



## **Otkritie Finance (Cyprus) Limited**

Registration # HE 165058

License # 069/06

Date of Incorporation: 06/09/2005

Issued by the Cyprus Securities & Exchange Commission

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# General Rules and Regulations on Services on the Securities Markets

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## **1. GENERAL PROVISIONS**

1.1. These General Rules and Regulations (hereinafter – “Rules”) is a standard agreement on terms and conditions of providing complex services on the securities market between “OTKRITIE Finance (Cyprus) Limited” with registered address: Leoforos Amathountos, Millios Building, office No.2, Agios Tychonas, 4532 Limassol, Cyprus (hereinafter – the “Company”) and any other entity or individual (hereinafter – the “Client”) meeting the requirements provided for in these Rules (hereinafter – the “Parties”).

1.2. The subject matter of these Rules is the appointment of the Company as a broker of financial instruments and related investments, mutual funds, equity and equity related investments (hereinafter – “Securities”) and monetary funds, which are transferred to and held by the Company according to these Rules. For the purposes of these Rules such Securities and monetary funds, together with all investments and reinvestments made and the proceeds of those monetary funds and investments, and likewise all earnings and profits, excluding all withdrawals, are referred to as the “Portfolio”.

1.3. The Client hereby appoints the Company its agent and attorney-in-fact, with full power and authority and with approval of the Client to act in accordance with the Instructions and these Rules (except as expressly provided by law) and to take all reasonable and necessary actions in connection with its obligations and rights as set forth herein.

### **1.4. Licenses of the Company**

Cypriot Investment Firm license of the CYPRUS SECURITIES & EXCHANGE COMMISSION

(address: 32 Stasikratous str., 4th Floor, 1065 Nicosia, Cyprus, web site:  
<http://www.cysec.gov.cy>)

License Number: 069/06

License Date: 10<sup>th</sup> August, 2006

Registration Number: HE 165058

1.5. Conclusion of the Agreement on Rendering of Brokerage Services is carried out by accession of the Client to the terms and conditions of these Rules. To accede to the terms and conditions of the Rules the interested parties and “OTKRITIE Finance (Cyprus) Limited” conclude the Agreement on Rendering of Brokerage Services in the form stated by Appendix N<sup>o</sup>1 these Rules (hereinafter – the “Agreement”). The Agreement is deemed concluded from the date of its signing by both parties.

1.6. The Agreement shall be signed by the Client personally or by its representative acting on the basis of Power of Attorney or other grounds set by legislation in force.

1.7. The Provisions of these Rules are in force under the current legislation of the Republic of Cyprus. Any legal relations appearing from these Rules are regulated and interpreted in accordance with the laws of the Republic of Cyprus.

1.8. The language in which business will be conducted is English. However additional languages can be used on the Client's request.

1.9. All information, reports, notifications, messages and other documents covered by the Rules may be given to the Client in the Company's office or sent to the Client via e-mail (electronically), fax, by post and through Company's website.

1.10. A confirmation will be send to retail clients of an executed order in a durable medium or in electronic form, no later than the 1st Business Day after its execution.

1.11. The Company has various measures in order to safeguard and protect Client's financial instruments and funds. The Company keeps, maintains such records and accounts as are necessary to distinguish assets held for one client from assets for any other client or for the Company itself.

The Company maintains records and accounts in a way that ensures their accuracy, and in particular their correspondence to the financial instruments and funds held for clients.

The Company conducts on regular basis reconciliations between its internal accounts and those of any third parties by whom those assets are held.

The Company ensures that any Client's financial instruments deposited with a third party, are identifiable separately from the financial instruments belonging to the Company and from financial instruments belonging to that third party,

Where the Client's funds are deposited, in a central bank, a credit institution or a bank authorized in a third country or a qualifying money market fund are held in an account or account identified separately from any accounts used to hold funds belonging to the Company.

The Company has adequate organizational arrangements in order to minimize the risk of the loss or diminution of client assets or of rights in connection with those rights.

1.12. OTKRITIE Finance (Cyprus) Limited is a member of the Investors Compensation Fund (see detailed description on [http://www.otkritiefinance.com.cy/en/open\\_account/](http://www.otkritiefinance.com.cy/en/open_account/)).

#### 1.13. Conflict of Interest Policy

The Company established a Conflict of Interest Policy (Schedule 1 to the Rules) in accordance with the Cypriot Law 144(I)/2007 "Investment Services and Activities and Regulated Markets". Its aim is to ensure that the Company's clients are treated fairly and at the highest level of integrity and that their interests are protected at all times.

#### 1.14. Complaints Handling

The Company established, implemented and maintains effective and transparent procedures for the reasonable and prompt handling of complaints received from clients, retail clients or potential retail clients. Company keeps a record of each complaint (see detailed description on [http://www.otkritiefinance.com.cy/en/open\\_account/](http://www.otkritiefinance.com.cy/en/open_account/))

#### 1.15. Conduct of business obligations when providing services to clients.

- Appropriateness Tests

When providing services the Company obtains the necessary information regarding the Client's or potential client's knowledge and experience in the investments field relevant to the specific type of product or service offered or demanded, in order to allow the Company assess whether the investment service or product envisaged is appropriate for the Client. The Client must have the necessary knowledge and experience in order to understand the risks involved in relation to the product or investment services offered or demanded.

If the test indicates that the investments service or product is unsuitable for the Client, the Company immediately informs the Client to this effect, in a standardized format.

Questionnaires are specially designed in order to obtain the necessary information required to apply the Appropriateness Test. Furthermore in order to perform the appropriateness test the Company needs to know and have information about the Client's knowledge and experience and this type of information can be obtained by answering the questionnaires. Information about the knowledge and experience of the Client or potential client can be gathered by answering particular questions, for example the types of service, transaction and financial instruments with which the Client is familiar. The nature volume and frequency of the Client's transactions and the period over which they have been carried out and lastly questions regarding the level of education and profession. The Company relies on the information provided by its clients or potential clients unless it is aware that the information is manifestly out of date, inaccurate or incomplete.

In case the Client or potential client decides not to provide the necessary information or where he provides insufficient information regarding his knowledge and experience, the Company warns the Client

or potential client that such a decision does not allow the Company to determine whether the investment services or financial product is appropriate for him.

However when the Client has already made transactions in a specific type of product before the implementation of MiFID, the Company is not required to perform an appropriateness assessment when the Client enters in transactions with that instrument again after the implementation.

Nevertheless MiFID provides an exception to the appropriateness tests where execution-only services can be provided for non-complex products if the Client has specifically requested it and where no appropriateness judgment is made and the Client has been told that he does not benefit from corresponding protection.

#### 1.16 Best Execution Policy

The Company established a Best Execution Policy (schedule 3 to the Rules). This policy sets forth the general basis on which "best execution", as required by the Cypriot Law of 2007 "Investment Services and Activities and Regulated Markets" and the Cyprus Securities and Exchange Commission DIRECTIVE DI144-2007-02, will be provided.

## **2. TERMS AND DEFINITIONS**

2.1. In these Rules unless the context otherwise requires, the following terms shall have the following meanings:

**"Accepted Market Practice"** shall mean, with respect to the penalty provisions hereunder, late payment/delivery interest rates which currently constitute two tenth of one percent (0,2%) of the total value of a particular transaction per each day of delay in payment/delivery, or any other such rates which may be applicable to transactions initiated by the Company pursuant to the provisions of these Rules with third persons.

**"Accrued Interest"** shall mean the coupon interest or other income accrued on the Securities as of the Trade Date to be added to the Payment Amount.

**"Affiliate"** shall mean in relation to any person, any entity controlled, directly or indirectly, by the person, any entity that controls, directly or indirectly, the person, or any entity directly or indirectly under common control with the Person.

**"Assets"** shall mean Funds and Securities.

**"Authorized Person(s) of the Client"** or **"Authorized Person(s) of the Company"** or **"Authorized Person(s)"** shall mean (i) any officer, employee, manager or agent of either Party as has been authorized by notice in writing to the other Party to act on behalf of the first Party in performance of any acts, elections or obligations under these Rules, or (ii) any other person, firm or company holding a duly executed power of attorney from either Party which is in a form acceptable to the other Party.

**"Business Day"** shall mean a day (other than Saturday or Sunday) on which commercial banks and stock exchanges are open for business in the Russian Federation, the City of New York, USA and the City of London, United Kingdom.

**"Client"** shall mean the Client and no other Person, unless otherwise agreed by the Parties. The Company shall treat the Client as principal.

**"Control"** shall mean direct or indirect possession of power by means of ownership of a majority of the voting stock of an Affiliate or otherwise, directly or indirectly, to appoint a majority or controlling number of directors or similar members of management of an Affiliate or otherwise to stipulate, direct or manage the policies and activities of the management of an Affiliate.

**"Delivery Date"** shall mean a Business Day on which either Party shall transfer the Securities to the Account, unless otherwise agreed by the Parties.

**"Funds"** shall mean the Client's money, which: (i) shall be transferred by the Client to the bank account of the Company for purposes of purchasing the Securities according to the provisions herein in advance and prior to any transactions initiated by the Company with third Persons according to the Client's Instructions; and/or (ii) have been received by the Company from third Persons as a result of an appropriate sale transaction of the Securities initiated by the Company according to the Client's Instructions.

The Funds so transferred and/or received by the Company shall be deposited and kept by the Company in the Account. The amount of such Funds shall be stated by the Company in the appropriate Statement. The Client may transfer additional Funds to the Account or withdraw the Funds from the Account with a prior Instruction to the Company, provided, however, that such withdrawal of Funds will not affect the previously accrued obligations of the Parties and shall not affect any transaction initiated by the Company with a third Person pursuant to the Instructions. The Client shall transfer the Funds to specially designated account or accounts of the Company as the Company may from time to time inform the Client. Further, the Client hereby authorizes the Company to use such Funds in its discretion in order to effect these Rules and appropriate Instructions.

**"Financing Cost"** shall mean the cost of the Company's funds to be used by the Company to finance transactions initiated by the Company pursuant to the Instructions. The Financing Cost shall be equivalent to the rates specified in Appendix 10 to these Rules, unless the Parties otherwise agree. The Company shall have the right to change the aforementioned rate, provided that such change shall be made on reasonable basis and with a 10 (ten) Business Days prior notification to the Client. Any change in the rate of the Financing Cost shall be deemed accepted by the Client if a notification to the contrary is not received by the Company from the Client within the time period set forth above.

