

# FINORKA LTD

## Client Service Agreement

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## 1.0 DEFINITIONS - INTERPRETATION OF TERMS

1.1 Finorka Ltd (hereinafter referred to as the 'Company'), is incorporated under the laws of the Republic of Mauritius with registration number C186708. The Company has been granted an Investment Dealer (Full-Service Dealer, Excluding Underwriting) with number GB22200267 under section 29 of the Securities Act 2005, Rule 4 of the Securities (Licensing) Rules 2007 and the Financial Services (Consolidated Licensing and Fees) Rules 2008 (herein the "Law") licensed by the Financial Services Commission (herein the "FSC Mauritius").

1.2 In this Client Services Agreement (hereinafter the "Agreement") the following terms shall, unless the context otherwise pledges, have the following meanings and may be used in the singular or plural as appropriate:

- 1.2.1 "Account" shall mean a transaction account of the Client at FINORKA LTD
- 1.2.2 "Account Statement" shall mean a periodic statement of the transactions credited or debited to an Account
- 1.2.3 "Account Summary" shall mean a statement of the Clients securities portfolio, open positions, margin requirements, cash deposit etc. at a specific point in time;
- 1.2.4 "Agent" shall mean an individual person or legal entity undertaking a transaction on behalf of another individual person or legal entity but in his/its own name;
- 1.2.5 "Authorised Person" shall mean a person authorised by the Client to give instructions to FINORKA LTD;
- 1.2.6 "Best Execution Policy" shall mean FINORKA LTD's prevailing policy available at the website of the broker and the Trading Platform regarding best execution when executing client orders;
- 1.2.7 "Business Day" shall mean any day on which we are open for business;
- 1.2.8 "CFD Contract" or "CFD" shall mean a contract which is a contract for difference by reference to fluctuations in the price of the relevant security or index;
- 1.2.9 "Client" shall mean the individual person, legal entity or firm being a customer of FINORKA LTD;

- 1.2.10 "Client Classification" shall mean FINORKA LTD 's overall, product-, or transaction specific classification of Clients;
- 1.2.11 "Commercial use" shall mean any use of the Trading Platform by Clients which legal entities or firms are;
- 1.2.12 "Commissions, Charges & Margin Schedule" shall mean the schedule of commissions, charges, margin, interest and other rates which at any time may be applicable to the Services as determined by FINORKA LTD on a current basis. The Commissions, Charges & Margin Schedule is available on FINORKA LTD's website and may be supplied to the Client on demand;
- 1.2.13 "Conflict of Interest Policy" shall mean FINORKA LTD's prevailing policy regarding conflicts of interest which is available at the website;
- 1.2.14 "Contract" shall mean any contract, whether oral or written, for the purchase or sale of any commodity, security, currency or other financial instrument or property, including any derivatives such as an option, a future, a CFD or other transaction relating thereto, entered into by FINORKA LTD with the Client;
- 1.2.15 "Contract Option" shall mean a contract between FINORKA LTD and a Client the terms of which correspond in all respects to the terms of an option, which is quoted, listed or ordinarily purchased or sold on and cleared through a regulated market place or another market;
- 1.2.16 "Counterparties" shall mean banks and/or brokers through whom FINORKA LTD may cover its Contracts with Clients or with whom FINORKA LTD otherwise deals in relation to Clients' transactions;
- 1.2.17 "Durable Medium" means any instrument which enables the Client to store information in a way accessible for future reference for a period of time adequate to the purposes of the information and which allows the unchanged reproduction of the information stored;
- 1.2.18 "Events of Default" shall have the meaning given to this term in Clause 19;
- 1.2.19 "FIFO" is an abbreviation of "First in – First Out" and refers to the fact that in case one or more Contracts with the same characteristics shall be closed, FINORKA LTD will as a point of departure close the older Contract first;

- 1.2.20 "Inside Information" shall mean non-published information which is likely to have a noticeable effect on the pricing of a Contract if it was made public;
- 1.2.21 "Margin Trade" shall mean a Contract opened and maintained based on a margin deposit as opposed to a Contract based on a purchase price;
- 1.2.22 "Market Rules" shall mean the rules, regulations, customs and practices from time to time of any exchange, clearing house or other organisation or market involved in, or otherwise relevant to, the conclusion, execution, terms or settlement of a transaction or Contract and any exercise by any such exchange, clearing house or other organization or market of any power or authority conferred on it;
- 1.2.23 "Net Free Equity" is a basis of calculation of interest which is calculated in accordance with the definition specified in FINORKA LTD's Commissions, Charges & Margin Schedule;
- 1.2.24 "Politically Exposed Persons (PEPs)" means a Foreign PEP, a Domestic PEP and an International Organisation PEP and their family members and close associates. For the purposes of this definition:
- a. "Domestic PEP" means a natural person who is or has been entrusted domestically with prominent public functions in Mauritius and includes the Head of State and of government, senior politicians, senior government, judicial or military officials, senior executives of state owned corporations, important political party officials and such other person or category of persons as may be specified as may be specified by a supervisory authority or regulatory body after consultation with the National Committee;
  - b. "Foreign PEP" means natural person who is or has been entrusted with prominent public functions by a foreign country, including Heads of State or of government, senior government, judicial or military officials, senior executives of state owned corporations, important political party officials and such other person or category of persons as may be specified as may be specified by a supervisory authority or regulatory body after consultation with the National Committee;

- c. "International Organisation PEP" means a person who is or has been entrusted with a prominent function by an international organisation and includes members of senior management or individuals who have been entrusted with equivalent functions, including directors, deputy directors and members of the board or equivalent functions and such other person or category of persons as may be specified by a supervisory authority or regulatory body after consultation with the National Committee.
- d. "Family members" are individuals who are related to a PEP either directly (consanguinity) or through marriage or similar (civil) forms of partnership.
- e. "Close associates" are individuals who are closely connected to a PEP, either socially or professionally

1.2.25 "Private use" shall mean any use of the Trading Platform by Clients that are physical persons;

1.2.26 "Principal" shall mean the individual person or the legal entity which is a party to a transaction;

1.2.27 "FINORKA LTD" shall mean FINORKA LTD and with the address of C/o AllServ Management Ltd, Rue de la Democratie, Office 306, 3rd Floor, Ebene Junction, Ebene, Mauritius or any branch hereof;

1.2.28 "Security" shall mean any securities or other assets deposited with FINORKA LTD by the Client;

1.2.29 "Services" shall mean the services to be provided by FINORKA LTD subject to the Agreement;

1.2.30 "Settlement/Trade Confirmation" shall mean a notification from FINORKA LTD to the Client confirming the Client's entry into a Contract;

1.2.31 "Trading Platform" shall mean any online trading platform made available by FINORKA LTD under the Agreement;

1.3 If there is any conflict between this Agreement and the applicable legislations, rules and regulations, the latter shall prevail.

1.4 In this Agreement any reference to an individual person shall include bodies corporate,

unincorporated associations, partnerships and individuals.

1.5 Headings and notes in this Agreement for reference only and shall not affect the contents and interpretation of the Agreement.

1.6 In this Agreement references to any law, statute or regulation or enactment shall include references to any statutory modification or re-enactment thereof or to any regulation or order made under such law, statute or enactment (or under such a modification or re-enactment).

## **2.0 RISK ACKNOWLEDGEMENT**

2.1 The Client acknowledges, recognizes, and understands that trading and investments in leveraged as well as non-leveraged Contracts is:

2.1.1 highly speculative;

2.1.2 may involve an extreme degree of risk; and

2.1.3 Is appropriate only for persons who, if they trade on margin, can assume risk of loss in excess of their margin deposit.

