer has been otherwise informed by the Bank, they are treated as Retail Customer upon the provision of a service.

4.2. A Professional Customer is obligated to inform the Bank of any changes that may have an impact on their treatment as a Professional Customer. If it becomes known to the Bank that a customer no longer corresponds to the terms and conditions set to a Professional Customer, the Bank shall apply the provisions of Retail Customer according to the changed circumstances.

4.3. A may request to be treated as a with respect to all services and/or securities if they believe they are unable to assess or manage the risks associated with the service, security and/or transactions sufficiently. The Bank shall inform the customer of changing their classification.

4.4. A Retail Customer may request to be treated as a Professional Customer with respect to all or part of services and/or securities if they believe and the bank believes that they have sufficient knowledge, experience and professionalism to make their own investment decisions and adequately assess the risks associated therewith. In order to give the information required therefore to the Bank, the customer shall fill in a relevant questionnaire prepared by the Bank either in a branch of the Bank or through the Bank's website. The Bank shall assess the above circumstances, considering the nature of the intended transactions or services and advise the customer of their classification being (not) changed.

2.5. The Bank shall have the right to decide which services and/or to what extent to provide a customer, depending on the classification of that customer.

#### **5. Assessment of appropriateness and suitability**

5.1. Appropriateness shall show the customer's knowledge and experience in the area of the investment, including but not limited to, about the service, security or securities transaction and the risks associated therewith.

5.2. The Bank shall assess the appropriateness of the service, security or securities transaction for the customer upon acceptance, forwarding and/or execution of the purchase or sale order, unless:

5.2.1. the service is offered at initiative of the customer, and

5.2.2. the provision of the service is associated with

a non-complex security in the meaning of Securities Market Act.

5.3. Suitability shall show the knowledge and experience of the customer in the area of the investment and their financial situation and investment goals. The Bank shall ascertain the financial situation of the customer on the basis of the source and amount of their regular income, their assets, investments and property and regular financial obligations. The Bank shall ascertain the customer's investment goals on the basis of their preferences with respect to the desired term of the investment, the risk tolerance and risk profile of the customer.

5.4. The Bank shall assess the suitability of the service, security or security transaction for the customer during an investment consultation and the portfolio management.

5.5. The Bank shall not assess the suitability or appropriateness of the service, security or security transaction when providing the security safekeeping and custody service or preparing an investment recommendation for the customer.

5.6. In order to obtain the information required for assessment of the suitability or appropriateness, the customer shall fill in a relevant questionnaire prepared by the Bank either in a branch of the bank or through the Bank's website. The customer shall update the information given to the Bank when the customer's data changes. The Bank recommends that the questionnaire should be updated at least once a year.

5.7. In the event of a Professional Customer, the Bank assumes that the Professional Customer has the required level of knowledge and experience associated with the relevant service, security or security transaction, which corresponds to their investment goals and that the Professional Customer is financially capable to bear the risks associated therewith.

5.8. The Bank identifies a target market for each instrument. Taking into account the Customer's investment objectives and investment horizon, needs, knowledge and/or experience and financial circumstances, including the loss bearing capacity, the Bank shall decide which Customer can trade this instrument. The Bank identifies a corresponding target market for each financial instrument and divides them into risk categories.

5.9. Depending on its current investment objectives and taking into account his investment horizon, needs, knowledge and/or experience and financial circumstances, including his/her loss bearing capacity, the Customer commits himself to the financial instruments and asset classes suitable for him by opening a portfolio by selecting a specific risk class to be determined. This risk class includes financial instruments assigned to this target market.

5.10. The Bank has the right not to execute the order if the Customer is not within the specified target market.

5.11. Should the Customer's investment objectives and needs change and should he wish to purchase

financial instruments from another target market, the Customer has to ensure that he acquires in advance the knowledge about material risks and characteristics of these new financial instruments.

## **6. Confirmations and general obligations of Customer**

6.1. The Customer hereby confirms that:

6.1.1. the Customer has the right to conclude the Contract and Transactions and such right is not restricted in any way;

6.1.2. the Authorised Representative has the unrestricted right to represent the Customer upon conclusion of Transactions;

6.1.3. the obligations assumed by the Customer under the Contract and Transactions are binding on the Customer;

6.1.4. the judgements of the courts of the Republic of Estonia are enforceable against the Customer without any restrictions;

6.1.5. by concluding the Contract and Transactions the Customer shall not in any way violate any legal instruments in force with regard to the Customer or any contracts concluded between the Customer and any third parties;

6.1.6. the Customer accepts the recording of any communication sessions regarding the Contract, Transactions and Collaterals, and use of such recordings and reproductions of the recordings as evidence of the conclusion and terms and conditions of Transactions, as well as of orders submitted for establishment of a Collateral or changing the amount thereof;

6.1.7. the Customer is aware of the financial risks involved in conclusion of Transactions and shall not hold the Bank liable for any potential economic losses arising from realisation of such risks;

6.1.8. upon conclusion of a Transaction, the Customer is aware of the provisions of the relevant Stock Exchange Rules and Regulations regulating the activities of the Customer and undertakes to follow such Rules and Regulations;

6.1.9. the Customer is aware and accepts that at the request of the Stock Exchange the Bank may be obliged to submit information to the Stock Exchange regarding the Customer and the Customer's Transactions;

6.1.10. the Customer is aware and accepts that the Bank has the right to request, if necessary, and the Customer has the corresponding obligation to provide information regarding the economic situation of the Customer;

6.1.11. all agreements specified in the Contract whereby the Bank has been granted the right to debit funds from the Accounts of the Customer and conclude transactions with the Bank or any third parties in the name and for the account of the Customer are valid;

6.1.12. the Customer is aware of the fact that pursuant to the terms and conditions of the Contract the Bank has the right to request at any time that the Customer establish a Collateral to secure performance of the Customer's obligations arising from a Transaction and that failure to comply with such request by the due

date may constitute a basis for premature termination of the Transaction.

6.1.13. Financial Assets transferred by the Customer are free of restrictions and rights of the third parties.

6.1.14. the Customer has read all the documents related to the Contract available on the Bank's website, which are obligatory to follow by the Customer to perform the Contract and he/she has understood them.

6.2. Each fact of conclusion of a Transaction shall also mean the Customer's confirmation that the confirmations set out in clause 4.1 are valid.

6.3. Each fact of conclusion of a Transaction shall also mean the Customer's confirmation that the circumstances set out in clauses 1.1.7–1.1.11 of Chapter IV have not occurred, or if such circumstances have occurred, the Customer has informed the Bank thereof in accordance with clause 1.3 of Chapter IV.

6.4. In order to conclude Transactions, the Customer is required to have a current account in the Bank. In order to conclude Transactions with securities, the Customer is required to have a securities account as well, the account manager of which is the Bank unless provided otherwise in the special terms and conditions of the Contract.

6.5. By providing the Bank with his/her e-mail address, the customers confirm, that they do not wish to receive information concerning the provision of investment services, on paper, and agree to be informed by the Bank via e-mail or the Bank's website. The customer confirms that he/she has constant access to the internet.

6.6. The customer confirms, that he/she will check the best execution policy of the customers orders every time, before giving an order for a purchase or a sale of a security. When giving an order for a purchase or a sale of a security, the Bank assumes that the customer has accepted the policy of the best execution of customer's orders.

6.7. The customer is aware that their order for a purchase or a sale of a security may be executed outside of the regulated market or multilateral trading systems. The customer confirms that they agree with this.

6.8. The customer is aware that the Bank is not obliged to immediately make public a limited-price order for a purchase or sale of a security if the said order will not be immediately executed regarding this security under the prevailing market conditions, unless the Bank deems such publication necessary or the customer expressly demands it. The customer confirms that they agree with such non-publication.

6.9. The customer confirms, that they will, concerning every securities transaction, take into consideration the possible risks associated with the transaction, the legislation applicable to the security and/or the transaction and the rules, regulations and principles provided in the Bank's conditions.

6.10. The customer is aware that if the securities belonging to them are safe kept through a Foreign Custodian, the Foreign Custodian may have the right to establish encumbrances and/or restrictions on disposal of said securities or demand their

establishment. The customer confirms that they agree with this.

6.11. The customer is aware, that due to the nature of the securities or the services the Bank may keep the securities on an account opened with a Foreign Custodian in the name of the Bank for joint safekeeping of the securities of the Bank's customers. The Customer confirms, that he/she agrees with it.

6.12. The customer shall independently obtain information about the rights and obligations arising from the Securities and fulfil all the obligations arising from the Securities. The Bank shall not be obliged to advise the customer on such rights and obligations. The Customer shall exercise such rights and obligations through the Bank by submitting the relevant instructions to the Bank.

6.13. The Bank shall have the right to sign any documents and perform any actions on behalf of the Customer that are required for the exercise of the rights arising from the Securities and that do not require an instruction from the Customer.

6.14. When submitting instructions, the Customer must consider the laws applied to securities and securities transactions, practises of the relevant market, their own knowledge and experience in securities, also the objective of the securities transaction and the possible risks and restrictions associated with the conclusion of Securities transactions. The Bank shall not be obliged to inform the customer of the laws applicable to Securities and Securities transactions, market practise and other rules.

6.15. The Customer shall observe the notification and permit application obligations related to the acquisition and sale of Securities and forward the required notices to the Bank, the securities market supervisory body (bodies), the Custodian, issuers and any other parties stipulated in legislation.

6.16. The customer shall notify the Bank immediately, if pursuant to the securities account structure used in certain markets, the Bank has an obligation with regard to the Customer's Securities to notify the supervisory bodies of the securities market, the Custodians, issuers and other entitled persons of substantial shareholdings or has an obligation to apply for a permit form said persons to acquire substantial shareholdings. If the Securities are kept on an account opened under the Bank's name, the Customer shall be obliged to apply for the Bank's permission to acquire said substantial shareholdings.

6.17. An overview of the risks associated with the Securities Transactions when using Investment Services is provided in Appendix I of the Conditions. By signing the contract, the customer confirms that they understand the overview and accept it.

