

**OTKRITIE CAPITAL CYPRUS LIMITED**

Registration # HE 165058

License # 069/06

Date of Incorporation: 06/09/2005

Issued by the Cyprus Securities &amp; Exchange Commission

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## General Rules and Regulations on Services on the Securities Markets for CASS accounts (segregated) within the Broker

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## 1. GENERAL PROVISIONS

1.1. These General Rules and Regulations on Services on the Securities Markets (hereinafter – the “**Rules**”) is a standard agreement on terms and conditions of providing complex services on the securities market between OTKRITIE CAPITAL 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 together – the “**Parties**” and separately – “**Party**”).

1.2. The subject matter of these Rules is the appointment of the Company as a broker of financial instruments and related investments, mutual and hedge funds, equity and equity related investments and monetary funds, which are transferred to and held by the Company on behalf of the Client according to these Rules. For the purposes of these Rules such financial instruments and related investments, mutual and hedge funds, equity and equity related investments, 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, with full power and 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: Diagorou 27, 1097 Nicosia, Cyprus, web-site: <http://www.cysec.gov.cy>

License Number: 069/06

License Date: 10th August, 2006

Registration Number: HE 165058

1.5. Unless otherwise agreed, the Rules described herein will apply to the Services (defined below) which we may provide for you or any Transaction (defined below) we may enter into with or for you. Nothing in these Rules shall preclude or restrict any duty or liability we incur to you in your capacity as our client and which arises under the Cyprus regulatory system.

1.6. 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 CAPITAL CYPRUS LIMITED conclude the agreement on rendering of brokerage services in the form stated by **Appendix №1** to these Rules (hereinafter – the “**Agreement**”). The Agreement is deemed concluded from the date of its signing by both Parties. Schedules and Appendices to the Rules shall form an integral part of this Agreement.

1.7. The Agreement shall be signed by the Client personally or by its representative acting on the basis of power of attorney or other basis set by legislation in force.

1.8. 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.

1.9. The language in which business will be conducted is English. However additional languages can be used at the Client’s request.

1.10. 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 or other electronic means, by post and through Company’s website.

1.11. A confirmation will be sent to retail Clients of an executed order in a durable medium or in electronic form, no later than the first Business Day after its execution.

1.12. The Company shall undertake 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.

1.13. The Company maintains records and accounts in a way that ensures their accuracy, and in particular their correspondence to the Assets held for Clients.

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

1.15. 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.

1.16. Where the Client’s funds are deposited, in a central bank, a credit institution or a bank authorised 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.

1.17. 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.

1.18. OTKRITIE CAPITAL 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/)).

1.19. 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.

1.20. 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/)).

1.21. Performance of obligations when providing Services to Clients

1.21.1. Appropriateness Tests

(a) 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 shall have the necessary knowledge and experience in order to understand the risks involved in relation to the product or investment services offered or demanded.

(b) After analyzing all the information provided by the Client, the Company determines the Target Group of the Client and the Target Group of financial instruments, which are appropriate for this Target Group of Clients. Determination of Target Groups is based on the Product Governance and Distribution Policy and other internal documents of the Company. The Product Governance and Distribution Policy is presented on the Company's website for review: <http://www.otkritiefinance.com.cy/common/img/uploaded/cyprus/doc/Product-Governance-Distribution-Policy.pdf>

(c) The Company informs its Clients about their Target Groups and about Financial Instruments that are appropriate for them and which are not appropriate for them.

(d) Questionnaires are specially designed in order to obtain the necessary information required to apply the appropriateness tests.

(e) 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.

(f) In case the Client or potential client decides not to provide the necessary information or where he provides insufficient information regarding its 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 the Client.

(g) However when the Client has already made transactions in a specific type of product before the implementation of MiFID II, the Company will not insist on the sale of this product if it is not appropriate to this Client. The Client can leave them in his portfolio or sell it.

(h) Nevertheless MiFID II provides an exception to the appropriateness tests where execution-only services can be provided for products if the Professional Client has specifically requested it and where no appropriateness judgment is made and the Professional Client has been notified that it does not benefit from corresponding protection and can carry significant risks when trading not appropriate financial instruments.

1.21.2. Best Execution Policy

The Company established a Best Execution Policy (**Schedule 2 to the Rules**). This policy sets forth the general basis on which "best execution", as required by the Cypriot Law of 2017 "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:

**"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 Financial Instruments, 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.

**"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 Financial Instruments.

**"Authorised Person(s) of the Client"** or **"Authorised Person(s) of the Company"** or **"Authorised Person(s)"** shall mean (i) any officer, employee, manager or agent of either Party as has been authorised 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.

**"Base Currency"** shall mean United States Dollars (USD) or such other currency as the Company may agree will be the base currency in which the Company will account to the Client.

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

**"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 Financial Instruments to the Account, unless otherwise agreed by the Parties.

**"Fees"** shall mean fees and commissions that the Company will charge the Client for the execution of transactions by the Company pursuant to the Instructions. The Fees shall be calculated in accordance with Section 11 hereunder.

**"Financial instruments"** shall mean Securities and the instruments listed in Appendix 11 to these Rules and such other instruments as agreed between the Parties in writing.

**"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 Financial Instruments (in case of FundSettle Service, subscription of units) according to the provisions herein in advance and prior to any transactions initiated by the Company with third parties according to the Client's Instructions; and/or (ii) have been received by the Company from third parties as a result of an appropriate sale transaction of the Financial Instruments 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 authorises the Company to use such Funds in its discretion in order to perform these Rules and execute appropriate Instructions.

**"FundSettle"** shall mean Euroclear Bank's dedicated platform for automated fund transaction processing and servicing. It is a platform which allows subscribing and redeeming units of various international eligible funds via Euroclear as a single entry point.

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

(a) for the **Brokerage Services**, Instructions or trade orders (hereinafter - the **"Trade Order"**) shall be given in writing and relate to purchase or sale of the Financial Instruments. The Trade Order shall (i) be completed substantially in the form of **Appendix N<sup>o</sup> 11A-11B** 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 Financial Instruments. 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: identification of the Financial Instruments, for instance the Issuer and type of the Securities, total nominal value (or number, if nominal value is not applicable), issuance number and date or ISIN, series of the Financial Instruments 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 Financial Instruments in the Account, as well as Instructions for debiting the same when the Company delivers out the Financial Instruments from the Account (other than pursuant to a transaction executed hereunder), shall be given in writing in the form attached as **Appendices № 12A-12C** hereto;

(c) for the **Fund Settle Services**, Instructions shall be given in writing and shall at a minimum include the following terms: subscription or redemption order, name of the unit, ISIN or registration code, quantity of units, settlement currency, unit NAV on a previous date. The relevant order form shall be completed substantially in the form of **Appendix № 14** to these Rules;

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

(e) Subject to Best Execution Policy the Company shall use its reasonable endeavors to execute any Instruction promptly, but the Client accepts that it may not always be possible to execute such order immediately or to execute it according to Instructions. The Company may refuse to accept Instructions or, having accepted any Instruction, decline to execute it in the event the execution of such Instruction is prohibited, restricted or otherwise limited by the Laws and regulations applicable at the relevant market(s), 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 rejection of the Client's Instruction. 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 as a result of such rejection of Instruction.

**"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 Company or its designated agents, brokers/dealers, Issuers, custodians or nominees.

**"Loss"** shall mean any and all losses, damages, costs, liabilities, expenses or costs (including reasonable external legal fees) of any kind, that a Party reasonably determines in good faith to be its total losses and costs (or gains) including, but not limited to, losses and costs (or gains) in respect of any payment or delivery required to have been made, cost of funding or, at such Party's selection but without duplication, loss or cost incurred as a result of terminating, liquidating, obtaining or re-establishing any hedge or related trading position (or any gain resulting from any of them).

**"Material Terms"** shall mean the terms of the Trade Order or/and the terms of 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:

- (a) Trade Date;
- (b) direction of trade (i.e., buy or sell);
- (c) Instruction (i.e., to debit or credit the Account);
- (d) identification of the Financial Instruments such as Issuer of the Securities, type of the Securities and ISIN/registration code of the Security, where applicable;
- (e) Payment Amount and currency;
- (f) Delivery Date;
- (g) Value Date;
- (h) settlement details if differ from ordinary market practice on a venue where execution of the Client's Instruction takes place;
- (i) Accrued Interest (if applicable);
- (j) Price of the Financial Instruments /Securities;
- (k) total Nominal Value and/or quantity of the Financial Instruments /the Securities (whatever is applicable); and/or
- (l) other items, if appropriate subject to specifics of a transaction.

**"Method of Valuation"** shall mean the method of determining the value of the Financial Instruments. 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 Financial Instruments 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.

**"NAV"** shall mean, in respect of units, the net asset value attributable to the units.

**"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 Party 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 Financial Instruments 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 Financial Instruments are to be purchased, or sold, or otherwise transferred, or redeemed. The Price of the Financial Instruments shall be determined in an applicable Trade Order.