2.2 The Client acknowledges, recognizes and understands that:

2.2.1 because of the low margin normally required in Margin Trades, price changes in the underlying asset may result in significant losses, which losses may substantially exceed the Client's investment and margin deposit;

2.2.2 when the Client directs FINORKA LTD to enter into any transaction, any profit or loss arising as a result of a fluctuation in the value of the asset or the underlying asset will be entirely for the Client's account and risk;

2.2.3 the Client warrants that the Client is willing and able, financially and otherwise, to assume the risk of trading in speculative investments;

2.2.4 the Client agrees not to hold FINORKA LTD responsible for losses incurred as a consequence of FINORKA LTD carrying the Client's account and following its recommendations or suggestions or those of its employees, associates or representatives, unless FINORKA LTD has exercised gross negligence in connection

herewith;

- 2.2.5 the Client is aware of the fact that unless it is otherwise specifically agreed, FINORKA LTD shall not conduct any continuous monitoring of the transactions already entered into by the Client neither individually nor manually. Hence, FINORKA LTD cannot be held responsible for the transactions developing differently from what the Client might have pre-supposed and/or to the disadvantage of the Client;
- 2.2.6 the Client accepts that guarantees of profit or freedom from loss are impossible in investment trading; and
- 2.2.7 the Client is aware that the services provided by the Company are not intended for persons under eighteen (18) years of age nor is the Company's website designed for the use of these people. The Client accepts and confirms that he/she is above eighteen (18) years of age.

### **3.0 CLIENT CLASSIFICATION**

- 3.1 FINORKA LTD offers its Clients the possibility to request reclassification online and thus to increase or decrease the level of regulatory protections afforded. Where a Client requests a different categorisation (either on an overall level or on a product level), the Client needs to meet certain specified quantitative and qualitative criteria.
- 3.2 On the basis of the Client's request, FINORKA LTD undertakes an adequate assessment of the expertise, experience, and knowledge of the Client to give reasonable assurance, in the light of the nature of transactions or services envisaged that the Client is capable of making his/her own investment decisions and understanding the risks involved. However, if the above-mentioned criteria are not met, FINORKA LTD reserves the right to choose whether to provide services under the requested classification.



## 4.0 SERVICES

4.1 Subject to the Client fulfilling its obligations under this Agreement, FINORKA LTD may enter into transactions with the Client in the following investments and instruments:

4.1.1 CFDs Currency Pairs

4.1.2 CFDs Equity Indices

4.1.3 CFDs Metal

4.1.4 CFDs Commodity

4.2 The Services provided by FINORKA LTD may involve:

4.2.1 Margined transactions; or

4.2.2 Transactions in instruments which are: traded on exchanges which are not recognized or designated investment exchanges; and/or not traded on any stock or investment exchange; and/or not immediately and readily realisable.

4.3 Orders may be placed as market orders to buy or sell as soon as possible at the price obtainable in the market, or on selected products as limit and stop orders to trade when the price reaches a pre-defined level. Limit orders to buy and stop orders to sell must be placed below the current market price, and limit orders to sell and stop orders to buy must be placed above the current market price. If the bid price for sell orders or ask price for buy orders is reached, the order will be filled as soon as possible at the price obtainable in the market. Limit and stop orders are executed consistent with "FINORKA LTD's Best Execution Policy" and are not guaranteed executable at the specified price or amount, unless explicitly stated by FINORKA LTD for the specific order.

4.4 In relation to any transaction or Contract, FINORKA LTD will effect such transaction or Contract as Principal unless it is specifically agreed that FINORKA LTD shall act as Agent for the Client.

4.5 The Client shall, unless otherwise agreed in writing, relative to FINORKA LTD enter into Contracts as Principal.

- 4.6 If the Client acts as Agent, regardless of whether the Client identifies the Principal to FINORKA LTD, FINORKA LTD shall not be obliged to accept the said Principal as a client, and consequently FINORKA LTD shall be entitled to consider the Client as Principal in relation to the Contract.
- 4.7 When the Client enters into a Contract Option with FINORKA LTD, FINORKA LTD will act as counterparty to the Client. FINORKA LTD will enter into a contract with a Counterparty which is identical in all respects to the contract between FINORKA LTD and the Client. The Counterparty will in turn enter into a contract on the relevant exchange (unless Market Rules requires the Counterparty to act as FINORKA LTD's agent in which case FINORKA LTD will enter into a contract on the exchange). The Client is contracting with FINORKA LTD and has no right of recourse against FINORKA LTD's Counterparties or any right over contracts between FINORKA LTD and its Counterparties.
- 4.8 In the event FINORKA LTD provides advice, information or recommendations to the Client FINORKA LTD shall not be responsible for the profitability of such advice, information or recommendation as further stipulated in Clause 20, and the Client acknowledges, recognizes and understands that:
- 4.8.1 All transactions in exchange-traded investments and many Contracts will be effected subject to, and in accordance with, Market Rules;
- 4.8.2 Market Rules usually contain far-reaching powers in an emergency or otherwise undesirable situation;
- 4.8.3 If any exchange or clearing house takes any action which affects a transaction or Contract, directly or indirectly, including any Contract Option, then FINORKA LTD is entitled to take any action relevant to the situation and reasonable to the parties in the interests of the Client and/or FINORKA LTD;
- 4.8.4 FINORKA LTD shall not be liable for any loss as further stipulated in Clause 20 and suffered by the Client as a result of the acts or omissions of any exchange or clearing house or any action reasonably taken by FINORKA LTD as a result of such acts or omissions unless FINORKA LTD has exercised gross negligence in connection hereby;
- 4.8.5 Where any transaction is effected by FINORKA LTD as Agent for the Client,

delivery or payment (as appropriate) by the other party to the transaction shall be at the Client's entire risk;

4.8.6 FINORKA LTD's obligation to deliver investments to the Client or to account to the Client or any other person on the Client's behalf for the proceeds of sale of investments shall be conditional upon receipt by FINORKA LTD of deliverable documents or sale proceeds (as appropriate) from the other party or parties to the transaction;

4.8.7 FINORKA LTD may in whole or in part, on a permanent or temporary basis withdraw any account facility provided by FINORKA LTD to the Client. Situations where FINORKA LTD may take such action include situations where:

- FINORKA LTD considers that the Client may be in possession of Inside Information;
- FINORKA LTD considers that there are abnormal trading conditions; or
- FINORKA LTD is unable to calculate prices in the relevant Contract due to the unavailability of the relevant market information.

FINORKA LTD informs the Client of the withdrawal and the reasons for it, where possible, before the withdrawal and if this is not possible immediately thereafter, unless giving such information would compromise objectively justified security reasons;

4.8.8 FINORKA LTD reserves a right to raise commission on withdrawal up to 4.5% in case there is no sufficient trading activity between last deposit and withdraw request.

4.9 Normally FINORKA LTD shall not provide any advice to the Client on any tax issues related to any Services. The Client is advised to obtain individual independent counsel from its financial advisor, auditor or legal counsel with respect to tax implications of the respective Services.

4.10 Notwithstanding any other provision of this Agreement, in providing its Services, FINORKA LTD shall be entitled to take any action considered necessary and reasonable to ensure compliance with the Market Rules and all other applicable laws

and regulatory decisions.

## **5.0 DEALINGS BETWEEN THE COMPANY AND THE CLIENT**

5.1 The Client may provide FINORKA LTD with oral through recorded telephone or written instructions (which shall include instructions provided via the internet or by e-mail as described below). FINORKA LTD shall acknowledge the reception of the instructions orally or in writing, as appropriate.

5.2 The Client shall inform FINORKA LTD in writing of the persons the Client has granted a Power of Attorney to instruct FINORKA LTD on behalf of the Client. For practical reasons, FINORKA LTD can only undertake to register one Power of Attorney for the Client. If the Client at any time wishes to revoke such a Power of Attorney, to change the extent of the Power of Attorney, or grant Power of Attorney to a different person this shall also be informed to FINORKA LTD in writing. FINORKA LTD is in accordance with general rules regarding Power of Attorneys entitled to receive instructions from any person authorised by the Client as well as persons who appear authorised.

