

# Terms and conditions of securities accounts and transactions

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## Definitions

**Settlement discipline** is a set of measures adopted in the European Union with the aim of limiting failed securities transactions. The transactions not settled on the planned settlement day are subject to pecuniary penalties for every banking day following its planned settlement day on which the transaction cannot be executed. The pecuniary penalty is paid by the party due to whose circumstances the settlement is delayed. The pecuniary penalty is transferred to the counterparty as compensation.

**Baltic Central Securities Depository** is Nasdaq CSD SE (registry code 40003242879, headquarters in Riga) created as a result of the merger of the central securities depositories of Estonia, Latvia, and Lithuania, operating under an activity licence issued by a Latvian competent authority, offering central securities depository services in compliance with the regulation of the European Parliament and of the Council on improving securities settlement<sup>1</sup>. Nasdaq CSD SE operates as a branch in Estonia and is the registrar of the Estonian Central Register of Securities.

**Non-Baltic Central Securities Depository (non-BCSD) security** means any security that cannot be settled via the Baltic Central Securities Depository.

**Baltic security** means an Estonian, Latvian, or Lithuanian security that is settled via a Baltic securities account: an **Estonian security** is registered in the Estonian Central Register of Securities, a **Latvian security** is registered in the Latvian register of securities, and a **Lithuanian security** is registered in the Lithuanian register of securities.

**Baltic securities account** means a securities account opened in the Baltic Central Securities Depository, whereby the securities registered on the account are accounted for in the Baltic Central Securities Depository.

**Securities account of a special type** means a securities account that is opened on the special terms and conditions established by the Baltic Central Securities Depository or the bank and has partially or fully limited usage or disposal rights. Such an account is, for example,

- a pledge account for pledging securities under a financial collateral agreement;
- a notary public's official securities account for safekeeping Baltic securities handed over to the notary public;
- a bailiff's official securities account for making a claim for payment on Baltic securities;
- a start-up account for making a non-monetary contribution in the form of securities to the share capital of a company that is being founded;
- a securities account of a special type of a minor or ward used on behalf of the minor or ward but for purchasing, safekeeping, and disposal of securities on the account of the parent or guardian;
- other securities account of a special type opened at the discretion of the bank.

**Nominee account** means a securities account intended for keeping the customer's assets in the name of the bank jointly with the securities of other customers of the bank or separately from the securities of other customers of the bank.

<sup>1</sup> Regulation (EU) No. 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No. 236/2012.

**Fund unit** means a unit of an investment fund registered in Estonia or in a foreign country (except for a unit of a mandatory pension fund or voluntary pension fund).

**Custodian** means a credit institution or financial institution that provides the bank with the service of the registration of securities registered in Estonia or in a foreign country and operations performed with such securities, safekeeping securities, and settlement of securities transactions (excluding the securities register).

**Price list** means the prices established by the bank for its services.

**Internet bank** means the bank's Internet-based service channel.

**Investor protection website** means a website containing investor protection information for customers, which is available at [www.seb.ee/investorkaitse](http://www.seb.ee/investorkaitse).

**Packaged retail investment product (PRIP)** means an investment where, regardless of the legal form of the investment, the amount repayable to the retail investor is subject to fluctuations because of exposure to reference values or to the performance of one or more assets which are not directly purchased by the retail investor (e.g. derivative, structured bond, insurance-based investment product).

**Corporate event** generally means an event or action arising from a decision of a governing body of an issuer which may influence the rights and obligations of the holders of securities, for example,

- issue of new shares;
- amendment of the share capital;
- amendment of the nominal value of securities, including share split or reverse split;
- dividend, interest, or redemption payments;
- takeover of the shares of an issuer;
- merger, division, transformation, termination, or bankruptcy of an issuer.

**Instruction** means a guideline given to the bank on the grounds and pursuant to the procedure specified in the terms and conditions (including an order) for exercising the rights and performing the duties arising from securities, and for the execution of securities transactions, settlements, or other such operations.

**Legal Entity Identifier (LEI)** means an identifier which is used globally to identify a legal person and contains a 20-character alphanumeric code.

**Order** is an order to buy, sell, or subscribe to securities traded on the market. An order may also be

- a market order, in the case of which a securities transaction is executed at the best possible price for the customer offered for the respective quantity of the securities at the time;
- a limit order, in the case of which the execution price of a securities transaction shall not be bigger in the case of a purchase transaction and lower in the case of a sales transaction than the price determined by the customer; or
- another type of instruction, which the bank executes itself as a market or non-market transaction in the course of providing investment services or which the bank forwards to a third party for execution.

**Key Information Document (KID)** means a document compiled by the manufacturer of a packaged retail investment product that includes information on the main features and risks of the product.

**Intra-bank securities account** means a securities account opened in the bank, through which the bank keeps separate accounts of securities,

- kept on a nominee account for and on the account of the customer, another securities account opened for the joint safekeeping of customers' securities, or another securities account referred to in clause 46;
- with regard to which a securities register is maintained by the bank.

**Bank** means AS SEB Pank (registry code 10004252; website [www.seb.ee](http://www.seb.ee)), a credit institution operating in the Republic of Estonia on the basis of an activity licence and an account administrator for the purposes of a legal act of Estonia or some other country. The bank is supervised by the Financial Supervision Authority (website [www.fi.ee](http://www.fi.ee)).

**Competent authority** means a public or private person or state authority of Estonia or a foreign country, which, on the basis of legislation, an agreement made with market participants, or an authorisation granted by market participants, organises the functioning of a certain area of financial services in the respective state or financial

centre or exercises supervision over such an area. Such a competent institution may be, for example, a central bank, a supervisory institution, an operator of the market, a registrar of the securities register, an operator of the settlement system, etc.

**Regulated securities market** is a monitored multilateral system of organisational, legal, and technical solutions for trading in securities that is registered in the European Union where the interests of various persons to acquire and transfer securities, which manifest during differing times or simultaneously, meet under uniform conditions.

**Service fee** means a fee payable by the customer to the bank for the administration of the customer's securities account, safekeeping of securities, and other services related to the securities account and transactions.

**Transaction account** means a current account or a pension investment account and a securities account usually opened in the bank for the settlement and/or securing of securities transactions.

**Terms and conditions** mean the terms and conditions of securities accounts and transactions of the bank.

**Market** means a stock exchange, another regulated securities market, or a multilateral trading facility or organised trading facility operating in Estonia or in a foreign country.

**Security** means a Baltic security and a non-BCSD security.

**Securities account** means an intra-bank securities account opened in the bank or a Baltic securities account, including a securities account of a special type.

**Securities account agreement** means an agreement concluded between the bank and the customer specifying the terms and conditions for opening and using a securities account.

**Securities register** means a register operating in Estonia or in a foreign country (including the Estonian Central Register of Securities, the registrar of which is the Baltic Central Securities Depository), which, on the basis of legislation or an agreement concluded with market participants, registers securities and operations made with such securities and settles securities transactions.

**Securities transaction** means

- the purchase, sale, or subscription of securities on or off a market;
- transactions of issue, exchange, and redemption of fund units;
- a certain corporate event or transfer of securities not related to the aforementioned transactions;
- pledging securities.

**General terms and conditions** mean the general terms and conditions established by the bank.

## General provisions

### Content of the terms and conditions

1. The terms and conditions lay down the following:

- the terms and conditions of opening and using a Baltic securities account, an intra-bank securities account, and a securities account of a special type, as well as the procedure for the provision of services related to such accounts;
- the terms and conditions of entry into securities transactions via the bank and the procedure for the provision of related services, including the following investment services and ancillary services:
- reception and transmission of orders related to securities;
- execution of orders related to securities in the name of or on the account of the customer;
- dealing in securities on its own account;
- safekeeping securities for the customer, servicing the securities, and related activities.

### Application of the terms and conditions and the general terms and conditions

2. The terms and conditions constitute an inseparable part of securities account agreements concluded between the bank and the customer and are applicable to each
- securities transaction order submitted by the customer;

- activity related to safekeeping and servicing securities.
3. The general terms and conditions apply to securities account agreements and the services provided on the basis thereof, taking into account the exceptions established by the terms and conditions. The general terms and conditions also apply in matters not regulated by the terms and conditions (for example, identification of the customer, maintenance of the confidentiality of information subject to banking secrecy, and processing the customer's personal data).
  4. In the event of a conflict between the terms and conditions and the general terms and conditions, the terms and conditions will prevail.
  5. The terms and conditions apply to a special agreement or an agreement on a securities account of a special type regulating the entry into certain transactions and/or the use of certain services, unless otherwise agreed in the relevant agreement.

### **Right to unilaterally amend the terms and conditions**

6. The bank has the right to unilaterally amend the terms and conditions and the price list pursuant to the procedure laid down in the general terms and conditions.
7. If the customer disagrees with the amendments, they have the right to cancel the securities account agreement, the agreement on a securities account of a special type, and/or the special agreement and close the securities account pursuant to the procedure specified in clause 201.