**"Instructions"** shall mean instructions from any Authorized Person of the Client with respect to the Services received by the Company, provided that:

(a) For the **Brokerage Services**, Instructions or trade orders (the "Trade Order") shall be given in writing and relate to purchase or sale of the Securities. The Trade Order shall (i) be completed substantially in the form of Appendix N<sup>o</sup> 2 to these Rules (except to the extent otherwise agreed by the Parties or required by the Laws); (ii) contain a minimum the Material Terms as well as other relevant additional terms, if any, and (iii) refer to these Rules. By agreement of the Parties, the Trade Order may also evidence the transfer of ownership rights from one Party to the other Party in respect of the Securities. In the event of any inconsistency between the provisions of the Trade Order and the provisions of these Rules, the provisions of the Trade Order shall prevail,

(b) For the **Custodian Services**, Instructions shall be given in writing and shall at a minimum include the following terms: the Issuer, type of the Securities, total nominal value (or number, if nominal value is not applicable), issuance number and date or ISIN, series of the Securities to be transferred or received, the amount of Funds to be transferred or received, time period during which appropriate operation shall be taken, as well as other relevant additional terms, which shall be included in accordance with a form of the respective Instruction and are necessary to fulfill the Instruction.. Instructions for crediting the Account when the Client transfers, or causes any other party to transfer, the Securities in the Account, as well as Instructions for debiting the same when the Company delivers out the Securities from the Account (other than pursuant to a transaction executed hereunder), shall be given in writing in the form attached as Appendix N<sup>o</sup> 9 hereto;

(c) Instructions shall be provided and carried out subject to the Laws; and

(d) The Company shall not be required to perform any Instructions in the event such performance is prohibited, restricted or otherwise limited by the Laws and regulations applicable at the relevant securities market(s) and/or the Company's internal compliance procedures, as well as in the event the performance of any Instruction of the Client may, in the Company's sole opinion, infringe the Company's rights and/or interests in any form or manner. The Company shall promptly notify the Client about such prohibitions, restrictions or limitations, but shall in no event be required to give any written or oral explanations as to the nature of and the reasons for such non-performance of the Client's Instruction as far as the Company's rights and interests are concerned. The Parties shall decide on subsequent steps to be taken with respect to such Instructions. The Company shall not be liable for any damages incurred by the Client in the event the Company fails to perform Instructions due to limitations arising from the Laws and such regulations or otherwise as set forth herein above.

**"Investment (Brokerage) Account"** or **"the Account"** shall mean an internal account or several accounts to be opened and maintained by the Company for the Client in respect of the Funds and Securities, and which shall include, without limitations, the relevant information about the Client, Issuer, type of the Securities, total nominal value (or number, if nominal value is not applicable), issuance number and date, series of the Securities and the amount of Funds and/or other information if appropriate.

**"Issuer"** shall mean any Person duly organized and validly existing under the laws of its jurisdiction, which has issued the Securities.

**"Laws"** shall mean the applicable laws, governing the performance of any activities contemplated herein by the Agent or its designated agents, brokers/dealers, custodians or nominees.

**"Material Terms"** shall mean the terms of the Trade Order and any applicable transaction agreed upon by the Parties as the result of receipt by the Company of Instructions from the Client. At a minimum, the Material Terms shall include the following items:

- Trade Date;
- Direction of trade (i.e., buy or sell);
- Instruction (i.e., to debit or credit the Account);
- Issuer;
- Type of the Securities;
- ISIN/registration code of the Security;
- Payment Amount and currency;
- Delivery Date;
- Value Date;
- settlement detail if differ from the ordinary market practice on a venue where execution of the Client's Instruction takes place;
- Accrued Interest (if applicable);
- Price of the Securities;
- Total Nominal Value and/or Quantity of the Securities (whichever is applicable); and/or
- other items, if appropriate subject to specifics of a transaction.

**"Method of Valuation"** shall mean the method of determining the value of the Securities. For the purposes of these Rules, the Method of Valuation shall consist of a commercially reasonable estimation undertaken independently by the Company and shall reflect the price at which the Company determines it may sell Securities in accordance with the terms of these Rules. Such price shall be determined at the bid for long positions and ask for short positions at the end of the trading period during which the Method of Valuation is required.

**"Nominal Value"** shall mean the aggregate par value of Securities.

**"Payment Amount"** shall mean the amount to be paid by one Party to the other pursuant to the provisions of these Rules, including the Company's fees or by the Company or the Client to the third party in accordance with the Instruction of the Client. In respect of the Securities with a coupon interest, the Payment Amount shall also include the Accrued Interest accumulated on such Securities as of the Trade Date.

**"Person"** shall mean any individual, partnership, bank, joint venture, firm, corporation, company, association, trust or other legal entity or any government or political subdivision or any agency, department or instrumentality thereof.

**"Price"** shall mean the price for the Securities in US Dollars or in another currency or in percentage of their total Nominal Value on the relevant stock exchange, trading system, or over-the-counter market through which the Securities are to be purchased, or sold, or otherwise transferred, or redeemed. The Price of the Securities shall be determined in an applicable Trade Order.

**"Registrar"** shall mean a legal entity that maintains the register of holders of the Securities (if applicable), for which it holds a valid license.

**"Securities"** shall mean any notes, stocks, treasury stocks, bonds, debentures, evidences of indebtedness, certificates of interest or participation in any profit-sharing agreement, collateral trust certificates, transferable shares, investment contracts, certificates of deposit for a security, any put, call, straddle, options, or privilege on any securities, certificate of deposit, or group or index of securities, or any put, call, straddle, options, other derivatives or privilege entered into on a national securities exchange relating to foreign currency and other as may be defined so according to the Laws, and shall include certificates and extracts from applicable depository institutions, evidencing the title thereto.

The Securities shall constitute those which have been issued and registered under the Laws and are traded in organized stock exchanges and palaces through a local broker/dealer or otherwise.

**"Services"** shall mean the services provided for by the Company to the Client in accordance with these Rules. The charges for the Services may be amended by the Company by providing the Client with thirty (30) days' prior written notice.

**"Trade Date"** - The date on which a trade with the Security occurs.

**"Value Date"** shall mean a Business Day on which the Payment Amount shall be transferred by one Party to the bank account of the other Party, unless otherwise agreed by the Parties.

2.2. In these Rules unless the context otherwise requires:

- (a) a reference to a clause, paragraph or Appendix is, unless stated otherwise, a reference to a clause or paragraph of, or Appendix to, these Rules;
- (b) a reference to one gender is a reference to all or any genders, and references to the singular include the plural and vice versa;
- (c) a reference to a particular time of day is, unless stated otherwise, a reference to that time in Cyprus; and
- (d) a reference to "RUB", "Roubles" or "Rubles" is to the lawful currency of the Russian Federation as. A reference to "USD", "US\$" "\$" or "Dollars" is to the lawful currency of the United States of America.

### **3. OBLIGATIONS OF THE PARTIES**

#### **3.1. The Parties are obliged to:**

3.1.1. Carry out their activities in accordance with these Rules and the laws of the Republic of Cyprus.

#### **3.2. The Company is obliged to:**

3.2.1. Upon receipt of the Client's Instruction to fulfill it in strict correspondence with material terms of the Instruction.

3.2.2. Make timely requests related to fulfillment of claims and Instructions of the Client in the procedure specified by the Regulations of Trading Systems and these Rules.

3.2.3. To provide reports on the transactions concluded by the Client and on the balance of the assets pursuant to these Rules.

3.2.4. To act exclusively on the basis of the Client's direct Instructions (including but not limited to: date, time and form of concluding transactions) in the form of Appendix N<sup>o</sup> 2 on purchase of the Securities to be included into the Portfolio or sale of the Securities from the Portfolio.

#### **3.3. The Company is entitled to:**

3.3.1. Act as principal in any transactions for the disposal of Securities in the Portfolio and such transactions may be entered into on behalf of the Client in accordance with the Instructions.

### **3.4. The Client is obliged to:**

3.4.1. Provide a Power of Attorney for the person assigned to manage the account and conclude transactions on behalf of the Client, in case of such authorization.

3.4.2. Timely provide all documents necessary for opening accounts and concluding transactions in the trading systems as well as for re-registration of property rights on securities on the account.

3.4.3. Pay for Services and reimburse all the Financial Costs and other expenses of the Company incurred in connection of execution of the Instruction in compliance with the terms and conditions of these Rules.

3.4.4. Provide copies of balances, other documents confirming financial condition of the Client at the Company's request.

3.5. The Client shall be responsible for instructing the Company to convert any monies held by the Company for the Client into other currency as it is necessary to execute the Client's Instruction. In case if the Client does not have the required currency for execution Client's Instruction, to repay debts to the Company or third parties, reimburse expenses of the Company or pay to the Company other sums under the Rules it is agreed that the Client has instructed the Company to convert monies held by the Company for the Client into the required currency. The Company discretionally decides which monies of the Client shall be converted. Whenever the Company conducts currency conversions the Company shall do so at such reasonable rate of exchange as the Company selects. The Company shall be entitled to charge and retain for its own account a mark-up on the exchange rates for arranging such conversion or shall be entitled to charge the Client fees and commissions related with currency conversions. All foreign exchanges transacted by the Company will be carried out in accordance with the standard practices for the relevant currencies unless agreed otherwise.

## **4. CONCLUSION OF THE AGREEMENT**

4.1. The parties hereby set the following procedure of concluding the Agreement:

- the Client fills in the "New Client Account" Form (Appendix N°3 to the Rules);
- the Client fills in the "Know Your Customer" Profile (Appendix N°4 to the Rules);
- the Client provides for the Company's consideration the set of documents in accordance with the list adopted by the Company (Appendix N°5 to the Rules);
- in case the Company takes the decision to conclude the Agreement with the Client, the Client signs 2 (two) originals of the Agreement and passes them to the Company for signing;
- the Company signs the Agreement and returns 1 (one) fully signed original to the Client.

## **5. INFORMATION ON SECURITIES OR COMPANIES**

5.1. The Client is and shall remain, solely responsible for evaluating the risks in relation to purchases and sales of Securities. The Company strongly advises the Client to seek its own independent advice, both legal and financial, on the risks of entering into any such transactions. No documentation or information forwarded by the Company to the Client should be taken as constituting investment advice.

5.2. The Company makes no representations or warranties in relation to the Securities. The Company makes no representations or warranties in relation to any information provided, or opinions expressed, to the Client (whether written or oral) in connection with any such Securities or with investing in general.

5.3. The Client confirms that he has knowledge and experience in financial and business matters and investing in emerging markets, that he is capable of evaluating the merits and risks of purchasing and selling the Securities and the Client undertakes all possible risks related to the execution of these Rules.

The Client is further referred to the Risk Notification set forth in Appendix № 6 hereto, which forms an integral part hereof.

## **6. COMMUNICATIONS**

6.1. The Company may rely upon any communication in any form (including oral communication) made by any Authorized Person on behalf of the Client listed on Appendix № 7 hereto, as amended from time to time. The Client will be responsible for performing any contracts or obligations entered into, and for all costs and expenses incurred by the Company in consequence of such communication. Any change in the Authorized Persons shall be notified to the Company in writing without undue delay. Until the Company receives notification of any such change, the Company shall not be bound to act on any such change.

6.2. Both Parties agree that, either Party may record telephone conversations with the other Party or such Party's employees, officers and agents and each of the Parties agree that such recordings may be used as evidence in the event of a dispute.

