

## TERMS AND CONDITIONS FOR REPO TRANSACTIONS

Valid from 01.02.2011

### 1. GENERAL PROVISIONS

**1.1** The terms and conditions for Repo Transactions (hereinafter **Service Conditions**) shall serve as the Service Conditions in the meaning of the Financial Markets Client Agreement and its annexes (hereinafter **Client Agreement**) concluded between the Bank and the Client, regulating the relations between the Bank and the Client upon conducting Repo Transactions, and establishing the procedures for conducting Repo Transactions

**1.2** The Service Conditions shall apply for all Repo Transactions concluded between the Parties, unless the Parties have agreed in writing that the particular Repo Transactions will be made outside the regulation of the Service Conditions.

### 2. DEFINITIONS

**2.1** In addition to the definitions specified in the Client Agreement, the following capitalised definitions shall apply for the Service Conditions:

**2.1.1 Underlying Assets** means the securities specified upon the conclusion of the Repo Transaction;

**2.1.2 Primary Buyer** means the Party who acts as the buyer of the Underlying Assets in the Primary Transaction, and as the seller of the Underlying Assets in the Secondary Transaction;

**2.1.3 Primary Purchase Price** means the sales price of the Underlying Assets in the Primary Transaction;

**2.1.4 Reverse Repo Transaction** means a Repo Transaction where the Client acts as the primary buyer;

**2.1.5 Repo Transaction** means a transaction which consists of two chronological and mutually reverse transactions on the sales of securities – with the first sales transaction (**Primary Transaction**), the Party sells, under the terms and conditions agreed upon the conclusion of the Repo Transaction, the Underlying Assets to the other Party, and is obliged to repurchase, with the second sales transaction (**Secondary Transaction**), the Underlying Assets from the other Party under the terms and conditions agreed upon the conclusion of the Repo Transaction;

**2.1.6 Standard Repo Transaction** means a Repo Transaction where the Client acts as the secondary buyer;

**2.1.7 Transaction Period** means the time interval between the Value Date of the Primary Transaction until the Value Date of the Secondary Transaction which shall not be longer than 3 months. For the purpose of calculating the purchase price of the Secondary Transaction, the length of the transaction period, in case of premature termination of the Repo Transaction, shall be the time interval between the Value Date of the Primary Transaction and the agreed Value Date of the Secondary Transaction;

**2.1.8 Transaction Account** means the current account or securities account to be used for repo transaction-related settlements;

**2.1.9 Secondary Buyer** means the Party, who acts as the seller of the Underlying Assets in the Primary Transaction, and as the repurchaser of the Underlying Assets in the Secondary Transaction;

**2.1.10 Secondary Purchase Price** means the sales price of the Underlying Assets in the Secondary Transaction, which is calculated by adding to the primary purchase price (in case of Standard Repo Transaction) or deducting from the primary purchase price (in case of reverse repo transactions) the interest calculated for the transaction period in accordance with the agreed rate;

**2.1.11 Value date** means a banking day on which the Repo Transaction-related money and/or securities transfer or another operation specified in the Service Conditions is executed.

### 3. PROCEDURE FOR REPO TRANSACTION

**3.1** Material conditions for Orders of Repo Transactions:

**3.1.1** specification of the Primary Buyer and the Secondary Buyer;

**3.1.2** specification of the Underlying Assets;

**3.1.3** amount of the Underlying Assets;

**3.1.4** currency of the Purchase Price;

**3.1.5** Primary Purchase Price

**3.1.6** reference price;

**3.1.7** interest rate;

**3.1.8** Value Dates of the Primary and Secondary Transaction;

**3.1.9** specification of Transaction Accounts;

**3.2** In order to conduct a Standard Repo Transaction, the Bank shall:

**3.2.1** debit from the Client's Transaction Account, on the Value Date of the Primary Transaction, the securities which form the Underlying Assets of the corresponding Repo Transaction, and simultaneously transfer the Primary Purchase Price to the Client's Transaction Account; and

**3.2.2** debit from the Client's Transaction Account, on the Value Date of the Secondary Transaction, the Purchase Price of the Secondary Transaction, and simultaneously transfer to the Client's Transaction Account the securities which form the Underlying Assets of the corresponding Repo Transaction, as well as the securities delivered to the Bank as a collateral for the Repo Transaction.

**3.3** In order to conduct a Reverse Repo Transaction, the Bank shall:

**3.3.1** debit from the Client's Transaction Account, on the Value Date of the Primary Transaction, the Primary Purchase Price, and simultaneously transfer the securities, which form the Underlying Assets to the corresponding Repo Transaction, to the Client's Transaction Account; and

**3.3.2** debit from the Client's Transaction Account, on the Value Date of the Secondary Transaction, the securities which form the Underlying Assets of the corresponding Repo Transaction, and simultaneously transfer the Secondary Purchase Price to the Client's Transaction Account.

**3.4** Unless otherwise agreed by the Parties upon the conclusion of the Repo Transaction, the dividends, interest or other disbursements paid during the Transaction Period for the securities which form the Underlying Assets of the Repo Transaction, shall belong to the Secondary Buyer, whereas the Primary Buyer shall be obliged to immediately deliver such payments to the Secondary Buyer.