### **Scope of the provision of services**

8. At any time, the bank has the right to establish restrictions on giving instructions based on the person giving the instruction, for example, on the classification of the customer, residency or citizenship, the type, form, and volume of the instruction, the term of execution, the security, the transaction, the operation executed on the basis of the instruction, the manner or time of giving the instruction. The bank provides the customer with information on the respective restrictions pursuant to the procedure specified in the section 'Information about the provision of services related to securities accounts and securities transactions'. In justified cases, the bank may establish such restrictions without an advance notification.
9. The bank has the right to determine, at its own discretion, which services specified in the terms and conditions it provides, with regard to which securities it provides or ends the provision of the services specified in the terms and conditions, unless otherwise specified in legislation. The bank submits the respective information to the customer pursuant to the procedure specified in clause 68.
10. The bank has the right to refuse to accept securities of a certain type or issued by a certain issuer or traded in a certain market and the rights related to such securities for safekeeping, and refuse to recognise them in a securities account as well as refuse to provide them with the services related thereto. The bank may refuse, above all, if such securities cannot be accepted for safekeeping via the bank and/or recognised in a securities account.
11. Upon the provision of the services specified in the terms and conditions, the bank will not provide the customer with tax, legal, investment, or other advice.

### **Classification of customers**

12. The bank classifies the customer as a retail customer, professional customer, or eligible counterparty.
13. The bank considers the customer a retail customer, unless it notifies the customer otherwise.
14. The customer may request to be treated as a customer of a different type. The conditions of the classification of customers and an explanation on the rights that customers may be deprived of by choosing a classification that offers less investor protection is available on the investor protection website.

### **Assessment of appropriateness**

15. In the events provided for in legislation, the bank assesses the appropriateness of a service or security for the customer on the basis of the customer's investment knowledge and experience.
16. The bank warns that, upon the reception and transmission of an order related to a securities transaction or upon the provision of the service of execution of an order, the bank is not required to assess the appropriateness of a service or security for the customer, if the securities transaction is executed on the customer's initiative and the transaction is related to a non-complex security. In such an event, the

customer's interests may be less protected. An explanation about which securities are non-complex pursuant to legislation is available on the investor protection website.

### Determination of the target market

17. In the event where the service provided by the bank is not investment advice or portfolio management (such as the acceptance, forwarding, and execution of an instruction) and the service is provided at the initiative of the customer, the bank is not able to determine the target market of securities and verify whether the customers' investment objectives, risk tolerance, and knowledge and experience correspond to target market of the said security. As a result of that, the customer's interests may be less protected.

### Other applicable rules

18. In addition to the terms and conditions and the general terms and conditions, the bank follows
- the applicable legislation;
  - the rules established by a competent authority;
  - upon using a securities account and making transfers,
    - the practice of the respective market;
    - the agreement concluded with the securities register or the custodian;
    - the rules of the central securities depository and settlement system;
    - in matters not regulated by the aforementioned sources, the custom and practice applied upon the provision of the service of safekeeping securities and the provision of settlement services;
  - upon the provision of investment services and execution of instructions related to securities transactions,
    - in the event of execution of a transaction with securities accepted for trading on the market, the rules of the respective trading venue;
    - the terms and conditions of securities, the prospectus, or other similar documents;
    - the terms and conditions of the automatic routing of orders established by the bank;
    - the best execution policy, the principles of protection and safekeeping of customers' assets, and the rules for the prevention of conflicts of interest published on the investor protection website;
    - in matters not regulated by the aforementioned sources, the normal custom and practice.
19. In the event of a conflict between any provision of the terms and conditions and a provision of the law or a rule established by a competent authority, the relevant provision of the law or the rule of the competent authority will apply.

## Opening a securities account and special provisions for some securities accounts of a special type

### Opening a securities account

20. To open a securities account, the customer submits the documents and data requested by the bank and enters into a securities account agreement of the respective type with the bank. In case of an agreement signed in the mobile application, only an internal securities account is opened.
21. If a customer who is a legal person wishes to perform transactions with securities via the securities account subject to the transaction reporting requirement by the bank (e.g. securities accepted for trading in the trading venue) to a supervisory authority, the customer must have an LEI, which the customer has to give to the bank. Additional information about the LEI and securities subject to the transaction reporting requirement by the bank to a supervisory authority is available on the bank's website.
22. The securities account is bound to the current account specified by the customer or the pension investment account (hereinafter also referred to as the current account in relevant context) that is

opened in the bank and the main currency of which is the euro. Monetary settlements related to the use of the customer's securities account, securities transactions executed via the securities account and other services related to the securities account are made via this account. Upon the consent of the bank, another current account specified by the customer can be used for the operations listed above.

### **Pledge account**

23. A pledge account may be held only by a legal person specified in legislation.
24. A pledge account can be used for the registration of a pledge of securities pledged in favour of the same pledgee concurrently under various financial collateral agreements if the respective financial collateral agreements do not differ from one another with regard to the existence of an irrevocable right of disposal granted to the pledgee.

### **Official securities account of a notary public or bailiff**

25. An official securities account of a notary public or a bailiff is opened by the bank for the notary public or the bailiff upon the submission of a professional certificate or another document which certifies the official authorisation and which is accepted by the bank, binding the securities account to the official current account opened for the notary public or for the bailiff.
26. Securities may be kept on the official securities account of notaries public or bailiffs on the grounds and pursuant to the procedure provided for by legislation. Securities belonging personally to notaries public or bailiffs are not kept in the official securities accounts of notaries public or bailiffs.
27. Instructions regarding an official securities account can be given to the bank by the respective notaries public, bailiffs, or their locum tenens.
28. A notary public or bailiff immediately informs the bank of
  - the appointment of their locum tenens;
  - their release from office or removal of the office;
  - the suspension of the official powers of the notary public or the bailiff.
29. The bank is not obligated to verify the legal basis of the transactions executed in the official securities account of notaries public or bailiffs.

### **Start-up account**

30. The bank opens a start-up account as an intra-bank or a Baltic securities account, depending on the security that constitutes the non-monetary contribution.
31. Until the registration of the company in the commercial register, the start-up account or the securities transferred thereto cannot be disposed of in the name of the company being founded. Upon the registration of the company in the commercial register, the bank will release the start-up account from the disposal restrictions established by these terms and conditions and legislation.
32. If the company being founded is not registered in the commercial register, the bank will allow for the disposal of the start-up account opened in the name of the company and the securities transferred thereto only on the basis of a court decision and pursuant to the procedure established by a court decision.
33. The bank may open other securities accounts of a special type and special securities accounts.

## **Safekeeping securities**

### **Safekeeping securities in a Baltic securities account**

34. Baltic securities can be transferred to a Baltic securities account.
35. The Baltic Central Securities Depository keeps records of the Baltic securities account opened in the name of the customer for the Baltic securities belonging to the customer. The bank, being an account operator of the Baltic Central Securities Depository, mediates to the customer the services provided by the Baltic Central Securities Depository.
36. Information about different safekeeping options, levels of protection, and fees of Baltic securities is available on the bank's website.



### Safekeeping securities in an intra-bank securities account

37. Non-BCSD securities can be transferred to an intra-bank securities account.
38. On the basis of a special agreement concluded with the customer, the bank also accepts Baltic securities for safekeeping in an intra-bank securities account. The bank has the right to keep these securities for and on the account of the customer, along with the securities of other customers of the bank, on the nominee account opened in the Baltic Central Securities Depository in the name of the bank.
39. The bank may restrict the safekeeping or acceptance for safekeeping the securities of an issuer of a specific country on the securities account of a customer who is a resident or citizen of that country. The bank publishes information on such restrictions on its website.
40. Upon the violation of the restriction specified in clause 39, the customer undertakes to immediately transfer the respective securities from its securities account.
41. If the customer has not submitted an order to transfer the securities by the term specified by the bank, the bank will have the right to sell the respective securities at the best possible price, which, according to the bank, can be reasonably obtained for the securities at that moment, and transfer the funds received from the sale to the customer's current account.
42. The customer bears the costs of sale referred to in clause 41.
43. Upon identifying the customer's residence, the bank proceeds from the data on residence notified by the customer or from other reliable data (e.g. residence certificate of a tax board).
44. If a security changes from a Baltic security into a non-BCSD security and the bank can keep such security only on a securities account opened for joint safekeeping of the customers' assets, the bank will ask prior permission from the customer for such safekeeping. If the customer does not give its permission by the term specified by the bank and the customer has an intra-bank securities account opened at the bank, the bank has the right to transfer the specific securities to the securities account opened for joint safekeeping of the customers' assets. The bank will keep separate accounts of such securities on the intra-bank securities account opened in the customer's name at the bank.
45. Non-BCSD securities belonging to the customer which have been recognised on the intra-bank securities account are kept by the bank for and on the account of the customer on an account (nominee account, customer account, etc.) opened for the joint safekeeping of securities in a securities register or at a custodian in Estonia or in a foreign country in the name of the bank or the custodian.
46. If in a country where the safekeeping of securities on the account of another person has not been regulated or not been regulated sufficiently (as a result of which, the securities belonging to the customer cannot be kept in the manner specified in clause 45), but the nature of the securities or the related investment services calls for keeping them in a securities register or at a custodian, the bank may, at its own discretion, keep the customer's securities
  - in a securities account opened in the name of the bank or
  - along with the securities belonging to the bank and/or other customers of the bank or
  - separately from these securities or
  - in a securities account opened in the name of the customer, whereby the bank will have the right to administer and dispose of such a securities account.
47. The customer has to take into account the risks accompanying the safekeeping of securities in an account opened for the joint safekeeping of customers' assets (nominee account, etc.) or, if pursuant to legislation that regulates the safekeeping of securities, it is not possible to identify at the custodian the customer's securities from the securities belonging to the custodian or the bank. A more detailed description of such risks is available on the investor protection website.
48. For a customer who is considered a professional customer, the bank may keep securities in a securities account opened in the name of the customer with a third party in a country where the safekeeping of securities in the account of another person has not been regulated or not been regulated sufficiently. It is not important whether the nature of the securities or the related investment services calls for keeping them in a securities register or at a custodian in such country. By the conclusion of a securities account agreement, it is deemed that a professional customer agrees to the bank keeping the securities belonging to the customer in the aforementioned manner and to the bank having the right to administer and dispose of the securities account.
49. The bank asks the customer to pay attention to the fact that when safekeeping securities via a custodian in a foreign country, the customer has to take into account the legal regulation applicable in the relevant