5.3 In addition to the terms listed on FINORKA LTD's website and the terms stated in Section 6 regarding the Trading Platform, the following terms apply to Contracts executed on the internet:

5.3.1 FINORKA LTD shall not undertake the risk towards Clients for any loss, expense, cost or liability suffered or incurred by the Client due to failure of the system, transmission failure or delays or similar technical errors unless FINORKA LTD has exercised gross negligence in connection herewith, notwithstanding Clause 6.9;

5.3.2 FINORKA LTD may offer real-time tradable prices to the Client. Due to delayed transmission between the Client and FINORKA LTD the price offered by FINORKA LTD may have changed before an order from the Client is received by FINORKA LTD. If automatic order execution is offered to the Client, FINORKA LTD shall be entitled to change the price on which the Client's order is executed to the market value at the time at which the order from the Client was received;

- 5.3.3 Prices offered by FINORKA LTD regarding the sale, purchase or exercise of Contract Options reflect the price of the relevant exchange traded product. Due to delays from the Client's execution of an order or instruction regarding a Contract Option to the execution of the relevant exchange traded product on the exchange, the price as listed on the Trading Platform is subject to change, in order for the Contract Option to reflect the price of the relevant exchange traded product at the time of its execution or exercise (as applicable);
- 5.3.4 The Trading Platform may be available in several versions, which may be differentiated in various aspects including, but not limited to the level of security applied, products and services available etc. FINORKA LTD shall not be liable to the Client for any loss, expense, cost or liability suffered or incurred by the Client due to the Client using a version different from FINORKA LTD's standard version with all available updates installed;
- 5.3.5 The Client shall be responsible for all orders, and for the accuracy of all information, sent via the internet using the Client's name, password or any other personal identification means implemented to identify the Client;
- 5.3.6 The Client is obliged to keep passwords secret and ensure that third parties do not obtain access to the Client's trading facilities;
- 5.3.7 If the Trading Platform is used for Commercial use the Client is liable to FINORKA LTD for Contracts executed by use of the Client's password even if such use might be wrongful;
- 5.3.8 Regardless of the fact that the Trading Platform might confirm that a Contract is executed immediately when the Client transmits instructions via the Trading Platform, it is the Settlement/Trade Confirmation forwarded by FINORKA LTD or made available to the Client on the Trading Platform which solely constitutes FINORKA LTD's confirmation of execution.
- 5.4 Any instruction sent via the Trading Platform or by e-mail by the Client shall only be deemed to have been received and shall only then constitute a valid instruction and/or binding Contract between FINORKA LTD and the Client when such instruction has been recorded as executed by FINORKA LTD and confirmed by FINORKA LTD to the Client through the Settlement/Trade Confirmation and/or

Account Statement, and the mere transmission of an instruction by the Client shall not constitute a binding Contract between FINORKA LTD and the Client.

- 5.5 The Client shall promptly give any instructions to FINORKA LTD, which FINORKA LTD may require. If the Client does not give such instructions promptly, FINORKA LTD may, at its reasonable discretion, take such steps at the Client's cost, as FINORKA LTD considers necessary or desirable for its own protection or the protection of the Client. This provision is similarly applicable in situations when FINORKA LTD is unable to obtain contact with the Client.
- 5.6 If the Client does not provide FINORKA LTD with notice of its intention to exercise an option, a Contract Option or another Contract which requires an instruction from the Client at the time stipulated by FINORKA LTD, FINORKA LTD may treat the option or Contract as abandoned by the Client. If the Client wishes to exercise an option, Contract Option or another Contract, the Client must provide FINORKA LTD with notice thereof in reasonable time (and within applicable cut-off times) for FINORKA LTD to exercise the corresponding right under any contract equivalent to the Contract Option that FINORKA LTD has entered into with any Counterparty. Contract Options (put and call) that close one tick or more in the money on the last trading day will automatically be exercised, regardless of whether the Client has purchased or sold the Contract Option. The Client cannot instruct FINORKA LTD not to exercise Contract Options that are in the money at expiry and cannot at any time instruct FINORKA LTD to exercise Contract Options that are out of the money.
- 5.7 FINORKA LTD applies a random method of assignment among its Clients' Contract Options when FINORKA LTD is notified by its Counterparties that one or more short option positions have been assigned. FINORKA LTD's allocation method randomly selects short Contract Options among all FINORKA LTD's Clients' positions, including Contract Options opened immediately prior to the assignment. All short Contract Options are liable for assignment at any time. If a short Contract Option is assigned, the Client is obliged, within the applicable time of delivery, to deliver the relevant amount of cash or assets in the case of a call Contract Option and the relevant amount of cash in the case of a put Contract Option, to effect settlement.
- 5.8 FINORKA LTD may (but shall not in any circumstances be obliged to) require confirmation in such form as FINORKA LTD may reasonably request if an instruction

is to close an Account or remit money due to the Client or if it appears to FINORKA LTD that such confirmation is necessary or desirable.

- 5.9 Pursuant to general rules regarding power of attorney the Client is accountable to FINORKA LTD for losses which FINORKA LTD may suffer as a result of instructions from a person who has explicitly or tacit power of attorney to give FINORKA LTD instructions on behalf of the Client.
- 5.10 FINORKA LTD reserves the right in its absolute discretion to cancel, unwind, close out, repair, reinstate or take other action it may deem necessary with respect to open or closed trades of Client or instructions from the Client where the trades executed or instructions submitted would be in violation of, but not limited to, the Agreement, securities markets legislation, usual market practices, legislation on money laundering or insider trading or if the Client is using or has otherwise engaged proprietary or third party malicious and manipulative software or plugins or general trading style that in FINORKA LTD's, its eligible counterparties' or liquidity providers' view, has the actual, suspected or potential nature of breaching the Agreement or relevant securities markets legislation or FINORKA LTD believes that to execute its absolute discretion with the regards to the above matters is necessary to protect its own interests, or the interests of its Clients.
- 5.11 In general, FINORKA LTD shall act according to instructions as soon as practically possible and shall, as far as trading instructions are concerned, act consistent with the broker's Best Execution Policy. However, if after instructions are received, FINORKA LTD believes that it is not reasonably practicable to act upon such instructions within a reasonable time, FINORKA LTD may defer acting upon those instructions until it is, in FINORKA LTD's reasonable opinion, practicable to do so or as soon as possible notify the Client that FINORKA LTD is refusing to act upon such instructions.
- 5.12 It is possible that errors may occur in the prices of transactions quoted by FINORKA LTD. In such circumstances, without prejudice to any rights it may have, FINORKA LTD shall not be bound by any Contract which purports to have been made (whether or not confirmed by FINORKA LTD) at a price which:
- i FINORKA LTD is able to substantiate to the Client was manifestly incorrect at the time of the transaction; or

- ii was, or ought to have reasonably been known by the Client to be incorrect at the time of the transaction. In which case FINORKA LTD reserves the right to either
  - a. cancel the trade all together or
  - b. correct the erroneous price at which the trade was done to either the price at which FINORKA LTD hedged the trade or alternatively to the historic correct market price.

5.13 Trading strategies aimed at exploiting errors in prices and/or concluding trades at off-market prices (commonly known as "sniping") are not accepted by FINORKA LTD Provided that FINORKA LTD can document that there on the time of the conclusion of the trade were errors in prices, commissions, or in the Trading Platform, and provided FINORKA LTD can render probable that the Client, based on its trading strategy or other provable behavior, deliberate and/or systematically has exploited or attempted to exploit such an error, FINORKA LTD is entitled to take one or more of the following countermeasures:

- i adjust the price spreads available to the Client;
- ii restrict the Client's access to streaming, instantly tradable quotes, including providing manual quotation only;
- iii retrieve from the Client's account any historic trading profits that FINORKA LTD can document have been gained through such abuse of liquidity at any time during the client relationship; and/or
- iv terminate the client relationship immediately by giving written notice.