## **7. Notices and information to the Customers**

7.1. Unless the Contract provides otherwise, any notices related to the Contract shall be communicated in writing to the contact details of the Parties as specified in the Contract. Notices communicated by fax and e-mail shall be deemed to be received on the day of sending and notices by

registered post shall be deemed to be received on the third calendar day after posting thereof. Notices without informative or legal meaning, can be forwarded also in some other way.

7.2. The Customer is obliged to promptly inform the Bank of any change in the Customer's contact details. Until receipt of the corresponding notice, notices shall be deemed received by the Customer if sent to the contact details specified in the Contract.

7.3. The Bank shall inform the Customer of any change in the contact details by relevant notices in the Bank, in the Internet Bank or on the Bank's website. The notice shall be deemed received by the Customer on the fifteenth calendar day after publication.

7.4. After receipt by the other Party of the notices regarding the contact details of the Parties the Contract shall be deemed amended in the part regarding the contact details and the new contact details shall apply.

7.5. The Account specified in the Contract shall be used for settlements related to Transactions and provision of Brokerage Services. If the Customer wishes to use other Accounts opened in the Bank for the said settlements, the Customer is required to inform the Bank thereof in writing. Until receipt of the corresponding notice by the Bank the Customer's Account specified in the Contract shall be used for the said settlements.

7.6. The Bank shall inform customers about losses arisen from transactions with derivatives and structured financial instruments in case the total value of the portfolio, including non-structured products, has depreciated by 10 % and thereafter at multiples of 10 %. This message is sent by e-mail by the end of the Bank's working day, in a case where the threshold is exceeded on a non-working day, the close of the next working day.

7.7. Before execution of transaction order the Bank provides the client with standardized cost estimate according to the Commission Regulation 2017/565 and Directive 2014/65 (EU). The standardized cost estimate does not have to correspond to the actual costs.

7.8. For financial instruments such as structured certificates, funds, ETFs, bonds and derivatives, issuers are required to prepare a key information document. The Bank shall provide the Client with the Base Information Sheet prior to the completion of a purchase of such financial instrument. In case the issuer does not provide such a basic information sheet, the client undertakes to obtain the essential information about the financial instrument directly from the issuer before purchasing such a financial instrument.

## **CHAPTER II**

### **GENERAL TERMS AND CONDITIONS OF TRANSACTIONS**

#### **1. Conclusion of Transactions**

1.1. To conclude a Transaction, a Party shall contact the other Party by phone and the Parties shall then agree on the terms and conditions of

the relevant Transaction. In the case of a corresponding agreement between the Parties, Transactions can be concluded also by any other means of communication.

1.2. Neither Party is required to conclude a Transaction at the request of the other Party. A refusal to conclude a Transaction shall be expressed in an unambiguous manner and unconditionally. A refusal to conclude a Transaction need not be justified by the Bank.

1.3. A Transaction is deemed to have been concluded and enters into force as from the moment when the Parties reach an agreement on the essential terms and conditions of the relevant Transaction by phone or in any other manner accepted by the Bank.

## **2. Confirmation**

2.1. After the conclusion of a Transaction, the Bank shall send a Confirmation to the Customer by fax. In the case separately agreed upon by the Parties the Bank may send the Confirmation also in any other manner. Failure to send a Confirmation shall not be deemed violation of the Contract by the Bank.

2.2. If the Customer has not notified the Bank of the Customer's fax number or if a fax cannot be sent to the notified number, the Bank shall not send a Confirmation to the Customer. In such case the Confirmation shall be sent to the Customer only if the Parties additionally agree thereon.

2.3. The Customer is obliged to promptly sign the Confirmation after receipt thereof and return it to the Bank. A Confirmation signed by the Customer shall serve as an additional evidence of the conclusion of a Transaction on the agreed terms and conditions. Lack of the Confirmation or the Customer's failure to sign or return the Confirmation shall not affect the validity of the Transaction. The Customer's failure to sign or return the Confirmation sent to the Customer by the Bank shall be deemed violation of the Contract by the Customer.

2.4. The Bank has the right to require that the Customer submit and the Customer is obliged to submit to the Bank a Confirmation which bears the original signatures.

## **3. Service fees**

3.1. Upon conclusion of Transactions, the Customer shall pay a service fee to the Bank (if such fee has been established by the Bank) as agreed between the Parties, and in the absence of such agreement, in accordance with the Bank's price list valid at the moment of conclusion of the Transaction.

3.2. The service fee shall be paid pursuant to the procedure established by the Bank. The Bank has the right to add the service fee to the amounts payable by the Customer in accordance with the Transaction. The Bank has the right not to describe the service fee in the Confirmation sent to the Customer.

3.3. The Bank has the right to receive a fee also for the services which have been provided in the interests of the Customer in addition to the main service provided or which were necessary due to

failure by the Customer to perform the obligations or due to the transaction relations. The Bank may charge a fee for services not specified in the price list of the Bank or in the Contract in accordance with the expenses incurred.

3.4. The Customer is required to compensate the Bank for all expenses and damage incurred by the Bank related to the execution of the Customer's Orders arising from the Contract, including the expenses and damage incurred by the Bank arising from transactions where the Bank has taken the place of the Customer in a transaction in accordance with an order of the Customer (Custody Account Transactions).

## **4. Calculations, settlements and preservation of documents**

4.1. The Parties shall execute payments under the terms and conditions and on the due dates agreed on in the Transaction and pursuant to the procedure specified in the Contract.

4.2. The Customer is obliged to keep in the Customer's Account on the Settlement Date or on the due date specified in the Contract or the General Terms and Conditions of the Bank sufficient funds for performance of the financial obligations arising from transactions carried out on the basis of the Contract, as well as for payment of the service fees of the Bank and other amounts payable pursuant to the Contract. In the case of lack of funds in the Account on the prescribed date the Bank has the right to freeze the securities in the Custody Account(s) pursuant to the Contract.

4.3. Unless agreed otherwise in the Contract or a Transaction, all calculations related to the Contract and Transactions shall be performed by the Bank. If a reference to the market price of securities or exchange rate is made in connection with such calculations, the corresponding value of the Index, market price of securities or exchange rate shall be determined by the Bank according to its best professional assessment, taking into account the Index values, market prices of securities and exchange rates which are valid and generally referred to at the moment of such determination.

4.4. Any interests related to the Contract and Transactions shall be calculated on the basis of the actual number of days in the period and a 360-day year (ACT/360), unless a different interest calculation method is prescribed by the applicable international financial market practices or an agreement between the Parties.

4.5. The Bank shall perform any settlements related to the Contract and Transactions by crediting or debiting, as appropriate, the Customer's Account on the Settlement Dates specified in the Transactions and pursuant to the procedure prescribed in the Contract. The Bank's failure to debit the Customer's Account in time shall not constitute a waiver by the Bank of the performance of the corresponding debiting. In such case the Customer shall not be deemed to have delayed payment or transfer of securities provided that the funds in the Customer's Account would have enabled the Bank to perform

the corresponding debiting in time.

4.6. The Bank has the right to debit from the Account of the Customer the funds or securities necessary for settlements or set-off or for payment of penalties or service fees of the Bank arising from the Contract or a Transaction.

4.7. Documenting of all Transactions in the Bank and preservation of the corresponding information shall take place pursuant to the procedure established by the Bank. The Customer has the right to examine the corresponding information in the case the Bank receives an advance notice thereof. The term for the advance notice must be reasonable taking into account the organisation of work of the Bank.

### **5. Adjustment of terms and conditions of Transactions**

5.1. In the case of the occurrence of an Adjustment Event, the Bank has the right to adjust the terms and conditions of a Transaction on the basis of the applicable international market practices.

5.2. Upon adjustment of any terms and conditions of a Transaction the Bank shall inform the Customer in writing of the nature of the Adjustment Event and amendments to the terms and conditions of the Transaction.

### **6. Assignment of rights and obligations arising from Contract and Transactions**

6.1. The Bank has the right to assign the rights and obligations arising from the Contract and Transactions to third parties without restrictions by notifying the Customer thereof in writing. The Customer hereby grants the consent for assignment of the obligations to third parties.

6.2. The Customer has the right to assign the rights arising from the Contract and Transactions to third parties only with the prior written consent of the Bank.

## **CHAPTER III SECURITY FOR PERFORMANCE OF OBLIGATIONS OF CUSTOMER**

### **1. Collateral**

1.1. At the request of the Bank the Customer is obliged to establish a Collateral for the benefit of the Bank to secure performance of the Customer's obligations arising from the Contract and Transactions.

1.2. The Customer may establish a Security Deposit or any other security as a Collateral. The Security Deposit and establishment thereof are regulated by the Contract. Any other security shall be established by a separate Collateral Contract concluded between the Parties and such other security shall be subject to the regulation of the Collateral Contract.

### **2. Security Deposit**

2.1. At the request of the Bank the Customer is obliged to establish a Security Deposit to secure performance of the Customer's obligations arising from the Contract and Transactions.

2.2. The Bank shall inform the Customer of the amount of the Security Deposit by phone or by any other means of communication agreed upon by the

Parties. All calculations related to calculation of the amount of the Security Deposit shall be performed by the Bank.

2.3. The Customer is obliged to deposit the Security Deposit in the Bank in the amount specified by the Bank. The Bank shall perform any settlements related to the establishment of the Security Deposit and changing the amount thereof by debiting or crediting, as appropriate, the Customer's Account.

2.4. The Security Deposit shall be established to secure the performance of all the obligations of the Customer arising from the Contract and Transactions. The Customer shall not have the right to use and dispose of the funds of the Security Deposit.

2.5. The rate of any interest payable on the Security Deposit shall be established by the Bank. The Bank has the right to change the said interest rate unilaterally at any time. Accrued interests (if any) shall be transferred to the Customer's Account when the amounts deposited as the Security Deposit are returned to the Customer.

2.6. The Bank has the right to change the amount of the required Security Deposit at any time and order that the Customer deposit additional funds. The Customer is obliged to comply with the corresponding order of the Bank by the term specified by the Bank.

2.7. The term of the Security Deposit shall be determined by the term for submission of the claim by the Bank. If the Customer fails to duly perform any payment obligations assumed by the Contract and Transactions, the Bank shall have the right to set off its claims against the funds of the Security Deposit. The Bank shall transfer the balance of such set-off to the Account of the Customer.

