

# Terms and conditions of the financial markets client agreement

Valid from 31.12.2019

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## 1. DEFINITIONS

In the Terms and Conditions (**Terms and Conditions**) of this Financial Markets Client Agreement (**Client Agreement**), which is an integral part of the Client Agreement, the following capitalised terms are used with the following meanings:

**Professional Client** is a person who is a professional investor as defined in the Estonian Securities Market Act, a person who trades in goods and commodity financial instruments on the market, or a company that meets at least two of the following conditions: 1) its balance sheet equals to or exceeds 20 million euros; 2) its net turnover equals to or exceeds 40 million euros; 3) its equity capital equals to or exceeds 2 million euros, or a retail client who is treated by the Bank as a Professional Client at the Client's request.

**Depository** is a person who provides securities' custody, registration, and/or settlement services to the Bank;

**Nominee Account** is a special type of securities account by means of which the Bank deposits the Client's securities in the name of the Bank in its name and on its account.

**Financial Instruments** are the securities or other rights, currency, interest rate, credit, index, raw material that are the object of the deal or the rights and obligations related to them or a combination of the above or other indicators/variables that are usually used on international financial markets as the underlying assets of derivative instruments or derivative transactions.

**Index Unavailability** means a situation where the index is not published or available, it has ceased or will cease to be provided, it may not be used, the determination methodology of it has materially changed, or it cannot be applied due to any other event beyond the bank's control.

**Combined Retail Investment Product** is an investment where the amount repayable to the retail investor varies regardless of the legal form of the investment because it depends on fluctuations in the underlying value or the return on one or more assets not purchased directly by the retail investor (e.g. derivative, structured bond, insurance-based investment product).

**Order** is an order submitted by the Client with which the Client requests the Bank to perform a Transaction or another activity related to the Transaction.

**Correction Event** is an event or circumstance that is independent of a Transaction Party and the occurrence of which considerably changes the relations or the contents of mutual obligations in the performed Transaction. Correction Events are also the following events: merger, division, reorganisation, termination, or bankruptcy of the issuer, increase or decrease in the share capital of the issuer; increase or decrease in the nominal value of the securities that are the object of the Transaction; one currency being replaced by another; a trading interruption in a regulated securities market or a multilateral or an organised trading facility; another event that temporarily or permanently inhibits the performance of the Transaction in accordance with the terms and conditions agreed due to circumstances independent of the Parties. The occurrence of force majeure is not deemed a Correction Event.

**Legal Entity Identifier (LEI)** means an identifier which is used globally to identify a legal person, the possession of which is a prerequisite for certain Transactions.

**Party** is the Bank and/or the Client.

**Competent Authority** is an Estonian or foreign person in public or private law or a state authority which, on the basis of a legal act, a contract concluded with the market participants, or an authorisation issued by the market participants, organises the functioning of a certain area of financial services in the respective country or financing centre or which exercises supervision over this area. Such a person may be, for example, the central bank, a supervisory authority, an operator of a regulated securities market, a stock exchange, a multilateral or organised trading facility, a manager of a securities register, an operator of a settlement system, or another similar person.

**Key Information Document** is a document created by a Combined Retail Investment Product Designer that contains information about the product's key features and risks.

**Collateral** is funds reserved in favour of the Bank by the Client (or third party) (e.g. money or securities on the Client's account or transferred to the Bank or other Financial Instruments or real estate with which the Client guarantees the fulfilment of obligations under the Transaction).

**Notice** is a notice or document aimed at producing a legal effect related to the Client Agreement.

**Service** is a foreign currency transaction, deposit, or over-the-counter derivative transaction (OTC derivative) and the execution of orders in securities or traded derivatives or reception and transmission for execution of such orders, as well as ancillary investment services or other related services in connection with the abovementioned investment services.

**Service Conditions** are the terms and conditions of the relevant Service with which the Bank establishes the content of the Service and the specific conditions and procedure for using the Service. Service Conditions are an integral part of the Terms and Conditions. The definitions defined in the Terms and Conditions are used in the same meaning also in the Service Conditions, unless otherwise provided in the Service Conditions.

**Transaction** is a transaction made between the Parties or an agreement of its mediation, which is the substance of the respective Service.

**Transaction Confirmation** is a document containing important information about the Transaction that is sent to the Client after the execution of the Order.

**Security Element** is a user ID, password, or other similar element allocated to and associated with the Client that the Bank may require from the Client upon accepting the Order for additional identification of the Client or the Client's representative. Security Elements allocated to the Client in relation with the Client Agreement have been set out in Annex 2 of the Client Agreement.

**Website** is the Bank's website at [www.seb.ee/investorprotection](http://www.seb.ee/investorprotection).

**Authorised Representative** is the person who has the right to give Orders to the Bank and perform Transactions on behalf and account of the Client and exercise other rights of the Client arising from the Client Agreement or take on obligations on behalf of the Client.

## 2. GENERAL PRINCIPLES FOR SERVICE PROVISION

- 2.1 The description of each Service and the more specific conditions and procedure for using the Service shall be stipulated with the respective Service Conditions. A list of the Services with references to the Service Conditions applied with respect to the Service and preconditions, if any, to the Service have been set out in Annex 1 to the Client Agreement. Parties may agree on Transactions which are not regulated with Service Conditions by the Bank. The Bank's General Terms and Conditions and Terms and Conditions of the Securities Account and Transactions form an integral part of the Terms and Conditions and apply to the provision of the Service insofar as the Client Agreement does not provide otherwise.