**"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.

**"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 transferable securities including, but not limited to, shares in companies (whether listed or unlisted, admitted to trading or otherwise), comparable interests in partnerships and other entities and equivalent securities; bonds and other forms of securitised debt; depositary receipts in respect of the instruments above; securities giving the right to acquire or sell transferable securities (for example, warrants, options, futures and convertible bonds); and securitised cash-settled derivatives, including certain futures, options, swaps and other contracts for differences relating to transferable securities, currencies, interest rates or yields, commodities or other indices or measures.

**"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"** shall mean 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:

2.2.1. A reference to a Clause, Section, Schedule or Appendix is, unless stated otherwise, a reference to a clause or section of, Schedule or Appendix to, these Rules.

2.2.2. A reference to one gender is a reference to all or any genders, and references to the singular include the plural and vice versa.

2.2.3. A reference to a particular time of day is, unless stated otherwise, a reference to that time in Cyprus.

2.2.4. A reference to "RUB", "Roubles" or "Rubles" is to the lawful currency of the Russian Federation as. A reference to "USD", "US\$", "\$", "US Dollars" 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> 11A-11B** on purchase of the Securities to be included into the Portfolio or sale of the Securities from the Portfolio.

3.2.5. Provide the Client with information about the services provided by the Company, about products of the Company, about appropriate and non-appropriate financial instruments for the Client, as well as provide any other information on the client's request in accordance with the requirements of MiFID II.

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

3.3.1. Act as principal in any transactions for the disposal of the Financial Instruments 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 and information necessary for opening Accounts and concluding transactions in the trading systems as well as for re-registration of property rights on Securities held with the Account as well as for the KYC Refresh procedure.

3.4.3. Pay for the Services and reimburse all the Fees and other expenses incurred by the Company in 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 the Client does not have the required currency for execution of the 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 Funds of the Client shall be converted. Whenever the Company conducts currency conversions the Company will do so at such commercially reasonable rates of exchange as the Company shall select and notified to the Client upon the Client's request. The Company shall be entitled to charge and retain for its own account fees and commissions related with currency conversions as may be notified by the Company to the Client. All foreign exchange transacted by the Company on the Client's instructions will be carried out in accordance with the standard market 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:

4.1.1. The Client fills in the "Due Diligence Questionnaire" Form and "Appropriateness Test" (**Appendixes N<sup>o</sup>2 A- 3B** to the Rules).

4.1.2. The Client fills in the "CRS&FATCA Self Certification" form (**Appendix N<sup>o</sup>4A** (for individuals) and **Appendix N<sup>o</sup>4 B** (for legal entities) to the Rules).

4.1.3. The Client provides for the Company's consideration the set of documents in accordance with the list adopted by the Company (**Appendix N<sup>o</sup>8** to the Rules).

4.1.4. 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.

4.1.5. The Company signs the Agreement and returns 1 (one) fully signed original to the Client.

**5. INFORMATION ON FINANCIAL INSTRUMENTS**

5.1. The Client can familiarize the description of the risks of a particular financial instrument in the Product Governance Risk Disclosure Statement, which is published on the Company's website: <http://www.otkritiefinance.com.cy/common/img/uploaded/cyprus/doc/Product-Governance-Risk-Disclosure-Statement.pdf> and is an integral part of this Rules (see **Appendix 15**).

5.2. The Client is and shall remain, solely responsible for evaluating the risks in relation to purchases and sales of Financial Instruments. 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.

5.3. The Company makes no representations or warranties in relation to Financial Instruments. 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 Financial Instruments or with investing in general.

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

**6. COMMUNICATIONS**

6.1. The Company may rely upon any communication in any form (including oral communication) made by any Authorised Person on behalf of the Client listed at **Appendix N<sup>o</sup> 5A** hereto, as amended from time to time. Any change in the Authorised Persons shall be notified to the Company in writing promptly (see **Appendix 5B**). 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.



6.3. The Company hereby notifies the Client that it keeps a record of all telephone conversations with respect to the Client, as well as a record of all electronic communication, in accordance with the new requirements of MiFID II. The Client can find the information about this on the company's website: <http://www.otkritiefinance.com.cy/en/contacts/>

## 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 (hereinafter - the "**Account**"), which is opened with the bank (current details of the account are provided in **Appendix No 6** 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 monies are held shall be designated as a "Client's Account" or similar to put third parties on notice that those monies do not belong beneficially to the Company.

### **Clients' Assets held by third parties**

- JPMorgan Bank (regulated in the USA and in the UK)
- «Bank Otkritie Financial Corporation» (Public Joint-Stock Company) (Moscow)
- SOVA Capital Limited (FCA regulated Investment Firm with license) (London)

7.2. Where Client's Assets are held by a third party on behalf of the Company, the Company undertakes to use due care, skill and diligence in the selection, appointment and supervision of such third parties and to make available to the Client and take such action on the Client's behalf as the Client may reasonably request in relation to any rights the Company has against such entity.

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 where the Company shall enter a record of all the Financial Instruments 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 authorised 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 Financial Instruments 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 No 12C**) 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 Client's bank details specified in **Appendix No 6** 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 Account. In such a case or in the event of withdrawal from these Rules pursuant to Section 17 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 necessary to arrange such transfer, provided, however, that the Company shall be under no obligation to transfer any Financial Instruments 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 Financial Instruments is impracticable or impossible, the Company shall so notify the Client and continue to hold such Financial Instruments 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 and the Client does not give any response or does not take any action upon a respective notice from the Company, the Company may withdraw from the Rules pursuant to Section 17 hereof and terminate the Agreement unilaterally. For avoidance of any doubts should the Client have any Assets on the Account, the Company continues to hold such Assets in the interests of the Client until further Instructions.

7.9. The Company shall have the right in its sole discretion at any time without notice to the Client, to net, set-off, combine or consolidate all or any of the Accounts in such manner as the Company determines subject to applicable regulations. If on any date there are amounts which would otherwise be payable (in the same currency) both by the Company to the Client, and by the Client to the Company, then the Company may, but is not obliged to, aggregate the amounts so payable on such date and only the net difference between the two aggregate amounts will be paid by the Party owing the larger aggregate amount.

7.10. The Company shall have the right in its sole discretion at any time to realize a part of the portfolio of the Client to cover debts for servicing the accounts on which the assets are stored, according to the Company's fees, if the client does not respond to the Company's requests for debt coverage for more than thirty days.

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

8.1. The Client is responsible for the due performance of its obligations under each transaction which the Company enters into with or for the Client in accordance with the Rules and Instructions, whether by payment of the purchase price, delivery of the relevant Assets, or otherwise. If the Client fails to perform such obligations (including, for the avoidance of doubt, failing to deliver appropriate settlement instructions or deposit sufficient and respective Assets) the Client agrees that the Company without notice may either liquidate positions or make, receive delivery on behalf of the Client or take other actions as the Company deems appropriate to protect its interests upon such terms and by such methods which the Company deems feasible. This may include buying in or selling out Assets of a like kind and amount to the relevant Assets to be delivered on settlement of a transaction, by whatever means the Company determines in its absolute discretion.

8.2. If at any time the Client fails to deliver to the Company any Financial Instruments or other assets in compliance with contracts previously sold by the Company on behalf of the Client or fails to deliver Financial Instruments or other assets in compliance with such contracts, or the Company shall deem it necessary (whether by reason of the requirements of any exchange, clearing house or otherwise) to replace any Financial Instruments or other assets previously delivered by the Company for the Client's Account with other Financial Instruments or assets of like or equivalent kind or amount, the Client authorises the Company to borrow or to buy any Financial Instruments or assets necessary to make delivery thereof or to replace any such Financial Instruments 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 Financial Instruments or assets purchased or otherwise acquired for Account of the Client. The Client shall pay the Company for any Loss from the foregoing 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 Financial Instruments or assets.

8.3. The Client 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 in absence of the relevant Instruction or where it is made outside the cut-off times 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. Neither the Client nor the Company, when they are dealing in Financial Instruments, will cause or permit the Financial Instruments 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 REGISTRATION**

10.1. In relation to each transaction requiring a registration with a local custodian or depositary, the Company shall affect such registration on the Client's behalf, and the related registration fees as incurred by the Company 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 Financial Instruments 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 the 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 its knowledge or within its 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. FEES, EXPENSES AND LIABILITY**

11.1. Any debit or credit to the Client's Account shall be in the Base Currency unless the Client's transaction is denominated in another currency.

11.2. All bank and brokerage charges, disbursements, liabilities and expenses, including, without limitation, reasonable legal fees, value added, sales or other applicable taxes (together the "**Expenses**") incurred by the Company in the proper performance of its functions on behalf of the Client under or in connection with the Rules shall be for the Client's account, and all such Expenses shall be debited from the Account promptly or regularly by the Company.