## **CHAPTER IV PREMATURE TERMINATION OF TRANSACTIONS**

### **1. Bases for termination of Transactions**

1.1. Each of the following circumstances constitutes a basis for premature termination of a Transaction:

1.1.1. inadequate performance by a Party of any obligations arising from the Contract or a Transaction;

1.1.2. any confirmation provided by the Customer upon conclusion of the Contract or a Transaction proves to be false;

1.1.3. failure of the Customer to perform by the due date the Bank's order to establish a Security Deposit or change the amount thereof;

1.1.4. inadequate performance by the Customer of any obligations arising from the Collateral Contract;

1.1.5. expiry of the Collateral Contract or expiry of any provisions of the Collateral Contract before the due performance of all the obligations arising from Transactions;

1.1.6. occurrence of any event in the economic situation of the Customer, which according to the Bank's *bona fide* assessment materially influences the Customer's ability to perform the obligations assumed by the Contract and Transactions;

1.1.7. performance of the Contract or a Transaction becomes illegal for the Customer;

1.1.8. merger, division or transformation of the Customer who is a legal person;

1.1.9. a petition is submitted to a court for declaring the Customer's bankruptcy or for commencing a proceeding of reorganisation or restructuring of debts;

1.1.10. a competent body of the Customer who is a legal person adopts a resolution to terminate its activities without legal succession or to submit a petition to a court for declaring its bankruptcy or for commencing a proceeding of reorganisation;

1.1.11. an enforcement proceeding is commenced or shall be commenced against the Customer or the Bank has reason to presume commencement of an enforcement proceeding by third parties;

1.1.12. the death or divestment of the active legal capacity of the Customer who is a natural person;

1.1.13. failure of the Customer to duly perform any payment obligations arising from contracts concluded with third parties, and in the case the overdue amount exceeds 25% (twenty-five percent) of the total amount of the Customer's obligations that have arisen on the basis of the Contract and Transactions and that have not been performed by the moment of failure to perform the payment obligations to third parties (irrespective of the fact whether the due date for performance of the obligations had arrived or not);

1.1.14. failure of the Customer to duly perform any obligations arising from other contracts concluded with the Bank;

1.1.15. the Bank has not received within the period specified by the Bank the Collateral Contract signed by the Customer the conclusion of which on the agreed terms and conditions was agreed upon by the Parties upon the conclusion of the Transaction.

1.2. The Party whose act or omission involves one or several bases for termination of a Transaction listed in clause 1.1 or with respect to whom the said bases for termination of a Transaction exist shall be deemed the Defaulting Party and the other Party shall be deemed the Terminating Party.

1.3. Upon becoming aware of any bases for termination of a Transaction specified in clauses 1.1.7–1.1.11 (or when it may be reasonably presumed that the Customer became aware thereof), the Customer is obliged to promptly inform the Bank in the manner prescribed by the Contract.

## **2. Termination of Transactions**

2.1. Upon occurrence of a basis for termination of a Transaction the Terminating Party shall have the right to prematurely terminate one or several Transactions concluded between the Parties. The Terminating Party shall inform the Defaulting Party of the termination of a Transaction in writing, indicating the basis for termination of the Transaction.

2.2. A Transaction ("Transaction to Be Terminated") shall be terminated by concluding a Transaction with an opposite direction ("Terminating Transaction"), taking into account the value of the Financial Assets constituting the object of the Transaction at the moment of

terminating the Transaction. A Transaction with the opposite direction is a Transaction where, compared to the Transaction to Be Terminated, the Bank takes the position of the Customer and the Customer takes the position of the Bank.

2.3. The due dates for performance of the Parties' obligations arising from the Transaction to Be Terminated and the Terminating Transaction shall be deemed arrived and the amounts payable thereunder shall be set off and the Parties shall waive any mutual obligations to transfer securities (if such obligations existed pursuant to the terms and conditions of the Transaction).

2.4. The amounts that the Terminating Party is obliged to pay to the Defaulting Party pursuant to the Transaction to Be Terminated and the Terminating Transaction shall be deducted from the amounts that the Defaulting Party is obliged to pay to the Terminating Party pursuant to the Transaction to Be Terminated and the Terminating Transaction. In the case the difference between the two amounts is positive, the Defaulting Party is obliged to pay the Terminating Party the amounts to the extent of which the difference is positive; if the difference is negative, the Terminating Party is obliged to pay the Defaulting Party the amounts to the extent of which the difference is negative.

2.5. The Terminating Party has the right to convert the amounts payable into freely convertible currency chosen by him/her. The conversion shall be carried out on the basis of the exchange rate applicable to all customers of the Bank at the moment of conversion. Upon termination of a Transaction the Terminating Party shall perform all the calculations related to termination of the Transaction and shall, if necessary, inform the other Party of the amounts payable and the due date thereof.

2.6. The Bank has the right to conclude transactions with the Bank in the name and for the account of the Customer, which are necessary for carrying out premature termination of a Transaction.

## **CHAPTER V**

### **FINAL PROVISIONS**

#### **1. Liability of Parties**

1.1. The Parties shall be liable for inadequate performance of their obligations assumed by the Contract pursuant to the procedure and to the extent prescribed by legislation and the Contract.

1.2. Upon failure to perform on time a payment obligation or an obligation to transfer securities arising from the Contract or a Transaction, the Party in delay is obliged to pay the other Party a fine for delay in the amount of 0.2% (zero point two percent) for each day of delay in payment or transfer. Upon delay in the transfer of securities, the fine for delay shall be calculated on the basis of the market price of the relevant securities on the day of the transfer specified by the Transaction. The market price shall be determined by the Bank.

1.3. Neither the Bank nor any employee of the Bank shall act as an adviser of the Customer in

conclusion of Transactions or provision of Brokerage Services. If the Bank provides any information or makes any recommendation to the Customer, the Bank shall not be liable for any damage incurred by the Customer as a result of using such information or recommendation.

1.4. The Bank shall not be liable for any tax liabilities of the Customer, which have arisen as a result of the conclusion of a Transaction.

1.5. In the case the Customer lacks sufficient funds in the Bank for the elimination of debts, the Bank has the right to settle any debts of the Customer, which have arisen on the basis of the Contract, out of the securities in the Customer's Account or Custody Account. The Bank has the right to sell such quantity of the securities, which is necessary for eliminating the Customer's debt at the best possible price at the given moment for the corresponding quantity of securities according to the Bank's assessment. The Bank shall thereafter set off the amounts received against the Customer's debts and transfer the balance to the Customer's Account.

1.6. The Parties shall be released from the liability resulting from the violation of the obligations arising from the Contract or a Transaction if the violation was caused by the occurrence of *force majeure*. *Force majeure* means circumstances and events which prevent the Parties from performing their obligations, the occurrence of which is beyond the control of the Parties and which the Parties could not foresee, and if could foresee, could not have avoided in any manner. The Parties are obliged to make their best efforts to prevent the occurrence of *force majeure* circumstances and to shorten and end the duration thereof. If the performance of the obligations arisen on the basis of the Contract or a Transaction is delayed due to occurrence of *force majeure* circumstances, the term for performance of the obligations shall be deemed extended by the time the hindrances occurred but for no longer than 20 Banking Days. After the expiry of the period of 20 Banking Days, the hindered Party shall be deemed a Defaulting Party and the other Party has the right to terminate the Transaction prematurely pursuant to the procedure prescribed in the Contract. Upon the occurrence of *force majeure* circumstances, the hindered Party is obliged to promptly notify the other Party thereof and make an effort to perform its obligations, and is required to continue the performance of its obligations as soon as the hindrances cease to exist.

## **2. Confidentiality**

2.1. The Parties undertake to maintain the confidentiality of the terms and conditions of the Contract and any information that has become known about the other Party in the performance thereof, unless the disclosure of such information is mandatory on the basis of the legislation of the Republic of Estonia.

2.2. The Customer is aware and accepts that the Bank may be required to disclose such information to the Stock Exchange in the cases prescribed in the Stock Exchange Rules and Regulations.

2.3. The obligation to maintain the confidentiality

of the information shall also apply after the expiry of the term of validity of the Contract.

## **3. Dispute resolution**

3.1. The Contract shall be performed and interpreted by the Parties on the basis of the legislation applicable in the Republic of Estonia.

3.2. All disputes and disagreements arising from the Contract shall be resolved by negotiations between the Parties.

3.3. If no agreement is reached, disputes shall be settled by filing of a statement of claim with the Harju County Court. In the case the Customer is a foreign person, the Bank has the right of recourse to a court of arbitration for resolution of any dispute. In such case the dispute shall be finally settled in the Arbitration Court of the Estonian Chamber of Commerce and Industry in accordance with the rules thereof and the Parties shall regard the Arbitration Court as an arbitral tribunal within the meaning of the provisions of the General Part of the Civil Code Act and the Code of Civil Procedure.

## **4. Amendment and supplementation of Contract**

4.1. The Bank has the right to make proposals for amendment of the Terms and Conditions of the Framework Contract for Securities Transactions.

4.2. The Bank shall inform the Customer of any proposals for amendment of the Terms and Conditions of the Framework Contract for Securities Transactions on the Bank's website or by relevant notices in the Bank. The Customer confirms that any notices published in this manner are available to the Customer and by publication of such notices the Customer shall be deemed informed of the proposals for amendment.

4.3. In the case the Customer disagrees with the proposed amendments, the Customer has the right within 1 (one) month as from the publication of the proposals for amendments on the Bank's website to notify the Bank of its disagreement with the proposed amendments. If the Customer has not notified the Bank of its disagreement with the proposed amendments within the period, the Customer shall be deemed to have accepted the proposed amendments to the Terms and Conditions of the Framework Contract for Securities Transactions. In such case the amended Terms and Conditions of the Framework Contract for Securities Transactions shall become binding on the Parties after one month as from the publication thereof on the Bank's website.