- 2.2 The Bank has the right to decide, at its own discretion, regarding which currencies, securities, or other financial instruments it will provide the Services, whereas the Bank has the right to refuse the provision of some Services or the provision of Services as regards particular financial instruments or underlying assets at any time. In addition, the Bank has the right to establish or amend, at any time, the existing restrictions on, limits of (incl. transaction or position limit), and minimum requirements for the Services, including transaction volumes and/or execution deadlines of Services, and restrict or prohibit the submission of certain Orders, depending on the type of the Order, time of submitting the Order, client classification, financial instrument which the Order concerns, or Transaction value. The Client can receive current information on other requirements for the Services from the corresponding contact persons in the Bank specified in the Client Agreement or on the Website.
- 2.3 The Bank will not provide portfolio management or investment advice services on the basis of the Client Agreement; thus, the Client is independently liable for the decisions related to their assets, including the selection of securities, acquiring information necessary for making the investment decision, and arranging Transactions with the financial instruments included in their assets. In addition, the Bank will not act as a tax advisor to the Client and this condition also applies if the Bank has referred to a certain tax aspect in the information aimed at the Client. Tax aspects depend on the particular characteristics of a transaction and the Client and are subject to changes in the future.
- 2.4 In cases provided by law, the Bank shall assess the appropriateness of the provided Service and Financial Instrument. The Client is obliged to submit to the Bank information required by the Bank necessary for the assessment of appropriateness of the provided Service or financial instrument.
- 2.5 Upon providing the Services, the Bank shall regard the Client in accordance with the client classification as indicated in the Client Agreement or separately notified to the Client during the validity of the Client Agreement. Additional information about the classification of clients has been specified on the Website. The Client has the right to request a different classification. The Bank points out that in the event that a certain Service can be provided only to a Client classified as a Professional Client or as an eligible counterparty and if the Client applies to be classified as a retail client, the Bank has the right to terminate the respective service agreement from the moment the Client applied to be classified as a retail client.
- 2.6 In the case of a Professional Client, the Bank assumes that the Client has achieved the required level of knowledge and experience with respect to the particular Service or financial instrument, which complies with the Client's investment objectives, and that a Professional Client is able to financially bear the risks related to the investment. The Client is responsible for keeping the Bank informed about any change that could affect their treatment as a Professional Client. If the Bank thereby becomes aware that the Client no longer meets the conditions set for Professional Clients (including the conditions that allow the Bank to treat a retail client as a Professional Client), the Bank shall apply the provisions of retail clients to the Client according to the changed circumstances.
- 2.7 If a Client who is a legal person concludes a Client Agreement for services other than foreign currency transaction, the Client is obliged to acquire a LEI and inform the Bank thereof before making the respective Transaction. The Client is obliged to update the LEI as required.
- 2.8 The Bank shall keep records, maintain respective registers, and keep accounts to distinguish, at any time, the securities held for the Client from securities of other clients and the Bank.
- 2.9 The Bank shall store the documents related to the provision of the Services for the minimum period stipulated by legislation. The Client has the right to review the abovementioned documents at the time agreed beforehand by the Parties. If necessary, the Client can make copies of the documents at the disposal of the Bank at the expense of the Client.
- 2.10 Unless provided otherwise in the Service Conditions, each reference to time constitutes a reference to Estonian local time.
- 2.11 Any delay in the exercise of any of the rights stipulated in the Client Agreement, Terms and Conditions, or Service Conditions does not mean that such a right has been waived; the separate or partial exercise of any right does not exclude the further exercise of such a right or the exercise of any other right.
- 2.12 Declaring a provision of the Client Agreement, Terms and Conditions, or Service Conditions null and void or invalid does not result in the declaration of any other provision of the Client Agreement, Terms and Conditions, or Service Conditions null and void or invalid.
- 2.13 If there are any differences or ambiguousness in the Estonian and any foreign language versions of the Client Agreement, Terms and Conditions, and/or Service Conditions, the Estonian text shall prevail.
- 2.14 If the Bank provides to the Client a service other than investment advice and portfolio management (e.g. receiving, transmitting, and executing a securities order) which is provided at the Client's initiative, the Bank will not be able to assess the full relevance of the target market for the security to the Client in terms of investment objectives, risk tolerance, and the level of investment knowledge and experience. As a result, the interests of the Client may be less well protected.

### 3. SUBMITTING AND ACCEPTING ORDERS

- 3.1 In order to initiate a Transaction or other action in relation to the provided Service, the Client must give a respective Order to the Bank in writing, via electronic facility for financial transactions accepted by the Bank, by phone, or via e-mail. Upon submitting the Order, the Client shall indicate the important terms and conditions of the Transaction and all other data required by the Bank (incl. LEI).
- 3.2 The Bank warns the Client that e-mail is not a safe means of communication and the Bank cannot ensure the safety of the information forwarded via e-mail and the Bank is not liable for the fact whether an e-mail reaches the Bank or not. If the Client submits the Order to the Bank via e-mail, the Bank may ask the Client to re-confirm their Order by phone.
- 3.3 The Bank records the communication with the Client conducted by telephone and via electronic channels, which is related to or may lead to giving an Order. The Client has the right to request the Bank to submit the recordings of the communication between the Client and the Bank during the time the recordings are retained. Pursuant to legislation, the Bank shall retain the recordings usually for five years. If the Client requests the recordings, the Client shall compensate to the Bank for concurrent reasonable expenses. The Client confirms that they agree with the recording of the abovementioned communication.
- 3.4 The agreement of executing or mediating the Transaction is concluded at the moment the Parties have agreed on all important terms and conditions of the Transaction and the Bank has accepted the Order. Important conditions of the Order submitted to the Bank are stipulated in the respective Service Conditions.
- 3.5 Upon submitting the Order, the Client must consider the legislation applicable to securities and transactions in securities, the respective market practice, rules of the trading venue and the Depository, their knowledge of and experience with securities, as well as the purpose of the Transaction and possible risks and restrictions associated with performing the Transaction.
- 3.6 At the Client's request, the Bank will provide additional information about the important aspects and the Service Conditions related to the execution of the Order and using the Service.
- 3.7 If the Client wishes to purchase a Combined Retail Investment Product, the Bank shall provide the Client, who is a Regular Client, Key Information Document. The Bank will make such Key Information Documents available to the Client on the Website.
- 3.8 In the cases set forth in the Client Agreement, Terms and Conditions, or Service Conditions, some or all Transactions or activities associated with such Transactions will be made automatically, i.e. without the Client's separate Order.
- 3.9 The Client shall ensure that the persons giving Orders to the Bank on behalf and in the name of the Client have the right for such activities. The Bank has the right to act on the basis of each Order given in the manner specified in clause 3.1 of the Terms and Conditions for which the Bank can presume in good faith that the Client has given this Order. Should the Bank have reasonable suspicion, it may contact the legal representative of the legal person or the natural person him-/herself and ask to confirm the Order. A person acting in the name of the Client who is a legal person is presumed to have the right of representation arising from its position.
- 3.10 When accepting the Order, the Bank identifies the Client or the Client's representative by taking due care and diligence usually required for rendering financial services, as well as applying certain technical equipment (e.g. telephones which show caller ID, call recording systems, etc.).
- 3.11 When accepting the Order, the Bank may ask the Security Element from the Client.
- 3.12 The Parties are obliged to retain the Security Elements allocated to the Client in such a way as to ensure the confidentiality of the Security Elements and avoid their disclosure to unauthorised persons. The Client is obliged to inform the Bank immediately of the potential disclosure of the Security Elements to unauthorised parties. Upon receiving the corresponding notice, the Bank blocks the acceptance of Orders over the phone, or the provision of some of or all of the Services until the allocation of new Security Elements to the Client.
- 3.13 The Bank accepts Orders on all working days during the standard business hours of the Bank. Orders for making transactions with traded securities or derivatives registered or traded in a foreign country may also be accepted by the Bank outside standard business hours. An Order submitted to the Bank after the term specified by the Bank for submitting the respective Order is executed by the Bank as soon as possible, but the Bank is not liable for any damage the Client might suffer due to the later execution of the Order, and the Bank is not liable for any damage which the Client may suffer if the counterparty of the Transaction does not submit a counter-order or delays with submitting it.
- 3.14 The Bank may transmit the Client's Order regarding securities for execution to a third party service provider, including persons belonging to the same consolidated group with the Bank. This mainly concerns Orders regarding foreign-traded securities or allowing the Client directly or through a third party service provider direct market access to certain trading venues.
- 3.15 If the Client has not set an expiry date for the Order on transaction mediation, the Order will, as a rule, remain in force until the end of the standard business hours of the Bank on the working day of the receipt of the Order.