## **7. ACCOUNTS**

7.1. The Client shall deposit funds sufficient to execute the Instructions of the Client, unless the parties agreed otherwise, into the Company's Account (the "Account"), which is opened with the bank (current details of the account are provided in Appendix № 8 hereto). The Company shall notify the Client promptly of the selection of any other bank with which to hold such Account. Any bank account in the name of the Company in which cash moneys are held shall be designated as a "Client's Account" or similar to put third parties on notice that those moneys do not belong beneficially to the Company.

### **Clients financial instruments and funds held by third party**

(a)	Bank of Cyprus
(b)	OTKRITIE Bank (JSC)
(c)	Otkritie Securities Limited
(d)	JPMorgan Bank

7.2. Where Client's assets are held by a third party on behalf of the Company, the Company informs the Client of this fact and of the responsibility of the Company to the Client, for any acts or omissions of the third party or the consequences for the client of the insolvency of the third party.

The Client has the right to disagree on the use of specific third party for holding his assets and financial instruments. In case the Client has no objections with the list of third parties used by the Company it shall mean that the client accepts all the risk arising due to the holding of assets, funds and financial instruments with third parties.

More details can be provided to the Client on any third party upon request.

7.3. The Company shall maintain its own books and records (the "Securities Account" and together with the Account - the "Accounts"), where the Company shall enter a record of all Securities purchased, sold, or surrendered upon maturity, and any other transaction conducted by the Company on behalf of the Client pursuant hereto.

7.4. The Company is authorized to receive and collect all income and principal with respect to the Portfolio; and to surrender the Securities at maturity or when called for redemption against payment for them.

7.5. The Company's books and records shall at all time show that the Client's Securities are part of the Portfolio. All proceeds or income of the Portfolio received or paid to the Company shall be beneficially owned by the Client and shall be held in the Accounts.

7.6. The Client may at any time upon 3 (Three) business days' written notice (Appendix № 9) request delivery of any cash held in the Client's Account, subject to the Company retaining sufficient assets to comply with prior commitments and being reimbursed for any costs and expenses necessarily incurred in arranging the withdrawal. The cash is transferred to the Client only to the bank details specified in Appendix № 8 to these Rules.

7.7. The Client may at any time upon 3 (three) business days' written notice request delivery of some or the entire Portfolio held in the Securities Account. In such a case or in the event of withdrawal from these Rules pursuant to clauses 17.1., 17.2., hereof, the Company shall as soon as practicable thereafter transfer all or some of the Portfolio to the Client or its designated nominee, withdrawing cash from the Account sufficient to cover the costs and expenses of such transfer, provided, however, that the Company shall be under no obligation to transfer any Securities where the Company in its sole and reasonable judgment determines that such transfer is forbidden or made impracticable by applicable law, rule or regulation. In the event that transfer of certain Securities is impracticable or impossible, the Company shall so notify the Client and continue to hold such Securities until further Instructions.

7.8. The Client agrees that in case that there is no movement on the Client's account for 12 (twelve) consecutive months the Company may withdraw from the Rules pursuant to clauses 17.1, 17.3 and 17.4 hereof and terminate the Agreement on Rendering of Brokerage Services unilaterally.

7.9. In case that there is no movement on the Account for 36 (thirty six) consecutive months after the withdrawal of the Company from the Rules and termination of the Agreement on Rendering of Brokerage Services the Company ceases to treat the Assets held in the Client's Account as the Client's Assets. The Company shall send a notice to the Client at his last known address informing of intention to no longer treat the Client's Assets as the Client's Assets and thereafter give the Client twenty eight (28) days to make a claim.

## **8. FUTURES AND FORWARDS DELIVERY MONTH LIQUIDATION INSTRUCTIONS, EXERCISE OF OPTIONS**

8.1. The Client is required to deposit sufficient funds in case of delivery intentions in case of having long positions in futures and forwards. If neither instructions, funds, nor documents are received, the Company without notice may either liquidate positions in futures and forwards or make or receive delivery on behalf of the Client upon such terms and by such methods which the Company deems feasible.

8.2. If at any time the Client fails to deliver to the Company any Securities, assets or money in compliance with contracts previously sold by the Company on behalf of the Client or fails to deliver Securities, asset or money in compliance with contracts, or the Company shall deem it necessary (whether by reason of the requirements of any Exchange, clearing house or otherwise) to replace any Securities, contracts or other assets previously delivered by the Company for the Client's account with other Securities or assets of like or equivalent kind or amount, the Client authorizes the Company to borrow or to buy any Securities or assets necessary to make delivery thereof or to replace any such Securities or assets previously delivered and to deliver the same to such other party to whom delivery is to be made. The Company may repay subsequently any borrowing thereof with Securities or assets purchased or otherwise acquired for account of the Client. The Client shall pay the Company for any cost, loss and damage from the foregoing (including consequential damages, penalties and fines) which the Company may be required to incur or which the Company may sustain from the Client's inability to borrow or buy any such Securities or assets.

8.3. The Clients understands that exchanges have established exercise cut-off times for the tender of exercise instructions in relation to options and those options may become worthless in the event that the Client does not deliver instructions by such expiration time. The Client also acknowledges that the Company may establish exercise cut-off times that are earlier than the exercise cut-off times established by the relevant exchanges, and the Client shall have no claims against the Company arising out of the fact that an option was not exercised.

8.4. The Company is authorised, but has no obligation, to exercise any option on behalf of the Client that is "in the money", where the Client has failed to provide instructions to the Company in a timely fashion, unless otherwise agreed. Where the Company or intermediate brokers do not specify a particular transaction when exercising an option, the Company may allocate in a way that seems to it to be most equitable.

## **9. ENCUMBRANCES**

9.1. Either the Client or the Company, when they are dealing in Securities, will cause or permit the Securities which are the subject of any transaction to become subject to any lien, right of set off, charge, equity, encumbrance or other security interest other than by operation of law or pursuant to these Rules.

## **10. COMPANY'S RESPONSIBILITIES FOR SETTLEMENT**

10.1. In relation to each transaction requiring registration, the Company shall effect registration on the Client's behalf, and all registration fees incurred on the Client's behalf shall be for the Client's Account and shall be deducted from the Account.

10.2. The Company will, at the Client's expense, use its reasonable endeavors to procure the registration of the Securities in the relevant register and if necessary, procure the receipt by the Company of an extract from such register once registration has taken place.

10.3. The Company may appoint an agent to effect registrations. In fulfilling its obligations under these Rules, the Company or its agent may rely upon any document or other communication reasonably believed by the Company or its agents to be genuine and correct; and/or any person regarding any matters, which may reasonably be assumed to be within his or her knowledge or within his or her power to verify. The Company and its agents shall not be liable to the Client for the consequences of such reliance.

10.4. The Company does not give any representations or warranties as to the truth, completeness or accuracy of any extract of any register or that the extract correctly sets out the interest of the relevant Party.

## **11. COMPENSATION TO THE COMPANY, EXPENSES AND LIABILITIES**

11.1. All bank and brokerage charges, disbursements, liabilities and expenses, including, without limitation, legal fees, value added, sales or other applicable taxes (together the "Expenses") incurred by the Company in the proper performance of its functions in connection with the execution of conditions of these Regulations and the Agreement shall be for the Client's Account, and all such Expenses shall be deducted from the Account promptly or regularly by the Company.

11.2. The Company shall not be liable for any loss suffered by the Client in connection with the services provided in accordance with the specific Instructions given by the Client for execution under these Rules (and in particular, but without limitation, the Company shall not be liable for any loss which may be sustained in the purchase, holding or sale of any Securities in accordance with these Rules) unless such loss arises from the bad faith, willful default or fraud of the Company or any of its employees.

11.3. The Client agrees to keep the Company free from any cost and expenses reasonably incurred by them and against liabilities arising to third parties pursuant to or in connection with the activities of the client under these Rules, unless due to the negligence, willful default or fraud of the Company.

11.4. As compensation for the services under these Rules, the Client shall pay to the Company a fee according to the rate and in the manner set forth in Appendix № 10a or 10b, as may be amended by the Company one-sidedly and notified to the Client not later than 10 (Ten) Business Days. In case of an objection from the Client's side on the introduced changes, the Client has a right to withdraw from these Rules not before than the conclusion of inter-settlements.

11.5. The Company shall submit to the Client a statement in respect of the fee due each calendar month and the Company is authorized to withdraw the amount of the fee from the Portfolio. The Client shall in addition pay any value added or other similar tax on the amount of the Company's fee.

## **12. PROVISION OF INFORMATION TO THE CLIENT AND ITS REPRESENTATIVES**

12.1. The Company will send to the Client by facsimile or other electronic means an update of trading activity, net positions and net mark to market value of the Portfolio as determined in good faith by the Company and a statement of the Client's cash in the Account, whenever the Client shall reasonably request. The Client shall be bound by the contents of such update if not disputed within 3 (Three) Business Days of sending by the Company.

12.2. The Company shall extend during normal business hours as and when requested by the Client all reasonable facilities and assistance to the Client's auditors and other Authorized Persons to audit and verify records of the Company relating to the investments and papers in the Portfolio.

### **13. CONFIDENTIALITY**

13.1. The Company will, except only in so far as is: established by law or regulation; or necessary for effecting settlement; or permitted in writing by the Client, ensure that all non-public matters relating to the Portfolio will be kept strictly confidential within the Company and its Affiliates. Notwithstanding the foregoing, the Company's composite performance record may include the results of the Portfolio's trading without naming the Client.

13.2. Upon request the Client will be provided with login and password for brokerage trading in Web Quik and for website online reports. The Client guarantees that he will not transfer any information on the software and applications provided to him concerning the online trading program Quik.

13.3. The Client will store the electronic keys for access to Internet Brokerage program Quik in a safe place and will be responsible for it. The Client will be solely responsible for any activities done on his Investment Account using his password and identity. The Company will not be liable under any circumstances for activities on the Client's Account unless done by an Authorized Person of the Company. The Client may use "Secret Word" as password to pass brokerage instructions on telephone to the Broker, this password will be determined by him. The Client is himself responsible for the Secret word and should not disclose it to anyone.

### **14. REPRESENTATIONS AND WARRANTIES**

14.1. The Client represents and warrants the Company that it is duly incorporated and validly existing under the laws of its country of incorporation and has all necessary powers.

14.2. The Client is duly authorized and empowered to perform its duties and obligations, and these Rules contain its legal, valid and binding obligations enforceable in accordance with their terms.

14.3. The person signing the Agreement on behalf of the Client is duly authorized to do so.

14.4. The signing, delivery and performance of the terms and conditions of the Agreement and these Rules by the Client do not and will not contravene or constitute a default under, or cause to be exceeded, any of the following, namely: any law by which the Client or any of its assets is bound or affected; rights of any third parties in respect of the Client or the Securities; any agreement to which the Client is a party or by which any of its assets are bound.

14.5. The representations and warranties provided in this Section will be deemed repeated by the Client on each date on which it enters into a transaction.