market (incl. regulation on investor protection), various technical solutions, rules established by local market participants, and the developed market practice.

### Choosing a custodian

50. The bank chooses custodians with which nominee accounts and other securities accounts are opened with due diligence. The bank regularly checks the reliability of these custodians.
51. If, in a jurisdiction where the bank wished to safekeep the customer's securities with a third party on a nominee account, stricter requirements apply and heightened supervision is exercised with regard to safekeeping securities in the account of another person, the bank will not safekeep the securities with a third party with regard to whom such strict requirements do not apply and such supervision is not exercised.

### Use and disposal of securities kept on a nominee account

52. The bank maintains data and keeps relevant registers and accounts to be able to identify the securities safekept for the customer from the securities of other customers and/or of the bank at all times.
53. The customer is aware of and agrees that the bank has the right to use and dispose of (including borrow) the securities which the bank holds for the customer for free and on reasonable terms in the interests of the bank or other customers of the bank and, above all, for the purpose of settlement of the securities transaction.
54. The customer is aware of and agrees that the bank may pledge or otherwise encumber the securities that the bank holds for the customer, if
  - this is necessary for complying with the terms and conditions or rules established by the counterparty to the transaction or a competent authority for the transaction, executed on the basis of the customer's instruction or otherwise executed in the interests of the customer; and if
  - such pledging or other encumbering of the customer's securities is required under the applicable legislation in this country.

An overview of risks related to such encumbering is provided on the investor protection website.

## Information about the provision of services related to securities accounts and securities transactions

### Information disclosed before the provision of the service

55. Before the provision of a service under the securities account agreement, the bank submits the following information to the customer:
  - classification of the customer: retail customer, professional customer, or eligible counterparty;
  - procedure regulating the filing of an application to change the classification of the customer, the conditions of the classification of customers, and an explanation on the rights that the customer may be deprived of by choosing a classification that offers less investor protection;
  - general information about the bank and services provided by the bank;
  - information about the service being provided and about the transaction and security specified in the customer's instruction, including instructions and warnings related to risks;
  - information about the venues where the customer's instructions are executed;
  - information about the costs and charges related to the service, including information about such fees and inducements for the bank which are paid to the bank by a third person in relation to the customer or which are paid to a third person by the bank in relation to the customer;
  - the applicable investor protection schemes;
  - the bank's rules for the management of conflicts of interest;
  - the best execution policy for customer's instructions;
  - the principles of protecting and safekeeping the customer's assets, including descriptions of risks.
56. Information specified in clause 55 is made available to the customer on the investor protection website. Information about in which language the customer prefers to communicate with the bank and receive

documents and other information from the bank are specified in the general terms and conditions or in the special agreement.

57. A certain number of key information documents that the bank must provide to the customer prior to the transaction under the packaged retail and insurance-based investment products regulation<sup>2</sup> has been made available to the customer through the investor protection website.
58. The bank provides ex ante information on costs and charges related to securities and services via the investor protection website on sample conditions (i.e. assumptions on the amount, duration of the investment, and performance scenarios) and it is not personalised. If all costs and charges related to securities are shown in the key information document, the bank makes just the key information document available to the customer.

### **Information about securities registered in the customer's securities account**

59. The Bank registers transactions made via a securities account as well as the rights and duties related to the securities registered or recorded in the securities account, including certain rights of third parties.
60. The bank preserves the data and documents related to a securities account for at least the minimum term prescribed by legislation.
61. Each banking day, the customer has the right to request information from the bank
  - on the composition of the securities registered or recorded in the securities account and the transactions executed with these securities;
  - on other data registered in connection with the securities account (e.g. balance notice, securities account statement).
62. The bank will not issue any certificates about the right of ownership of the securities registered or recognised in the securities account (e.g. share certificate or other certificate), unless such an obligation arises from the terms and conditions, legislation, or a special agreement entered into between the bank and the customer.
63. The bank makes available to the customer the option to monitor the current state of the securities account via the Internet Bank, provided that the customer has entered into an Internet Bank agreement. If the customer has not concluded an Internet Bank agreement or the agreement is terminated, the customer may ask for information about the state of the securities account at a branch office of the bank.
64. In the information submitted on the securities registered in the customer's securities account, the bank has the right to express the value of the security that the bank has determined in the securities account statement, balance notice, price list, special agreement, or in another document, for example, on the basis of the closing price, nominal price, or net asset value of the fund unit. The bank determines the value of the security in such a manner
  - for the purpose of enabling uniform accounting of a service fee or
  - if the actual market value of the security
    - is not available to the bank via the information channels used for this purpose;
    - is not true (e.g. if trading has been suspended or terminated or due to a certain corporate event); or
    - is not clearly determinable (e.g. if the security has not been accepted for trading on the market).

The value of a security that has been determined in the previously described manner might not correspond to its actual market value.

65. Information on agreements concluded or transactions conducted in the mobile application is available in the Internet Bank to the extent determined by the bank.
66. Each quarter, the bank submits a report on the securities kept for and on account of the customer that includes information prescribed by legislation.
67. The bank submits to the customer 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 if the value of a leveraged security or

<sup>2</sup> Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products (PRIIPs).

- a security containing conditional obligations related to the securities kept for and on the account of the customer decreases by 10%. The customer is aware of and agrees that the bank submits the above-mentioned reports to the customer via the Internet Bank or sends them by email. If the customer does not have a valid Internet Bank agreement and an email address, the customer has the right to receive the report on paper. Additional information about the nature, frequency, and terms of the reports submitted by the bank is available on the investor protection website.
68. Information about the securities account and the provision of services related to securities transactions mentioned in the terms and conditions is disclosed by the bank to the customer on the bank's website, investor protection website, via the Internet Bank, or by email. If the customer does not have an Internet Bank agreement and email address, the bank discloses the information to the customer on paper. The customer agrees to receive the above-mentioned information in the manners listed above.
  69. The customer agrees that in some cases, the bank submits information and documents with regard to the security, securities transaction, securities account, or related services (including key information documents regarding a product) in the English language. Submission of information and documents in English may be necessary above all (but not only) if the information and documents have been prepared by a third person. The Bank has the right to publish any information received from third parties (such as information relating to key investor documents, corporate actions, etc.) in the language in which it was made available to the bank.
  70. When entering into a transaction or submitting an order in respect of a packaged retail investment product, the bank makes the key information document available to the customer. When the transaction is entered into in the internet bank or over the phone (in the case of special agreement), the bank has the right to make the key information document available to the customer in the website, internet bank, or via email. The customer has the right to request the key information document on paper from a branch office of the bank.
  71. When the transaction in respect of a packaged retail investment product is entered into over the phone (in case of special agreement), the bank may not be able to make the key information document available before the transaction. If the bank has informed the customer that the key information document cannot be made available before conclusion the transaction, the customer has the right to suspend the conclusion of the transaction and finalise the transaction only after the bank has made the key information document available to the customer and customer has had a chance to familiarise itself with it.