- 3.16 The Bank has the right to refuse to accept Orders.
- 3.17 The Bank has the right to refuse to execute and/or transmit the Order in, but not limited to, the following cases:
  - 3.17.1 the account required for the settlement of a respective Transaction has not been opened for the Client;
  - 3.17.2 the Client has a debt to the Bank or third parties arising from the use of Services;
  - 3.17.3 there are insufficient funds on the Client's corresponding accounts for the execution of the Order, including insufficient funds for the required Collateral or commission fees of the Bank;
  - 3.17.4 the Transaction intended by the Client does not comply with the Client Agreement, Service Conditions, the nature of the corresponding Service, provisions of the applicable legal act, or a regulation of a Competent Authority, or it does not comply with the generally accepted principles or good business practice;
  - 3.17.5 according to the Bank's professional judgement, the Order cannot be reasonably fulfilled;
  - 3.17.6 the Transaction planned by the Client does not comply with the restrictions established by the Bank as regards the volume, object, or other requirements or the deadline for execution, including if the intended Transaction exceeds the limit established by the Bank or if the Bank does not accept Transactions regarding currencies, deposits, or OTC derivatives on the conditions suggested by the Client;
  - 3.17.7 at least one of the circumstances specified in clauses 12.2 or 12.3 of the Terms and Conditions occurs;
  - 3.17.8 the Bank has submitted to the Client or received from the Client a notice of termination of the Client Agreement;
  - 3.17.9 according to the Bank's professional opinion, the Client has submitted the Order for the purpose of market abuse;
  - 3.17.10 if a Client who is a legal person does not have valid LEI or the natural client does not have the code or data needed to notify the Transactions to the Competent Authorities;
  - 3.17.11 on other grounds for refusing the acceptance, execution, or transmission of the Order specified in the Client Agreement, Terms and Conditions, Service Conditions, applicable legal acts, or rules and regulations established by a Competent Authority.
- 3.18 If the Bank decides not to act on the basis of the Order, the Bank will take all possible measures to immediately inform the Client thereof.

## 4. EXECUTING ORDERS

- 4.1 The Parties are obliged to perform their obligations regarding the Transactions duly and in a timely manner.
- 4.2 The Bank shall execute the Client's Order for trading in the best possible way for the Client, by adhering to the current procedure for the best execution of Client orders, as well as other circumstances related to the fulfilment of the Order, including, but not limited to the provisions of the Client Agreement, terms and conditions of the securities account and transactions, applicable legal acts, and rules and regulations established by Competent Authorities by following the generally accepted principles and good practice in the fulfilment of similar orders. The Client can obtain information about the state of execution of the Order via e-mail or via another electronic channel.
- 4.3 The Client shall assist reasonably in the execution of an Order and fulfil all preconditions dependent on the Client that the Bank requires for the best execution of the Order. The Client is also obliged to ensure, by the established term, the availability of sufficient funds or securities on the Client's accounts for the execution of the Transaction concluded on the basis of the Order, or the fulfilment of the agreement on the mediation of the Transaction, as well as for the provision of the established Collateral or increasing of such Collateral and the Bank's commission fees. When accepting an Order, the Bank has the right to block the amount of money and/or securities required for the execution of the Order on the relevant transaction account of the Client. If the Order is cancelled or its execution fails, the Bank will release the relevant blocked funds or securities.
- 4.4 The Bank has the right to act as the counterparty of the Transaction mediated to the Client on the basis of the Order. The Client hereby agrees that, unless otherwise provided in the Service Conditions, the Bank is not obliged to inform the Client of becoming the counterparty to the Transaction.
  - 4.4.1 The Bank is obliged, on the execution of the Order, to avoid Transactions where the Bank's interests contradict the Client's interests (conflicts of interest), and, should an unavoidable conflict of interest occur, act in the interest of the Client. The Bank shall adhere to the Bank's conflicts of interest handling rules in executing Orders.
  - 4.4.2 The Bank acts as the counterparty of the Transaction in OTC derivative transactions, bond transactions, and deposits transactions. The terms and conditions of these Transactions are mutually and independently negotiated. The Bank enters into such Transactions on the terms and conditions economically acceptable to it and the rules for the best execution of Client orders are not followed unless the Client's Order is executed on the Client's behalf through a third party.
- 4.5 The Bank has the right, but is not obliged, to conduct, without the Client's separate Order, a Transaction or another



transaction at the expense of the Client, if this proves necessary in the cases provided in legal acts, reasonably necessary for protecting the Client's interests, for preventing a breach of the Client's obligation, or for remedying a breach by the Client. In case Transactions are made from the Client's accounts without a legal basis, or if the Bank detects an error in the execution of the Order, the Bank has the right to make the corresponding correction entries in the accounts without the Client's separate Order. The Bank informs the Client of the correction entries made and keeps records of information on all errors and correction entries.