### **15. APPLICABLE REGULATIONS**

15.1. The Company will not be required to carry out any instructions which lead it to do anything or refrain from doing anything which would in its opinion infringe any laws, regulations or provisions to which it is subject or with which it customarily complies, whether legally enforceable or not, and it may do whatever it considers necessary to comply with such laws, regulations or provisions.

15.2. In such circumstances the Company shall inform the Client that, in its opinion such instructions are contrary to such laws, regulations or provisions and its reasons therefore and, subject to the Client's approval, shall amend such instructions in order to ensure that they comply with applicable legislation.

## **16. FORCE MAJEURE**

16.1. Neither the Client nor the Company will be liable for the consequences of any delay, failure or inability to discharge an obligation contained in these Rules, or pursuant to any transaction, for reasons beyond their reasonable control. Such events will include but not be limited to any law, order, regulation or threat of any governmental or other authority, computer systems breakdown, change of market conditions or practice, or actions of the holder of an issuer's register of shareholders which prevent completion of these Rules or any transaction.

## **17. TERMINATION OF THE VALIDITY OF THE RULES**

17.1. These Rules are executed without time limit. The Company may withdraw from these Rules at any time by giving at least 10 (Ten) Business Days' written notice to the Client.

17.2. The Client may withdraw from these rules at any time by giving 10 (Ten) Business Days' written notice to the Company.

17.3. In the event if either Party gives notice to withdraw from the Rules, the Company shall (except to the extent otherwise required by the Client) continue to do all such acts as it is empowered and required to do by any part of these Rules and the Agreement, except that it shall not without the express instruction of the Client enter into any new commitment after the receipt of such notice.

17.4. Withdrawal from these Rules shall be without prejudice to the completion of transactions already initiated or to the Company's rights to compensation. Transactions in progress shall be dealt with in accordance with the Client's instructions or, in the absence of such instructions, having regard to the best interests of the Portfolio.

## **18. NOTICES**

18.1. All instructions and notices for the purposes of these Rules and the Agreement shall be given or sent by international courier, e-mail or by facsimile communication to the Client's and the Company's postal or electronic addresses.

All communications or notices sent to the Client's and Company's postal addresses shall be deemed duly delivered on the date of receipt if delivered by hand; if transmitted by fax or other electronic means; or the date of receipt via an internationally recognized courier service.

18.2. All instruction in respect of cash transfer and securities transfer including your instruction for "delivery versus payment (DVP)" settlement shall be given or sent within the following cut-off times:

- (a) EUR, GBP, RUR, USD – 12.00 PM GMT, Monday - Friday for value date 'today';
- (b) CAD, CHF, SEK and other currencies –18.00 PM GMT, Monday – Friday for value date 'tomorrow';
- (c) Securities transfer orders (including DVP instructions) - 12.00 PM GMT, Monday – Friday for value date 'today'.

## **19. AUTHORITIES**

19.1. Each of the Parties to the Agreement and the Rules hereby represents that it is duly authorized and empowered to execute, deliver and perform the Agreement and these Rules and that such actions do

not conflict with or violate any provision of Law, rule or regulation, contract, deed or trust, or other instrument to which it is a party or to which any of its property is subject, and that these Rules are a valid and binding obligation enforceable in accordance with its terms.

## **20. SECURITY AND SET-OFF**

- (a) Without prejudice to any other rights or remedies which the Company may have at law, where the Client does not remit any amounts due hereunder within a reasonable time under these Rules:the Company shall have a lien, right of retention and power of sale and charge (a “Security Interest”) over any and all cash, investments documents of title, certificates and other assets, including, but not limited to, the Securities of the Client (the “**Security Assets**”) whether in the sole name of the Client, in name of the Company or associate, agent or nominee of Company held on behalf of the Client, to the extent of and to satisfy any outstanding liability which the Client may have now or at any time towards Company or any associate pursuant to these Rules;
- (b) The Client agrees that it will not withdraw or seek to withdraw any property which is subject to the Security Interest or in any way, encumber, assign, transfer or deal with such property without prior consent of the Company and until any outstanding liabilities towards the Company or its Affiliate at any time are repaid pursuant to these Rules, the Client relinquishes all rights in the Security Assets;
- (c) the Company may apply any property which is subject to the Security Interest together with (if applicable) any interest thereon whether or not credited in reduction or discharge of your outstanding liabilities pursuant to these Rules and for that purpose the Company may realize any such property without further notice and generally exercise any remedies of a secured creditor;
- (d) the Company may set off any obligation owing by the Client under these Rules and the Agreement entered into pursuant hereto against any obligation owing by Company to the Client (whether or not in connection with these Rules and the Agreement), regardless of the currency or place of payment of wither obligation. If such obligation is unascertained or unliquidated, the Company may in good faith estimate the obligation and set off in respect of the estimate, subject to the relevant Party accounting to the other when the obligation is ascertained or liquidated. If the obligations are in different currencies, the Company may convert the obligations at a market rate of exchange in the usual course of its business for the purposes of set-off. The Client shall indemnify the Company for any loss, damage, costs, claims and demands arising as a result of the operation of this set-off;
- (e) The rights conferred upon the Company are continuing and outstanding liabilities are not to be considered satisfied by any repayment or partial repayment;
- (f) the Company may without further notice at anytime and in its absolute discretion sell or otherwise dispose of any part of the Security Assets without being under any liability to the Client in respect of the price of any other terms, the Company may debit the Client’s Account with the costs of such sale and apply the costs of the proceeds as the Company sees fit. This does not affect the Company’s right to enforce payment without resort to security;
- (g) If the proceeds of the realization of the Security Assets are not enough to repay all outstanding liabilities, the Client will repay the amount of the deficiency immediately to the Company; or
- (h) The Security Interest of the Company is not affected in any way by any time indulgence or relief given by the Company.

## **21. CUSTODY TERMS**

21.1. Where the Client’s Assets are held or received by the Company, the Company may agree to act as custodian or to arrange for Assets (“Custody Assets”) to be held in custody. The Company will open, or cause to be opened, such accounts as are required to safeguard adequately the Client’s ownership rights in those securities and other Assets in the event of the Company’s insolvency, and to minimise the chance of loss or diminution of those Assets.

21.2. The Client hereby authorises the Company to register or arrange the registration of Custody Assets in any name permitted by the Laws. Normally, Custody Assets will be held in the name of an eligible nominee. However, where the Custody Assets are subject to the Laws or market practice outside the Cyprus and it is in the Client’s best interests to do so, the Company may register or record Custody Assets in the name of the custodian or Company name. If Custody Assets are held in Company name or that of a custodian, the Custody Assets may not be segregated or separately identifiable from Company

Assets or those of a custodian and, in the event of a default by the Company or the custodian, may be not as well protected from any claims by the Company creditors.

21.3. If the Company deposits Custody Assets with a person in a non-EEA state, they will be subject to the law of that state and the Client's rights in relation to those Assets may differ accordingly.

21.4. The Company will not deposit the Client's Custody Assets with a person in a non-EEA state which does not regulate custody activities unless (i) the nature of the Securities requires it to be deposited in such a state or (ii) the Company receive a prior written instruction from the Client, in which case the consequences of so doing are entirely at the Client's own risk.

21.5. The Company is responsible for the acts of the Company's nominee to the same extent as for the Company's own acts. The Company accepts no liability for the default of any other nominees, custodians or third parties.

21.6. Investments registered or recorded in the name of a nominee will be pooled with those of one or more of the Company's other clients. Accordingly, the Client's individual entitlements may not be identifiable by separate certificates, physical documents or entries on the register or equivalent electronic records. In the event of an irrecoverable shortfall following any default or failure by the custodian responsible for pooled investments, the Client may not receive full entitlement and may share in that shortfall pro-rata to original share of the Assets in the pool. When corporate events (such as partial redemptions) affect some but not all of the investments held in a pooled account, the Company will allocate the investments so affected to particular clients in such fair and equitable manner as the Company consider appropriate (which may without limitation involve pro rata allocation).

21.7. The Company will claim all amounts of any dividends, interest, payments or analogous sums to which the Client may be entitled in relation to Custody Assets and of which the Company are notified, but the Company shall not be responsible for claiming any entitlement or benefit the Client may have under any applicable taxation treaty or arrangement.

21.8. Where the Company appoint a custodian to hold Custody Assets it may be an Affiliate of the Company.

21.9. The Company shall use reasonable endeavors to obtain information concerning the Securities which requires discretionary action by the Client including but not limited to subscription rights, bonus issues, stock repurchase plans and rights offering, or legal notices or other material intended to be transmitted to securities holders ('Corporate Actions') and the Company will use reasonable endeavors to give the Client a notice of such Corporate Actions to the extent that the Company have actual knowledge of a Corporate Action in time of notification.

21.10. Corporate Actions notices may have been obtained from sources which the Company does not control and may have been translated or summarized. Although the Company may believe that such sources to be reliable, the Company have no duty to verify the information contained in such notices nor faithfulness of any translation or summary and therefore does not guarantee its accuracy, completeness or timeliness, and the Company shall not be liable to the Client for any loss that may result from relying on such notices.

21.11. Details of the proxy voting services offered by the Company are available on the Client's request only. Neither the Company nor its sub-custodians or nominees shall execute any form of proxy, or give any consent or to take any actions, in relation to any Securities except upon the Client's instruction.

Until the Company receives the Client's Instructions to the contrary the Company is authorized to and shall:

- (a) present, upon notice, all Securities called for redemption or otherwise matured, and all income and interest coupons and other income items which call for payment upon presentation; and
- (b) execute certificates and documents as may be required to obtain payment in respect of securities.

21.12. The Company will credit the Client's account with income and redemption proceeds only after actual receipts. Neither we nor the Company's sub-custodians shall be obliged to institute legal

proceedings, file a claim or proof of claim in any insolvency proceeding or take any action with respect to collection of income or redemptions proceeds.

21.13. The Company shall use reasonable skill and care in performing the Client's obligations under these Terms and the Company shall look after Assets with the same degree of skill and care as it do for its own similar assets in the relevant markets. Neither party shall have any liability arising from these Terms or from any obligations which relate to these Terms for any indirect, special, punitive or consequential loss or damage.

## **22. ADDITIONAL AGREEMENTS**

22.1. The Client may execute additional agreements or hold other synthetic investments with the Company, including, without limitation, participation agreements and subscription agreements ("Supplemental Agreements"). Cash and securities related to the Supplemental Agreements may be held in the Accounts in accordance with these Rules.

22.2. It is agreed by the Parties hereto that in the event of any conflict between the terms of these Rules and the Supplemental Agreements, the Supplemental Agreement shall prevail and control any transaction related to such Supplemental Agreements.

22.3. Notwithstanding the aforesaid, any cash and/or securities held in the Account under any Supplemental Agreements shall be subject to the set off or security rights under these rules. Furthermore, the Parties hereto agree that, in the case of any set-off or security rights initiated by the Company hereunder that effect the cash and/or securities held under any Supplemental Agreements, any notice provisions required under the Supplemental Agreements are hereby explicitly waived.