4.4. In the case the Customer notifies the Bank of its disagreement with the proposed amendments and the Parties fail to reach a different agreement by the last day of the month as from the publication of the proposed amendments on the Bank's website at the latest, the Contract shall expire after one month as from the publication of the proposed amendments. The aforementioned provision shall not affect the validity of any Transactions that have been concluded on the basis of the Contract and have not been completed by the moment of expiry of the Contract. The Transactions shall be valid until performance by the Parties of all the obligations arising from such Transactions.

4.5. All Transactions concluded before the entry into force of the amendments shall be subject to the regulation of the Terms and Conditions of the Framework Contract for Securities Transactions that were in force at the moment of conclusion of such Transactions.

4.6. If any provision of the Contract proves to be invalid due to any conflict with the legislation, this shall not affect the validity of the rest of the provisions of the Contract.

## **5. Validity of Contract**

5.1. By conclusion of the Contract all prior agreements between the Parties on the same issues shall be deemed expired.

5.2. The Contract shall enter into force as from the moment of signing the Contract.

5.3. The Contract has been concluded for an unspecified term.

5.4. The Parties have the right to cancel the Contract at any time by notifying the other Party thereof 7 (seven) days in advance. Transactions concluded during the term of validity of the Contract and not completed by the moment of expiry of the Contract and the Parties' rights and obligations arising there from shall be subject to the regulation of the provisions of the Contract until the performance by the Parties of all the obligations arising from such Transactions.

## **PART II**

### **ADDITIONAL TERMS AND CONDITIONS**

#### **CHAPTER I**

#### **ADDITIONAL TERMS AND CONDITIONS FOR OPTION TRANSACTIONS**

##### **1. Definitions**

**"Share Option"** is an Option where shares constitute the Financial Assets.

**"American Style Option"** is an Option that the Option Buyer can Exercise during the entire term of the Option. The earliest possible date of exercise of the Option shall be specified in the Option Transaction confirmation.

**"European Style Option"** is an Option that the Option Buyer can Exercise only on the Expiration Date.

**"Put Option"** is the right of the Option Buyer to sell Financial Assets to the Option Writer at the price and on the date agreed under the Option Transaction.

**"Option"** is the right to buy Financial Assets from the Option Writer or sell Financial Assets to the Option Writer at the price and on the date agreed under the Option Transaction.

**"Option Value"** or **"Value"** is the numerical indicator specified by the Bank, which expresses the monetary value of the Option at a given moment and which is calculated by the Bank using the calculation models employed in international financial markets, in compliance with the applicable international financial market practices.

**"Exercise of Option"** or **"Exercise"** is the exercise of the right arising from an Option in such a manner that the Parties enter into a sale and purchase transaction of the Financial Assets that constitute the object of the Option Transaction.

**"Option Writer"** or **"Writer"** is the Party that sells an Option to the Option Buyer.

**"Option Buyer"** or **"Buyer"** is the Party that buys an Option from the Option Writer.

**"Option Premium"** or **"Option Price"** is the amount payable for an Option to the Option Writer by the Option Buyer.

**"Cash Settlement of Option"** or **"Cash Settlement"** is the exercise of the right arising from an Option in such a manner that the Parties do not enter into a sale and purchase transaction of the Financial Assets that constitute the object of the Option Transaction and the Option Writer pays to the Option Buyer an amount equal to the Option Value.

**"Strike Price"** is the unit price of the securities constituting the object of an Option Transaction at which the Option Buyer has the right, upon exercising an Option, to buy from the Option Writer or sell to the Option Writer an agreed quantity of securities.

**"Expiration Date"** is the last day of the term of an Option.

**"Option Transaction"** is a Transaction whereby the Option Writer sells an Option to the Option Buyer.

**"Option Transaction Value"** is the Strike Price multiplied by such number of units of Financial Assets as agreed under the Option Transaction.

**"Call Option"** is the right of the Option Buyer to buy Financial Assets from the Option Writer at the price and on the date agreed under the Option Transaction.

**"Value Date"** is the Banking Day by which the Parties are obliged to perform transfers arising from an Option Transaction.

##### **2. General provisions**

2.1. The Option Buyer has the right to exercise the right arising from an Option by Exercise or Cash Settlement of the Option.

2.2. Under the Contract, there is possible to use only Share Options and Stock Options.

2.3. Partial Exercise of an Option is permitted only by agreement of the Parties. Partial Exercise of an Option shall be carried out pursuant to the procedure established by the Bank. If necessary, the Bank has the right to conclude transactions with the Bank in the name and for the account of the Customer, which are necessary for the partial Exercise of an Option.

2.4. When the Option Buyer wishes to exercise the right arising from an Option, the Option Buyer shall notify the Option Writer thereof not later than on the Expiration Date.

2.5. A notice regarding Exercise or Cash Settlement of an Option may be submitted by the Option Buyer to the Option Writer until 2:00 p.m., or if the notice is submitted on the Expiration Date then until 12:00 p.m., and regarding Exercise or Cash Settlement of a Currency Option until 4:00 p.m., Estonian time, on each Banking Day. A notice submitted later than specified in this clause shall be deemed submitted on the next Banking Day.

2.6. A Cash Settlement of an Option can be exercised on any Banking Day as from the day of conclusion of the Option Transaction until the Expiration Date.



2.7. A European Style Option can be Exercised only on the Expiration Date.

2.8. An American Style Option can be Exercised on any Banking Day as from the day of conclusion of the Option Transaction until the Expiration Date, unless the Parties have agreed on an earliest possible date of Exercise of the American Style Option. In such case the American Style Option cannot be Exercised before such agreed date.

### **3. Exercise of Option**

3.1. After having reached an agreement on the terms and conditions of an Option Transaction neither Party has the right to withdraw from the Option Transaction, except in special cases provided for in the Contract.

3.2. In the case of a European Style Option, the Option Buyer shall notify the Option Writer of the wish to exercise an Option on the Expiration Date and in the case of an American Style Option on any Banking Day during the term of the Option provided that the Option Premium has been paid to the Bank. After the Expiration Date the Option expires if no notice was given of its exercise in time.

3.3. If the Option Buyer has duly notified the Option Writer of the Exercise of the Option, the Parties shall conclude a sale and purchase transaction of the Financial Assets constituting the object of the Option Transaction under the terms and conditions agreed on in the Option Transaction.

3.4. If the Customer is the Buyer of a Call Option or Writer of a Put Option in the Option Transaction, the Bank shall debit the Option Transaction Value from the Customer's Account and credit the Financial Assets to be bought to the Customer's Account upon Exercise of such Option. If the Customer is the Writer of a Call Option or Buyer of a Put Option in the Option Transaction, the Bank shall debit the Financial Assets to be sold from the Customer's Account and credit the Option Transaction Value to the Customer's Account upon Exercise of such Option. The Bank shall not be obliged to credit the Customer's Account if the Customer's Account does not hold sufficient funds for the performance of the obligations of the Customer pursuant to the terms and conditions of the Option Transaction.

3.5. The Option Buyer has the right to freely transfer or encumber the Option bought on the basis of the Contract. For transfer or encumbrance of an Option for the benefit of a third person and for registration thereof the Customer is obliged to pay the Bank a fee the amount of which shall be established by the Bank.

3.6. On the Option Premium Value Date the Bank shall credit or debit, depending on the transaction, the Customer's Account in the Bank to the extent of the Option Premium.

3.7. If on the Value Date the Customer's Account does not hold sufficient funds for the performance of the Option Transaction, the Bank may suspend the performance of the transfer arising from the Option Transaction until the receipt of the corresponding funds or impose sanctions provided for in the

Contract. The Bank shall not be obliged to credit the Customer's Account to the extent of the Financial Assets necessary for the performance of the Option Transaction.

### **4. Cash Settlement of an Option**

4.1. A Cash Settlement of an Option shall take place if

4.1.1. the Option Buyer has not given notice of the Exercise of the Option in time and the Option Value is more than zero on the Expiration Date, or

4.1.2. the Option Buyer has given notice of its wish for Cash Settlement of the Option and the Option Value is more than zero on the day of Cash Settlement, or

4.2. upon Cash Settlement of the Option, the Option Writer pays the Option Buyer an amount equal to the Option Value.

4.3. Cash Settlement of an Option shall be carried out pursuant to the procedure established by the Bank. If necessary, the Bank has the right to conclude transactions with the Bank in the name and for the account of the Customer, which are necessary for Cash Settlement.

### **5. Adjustment of Strike Price of Share Options**

5.1. The Strike Price of a Share Option shall be adjusted if the price of the shares constituting the object of the Option Transaction changes during the period between the conclusion of the Option Transaction and Exercise of the Option as a result of the following:

5.1.1. upon increase of the nominal value of a share without increasing the share capital the Strike Price is increased *pro rata*;

5.1.2. upon reduction of the nominal value of a share without reducing the share capital the Strike Price is reduced *pro rata*;

5.1.3. upon increase of the share capital by a bonus issue by the issue of new shares the Strike Price is reduced *pro rata* to the increase of the share capital;

5.1.4. upon reduction of the share capital by cancellation of shares the Strike Price is increased *pro rata* to the reduction of the share capital.

5.2. Upon adjustment of the Strike Price of a Share Option, the number of shares constituting the object of the Option Transaction shall be changed *pro rata* as well.

5.3. Payment of dividends shall not affect the Strike Price.

### **6. Collateral**

6.1. In addition to other circumstances specified in the Contract the Bank has the right, upon occurrence of extraordinary circumstances, to establish the requirement for a Collateral or increase the amount of the existing Collateral and in connection therewith debit the corresponding funds from the Customer's Account.

6.2. For the purposes of clause 6.1 of the Contract, the following circumstances are deemed to be extraordinary circumstances:

6.2.1. suspension of trading with shares constituting the object of an Option Transaction on the Tallinn Stock Exchange or any other public institution engaged in the brokerage of securities;

6.2.3. significant deterioration of the Customer's solvency according to the opinion of the Bank;  
6.2.4. any other circumstances which threaten the interests of the Parties in the opinion of the Bank.

## **7. Final provisions**

7.1. The Bank undertakes to calculate, with the frequency determined by the Bank, and upon the Customer's inquiry to inform the Customer of the Value of the Options sold to the Customer or bought from the Customer.