- 4.6 If, during the execution of the Transaction, an event or circumstance occurs, which, pursuant to the Terms and Conditions, Service Conditions, applicable laws, rules and regulations of a Competent Authority, or the corresponding generally accepted principles or good practice, can be deemed a Correction Event, the Bank has the right to correct, without the Client's separate Order, the terms and conditions of the pending Transaction so as to restore the initial correlation or contents of the obligations of the Parties arising from such Transaction. Unless otherwise provided in the Service Conditions, the Bank shall correct the terms and conditions of the Transaction by following the internationally accepted principles and good practice upon correcting transaction conditions under similar circumstances in the financial markets. Upon correcting the Transaction terms and conditions, the Bank notifies the Client of the nature of the Correction Event and the changes in the Transaction terms and conditions.
- 4.7 In case of Index Unavailability, the Bank replaces the existing index with a new index (the New Index) reasonably chosen by the Bank. The Bank notifies the Client about the replacement of the index and the date the New Index becomes effective (the Effective Date). If the Client does not agree with the New Index, the Client is entitled within 30 calendar days from the Bank's notice to terminate the Agreement prematurely in accordance with the Agreement. If the Client has not terminated the Agreement, the New Index applies from the next fixing date. If the Bank cannot continue using the index within the period from the date of notification about the New Index until the date the New Index becomes effective, the last published index is applied until the date (excluded) the New Index becomes effective.
- 4.8 The Bank has the right to suspend the execution of the Order if, according to the Bank, the execution of the Order is not in compliance with the applicable legislation, requirements of the Depository, regulations, principles, or practice of the respective market, or if the execution of the Order would have obvious disadvantages to the Client. The Bank informs the Client of the suspension of the Order and the reasons thereof. If the Client has not eliminated the circumstance causing the suspension of the Order within a reasonable time, the Order is deemed suspended. The Order is deemed suspended if, according to the Bank, the Client is not able to eliminate the circumstance causing the suspension of the Order.
- 4.9 The Bank is not liable for the damage or expenses the Client incurs due to the changes in prices of securities or other market conditions during the period between accepting and executing the Order.
- 4.10 In cases provided by law, the Bank shall submit to the Client the Transaction Confirmation immediately after executing the Client's Order. The Transaction Confirmation serves as additional verification of the terms and conditions of the corresponding Transaction, but does not replace or amend the terms and conditions agreed by phone when the Order was accepted. In case of discrepancies between the terms and conditions described in the Transaction Confirmation and those agreed upon acceptance of the Order, the Parties are guided by the corresponding phone call recording(s) or information on the electronic facility used for accepting the Order.
- 4.11 The Bank shall send the Transaction Confirmation to the Client's contact person in Estonian or English by e-mail (as indicated in Annex 3 to the Client Agreement), as a rule, on the transaction date. If the Client has any objections regarding the data contained in the Transaction Confirmation, the Client shall inform the Bank thereof within 24 hours after the Transaction Confirmation is delivered. If the Client fails to notify the Bank within 24 hours from the delivery of the Transaction Confirmation that the data on the Transaction Confirmation does not conform to the agreed terms, the Client is deemed to have agreed with the data contained in the Transaction Confirmation and the Transaction is deemed duly confirmed by both Parties. The Client must take into account that even if it informs the Bank of any objections regarding the data contained in the Transaction Confirmation, the Bank may not be able to suspend the Transaction.
- 4.12 At the request of the Bank, the Client is obligated to provide their agreement with the data on the Transaction Confirmation in the manner and during the deadline stipulated by the Bank either via telephone, fax, e-mail, or other means acceptable to the Bank or by returning the Transaction Confirmation signed by the Client's Authorised Representative or legal representative to the Bank.
- 4.13 The Bank submits to the Client additional reports on the securities and related services in the cases and by the terms prescribed by legislation. Such a report may be an annual report on the costs and charges of the securities and related services or a report submitted in case the value of a leveraged security or a security containing conditional obligations related to the securities kept for the Client and on the account of the Client decreases by 10%. More information about the nature, frequency, and terms of the reports submitted by the bank is available on the Website.

## 5. SETTLEMENT

- 5.1 The Service-related settlements are made via the securities and/or current accounts opened for the Client in the Bank. The Client is obliged to ensure that the current account has sufficient funds for fulfilling the Service-related obligations and paying the commission fees established by the Bank.
- 5.2 In order to grant authorisation for the use of the Service, the Bank may demand from the Client the prior existence of an account / accounts of a certain type or an account / accounts denominated in certain currencies. Depending on the contents of the Transaction ordered by the Client, or the type or currency of financial instrument used for the Transaction, the Bank may demand from the Client an opening of an additional account or the Bank itself may open such an additional account for the Client on the basis of the Client's Order.
- 5.3 If a sum in foreign currency is transferred to the Client's current account which it does not hold such currency, the Bank converts this sum, on the basis of the Bank's exchange rate, to the principal currency of the Client's account, unless the Client and the Bank agree otherwise.
- 5.4 The Bank carries out all calculations required for specifying the amounts of the obligations arising from the Transactions executed within the framework of the corresponding Service and related operations (incl. providing or amending the Collateral, amounts payable at extraordinary termination of the Client Agreement) or for determining the value of the rights thereof. If the Transaction concluded or the Service Conditions refer to a particular index value, a particular interest rate, a particular market price for financial instrument or a particular exchange rate, the Bank shall determine such value in good faith on the basis of its professional judgement.
- 5.5 The Client instructs the Bank to credit and debit the Client's Service-related current account and, if necessary, convert the money on the current account. Unless otherwise provided in the Service Conditions, the Client instructs the Bank to debit the Client's account in the sum necessary to meet the Client's obligations. The Bank shall debit the Client's account in the amount of the payment obligation.
- 5.6 The Bank is not obliged to credit or debit the securities and/or current account before the Bank has received an acceptable confirmation on the finality of the corresponding Transaction and/or settlement from the settlement system operator, payment agent, or Depository. When concluding Transactions with specific Financial Instruments (e.g. bonds), the Client must take into account that stemming from standard market practice, there may be delays in the settlement of the Transactions.
- 5.7 Unless otherwise provided in the Service Conditions or the terms and conditions of the corresponding Transaction, the Parties shall fulfil the payment obligation arising from the transaction executed on the basis of the Order in the currency in which the payment obligation is denominated.
- 5.8 If the execution of mutual payments in the same currency arising from one or several Transactions falls on the same day, the Bank can debit from or credit to the Client's account the difference between the payments, i.e. the balance. The calculation of the debited or credited amount is performed by the Bank and a respective balance notice is sent to the Client.