22.4. These Rules may be amended, changed or supplemented by the Company unilaterally subject to notification of the Client by posting updated versions of the Rules on [www.otkritiefinance.com.cy](http://www.otkritiefinance.com.cy) (Company's web site) and any such amendment shall take effect after 10 (Ten) Business Days from the date of posting updated versions of the Rules unless the notice stipulates otherwise.

## **23. APPLICABLE LAW**

23.1. These Rules are governed by and shall be construed in accordance with the laws of the Republic of Cyprus.

23.2. If any dispute should arise in relation to these Rules and such dispute cannot be resolved within 30 (thirty) Business Days by negotiation between the Parties, such dispute shall be referred to and finally resolved by arbitration under the Laws of Cyprus.

23.3. Such arbitration shall take place in Cyprus and shall be conducted by a single arbitrator appointed by agreement between the Parties or, failing agreement, by the Cyprus Arbitration. The language in which such arbitration shall be conducted shall be English.

23.4. Any award rendered by the arbitration shall be final and binding on both Parties and may be entered in any court having jurisdiction and application may be made to such court for an order of enforcement as the case may require.

## **24. QUIK**

TERMS AND DEFINITIONS: "QUIK" shall mean the software used to trade on a licensed investments platform. Through this software the client is able to execute orders, instantaneously, monitor his portfolio, see profit and losses, see individual shares and study extensive reports and graphs.

**Schedule 1**  
**CONFLICT OF INTERESTS POLICY**

**1. Background**

This document sets out OTKRITIE FINANCE (CYPRUS) Limited (hereinafter referred to as the “Company”) policy to effectively manage any conflicts of interest that may arise in carrying on its business.

This conflict of interest policy is established in accordance with the Cypriot Law 144(I)/2007 “Investment Services and Activities and Regulated Markets”. Its aim is to ensure that the Company’s clients are treated fairly and at the highest level of integrity and that their interests are protected at all times. This policy covers conflicts that may arise between the Company or an employee of the Company and its clients as well as between clients. The Company’s senior management is responsible for ensuring that the Company’s systems, controls and procedures are robust and adequate to identify and manage any conflict of interest which might arise in relation to its business. The Company’s senior management also ensures that all the arrangements made under this policy operate effectively. Where there is a risk of damage to a client’s interest that can’t be prevented the Company shall disclose the conflict of interest to the Client, agree with the Client the best way to protect the client’s interest and ask for the Client’s consent before providing any services or taking any further action. This policy takes into consideration the Company’s organisation and the nature, scale and complexity of the business it conducts with its clients.

**2. Overview**

The Company has procedures in place to prevent or manage conflicts of interest. These procedures are regularly reviewed by the Compliance Officer and senior management in order to ensure that they are up to date, reflect best practice, cover all required business activities and regulations and are appropriately followed. In order to identify a conflict of interest, the Company shall pay attention as to whether the Company, an employee or another client:

- is likely to make a financial gain, or avoid a financial loss, at the expense of the Client
- has an interest in the outcome of a service provided to the Client which is distinct from the Client’s interest in that outcome
- has a financial or other incentive to favor the interest of another client over the interest of the Client carries on the same business as the Client

**3. Definitions**

- “Employee” Means a permanent or temporary employee of the Company.
- “Family” Means a family member or partner of the employee.
- “Senior management” Means the senior management of the Company.
- “Personal transaction” Means any transaction in an instrument included under the Company’s conflict of interest policy, personal dealing policy or any such other Company policy imposing restrictions over employee trading activity.
- “Conflict of interest” Means a situation whereby a client may suffer a loss or disadvantage through an action which results in a benefit or advantage to the Company or another client.

**Actions taken to prevent a potential/actual conflict of interest**

- Procedures to prevent or control the exchange of information between relevant persons engaged in investment activities, where the exchange of that information may harm the interests of one or more clients
- Separate supervision of relevant persons whose principal functions involve carrying out activities on behalf of or providing services to clients whose interest may conflict, or who otherwise represent different interest that may conflict including those of the company
- The removal of any direct link between the remuneration of relevant persons principally engaged in one activity and the remuneration of other persons principally engaged in another activity where a conflict may arise in relation to those activities

- Measures to prevent or limit any person from exercising inappropriate influence over the way in which a relevant person carries out investment or ancillary services/activities
- Measures to prevent or control the simultaneous or sequential involvement of a relevant person in separate investment/ancillary services or activities where the involvement may impair the proper management of conflicts of interest.

For example Chinese Walls, the company implemented and enforced policies and procedures to safeguard insider information, in order to ensure no improper trading occurs.

#### **4. Operational process for managing an identified actual or potential conflict of interest**

The Company manages conflict of interest situations by way of an escalation policy. This involves the following stages:

- Identification
- Notification
- Assessment / escalation
- Resolution
- Reporting / record keeping

##### **4.1 Identification**

Identification and notification of actual or potential conflicts of interest is the responsibility of all employees. All employees receive training on the correct handling of conflicts of interest, and are aware of their responsibilities to identify situations which require reporting and handling under our conflict of interest policy. In the event that an employee is unsure as to whether a situation represents a potential conflict of interest, our policy is that the employee is under instruction to raise the issue immediately with the Compliance Officer.

We have a procedure in the structure of the Company where all departments have a conflict of interest policy where information is not linked between the departments. This policy also takes the form of confidentiality agreement.

##### **4.2 Notification**

Upon identifying an actual or potential conflict of interest, the employee must immediately raise the issue with the Compliance Officer, who is responsible for assessing and monitoring all conflict of interest situations.

From the moment that a conflict of interest is identified it should be reported to the managing director immediately and steps should be taken.

##### **4.3 Assessment / escalation**

The Compliance Officer is responsible for assessing all conflict of interest situations. This includes (but is not limited to) assessing:

- Whether the situation represents an actual or potential conflict of interest
- Where the situation is a perceived conflict, the risk that it may become an actual conflict
- How the conflict of interest can be appropriately managed
- The degree of materiality of the conflict of interest
- Whether the conflict of interest requires immediate notification to senior management for further assessment, the seriousness of the risk or the risk rating of the conflict, you should have a risk matrix whose conflicts can be assessed against, and also gives direction on the level of reporting/action required.

##### **4.4 Resolution**

The Company will take the necessary actions to resolve and / or manage conflict of interest situations. This may include (but is not limited to):

- Managing the situation in such a way as to prevent the conflict of interest arising (people working in different places)
- Managing the situation in such a way as to ensure the interests of the Company or employee are not permitted to disadvantage or lead to a loss for the client(s) (confidentiality agreement)
- Escalating the conflict of interest to the client(s) so that the client(s) may decide upon a satisfactory course of action (we must inform the client of a conflict of interest prior to doing work for that client)

#### **4.5 Reporting / record keeping**

The Compliance Officer maintains a register of all circumstances in which a conflict of interest has arisen. The register also contains the measures taken to mitigate the conflict of interest or to manage it. The register is updated any time a conflict of interest has arisen or may have arisen and is kept for a minimum of five years. The register contains a description of the circumstances which constituted or may have constituted a conflict of interest, names of the persons involved, the name of the person responsible for the mitigation of the conflict, a description of the steps taken in order to mitigate the conflict - including client disclosures and subsequent resolutions.

#### **5. Business activities which may give rise to a conflict of interest**

Taking into consideration the services the Company offers, potential conflict of interest may include, but are not limited to:

- Personal account dealing
- Inducements
- Competing client interests
- Inappropriate exchange of information

##### **Personal account dealing**

The Company maintains a personal dealing policy which all employees are required to observe. This policy places restrictions on employees to ensure that all personal dealing activity is appropriate and will not create an actual or potential disadvantage or loss to a client. All personal dealing requires pre-approval. The pre-approval process requires an assessment as to whether a client is or may be trading in the instrument for which permission is being sought. In the event that a client is trading or may trade in the same instrument, the employee is not permitted to trade until the client no longer has an interest in trading.

##### **Inducements**

Employees, their families and any personally connected individuals are not allowed under any circumstances to offer or give, solicit or accept any inducement which causes, is likely to cause, or is perceived as likely to cause conflict with any duties owed by themselves or the Company to clients.

##### **Competing client interests**

The Company manages client's orders in such a way as to ensure that one client will not be treated in such a way so as to create a disadvantage or loss to another client. This includes policies and procedures which include (but is not limited to) the following business activities:

- Treatment of client orders fairly and in due turn
- The maintenance of confidential information (files are kept in a secure place)
- Fair allocation of trade executions when multiple clients are trading
- Equal disclosure of relevant information to clients (such as company's rules risks, policies)
- Traders do not favor one client over another when placing orders
- Portfolio managers do not favor one client over another when placing orders and allocating securities and proceeds

- Disclosure of portfolio managers in cases of acquiring on clients' accounts financial instruments with the Company's substantial interests or financial instruments issued by affiliated companies
- Where a client order and another client's order are placed at the same time, traders ensure that all orders are placed fairly and in due turn and without preference given to any one client over another client.

Employees may not disclose to a client or any other 3rd party not directly involved in the Company's business activities another client's orders or any other confidential information which they acquire in the course of their duties. Procedures and security measures are in place to ensure that confidential information regarding client orders is not inadvertently disclosed to third parties.

Reception and Transmission of Orders is done in Cyprus, execution is done by Russia. In cases where the client is trading on QUIK the security of the orders is performed electronically through electronic secured systems.

### **Inappropriate exchange of information**

The Company has procedures in place to manage situations where the exchange of information must be controlled in order to prevent or manage if necessary conflicts of interest. All employees are required to observe the Company's insider dealing policy. Our insider dealing policy requires employees to notify Compliance of all situations whereby an employee becomes aware of inside information. Employees are also required to notify Compliance of any situation where information received might constitute inside information. Compliance will record the circumstances of the situation and take such action as is necessary and appropriate.

### **6. Senior management control**

The Compliance Officer is responsible for the identification and management of conflicts of interest on a daily basis according to the escalation policy as described above. Where there is an identified significant conflict of interest, the senior management will be informed immediately. The Compliance Officer provides senior management with regular reports of all conflict of interest situations that have arisen. This includes details of the situation, the assessment and escalation activities undertaken and measures taken to mitigate them. Periodically (quarterly) senior management will analyze the cases of conflicts of interest that have arisen as well as potential conflicts of interests and review the systems and controls put in place for the prevention and mitigation of the conflicts of interests in order to ensure that these remain effective and relevant.

## SCHEDULE 2

### CLIENT CLASSIFICATION POLICY AND PROCEDURES

#### **1. General information**

Written internal policies and procedures to categorize clients included herein, has been adopted by OTKRITIE FINANCE (CYPRUS) LIMITED (hereinafter referred to as: "the Company") for the purpose of compliance with Investment Services and Activities and Regulated Markets Law of 2007 (hereinafter referred to as: "the Law") when rendering investment services and activities as well as ancillary services with financial instruments (hereinafter referred to as: "service") to Clients.