5.14 If the Client is more than one person (for example, joint accountholders):

- i the liabilities of each such person shall be direct, joint and several;
- ii FINORKA LTD may act upon instructions received from anyone person who is, or appears to FINORKA LTD to be, such a person, whether or not such person is an Authorised Person;
- iii any notice or other communication provided by FINORKA LTD to one such person shall be deemed to have been provided to all such persons; and



iv the rights of FINORKA LTD under Clause 19 shall apply if an event described in Clause 19 shall be deemed to have occurred in respect of any one of such persons.

5.15 The Client agrees that FINORKA LTD may record all telephone conversations, internet conversations (chat), and meetings between the Client and FINORKA LTD and use such recordings, or transcripts from such recordings, as evidence towards any party (including, but not limited to, any regulatory authority and/or court of law) to whom FINORKA LTD at its reasonable discretion sees it to be desirable or necessary to disclose such information in any dispute or anticipated dispute between FINORKA LTD and the Client. However, technical reasons may prevent FINORKA LTD from recording a conversation, and recordings or transcripts made by FINORKA LTD will be destroyed in accordance with FINORKA LTD's normal practice. Consequently, the Client should not rely on such recordings to be available.

5.16 When the Client instructs FINORKA LTD to enter into a position opposite to one or more of the Client's open positions, FINORKA LTD will close out the opposite position in accordance with the FIFO principles unless the position has related orders or otherwise agreed.

5.17 The Client acknowledges that FINORKA LTD has the right to, but not the obligation to close directly opposite positions. This applies not only when the positions are held on the on the same account, but also when they are held on separate accounts.

5.18 If the Client operates several Accounts (or subaccounts) and opposite positions are opened on different Accounts (or sub-accounts), FINORKA LTD shall not close out such positions. The Client is specifically made aware that unless closed manually, all such positions may be rolled over on a continuous basis and thereby consequently all incur a cost for such roll-over.

## **6.0 SPECIAL NOTE ON THE USE OF THE TRADING PLATFORM**

6.1 The technical requirements to which the Client's IT equipment, operating system, Internet connection etc. shall conform are described on FINORKA LTD's website.

6.2 The Client shall enter his user ID and password when logging on to the Trading

Platform. The Client should memorize the password. The Client is obligated to notify FINORKA LTD without undue delay on becoming aware of unauthorized use of the Trading Platform, or if the Client suspects that the password has been misappropriated by a third party, the Client shall contact FINORKA LTD immediately to block his Trading Platform. The Client can then order a new password. The Client is for a period of 18 months after notification entitled to request FINORKA LTD to provide the Client with the means to prove that he made such notification.

- 6.3 The Client can block his Trading Platform at any time by contacting FINORKA LTD. Blocking the Trading Platform prevents other persons from accessing it. Open orders and positions placed on the platform before the blocking will not be affected by the blocking unless the Client specifically requests so, and the Client is responsible for deciding about his positions.
- 6.4 The right to use the Trading Platform is personal, and the Client shall not allow other persons to use his user ID and/or his password. If the Client wants to allow a third party to trade on the Client's account, the Client shall issue a separate power of attorney to the relevant third party. The power of attorney shall be written on one of FINORKA LTD's power of attorney forms. The issue of the power of attorney shall be approved by FINORKA LTD.
- 6.5 From the Trading Platform the Client can print reports on trading activities and his account balances.
- 6.6 Where the Client has placed an order which he subsequently regrets, the Client may request that the order be cancelled up until the time of execution. The Client is aware that FINORKA LTD is under no obligation to cancel the order. A request for cancellation or an order can be made via the Trading Platform or by calling FINORKA LTD Sales Trading. Requests concerning cancellation of orders generated when the margin is exceeded can only be made to FINORKA LTD Sales Trading. An order shall not be considered to be cancelled until the Client has received a written confirmation from FINORKA LTD.
- 6.7 The Client shall not be liable for unlawful use of the Trading Platform occurring after the Client has informed FINORKA LTD.

- 6.8 Where the Trading Platform is used for Private Use, FINORKA LTD shall be liable for direct losses resulting from defectively executed orders, unless defectively executed order is due to conditions for which the Client is liable. FINORKA LTD shall not be liable for any indirect losses.
- 6.9 FINORKA LTD shall not be liable for losses in cases of abnormal and unforeseeable circumstances beyond the control of FINORKA LTD pleading for the application of those circumstances, the consequences of which would have been unavoidable despite all efforts to the contrary.
- 6.10 If the Trading Platform is used for Commercial use FINORKA LTD shall not be liable for any indirect losses and/or losses resulting from:
- i Operational failures preventing the use of the Trading Platform;
  - ii Interruptions preventing the Client from accessing the Trading platform;
  - iii Use of the Internet as a means of communication and transport;
  - iv Damage caused by matters relating to the Client's own computer systems.
- 6.11 FINORKA LTD shall not be responsible for losses resulting from the Client's installation and use of the computer programs used on the Trading Platform, unless such liability follows from indispensable rules of law. Where the Trading Platform is used for Commercial Use, the Client shall be responsible for ensuring that the Trading Platform is adequately insured against direct and indirect losses which may result from the installation and use of the computer programs in the Client's computer system. Furthermore, the Client shall be obliged to make backup copies of data which, should such data be lost, might result in losses for the Client.
- 6.12 FINORKA LTD reserves the right to archive or disable the Client Account that is inactive (no trading and/or deposit/withdrawal activity) for at least 90 calendar days and has a balance of equal or less than 10 euros or equivalent in other currencies. The Client Account may be restored from archive only to generate a report/statement and not for trading or depositing. Restored Client Account is again put back to archive once the report/statement is generated. The Client may always open a new trading account and is allowed to transfer any archived balance to the new account. FINORKA LTD is not obligated to inform the Client prior to or

after archivation/disabling.

## **7.0 MARGINS, SECURITY, PAYMENTS AND DELIVERY**

7.1 The Client shall pay to FINORKA LTD on demand:

- i such sums of money by way of deposits, or as initial or variation margin as FINORKA LTD may require. In the case of a Contract effected by FINORKA LTD on an exchange, such margin shall be not less than the amount or percentage stipulated by the relevant exchange plus any additional margin that FINORKA LTD at its reasonable discretion may require
- ii such sums of money as may from time to time be due to FINORKA LTD under a Contract and such sums as may be required in or towards clearance of any debit balance on any Account;
- iii such sums of money as FINORKA LTD may from time to time require as security for the Client's obligations to FINORKA LTD; and
- iv any amount to maintain a positive cash balance on any and all Account(s).

7.2 When dealing with Contract Options FINORKA LTD will enter into a contract with its Counterparties which is identical in all respects to the Contract Option between FINORKA LTD and the Client and FINORKA LTD may under such Counterparty contract be required to deliver additional margin from time to time. FINORKA LTD may without notice change the margin requirement towards the Client to reflect changes in applicable margin requirements for FINORKA LTD from time to time under any Counterparty contract.

7.3 If the Client makes any payment which is subject to any price fluctuations, withholding or deduction, the Client shall pay to FINORKA LTD such additional amount to ensure that the amount actually received by FINORKA LTD will equal the full amount FINORKA LTD would have received had no price fluctuations, withholding or deduction been made.

7.4 Payments into the Client's account are deposited by FINORKA LTD on the condition of FINORKA LTD receiving the amount in question. This shall apply irrespective of whether it has been explicitly stated in receipts or other notices of or requests for payment.