## 6. ADDITIONAL TERMS AND CONDITIONS FOR DERIVATIVE TRANSACTIONS

- 6.1 Clauses 6.1 to 6.6 apply only if the Client enters into Transactions with OTC derivatives (in clauses 6.1 to 6.6 referred to as Transactions) as stipulated in Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties, and trade repositories and its delegated acts (hereinafter: EMIR). For the purposes of EMIR, the Client is obligated to inform the Bank whether the Client is a financial counterparty or a non-financial counterparty under EMIR. If the Client fails to inform the Bank thereof, the Bank will assume that the Client is a non-financial counterparty under EMIR. The Client can find additional information related to EMIR on the Website.
  - 6.1.1 If the Client is a non-financial counterparty under EMIR, the Bank will assume that the Client is below the EMIR clearing threshold, that the Client concludes all Transactions for hedging purposes (including, but not limited to, reducing risks directly relating to the commercial activity or treasury financing activity) only, and that the Client is the beneficiary of the rights and obligations of the Transaction. If any of these assumptions are inaccurate (or become inaccurate), the Client is obligated to inform the Bank thereof during each submission of the Order to the Bank.
  - 6.1.2 If the Client is a financial counterparty under EMIR, the Client is obligated to notify the Bank regarding what type of financial counterparty the Client is and the Bank will assume that the Client is the beneficiary of the rights and obligations of the Transaction. If this assumption is inaccurate (or becomes inaccurate), the Client is obligated to inform the Bank thereof during each submission of the Order to the Bank.
- 6.2 The Bank initiates portfolio reconciliation with the Client in line with the requirements and terms of EMIR. For this purpose, the Bank sends to the Client an informative confirmation regarding the value of the Client's outstanding Transactions with the Bank, and where relevant, a summary of assets provided as Collateral by the Client. If the Client has any objections regarding the data contained in the confirmation, the Client shall inform the Bank thereof within 5 (five) working days after the confirmation is delivered. If the Client fails to notify the Bank within 5 (five)

working days from the delivery of the confirmation that the data on the confirmation does not conform to the Client's data, the Client is deemed to have agreed with the data contained in the confirmation and the portfolios of the Client and the Bank are deemed reconciled.

- 6.3 If a Party has any complaints against or disputes with the other Party or disagreements with any data or document provided by the other Party in connection with Transactions under EMIR, the Party shall present the relevant claim to the other Party. If the Client wishes to present a claim to the Bank, the Client shall send the claim to the Bank's e-mail address provided in the Transaction Confirmation or in the confirmation described in clause 6.2 or to the Bank's general e-mail address clearly stating that the claim should be forwarded to the Markets Division. The Parties shall immediately commence negotiations to resolve the claim. If the negotiations are not successful within 5 (five) working days, the Parties may, depending on the nature of the dispute, resolve the dispute upon mutual agreement with market polling, escalating the dispute within their organisations to senior members, or with other resolution methods pursuant to standard market practices. If the dispute is not resolved within 15 (fifteen) working days as of the commencement of negotiations, the Parties may file a complaint to the courts of Estonia or other competent dispute resolution authorities under Estonian law. With the signing of the Client Agreement, the Client consents to the Bank notifying the Competent Authority of outstanding disputes and their details pursuant to the terms and conditions stipulated in EMIR.
- 6.4 If the Client is obligated under EMIR to acquire a LEI or carry out any other actions, the Client shall acquire a Legal Entity Identifier or carry out other actions in due time and on the terms and conditions stipulated in EMIR.
- 6.5 Pursuant to the stipulations of EMIR, both parties to a Transaction have to report the conclusion, modification, and termination of Transactions to a trade repository. The Client is obligated to provide, by the time specified by the Bank, to the Bank any and all data that the Bank may request for the purposes of Transaction reporting.
  - 6.5.1 If the Client themselves wishes to report the Transaction on the Client's behalf, the Client shall notify the Bank thereof during the submission of the Order to the Bank and follow the Bank's instructions regarding Transaction reporting to ensure duly coordinated reports.
  - 6.5.2 If an error has been made in the process of reporting Transactions or in the reported data, the Parties undertake to make all reasonable efforts in good faith to resolve such error in reasonable time and present a new or amended report.
- 6.6 If the Client has i) provided to the Bank false or misleading information regarding clause 6.1 and its sub-clauses (or fails to provide said information); ii) fails to acquire a LEI or carry out any other actions required by EMIR under clause 6.4; or iii) fails to provide to the Bank any and all data that the Bank may request for the purposes of Transaction reporting under clause 6.5 (or provides false or misleading data) or fails to follow the Bank's instructions under clause 6.5.1 or fails to make reasonable efforts to correct Transaction reporting errors under clause 6.5.2, the Bank has the right, in its sole discretion, to refuse to accept Orders from the Client, to refuse to conclude Transactions with the Client, to refuse to report Transactions on behalf of the Client (in which case, the Client is obligated to report Transactions themselves), to immediately terminate all Transactions and the Client Agreement with the Client or, in cooperation with the Client, carry out any necessary actions and make modifications necessary to rectify the errors caused by said circumstances.