7.2. An Option Transaction shall be deemed completed after performance of the settlements arising from Exercise or Cash Settlement of the Option or after the expiry of the Expiration Date if no notice was given of the Exercise of the Option and the Option Value was not more than zero.

7.3. Upon completion of a relevant Option Transaction but provided that the Customer has performed all its obligations arising from the Transaction, the Bank shall, on the existence of a Collateral Account, credit the Customer's Account in the Bank to the extent of the funds in the Collateral Account.

## **CHAPTER II**

### **ADDITIONAL TERMS AND CONDITIONS FOR SECURITIES REPURCHASE TRANSACTION**

#### **1. Definitions**

**"Securities Repurchase Transaction"** (hereinafter - **Transaction**) — a transaction whereby the Bank purchases from the Customer Underlying Securities for the Purchase Amount (hereinafter - **Purchase Transaction**) whilst the Customer undertakes to purchase them back on an agreed date for the Sell-Back Amount (hereinafter - **Sell-Back Transaction**);  
**"Underlying Securities"** - securities specified upon the conclusion of the Transaction between the Bank and the Customer which will be subject to the Purchase Transaction and Sell-Back Transactions;

**"Purchase Amount"** – the amount payable to the Customer by the Bank for the Underlying Securities determined by the Bank according to the Collateral Rate;

**"Collateral Rate"** - the rate determined by the Bank, on the basis of which the market value of the securities is taken into account upon determine the maximum Purchase Amount;

**"Sell-Back Amount"** – the amount payable by the Customer to the Bank in Sell-Back Transaction for the Underlying Securities calculated as Purchase Amount together with the interest calculated for the Transaction Period in accordance with the interest rate determined by the Bank (payable at the end or periodically). The corresponding calculation shall be performed on the basis of the actual number of days in the period and a 360-day year (ACT/360);

**"Repo Account"** – an account opened by the Bank to safekeep the Underlying Securities of the Transaction during the Transaction Period. The ownership of the Underlying Securities on the Repo Account belongs to the Bank with the sell-back obligation to the Customer;

**"Transaction Period"** — the time interval between the Value Date of the Purchase Transaction until the

Value Date of the Sell-Back Transaction. For the purpose of calculating the Sell-Back Amount of the Sell-Back Transaction, the length of the Transaction period, in case of premature termination of the Transaction, shall be the time interval between the Value Date of the Purchase Transaction and the agreed Value Date of the Sell-Back Transaction;

**"Value Date"** — Value Date of the Purchase Transaction is the date on which the Bank transfers Underlying Securities from the Account to the Repo Account and credits the Customer in the Purchase Amount and Value Date of the Sell-Back Transaction is the date on which the Customer is required to return the Sell-Back Amount to the Bank and after which Bank transfers Underlying Securities back to the Account;

**"Initial Equity"** – the minimum amount of self-financing requested from the Customer to conduct the Transaction, calculated by the Bank using Collateral Rate;

**"Initial Margin Requirement"** - Initial Equity as percentage from the market value of the Underlying Securities to initiate the Transaction;

**"Net Equity"** – Initial Equity corrected with the change of the current market value of the Underlying Securities as calculated by the Bank;

**"Net Equity Ratio"** – ratio of the Net Equity to the market value of the Underlying Securities as calculated by the Bank;

**"Maintenance Margin Requirement"** – the minimum Net Equity Ratio determined by the Bank to maintain the Transaction, crossing of which causes the Margin Call;

**"Margin Call"** – request by the Bank to the Customer for additional securities to be added to the Underlying Securities or change of composition of the Underlying Securities or sale of the Underlying Securities and reduction of the Sell-Back Amount to restore the Initial Margin;

**"Stop Loss Level"** - Net Equity Ratio level below Maintenance Margin Requirement, crossing which Bank shall sell the Underlying Securities unilaterally in order to restore the Initial Margin Requirement.

**"Internet Service"** - the performance of banking operations via the Internet in the account(s) that have been opened with the Bank and are connected with the Internet Service in the Bank's server at the address determined by the Bank.

#### **2. General provisions**

2.1. With conducting the Transaction the Customer shall accept the Additional Terms and Conditions for Security Repurchase Transaction and shall represent that he/she has read through, understands, is aware of and agrees with the Additional Terms and Conditions for Security Repurchase Transaction, and is aware of and fully understands the risks involved in the Transaction and that he/she is ready to and capable of bearing all the risks related thereto.

2.2. With conducting the Transaction, the Customer provides the Bank with the authorization and right to satisfy its claims out from the Underlying Securities and executing all necessary transactions without a separate authorization or transaction order from the

Customer.

### **3. Procedure for Transaction**

3.1. On the Value Date of the Purchase Transaction the Bank shall debit the Account in the amount of the Underlying Securities transferring them to the Repo Account and after that credits the Purchase Amount to the Account in the Bank.

3.2. On the Value Date of the Sell-Back Transaction the Bank shall debit the Account to the extent of the Sell-Back Amount and after that credits Account in the amount of the Underlying Securities transferring them from the Repo Account.

3.3. If on the Value Date of the Sell-Back Transactions the Account does not hold the funds to cover the Sell-Back Amount, then no Underlying Securities shall be delivered to the Customer and the Bank shall have the right to demand payment of and the Customer shall be obliged to pay to Bank a penalty in the amount of up to 5% (five percent) of the agreed Sell-Back Amount.

3.4. If the Customer does not fulfil its obligations arising from the Sell-Back Transaction on the Value Date (or on the Value Date of the Sell-Back Transaction specified by the Bank if the Transaction is terminated prematurely), the Bank has the right to transfer the Underlying Securities and sell them without notifying the Customer thereof in advance. The proceeds from the sale of and all disbursements from the Underlying Securities are credited to the Account after debiting Sell-Back Amount and other debts payable by the Customer for the Transaction (e.g. contractual penalty, fine for delay, service charges, etc.).

3.5. Bank may choose to keep the Underlying Securities or part of them paying to the Customer net amount equal to the current market value of the Underlying Securities minus all the Customer's obligations arising from the Transaction.

3.6. By prior agreement with the Bank the Customer is entitled to premature termination of the Sell-Back Transaction in full or partially before the original Value Date or to sell or replace the Underlying Securities by submitting written request at least 5 business days in advance unless shorter period is agreed with the Bank. In the event of premature termination of the Transaction, the Value Date of the Sell-back Transaction shall be considered as due on the date of premature termination of the Transaction. On the premature termination at the Customer's request the Bank is entitled to charge termination fee in amount not exceeding one month interest rate payable. In partial termination or replacement of the securities the Net Equity Ratio should be at or above the Initial Margin Requirement.

3.7. The Bank shall have the right for premature termination of the Transaction on the grounds stipulated in the General Terms and Conditions of Framework Contract for Securities Transactions. The Value Date of the Sell-Back Transaction shall be considered as due on the date of premature termination of the Transaction.

3.8. Unless otherwise agreed upon the conclusion of the Transaction, the dividends, interest or other

disbursements paid during the Transaction Period for the Underlying Securities of the Transaction, shall be delivered to the Account without delay when received by the Bank.

3.9. The Bank has the right to refuse from the Transaction with the Customer without providing a reason.

### **4. Adjustment of Underlying Securities**

4.1. The quantity of the Underlying Securities shall be adjusted if one or several of the following circumstances occur during the Transaction Period:

4.1.1. upon increase of the nominal value of a security without increasing the capital the number of Underlying Securities is correspondingly reduced;

4.1.2. upon reduction of the nominal value of securities without reducing the capital the number of Underlying Securities is correspondingly increased;

4.1.3. upon increase of capital by a bonus issue through the issue of new securities the number of Underlying Securities is correspondingly increased;

4.1.4. upon reduction of capital by cancellation of securities the number of Underlying Securities is reduced.

### **5. Margin Call**

5.1. The Customer shall keep the Net Equity Ratio above the Maintenance Margin Requirement all the time during Transaction Period.

5.2. The Bank is entitled to demand the Customer to provide additional securities to the Underlying Securities or to change the composition of the Underlying Securities if during the Transaction Period the Net Equity Ratio falls below the Maintenance Margin Requirement determined by the Bank by issuing Margin Call;

5.3. Deriving from the provisions of clause 5.2. the Bank is entitled, inter alia, to refrain from executing any transaction orders placed by the Customer, purpose of which is not connected to restore Net Equity Ratio, and refrain from effecting any payments or transfers from the Account or accounts opened with the Bank until the due performance of the obligations of the Customer.

5.4. The Bank shall send Margin Call to the Customer by e-mail or via internet services. A failure to send the Margin Call shall not release the Customer from his or her obligation to increase the Net Equity Ratio up to the Initial Margin Requirement.

5.5. The Customer shall immediately upon the Bank's request provide the Bank with additional securities, which are similar to the Underlying Securities so that the Net Equity Ratio is increased to the level of the Initial Margin Requirement or by placing a transaction order to the Bank, the performance whereof will result in changing the structure of the Underlying Securities in such manner that the Net Equity Ratio will increase up to the Initial Margin Requirement.

5.6. Instead of providing additional securities or restructuring the Underlying Securities or in combination with provision of an additional securities, the Customer has the right to pay the Bank prematurely the corresponding amount of the Sell-Back Amount or place a security deposit

in order to achieve the requirements specified in clause 5.2.

5.7. The Customer is obliged to return the Net Equity Ratio up to Initial Margin Requirement within the term specified by the Bank in Margin Call. In the case no term is specified in Margin Call, the Net Equity Ratio should be brought up to Initial Margin Requirement no later than by following business day as from submission of the Margin Call by the Bank. The Bank has the right to submit the Margin Call also by phone, fax or via Internet Service.

5.8. If the Customer has not increased Net Equity Ratio up to the level determined by the Bank by the deadline of the Margin Call, the Bank shall have the right for unilateral premature termination of the Transaction and to sell the Underlying Securities without an additional transaction order from the Customer. The Bank is not required to give the Customer any rectification possibility.