## Rights and obligations arising from securities

### Exercising rights arising from securities via the bank

72. In the events provided for by legislation or the terms and conditions, the customer acts via the bank for the purpose of exercising the rights arising from the securities registered or recorded in the securities account by giving the bank the respective instruction.
73. The customer exercises the rights arising from the securities registered in a Baltic securities account usually personally or via a representative.
74. A security recorded on a nominee account or another account opened for the joint safekeeping of customers' securities is usually kept in the name of the bank. Therefore, the customer can exercise the rights arising from such securities only via the bank or on the basis of an authorisation issued by the bank.
75. If the bank has not received an instruction from the customer on how to exercise the rights arising from the securities kept on the nominee account or an account opened for joint safekeeping of customers' securities, but such an instruction is necessary, the bank will not exercise such rights on its own initiative, unless otherwise established in the terms and conditions. In certain circumstances, the Bank may, in such case, apply the default option set by the issuer or the event organiser at its own discretion.
76. The bank's activity in the execution of the instruction, issuing an authorisation, and obtaining information referred to in clause 74 depends on a third party (e.g. the custodian). The bank will not be liable for possible delays, the accuracy of the forwarded information, errors, damage, or expenses incurred by the customer, except for in cases set out in the terms and conditions.
77. The customer compensates the bank for all expenses related to the execution of the instruction, including any service fees of a third party. The bank has the right to immediately debit such expenses

from the customer's current account. Among other things, the customer compensates to the bank for the pecuniary penalties arising from the settlement discipline claims that result from the settlement of the transaction later than the settlement day due to the customer's circumstances.

78. For the purpose of exercising the rights arising from a security, the customer will submit, at the bank's request, additional information and/or documents by the date set by the bank. If necessary, the bank will specify the requirements established for exercising the rights arising from the security on the respective market with the help of a custodian, securities register, or another person.
79. If the bank holds the customers' securities on a nominee account or another account opened on behalf of the bank for the joint safekeeping of customers' securities and a customer wishes to exercise their rights arising from the security, the bank will have the right to disclose the customer's data to the registrar or a person recording the securities.
80. For the purpose of exercising their voting right, the customer will, not later than within five banking days before the general meeting of shareholders (or sooner, if a longer term of advance notification arises from the legislation of the country of location of the issuer or from the rules of the custodian – the customer may request the respective information from the bank), submit a written request in compliance with the requirements of the bank and/or the custodian for the issue of a power of attorney. The bank will issue a power of attorney to the person indicated in the customer's application and will not be required to check the grounds for representation of the person named in the application.
81. In the event of non-fulfilment of the conditions specified in clause 78 and/or the term specified in clause 80 by the customer, the bank executes the late instruction or an instruction of exercising the rights arising from the securities registered on a nominee account opened with a custodian only if it is reasonably possible. The bank relies on the information available to the bank at that moment.

### Corporate event

82. By entry into the securities account agreement, it is deemed that in the event of the replacement, exchange, division, cancellation, redemption, repurchase, or amendment of the nominal value of the securities, which are registered or recognised in the customer's securities account, by their issuer during a corporate event, the customer has given the bank an instruction to perform the respective transaction or operation required on each occasion.
83. After a corporate event, the bank has the right to cancel or change an instruction for a transaction received from the customer in accordance with the terms and conditions of corporate events.
84. The bank has the right to delete from the customer's securities account the cancelled securities on the basis of information obtained from a securities register or a custodian.
85. The bank is obligated to disclose to the customer the information that it has received from an issuer about a corporate event concerning a security that is traded on the regulated securities market as stipulated in applicable legislation. The bank has the right, but not the obligation, to disclose information obtained on corporate events that are not related to securities traded on the regulated securities market. The bank discloses this information to the customer on their website, via email, through the Internet Bank, or makes it available to the customer through other channels. Information on a corporate event can be a summary and/or a translation of the original text. The bank is not liable for the correctness, accuracy, or completeness of such information, nor for the consequences that the customer may suffer due to relying on the information received from the bank.
86. In instances stipulated in legislative acts and upon receiving relevant information from the issuer or the manager of a security traded on the regulated securities market, the bank forwards the information regarding a corporate event to the customer with the possibility of forwarding the participation notice of the customer and the customer's voting decision(s) regarding that particular corporate event to the issuer or manager. In this case, the bank forwards the information and enables the customer to submit a participation notice and voting decision in the manner and format that is compliant with the requirements of the issuer or manager. The bank can use the services of a third-party provider to enable the participation of the customer in the corporate event.

### Making payments

87. By the signing of the securities account agreement, it is deemed that the customer has given the bank an instruction
  - to accept, on each occasion, payments made on the basis of the securities registered or recognised in the securities account in money or in securities and the redemption and/or repurchase payments of the securities; and

- transfer them to the customer's current and/or securities account within a reasonable term after the accrual of such payments, after learning of the accrual, or after the communication of the accrual (by, for example, a custodian) to the bank.
88. If the issuer of securities or the person mediating a payment (e.g. a custodian)
- submits to the bank a claim for the refunding of the payments specified in clause 87, the bank will have the right to debit the customer's current and/or securities account to the extent of this payment and return the respective payment to such an issuer or to the person mediating the payment;
  - presents a choice for making the payment specified in clause 87 either in money or in securities and the bank, within a reasonable term, has not obtained from the customer any instructions on making the choice, the bank will make the choice at its own discretion.
89. If, at the moment of making a payment of securities, the securities account has been closed and the customer cannot be contacted within a reasonable time for the purpose of obtaining an instruction, the bank will have the right to sell such securities at the best possible price that, according to the bank, can be reasonably obtained at that moment for the securities, and replace the payment of the securities with a monetary payment to the customer's current account.
90. When making the payment, the bank is not obligated to follow the rules of the issuer or the person mediating the payment on calculating the quantities of securities and the amounts of money. The bank makes these calculations at its own discretion based on the quantity of securities held by the customer, from which the right of the customer to the payment arises.
91. If the quantity of securities held by the customer on a nominee account or another account opened for the joint safekeeping of customers' securities gives the right to receive a payment in a fractional part of securities, but not all customers are ensured securities proportionally to the amount of their securities, the bank will have the right to distribute the securities between the customers at its own discretion.
92. The customer will be responsible for the performance of the obligations arising from or related to the customer's securities safekept for and on account of the customer. If the customer's respective obligation is claimed at the expense of the bank or other customers of the bank, the bank will have the right to immediately debit the customer's transaction account with the claimed obligations or the monetary equivalent of such obligations. Payment of pecuniary penalties arising from the settlement discipline is made in the month following the time they were created. The customer shall ensure that the required resources for the payment of the pecuniary penalty will be available in their personal current account.
93. The bank has the right to withhold or debit from the customer's current account the taxes, fees, pecuniary penalties, and other charges and expenses incurred by the bank foreseen in the legislation or rules established by a competent authority in connection with the customer's instructions, securities, or transactions.
94. If the customer wishes to reclaim the taxes or fees excessively paid or withheld by the customer in connection with non-BCSD securities kept on the customer's securities account, the customer submits a respective application to the bank. To execute the request, the bank has the right to request additional information, documents, or the advance payment of the concurrent expenses from the customer by the date indicated by the bank. The bank fulfils the customer's request if the customer has compensated for the concurrent expenses and the custodian offering the service, the rules, and terms in the respective market enable fulfilling such a request.
95. To challenge a pecuniary penalty arising from the settlement discipline claims, the customer has to contact the bank immediately after the pecuniary penalty claim has been created but no later than on the ninth banking day of the calendar month following the planned settlement day of the transaction.

### Qualifying holding

96. The customer is obligated to fulfil the obligations related to applying for the necessary permission to acquire and dispose of securities and the obligations related to notification with regard to a qualifying holding. The customer informs the bank, the issuer, the relevant supervisory authority in the market, and other persons specified in legislation thereof. Legislation or the rules of a supervisory authority set out the respective shareholding levels which, if exceeded, entail an obligation to notify about the acquisition or disposal of a qualifying holding and apply for a relevant permit. If necessary, the customer applies for the consent of a competent authority.

97. If the bank keeps securities for the customer in the name of the bank in the event described in clause 46, the customer applies for the bank's consent before the acquisition of a qualifying holding in the share capital of the issuer of the securities kept in such an account. The bank has the right not to approve such a request or open a separate securities account in the name of the customer for the purpose of keeping the customer's securities in the country where the respective securities are registered. The customer bears the costs of opening a separate securities account pursuant to the price list.
98. If the bank keeps securities for the customer in the way described in clause 46, the customer shall immediately notify the bank of a circumstance due to which the bank has to fulfil the notification obligations referred to in clause 96.

### **Customer's responsibility when performing the rights and obligations arising from securities**

99. Upon exercising the rights and performing the obligations arising from the securities registered or recorded in the customer's securities account, the customer is personally responsible for the identification, analysis, and use of the necessary information, unless agreed otherwise in the terms and conditions. Therefore, the bank is not obligated (unless such an obligation arises from legislation, rules established by a competent authority, or a special agreement concluded with the customer)
  - to identify the contact details, financial position, and legal status of the issuer of the securities, the security agent, or another such person or verify the correctness of the respective information;
  - to inform the customer of the rights and obligations arising from the securities;
  - to inform the customer of corporate events or issue preliminary information about any income or payment related to a corporate event;
  - to identify the reason for any corporate event, verify its legal basis or mediate the respective information and documentation to the customer;
  - to inform the customer of legislation, rules of a competent authority, custom, or market practice applicable to the securities and securities transactions.