11.3. 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 Financial Instruments in accordance with these Rules) unless such Loss arises from bad faith, willful default, gross negligence or fraud of the Company (or any of its employees). For avoidance of doubt, the Company shall not be liable for any Loss arising from any act or omission of any counterparty, bank,

custodian, sub-custodian, depository, settlement system, dealer, market, clearing house, or regulatory or self-regulatory organisation, agent or third party, except to the extent that such Loss is caused by the Company's bad faith, willful default, gross negligence or fraud in the selection or monitoring of such agents or third parties.

11.4. Without prejudice to Clause 11.2 above, the Client shall keep the Company free from any Loss whatsoever incurred by the Company pursuant to or in connection with the provision of Services to the Client or any transactions entered into for the Client under the Rules, howsoever arising, , unless due to the gross negligence, willful default or fraud of the Company.

11.5. The Clients undertakes to keep the Company and any of its Affiliates to which the Company has delegated any of its functions under these Rules fully indemnified against all Loss whatsoever incurred by the Company or its Affiliates pursuant to or in connection with the provision of the Services to the Client hereunder or any transactions entered into for the Client, howsoever arising, unless arising directly from the Company's or its Affiliates' gross negligence, willful default or fraud.

11.6. The above indemnities apply equally with respect to the Company's directors, officers, employees or agents and those of any of its Affiliates to which the Company has delegated any of its functions under these Rules or any transactions, in relation to the Company's or its Affiliates' respective acts or omissions.

11.7. The Company shall not be liable for any indirect, consequential or special loss or damages, loss of profits, loss of goodwill, loss of opportunity or loss of anticipated savings howsoever arising.

11.8. In consideration of the Company providing the Services hereunder, the Client shall pay to the Company the Fees, which will be notified by the Company to the Client in writing from time to time. The Fees may be calculated in accordance with a tariff plan (schedules on fees and commissions) or agreed with the Client at the time of a particular transaction and recorded in the Company's internal systems.

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

11.10. At the end of the calendar year, the Company will send to the Client an annual report regarding all the company's fees that were withheld or charged during the year, in accordance with new requirements of MiFID II.

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

12.1. The Company will promptly send to the Client by facsimile, email or other electronic means an update of trading activity, net positions and net mark to market value of the Portfolio as determined by the Company and a statement of the Client's cash in the Account, whenever the Client shall reasonably request. Subject to manifest error 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 information may be provided only to the Client and/or a person authorized by the Client (see Appendix 5A). If an electronic request from the Client is received, it is processed only if it comes from an authorized mail address. The requests received not from an authorized mail address and/or from not authorized person will not be accepted.

12.3. 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 Authorised 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: (i) established by Law or applicable regulation; or (ii) necessary for effecting settlement; or (iii) 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 via QUIK and for website online reports. The Client guarantees that it will not transfer any information on the software and applications provided to it concerning the online trading program QUIK.

13.3. The Client will store the electronic keys for access to online trading program QUIK in a safe place and will be responsible for it. The Client will be solely responsible for any activities done on its Account using its password and identity. The Company will not be liable under any circumstances for activities on the Client's Account unless done by an Authorised Person of the Company. The Client may use a "secret word" as password to pass brokerage Instructions on telephone to the Company, this password will be determined by the Client. The Client shall be responsible for the secret word and should not disclose it to anyone.

13.4. The Parties will at all times keep confidential and shall not disclose to a third party any information of a confidential nature acquired in connection with the Agreement or Portfolio, except for information which is bound to disclose under compulsion of law or by request of regulatory agencies or to respective professional advisers or where disclosure to a third party such as an intermediary or clearing house is necessary in order to facilitate the proper performance under the Agreement.

## **14. REPRESENTATIONS AND WARRANTIES**

14.1. The Company represents and warrants that it has obtained all governmental, regulatory and other consents that are required to be obtained in relation to the entering into, and performance of its obligations under, these Rules, each transaction hereunder and any other documentation relating thereto, that they are in full force and effect and it has complied with all and every condition of any such consents, and it will use all reasonable efforts to ensure they remain in full force and effect and to comply with all such conditions.

14.2. 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.

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

14.4. The person signing the Agreement on behalf of the Client is duly authorised to do so.

14.5. 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: (i) any law by which the Client or any of its assets is bound or affected; (ii) rights of any third parties in respect of the Client or the Financial Instruments; (iii) any agreement to which the Client is a party or by which any of its assets are bound.

14.6. The representations and warranties provided in this Section 14 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 laws and regulations.

## **16. FORCE MAJEURE**

16.1. Neither Party shall be liable to the other for any partial or non-performance of its obligations hereunder by reason of any cause beyond its reasonable control including (without limit) any breakdown, delay, malfunction, or failure of transmissions, communications, or computer facilities, connection, or equipment; power failure; failure or defects in any computer hardware or software; any industrial action; any civil commotion or disorder, riot, invasion, war, threat of or preparation for war; any act of terrorism; any accident, fire, or explosion; any acts of God (including any storm, flood, earthquake, subsidence, epidemic, or other natural physical disaster); any acts and regulations of any governmental or supranational bodies or authorities; market default, suspension, failure or closure, change in market conditions, or the imposition or change (including a change of interpretation) of any law or governmental or regulatory requirement except that the Parties settlement obligations cannot be waived under the Rules and, in respect of such obligations, the Parties shall, acting reasonably, consider alternative settlement arrangements until such time as the original settlement obligations can be satisfied. To the extent alternative settlement arrangements are agreed between the Parties the original settlement obligations shall be deemed satisfied.

## **17. TERMINATION 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) calendar days' written notice to the Client or immediately in the event of the Client's Event of Default.

17.2. The Client may withdraw from these Rules at any time by giving 90 (ninety) calendar 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, 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, facsimile communication or by other electronic means to the Client's and the Company's postal or electronic addresses.

18.2. All communications or notices sent to the Client's and Company's contact details and addresses shall be deemed duly delivered:

- (a) on the date of delivery if delivered by hand or via an internationally recognized courier service; or

- (b) on the date of transmission if transmitted by fax; or
- (c) on the date of receipt of the message if sent by email or other electronic means, provided that the receiving Party shall be deemed to be in receipt of the message at the time of (i) receipt of the read receipt for the message by the sender, or (ii) at the time of sending of the message if the sender does not request a read receipt, provided that the sender does not receive a delivery failure notice within 24 hours after sending the message.

18.3. All Instructions in respect of cash transfer and Financial Instruments transfer including the Client's 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) Financial Instruments transfer orders (including DVP instructions) - 12.00 PM GMT, Monday – Friday for value date 'today'.

## 19. EVENT OF DEFAULT. SECURITY AND SET-OFF

19.1. The following events shall constitute an "Event of Default".

(a) the Client commences a voluntary case or other procedure seeking or proposing liquidation, reorganisation, an arrangement or composition, a freeze or moratorium, or other similar relief with respect to its debts under any bankruptcy, insolvency, regulatory, supervisory, or similar law (including any corporate or other law with potential application to an insolvent party), or seeking the appointment of a trustee, receiver, liquidator, conservator, administrator, custodian, examiner, or other similar official (each a "Default Official") of the Client or any substantial part of the Client's assets; or take any corporate action to authorise any of the foregoing, and, in the case of a reorganisation, arrangement, or composition, the Company does not consent to the proposals;

(b) an involuntary case or other procedure is commenced against the Client seeking or proposing liquidation, reorganisation, an arrangement or composition, a freeze, or moratorium, or other similar relief with respect to the Client or its debts under any bankruptcy, insolvency, regulatory, supervisory, or similar law (including any corporate or other law with potential application to an insolvent Party) or seeking the appointment of a Default Official of the Client or any substantial part of the Client's assets, provided that it shall not be an Event of Default for any such case or procedure to be commenced against the Client, if the case or procedure is withdrawn, dismissed, discharged, stayed, or restrained, in each case within 15 days of the commencement thereof;

(c) the Client is dissolved, or if its capacity or existence is dependent upon a record in a formal register, the registration is removed or ends, or any procedure is commenced seeking or proposing the Client's dissolution or the Client's removal from such a register or the ending of such a registration;

(d) the Client fails to make any payment when due, or to make or take delivery of any money or assets when due, or to observe or perform any other obligation of the Rules or any transaction hereunder,

(e) any representation or warranty made, given, or deemed made or given by the Client under the Rules or in connection with any transaction hereunder proves false or misleading in any material respect as at the time it was made, given or deemed to be made or given;

(f) in relation to any agreement entered into and between the Company and the Client, an event of default (as defined in the applicable agreement) in any agreement shall constitute an Event of Default under the Rules (after the expiration of any grace period). For the avoidance of doubt, such agreements include, but are not limited to, ISDA agreements and any other form of master agreement.

19.2. On the occurrence of the Client's Event of Default, the Company shall be entitled, without prior notice to the Client, to cancel all outstanding Instructions and should the Company deems it appropriate and to the extent possible treat all and any transactions then outstanding as having been cancelled or terminated or close out, replace or reverse any transaction and to take, or refrain from taking, such other action at such time or times and in such manner as, at the Company's sole discretion, the Company considers necessary or appropriate to cover, reduce or eliminate its Loss or liability under or in respect of any transactions or commitments.