## 7. COLLATERAL

- 7.1 In cases stipulated by the Service Conditions or determined by the Bank, the Client is obliged to provide Collateral to guarantee any (payment) obligation(s) arising from the Client Agreement and the Transaction(s). The Collateral guarantees all obligations arising from the Client Agreement and Transaction(s), unless otherwise agreed between the Parties. The Collateral provided by a Client who is entitled to conclude financial collateral agreements under applicable legal acts is deemed financial collateral for the purposes of the Client Agreement.
- 7.2 As a rule, the Client ensures fulfilment of the payment obligation arising from the Transaction by providing cash collateral, which is transferred to the Bank or blocked on the Client's account for the benefit of the Bank. In cases stipulated in the Service Conditions or when agreed between the Parties, the Client guarantees the fulfilment of their payment obligations by providing certain securities which are transferred to the Bank or blocked on the Client's account for the benefit of the Bank. The provision of other assets as collateral is agreed in a separate collateral agreement.
- 7.3 The Client and the Bank deem the Collateral established when the Collateral is transferred or securities or cash collateral is blocked by the Bank, unless agreed otherwise by the Parties. The Parties may conclude a separate agreement on the terms and conditions of the Collateral.
- 7.4 The Bank determines and notifies the Client of the amount of the cash collateral or securities upon accepting an Order in accordance with the Collateral thresholds set forth in the Service Conditions or otherwise established by the Bank.
- 7.5 The Bank may waive demanding the Collateral for Transactions to be concluded within the framework of a Service, if a corresponding limit has been established for the use of such a Service. Even if no such limits have been established, the Bank may waive demanding the Collateral for a Transaction. However, if circumstances occur



during the course of the Transaction, which, according to the Bank's judgement, are bound to have a material effect on the Client's ability to fulfil the obligations arising from such a Transaction or if the Bank decides to request Collateral due to any other circumstances, the Bank may still demand from the Client the provision of Collateral.

- 7.6 Unless otherwise provided in the Service Conditions, the Client provides the Bank with the Collateral in the following way: on the day of accepting the Order, the Bank debits the Collateral amount or securities from the Client's corresponding account. The Bank sends a Transaction Confirmation regarding the Collateral to the Client. The Bank is obliged to keep the funds or securities which have been provided as the Collateral separate from its own assets.
- 7.7 The Bank has the right to dispose of the funds or securities which have been provided as the Collateral. If the Bank disposes of the Collateral, it shall ensure the return of an equal value of securities or funds to the Client on the maturity date of the Collateral.
- 7.8 The Client is obliged to provide or increase the Collateral to the level established in the Service Conditions or by the Bank upon accepting the Order each time if the ratio between the amount of the Collateral and the comparative amount established upon accepting the Order falls below the minimum threshold stipulated in the corresponding Service Conditions or the minimum level established by the Bank upon accepting the Order as well as if the Bank instructs the Client to provide or increase the Collateral. The Client is obliged to ensure, by the time established by the Bank, which is usually the same working day, the availability of sufficient funds or securities required by the Bank on its account for providing or increasing the Collateral.
- 7.9 If the Client fails to fulfil the payment obligations arising from the Client Agreement or the Transaction, the Bank has the right to realise any Collateral granted to the Bank or other Financial Instruments held in the Client's account at any time.
  - 7.9.1 If the object of the Collateral is securities, then, upon occurrence of the realisation event, the Bank sells these securities in a way and order as it considers appropriate and at the best price available.
  - 7.9.2 If the objects of the Collateral are other assets, then, upon occurrence of the realisation event, the Bank sells these assets at its own discretion in accordance with the law and/or the collateral agreement.
  - 7.9.3 Unless otherwise provided by law, the Bank has the right to acquire or retain and not re-transfer the securities, funds, or the Client's monetary claims against the Bank which serve as the Collateral, by immediately informing the Client of the occurrence of the realisation event.
  - 7.9.4 Upon the acquisition of the securities provided as the Collateral, the value of the securities is specified on the basis of the principles and methods established for the corresponding type of securities in the 'Procedure for determining the net asset value of investment fund assets' of the Ministry of Finance of the Republic of Estonia.
- 7.10 The Bank has the right to set off its claims with the Collateral or with the sums received as a result of realisation of the Collateral, if it facilitates the execution of mutual payments arising from the Client Agreement and/or the Transaction or in other cases and if the Bank considers it justified. In the event of set-off, the Bank sends to the Client a separate notification by indicating the calculations of claims subject to set-off.
- 7.11 In case of insufficiency of the Collateral, the Bank has the right to seek reimbursement from other funds or securities on the Client's accounts opened with the Bank. In addition to the above rights, the Bank also has the right to withhold the funds necessary for the settling the Client's debt from the payments transferred to the Client by third parties.
- 7.12 The Bank returns the Collateral provided for the Transaction, or the remainder of such Collateral (if the Transaction was executed at the expense of the Collateral) after the complete fulfilment of the payment obligations arising from the Transaction. The Bank has the right to deduct from the sums returned to the Client all sums payable by the Client (including late payment interest, interest, etc.) and expenses incurred by the Bank with the sales of securities.
- 7.13 The Bank concludes a collateral agreement based on the transfer of ownership (collateral which is transferred to the Bank) only with Clients that are classified as Professional Clients or eligible counterparties.
- 7.14 The Bank draws the Client's attention to the fact that by concluding a collateral agreement based on the transfer of ownership (collateral which is transferred to the Bank), the following risks and consequences may occur: Client's rights in the relevant securities will be replaced by an unsecured contractual claim for the delivery of equivalent securities; those securities will not be held by the Bank in accordance with client asset rules stated in legislation (e.g. asset segregation requirements); the Client does not have the right to participate in the general meeting of the issuer, including no right to vote or exercise other similar rights; in the event of insolvency of the Bank or a breach of the Agreement by the Bank, the Client's claim against the Bank for the delivery of equivalent securities will not be secured and, accordingly, the Client may not receive such equivalent securities or recover the full value of the securities.

## 8. COMMISSION FEES

- 8.1 The Bank has the right to charge a commission fee for the Services provided to the Client pursuant to the price list agreed at the submission of the Order and, upon the absence of such agreement, the Bank's price list valid at the time the Transaction is executed. The Client is obliged to pay the commission fee in accordance with the procedure and in the amount stipulated by the Bank. The Bank has the right to add the commission fee to the sums payable by the Client pursuant to the Transaction. The Bank points out to the Client and the Client is aware that other fees or taxes may be charged from the Client in association with the Transaction or Service in addition to the fees, including taxes, payable through the Bank or to the Bank.
- 8.2 The Client Agreement and the respective Service Conditions regulate the relations between the Parties related to the Client Agreement as regards to providing information about the performance of the mandate as well as the Bank giving an overview to the Client of the expenses and revenues related to the performance of the Client Agreement and specifying the evidence proving it. Subsections 624 (1) and (2) of the Law of Obligations Act are not applied in this matter.
- 8.3 The Client agrees to the Bank presenting the Client with the information on the expenses and fees associated with the Service for each Transaction and operation whenever the Client requests the corresponding information.