## **Instructions**

### **Principles of executing instructions**

100. Unless otherwise provided by the terms and conditions, rules established by a competent authority, or applicable legislation, the bank executes securities transactions and other operations and provides services related to the securities account only on the basis of the instruction given by the customer on each occasion, which expresses the data and conditions required by the bank for the execution of the instruction.
101. In the events provided for by legislation, the bank follows the legal orders of a bailiff, trustee in bankruptcy, pledgee, or another entitled person regarding the execution of transactions related to the securities account and/or the securities registered or recorded in the account, and other operations.
102. In the events specified in the terms and conditions, the bank has the right to execute a transaction or take another step on the account of the customer which is reasonably necessary for the protection of the customer's interests, prevention of a breach of the customer's obligation, or remedying the breach.
103. The bank has the right, but not the obligation, to execute an incomplete instruction given by the customer, provided that the execution of the instruction is reasonably possible.
104. The customer compensates to the bank for any and all expenses (including taxes, fines, interests, fees for not performed or late transactions)
  - in connection with submitting, forwarding, failing to forward, changing, cancelling, or executing the customer's instruction or carrying out another operation related thereto;
  - that the bank incurs in connection with a customer's dispute with a custodian, central securities depository, settlement system, or some other third person.
105. The customer also compensates to the bank all expenses related to any operations that the bank conducted on behalf of the customer in a situation where the customer neglected to fulfil their contractual duties on time.

106. The bank, after incurring such expenses, has the right to debit the respective amount from the customer's current account or withhold it from the amount received by the customer.

### **Giving instructions**

107. For the purpose of initiation of a securities transaction, the customer submits an instruction to the bank, in which the customer specifies the essential terms and conditions of the securities transaction and other data requested by the bank. The customer shall ensure that the data in the instruction is correct.
108. The bank may establish a mandatory form for and manner of submission of instructions and amend them. The bank executes the instruction themselves or forwards the instruction for execution to a third person.
109. The customer gives an instruction by handing it over to a customer executive in a branch office of the bank, via the Internet Bank, or in another manner accepted by the bank.
110. The instruction is given to the bank by the customer personally or by their representative. If the customer or their legal representative does not give an instruction personally, the authorisation granted to the customer's representative shall be notarised or laid down in an asset management agreement or another similar agreement concluded with a professional participant of the securities market. The bank also accepts authorisation contained in a power of attorney, agreement, or another similar document drawn up in the presence of and confirmed by the signature of a representative of the bank.
111. In order to execute a securities purchase and sales transaction, the customer may submit to the bank market orders, limit orders, and instructions of another type determined by the bank.
112. In order to subscribe to securities, the customer submits an instruction in compliance with the conditions of issue of such securities.
113. In order to execute a transaction of the issue or redemption of fund units, the customer submits an instruction in the format requested by the bank.
114. Upon making a securities transfer, both parties to the transaction give to their respective account operator the relevant instruction:
- the customer that transfers securities gives an instruction for the transfer of the securities from their securities account;
  - the customer that purchases the securities gives an instruction for the transfer of relevant securities to their securities account.
115. The bank has the right, but not the obligation, to verify the adherence to the restrictions arising to the instructor from the terms and conditions of securities and other documents.

### **Restrictions on the submission of instructions in the name of minors or wards**

116. Instructions given in the name of a minor or ward as well as personally by a minor or ward with the consent of their parent or guardian or by the authorised representative of a minor or ward are executed by the bank only upon the submission of a court approval of the transaction in accordance with the Family Law Act.
117. The approval of a court is necessary also for the partial or complete deletion of a pledge of securities established in favour of the minor or ward.
118. The approval of a court is not necessary
- if the minor or ward acquires securities specified in subsection 188 (1<sup>1</sup>) of the Family Law Act on the account of a parent or a guardian, and a securities account of a special type opened on behalf of the minor or ward and the associated current account are used as transaction accounts;
  - for the transfer of securities registered or recorded in a securities account of a special type, as specified in the previous clause, provided that the proceeds remain in the current account of special type of the minor or ward or if new securities are acquired on behalf of the minor or ward for this amount to the securities account of a special type;
  - for transferring securities to another securities account opened in the name of the same minor or ward, except for securities transfers between the ordinary securities account and securities account of a special type of the minor or ward; or
  - if the Family Law Act in force in the Republic of Estonia is not applicable.



119. For the acquisition or disposal of securities in the name of the minor or ward without the approval of a court, only the securities account of a special type and the related current account of the minor or ward may be used. The bank has the right to refuse to accept an instruction or execute an accepted instruction without the approval of the court if another type of account is specified in the instruction as a transaction account.
120. Upon the performance of the transactions specified in clause 'Restrictions on the submission of instructions in the name of minors or wards', the bank may demand the submission of additional information, documents, or confirmation.

### Acceptance of instructions

121. The bank usually accepts instructions during the regular working hours of the bank on each banking day. The bank may accept instructions for executing transactions with non-BCSD securities also outside of the regular working hours.
122. Regular working hours are determined by the bank. The bank may communicate any time limits of the execution of banking operations and transactions on its website or via the Internet Bank.
123. The bank informs the customer of the acceptance of an order during the trading hours of a market operating in a foreign country, but outside of the regular working hours of the bank, on the website or via the Internet Bank. Upon the receipt of an order outside of the regular working hours, the bank will take any and all reasonable steps to transmit the order to the market or to a person providing the trading service for execution.
124. If an order is received by the bank outside of
  - the working hours of the bank;
  - the settlement time of the respective securities register;
  - the trading time of the respective market;
  - the working hours of the investment fund management company; or
  - in accordance with the prospectus or the terms and conditions of the investment fund, causes the postponement of receipt, the order is deemed presented on the first banking day following the day the instruction was actually received.
125. Upon the acceptance of the instruction, the bank has the right
  - to specify the terms and conditions of the instruction, request the submission of additional data or documents, and then accept the instruction for execution or forward it to a third person for execution;
  - to reserve the necessary funds or securities for the execution of the instruction on the customer's respective transaction account or debit it from the customer's transaction account. The bank has the right to reserve a larger sum of money to the extent that corresponds to the limit of the settlement sums established in the settlement system (tolerance matching) upon the purchase of securities (and when settling the transaction, debit it from the account). More detailed information is available on the bank's website.
126. Upon the cancellation of an instruction, refusal to execute an instruction, or failure to execute an instruction, the bank releases the respective reserved funds or refunds the money debited from the transaction account.
127. If the customer has the right to give instructions to the bank by telephone or any electronic communication channel under a special agreement, the bank records the act of communication with the customer conducted by telephone and via an electronic channel to fulfil the obligation arising from legislation. The customer has the right to request the bank to submit the recordings of the contact between the customer 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 customer requests the recordings, the customer compensates to the bank for concurrent reasonable expenses. The customer confirms that they agree with recording of the above-mentioned act of communication.

### Refusal to accept or execute an instruction

128. The bank has the right to refuse to accept an instruction or execute an accepted instruction, if

- a customer who is a legal person does not have a valid LEI or a customer who is a natural person does not have other code or information (e.g. personal identification code) which the bank needs for reporting the securities transactions;
- the customer has outstanding obligations towards the bank in connection with the securities account (e.g. overdue maintenance fee) or a previous securities transaction (e.g. unpaid purchase price, service fee, or expenses incurred by the bank);
- the customer has a debt to the bank or a person belonging to the same group as the bank which arises on other grounds, notably from a credit, loan, suretyship, guarantee, leasing or factoring agreement;
- the respective securities or current account of the customer or the funds on the account have been blocked, seized, or their use is restricted in any other manner;
- there are insufficient available funds in the customer's securities or current account (including if there is an insufficient quantity of securities or funds in the securities account specified in the instruction to the extent of the limit of the settlement sums established in the settlement system (tolerance matching)) for the execution of the order, for providing or increasing the prescribed security deposit or the bank's service fees, or for compensating for other expenses;
- the instruction is in conflict with a restriction or a requirement established by the bank;
- the transaction planned by the customer is not in compliance with the terms and conditions, the terms and conditions of the security, the rules or prospectus of the investment fund, legislation, the rules established by a competent authority or issuer (including one-time requirements), or it is not in accordance with good practice (including if the terms and conditions of the instruction differ significantly from the current market conditions);
- the bank suspects that the instruction has been given for the purpose of market abuse;
- according to the bank's professional estimation, the instruction cannot be reasonably executed (for example, the security specified in the instruction cannot be mediated to the customer);
- the adjustment of the instruction under the circumstances described in clause 176 is not possible;
- the instruction has been cancelled;
- the customer does not correspond to the definition of the target market;
- on other grounds specified in the general terms and conditions, legislation, or rules established by a competent authority.