19.3. Without prejudice to any other rights or remedies which the Company may have at Law, where the Client fails to pay or deliver any amount to the Company when due and payable hereunder (hereinafter in this Section 19 - the "outstanding obligations") the Company shall have a lien, right of retention and power of sale and charge (hereinafter - the "Security Interest") over any and all Assets held or received by the Company on behalf of the Client whether in the sole name of the Client, in the name of the Company or associate, agent or nominee of the Company (hereinafter - the "Security Assets"), to the extent of and to satisfy such outstanding obligations which the Client may have now or at any time towards the Company pursuant to these Rules.

19.4. The Client agrees that it will not withdraw or seek to withdraw the Security Assets or in any way, encumber, assign, transfer or deal with the Security Assets without prior written consent of the Company and until the outstanding obligations towards the Company are repaid pursuant to these Rules. If the Company gives its consent to the delivery of the Assets from the Client's Account to a third party then, on the relevant delivery being made, the relevant Assets shall be automatically released from the Security Interest.

19.5. In the Client's Event of Default the Company may apply any portion of the Security Assets together with (if applicable) any interest thereon whether or not credited in reduction or discharge of the Client's outstanding obligations pursuant to these Rules and for that purpose the Company may:

(a) appropriate, sell or otherwise dispose of all the title to and interest in any asset subject to the Security Assets or (as the Company may elect and without prejudice to any later exercise of this power) the whole or part of the equitable interest divested of the legal title for such consideration upon such terms and generally in such manner as the Company may, in its sole discretion, determine provided that where the Company sells or disposes of any such Security Assets the Company shall use its reasonable endeavours to obtain a fair value where reasonably obtainable in the circumstances; and

(b) apply all or any part of any cash credited to the Client's Account or the value of any appropriated Security Assets towards the discharge of the outstanding obligations upon such terms and generally in such manner as the Company may, in its sole discretion, determine. The net proceeds of any enforcement shall be applied towards discharge of the outstanding obligations in such order as the Company shall determine. The Client will be entitled to any balance remaining after the unconditional and irrevocable discharge of all outstanding obligations. In the event of a shortfall, the Client will immediately on demand pay the balance remaining due to the Company.

If the proceeds of the realization of the Security Assets are not enough to repay the outstanding obligations, the Client will repay the amount of the deficiency immediately to the Company.

19.6. The Security Interest of the Company is not affected in any way by any time indulgence or relief given by the Company.

19.7. The Company may set off any obligation due and payable by the Client against any obligation due and payable by the Company to the Client (whether or not in connection with these Rules and the Agreement), regardless of the currency or place of payment of the obligations. 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 to the Base Currency 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 arising as a result of the operation of this set-off.

19.8. The rights conferred upon the Company are continuing and outstanding liabilities are not to be considered satisfied by any repayment or partial repayment.

19.9. In the event of the Company's Event of Default, the Client's obligation to make a payment to the Company under the Rules (subject to limitations and exclusions of liability as provided by these Rules), may, at the Client's option, be reduced by set-off against any amount(s) payable (whether at such time or in the future or upon the occurrence of a contingency) by the Company to the Client under these Rules or the transaction executed hereunder (irrespective of the currency, place of payment or booking office of the obligation). For this purpose, any currency amount may be converted into any other currency by the Client (acting reasonably) at the reasonably selected prevailing market rate.

In the event of the Company's Event of Default, the Client (the "**Non-Defaulting Party**" for the purposes of this Clause 19.9) may, by notice to the Company (the "**Defaulting Party**" for the purpose of this Clause 19.9), specify a date (the "**Liquidation Date**") for the termination and/or liquidation of any or all outstanding transactions falling under the scope of these Rules (the "**Liquidated Transaction(s)**") to be agreed by the Company, such agreement not to be withheld unreasonably.

Neither Party shall be obliged to make any further payments or deliveries under any Liquidated Transaction and such obligations shall be satisfied by settlement (whether by payment, set-off or otherwise) of the Liquidation Amount (as defined below).

The Non-Defaulting Party shall (on, or as soon as reasonably practicable after, the Liquidation Date) determine (discounting if appropriate and reasonable), in respect of each Liquidated Transaction, its total financial loss, or, as the case may be, financial gain, in each case expressed in US Dollars as a result of the termination of each payment or delivery which would otherwise have been required to be made under such Liquidated Transaction having due regard to, if appropriate, such reasonably selected market quotations published on, or official settlement prices set by, a relevant exchange or clearing organisation as may be available on, or immediately preceding, the date of calculation) including Loss in respect of any payment or delivery required to have been made (assuming satisfaction of any applicable condition precedent) on or before the designated Liquidation Date and not made, in all cases accounting for any margin which may be held.

The Non-Defaulting Party shall treat each financial loss to it, determined as above, as a positive amount and each gain by it, so determined, as a negative amount and aggregate all of such amounts to produce a single, net positive or negative amount, denominated in US Dollars (the "**Liquidation Amount**"). If the Liquidation Amount determined pursuant to this Clause is a positive amount, the Company shall pay it to the Non-Defaulting Party and if it is a negative amount, the Non-Defaulting Party shall pay it to the Company. The Non-Defaulting Party shall notify the Company of the Liquidation Amount, the relevant calculations composing the Liquidation Amount and by which Party it is payable, immediately after the calculation of such amount.

## 20. CUSTODY TERMS

20.1. 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 to be held in custody (hereinafter – the “**Custody Assets**”). The Company will open, or cause to be opened, such accounts as are required to safeguard adequately the Client's ownership rights in those Financial Instruments in the event of the Company's insolvency, and to minimise the chance of loss or diminution of those Assets.

20.2. 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 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's name. If Custody Assets are held in Company's name or that of a custodian, the Custody Assets may not be segregated or separately identifiable from Company's 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.

20.3. 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.

20.4. 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 Financial Instruments requires it to be deposited in such a state or (ii) the Company receives a prior written instruction from the Client, in which case the consequences of so doing are entirely at the Client's own risk.

20.5. The Company is responsible for the acts of the Company's nominee to the same extent as for the Company's own acts. Subject to Clause 7.2 of the Rules above, the Company accepts no liability for the default of any other nominees.

20.6. 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 considers appropriate (which may without limitation involve pro-rata allocation).

20.7. 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 is 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.

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

20.9. 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 and rights offering, or legal notices or other material intended to be transmitted to securities holders (hereinafter – the “**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.

20.10. 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 has 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.

20.11. 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.

20.12. Until the Company receives the Client's Instructions to the contrary the Company is authorised to and shall:

20.12.1. 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.

20.12.2. Execute certificates and documents as may be required to obtain payment in respect of Securities.

20.13. The Company will credit the Client's Account with income and redemption proceeds only after actual receipts. Neither the Company 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.

20.14. The Company shall use reasonable skill and care in performing the Client's obligations under these Rules and the Company shall look after Assets with the same degree of skill and care as it does for its own similar assets in the relevant markets. Use of Financial Instruments held by the Company on behalf of the Client.

20.14.1. The Company will not enter into arrangements for securities financing transactions in respect of Financial Instruments held by it on behalf of the Client or otherwise use such Financial Instruments for its own account or the account of another Client, unless:

- (a) the Client has given express prior written consent to the use of the Financial Instruments on specified terms; and
- (b) the use of that Client's Financial Instruments is restricted to the specified terms to which the Client consents.

20.14.2. The Company must not enter into arrangements for securities financing transactions in respect of Financial Instruments held by it on behalf of the Client in an omnibus account held by a third party, or otherwise use Financial Instruments held in such an account for its own account or for the account of another Client unless, in addition to the conditions set out in 20.15.1:

- (a) each Client whose Financial Instruments are held together in an omnibus account has given express prior written consent; or
- (b) the Company has in place systems and controls which ensure that only Financial Instruments belonging to clients who have given express prior written consent are used.

20.14.3. For the purposes of obtaining the express prior consent of a retail Client the signature of the retail Client or an equivalent alternative mechanism is required.

## **21. ADDITIONAL AGREEMENTS**

21.1. The Client may execute additional agreements or hold other investments with the Company that are not covered by the Rules, including, without limitation, participation agreements and subscription agreements (hereinafter – the “**Supplemental Agreements**”). Cash and Financial Instruments related to the Supplemental Agreements may be held in the Accounts in accordance with these Rules.

21.2. 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 govern any transaction related to such Supplemental Agreements.

21.3. 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). Where the Company makes such variations to the Rules it shall become effective after 10 (ten) Business Days from the date of posting updated versions of the Rules unless the notice stipulates otherwise.