Upon the provision of Law regarding Client classification, the Company shall classify its Clients into three categories:

- Retail Clients
- Professional Clients
- Eligible Counterparty

#### **2. Categorization procedure**

The Company shall inform the Client of its client categorization prior to providing a service or carrying out a transaction. Categorization of the Client is carried out taking into consideration the Client information obtained by the Company from the Client. The Client may request to be classified in a different category. The Company may also, in certain cases, change the Client's category.

Retail Client has the right to request a different classification as a Professional Client but he/she will be afforded a lower level of protection.

The Professional Client has the right to request a different classification as a Retail Client in order to obtain a higher level of protection,

The Eligible Counterparty has the right to request a different classification either as a Professional Client or Retail Client in order to obtain a higher level of protection.

A Professional Client or an Eligible Counterparty must inform the Company of any changes to their situation that might affect their categorization. Once the Company has noted that the Client no longer belongs to the category in which it was classified in accordance with the Law, it may change the Client's category after it has informed the Client.

When the Company has classified the Client, appropriate notice is given to Client. The relevant notices of classification with Client's consent form are enclosed.

#### **3. Reclassification of a client on request**

Client shall be entitled to request from the Company to reclassify the Client upon a written request of the Client, containing an explicit statement about the new category the Client requests to be classified into. NO reclassification for a lower level of protection is possible under the Law.

##### **3.1 Reclassification from Professional Client to Retail Client**

Professional Client may be re-categorized as a Retail Client on its request in accordance with the following procedure.

A Professional Client may request the Company to re-categorize it as a Retail Client if the Client considers it is not in a position to assess or manage satisfactorily the risks to which it may be exposed.

For any request to be categorized as a Retail Client, the Client must forward a written request to the Company, stating if this categorization is for general purposes and relates to all Services, Financial

Instruments and Transactions, or whether it is a specific request and relates to a specific type of Financial Instrument or Transaction or a Service.

The Company may accept or decline the Professional Client's request and will inform the Professional Client of its decision. In the event the request is accepted, the Company will inform the Client, detailing the applicable Services.

### **3.2 Reclassification from Eligible Counterparty to Professional Client or Retail Client**

It is the responsibility of the Client, considered to be a professional client or eligible counterparty, to ask for a higher level of protection when it deems it is unable to properly assess or manage the risks involved. An Eligible Counterparty may be re-categorized, at its request as a Professional Client or Retail Client in accordance with the following procedure.

An Eligible Counterparty may request the Company to re-categorize it as a Professional Client or Retail Client if the Client considers it is not in a position to assess or manage satisfactorily the risks to which it may be exposed.

The request must state the category requested and whether the categorization is for general purposes and relates to all services or it is a specific request and relates to a specific service.

If the desired category is not stated in the Client request, the Company will assume that the Eligible Counterparty is requesting categorization as a Professional Client for all investment Services and Financial Instruments. The Company will accept or decline the Eligible Counterparty's request and will inform the Eligible Counterparty of its decision.

In the event the request is accepted, the Company will inform the Client, detailing the applicable Services or Financial Instruments.

### **4. Reclassification by the Company**

In the event that the Company decides to change the Client's category from that of Eligible Counterparty to Professional Client or Retail Client, the Company will inform the Client of this decision, the scope of application for the new categorization in terms of the applicable Service and Financial Instrument and the effective date of the new categorization.

### **5. Consequences related to a change of category**

The Company shall ensure that the Client is aware of the consequences linked to its re-categorization, prior to any request for a change of category. The consequences are that clients with a higher level of protection for example a retail client if he/she requests for re-categorization as a Professional Client consequently he/she will receive a lower level of protection and vice versa.

### **6. Communication between the Parties relating to Client categorization**

Any request from the Client with a view to changing category, as well as any Client's consent for such a change, must be signed by an/the Authorized Person(s) and forwarded to the company.

### **7. Retail Client**

Retail Client is every other Client except a Professional Client and Eligible counterparty.

In order to provide proper protection to Retail Clients, the Company shall, prior to providing of any service to Retail Client, request from Retail or Potential Client information on his market knowledge and experience.

In addition, when providing Portfolio management services, the Company shall obtain the necessary information regarding the Client's or potential Client's knowledge and experience in the investment field relevant to the specific type of service and financial instrument, his financial situation and his investment objectives.

## **8. Professional Clients**

They must state in writing to the IF that they wish to be treated as professional clients, either generally or in respect of a particular investment service or transaction, or type of transaction or product

They must be given a clear written warning of the protections and investor compensation rights they may lose. Then they must state in writing, in a separate document from the contract, that they are aware of the consequences of losing such protections.

Furthermore, the Company will not be obliged to evaluate their market knowledge and experience as such Clients are presumed to possess market knowledge and experience, whereby all services provided to such Clients shall be deemed suitable for them.

Professional clients are responsible for keeping the IF informed about any change, which could affect their current categorization. Should the IF become aware however that the client no longer fulfils the initial conditions, which made him eligible for a professional treatment, the IF must take appropriate action.

### **Definition of a professional client**

#### **(SECOND APPENDIX (section 2) Law 144(I)/2007 )**

Professional client is a client who possesses the experience, knowledge and expertise to make its own investment decisions and properly assess the risks that it incurs. In order to be considered a professional client, the client must comply with the following criteria:

#### **PART (A)**

##### **A. Categories of client who are considered to be professionals:**

For the purposes of this Law, the following shall be regarded as professionals in relation to all investment services and activities and financial instruments:

1. Entities which are required to be authorized or regulated to operate in the financial markets. The list below should be understood as including all authorized entities carrying out the characteristic activities of the entities mentioned: entities authorized by a member state under a European Community Directive, entities authorized or regulated by a member state without reference to such Directive, and entities authorized or regulated by a non-Member State:

- (a) Credit institutions;
- (b) IFs;
- (c) Other authorized or regulated financial institutions;
- (d) Insurance undertakings;
- (e) Collective investment schemes and management companies of such schemes;
- (f) Pension funds and management companies of such funds;
- (g) Commodity and commodity derivatives dealers;
- (h) Locals;
- (i) Other institutional investors

2. Large undertakings meeting two of the following size requirements, on a proportional basis:

- (a) balance sheet total at least 20 000 000 euro;
- (b) net turnover at least 40 000 000 euro; and
- (c) own funds at least 2 000 000 euro.

3. National and regional governments, public bodies that manage public debt, central banks, international and supranational institutions such as the World Bank, the International Monetary Fund, the European Central Bank, the European Investment Bank and other similar international organizations.

4. Other institutional investors whose main activity is to invest in financial instruments, including entities dedicated to the securitization of assets or other financing transactions.

The entities mentioned above are considered to be professionals.

PART (B)

## **B. Clients who may be treated as professionals on request:**

### **Identification criteria**

Clients other than those mentioned in Part A above, including public sector bodies and private individual investors, may also be allowed to waive some of the protections afforded by the conduct of business rules of IFs. IFs should therefore be allowed to treat any of the above clients as professionals provided the relevant criteria and procedures mentioned below are fulfilled. These clients should not, however, be presumed to possess market knowledge and experience comparable to that of the categories listed in Part A above. Any such waiver of the protection afforded by the standard conduct of business regime shall be considered valid only if an adequate assessment of the expertise, experience and knowledge of the client, undertaken by the IF, gives reasonable assurance, in light of the nature of the transactions or services envisaged, that the client is capable of making his own investment decisions and understanding the risks involved.

The fitness test applied to managers and directors of entities licensed under European Directives in the financial field could be regarded as an example of the assessment of expertise and knowledge. In the case of small entities, the person subject to the above assessment should be the person authorised to carry out transactions on behalf of the entity.

In the course of the above assessment, as a minimum, two of the following criteria should be satisfied:

- the client has carried out transactions, in significant size, on the relevant market at an average frequency of 10 per quarter over the previous four quarters,
- the size of the client's financial instrument portfolio, defined as including cash deposits and financial instruments exceeds 500 000 euro;
- the client works or has worked in the financial sector for at least one year in a professional position, which requires knowledge of the transactions or services envisaged.

### **Procedure**

The clients defined above may waive the benefit of the detailed rules of conduct only where the following procedure is followed:

- they must state in writing to the IF that they wish to be treated as professional clients, either generally or in respect of a particular investment service or transaction, or type of transaction or product;
- the IF must give them a clear written warning of the protections and investor compensation rights they may lose;
- they must state in writing, in a separate document from the contract, that they are aware of the consequences of losing such protections.

Before deciding to accept any request for waiver, IFs must take all reasonable steps to ensure that the Client requesting to be treated as a professional client meets the relevant requirements stated in paragraph (1) of Part B above.

However, if clients have already been categorized as professionals under parameters and procedures similar to those above, it is not intended that their relationships with IFs should be affected by any new rules adopted pursuant to this Appendix.

## **9. Eligible Counterparty**

### **According to Para (29) DIRECTIVE DI144-2007-02**

(1) IF may recognize an undertaking as an eligible counterparty if that undertaking falls within a category of clients who are to be considered professional clients in accordance with the first, second and third paragraph of Part A, of Annex II of the Law, excluding any category which is explicitly mentioned in Section 41(2) of the Law.

IF may also recognize as eligible counterparties undertakings which fall within a category of clients who are to be considered professional clients in accordance with Part B of Annex II of the Law. In such cases, however, the undertaking concerned shall be recognized as an eligible counterparty only in respect of the services or transactions for which it could be treated as a professional client.

The Commission recognizes as eligible counterparties member state undertakings, other than those referred to in Section 41(2), meeting pre-determined proportionate requirements, including quantitative thresholds. In the event of a transaction where the prospective counterparty is located in another member state, the IF shall defer to the status of the other undertaking as determined by the legislation of the said member state in which that undertaking is established.

The Commission recognizes as eligible counterparties third country entities equivalent to those categories of entities stated in section 41(2).

(2) Where, pursuant to the second subparagraph of Section 41(2) of the Law, an eligible counterparty requests treatment as a client whose business with an IF is subject to Sections 36, 38 and 39 of the Law, but does not expressly request treatment as a retail client, and the IF agrees to that request, the IF shall treat that eligible counterparty as a professional client.

However, where that eligible counterparty expressly requests treatment as a retail client, the provisions in respect of requests of non-professional treatment specified in the first, second and third paragraph of Part A of Annex II of the Law shall apply.

Eligible counterparties will not be entitled to protection residing from an Investor-compensation Fund established under the Law. Furthermore, the Company will not be obliged to evaluate their market knowledge and experience as such Clients are presumed to possess market knowledge and experience, whereby all services provided to such Clients shall be deemed suitable for them.

Eligible counterparties are responsible for keeping the IF informed about any change, which could affect their current categorization. Should the IF become aware however that the client no longer fulfils the initial conditions, which made him eligible for a professional treatment, the IF must take appropriate action.