7.5 With the prior written agreement of FINORKA LTD on each occasion, the Client may deposit Security with FINORKA LTD or provide FINORKA LTD with a guarantee or indemnity from a person and in a form acceptable to FINORKA LTD instead of cash for the purpose of complying with its obligations. The Client is made specifically aware that FINORKA LTD at its reasonable discretion may determine the value by which Security shall be registered and consequently contribute to FINORKA LTD's demand towards the Client and FINORKA LTD may continuously change such value of Security without prior notice to the Client.

7.6 The Client is made aware that securities held or deposited on the Client's account with FINORKA LTD the Client cannot put up as collateral or guarantee for any of the Client's obligations towards a third party.

7.7 Any Security will be held by an intermediate broker or eligible custodian, appointed by FINORKA LTD, and the intermediate broker or eligible custodian shall be responsible for claiming and receiving all interest payments, income and other rights accruing to the Client.

7.8 FINORKA LTD is with the Client's specific consent entitled to:

- i pass on any money or Security received from the Client in order to satisfy FINORKA LTD's obligations to any third party;
- ii charge, pledge or grant any security arrangement over Security in order to satisfy FINORKA LTD's obligations to any third party in which case the Security may or may not be registered in the Client's name;
- iii lend Security to any third party in which case the Security may or may not be registered in the Client's name; and
- iv return to the Client other Security than the original Security.

7.9 FINORKA LTD shall not be obliged to account to the Client for any income received

by FINORKA LTD as a result of carrying out any of the activities described in this Clause.

7.10 The Client shall be obliged to promptly deliver any money or property deliverable by it under a Contract in accordance with the terms of that Contract and with any instructions given by FINORKA LTD for the purpose of enabling FINORKA LTD to perform its obligations under any corresponding Contract entered into between FINORKA LTD and a third party.

7.11 If the Client fails to provide any margin, deposit or other sum due under this Agreement in respect of any transaction FINORKA LTD may close any open position without prior notice thereof to payment of any amounts due to FINORKA LTD This is further regulated in Clause 8.2 and Clause 18.

7.12 If the Client fails to make any payment when it falls due, the Client shall pay interest (from the due date and until payment takes place) on the outstanding amount at the rate stated in the Commissions, Charges & Margin Schedule stipulated on the website.

7.13 The Client is advised that FINORKA LTD shall have the right, in addition to any other rights it may have under this Agreement, to limit the size of the Client's open positions (net or gross) and to refuse orders to establish new positions. FINORKA LTD will inform the Client as soon as possible regarding such refused orders and the reason for the refusals. Situations where FINORKA LTD may exercise such right include, but are not limited to, where:

- i FINORKA LTD has reason to believe that the Client may be in possession of Inside Information;
- ii FINORKA LTD considers that there are abnormal trading conditions;
- iii the value of the Client's Security (as determined by FINORKA LTD) falls below the minimum margin requirement as defined in FINORKA LTD's Commissions, Charges & Margin Schedule; or
- iv the Client has a negative cash-balance on any Account.

7.14 Settlement of Contract Options shall correspond to the settlement of the relevant

exchange traded option in accordance with the market rules and terms and conditions applicable to the relevant exchange traded option. For Contract Options on cash settled options, final settlement requires payment of the cash difference between the value of the underlying option and the strike price. For Contract Options regarding physically settled options, the Contract Options will settle into the respective contract, stock or other security. Contract Options regarding options on futures will settle into a future acquired at the strike price. FINORKA LTD will only allow the Client to trade Contract Options on Contracts with physical delivery if the Contract Option expires before the underlying Contract. FINORKA LTD will require Clients to close any Contract with physical delivery of commodities before they can be exercised (i.e. FINORKA LTD does not support physical delivery of commodities).

## **8.0 MARGIN TRADES**

- 8.1 On the date of the opening of a Margin Trade between FINORKA LTD and the Client, FINORKA LTD may require the Client to have margin on the Account at least equivalent to FINORKA LTD's initial margin requirement.
- 8.2 FINORKA LTD's margin requirement shall apply throughout the term of the Margin Trade. It is the Client's responsibility continuously to ensure that sufficient margin is available on the Account at any time. If practicably possible FINORKA LTD shall notify the Client if the margin requirements are not met. If, at any time during the term of a Margin Trade, the margin available on the Account is not sufficient to cover FINORKA LTD's margin requirement, the Client is obliged to reduce the amount of open Margin Trades or transfer adequate funds to FINORKA LTD. Even if the Client takes steps to reduce the size of open Margin Trades or to transfer sufficient funds to FINORKA LTD, FINORKA LTD may close one, several or all of the Client's Margin Trades or part of a Margin Trade and/or liquidate or sell securities or other property at the Client's account at its sole discretion without assuming any responsibility towards the Client for such action.
- 8.3 If FINORKA LTD due to insufficient margin, cf. Clause 8.2, may close one, several or all of the Client's Margin Trades, the Client shall expect, unless otherwise agreed and confirmed by FINORKA LTD that all of the Client's open Margin Trades will be

closed.

- 8.4 If the Client has opened more than one Account, FINORKA LTD is entitled to transfer money or Security from one Account to another, even if such transfer will necessitate the closing of Margin Trades or other trades on the Account from which the transfer takes place.
- 8.5 FINORKA LTD's general margin requirements for different types of Margin Trades are displayed on FINORKA LTD's web site. However, FINORKA LTD reserves the right to determine specific margin requirements for individual Margin Trades.
- 8.6 The Client is specifically made aware that the margin requirements are subject to change without notice. When a Margin Trade has been opened, FINORKA LTD is not allowed to close the Margin Trade at its discretion but only at the Client's instruction or according to FINORKA LTD's rights under this Agreement. However, FINORKA LTD will increase the margin requirements if FINORKA LTD considers that its risk on a Margin Trade has increased as compared to the risk on the date of the opening.

## **9.0 ACCOUNTS**

- 9.1 FINORKA LTD will make available to the Client a Settlement/Trade Confirmation in respect of any transaction or Contract entered into by FINORKA LTD with or for the Client and in respect of any open position closed by FINORKA LTD for the Client. Settlement/Trade Confirmations will normally be available instantly following the execution of the transaction.
- 9.2 An Account Summary and Account Statement are available to the Client through the Trading Platform. The Account Summary will normally be updated periodically during FINORKA LTD's opening hours. The Account Statement will normally be updated every Business Day with information for the previous Business Day. By accepting this Agreement the Client agrees not to receive any Account Statements or Account Summaries in printed form from FINORKA LTD other than upon specific request.
- 9.3 Any notice or other communication to be provided by FINORKA LTD under the Terms, including Account Statements and Settlement/Trade Confirmations, may be sent by FINORKA LTD at its option to the Client in electronic form by e-mail or by



display on the Client's account summary on the Trading Platform. The Client is obliged to provide FINORKA LTD with an e-mail address for this purpose. An e-mail message is considered received by the Client when sent from FINORKA LTD. FINORKA LTD is not responsible for any delay, alteration, re-direction or any other modification the message may undergo after transmission from FINORKA LTD. A message on the Client's account on the Trading Platform is considered received by the Client when FINORKA LTD has placed the message on the Trading Platform. It is the responsibility of the Client to ensure that the Client's software and hardware setup does not stand in the way of the Client receiving e-mails or get access to the Trading Platform from FINORKA LTD.

9.4 The Client is obliged to verify the contents of each document, including documents sent in electronic form from FINORKA LTD. Such documents shall, in the absence of manifest error, be deemed conclusive unless the Client notifies FINORKA LTD in writing to the contrary immediately after having received such document. In the event that the Client believes to have entered into a transaction or Contract, which should have produced a Settlement/Trade Confirmations or otherwise a posting on the Client's account, but the Client has not received such confirmation, the Client must inform FINORKA LTD immediately when the Client ought to have received such confirmation. In the absence of such information the transaction or Contract may at FINORKA LTD's reasonable discretion be deemed non-existent.