## **22. APPLICABLE LAW**

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

22.2. Any legal action, dispute or proceedings arising out of, or in connection that may arise in relation to these Rules, shall be referred to arbitration by a single arbitrator in accordance with the provisions of the Arbitration Law of Cyprus, Cap 4. The arbitrator will be proposed by the Arbitration Service of the Cyprus Chamber of Commerce and Industry and must be approved by the Parties. In case of disagreement between the Parties on the proposed arbitrator, the arbitrator will be appointed in accordance with the provisions of the Arbitration Law of Cyprus, Cap 4. The language in which such arbitration shall be conducted shall be English.

22.3. 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.

## **23. APPENDICES TO THE RULES**

(Please see the Instruction in reading and completing the Appendixes)<sup>1</sup>

Appendix N<sup>o</sup> 1 – Agreement on Rendering of Brokerage Services

Appendix N<sup>o</sup> 2A – Due Diligence Questionnaire (for Individual)

Appendix N<sup>o</sup> 2B – Due Diligence Questionnaire (For Legal Entity)

Appendix N<sup>o</sup> 2C – Client Categorisation

Appendix N<sup>o</sup> 3A - Appropriateness Test (for Individual)

Appendix N<sup>o</sup> 3B - Appropriateness Test (For Legal Entity)

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<sup>1</sup> The Instruction in reading and completing the Appendixes:

When opening an account the Client must complete and sign the following Appendixes:

- The Client - Individual: Appendixes 1, 2A, 2C, 3A, 4A, 5A, 7;
- The Client - Legal Entity: Appendixes 1, 2B, 2C, 3B, 4B, 5A, 7;
- Appendixes for information purposes, that Client must read and understand: Appendixes 4, 4C, 6, 8, 9, 10, 15;
- Appendixes that the Client must fill in in case of certain conditions (before filling, please contact the Client Manager): Appendixes 5B, 11A, 11B, 12A, 12B, 12C, 13, 14.



Appendix N° 4 Tax Information Sharing Regulations, CRS, FATCA  
Appendix N° 4A – CRS & FATCA Self-Certification (Individuals)  
Appendix N° 4B – CRS & FATCA Self-Certification (Legal Entities)  
Appendix N° 4C – Glossary (to CRS & FATCA Self-Certification Forms)  
Appendix N° 5A – Authorised Persons  
Appendix N° 5B – Changes to the List of Authorised Persons  
Appendix N° 6 – Bank Details  
Appendix N° 7 – Processing Personal Data  
Appendix N° 8 – List of Required Documents for Know Your Customer Procedures  
Appendix N° 9 – Taxes Notification  
Appendix N° 10 – Financial Instruments  
Appendix N° 11A – Trade Order  
Appendix N° 11B – Trade Order (REPO TRADE)  
Appendix N° 12A – Instruction for Transfer of Securities  
Appendix N° 12B – Instruction for Transfer of Funds  
Appendix N° 12C – Instruction for deposit of Funds to the Bank  
Appendix N° 13 – QUIK Access Terms  
Appendix N° 14 – Fund Settle Service Instruction for subscription/redemption of units  
Appendix N° 15 - Product Governance Risk Disclosure Statement

## SCHEDULE 1

### CONFLICT OF INTERESTS POLICY

#### Background

This document sets out OTKRITIE CAPITAL CYPRUS LIMITED (hereinafter - the “**Company**” or “**OCCL**”) policy to effectively manage any Conflicts of interest (as defined below) that may arise in carrying on its business.

This conflict of interest policy (hereinafter – the “**Policy**”) is established in accordance with the Cypriot Law 87(I)/2017 “Investment Services and Activities and Regulated Markets” and new requirements under EU Markets in Financial Instruments Directive (MiFID II). 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 of interest 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 cannot 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 structure and the nature, scale and complexity of the business it conducts with its Clients.

#### 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 a 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 favour the interest of another client over the interest of the client carries on the same business as the client;
- Has receive or will receive from a person other than the client an inducement in relation to a service provided to the client, in the form of monetary or non-monetary benefits or services.

#### Definitions

<b>“Compliance”</b>	means an internal division of the Company that identifies, evaluates, monitors and manages compliance risks.
<b>“Compliance Officer”</b>	a compliance manager of the Company in charge of monitoring Company’s compliance with the Laws
<b>“Conflict of interest”</b>	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.
<b>“Employee”</b>	means a permanent or temporary employee of the Company.
<b>“Family”</b>	means a family member or partner of the Employee.
<b>“Senior management”</b>	means the senior management of the Company.
<b>“Personal transaction”</b>	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.

### **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 of interest 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.

### **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

#### **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 the Policy. In the event that an Employee is unsure as to whether a situation represents a potential Conflict of interest, the Policy is that the Employee is under instruction to raise the issue immediately with the Compliance Officer.

The Company has 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.

#### **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.

#### **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 of interest
- 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 of interest, the Employee should have a risk matrix whose conflicts can be assessed against, and also gives direction on the level of reporting/action required.

#### **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 (the Company must inform the Client of a Conflict of interest prior to doing work for that Client)

### **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 of interest, a description of the steps taken in order to mitigate the Conflict of interest - including Client disclosures and subsequent resolutions.

### **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 (information is kept in a secure places meeting the Laws requirements)
- 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 Financial Instruments 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 third 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 through the broker in the United Kingdom. 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.

### **Watch and Restricted Lists Policy and Procedures**

Watch and Restricted Lists are a key mechanism for managing potential Conflicts of interest.

They enable the Company to monitor activities in confidence, to identify sensitive situations and proactively resolve them. They are also the method of demonstrating to regulators such as the Cyprus Securities & Exchange Commission ("CySEC") and to Clients, the operation of Chinese walls within OCCL, which in turn allows business areas to continue their activities independently and to rebut any possible suggestions of misuse of confidential information.

Specifically, the Watch Lists enable Compliance to monitor the integrity of the Chinese walls between the Portfolio Management Department and other business areas (principally Sales and Trading).

The Watch and Restricted Lists provide the mechanism to identify and apply any regulatory restrictions which may apply to certain business activities (e.g. Portfolio Management, Sales and Trading) as a result of OCCL activities. In implementing this policy it is important to ensure, so far as is reasonably practicable that:

- Conflicts of interest arising out of sales and trading activities can be identified at an early stage;
- The flow of unpublished, price-sensitive information within the Company can be monitored; and the misuse or perceived misuse of unpublished price-sensitive information can be detected.

### **Policy**

- Sets out the restrictions that generally apply to marketing and trading activities for Financial Instruments on the Watch and Restricted Lists, and
- Describes the policy and procedure applicable where OCCL participates in transactions or produces research on the Financial Instruments issued by the companies whose name appears on the Watch List and/or Restricted Lists maintained by Compliance.
- Maintenance of this Policy is the responsibility of the Compliance. It will be reviewed every 12 months.

### **The Restricted List**

The Restricted List is a list of companies where OCCL is publicly mandated as advisor, portfolio manager, broker, dealer manager.

There may also be certain situations where OCCL has a legal, contractual or regulatory obligation to restrict activities in relevant the Financial Instruments (for example standstill or confidentiality agreements or the requirements of regulation, tender offer rules). This will be monitored by Compliance, who will advise the business accordingly.

The Restricted List is maintained by Compliance. Portfolio Management, Trading and Sales are responsible for being aware of the companies that are on the Restricted List.

All OCCL Employees should check the Restricted List before undertaking any personal account dealing transactions.

### **Inclusion in the Restricted List**

A company will be added to the Restricted List upon the public announcement of a mandate to OCCL to act in any of the following capacities in relation to that company:

- Portfolio Manager
- Broker
- Dealer-manager

In the case of publicly announced takeovers, mergers, advisory and other types of corporate finance activities, OCCL's Client will be included on the Restricted List if the transaction is material to the Client. The other party to the transaction will be included on the Restricted List where the transaction is deemed material to that party, whether or not OCCL Client is included on the Restricted List. Major shareholders, subsidiaries and affiliates may also be included if they are likely to be materially impacted by the mandate.

The contents of the Restricted List are confidential to Employees of OCCL and are solely *for* internal use only.

No one may engage in discussions regarding the contents of the Restricted List with persons outside OCCL except with Compliance or Senior management's express approval.

The effect of inclusion of a company or companies on the Restricted List will vary according to the type of transaction triggering inclusion on the list.

Compliance, in consultation with Senior management, is responsible for determining the restrictions which will apply in any particular case.

The restrictions which will normally apply are detailed herein.

- All OCCL Employees are prohibited from personal account dealing in any Financial Instruments (included related derivatives) in companies on the Restricted List. The Policy on Personal Account Dealing applies.
- Brokerage operations are generally permitted provided that business is consistent with normal market practice. Positions in excess of allowable limits (or relevant disclosure level if less) may only be undertaken with the agreement of Compliance and Senior management.
- Market making, customer facilitation and proprietary trading activities are usually permitted provided that trading activities are not excessive in comparison to normal trading practice and trading limits.

#### **Exclusion from Restricted List, inclusion in Watch List**

A company will be removed from the Restricted List when:

- The transaction has been concluded; or
- When it is otherwise determined that is no longer necessary to restrict activities in the security.