## 9. REPRESENTATIVES OF PARTIES AND CONTACT DETAILS

- 9.1 The Client who is a natural person may perform Transactions either personally, through a legal representative, or through an Authorised Representative. The Client who is a legal person may perform Transactions through a legal representative or an Authorised Representative.
- 9.2 The Client's Authorised Representatives and their personal and contact details have been specified in Annex 3 to the Client Agreement. The Bank presumes that each Authorised Representative has the right to represent the Client in executing the Transaction(s), including providing the Client's assets as Collateral, in accordance with existing laws. At the request of the Bank, the Client is obligated to present to the Bank without delay the sample signatures of its Authorised Representatives and legal representatives.
- 9.3 The Authorised Representative of the Client has the right to independently exercise any of the Client's rights arising from the Client Agreement or the used Service, including the right to give Orders, conclude Transactions, specify the accounts to be used for executing Transactions, make inquiries, etc.
- 9.4 Only the Client personally, the Client's legal representative, or another person whose corresponding right has been clearly stipulated in an authorisation document granted to them, has the right to amend the Client Agreement and its Annexes (incl. the right to determine the Authorised Representatives) and to specify the necessary Services or to cancel the Services.
- 9.5 The Client is obliged to inform the Bank immediately of any changes to the information specified in Annex 3 to the Client Agreement. The Bank has the right to treat the Authorised Representatives set forth in Annex 3 to the Client Agreement as Authorised Representatives until the Bank receives the written notice about the termination of the respective person's authorisation from the Client. The previous sentence is valid also if an entry has been made about the right of representation in a public registry, data about it has been published in the mass media, including the official publication Official Announcements, or a court ruling has taken effect concerning the right of representation.
- 9.6 The Bank is not responsible for any damage incurred by the Client with Orders submitted in relation to the Transactions or the Collateral that were made by the Authorised Representative before the Bank received the notice about the termination of the Authorised Representative's authorisation. The Client is obliged to compensate the Bank for all damage the Bank incurred due to a breach of the notification obligation stipulated in clause 9.5 of the Terms and Conditions.
- 9.7 The Bank's rights and obligations arising from the Client Agreement (including accepting Orders, concluding Transactions, etc.) are carried out, depending on the area of responsibility, on the Bank's behalf, by the staff of the Markets Division. In accordance with the Bank's organisational structure, the Services may be provided also by another unit within the Bank. The list of employees providing Services is available on the Website together with the corresponding contact details and areas of responsibility.

## 10. PROCEDURE FOR NOTICES

- 10.1 Unless the Client Agreement, Terms and Conditions, or the Service Conditions provide a different form or method of submission of notices, each Notice related to the Client Agreement is submitted to the Authorised Representative of the other Party by phone or in an electronic form.
- 10.2 Unless otherwise provided in Annex 3 to the Client Agreement, the Client's contact person is any of the Authorised Representatives specified in Annex 3.

- 10.3 If the Client sends the Notice to the Bank's other departments besides the Markets Division, it is not deemed to have been received by the Markets Division.
- 10.4 If, under the Client Agreement, the Notice is submitted to the other Party in written form, it shall bear, in addition to other elements set forth in the Client Agreement, the signature of the Party or their Authorised Representative. As a rule, the Bank does not sign Transaction Confirmations to be submitted to the Client.
  - 10.4.1 A personal signature on a Notice may be replaced by a mechanically copied signature, unless the other Party immediately demands a personal signature.
  - 10.4.2 For the purposes of the Client Agreement, a signature stamp or a signature impression which has been printed or typed on the Notice is considered a mechanically copied signature, unless the Party was aware of, or was supposed to be aware of the fact that the signature was copied against the will of the signatory.

## 11. LIABILITY OF THE PARTIES

- 11.1 The Party is liable for the breach of the Client Agreement, and/or the Transactions concluded thereunder pursuant to and to the extent provided in the Client Agreement and legal acts.
- 11.2 The Bank is not liable for:
  - 11.2.1 any violation of the Client Agreement, if this has been caused by suspension of or hindering of the activities of the Bank by third parties, force majeure, a Correction Event, an Index Unavailability, activities of Competent Authorities, or other circumstances beyond the control of the Bank;
  - 11.2.2 any damage caused to the Client through execution, receipt, or transmission of the Order or rejection of the Order;
  - 11.2.3 services provided and information forwarded by third parties with the Bank's mediation, unless this constitutes outsourcing of Service-related activities by the Bank. The Bank is not liable for any damage caused by the actions of third parties or their failure to act, insolvency, or for the violation of the Transaction mediated to the Client on the basis of the Order by a third party, who serves as a counterparty to such a Transaction. In the event of such a violation, the Bank shall reasonably do all in its power to assist the Client in the application of legal remedies and remedying the damage, presuming that the Client compensates the Bank for all the expenses incurred with such activity.
- 11.3 The Client shall reimburse the Bank any costs and damages which the Bank incurs as a result of third party claims in connection with the Services provided, unless any such claim has been caused due to the Bank's negligence in providing the Services.
- 11.4 All rights arising from the Client's assets held on a Nominee Account / on Nominee Accounts belong to the Client and the Client is also responsible for the fulfilment of any obligations arising from such assets. If the Client's corresponding obligation is collected at the expense of the assets of the Bank or the assets of other clients of the Bank, which are held in the name of the Bank, the Bank has the right to seek immediately reimbursement of such assets from the Client and debit the Client's account respectively.
- 11.5 In case of delays in the fulfilment of the payment obligation arising from the Service, the Party who delays the payment shall pay the other Party a non-accumulative late payment interest in the amount of 0.1% of the delayed payment amount for each day of the delay.