## **10.0 COMMISSIONS, CHARGES, AND OTHER COSTS**

10.1 The Client shall be obliged to pay to FINORKA LTD the commissions and charges set out in the Commissions, Charges & Margin Schedule which is available at our website.

10.2 FINORKA LTD may vary such commissions and charges without notice when the change is to the Client's advantage, or the grounds for changes are due to external circumstances beyond FINORKA LTD's control. Such circumstances are:

- i Changes in the relationship with FINORKA LTD's counterparties, which affect FINORKA LTD cost structures; and/or

- ii Changes in commissions and charges from exchanges, clearing houses, information providers or other third-party providers that are passed on to the Client by FINORKA LTD.
- 10.3 FINORKA LTD may vary such commissions and charges, with one month's notice if:
- i market conditions, including competitive behavior, call for changes to FINORKA LTD conditions;
  - ii FINORKA LTD for commercial reasons wishes to change its general cost and pricing structure; and/or
  - iii significant particulars of the Client, based on which individual conditions were provided, have changed.
- 10.4 In addition to such commissions and charges, the Client shall be obliged to pay all applicable VAT and other taxes, storage and delivery charges, exchange and clearing house fees and all other fees incurred by FINORKA LTD in connection with any Contract and/or in connection with maintaining the Client relationship.
- 10.5 Furthermore, FINORKA LTD shall be entitled to demand that the following expenses are paid separately by the Client:
- i all extraordinary disbursements resulting from the client relationship e.g. telephone, telefax, courier, and postal expenses in case the Client requests hardcopy Settlement/Trade Confirmations, Account Statements etc. which FINORKA LTD could have delivered in electronic form;
  - ii any expenses of FINORKA LTD, caused by non-performance by the Client, including a fee determined by FINORKA LTD in relation to forwarding of reminders, legal assistance etc;
  - iii any expenses of FINORKA LTD in connection with replies to inquiries by public authorities, including a fee determined by FINORKA LTD in relation to forwarding of transcripts and enclosures and for the preparation of copies;
  - iv administration fees in connection with security deposits, and any expenses of FINORKA LTD in relation to a pledge, if provided, including any insurance premium payments; and

- v any expenses of FINORKA LTD in connection with auditor's comments/reports if such is requested by the Client.
- 10.6 The fees will be charged either as a fixed amount corresponding to payments effected, or as a percentage or hourly rate corresponding to the service performed. The methods of calculation can be combined. FINORKA LTD reserves the right to introduce new fees.
- 10.7 Unless specified otherwise in this Agreement, all amounts due to FINORKA LTD (or Agents used by FINORKA LTD) under this Agreement shall, at FINORKA LTD's option:
- i be deducted from any funds held by FINORKA LTD for the Client; or
  - ii be paid by the Client in accordance with the provisions of the relevant difference account, Settlement/Trade Confirmation or other advice.
- 10.8 In respect of any transactions to be effected, FINORKA LTD shall be entitled to quote prices at which it is prepared to trade with the Client. Save where FINORKA LTD exercises any rights it may have under this Agreement to close a Contract, it is the Client's responsibility to decide whether or not it wishes to enter into a Contract at such prices.
- 10.9 Furthermore, the Client acknowledges, recognizes and accepts that the procedures described in Clause 10 and Clause 13 may result in additional indirect costs for the Client.
- 10.10 Dormant Fee
- 10.10.1 **Definition of Dormant Account:** An account will be classified as dormant if there has been no trading or funding activity for a continuous period of two (2) months.
  - 10.10.2 **Dormant Fee:** Once an account is classified as dormant, a fee of ten dollars (\$10) will be charged on a monthly basis until trading or funding activity resumes or the account balance reaches zero.
  - 10.10.3 **Fee Deduction:** The dormant fee will be automatically deducted from the

account balance at the beginning of each month after the account is classified as dormant.

10.10.4 **Reactivation:** To avoid future dormant fees, account holders may resume trading or funding activity at any time. Once activity is resumed, the account will no longer be considered dormant.

10.10.5 **Insufficient Funds:** If the account balance is insufficient to cover the dormant fee, the remaining balance will be deducted, and the account will be closed or subject to further terms as outlined in the agreement.

## 11.0 INTEREST AND CURRENCY CONVERSIONS

11.1 Subject to the Clause below and save as otherwise agreed in writing, FINORKA LTD shall not be liable to:

- i pay interest to the Client on any credit balance in any Account or on any other sum held by FINORKA LTD; or
- ii account to the Client for any interest received by FINORKA LTD on such sums or in- connection with any Contract.

11.2 The Client is entitled to interest on the basis of the Client's positive Net Free Equity in accordance with the terms in FINORKA LTD's Commissions, Charges & Margin Schedule.

11.3 The Client is obliged to pay interest on the basis of the Client's negative Net Free Equity in accordance with the terms in FINORKA LTD's Commissions, Charges & Margin Schedule.

11.4 FINORKA LTD may vary such interest rates and/or thresholds for interest calculation without notice when changes are to the Client's advantage, or the grounds for changes are due to external circumstances beyond FINORKA LTD's control. Such circumstances are:

- i Changes in the monetary or credit policies domestic or abroad that affect the general interest level in a way that is of importance to FINORKA LTD;
- ii Other changes in the general interest level, including in the money and bond

markets, that is of importance to FINORKA LTD;

- iii Changes in the relationship with FINORKA LTD's Counterparties, which affect FINORKA LTD's cost structures.

11.5 FINORKA LTD may vary such interest rates where the Trading Platform is used for Commercial use with one month's notice, and where the Trading Platform is used for Private use with two months' notice if:

- i market conditions, including competitive behavior, call for a change to FINORKA LTD conditions;
- ii FINORKA LTD wishes to change its general commission, fee and pricing structure for commercial reasons; and/or
- iii changes to significant particulars of the Client, based on which individual conditions were provided, occurs.

The Client is deemed to have accepted such changes if he does not, before the proposed date of their entry into force, notify FINORKA LTD that he does not accept them.

11.6 FINORKA LTD is entitled, but shall not in any circumstances be obliged, to convert:

- i any realised gains, losses, option premiums, commissions, interest charges and brokerage fees which arise in a currency other than the Client's base currency (i.e. the currency in which the Client's Account is denominated) to the Client's base currency;
- ii any cash currency deposit to another cash currency deposit for the purpose of purchasing an asset denominated in a currency other than the Client's base currency;
- iii any monies held by FINORKA LTD for the Client into such other currency as FINORKA LTD considers necessary or desirable to cover the Client's obligations and liabilities in that currency.

11.7 Whenever FINORKA LTD conducts currency conversions, FINORKA LTD will do so at such reasonable rate of exchange as FINORKA LTD selects. FINORKA LTD shall be entitled to add a mark-up to the exchange rates. The prevailing mark-up

is defined in the Commissions, Charges & Margin Schedule.

## **12.0 PLEDGE AGREEMENT**

- 12.1 Any and all Security transferred to FINORKA LTD by the Client or held by FINORKA LTD or by FINORKA LTD's Counterparties on behalf of the Client is pledged as a security for any liability that the Client may have or get towards FINORKA LTD. Without limitation such Security shall comprise the credit balances on Accounts, the securities registered as belonging to the Client on FINORKA LTD's books, and the value of the Client's open positions with FINORKA LTD.
- 12.2 If the Client fails to fulfill any obligation under this Agreement, FINORKA LTD is entitled to sell any pledged Security immediately without any notice or court action. Such sale shall take place by the means that FINORKA LTD in its reasonable discretion determines and at the price that FINORKA LTD in its reasonable discretion determines to be the best obtainable.