If, at the stage when the company is removed from the Restricted List, OCCL continues to be in possession of price sensitive information regarding a prospective transaction or project, the company will be placed on the Watch List.

#### **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.

#### **Disclose of Conflicts of Interests**

OCCL discloses to our clients the specific conflict of interest which may directly or indirectly affect their investment decisions. The aforementioned disclosures include sufficient detail, description of the conflicts of interest that arise in the provision of investment and/or ancillary services, taking into account the nature of the client, to enable that client to take an informed decision with respect to the service in the context of which the conflict of interest arises. Also, this description will contain an explanation of the general nature and sources of conflicts of interest, as well as the risks to the client that arise as a result of the conflicts of interest and the steps undertaken to mitigate these risks, in sufficient detail to enable that client to take an informed decision with respect to the investment or ancillary service in the context of which the conflicts of interest arise.

OCCL discloses the conflicts of interest only when ensures that disclosure of conflicts to clients is used only as a last resort, which only be used where the organizational and administrative arrangements established to prevent or manage such conflicts are insufficient to ensure, with reasonable confidence, that the risk of damage to the Clients' interests will be prevented. In such cases when it is necessary to make a disclosure on specific conflicts of interest to the Client, OCCL will clearly state in that disclosure that the organizational and administrative arrangements set up to prevent or manage conflicts of interest are not sufficient to ensure, with reasonable confidence, that the risk of damage to the interest of the Client will be prevented.

OCCL discloses conflicts of interests in a durable medium. All conflicts of interests in which involves the Company and/or its employees and which may affect the decisions of Clients will be published on the website of the Company.

## **SCHEDULE 2**

### **EXECUTION POLICY**

Within the framework of the EU Markets in Financial Instruments Directive (MiFID II), OTKRITIE CAPITAL CYPRUS LIMITED (hereinafter the “**Company**” or “**we**”) required to set up an order execution policy (hereinafter – the “**Execution Policy**”) and to take all reasonable steps to obtain the best possible result for the Clients. In this context it is essential to provide appropriate information to the Clients on the Execution Policy.

This Execution Policy sets forth the general basis on which “**best execution**”, as required by the Cypriot Law of 2017 “Investment Services and Activities and Regulated Markets” and the Cyprus Securities and Exchange Commission DIRECTIVE DI144-2007-02 (hereinafter - the “**Law**”), will be provided.

#### **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 the Execution Policy. The purpose of the Execution 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 Execution Policy apply?

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

The Policy will not apply

- When we are following Client’s instructions to execute its order in a particular manner;
- When the Client is categorized by us as an “Eligible Counterparty”. In case of doubt as to Client’s categorization, such Client may contact the Company;

However Execution Policy applies both for Retail and Professional Clients.

#### **Achieving Best Execution**

##### ***What does “best execution” mean?***

“Best execution” means:

- That we have established this Execution 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.
- The Execution Policy applies in the reception and transmission of orders and the discretionary managements of portfolios, when executing orders on the most favourable terms. However the Company is obliged to take appropriate steps and measures to ensure that the financial intermediaries to whom orders may be transmitted also maintains the Execution Policy.
- That we will annually review and update the Execution Policy to ensure that it continues to achieve such results. However Execution Policy order on the most favourable terms does not impose any obligation other than those specifically provided by the Terms of Business and the Regulation, furthermore it does not create any contractual obligation.
- 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 Client’s behalf on the venues and in the manner described in the Execution 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 the Client, 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, including where the order involves a securities financing transaction (SFT);
- The characteristics of the financial instruments to which Client's order relates; and
- The characteristics of the venues (if there is more than one) where we are able to execute 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.

We ensure that orders executed on behalf of our Clients are promptly and accurately recorded and allocated when carrying out client orders. OCCL carries out otherwise comparable client orders sequentially and promptly unless the characteristics of the order or prevailing market conditions make this impracticable, or the interests of the Client require otherwise.

OCCL informs a Retail Client about any material difficulty relevant to the proper carrying out of orders promptly upon becoming aware of the difficulty.

In case that OCCL is responsible for overseeing or arranging the settlement of an executed order, we take all reasonable steps to ensure that any Client's financial instruments or Client's funds received in settlement of that executed order are promptly and correctly delivered to the account of the appropriate Client.

OCCL ensures that we do not misuse information relating to pending Client orders and take all reasonable steps to prevent the misuse of such information by any of its relevant persons.

***What is our responsibility when Client's order is executed for us by a third party?***

There may be situations when we pass an order to another entity or a third party broker for execution. We may pass an order to the certain entity in cases where we do not have the ability to execute the order but the entity does have that ability. These financial intermediaries are selected by means of an evaluation process that takes into account their ability to offer the best possible result in the execution of orders transmitted to them. In such cases, we have standard procedures and integrated systems for passing orders to the certain entity for execution. Moreover the Company will ensure that these third parties have an order execution policy enabling the Company to fulfil its general obligation to execute orders on the most favorable terms for its Clients.

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

We may pass an order to a third party broker or dealer to execute Client's 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.

We monitor on a regular basis the effectiveness of the best interests arrangements established and, in particular, and we monitor the execution quality of the brokers specified in this paragraph and, where appropriate, correct any deficiencies. OCCL reviews its reception and transmission arrangements for Client orders, at least annually.

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

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

**Commissions**

OCCL acting fairly and transparent and ensure that we does not structure or charge commissions in such a way so as to discriminate unfairly between execution venues. OCCL monitors the fairness of the price proposed to the



Client, by gathering market data used in the estimation of the price of such product and, where possible, by comparing with similar or comparable products when executing orders or taking decision to deal in OTC products including bespoke products.

Where OCCL apply different fees depending on the execution venue, the firm will explain these differences in sufficient detail in order to allow the client to understand the advantages and the disadvantages of the choice of a single execution venue. OCCL as an investing firm ensure that we do not receive any remuneration, discount, or non-monetary benefit for routing client orders to a particular trading or execution venue which would infringe the requirements on conflicts of interest or inducements.

### **Types of service provided**

OCCL provide the service of: reception and transmission of orders, execution of orders and portfolio management.

In the provision of these types of services always taken into account the rules of MiFID II regarding obligation to execute orders on terms most favourable to the Client.

When providing the service of reception and transmission of orders, execution of orders and portfolio management, our firm always acts honestly, fairly and professionally in accordance with the best interests of our clients when placing orders with other entities for execution that result from decisions by investment firm to deal in financial instruments on behalf of our Client. OCCL have effected execution arrangements that enable our Firms to comply with their obligations under the requirements when they place or transmit orders to that entity for execution.

### **Execution Venues**

Execution venues are a regulated market, multilateral trading facility (MTF, which operates like an exchange), other trading facility (OTF), the Company itself acting as a market maker or dealing for its own account, a systematic internaliser, or other liquidity providers either within or outside the European Economic Area.

#### ***What are the factors for venue selection?***

In achieving best execution, we do, as relevant and appropriate, take into account a number of factors in choosing the venue, including:

- the price available and the depth of liquidity available at that price;
- transaction costs (i.e. the fees charged for executing an order on a particular venue, clearing and settlement) which are passed on to the Client whether directly or indirectly;
- conditions of securities delivery and place of securities keeping (specific custodian, registrar or depository);
- counterparty transparency and reputation;
- speed of execution on the market;
- likelihood of execution and settlement (e.g. market liquidity for the particular product);
- the ability of the venue to manage complex orders;
- clearing and settlement arrangements; and
- any other consideration relevant to the execution of the order.

The relative importance of these factors varies between different financial instruments.

When there is more than one competing venue to execute an order, for the purposes of delivering best possible result in best execution purpose we performed an assessment and compare the results for the client that would be achieved by executing the order on each of the execution venues listed in this policy that is capable of executing that order, our own commissions and the costs for executing the order on each of the eligible execution venues shall be taken into account in that assessment.

**For a Retail Client**, price and costs determine best execution, although the other factors above may take priority where instrumental in achieving that best price and costs. However, markets, instruments and transaction types vary greatly in terms of liquidity, depth, transparency, certainly, ease and speed of execution etc.

In any time Securities delivery time and counterparty reputation will assume equal or greater importance than price and costs with respect to financial instruments issued by Russian companies and other issuers established in non-European Economic Area countries or kept in non-European Economic Area custodians.

**For Professional Clients**, price and costs are usually the most important factor although we do, as appropriate, take into account the other factors in the context of the relevant circumstances including whether there is room for price improvement or condition for Financial Instruments delivery.

Where there is only one possible venue where the transaction can be executed, best execution is achieved by execution on that venue.

Best execution is a process and not an outcome. This means that when executing an order for the Client, we execute it in accordance with our execution policy but we do not guarantee that the best possible price will be obtained in all circumstances and, in any event, the factors may lead to a different result in a particular transaction.

In certain circumstances, this obligation will not apply, for example at a time of severe market turbulence, and/or internal or external system failure where instead the ability to execute orders on a timely basis, or at all, will become the primary factor. In the event of system failure, we may not be able to access all of our chosen execution venues.