5.9. If the Net Equity Ratio falls below the Stop Loss Level determined by the Bank, the Bank shall notify the Customer thereof. The Customer shall be obliged to increase the Net Equity Ratio by 16:00 of the same banking day. If the Customer has not increased the Net Equity Ratio, the Bank shall have the right for unilateral premature termination of the Transaction and to sell the Underlying Securities without an additional transaction order from the Customer. The Bank is not required to give the Customer the rectification possibility

5.10. In performing the transactions set out in the clauses 5.7. and 5.8., the Bank shall act on the basis of market conditions. In case the Underlying Securities are not sufficient to satisfy all the claims of the Bank, the Bank shall have the aforesaid rights also with regard to other accounts of the Customer opened with the Bank.

## **6. Risks and representations of the Customer**

6.1. The Customer confirms that the Underlying Securities are not pledged or encumbered with other obligations, encumbrances or limited real rights other than those established on the basis of the Transaction.

6.2. The Transaction constitutes high degree of risk, and therefore, before conducting Transaction, the Customer shall carefully weigh and assess all the risks related to the assumption of the Transaction.

6.3. The Customer represents that he/she is aware of and understands all the risks and obligations related to the Transaction and understands and is ready to and capable of incurring the financial obligations that may arise in relation to the Transaction and undertakes to bear the expenses as well as the possible damages deriving from the Transaction.

6.4. The Customer confirms that he/she is aware of and understands, inter alia, the following risks, is ready to and capable of bearing such risks, and shall unconditionally waive the submission of all claims against the Bank in relation thereto, including any claims deriving from the following:

6.4.1. The prices of the Underlying Securities and the exchange rates of the currencies in which the Underlying Securities are quoted may change in an unfavourable direction for the Customer, due to

which the Customer may have to sell the Underlying Securities at a price lower than the buying price or use supplementary funds for paying the Sell-Back Amount.

6.4.2. The trading in the Underlying Securities may be suspended and/or cease altogether due to trading disturbances (including but not limited to volatility, liquidity or system disturbances). The Bank shall not be liable to the Customer for any delays and/or damage deriving from the same. Trading disturbances shall not release the Customer from performing his/her obligations.

6.4.3. The Bank is entitled to execute the Sell-Back Transaction for the Account without a transaction order from the Customer, including by disposal of the Underlying Securities on the Account for such purpose and by returning the Sell-Back Amount from the Account.

6.4.4. The Bank is entitled to execute the payment of the Interest, fines for delay and penalties, and compensation for expenses and damages on the Account without a transaction order from the Customer, including by the disposal of the Underlying Securities on the Account and by transferring the amount of the interest and amount of the penalties and fines for delay to the Bank from the Account.

6.4.5. The Bank is entitled to exercise the right of retention regarding all Underlying Securities and additional collaterals of the Customer.

6.4.6. The Bank is entitled to demand the Customer to immediately increase the Net Equity Ratio, including by a transfer of additional securities to Underlying Securities or by changing the structure of the Underlying Securities or by premature full or partial return of the Sell-Back Amount, which requires the Customer to constantly have a sufficient amount of liquid resources, and the Customer will have the obligation to increase the Net Equity Ratio at the demand of and terms determined by the Bank. The Bank is entitled to change the structure of the Underlying Securities without a separate transaction order from the Customer, including by selling the Underlying Securities if it is needed for increasing the Net Equity Ratio.

6.4.7. The accounting for the interest (the accrual of the Interest not yet paid) and the payment of the interest (debiting the interest from the Account) may decrease the Net Equity Ratio.

6.4.8. Upon the publication or other disclosure of any events related to any securities included in the Underlying Securities or the issuer thereof and of news that could probably have a material negative impact on the value of such securities, the Bank is entitled to reduce the Initial Margin Requirements and Maintenance Margin Requirements of the respective securities. Therefore, in the case of such news or events, the Net Equity Ratio may decrease.

6.4.9. The Bank has the right to use the positive balance in the Accounts in a currency different from the currency of the Transaction to cover the Sell-Back Amount and interest payments.

6.5. The Customer shall ensure that the Net Equity Ratio shall be maintained above the Maintenance Margin Requirements set forth by the Bank.

6.6. Upon receipt of the respective request from the Bank, the Customer shall submit to the Bank all the documents required by the Bank, evidencing the economic position of the Customer within 3 (three) days as of the receipt of the respective request.

### **CHAPTER III ADDITIONAL TERMS AND CONDITIONS FOR BROKERAGE SERVICES**

#### **1. Definitions**

**"Future"** is a standardised binding contract (security) which is traded on the Stock Exchange and which involves the right and obligation to buy or sell a set quantity of Financial Assets at the price, in the quantity, at the time and on other terms and conditions agreed upon at the moment of buying the Future pursuant to the procedure prescribed by the Stock Exchange Rules and Regulations.

**"Standardised Option"** is a standardised contract (security) which is traded on the Stock Exchange and which involves the right but not the obligation to buy or sell a set quantity of Financial Assets at the price, in the quantity, at the time and on other terms and conditions agreed upon at the moment of buying the Standardised Option pursuant to the procedure prescribed by the Stock Exchange Rules and Regulations.

**"Transaction Order"** means an order submitted to the Bank by the Customer for conclusion of a securities sale or purchase transaction for the account of the Customer and on the terms and conditions determined by the Customer.

**"Warrant"** is a standardised contract (security) which is issued by the Stock Exchange on the basis of a single decision by the Stock Exchange and which is traded on the Stock Exchange and involves the right but not the obligation to buy or sell a set quantity of Financial Assets at the price, in the quantity, at the time and on other terms and conditions established upon the issue of the Warrant pursuant to the procedure prescribed by the Stock Exchange Rules and Regulations.

**"Custody Account"** is a Securities Account which is opened in the Customer's name at the Custodian or the sub-custodian for holding the Customer's securities and for concluding transactions with the securities.

**"Customer Account"** is a Securities Account which is opened by the Custodian at the sub-custodian and in which securities that belong to the Custodian and/or the Customers of the Custodian are held. The Custodian shall act as the owner of the securities in the Customer Account in relations with any third parties, unless provided otherwise by the Contract, an agreement related to the Contract or the legislation applicable to such Customer Accounts.

#### **2. General provisions**

2.1. The provisions of clauses 1–8 of this Chapter shall apply to intermediation of trading in Futures, Standardised Options and Warrants in so far as such

provisions are not in conflict with the provisions of clause 9.

2.2. The provisions of clauses 1–8 of this Chapter shall apply to Custody Account transactions in so far as such provisions are not in conflict with the provisions of clause 10.

2.3. In provision of Brokerage Services, the relations between the Parties and the rights and obligations arising from and related to the securities being traded shall be regulated by the provisions of the Contract and legislation of Estonia, as well as the Stock Exchange Rules and Regulations, legislation of the country of location of the Stock Exchange and international and local practices applicable to the relevant securities.

2.4. In provision of Brokerage Services the Bank shall execute the Transaction Orders submitted by the Customer. The Bank has the right to execute Transactions for the account of the Customer on the basis of the Transaction Orders.

2.5. The Bank has the right to reserve in the Customer's Accounts the securities and funds necessary for the performance of a Transaction from the moment of submission of a Transaction Order until the performance of the settlements under the Transaction on the Settlement Date.

2.6. The Bank shall not be liable for the due performance of any rights and obligations connected with the securities that are sold to the Customer in the course of the provision of Brokerage Services.

#### **3. Transaction Order**

3.1. A Transaction Order shall include all the information and terms and conditions required under the Stock Exchange Rules and Regulations and by the Bank. The Customer shall provide following information about Transaction Order correctly and completely: indication whether the order is a purchase or sale order; exact description of the security using International Securities Identification Number (ISIN); indication of the place of trading; number of securities or nominal value; indication of order execution type.

3.2. A submitted Transaction Order shall be valid until the end of the same Banking Day, unless the Parties agree on a longer period of validity for the Transaction Order.

3.3. A Transaction Order shall be binding on the Customer during the validity thereof and the Customer may withdraw the Transaction Order before the expiry thereof only with the consent of the Bank.

3.4. The Bank records telephone and electronic communications with Customers relating to the transmission, acceptance and execution of orders for financial instruments or securities related services. The Bank keeps such records for at least 5 years. The retention requirement may be extended to 7 years in individual cases. Authorized representative of the Customer can request the release of the records during this period.

#### **4. Execution of Transaction Orders**

4.1. The Bank shall execute the submitted Transaction Orders as soon as possible and at the best possible price for the Customer for the

relevant quantity of securities at the moment of conclusion of the Transaction.

4.2. If a Transaction Order is submitted for execution "at the market price", the Bank shall conclude the Transaction as soon as such Transaction can be concluded, and at the best possible price offered for the given quantity of securities at the given moment.

4.3. If a Transaction Order is submitted for execution at a minimum or maximum price specified by the Customer, the Bank shall conclude the Transaction at the earliest opportunity when it is possible to perform the Transaction at that price.

4.4. The Transaction Order for the execution of which there are no sufficient funds in the Customer's Accounts, including in the Custody Account, is invalid, unless the Parties to the Contract have agreed otherwise with regard to the relevant Transaction Order.

4.5. In the case the insufficiency of funds necessary for the execution of a Transaction Order arose or the Bank became aware thereof in the course of the execution of the Transaction Order, the Bank shall have the right not to execute the Transaction Order.

4.6. Before commencing execution of any received Transaction Order(s) the Bank shall assess the correctness and understandability thereof. Any omission, ambiguity, disputability and/or contradiction discovered by ordinary attention in a Transaction Order submitted by the Customer shall mean invalidity of the Transaction Order as from the day of submission thereof. The Bank shall inform the Customer of the invalidity of a Transaction Order in writing at the earliest opportunity.

4.7. In the case of any conflicts between the valid Transaction Orders the execution of which has not been commenced by the Bank, the Bank shall have the right to take the Transaction Order submitted later by the Customer as the basis for the execution of a Transaction Order. In such case the earlier Transaction Order(s) shall be deemed invalid in full or invalid in the part which is in conflict with the Transaction Order submitted later.

4.8. In the case a Transaction Order is in conflict with any earlier Transaction Order which has been partially executed, the Bank shall have the right to deem the last Transaction Order invalid in full or invalid in the part which is in conflict with an earlier Transaction Order which has been partially executed.