## **13.0 NETTING AGREEMENT**

- 13.1 If on any date the same amounts are payable under this Agreement by each party to the other in the same currency, then, each party's obligations to make payment of any such amount will be automatically satisfied by netting. If the amounts are not in the same currency, the amounts are converted by FINORKA LTD in accordance with the principles referred to in Clause 11.
- 13.2 If the aggregate amount that is payable by one party exceeds the aggregate amount that is payable by the other party, then the party by whom the larger aggregate amount is payable shall pay the excess to the other party and the obligations to make payment of each party will be satisfied and discharged.
- 13.3 If the Client, at any time during the Client relationship, has a negative cash-balance in any Account, FINORKA LTD is entitled but not obligated to net between the Client's Accounts. The Client shall bear all the charges and any other costs associated with such netting in accordance with the Commissions, Charges & Margin Schedule.
- 13.4 If the Client relationship is terminated according to Clause 23, the claims that the

parties have against each other shall be finally discharged by means of netting (closed). The value of open Contracts shall be determined according to the principles set forth below and the final amount to be paid by one of the parties shall be the difference between the payment obligations of the parties.

- 13.5 Rates based on which the Contracts shall be closed shall be market rates applicable on the day on which FINORKA LTD decides to close the Contracts.
- 13.6 FINORKA LTD may at its reasonable discretion determine the rates by obtaining an offer from a Market Maker in the asset in question or by applying rates from electronic financial information systems.
- 13.7 When determining the value of the Contracts to be netted, FINORKA LTD shall apply its usual spreads and include all costs and other charges.
- 13.8 This netting agreement shall be binding towards the estate and creditors of the parties to the client relationship.

#### **14.0 MARKET MAKING**

- 14.1 When FINORKA LTD executes orders as Agent for the Client on a recognized stock or futures exchange, FINORKA LTD will not be a party to such a trade as such orders will be executed in the trading system of the relevant exchange at the best price and the most favourable conditions available at the time of the order or according to the Client's specific instructions, e.g. in a situation where the Client has chosen to limit the order. FINORKA LTD will not include any additional spread in the price of the execution achieved for the Client but will be remunerated according to the Commissions, Charges & Margin Schedule.
- 14.2 In order for FINORKA LTD to quote prices with the swiftness normally associated with speculative trading, FINORKA LTD may have to rely on available price or availability information that may later prove to be faulty due to specific market circumstances, for instance, but not limited to, lack of liquidity in or suspension of an asset or errors in feeds from information providers or quotes from Counterparties. If so and if FINORKA LTD has acted in good faith when providing the price to the

Client, FINORKA LTD may cancel the trade with the Client but shall do so within reasonable time and shall provide the Client with a full explanation for the reason for such cancellation.

- 14.3 Following execution of any position with a Client, FINORKA LTD may at FINORKA LTD's reasonable discretion subsequently offset each such client position with another client position, or a position with one of FINORKA LTD's Counterparties or retain a proprietary position in the market with the intention to obtain trading profits from such positions. Such decisions and actions may therefore result in FINORKA LTD off- setting client positions at prices different (sometimes significantly different) from prices quoted to clients, resulting in trading profits or losses for FINORKA LTD. This in turn can raise the possibility of the Client incurring what may be seen as an implied cost (i.e. the difference between the price at which the Client traded with FINORKA LTD and the price at which FINORKA LTD subsequently traded with Counterparties and/or other clients) due to any profits realised by FINORKA LTD as a result of the Market Making function. However, the Market Making function may involve significant costs to FINORKA LTD if the market moves against FINORKA LTD as compared to the price at which FINORKA LTD traded with the Client.
- 14.4 The Client acknowledges, recognizes and accepts that the price quoted to the Client includes a spread when compared with the price to which FINORKA LTD may have covered or expected to be able to cover the Contract in a trade with another client or a Counterparty. Furthermore, the Client acknowledges, recognizes and accepts that said spread constitutes remuneration to FINORKA LTD and that such spread not necessarily can be calculated for all Contracts and that such spread will not be specified at the Settlement/Trade Confirmation or otherwise revealed to the Client.
- 14.5 The Client acknowledges, recognizes and accepts that FINORKA LTD quotes variable spreads on options. The Client is specifically made aware that variable option spreads are affected by actual market conditions, which are beyond FINORKA LTD's control. FINORKA LTD does not guarantee any maximum or minimum quotable option spreads.
- 14.6 If the Client is an active trader and is undertaking numerous transactions, the total impact of as well visible as not visible costs may be significant. Consequently, the



Client may have to obtain significant profits in the markets in order to cover the costs associated with trading activities with FINORKA LTD For very active Clients, such costs may over time exceed the value of the margin deposited. Normally, when trading margined derivatives, the lower the percentage of the applicable margin rate, the higher the proportion of the costs associated with executing a transaction.

## **15.0 AGGREGATION AND SPLIT**

15.1 FINORKA LTD is in accordance with the broker's Best Execution Policy entitled to aggregate the Client's orders with the broker's own orders, orders of any of the broker's associates and/or persons connected with FINORKA LTD including employees and other clients. Furthermore, FINORKA LTD may split the Client's orders when executing these. The orders will only be aggregated or split if FINORKA LTD reasonably believes it to be in the best interest of the Client. On some occasions aggregation and split of the Client's order may result in the Client obtaining a less favourable price than if the Client's orders had been executed respectively separately or mutually.

## **16.0 CONFLICTS OF INTEREST**

16.1 FINORKA LTD, its associates or other persons or companies connected with FINORKA LTD may have an interest, relationship or arrangement that is material in relation to any transaction or Contract effected, or advice provided by FINORKA LTD, under this Agreement. By accepting this Agreement and FINORKA LTD's Conflict of Interest Policy (which distinctly describes the general character and/or background of any conflict of interest) the Client agrees that FINORKA LTD may transact such business without prior reference to any potential specific conflict of interest.

## **17.0 FINORKA LTD'S COUNTERPARTIES**

17.1 In order to give effect to the Client's instructions, FINORKA LTD may instruct a Counterparty selected at FINORKA LTD's discretion and FINORKA LTD shall do so where the transaction is to be subject to the rules of an exchange or market of which

FINORKA LTD a member is not.

17.2 FINORKA LTD shall not be responsible for errors committed by such Counterparties unless it is proven that FINORKA LTD has not acted with sufficient care when selecting the Counterparty.

## **18.0 DEFAULT AND DEFAULT REMEDIES**

18.1 The provisions contained in this Clause supplement any other rights that FINORKA LTD or any of its associates have according to this Agreement, including but not limited to the Pledge Agreement referred to in Clause 12, and furthermore any other rights FINORKA LTD has.

18.2 FINORKA LTD reserves the right to retain, or make deductions from, any amounts which FINORKA LTD owes to or is holding for the Client if any amounts are due from the Client to FINORKA LTD or FINORKA LTD's associates.

18.3 The Client authorises FINORKA LTD, at FINORKA LTD's discretion, at any time and without notice, to sell, apply, set-off and/or charge in any manner any or all of the Client's property and/or the proceeds of any of the same of which FINORKA LTD or any of its associates or Agents has custody or control, in order to discharge any or all of the Client's obligations to FINORKA LTD or to FINORKA LTD's associates.