The venues on which we place significant reliance, i.e. the venues on which we will typically execute transactions, are as follows:

- Equity instruments tradable on a regulated market:
  - o on a regulated market;
  - o on a MTF;
  - o on a OTF;
  - o with a Otkritie as counterparty (against its own book);
  - o with other Company's Clients or counterparties;
  - o with a broker acting as systematic internaliser; or
  - o with an external broker-dealer duly authorised under legislation of its registration country.
- Equity instruments not tradable on a regulated market:
  - o with an appropriate vendor/purchaser;
  - o with a Otkritie as counterparty (against its own book); or
  - o with an external broker-dealer duly authorised under legislation of its registration country.
- Fixed income securities (tradable and not tradable on a regulated market):
  - o with Otkritie as counterparty (against its own book);
  - o with an appropriate vendor/purchaser;
  - o on a regulated market; or
  - o with Otkritie as an external broker-dealer duly authorised under legislation of its registration country.
- Derivatives tradable on a regulated market:
  - o on a regulated market;
  - o with Otkritie as counterparty (against its own book); or
  - o with an external broker-dealer duly authorised under legislation of its registration country.
- Derivatives not tradable on a regulated market:
  - o with Otkritie as counterparty (against its own book);
  - o with an appropriate vendor/purchaser; or
  - o with an external broker-dealer duly authorised under legislation of its registration country.
- Units of mutual funds (established in Russia, Ukraine and other non-European Economic Area countries):
  - o with Otkritie as counterparty (against its own book);
  - o with an appropriate vendor/purchaser; or
  - o with an external broker-dealer duly authorised under legislation of its registration country.
- Shares (units) in charter capital (of Russian companies and other companies established in non-European Economic Area countries):
  - o with Otkritie as counterparty (against its own book);
  - o with an appropriate vendor/purchaser; or
  - o with an external broker-dealer duly authorised under legislation of its registration country.

## **DIRECT MARKET ACCESS**

Where the Client has direct market access through an electronic interface provided by us, and in each case it links only to a certain (single) regulated market or even more than one regulated market, MTF, OTF, then *the Client has taken its own responsibility for achieving best execution* and the timing and price and other aspects of execution are not part of the service that we provide to the Client.

## **Compliance with Client Instructions**

***What happens if the Client gives us specific instructions as to how to execute its order?***

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

- where the Client instructs us to execute its order on a particular venue, we will not be responsible for selecting the venue;
- where the Client instructs us to execute its order with a particular third party institutions; or
- where the Client instructs us to execute its order at a particular time or over a particular period, regardless of the price available, we will endeavor to execute Client's 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.

### **The effectiveness of order execution arrangements and Execution Policy**

OCCL periodically monitors the effectiveness of its order execution arrangements and execution policy in order to identify and, where appropriate, correct any deficiencies. OCCL assess, on a regular basis (at least once a year), whether the execution venues included in the order execution policy provide for the best possible result for the client or whether we need to make changes to our execution arrangements, taking account of, inter alia, the information published under information regarding top five execution venues in terms of trading volumes where we executed client orders. OCCL also carries out a review whenever a material change occurs that affects our ability to continue to obtain the best possible result for the execution of our client orders on a consistent basis using the venues included in this Execution Policy. OCCL makes assessment whether a material change has occurred and shall consider making changes to the relative importance of the best execution factors in meeting the overarching best execution requirement.

Per the Client request OCCL is able to demonstrate to its Clients, that OCCL has executed their orders in accordance with this Execution Policy. OCCL also is able to demonstrate to the competent authority, its compliance with best execution rules under the Law, at its request.

### **Informing of a client**

OCCL provides Clients with the following details on its execution policy in good time prior to the provision of the service:

- a list of the execution venues on which OCCL places significant reliance in meeting its obligation to take all reasonable steps to obtain on a consistent basis the best possible result for the execution of Client orders and specifying which execution venues are used for each class of financial instruments, for retail, professional client orders and SFTs.
- a list of factors used to select an execution venue, including qualitative factors such as clearing schemes, circuit breakers, scheduled actions, or any other relevant consideration, and the relative importance of each factor.

The information about the factors used to select an execution venue for execution is consistent with the controls used by OCCL to demonstrate to Clients that best execution has been achieved on a consistent basis when reviewing the adequacy of your policy and arrangements.

- how the execution factors of price costs, speed, likelihood of execution and any other relevant factors are considered as part of all sufficient steps to obtain the best possible result for the client.
- a clear and prominent warning that any specific instructions from a client may prevent the firm from taking the steps that it has designed and implemented in its execution policy to obtain the best possible result for the execution of those orders in respect of the elements covered by those instructions.
- a summary of the selection process for execution venues, execution strategies employed, the procedures and process used to analyse the quality of execution obtained and how the firms monitor and verify that the best possible results were obtained for clients.

Also, OCCL provide information about entities where the orders are transmitted or placed for execution (upon reasonable request from a client).

In case that OCCL executes orders for Retail clients, OCCL will provide those Clients with a summary of the relevant policy focused on the total costs they incur with a link to the recent execution quality data published by the execution venue listed by the Firm in our Execution Policy (OCCL will provide this information per Client's request).

### **Information on the quality of execution obtained**

OCCL will update periodically (On an annual basis) an information for each class of financial instruments, the top Five execution venues in terms of trading volumes where we executed client orders in the preceding year and information on the quality of execution obtained. OCCL will public this information on its website: [http://www.otkritisfinance.com.cy/en/Licenses\\_Documents/](http://www.otkritisfinance.com.cy/en/Licenses_Documents/)

### **Updating the Execution Policy**

***How often will we update the Execution Policy?***

OCCL will update the Policy periodically (at least annually) to take into account changes as and when appropriate.

Whenever a material change occurs, that are a significant event that could impact parameters of best execution such as cost, price, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of the order, our firm consider making changes to the execution venues or entities on which it places significant reliance in meeting the overarching best execution requirement. And if applicable, these changes will reflect in this Policy.

*Note: A material change is a significant event that could impact parameters of best execution such as cost, price, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of the order.*

***How can you obtain the most recent version of the Execution Policy?***

OCCL undertake to post the most recent version of the Policy on the OCCL's website.

OCCL will inform the Client if any material changes to the Policy occur or if any material changes to order execution arrangements will take place.

This information will explain clearly, in sufficient detail and in a way that can be easily understood by clients, how orders will be executed by our firm for the Client. In case this Policy will update we will require to obtain the prior consent of our clients to the order execution policy.

Information about these changes will be available on the OCCL's website (it is our request to all clients to monitor changes to our website) or will be sent via an official letter.

## **SCHEDULE 3**

### **CLIENT CATEGORIZATION POLICY AND PROCEDURES**

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

Written internal policies and procedures to categorize Clients included herein, has been adopted by OTKRITIE CAPITAL CYPRUS LIMITED (hereinafter - the “**Company**” or “**OCCL**”) for the purpose of compliance with Investment Services and Activities and Regulated Markets Law of 2017 (hereinafter – the “**Law**”) when rendering investment services and activities as well as ancillary services with financial instruments (hereinafter - the “**service**”) to Clients.

Upon the provision of Law regarding Client categorization, 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 categorization as a Professional Client but such Client will be afforded a lower level of protection.

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

The Eligible Counterparty has the right to request a different categorization 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 categorization 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 without Client's consent.**

##### **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 such Client requests for re-categorization as a Professional Client consequently such Client 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 Authorised 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 Client**

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:

They must state in writing to the Investment Firm (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 shall not be entitled to protection residing from an Investor-compensation Fund established under the Law.

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.

#### **A. Categories of Clients who are considered to be professionals to all investment services and activities and financial instruments:**

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

- (a) Credit institutions;
- (b) Investment Firms;
- (c) Other authorised 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 (like Portfolio Investment Companies).

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

- balance sheet total at least **20 000 000** euro
- net turnover at least **40 000 000** euro
- 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 organisations.

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.

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

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. Therefore we are 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, gives reasonable assurance, in light of the nature of the transactions or services envisaged, that the Client is capable of making its 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:**

**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 OCCL
- Statement of transactions with other IF(s) for the previous four (4) Quarters
- Letter from other IF(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 OCCL
- Latest statements of Account with other IF(s)
- Letter from other IF(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) authorised to carry out transactions). The following documents shall be provided:

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

**9. Eligible Counterparty (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 I, of Annex II of the Investment Services and Activities and Regulated Markets Law of 2017 (Law), excluding any category which is explicitly mentioned in Section 31(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.

where 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 I 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 categorisation. 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.

#### **10. Categorization 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 OCCL 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,
- OCCL 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, OCCL must take all reasonable steps to ensure that the Client requesting to be treated as a Professional Client meets the relevant requirements stated above.