## **5. Settlements**

5.1. The Customer is required to ensure the existence of the securities and funds necessary for the execution of the Transaction in the Customer's Account at the moment of submission of a Transaction Order, unless the Parties have agreed otherwise.

5.2. The Bank shall not be obliged to execute the Customer's Transaction Order if the Customer's Account does not hold the funds or securities necessary for the execution of the Transaction at the time specified in the Contract or agreed separately.

5.3. The service fees payable to the Bank shall be added to the amounts payable by the Customer in

the case of a securities purchase transaction, and withheld from the amounts received from the sale of securities in the case of a securities sales transaction.

5.4. If the Bank or the issuer, paying agent, clearing house, counterparty etc. executing a relevant payment is obliged on the basis of legislation to withhold from such payment or pay any state and/or local taxes, duties or other fees, the Bank shall transfer to the Customer's Account a corresponding net payment.

## **6. Confirmation**

The Bank is not obliged to indicate in the Confirmation who is the other party to the Transaction.

## **7. Dispute resolution**

7.1. The Parties shall settle any disputes arising from Transactions with the securities traded on the Tallinn Stock Exchange pursuant to the procedure prescribed in the Tallinn Stock Exchange Rules and Regulations.

7.2. The Customer has the right to file complaints concerning the activities of the Bank in connection with Transactions with the securities traded on the Tallinn Stock Exchange, and in the case the response of the Bank fails to satisfy the Customer, the Customer has the right to file an action with the Tallinn Stock Exchange Court of Arbitration.

7.3. As regards disputes arising from Transactions with the securities traded on the Tallinn Stock Exchange the Parties shall regard the Tallinn Stock Exchange Court of Arbitration as an arbitral tribunal within the meaning of the provisions of the Code of Civil Procedure and the General Part of the Civil Code Act.

## **8. Freeze of securities and recovery**

8.1. In the case it is not possible to debit from the Customer's Account the prescribed amount of money on the due date for payment of payments arising from Transactions, service fees and/or other payments arising from the Contract, the Bank shall have the right to freeze in part or in full the securities belonging to the Customer and held in the Accounts, including in the Custody Account(s). Freezing in part means suspension of the performance of transactions or acts with a certain amount of securities of one or more issuers. Freezing in full means suspension of the performance of transactions or acts with all held securities which belong to the Customer.

8.2. In the case of failure by the Customer to pay the debt arising from the Contract the Bank has the right to sell the frozen securities. The Customer's debt to the Bank arising from the Contract shall be reduced by the amounts received from the sale.

The Bank shall deem a debt to be unpaid within the meaning of Chapter III if the relevant financial obligation has not been performed in part or in full within 10 (ten) calendar days as from the day following the due date for the performance of the corresponding obligation. Partial payment of the debt shall not stop the running of the term specified in

this clause.

8.3. The Bank has the right to sell the frozen securities earlier than on the date specified in clause 8.2 if there is any danger that the value of the frozen securities shall fall below the total amount of the debt and it is not possible for the Bank to freeze any additional amount of securities.

8.4. The extent of the freeze, i.e. the amount of the securities to be frozen, as well as which of the securities shall be frozen shall be decided by the Bank without any additional acceptance by the Customer. In determining the extent of the freeze the Bank shall take into account the amount of the debt and the value of the securities belonging to the Customer and held in the Accounts, including in the Custody Account(s). As a rule, the principle that the value of the securities to be frozen should form about 150% (one hundred and fifty percent) of the debt is applied.

8.5. In the case of partial freezing, in particular those of the Customer's securities to which the creation of the debt is directly connected shall be blocked.

8.6. If there is no connection between the creation of the debt and any specific securities belonging to the Customer, and also if the securities connected to the creation of the debt cannot be frozen or if the value of such securities fails to form about 150% (one hundred and fifty percent) of the corresponding debt, the Bank shall, at its own discretion, freeze the required amount of other securities belonging to the Customer.

8.7. By signing the Contract the Customer consents to each specific freeze of the securities belonging to the Customer pursuant to the procedure specified in this Part.

8.8. Upon the creation of the right to sell the frozen securities pursuant to the Contract the Bank shall sell the frozen securities pursuant to clause 1.5 of Chapter V of Part I

of the Contract. The sale of the securities frozen as a collateral for the payment of a debt shall be carried out without a corresponding Transaction Order of the Customer and the Customer shall, by signing the Contract, grant the

corresponding authority to the Bank and the Bank shall act as the Customer's representative pursuant to the authorisation granted by the Contract.

### **9. Special terms and conditions for Brokerage Services in intermediation of sale and purchase of Futures, Standardised Options and Warrants**

9.1. The Customer is required to keep itself sufficiently informed of the rules, terms and conditions and laws applicable to the Futures, Standardised Options or Warrants constituting the object of each transaction and of the risks for the Customer arising from such transactions. The Customer hereby confirms that each submission of a Transaction Order shall also constitute the Customer's confirmation that the Customer shall be continuously informed and aware of such rules, terms and conditions, laws and risks as applicable at the time of the submission of the Transaction Order.

9.2. In intermediation of sale and purchase of

Futures, Standardised Options and Warrants, the Bank shall act in its own name and for the account of the Customer.

9.3. The Bank has the right to choose, at its own discretion, the Futures, Standardised Options or Warrants the trading in which shall be mediated by the Bank, and to refrain from mediating the trading in certain Futures, Standardised Options or Warrants. The Bank shall not be liable for any potential damage incurred by the Customer as a result of making such choices or refraining from intermediation.

9.4. The Customer is aware that the Bank only mediates the trading in Futures, Standardised Options and Warrants. The Bank is not always able to ensure execution or due execution of the Customer's Transaction Orders due to, for example, failures in the trading or settlement systems, suspension of settlement or trading in certain instruments on the Stock Exchange and other circumstances that are beyond the Bank's control. The Bank shall not be liable for any potential damage incurred by the Customer as a result of such circumstances.

9.5. The Bank has the right, at its own discretion, to establish a limit for the Customer to the extent of which the Customer may assume obligations arising from trading in Futures, Standardised Options or Warrants (position limit), and refuse to execute Transaction Orders if the position limit would be exceeded as a result thereof. The position limit need not depend on the amount of the collateral provided to the Bank by the Customer. The Bank shall inform the Customer of the amount of the position limit on the basis of a corresponding inquiry of the Customer.

9.6. The purchased Futures, Standardised Options and Warrants shall be held pursuant to the procedure and at the place specified by the Bank in the name of the Bank and for the account of the Customer.

9.7. The Bank shall keep records of the Futures, Standardised Options and Warrants purchased and sold by the Customer. The Bank shall, pursuant to the agreed procedure, provide the Customer with information about the Futures, Standardised Options and Warrants purchased and sold by the Customer but the Bank has no obligation to submit to the Customer any additional certificates and documents regarding such Futures, Standardised Options and Warrants.

9.8. Upon sale and purchase of Futures and Standardised Options, the Customer shall, at the request of the Bank, establish a Collateral pursuant to the procedure prescribed in the Contract. The Bank shall calculate the Customer's position arising from the trading in Futures and Standardised Options (the actual and potential financial obligations of the Customer) and request a corresponding Collateral from the Customer. The Collateral requested by the Bank may be larger than the Collateral prescribed by the Stock Exchange. The position of the Customer may change as a result of changes in the market

situation and in such case the Bank shall have the right to request that the Customer increase the Collateral. If the Customer fails to increase the Collateral to the extent or by the date requested by the Bank, but also in other cases prescribed in the Contract, the Bank shall have the right to eliminate the Customer's position or reduce the amount thereof by sale or purchase of the necessary quantity of Futures or Standardised Options, and satisfy the claims against the Customer out of the amounts received.

9.9. By prior agreement with the Bank and provided that it is permitted under the relevant Stock Exchange Rules and Regulations, the Customer can sell such Futures or Standardised Options which are not owned by the Customer at the moment of selling (short selling). In such case the Customer shall acquire the corresponding quantity of Futures or Standardised Options by the date specified in the Rules and Regulations or by the Bank in order to close its short position. The Bank has the right, if necessary, to conclude the relevant transactions for the account of the Customer without submission of a corresponding Transaction Order by the Customer.

9.10. As regards Futures, Standardised Options and Warrants which involve an actual delivery of goods or securities upon execution or exercise (physical settlement), the Customer is required to provide the Bank at least 2 (two) Banking Days, or a longer period if so requested by the Bank, before the end of trading in the relevant Future, Standardised Option or Warrant on the Stock Exchange or the expiration date thereof with adequate instructions regarding the request for the exercise of the relevant Future, Standardised Option or Warrant or the details of the execution thereof, otherwise the Bank shall have the right to:

(i) in the case of Standardised Options or Warrants, let the Standardised Option or Warrant expire without exercise thereof or eliminate the Customer's position in Standardised Options or Warrants either by selling the Standardised Options or Warrants or, if the Customer has a short position in Standardised Options, by purchasing Standardised Options, and

(ii) in the case of Futures, eliminate the Customer's position in Futures either by selling the Futures or, if the Customer has a short position, by purchasing Futures.

9.11. The Customer shall pay the amounts required upon exercise or execution of Futures, Standardised Options and Warrants, and the purchase price of Standardised Options and Warrants pursuant to the procedure and on the terms and conditions established by the relevant Stock Exchange and by the Bank.

9.12. As regards Futures which involve the actual delivery of Financial Assets upon execution or exercise (physical settlement) and also if the Customer requests the actual delivery of Financial Assets on the basis of a Standardised Option or Warrant, the Bank shall not assume the obligation

to perform any acts necessary for carrying out the actual delivery.

If so agreed between the Customer and the Bank, the Bank may provide assistance within reasonable limits to the Customer in communication with the relevant Stock Exchange.

## **10. Special terms and conditions for Custody Account Transactions**

### **10.1. General provisions**

10.1.1. By the Contract the Customer authorises the Bank to act as the holder of the Customer's securities pursuant to the terms and conditions of the Contract and to provide services prescribed in the Contract. The Bank shall not act as the manager of the investment assets of the Customer or as an investment adviser and therefore the Customer shall have sole responsibility for the making of investment decisions, choice of investment objects and use and disposal of investment assets.