#### **Amendment or cancellation of instructions**

129. The customer has the right to request the amendment or cancellation of a submitted instruction by submitting the respective request to the bank at a branch office of the bank, via the Internet Bank, or in another manner accepted by the bank.
130. The bank has the right, but not the obligation, to satisfy the customer's request if the amendment or cancellation of the instruction is possible (above all, if the instruction has not yet been executed or submitted for execution by the bank).
131. Before the commencement of the execution of an instruction or in the course of execution of an instruction, the bank has the right to consider the instruction as having been cancelled by the customer, if
- the customer submits a request for the amendment of the instruction which can be granted (thereby, the request for the amendment of the instruction is treated as a new instruction);
  - 20 calendar days have passed from the acceptance of the instruction and it was not possible to execute the instruction during this period due to reasons independent of the bank;
  - within a reasonable term, the customer has not eliminated a circumstance serving as the basis for the bank's refusal to accept the instruction, execute the accepted instruction, or forward it;
  - the execution of the instruction is impossible either according to the bank's estimate (incl. if the customer cannot eliminate the circumstances specified in clause 128) or due to the rules of the securities register, the rules established by the custodian, or a corporate event.

132. The bank has the right to cancel the instruction if the transaction that was to be executed based thereon has been cancelled in the securities settlement system.

## Pledging securities

### Principles of pledging

133. The bank accepts instructions related to pledging securities on the conditions and pursuant to the procedure provided for in the terms and conditions, legislation, and rules established by competent authorities (including the Baltic Central Securities Depository).
134. Estonian securities can be pledged in a customer's Baltic securities account. Under the terms and conditions acceptable to the bank, the bank allows for the pledging of Latvian and Lithuanian securities and non-BCSD securities via the bank.
135. The bank is not obligated to evaluate the relevance of an instruction in connection with the establishment, amendment, termination, or realisation of a pledge or some other instruction, compliance with the pledge agreement, validity of the pledge agreement, or the existence of a legal basis for the realisation of a pledge. The bank will not be liable for any possible damage arising from the above.

### Pledging Estonian securities

136. In order to pledge Estonian securities, the holder of Estonian securities (pledgor), for whom a Baltic securities account has been opened in the bank, submits a registration instruction to the bank. The pledgee submits a pledge registration instruction with the same content to their account operator with whom a required securities account has been opened for the pledgee. If the pledgee does not have the required securities account, they may submit their instruction via the bank.
137. The bank verifies that the pledge registration instructions submitted by the pledgor and the pledgee are in compliance. In the event of a difference between the data, the bank informs the customer thereof.
138. In order to amend the data entered into the register regarding pledging Estonian securities (the number of pledged securities, notations made to the register, etc.), the pledgor and the pledgee submit instructions with the same content to the bank.

### Transfer or disposal of pledged Estonian securities

139. In order to transfer or dispose of pledged Estonian securities, the pledgor submits to the bank a securities transaction instruction. If the person that acquires these securities is not a customer of the bank, that person submits a securities transaction instruction with the same content to their account operator.
140. Upon the receipt of the instruction specified in clause 139, the bank verifies whether the Estonian Register of Securities contains a notation of the pledgee's consent required for the purpose of disposing of the Estonian securities. If such consent is required, the bank informs the pledgor thereof. The pledgee can submit the consent via its account operator.
141. The pledged Estonian securities are transferred to the account indicated in the instruction along with the pledge notations and other notations made to the register.
142. Upon the transfer of the pledge of Estonian securities to a new pledgee, the bank amends the data of the pledgee on the basis of an application of the former pledgee. If the pledgee's rights transfer by way of succession or the merger, division, or reorganisation of an entity, the bank amends the pledgee's data on the basis of an application of the new pledgee.

### Realisation of pledged Estonian securities

143. The bank executes the pledgee's instruction for the disposal of the pledged Estonian securities from the pledgor's account for the purpose of selling the securities if a notation regarding the right of disposal of the pledgee has been made in the Baltic securities account.
144. If the Baltic securities account does not have a notation concerning the right of disposal of the pledgee, the bank accepts an order of a bailiff or another entitled person specified in legislation to transfer the pledged Estonian securities from the pledgor's account for the purpose of selling the securities.
145. Upon realising the pledged securities, the bank verifies the notations made in the Baltic securities account.

146. The pledgee submits to the bank the respective instruction for the deletion of the pledge of Estonian securities.

### **Financial collateral agreement**

147. In order to pledge Estonian securities on the basis of a financial collateral agreement, the pledgor submits to the bank a pledge instruction along with instructions for the transfer of Estonian securities from the pledgor's account and acceptance thereof to the pledge account.
148. In order to amend the data entered into the register regarding pledging Estonian securities (the number of pledged securities, notations made to the register, etc.), the pledgor and the pledgee submit an additional pledge instruction to the bank.
149. Before the acceptance of an instruction to pledge the securities, the bank has the right
- to verify whether information on the pledge instruction corresponds to the terms and conditions of the pledge agreement;
  - to request other relevant information and documents from the pledgor and/or the pledgee.
150. If the pledgor and/or the pledgee fail to present the above-mentioned information and documents, the bank has the right to refuse to accept the instruction.
151. The disposal of the securities transferred to the pledge account takes place pursuant to the procedure provided for by legislation and on the terms and conditions indicated on the pledge instruction. Upon the disposal of the pledged securities (i.e. transfer from the pledge account), the pledge of the financial collateral over securities with regard to the third parties is terminated.
152. Upon the termination of the pledge established on the basis of the financial collateral agreement, the pledgee submits to the bank an order for the deletion of the pledge. If necessary, the pledgee submits an order for the transfer of the pledged securities from the pledge account to the pledgor's securities account and the pledgor gives the respective acceptance instruction.

## **Execution of orders**

### **Principles of the acceptance and execution of orders**

153. The bank has the right to refuse to accept an order for any reason.
154. If the bank has accepted the order, the bank executes the customer's order in the best possible manner for the customer, thereby following the procedure in the best execution policy. The bank takes into account the price, expenses, and speed of the execution of the order, the probability of execution and settlement, the size of the order, and other circumstances related to the execution of the order.
155. The bank may execute the order in parts as well as partially if, during the term of validity of the order, the bank has failed to fully execute it. In this case, the customer is obligated to accept the execution of the order in parts as well as its partial execution, unless the terms and conditions of the customer's order have established otherwise. The performance of repeat partial transactions for the execution of the order may increase the total amount of service fees payable and settlement expenses.
156. The customer agrees that the bank may, on the basis on an order, take up the position of the counterparty of the purchase or sales transaction mediated to the customer and the bank will not be obligated to inform the customer thereof on each occasion.
157. Upon the execution of an order, the bank will refrain from transactions from which the interests that arise are in conflict with the customer's interests (conflict of interests). In the event of a conflict of interests that cannot be avoided, the bank acts in the customer's interests.
158. The bank has the right to automatically forward to the respective market an order submitted by the customer via the Internet Bank for the execution of transactions with securities accepted for trading on the market. The customer confirms that they consent to the automatic forwarding of the order. The bank has the right to terminate the automatic forwarding of the order to the market at any time and the bank notifies the customer thereof via the website of the bank.

### **Transaction confirmations**

159. After the execution of an order, the bank submits to the customer a transaction confirmation on the conditions of the transaction, which the customer can usually access not later than on the next banking day following the execution of the transaction in the Internet Bank (securities account statement) or at

any branch office. If a mediator was used for the transaction, the bank submits the confirmation of the transaction not later than on the next banking day after the receipt of confirmation from the mediator.

160. The customer can obtain information about the state of execution of the order by email or via another electronic channel.
161. Upon the receipt of a respective application by the customer, the bank always sends the customer a transaction confirmation by email or via another electronic channel after the execution of the order. The customer has the right to cancel the sending of transaction confirmations at any time.
162. The accuracy of the data of transaction confirmations is presumed.
163. The customer is deemed to have accepted the transaction confirmation if the customer has not informed the bank otherwise within 24 hours from the moment the transaction confirmation is submitted pursuant to the procedure prescribed in clause 159 or sent pursuant to the procedure prescribed in clause 161. If an error is detected, the bank makes everything reasonably possible to change or cancel the transaction.

### **Validity of an order**

164. The bank has the right to suspend the execution of an order if circumstances independent of the bank exist which impede the execution of the order (for example, suspension of trading on the market, failures of communication systems). The bank will continue the execution of the order as of the end of the respective circumstances.
165. The order remains in force until the date indicated therein, unless a shorter or a longer term has been established by the rules of the market.
166. If the term of validity of an order has not been established, such an order remains in force until the end of the regular working hours of the bank on the date of submission of the order or until the termination of the execution of the order by the bank based on the grounds specified in clause 168.
167. In an unfavourable market situation, the order may remain partially or completely unexecuted.

### **Termination of the execution of an order**

168. The bank has the right, but not the obligation, to immediately terminate the execution of an order before its date of expiry, if
  - the customer submits to the bank a request for the cancellation of the order or the unexecuted part thereof;
  - the customer violates the payment obligation arising from or concurrent to a securities transaction executed via the bank (above all, the obligation to transfer money, securities, or another financially assessable right specified in the transaction), including if it becomes evident that the customer's transaction accounts lack sufficient funds at the prescribed time for the execution of an order, giving or increasing the prescribed security deposit, and/or the payment of the bank's service fees or concurrent expenses;
  - the market exercises the right to cancel the transaction order, for example, if it does not reflect the current market value of the security due to a corporate event (order flushing) or for any other reason;
  - another circumstance specified in the terms and conditions, general terms and conditions, rules established by competent authorities, or legislation occurs, terminating the further execution of the order.