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

#### **11. Loss of Protections**

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

- the Client will not be entitled to compensation under the investor compensation scheme
- According to the Execution Policy the Company is not required to prioritize the overall cost of the transaction as being the most important factor in achieving best execution for the Client
- the Company can assume that Professional Clients have the necessary level of experience and knowledge to assess the risks associated with such investments or services. Where the Company provides services to Professional Clients, in assessing the suitability of any personal recommendation, the Company is entitled to assume that they are able financially to bear any related risks consistent with their investment objectives. For elective Professional Clients, the Company does not assume that they are able financially to bear any related risks consistent with their investment objectives unless a proper assessment is performed.
- the Company is 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 Company, 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 4

### CATEGORIZATION AND CONSENTS

Subject to the information that Client has supplied to the Company at the stage of establishing the relationship the Company will treat the Client in respect of the Brokerage Services as:

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As described in **Client Classification Policy and Procedures** attached hereto as Schedule 3.

This categorization applies for all financial instruments including complex financial instruments as these are defined in the Law. The Company will accord the Client the relevant protections associated with its categorization.

You have the right to request a different categorization however, please note that the Client protection level, enjoyed by the Retail Clients is the highest. Please contact us for more details.

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

#### CONSENT FORM

##### Consent to your categorization

**I hereby confirm that I accept the categorization above provided by OCCL (to be completed by the Client):**

Yes (by clicking yes, you hereby certify your consent to be treated in accordance with categorization provided above)

No

---

*This categorization applies for all financial instruments including complex financial instruments as these are defined in the Law. The Company will provide the Client with the relevant protections associated with the chosen categorization.*

*You have the right to request a different categorization however, please note that the Client protection level, enjoyed by the Retail Clients is the highest.*

##### For Retail Client:

I hereby confirm my understanding, that the Company will not execute the order in non-appropriate financial instruments, that are clearly stated in the Notification regarding appropriateness assessment ("Notification of the results of the Appropriateness Test").

Agree

Disagree

##### Consent to your categorization as a Professional Client (only for Professional Clients)

Being categorized as Professional 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 assume that Professional Clients have the necessary level of experience and knowledge to assess the risks associated with such investments or services.

Please provide your consent to be treated by OTKRITIE CAPITAL CYPRUS LIMITED as a Professional Client.

Agree

Disagree

##### For Professional Clients and Eligible Counterparties:

I hereby consent to OTKRITIE CAPITAL CYPRUS LIMITED the right to use my financial instruments for OTKRITIE CAPITAL CYPRUS LIMITED own account or the account of another client of the OTKRITIE CAPITAL CYPRUS LIMITED.

Agree

Disagree

**Consent to possible return of Funds**

Where the verification of the Client/beneficial owner's identity has not been completed during the designated timeframe of 15 days, the commencement of a business relationship shall be terminated on the date of the deadline's expiry and all deposited Funds must be returned to the Client/beneficial owner, in the same bank account from which they originated. The procedure for returning the Funds shall occur immediately, regardless of whether the Client has requested the return of its Funds or not. The returned Funds include any profits the Client has gained during its transactions and deducting any Loss incurred. I am warned appropriately/sufficiently/in due time of this procedure, including the policy for treating open positions, the procedure for possible return of funds, and provide with my explicit consent as to the procedure that is to be followed.

**I confirm that I read, understand the procedure for treating open positions and possible returns of Funds and provide with my consent:**

- Yes (By clicking yes, you provide consent that you clearly understand this procedure)
- No

**Consent to provision documents**

The Official Language of Business Relationship is English. Please kindly note, that in case of any translations and/or bilingual agreements/notifications, English version prevail.

- Agree (By ticking this box, you confirm, that you understand English and provide your consent for business relationship in English)
- Disagree

The Client confirms that the information provided by the Client during on-boarding process is complete, true and accurate. The Client understands that it is the responsibility of the Client to inform the Company of any changes with regards to the provided information and documents.

- Yes (By clicking yes, you provide your consent)
- No

I hereby provide confirm my understanding that OTKRITIE CAPITAL CYPRUS LIMITED will perform periodically KYC Refresh Project on my profile and I confirm that I will provide the Company with the required documents. I confirm hereby my understanding, that in case the documents and relevant information will not be provided, OTKRITIE CAPITAL CYPRUS LIMITED has the right to block my account and decline any orders for execution.

- Agree
- Disagree

**Consent to communicate electronically and consent to recording of communication** I hereby provide my consent to OTKRITIE CAPITAL CYPRUS LIMITED for sending me the account foundation documents and agreements in a durable medium other than on paper to the fax number and/or e-mail address I have provided. I provide my consent to communicate electronically.

- Agree
- Disagree

I understand and provide my consent that telephone and e-mail communication and/or conversations between me and OTKRITIE CAPITAL CYPRUS LIMITED that result or may result in transactions as well as conversations that are linked to the provision of Investment and Ancillary Services will be recorded and remained for at least 5 years within the Company.

- Agree
- Disagree

**Consent to execution of orders**

I hereby confirm that OTKRITIE CAPITAL CYPRUS LIMITED can execute my orders outside of a Regulated Market or an MTF or and OTF in an instrument admitted to trading on a Regulated Market or a MTF or an OTF.

- Agree  
 Disagree

Hereby I provide with my consent OTKRITIE CAPITAL CYPRUS LIMITED to use professional judgement as to whether to transmit certain limit orders to a Regulated Market or a MTF or an OTF, e.g. I provide my consent to OTKRITIE CAPITAL CYPRUS LIMITED to use its best professional judgment as to whether to transmit limit orders that are below standard market size and which are not immediately executed under market conditions prevailing at the time, to a Regulated Market or a MTF or an OTF.

- Agree  
 Disagree

#### **Consent to non-publication of limit orders**

I hereby provide my consent to non-publication of limit orders. I understand that the Company should 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 conditions, unless the Client expressly instructs the Company otherwise. Where I place a limit order with OTKRITIE CAPITAL CYPRUS LIMITED in shares which are admitted to trading on a regulated market and that order is not immediately executed under prevailing market conditions, I agree that the Company has discretion and will not be required, to make my limit order public in a manner which is easily to accessible to other market participants.

- Agree  
 Disagree

#### **Consent to hold your Assets in an omnibus account (with other Clients)**

I hereby provide my consent to OTKRITIE CAPITAL CYPRUS LIMITED that my financial instruments and/or money funds may be held together in an omnibus account (in or outside EU).

- Agree  
 Disagree

#### **Consent to understanding Policies of OTKRITIE CAPITAL CYPRUS LIMITED**

I hereby confirm that I received, read and understood the **Order Execution Policy** of OTKRITIE CAPITAL CYPRUS LIMITED (see Schedule 2) and I provide my consent to the Order Execution Policy of OTKRITIE CAPITAL CYPRUS LIMITED.

- Agree  
 Disagree

I hereby confirm that I received, read and understood the **Complaints Policy** of OTKRITIE CAPITAL CYPRUS LIMITED (see OCCL's website:  
[http://www.otkritiefinance.com.cy/common/img/uploaded/cyprus/doc/complaints\\_management\\_policy.pdf](http://www.otkritiefinance.com.cy/common/img/uploaded/cyprus/doc/complaints_management_policy.pdf)).

- Agree  
 Disagree

I hereby confirm that I received, read and understood the **Conflict of Interest Policy** of OTKRITIE CAPITAL CYPRUS LIMITED (see Schedule 1).

- Agree  
 Disagree

#### **Consent to client's targeting and results of appropriateness assessment**

I hereby confirm that I received the Notification regarding Target Client Group and Appropriate/Non-appropriate financial instruments for the client ("Notification of the results of the Appropriateness Test") and read the Product

Governance and Distribution Policy as well as Product Governance Risk Disclosure Statement, I confirm the understanding of these documents and I agree with targeting that carried out by OCCL in relation to me as a Client.

Agree

Disagree

**Other Consents**

1. I hereby confirm my understanding, that the Company should be in line with the sanction regulation (EU and US) and will block the account and freeze all the assets in case I will be included in the SDN list/Asset freeze list.

Agree

Disagree

2. I hereby confirm my understanding that Bank Details stated in the Appendix 6 will be used by OTKRITIE CAPITAL CYPRUS LIMITED and the Company reserves the right to reject any other bank details.

Agree

Disagree

3. I hereby confirm that via completing these Appendixes to the Rules, I provided OTKRITIE CAPITAL CYPRUS LIMITED with my e-mail, to which I have access and which I check on the ongoing basis, as well as I confirm that this is not an e-mail address of any agent/consultant or any other 3rd party.

Agree

Disagree

4. I understand and provide my consent that I have constant, regular access to the Internet. I hereby also consent that I will check the Company's web-site on an on-going basis and I understand that the Company can amend the documents and Rules via publishing this on the web-site. I understand that this is my responsibility to check for any updates and inform the Company if I disagree with any clause/change in writing.

Agree

Disagree

5. I hereby confirm that I received the relevant version of the Rules and the Agreement, which I read, understood and agree to follow.

Agree

Disagree

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

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

Name: \_\_\_\_\_

Position: \_\_\_\_\_

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