**Annex 1**

**OTKRITIE FINANCE (CYPRUS) LIMITED**

Business Address: OTKRITIE Finance (Cyprus) Limited

42, Leoforos Amathountos, Millios Building, office No.2,

Agios Tychonas, 4532 Limassol, Cyprus

**Client Name:**

Address:

Date:

Dear Sir/Madam,

The purpose of this letter is to request your consent to certain aspects of our execution arrangements with you that arise from the implementation of MiFID by member states of the EU.

We enclose OTKRITIE FINANCE (CYPRUS) Ltd's Order Execution Policy ("the Policy") which will apply to transactions executed with clients by OTKRITIE FINANCE (CYPRUS) Ltd after the implementation of MiFID. This includes information on how we meet our Best Execution obligations under MiFID.

MiFID requires us to obtain your prior express consent in the specific areas:

- ✓ *Allowing us discretion to execute your orders outside a Regulated Market or Multilateral Trading Facility.*
- ✓ *Allowing us to use our discretion to determine whether or not to immediately publish any of your unexecuted limit orders in shares.*
- ✓ *Consent to our execution Policy ( enclosed)*
- ✓ *Consent to hold your assets in an omnibus account (with other clients)*
- ✓ *Consent to communicate electronically, including provisions of Trade Orders, report, etc.*

And to inform you hereby as follows

***You have been categorized as RETAIL CLIENT within the meaning of Directive 2004/39/EC.***

You have the right to request a different categorization (as a professional client), however, the client protection level, enjoyed by the Retail clients, in case of categorization as PROFESSIONAL CLIENT, shall be significantly lower. Please contact us for more details

Please indicate your consent to the above by following the instructions on the enclosed consent form as soon as possible. . Should you have any further questions or wish to discuss this communication in more detail please don't hesitate to contact either myself, or your OTKRITIE FINANCE (CYPRUS) LTD sales representative.

Yours sincerely,

Director

**CONSENT FORM**

Company/Client Name:

Our Client Reference:

Please note that if you provide your consent to below questions, OTKRITIE FINANCE (CYPRUS) Limited will be able to provide you the same level of service you currently receive.

**Consent to execution of Orders outside a Regulated Market or Multilateral Trading Facility**

Please provide your consent to allow OTKRITIE FINANCE (CYPRUS) Limited to execute your Orders outside a Regulated Market or Multilateral Trading Facility (tick yes to agree).

Yes

or

No

**Consent to Execution policy**

We enclose our Execution policy for your information and agreement (tick yes to agree).

Yes

or

No

**Consent to non-publication of limit Orders**

MiFID requires OTKRITIE FINANCE (CYPRUS) Limited to make public client limit Orders in shares admitted to trading on a Regulated Market of normal market size that are not immediately executed under prevailing market conditions, unless the client expressly instructs us otherwise.

Where you place a limit Order with OTKRITIE FINANCE (CYPRUS) Ltd in shares which are admitted to trading on a Regulated Market and that Order is not immediately executed under prevailing market conditions, you agree that we have discretion, and will not be required, to make your limit Order public in a manner which is easily accessible to other market participants (tick yes to agree).

Yes

or

No

**Consent to hold your assets in an omnibus account (with other clients)**

Please provide your consent to allow OTKRITIE FINANCE (CYPRUS) Limited to hold your assets in an omnibus account (tick yes to agree).

Yes

or

No

**Consent to communicate electronically**

Please provide your consent to allow OTKRITIE FINANCE (CYPRUS) Limited to communicate with you electronically, including provisions of Trade Orders, report, etc. (tick yes to agree).

Yes

or

No

You may indicate your agreement to the above terms in one of the following ways:

**Return this letter by post to:**

Compliance Department

42, Leoforos Amathountos, Millios Building,

Office No.2, Agios Tychonas,

4532 Limassol, Cyprus

- Fax a copy of this letter to +357 25431457
- Send an email to [infocyprus@open.ru](mailto:infocyprus@open.ru) confirming your consent.

If you have any questions please do not hesitate to contact us on +357 25431456

Signature: \_\_\_\_\_

Name:

Position: DIRECTOR / AUTHORIZED PERSON

Date: \_\_\_\_/\_\_\_\_/\_\_\_\_\_

**OTKRITIE FINANCE (CYPRUS) LIMITED**

Business Address: OTKRITIE Finance (Cyprus) Limited

42, Leoforos Amathountos, Millios Building,

Office No.2, Agios Tychonas,

4532 Limassol, Cyprus

**Client Name:**

**Address:**

Date:

Dear Sir/Madam

For the purpose of compliance with Investment Services and Activities and Regulated Markets Law of 2007 (hereinafter referred to as: "Law") we are informing you that you have been categorized as a **PROFESSIONAL CLIENT** and we are requesting your consent to certain aspects of our execution arrangements with you. Your categorisation affects the regulatory protections which you will have as our client.

Based on the Law you have the right to request a different categorization, either as an Eligible Counterparty or as a Retail client. In this way you will be able to benefit from a higher or a lower degree of regulatory protections.

Please note that in case you cease to fulfill the requirements of a Professional client you are obliged to inform us in order to change your categorization. In the situation where we will verify by our selves that you cease to fulfill the categorization requirements we will re-classify you and inform you accordingly.

The Law requires us to obtain your prior express consent in the specific areas:

- ✓ *Allowing us to treat you as a Professional Client.*
- ✓ *Allowing us to use our discretion to execute your orders outside a Regulated Market or Multilateral Trading Facility.*
- ✓ *Allowing us to use our discretion to determine whether or not to immediately publish any of your unexecuted limit orders in shares.*
- ✓ *Consent to our Execution Policy ( enclosed)*
- ✓ *Consent to hold your assets in an omnibus account (with other clients)*
- ✓ *Consent to communicate electronically, including provisions of Trade Orders, report, etc.*

We enclose OTKRITIE FINANCE (CYPRUS) Ltd's Execution Policy which will apply to transactions executed by us for our clients. The Policy includes information on how we will meet our Best Execution obligations under the Law for specific types of the clients.

Please indicate your consent to the above by following the instructions on the enclosed consent form as soon as possible. Should you have any further questions or wish to discuss this communication in more detail please don't hesitate to contact either myself, or your OTKRITIE FINANCE (CYPRUS) LTD sales representative.

Yours sincerely,

Director

## CONSENT FORM

Company/Client Name:

Our Client Reference:

Please indicate your response by a Tick in the appropriate Box below:

### Consent to be treated as a Professional Client

Please provide your consent to be treated by OTKRITIE FINANCE (CYPRUS) Limited as a Professional Client (tick yes to agree).

Yes

or

No

### Consent to execution of Orders outside a Regulated Market or Multilateral Trading Facility

Please provide your consent to allow OTKRITIE FINANCE (CYPRUS) Limited to execute your Orders outside a Regulated Market or Multilateral Trading Facility (tick yes to agree).

Yes

or

No

### Consent to non-publication of limit Orders

The Law requires OTKRITIE FINANCE (CYPRUS) Limited to make public client limit Orders in shares admitted to trading on a Regulated Market of normal market size that are not immediately executed under prevailing market conditions, unless the client expressly instructs us otherwise.

Where you place a limit Order with OTKRITIE FINANCE (CYPRUS) Ltd in shares which are admitted to trading on a Regulated Market and that Order is not immediately executed under prevailing market conditions, you agree that we have discretion, and will not be required, to make your limit Order public in a manner which is easily accessible to other market participants (tick yes to agree).

Yes

or

No

**Consent to Execution Policy**

We enclose our Execution policy for your information and agreement (tick yes to agree).

Yes

or

No

**Consent to hold your assets in an omnibus account (with other clients)**

Please provide your consent to allow OTKRITIE FINANCE (CYPRUS) Limited to hold your assets in an omnibus account (tick yes to agree).

Yes

or

No

**Consent to communicate electronically**

Please provide your consent to allow OTKRITIE FINANCE (CYPRUS) Limited to communicate with you electronically, including provisions of Trade Orders, report, etc. (tick yes to agree).

Yes

or

No

You may indicate your agreement to the above terms in one of the following ways:

**Return this letter by post to:**

Compliance Department

42, Leoforos Amathountos, Millios Building,

Office No.2, Agios Tychonas,

4532 Limassol, Cyprus

- Fax a copy of this letter to +357 25431457
- Send an email to [infocyprus@open.ru](mailto:infocyprus@open.ru) confirming your consent.

If you have any questions please do not hesitate to contact us on +357 25431456

Signature: \_\_\_\_\_

Name:

Position: DIRECTOR / AUTHORIZED PERSON

Date: \_\_\_\_/\_\_\_\_/\_\_\_\_\_

**OTKRITIE FINANCE (CYPRUS) LIMITED**

Business Address: OTKRITIE Finance (Cyprus) Limited

42, Leoforos Amathountos, Millios Building,

Office No.2, Agios Tychonas,

4532 Limassol, Cyprus

**Client Name:**

**Address:**

Date:

Dear Sir/Madam

For the purpose of compliance with Investment Services and Activities and Regulated Markets Law of 2007 (hereinafter referred to as: "Law") we are informing you that you have been categorized as an **ELIGIBLE COUNTERPARTY** and we are requesting your consent to your categorization as an Eligible Counterparty.

Your categorization as an Eligible Counterparty applies for all Investment Services, Activities and Financial Instruments that we (OTKRITIE Finance (Cyprus) Limited) conduct with you. Financial instruments includes complex financial instruments as these defined in the Law.

Based on the Law you have the right to request a different categorization, either as a Professional Client or as a Retail client. In this way you will be able to benefit from a higher degree of regulatory protections.

As an Eligible Counterparty you will not be accorded certain protections including "best execution" and the handling of your orders.

The Law requires us to obtain your prior express consent in the specific areas:

- ✓ *allowing us to treat you as an Eligible Counterparty;*
- ✓ *allowing us to use our discretion to execute your orders outside a Regulated Market or Multilateral Trading Facility;*
- ✓ *allowing us to use our discretion to determine whether or not to immediately publish any of your unexecuted limit orders in shares;*
- ✓ *consent to hold your assets in an omnibus account (with other clients);*
- ✓ *consent to communicate electronically, including provisions of Trade Orders, report, etc.*

Please indicate your consent to the above by following the instructions on the enclosed consent form as soon as possible. Should you have any further questions or wish to discuss this communication in more detail please don't hesitate to contact either myself, or your OTKRITIE FINANCE (CYPRUS) LTD sales representative.

Yours sincerely,

Director

**CONSENT FORM**

Company/Client Name:

Our Client Reference:

Please indicate your response by a Tick in the appropriate Box below:

**Consent to be treated as an Eligible Counterparty**

Please provide your consent to be treated by OTKRITIE FINANCE (CYPRUS) Limited as An Eligible Counterparty (tick yes to agree).