10.1.2. Upon conclusion of the Contract the Bank shall open Custody Account(s) for the Customer as necessary and the Customer shall be obliged to submit to the Bank any necessary documents to the extent and in the amount specified by the Bank, including, at the request of the Bank, the Customer's confirmation as to the legality of the source of the Customer's assets.

10.1.3. The Customer undertakes to not close the Account in the Bank during the entire period of validity of the Contract.

10.1.4. The Bank shall hold the Customer's securities in the Custody and/or Customer Account(s) depending on the terms and conditions established for the registration, owning and holding of the relevant securities, taking into account the Customer's wishes if possible.

Regardless of whether the Customer's securities are held in the Custody or Customer Account(s), i.e. regardless of in whose name the Customer's securities are registered, all the rights arising from such securities are the rights of the Customer and all the obligations arising from such securities are the obligations of the Customer.

The Bank shall keep records of the type and quantity of the securities belonging to the Customer and keep the securities separate from the assets of the Bank and other customers.

10.1.5. The Bank shall deem replaceable an issuer's securities of the same type but belonging to different customers of the Bank, and the Bank shall not be obliged to connect any one particular unit of an issuer's security to a specific customer. On the basis of the Contract, the securities which, as each individual unit, give the actual owners thereof exactly the same rights and obligations shall be deemed securities of the same type.

10.1.6. The Bank shall communicate to the Customer any information, notices and documents related to securities and the issuer thereof, which have been communicated to the Bank by the issuer.

10.1.7. The Bank is obliged to exercise the rights arising from the securities belonging to the



Customer and held in the Customer Account(s) only at the express request of the Customer and on the basis of corresponding orders and any other necessary documents.

#### **10.2. Transaction Order**

10.2.1. All Custody Account Transactions shall be performed by the Bank on the basis of the Customer's Transaction Orders. In concluding a Transaction or providing a service the Bank may require that the Customer submit any other documents that the Bank considers to be important for the performance of a transaction or provision of a service.

10.2.2. The Transaction Orders submitted to the Bank shall be deemed valid until the execution, cancellation or expiry of the term of validity thereof (if the Customer has indicated in the Transaction Order the term of validity thereof).

10.2.3. Transaction Orders shall not be necessary if according to the subjective assessment of the Bank there is any danger to the interests and/or exercise of the rights of the Customer and there are no relevant Transaction Orders concerning the issue and it is not possible for the Bank due to the urgent nature of the circumstances to request that the Customer submit its opinion or a Transaction Order concerning the issue; the Bank shall have the right but not the obligation to adopt measures at its own initiative for the protection of the interests or exercise of the rights of the Customer as effectively as possible, provided that the measures shall not exceed the limits of the authority granted to the Bank by the Contract.

10.3 In the case of an additional issue of the securities held by the Bank on the basis of the Contract, where the Customer has a pre-emptive right arising from the ownership of a relevant security to subscribe for and/or acquire a certain amount of additionally issued securities, and it is necessary to make payments for the subscription and/or

acquisition of the corresponding amount of additionally issued securities, the Bank shall participate in the subscription for and acquisition of such securities only if the Customer has submitted to the Bank a corresponding instruction in time and transferred to the Account or to the account specified by the Bank the amount of money necessary for the subscription for/acquisition of the additionally issued securities.

#### **10.4. Settlements**

10.4.1. The Bank shall transfer the payments made on the Customer's securities (e.g. payment of interests and dividends and other payments arising from the ownership of the securities) to the Customer's Account within 3 (three) Banking Days as from the receipt of the corresponding payment(s) by the Bank.

10.4.2. The Bank undertakes to keep a record of the Customer's securities, record transactions concluded with securities, interests paid on securities, dividends, amounts withheld from the Customer's Account and other payments.

#### **10.5. Sub-custodians**

10.5.1. The Bank may use sub-depositaries for the performance of its obligations arising from the Contract by delegating the performance of the obligations assumed by the Bank under the Contract in part or in full to sub-depositaries. Any persons whose main activities include the provision of the relevant custody services and who, according to the subjective assessment of the Bank, have sufficient experience and (market) position for the performance of the obligations arising from the Contract may act as sub-depositaries.

10.5.2. The Bank shall choose and appoint sub-depositaries applying due diligence. No additional acceptance by the Customer is required by the Bank for the appointment of sub-depositaries.

## **APPENDIX 1. to the General Terms and Conditions of Framework Contract for Securities Transactions**

### **Main risks associated with investment into securities**

When using investment services, the customer shall be obliged to take into consideration at least the following risks associated with investment. The risks provided in this overview are not listed as conclusive, thus the customer shall independently analyse and assess the other possible risks associated with using investment services.

When assessing the risks associated with investments into securities, the customer must consider carefully the impact said risks have on them, considering first and foremost their investment experience.

The customer shall be independently liable for obtaining, analysing and using the information associated with the securities safe kept in the securities account (including information associated with the issuer of the said securities).

A risk is the threat that a loss may occur in relation to investment activities. Depending on the reasons why a possible loss may occur, risks are divided as follows:

#### **Country risk or political risk**

The risk that events occur in the country or region where the securities or issuers who have issued the securities in which the customer invested are located or registered which affect the political or economic stability or further development of the relevant country or region and which results in the threat that the customer will lose their investments in the said country or region in part or in full or suffer a substantial loss on the investments made.

#### **Currency risk**

The risk that may occur upon investment into securities whose price is calculated in foreign currencies as the customer may suffer a loss due to changes in currency exchange rates that are unfavourable for the customer.

#### **Market risk**

The risk that the customer may suffer substantial losses due to unfavourable price movements in general or in certain areas at the relevant regulated market.

#### **Liquidity risk**

Liquidity risk is associated with market risk and mainly means that the customer may suffer losses due to the absence of liquidity at the relevant regulated market, which prevents the sale of securities at the desired time and for the desired price or makes it impossible.

#### **Price risk**

Price risk is associated with market risk, but mainly concerns a certain security or other investment object. The customer may suffer a loss when the price of the security or other asset in which they have invested becomes unfavourable for the customer.

#### **Interest risk**

Interest risk is associated with market risk and means that the customer may suffer losses due to unfavourable changes in the market, which may be expressed in changing interest rates, changing volatility of interest rates, changing difference in the interest rates between investment objects.

#### **Issuer risk**

The Customer may suffer losses because the value of the securities acquired by the Customer falls due to the bad financial indicators, economic difficulties or other similar indicators of the issuer of said securities. Bad economic results of the issuer may among other things cause the inability of the relevant issuer to fulfil the obligations arising from the securities issued by the issuer to the investors.

#### **System risk**

The Customer may suffer losses due to technical failures in the systems and/or accountancy of Custodians, Regulated Markets and other persons associated with the settlement of Securities Transactions as Securities Transactions are not concluded, entries after transactions are delayed, incorrect entries are made due to faults, etc.

#### **Custodian risk**

Even though the Bank selects its Custodians pursuant to the relevant procedure established therefor and with due diligence, separation of the Customer's securities and other assets safekept on a nominee account with

the Custodian from the securities and other assets belonging to the Custodian itself may not be fully guaranteed in the event of the possible bankruptcy of the Custodian because of the lack of legal regulation and/or relevant court practice in certain countries or regions.

Proceeding from the above, there is the threat that the Customer will suffer a loss due to the loss of securities safekept on the nominee account opened with the relevant Custodian in the event the Custodian goes bankrupt or if compulsory measures are applied.

#### **Tax risk**

According to the regulation or practice in a certain market or the services offered by a Custodian operating in such a market, it may not be possible for the Customer to use the incentives arising from the abolition of double taxation contract made between their country of residence and the country where the securities are safekept. Taxation may also be affected by the circumstance that the securities belonging to the

Customer are safekept with their consent on an

account opened with a Custodian in the name of the Bank, which may result in the securities being regarded as securities belonging to the Bank.

#### **Legal risk**

The Customer may not have a full overview or has no overview of the legal acts valid in the country of location of the issuers in whose securities the Customer has invested. The rights of the Customer with respect to securities to which legislation of third countries is applied may differ from those stipulated in the legislation of Estonia or the European Union. As a result of this, the Customer may not be aware of their obligations and therefore suffer losses, or sanctions arising from law may be applied with respect to them. Also, legal acts may be amended in the country and this may bring about the establishment of restrictions or obligations unfavorable for the Customer after the investment was made. If the securities are safekept in an account opened in the name of the Bank, it is impossible for the Customer to exercise their rights and fulfil their obligations personally.

#### **Information risk**

It may be impossible for the Customer to obtain adequate and correct information about the securities or obtaining such information is difficult, which means that it may be impossible for the Customer to make appropriate decisions with respect to their investments.

#### **Risks associated with safekeeping securities on nominee accounts**

Participation in the general meetings of issuers or voting at such meetings on the basis of securities

safekept on nominee accounts may be difficult or impossible in certain markets.

#### **Risks associated with safekeeping securities in the name of the Bank**

In some countries, a Bank safekeeps Securities belonging to the Customer of the Securities Account opened with sub-custodian in the name of the Bank, which means that in legal terms, the Bank shall be deemed to be the holder of said securities. Safekeeping the securities of different Customers with the Customer's consent on the same account opened in the name of the Bank may mean that the Customer shall not be able to participate independently in the general meetings of issuers. The Customer can only participate in the general meetings of issuers if the Bank offers such a service and vote only under the conditions that all Customers whose securities are safekept together wish to vote in the same manner. Safekeeping together the securities of different Customers, creates the risk that as a result of an error, securities that are disposed of are not the object of the relevant disposal transaction. There is also the risk that one of the Customers fails to fulfil the lawful obligations of shareholders. Such a breach may result in the securities account being seized or blocked and none of the Customers may be able to dispose of or use their securities, and the Customer's right to vote on the basis of said securities may also be withdrawn. In order to obtain certain rights of shareholders or to take part in a Corporate Action, the Bank may be required to submit documents and/or confirmation that the Bank is unable to issue. As a result of this, the Customer may be left without or lose certain rights of shareholders.