## 12. TERMINATION OF THE CLIENT AGREEMENT AND/OR TRANSACTION

- 12.1 The Parties have the right for ordinary cancellation (i.e. at any time and for any reason) of the Client Agreement by notifying the other Party in writing or in a format that can be reproduced in writing at least seven calendar days in advance. The Client Agreement will terminate at the end of the notice period or at a later time specified in the Notice.
- 12.2 In addition to other grounds set forth in the Terms and Conditions, the Party has the right for extraordinary cancellation of the Transaction and/or Client Agreement without any prior notice only with a good reason. Good reasons can be any of the following events:
  - 12.2.1 the Party violates any payment obligation arising from or associated with the Transaction, especially the obligation to transfer money, securities, or any other monetary rights defined with a Transaction and the Party has not rectified the violation within one day after receipt of relevant notice by the other Party;
  - 12.2.2 any of the confirmations given by a Party in the Client Agreement proves to be partially or completely untrue.
- 12.3 In addition to the grounds set forth in the Service Conditions, the Bank has the right for extraordinary cancellation of the Transaction and/or Client Agreement without any prior notice with good reason and, if necessary, close the Client's position in the respective currency or financial instrument or act in the manner provided for in the respective Service Conditions. Good reasons can be, among others, any of the following events:

- 12.3.1 The Client does not fulfil its obligation to provide, transfer, or increase a Collateral or it breaches the terms and conditions of any collateral agreement and it has not rectified the breach within one day after receipt of a relevant notice by the Bank;
- 12.3.2 the Client does not fulfil the Client Agreement, Transaction, and/or any other contract concluded with the Bank or a person belonging in the same group as the Bank, especially a credit, loan, surety, guarantee, leasing, factoring, or other contract and does not terminate the violation within the term established by the Bank or the person belonging in the same group as the Bank;
- 12.3.3 in the reasonable opinion of the Bank, the Client cannot perform one of its obligations to the Bank or a person belonging in the same group as the Bank at the due date of the obligation;
- 12.3.4 an interim trustee in bankruptcy is appointed for the Client, liquidation, execution, criminal or other similar proceedings are initiated or a moratorium is declared with respect to the Client who is a credit institution or a special regime is declared with respect to the Client who is an insurer;
- 12.3.5 the Client's assets have been or will be expropriated, arrested, or confiscated in a manner or extent that might have a material adverse effect on the Client's financial position in the reasonable opinion of the Bank;
- 12.3.6 the Client has given false information to the Bank in the documents related to the Client Agreement or has not submitted information known to the Client that affect the performance of the Client Agreement;
- 12.3.7 the Client withdraws their consent to process the data specified in clause 2.5 of the Client Agreement or limits it in a manner that impedes the Bank from reasonably performing its obligations arising from the Client Agreement;
- 12.3.8 the Client significantly violates any payment obligation arising from a contract concluded with a third person;
- 12.3.9 the Client who is a legal person undertakes merger, division, or reorganisation, as a result of which, in the reasonable opinion of the Bank, the creditworthiness of the Client is significantly adversely affected;
- 12.3.10 the Client who is classified as a Professional Client or an eligible counterparty applies for classification as a regular client with regard to a Service that can only be provided to a Professional Client or an eligible counterparty.
- 12.4 The Party shall inform the other Party of extraordinary cancellation of the Client Agreement in writing or in a format that can be reproduced in writing.
- 12.5 The parties shall immediately inform each other of any legal act, rules by a Competent Authority, or generally accepted principles or practices which render or will render the Transaction(s) illegal or otherwise hinder the provision of Services. The Parties shall negotiate in good faith to seek alternative solutions to continue, amend, or terminate the Transaction(s). If no agreement is reached within 10 working days after sending the relevant notice, the affected Party may cancel the Client Agreement and/or the Transaction(s) under this section.
- 12.6 In the event of extraordinary cancellation of the Client Agreement, no Services are provided to the Client and all Transactions are deemed terminated and the value date of all payment obligations of the Parties as arrived, unless the Parties agree otherwise regarding a specific Transaction.
- 12.7 Pursuant to the Client Agreement or legislation, the Bank calculates the sums payable by both Parties under the Transaction(s) as per the date of the termination. The Bank determines the present value of future payments under the Transaction based on its professional opinion, unless otherwise stipulated in the Service Conditions. The Bank sums up all sums payable under the Transactions by the Parties. The Bank may translate sums payable in different currencies into the official currency of the Republic of Estonia in accordance with the official exchange rate on the date of termination.
- 12.8 In the event of cancellation of the Client Agreement and/or Transaction, the Bank has the right to set off all mutual claims arising from the Client Agreement in a current account for the purposes of section 203 of the Law of Obligations Act, whereby the restrictions on set-off stipulated in section 200 subsections (2), (3), and (4) of the Law of Obligations Act are not applied. The Bank shall submit to the Client a balance notice thereof in writing or in a format that can be reproduced in writing. Unless the Client contests the received balance within three days, the balance is deemed correct.
- 12.9 The sums receivable by the other Party under the Client Agreement and any unpaid sums under the Client Agreement must be paid by the Party to the other Party within five working days after the termination of the Client Agreement at the latest.
- 12.10 Upon termination and mutual execution of the Transactions and Services concluded on the basis of the Client Agreement, the Parties proceed from the terms and conditions of the Client Agreement until the mutual claims have been settled in full. After the cancellation of the Client Agreement, the Parties have the right to apply all legal remedies arising from legislation and the Client Agreement. After the cancellation of the Client Agreement, the right of the Parties to demand, among others, compensation for damages, payment of default interest, and other payments arising from the Client Agreement remains valid.

- 12.11 Upon cancellation of the Client Agreement and/or Transaction by the Bank, the Client shall compensate to the Bank for all damage the Bank bears regarding the extraordinary cancellation of the Transaction due to changes in exchange rates and market prices within the period between the extraordinary cancellation of the Transaction and the day the Bank made calculations.

### 13. AMENDMENT OF THE CLIENT AGREEMENT

- 13.1 The Client Agreement shall only be amended with a written agreement between the Parties. Amendments not prepared in writing are null and void.
- 13.2 The Bank has the right to introduce unilateral amendments to the Terms and Conditions, the Service Conditions, and Annexes 1 and 4 to the Client Agreement. The Bank shall notify the Client of any amendments made to the conditions at least 30 days before the respective amendments enter into force by sending the Client the amended conditions or by referring to the place where the Client can review the amended documents.
- 13.3 If the Client does not agree with the amendments made to the Terms and Conditions or Service Conditions, the Client has the right to cancel the use of the respective Service or the Client Agreement. In order to do that, the Client shall submit the relevant application to the Bank not later than the day before the amendments made to the Terms and Conditions or Service Conditions enter into force. If the Client has not exercised the right specified in this clause in a timely manner and has subsequently submitted an Order, the Client is deemed to have accepted the amendments.

The terms and conditions valid at the time of the conclusion of a Transaction apply to such Transaction, except if the amendments are based on the legal acts or rules established by Competent Authorities or changes in market practice.