**3.5** If the Secondary Buyer so desires, the Primary Buyer shall issue to the Secondary Buyer, for the transaction period, an authorisation document for the execution of the right to vote or make decisions, which arise from the securities that form the Underlying Assets of the Repo Transaction.

**3.6** The Client shall have the right to premature termination of the Repo Transaction by notifying the Bank thereof at least one banking day in advance. In the event of premature termination of the Repo Transaction, the Value Date of the Secondary Transaction shall be considered as due on the date of premature termination of the transaction. The minimum interest amount for a Repo Transaction terminated prematurely at the Client's request is 32 Euros.

**3.7** The Bank shall have the right for premature termination of the Repo Transaction on the grounds stipulated in the Client Agreement and Service Conditions by notifying the Client thereof at least one banking day in advance. Prior notification is not required in early termination on the grounds as stipulated in the Client Agreement. In the event of premature termination of the Repo Transaction, the Value Date of the Secondary Transaction shall be considered as due on the date of premature termination of the transaction.

**3.8** If, on the Value Date of the Secondary Transaction, the Client's Transaction Account lacks the securities or Secondary Purchase Price required for the execution of the Secondary Transaction or the Bank is not able to debit the Client's respective account, then no securities, which form the Underlying Assets of the Transaction, shall be delivered to the Secondary Buyer, and the Bank shall transfer to the Client's Transaction Account the positive present value of the Repo Transaction, or debit from the Client's Transaction Account the negative present value of the Repo Transaction.

**3.8.1** The present value of a Standard Repo Transaction is the amount received by deducting from market price of the securities acquired by the Bank with the Primary Transaction and the securities delivered to the Bank as a Collateral for the Repo Transaction the Secondary Purchase Price and other debts payable by the Client for the corresponding Repo Transaction (e.g. contractual penalty, fine for delay, service charges, etc.);

**3.8.2** The present value of the Reverse Repo Transaction is the amount received upon deducting from the total of Secondary Purchase Price and the market price of any Collateral securities the market price of the securities transferred to the Client with the Primary Transaction as well as other debts payable by the Client for the corresponding Repo Transaction (e.g. contractual penalty, fine for delay, service charges, etc.).

**3.9** If the Client does not fulfil its obligations arising from the Repo Transaction on the Value Date of the Secondary Transaction, the Bank shall have the right to transfer the Underlying Assets and sell the Collateral without notifying the Client thereof in advance

#### **4. COLLATERAL**

**4.1** The Bank shall have the right to demand that the Client provides or increases the Collateral for the Margin Call arising from the Secondary Transaction, if during the Transaction Period:

**4.1.1** in case of a Standard Repo Transaction, whose underlying assets are shares, the market price of the shares which form the Underlying Assets of the Repo Transaction falls below 25% of the reference price of the corresponding Repo Transaction; or

**4.1.2** in case of a Reverse Repo Transaction, whose Underlying Assets are shares, the market price of the shares, which form the Underlying Assets of the Repo Transaction, increase to exceed the reference price of the Repo Transaction by more than 25%.

**4.2** In the case provided in Clause 4.1.1, the Client shall immediately upon the Bank's request provide a Collateral by providing the Bank with securities, which are similar to the Underlying Assets of the Repo Transaction so that the market price of the securities which form the Underlying Assets of the Repo Transaction and securities which are provided as Collateral would exceed the Primary Purchase Price of the corresponding Repo Transaction by at least two times. If the Client has not provided the Collateral or increased it up to the level required by the Bank by 11:00 am of the following banking day, the Bank shall have the right for unilateral premature termination of the Repo Transaction and to sell the Collateral and the Underlying Assets. The Bank is not required to give the Client any rectification possibility.

**4.3** In the case provided in Clause 4.1.2, the Bank shall block the guarantee on the Client's Transaction Account so that the amount of the guarantee amount to be blocked and the Primary Purchase Price paid by the Client would exceed the market price of the securities which form the Underlying Assets of the Repo Transaction at least two times and/or be equal to the level established by the Bank at the conclusion of the Repo Transaction.

**4.4** If the value of the Underlying Assets and the Collateral has, in case of a Standard Repo Transaction decreased, or in case of a Reverse Repo Transaction increased, by 35% or more, the Bank shall notify the Client thereof. The Client shall be obliged to increase the Collateral by 16:00 of the same banking day. If the Client has not provided or increased the Collateral, the Bank shall have the right for unilateral premature termination of the Repo Transaction and to sell the Collateral and the Underlying Assets. The Bank is not required to give the Client the rectification possibility.

**4.5** Upon receiving a Collateral or upon the increase of the Collateral, the Bank shall have the right to establish a new reference price for the Repo Transaction.

**4.6** The terms and conditions for setting and increasing Collateral for Repo Transaction, whose Underlying Assets are securities that differ from shares, shall be agreed upon the accepting of the Order on the corresponding Repo.