Yes

or

No

**Consent to execution of Orders outside a Regulated Market or Multilateral Trading Facility**

Please provide your consent to allow OTKRITIE FINANCE (CYPRUS) Limited to execute your Orders outside a Regulated Market or Multilateral Trading Facility (tick yes to agree).

Yes

or

No

**Consent to non-publication of limit Orders**

The Law requires OTKRITIE FINANCE (CYPRUS) Limited to make public client limit Orders in shares admitted to trading on a Regulated Market of normal market size that are not immediately executed under prevailing market conditions, unless the client expressly instructs us otherwise.

Where you place a limit Order with OTKRITIE FINANCE (CYPRUS) Ltd in shares which are admitted to trading on a Regulated Market and that Order is not immediately executed under prevailing market conditions, you agree that we have discretion, and will not be required, to make your limit Order public in a manner which is easily accessible to other market participants (tick yes to agree).

Yes

or

No

**Consent to hold your assets in an omnibus account (with other clients)**

Please provide your consent to allow OTKRITIE FINANCE (CYPRUS) Limited to hold your assets in an omnibus account (tick yes to agree).

Yes

or

No

**Consent to communicate electronically**

Please provide your consent to allow OTKRITIE FINANCE (CYPRUS) Limited to communicate with you electronically, including provisions of Trade Orders, report, etc. (tick yes to agree).

Yes

or

No

You may indicate your agreement to the above terms in one of the following ways:

**Return this letter by post to:**

Compliance Department

42, Leoforos Amathountos, Millios Building,

Office No.2, Agios Tychonas,

4532 Limassol, Cyprus

- Fax a copy of this letter to +357 25431457

- Send an email to [infocyprus@open.ru](mailto:infocyprus@open.ru) confirming your consent.

If you have any questions please do not hesitate to contact us on +357 25431456

Signature: \_\_\_\_\_

Name:

Position: DIRECTOR / AUTHORIZED PERSON

Date: \_\_\_\_/\_\_\_\_/\_\_\_\_\_

**CLIENT RE-CATEGORIZATION**  
**FROM RETAIL TO PROFESSIONAL CLIENT**  
**(ELECTIVE PROFESSIONAL CLIENT)**

In order for a client to be eligible for re-categorization into Professional Client, it is essential, as a minimum, **TWO** of the following criteria stated below are satisfied.

**☐ 1. the client has carried out transactions, in significant size, on the relevant market at an average frequency of 10 per quarter over the previous four quarters**

Please provide the following documents:

- For existing clients – account already kept with OTKRITIE FINANCE (Cyprus) Limited
- Statement of transactions with other Investment Firm(s) for the previous four (4) Quarters
- Letter from other Investment Firm(s) certifying that the above criterion is satisfied
- OTHER

**☐ 2. the size of the client's financial instrument portfolio, defined as including cash deposits and financial instruments exceeds 500 000 euro**

Please provide the following documents:

- For existing clients – account already kept with OTKRITIE FINANCE (Cyprus) Limited
- Latest Statements of Account with other Investment Firm(s)
- Letter from other Investment Firm(s) certifying that the above criterion is satisfied
- OTHER

**☐ 3. the client works or has worked in the financial sector for at least one year in a professional position, which requires knowledge of the transactions or services envisaged**

(Please note that if you are a corporate entity, this criterion will be assessed for the person(s) authorized to carry out transactions)

Please provide the following documents

- Letter from current or past employers stating:  
Position held, responsibilities, period of term
- Professional Certificate relating to the provision of Investment Services (COPY)
- OTHER

**Loss of Protections**

Being categorized as Professional Client unavoidably the client loses certain protections accorded to Retail Clients and in particular:

- You will not be entitled to compensation under the Investor Compensation Scheme

- According to best execution policy we are not required to prioritize the overall cost of the transaction as being the most important factor in achieving best execution for you
- We can assume that professional clients have the necessary level of experience and knowledge to assess the risks associated with such investments or services. Where we provide services to professional clients, in assessing the suitability of any personal recommendation, we are entitled to assume that they are able financially to bear any related risks consistent with their investment objectives.
- We are not obliged to inform professional clients of any material difficulty relevant to the proper carrying out of their orders promptly upon becoming aware of the difficulty.
- Professional Clients are provided with less information about the Firm, its services, products and any investments (indicatively in relation to costs, commissions, fees and charges and information on risks associated with a particular product).

**SCHEDULE 3**  
**EXECUTION POLICY**

I. Scope and Purpose

II. Achieving Best Execution

III. Compliance with Client Instructions

IV. Updating the Policy

Within the framework of the EU Markets in Financial Instruments Directive (MiFID), we are required to set up an order execution policy and to take all reasonable steps to obtain the best possible result for our clients. In this context it is essential to provide appropriate information to our clients on our order execution policy.

**I. Scope and Purpose**

What is the purpose of the Policy?

Providing order execution services to our clients, we are required under the Law to establish and comply with a policy on best execution. The purpose of the Policy is to fulfill that obligation to our clients in a clear and concise manner. Our scope is to protect the client's interests, in relation to any aspects of the transaction that might be affected by executing the order. Subject to any specific instruction from the Client, our aim is to take all reasonable steps to obtain the best possible result for the client taking into account all the Execution factors described further down.

When does the Policy apply?

The Policy applies when we are executing an order on your behalf in respect of any of the financial instruments covered by the Law.

The Policy will not apply

- When we are following your instructions to execute your order in a particular manner;
- When you are categorized by us as an "Eligible Counterparty". In case of doubt as to your categorization, please contact the Company;

However Execution Policy applies both for Retail and Professional Clients.

**II. Achieving Best Execution**

What does "best execution" mean?

**"Best execution"** means:

That we have established this Policy that is designed to achieve the best result (taking into account all relevant factors described below) across all orders on a consistent basis for any financial instrument covered by the law and executed by us for our clients.

That we will annually review and update the Policy to ensure that it continues to achieve such results.

Demonstrating best execution does not necessarily involve a transaction-by-transaction analysis, but rather involves an assessment of a record of transactions over a period indicating that overall the best

result is achieved by executing orders on your behalf on the venues and in the manner described in the Policy.

What factors do we take into account to achieve best execution?

In achieving best execution, we take into account a number of factors (unless otherwise instructed by you, as discussed in Section III below). These include:

- price;
- costs;
- speed;
- likelihood of execution and settlement (liquidity);
- size;
- nature;
- type and characteristics of financial instrument;
- characteristics of the possible execution venues; and
- any other consideration relevant to the execution of the order.

While price is generally a key factor, the overall value to a client of a particular transaction may be affected by the other factors listed above.

The relative importance of each of the factors will differ depending on:

- the characteristics of the Client including the categorization of the Client as retail or professional;
- the characteristics of the Client's Order;
- the characteristics of the financial instruments to which the Client's Order relates; and
- the characteristics of the venues (if there is more than one) where we are able to execute the Client's Order.

For example, there is no formalized market or settlement infrastructure for some over-the-counter transactions, in some markets price volatility may mean that the timeliness of execution is a priority, whereas on an illiquid market the fact of execution may in itself constitute best execution.

For Retail Clients we take into account the total consideration when selecting the possibilities to execute the Order. The total consideration also comprises, in addition to the price of the financial instrument, the costs associated with executing the order, for example, expenses which are directly related to the execution of order, including execution venue fees, clearing and settlement fees as well as other fees paid to third parties participating in the execution of the order.

What is our responsibility when your order is executed for us by a third party?

There may be situations when we pass an order to another entity of our group or a third party broker for execution. We may pass an order to an affiliated entity in cases where we do not have the ability to execute the order but the affiliated entity does have that ability. In such cases, we have standard procedures and integrated systems for passing orders to our affiliate for execution.

In cases where our affiliate is outside of the EEA and we do not have an entity that can execute the order from within the EEA or our non-EEA affiliate may not be subject to requirements similar to the best execution requirements under the Cypriot Law. We may nevertheless execute your order through our affiliate unless either the circumstances require otherwise or you explicitly instruct us otherwise and we are able to follow your instructions to use an alternative venue. If we are not able to follow your instructions, we may not be able to accept your order.

We may pass an order to a non-affiliated third party broker or dealer to execute your order. In such cases, we have processes to review periodically our choice of third party brokers and dealers to ensure that, taking into account all the relevant factors, the third party broker or dealer is providing best execution on a consistent basis. In some cases, however, we may make this determination on the basis of a review of the best execution policy of the relevant broker or dealer.

## **How does the Policy apply to derivatives and over-the-counter transactions?**

Where we execute an order on your behalf in respect of derivatives, such as forwards, futures and options on a regulated exchange, multilateral trading facility or OTC, we also will apply the same approach to achieving best execution as when we execute orders on your behalf in other financial instruments on such venues.

## **III. Compliance with Client Instructions**

### What happens if you give us specific instructions as to how to execute your order?

Where we have accepted your instructions with respect to the execution of your order, we will follow them to the extent it is possible for us to do so. You should be aware that to the extent that we accept and follow your instructions, the Policy will not be applicable, although the Policy will be applicable to other execution factors to the extent that they are not covered by your instructions. For example:

- where you instruct us to execute your order on a particular venue, we will not be responsible for selecting the venue;
- where you instruct us to execute your order with a particular third party institutions; or
- where you instruct us to execute your order at a particular time or over a particular period, regardless of the price available, we will endeavor to execute your order at that time or over that period in the best possible manner but will not be responsible for the timing or any of the consequences for price or other factors that results from the timing of execution.

## **IV. Updating the Policy**

### How often will we update the Policy?

We will update the Policy periodically to take into account changes as and when appropriate.

### How can you obtain the most recent version of the Policy?

We expect to post the most recent version of the Policy on the OTKRITIE FINANCE website. If you would like to receive a copy of the most recent Policy, however, please contact us.

## **APPENDICES TO THE RULES**

1. Appendix N<sup>o</sup> 1– Agreement on Rendering of Brokerage Services
2. Appendix N<sup>o</sup> 2 – Trade Order
3. Appendix N<sup>o</sup> 3 – New Client Account Form
4. Appendix N<sup>o</sup> 4 – Know Your Customer Profile
5. Appendix N<sup>o</sup> 5 – Specific Customer Due Diligence and Identity Procedures
6. Appendix N<sup>o</sup> 6 – Risk Notification
7. Appendix N<sup>o</sup> 7 – Authorized Persons
8. Appendix N<sup>o</sup> 8 – Bank Details of the Company
9. Appendix N<sup>o</sup> 9a – Instruction for Transfer of Securities
10. Appendix N<sup>o</sup> 9b – Instruction for Transfer of Funds
11. Appendix N<sup>o</sup> 9c – Instruction for deposit of Funds to the Bank
12. Appendix N<sup>o</sup>10 – Fee Schedule
13. Appendix N<sup>o</sup> 11 – Rules of Concluding Margin Transactions
14. Appendix N<sup>o</sup> 12 – Taxes Notification
15. Appendix N<sup>o</sup> 13 – Financial Instruments