## **Settlement**

169. The bank usually arranges the settlement related to a securities account and the transactions executed via the securities account, crediting or debiting the customer's respective transaction accounts in accordance with these terms and conditions, legislation, and rules established by competent authorities.
170. Depending on the securities transaction, the bank takes the following steps for the settlement of a transaction:
  - in the event of a securities purchase transaction, the bank transfers the securities indicated in the instruction to the customer's transaction account and debits from the customer's transaction account the purchase price of the securities, which may be different from the prescribed sum within the limit established on the market in the event of a difference of settlement sums (tolerance matching);

- in the event of a securities sales transaction, the bank debits from the customer's transaction account the securities specified in the instruction and transfers to the customer's transaction account the amount received from the sale of the securities;
  - in the event of issue of fund units, the bank debit the investment amount from the customer's transaction account and transfers the issued fund units to the respective transaction account of the customer;
  - in the event of redemption of fund units, the bank transfers to the customer's transaction account the amount of money received from the redemption of the fund units and deletes the redeemed fund units from the customer's respective transaction account;
  - in the event of a securities delivery without payment, the bank debits the transferred securities from the customer's securities account and transfers them to the account indicated in the customer's instruction in accordance with the respective acceptance instruction of the counterparty;
  - when executing an instruction to accept the securities accruing to the customer, the bank transfers the securities related to the instruction to the respective securities account of the customer.
171. The bank does not guarantee that settlements are made on the prescribed settlement date (usually a day that is not a Saturday, Sunday, a national or public holiday) and is not liable for any delayed settlement.
172. If the bank executes or mediates the execution of the customer's order and unless otherwise provided for by legislation or rules established by competent authorities or agreement concluded between the bank and the customer, it is deemed that, along with the order, the customer has given the bank an instruction to make the settlement under the purchase and sales transaction of securities on each occasion.
173. If the order has not been executed or mediated by the bank, the customer submits the respective order to the bank for making the settlements under the securities transaction.
174. The bank makes settlements arising from securities transactions executed on or off the market on the basis of an instruction of the customer on the settlement day of the respective securities transaction (usually a day that is not a Saturday, Sunday, a national or public holiday), provided that the securities transaction has been registered and finally settled in the securities register, settlement system, or with the custodian on the settlement day and the bank has received from the securities register or the custodian the respective confirmation. The bank may disregard this prerequisite if the bank is the executor or intermediary of the customer's order or if the respective market does not enable applying the above prerequisite.
175. If the bank has not concluded an agreement for the mediation of fund units with the management company, the execution of the issue and redemption order depends on the conditions, terms, and actions established by the management company and the person that mediates the execution of the transaction. Therefore, the bank cannot preclude delays in the execution of these orders and the bank will not be liable for such delays or possible damage.
176. If money or securities that the customer was not entitled to are received in the transaction account tied to the settlement, the customer immediately notifies the bank thereof and refrains from using and disposing of the money or securities that do not belong to the customer.
177. Upon entry into a securities account agreement, the customer is deemed to have given the bank the instruction to make an appropriate correction entry on each occasion (including additionally debit the transaction account) and, in justified cases, adjust the number indicated on the securities transaction order or other conditions of the transaction in the case of a transfer made in error or in some other way without a legal basis to the customer's transaction account or in error or if a transfer has not been performed regardless of the existence of a legal basis.
178. If an issuer, custodian, settlement system, securities register, or mediator of a payment debits money or securities from the bank in relation to a transaction executed under a customer's order, the bank debits from the customer's transaction account the corresponding amount of money or securities without an additional order. If the expense of such transaction is collected from the bank, the customer compensates for it.
179. Upon entry into a securities account agreement, the customer is deemed to have given the bank the instruction to carry out, on each occasion, on the basis of the exchange rates of the bank, any conversion of currencies that proves necessary in connection with the transactions and operations performed via the securities account.

180. The customer is obligated to keep sufficient funds in their current account
  - for the performance of the financial obligations related to the securities account and the transactions executed via the securities account in a timely manner;
  - compensate for or allow the bank to withhold service fees, expenses, and taxes and other payments or pecuniary penalties established by the terms and conditions, the rules established by a competent authority, and legislation which the customer has to pay.
181. The bank and the customer have agreed that the bank makes payments of service fees payable under the securities account agreement and other payable sums from the customer's current account. This agreement is valid until the fulfilment of the requirements arising from the securities account agreement.
182. If, pursuant to the rules of the settlement system, it is allowed to settle orders in part, the bank may settle the customer's order in part. In this case, the customer is obligated to accept the settlement of an order in parts. Partial settlement of an order may increase the total sum of service fees and settlement expenses.
183. The bank has the right to credit to the customer's account the pecuniary penalty received upon the application of the settlement discipline measures where the transaction was settled later than the planned settlement day due to the circumstances arising from the counterparty.

## Customer's confirmations and special obligations

### Customer's confirmations

184. The customer confirms that before the provision of the service on the basis of the securities account agreement, the bank has made available to the customer the information specified in clauses 55, 57, 67, 68, and 70 on the investor protection website and that they agree with the method of presentation of this information and the conditions included in this information.
185. The customer confirms that they have familiarised themselves with the price list and have information about the service expenses and fees.
186. The customer is aware of and agrees that taxation regarding investment services and securities is dependent on the services and the securities serving as the object of the transaction as well as circumstances related to the person of the customer (including the customer's residence and legal form) and that taxation may change in the future. This confirmation is valid if the bank has referred to a specific taxation aspect in information intended for the customer.
187. The customer confirms that they are aware of the settlement discipline claims and possible supplementary pecuniary penalties if the settlement of the transaction takes place later than the planned settlement day and it is caused due to the circumstances arising from the customer.

### Formalisation of customer's approvals and confirmations

188. The customer gives the bank the approvals and confirmations serving as the prerequisites for the provision of services on the basis of the securities account agreement upon signing the securities account agreement, upon giving a securities transaction instruction in the events specified by the bank, or in another manner.
189. The bank has the right to demand that upon the submission of each instruction, the customer shall provide certain confirmations, including provision of new confirmations, if necessary. Each approval and confirmation given to the bank upon the submission of an instruction serves as an inseparable part of the securities account agreement.

### Customer's notification obligation

190. In addition to information given in the general terms and conditions, the customer submits to the bank information on its investment knowledge and experience and other information required by the bank for the performance of the obligations arising from the agreement entered into with the customer and from legislation.
191. The customer informs the bank of any and all changes in the information submitted to the bank by the customer, including (but not limited to) in information that may influence
  - the treatment of the customer as a retail customer, professional customer, or eligible counterparty;

- the results of evaluation of the appropriateness of a transaction executed on the basis of an instruction given by the customer or of a service rendered to the customer.
192. The customer notifies the bank immediately of changes in information, but not later than upon giving the first instruction after the information changed.
193. The customer warrants and represents that it is aware of the fact that in the event of submitting false or insufficient information to the bank or in the event of failure to notify of changes to the submitted information, the bank cannot adequately identify whether the service sought or the transaction planned by the customer is appropriate for the customer.
194. The bank has the right to presume the correctness and relevance of the information submitted by the customer, including the personal and contact details of the customer, the information concerning the authorised representatives of the customer, and other information required by the bank for the performance of obligations arising from the securities account agreement and legislation.

### **Other obligations of the customer**

195. The customer verifies the correctness of the securities account statements, balance notices, reports, transaction confirmations, and other information given to the customer by the bank. The customer also follows the execution of the orders submitted to the bank.
196. Upon the improper execution of the customer's orders by the bank or in the event of the insufficiency and/or incorrectness of the information or reports received from the bank, the customer immediately informs the bank thereof. Upon the discovery of an error, the bank makes everything reasonably possible to eliminate the error or adjust the information.
197. Upon entry into a securities transaction, the customer follows the principles of honest trading as well as good practice and custom. The customer shall refrain from any activity that may be considered market abuse.

## **Blocking and closing a securities account**

### **Blocking a securities account**

198. The bank has the right to partially or fully block the use of a securities account and/or the securities registered or recognised thereon, if
- this is necessary to ensure the performance of the customer's instruction and/or a corporate event (e.g. participation in a general meeting, correct processing of a corporate event);
  - the customer repeatedly or to a significant extent breaches their obligations arising from the terms and conditions, legislation, or a special agreement related to the securities account;
  - the customer's current account tied to the securities account is blocked;
  - the customer closes the current account tied to the securities account without specifying another current account for the servicing of the securities account;
  - the customer's acts or omissions (including refusal to give the required information) substantially limits or impedes, in the view of the bank, the exercising of the rights and/or the performance of the obligations arising from the terms and conditions and/or legislation;
  - the bank has submitted to the customer a declaration of extraordinary cancellation of the securities account agreement, but the customer has failed to give the bank an instruction for the transfer of the securities from the securities account within the term prescribed in the declaration;
  - the bank has notified of the termination of the provision of the service with regard to a certain security, but the customer has not given the bank an order within the term communicated by the bank for the transfer of this security from the securities account;
  - the custodian has blocked the account opened for joint safekeeping of customers' securities or the securities therein because of the customer's securities;
  - there are other circumstances which, pursuant to the terms and conditions, general terms and conditions, applicable legislation, or rules established by a competent institution, may serve as the basis for blocking the securities account and/or the securities.



199. Upon blocking a securities account and/or securities, the bank partially or fully suspends the service of the respective securities account. The blocking of the securities account and/or securities will not release the customer from the performance of the duties and obligations provided for by the terms and conditions, including the obligation to pay the service fee and compensate for the expenses.
200. If the customer remedies a breach serving as the basis for the blocking or upon the lapse of another respective circumstance, the bank will continue servicing the securities account. If the bank has submitted to the customer an application for the extraordinary cancellation of the securities account agreement because of a significant breach by the customer of the obligation arising from that agreement or the customer has failed to fulfil their obligation during the term allowed for the elimination of the breach of obligation, the bank will execute only the instruction for the transfer of securities from the securities account and thereafter closes the securities account.

### **Closing a securities account**

201. The securities account agreement expires and the bank may close the securities account
  - if the bank cancels the securities account agreement on the grounds listed in the general terms and conditions;
  - if the customer has submitted a respective written application for the cancellation of the securities account agreement and no securities have been registered or recognised in the securities account and the customer does not have any outstanding obligations towards the bank in connection with the securities account;
  - if the customer has paid the pecuniary penalties, expenses, and other fees arising from the settlement discipline specified in these terms and conditions;
  - if the bank has submitted a declaration to the customer for the extraordinary cancellation of the securities account agreement due to a fundamental breach of an obligation or duty arising from the securities account agreement and the term granted for the termination of the breach of the obligation or duty has expired without results;
  - upon the liquidation or compulsory dissolution of a customer who is a legal person or the death or declaration of death of a natural person, provided that there are no securities registered or recognised in the securities account and the securities account is not tied to the right of security.
202. In addition to the conditions set out in clause 201, the bank has the right to terminate the securities account agreement and close the securities account by informing the customer thereof at least 15 days in advance via the Internet Bank or, upon the absence of an Internet Bank agreement, by mail, if
  - the customer has a debt to the bank during three consecutive months in connection with the securities account;
  - no securities are registered or recognised in the securities account and no transaction has been made in the securities account over three consecutive months.
203. If the bank or the customer terminates the securities account agreement ordinarily or extraordinarily pursuant to stipulations in the terms and conditions of this agreement or the general terms and conditions, or if the bank notifies the customer of terminating its services regarding a security held in an account, the customer is obligated to submit to the bank an order to sell or transfer the securities on the account within the term specified by the bank. If the customer has not submitted a securities transfer order to the bank by the term specified by the bank, the bank is entitled to, at the expense of the customer:
  - sell the securities at the best possible price which, according to the bank, can be reasonably obtained for the securities at that moment;
  - register these securities at the securities register under the customer's name; or
  - deposit the securities at a notary's office;
204. If the bank or the customer has notified the other party of terminating the securities account agreement or the bank has informed the customer of ending the provision of a service in respect to a security held in the account, the bank is entitled to limit the provision of services to the customer and the use of the securities account.

### **Obligations arising from the termination of a securities account agreement**

205. Upon the termination of the securities account agreement, all agreements related to the securities account agreement are deemed to have ended if the existence of a securities account is a material condition to the performance of such an agreement. The term of execution of obligations arrives with the termination of these agreements, unless otherwise agreed.
206. After the termination of the securities account agreement, the relationship of the parties will be subject to those clauses of the securities account agreement, terms and conditions, and general terms and conditions that, in essence, stipulate the rights and obligations of the parties for the time after the termination of the securities account agreement. The above primarily applies to clauses that lay down rules for the resolution of disputes between the parties, the liability of the parties, as well as the recovery, submission, and settlement of claims.

## **Liability**

### **Liability of the parties**

207. A party is liable before the other party for the wrongful failure to perform or for the improper performance of the obligations specified in the securities account agreement and the terms and conditions. The rules of liability are set out in the general terms and conditions and in the terms and conditions.

### **Disclaimer**

208. The bank is not liable for the loss of the customer's securities or for another such circumstance, unless it was caused by the bank's wrongful act or omission.
209. The bank replaces securities that have been lost due to the fault of the bank with equal securities or compensates to the customer for the market value of the lost securities
- which, in the event of tradable securities, is determined on the basis of the market value of the securities at the moment of loss;
  - which, in the event of fund units, is determined on the basis of the net asset value of the fund unit; and
  - which, in the event of other securities, is determined on the basis of their usual value.
210. The bank will not be liable for any expenses, losses, loss of profit, or pecuniary penalties imposed by legislation or the rules of a competent authority or another similar obligation for the execution or non-execution of the customer's instructions by the bank on the grounds specified in the terms and conditions, including situations
- where the instruction was given to the bank late, in the wrong form, with insufficient, incorrect, or misleading data, repeatedly, or for the purpose of misuse;
  - there were insufficient available funds and/or securities in the account indicated by the customer for the execution of the instruction;
  - the non-submission or late submission of a counter-instruction by the counterparty of the securities transaction, or a similar situation;
  - amendment of the price of the securities or other market terms and conditions during the period of acceptance and execution of an instruction;
  - a delay by the bank arising from the submission or non-submission of the documents and additional information required for the execution of an order, application for rights or approval, cancellation of the restrictions of right of disposal, re-registration of encumbrances, or the right of ownership;
  - the lack of the right of representation and the illegitimate activities of the customer's representative specified in the power of attorney required for the representation of the bank upon exercising a right arising from the securities belonging to the customer and kept for and on the account of the customer (including on a nominee account);
  - the non-performance or incomplete or late performance or complete avoidance of the performance of the customer's duties and obligations arising from the terms and conditions, general terms and conditions, legislation, or rules of a competent authority (notification or tax payment obligation);

- performance by the bank of duties and obligations arising from the terms and conditions, general terms and conditions, legislation, or rules established for the bank by competent authorities;
  - the disclosure to a third party, belatedness, or non-receipt of any information submitted by the bank if the customer has not informed the bank of a change in their contact details or other important information;
  - exercising or not exercising rights granted to the bank by the terms and conditions, general terms and conditions, legislation, or rules established by competent authorities and the operations arising therefrom. These operations include debiting the customer's current accounts or securities account for the purpose of settlement of claims emerging against the customer upon the use of the securities account or securities transactions, or the sale of the securities;
  - the bankruptcy, reorganisation, insolvency, revocation of the activity licence, deprivation of a licence vital for the continuance of the activities, or the existence of a similar circumstance of persons providing a service via the bank.
211. The bank is not responsible for damage or expenses arising from
- acts or omissions of the securities register or custodian, unless the bank has violated due diligence in the selection or control of the respective securities register or custodian or on other grounds provided by legislation;
  - acts or omissions by the Baltic Central Securities Depository or the settlement system.
212. The bank is not responsible for the content or validity of the rights arising from the securities belonging to the customer or for the gains to be obtained from the customer's investment activities.

### **Customer's investment decisions**

213. The customer is responsible for making decisions related to investing their assets, including for the selection of the securities, acquisition of information required for the exercising of the rights and the performance of the obligations arising therefrom and for accessing the information presented for making investment decisions.

### **Claims and exercising rights**

214. Upon the failure by the customer to pay a service fee or any other financial obligation arising from the securities account agreement, including from a securities transaction, the bank has the right to charge the customer default interest at a rate of 0.1% (zero point one per cent) of the overdue sum per calendar day of delay.
215. The bank has the right to settle claims against the customer which arise from the use of the securities account or from the execution of securities transactions or from servicing securities by debiting money or securities from any current and/or securities account of the customer. Upon concluding the securities account agreement, the customer is deemed to have given the bank the instruction to debit the amounts necessary for the settlement of debts from any current account of the customer or sell, at the best possible price that the bank estimates can be obtained from the respective quantity of the securities at that particular moment, a quantity of the securities from any securities account of the customer for the settlement of the debt.
216. The bank has the right to waive claims arising from the securities account agreement to third parties, enter into an agreement with a third party to recover the bank's claim, or otherwise use third parties with the aim of having the bank's claims against the customer settled. The customer compensates to the bank for any and all expenses related to the recovery of the bank's claims, including expenses related to services provided by third parties.
217. A delay upon the exercising of any right of the bank specified in the terms and conditions does not mean a waiver of such a right. Partial exercising of any right of the bank does not preclude the further exercising of the right to the full extent. Even if the bank exercises one right in a situation where it has the right to exercise other rights, it does not mean that the bank has waived other rights.