18.4 Each and any of the following events shall constitute an Event of Default in relation to all of a Client's Contracts, Margin Trades, securities and other business with FINORKA LTD (regardless of whether the Event of Default only relates to part of the business with FINORKA LTD):

- i if the Client fails to make any payment or fails to do any other act required under this Agreement or by FINORKA LTD at its reasonable discretion;
- ii if the Client fails to remit funds necessary to enable FINORKA LTD to take delivery under any Contract on the first due date;

- iii if the Client fails to provide assets for delivery, or take delivery of assets, under any Contract on the first due date;
- iv if the Client dies or becomes of unsound mind;
- v if an application is made in respect of the Client for any action pursuant to Bankruptcy Act or any equivalent act applicable to the Client or, if a partnership, in respect of one or more of the partners, or if a company, that a receiver, trustee, administrative receiver or similar officer is appointed;
- vi if a petition is presented for the winding-up or administration of the Client;
- vii if an order is made or a resolution is passed for the winding-up or administration of the Client (other than for the purposes of amalgamation or reconstruction with the prior written approval of FINORKA LTD);
- viii if any distress, execution or other process is levied against any property of the Client and is not removed, discharged or paid within seven days;
- ix if any security created by any mortgage or charge becomes enforceable against the Client and the mortgagee or chargee takes steps to enforce the security or charge;
- x if any indebtedness of the Client or any of its subsidiaries becomes immediately due and payable, or capable of being declared so due and payable, prior to its stated maturity by reason of default of the Client (or any of its subsidiaries) or the Client (or any of its subsidiaries) fails to discharge any indebtedness on its due date;
- xi if the Client fails to fully comply with obligations under this Agreement or any Contract, including refrains from complying with Margin requirements;
- xii if any of the representations or warranties given by the Client are, or become, untrue;
- xiii if FINORKA LTD or the Client is requested to close a Contract (or any part of a Contract) by any regulatory agency or authority; or
- xiv if FINORKA LTD reasonably considers it necessary for its own protection or the protection of its associates.

18.5 Upon the occurrence of an Event of Default, FINORKA LTD shall at its discretion be entitled to:

- i sell or charge in any way any or all of the Client's collateral, assets and property which may from time to time be in the possession or control of FINORKA LTD or any of its associates or Agents or call on any guarantee, without any notice or court order. Sale of Security, assets and property shall take place by means that FINORKA LTD in its reasonable discretion determines and at the price that FINORKA LTD in its reasonable discretion determines to be the best obtainable, provided that FINORKA LTD shall provide a 7-day notice period before realizing Security of any Client, unless immediate sale is necessary to avoid or limit a loss;
- ii buy or sell any Security, investment or other property where this is, or is in the reasonable opinion of FINORKA LTD likely to be, necessary in order for FINORKA LTD to fulfill its obligations under any Contract and the Client shall reimburse FINORKA LTD for the full amount of the purchase price plus any associated costs and expenses;
- iii deliver any Security, investment or property to any third party, or otherwise take any action FINORKA LTD considers to be desirable in order to close any Contract;
- iv require the Client immediately to close and settle a Contract in such manner as FINORKA LTD may in its reasonable discretion request;
- v to enter into any foreign exchange transaction, at such market rates and times as FINORKA LTD may determine, in order to meet obligations incurred under a Contract;
- vi reinvoice all or part of any assets standing to the debit or credit of any Account (including commuting FINORKA LTD's or the Client's obligation to deliver an asset into an obligation to pay an amount equal to the market value of the asset (determined by FINORKA LTD at its reasonable discretion) on the date re invoicing takes place); and
- vii close-out all Contracts and net all the Client's and FINORKA LTD's obligations towards each other as of the date fixed by FINORKA LTD with effect to third

parties.

- 18.6 The Client authorises FINORKA LTD to take any or all of the steps described in this Clause without notice to the Client and acknowledges that FINORKA LTD shall not be responsible for any consequences of it taking any such steps, unless FINORKA LTD has exercised gross negligence in connection herewith. The Client shall execute the documents and take the action as FINORKA LTD may request in order to protect the rights of FINORKA LTD and its associates under this Agreement or under any agreement the Client may have entered into with FINORKA LTD's associates.
- 18.7 If FINORKA LTD exercises its rights to sell any Security or property of the Client under this Clause, it will effect such sale, without notice or liability to the Client, on behalf of the Client and apply the proceeds of sale in or towards discharge of any of the Client's obligations to FINORKA LTD or to FINORKA LTD's associates.
- 18.8 Without prejudice to FINORKA LTD's other rights under this Agreement or under prevailing law, FINORKA LTD may, at any time and without notice, combine or consolidate any of the accounts maintained by the Client with FINORKA LTD or any of its associates and off-set any and all amounts owed to, or by, FINORKA LTD or any of its associates in such manner as FINORKA LTD at its reasonable discretion may determine.

## **19.0 CLIENT WARRANTIES & REPRESENTATIONS**

- 19.1 The Client warrants and represents that:
- i it is not under any legal disability with respect to, and is not subject to any law or regulation which prevents its performance according to this Agreement or any Contract or transaction contemplated by this Agreement;
  - ii it has obtained all necessary consents and has the authority to operate according to this Agreement (and if the Client is not an individual person, that it is properly empowered and has obtained necessary corporate or other authority pursuant to its constitutional and organisational documents);
  - iii investments or other assets supplied by the Client for any purpose shall,

subject to this Agreement, at all times be free from any charge, lien, pledge or encumbrance and shall be beneficially owned by the Client;

- iv it is in compliance with all laws to which it is subject including, without limitation, all tax laws and regulations, exchange control requirements and registration requirements; and
- v the information provided by the Client to FINORKA LTD is complete, accurate and not misleading in any material respect.
- vi the Client should inform the Company prior opening an account in a case of being a Politically Exposed Person (PEP) or is related to a PEP.

19.2 The above warranties and representations shall be deemed to be repeated each time the Client in the future for the duration of the client relationship provides instructions to FINORKA LTD.

## **20.0 INDEMNITY AND LIMITATIONS OF LIABILITY**

20.1 The Client is obliged to compensate FINORKA LTD for all losses, taxes, expenses, costs and liabilities whatsoever (present, future, contingent or otherwise and including reasonable legal fees) which may be suffered or incurred by FINORKA LTD as a result of or in connection with:

- i the Client's breach of this Agreement;
- ii FINORKA LTD entering into any transaction or Contract; or
- iii FINORKA LTD taking any of the steps which FINORKA LTD is entitled to take in an Event of Default; unless and to the extent only that such losses, taxes, expenses, costs and liabilities are suffered or incurred as result of FINORKA LTD's gross negligence or willful default.

20.2 This right to compensation shall survive any termination of the Client relationship.

20.3 Without prejudice to Clause 6 FINORKA LTD shall not be liable for:

- i any loss (including consequential and other indirect losses), expense, cost or liability (together referred to as "Loss") suffered or incurred by the Client as a

result of or in connection with the provision of the Services unless and to the extent that such Loss is suffered or incurred as a result of FINORKA LTD's gross negligence or willful default;

- ii any Loss due to actions taken by FINORKA LTD according to its rights under this Agreement, or;
- iii any consequential or other indirect loss suffered or incurred by the Client whether arising from FINORKA LTD's negligence or otherwise.

20.4 Especially, the Client acknowledges, recognizes and accepts that any market recommendation and any information communicated by FINORKA LTD does not constitute an offer to buy or sell or the solicitation of an offer to buy or sell a Contract and that such recommendation and information, although based upon information from sources believed by FINORKA LTD to be reliable, may be based solely on a broker's opinion and that such information may be incomplete and may be unverified and unverifiable. FINORKA LTD makes no representation, warranty or guarantee as to, and shall not be responsible for, the accuracy or completeness of any information or trading recommendation furnished to the Client.

## **21.0 CONFIDENTIALITY AND FINORKA LTD'S DISCLOSURE OF INFORMATION**

21.1 Neither party shall disclose any information relating to the business, investments, finances or other matters of a confidential nature of the other party of which it may in the course of its duties or obtain possession of, and each party shall use all reasonable endeavours to prevent any such disclosure. However, this shall not apply if a party is obliged hereto due to prevailing legislation, or to a legislative or supervising authority, or to another person who according to the law is entitled to demand disclosure, or in order to enable the party sufficiently to fulfill its obligations pursuant to this Agreement.

21.2 By accepting this Agreement the Client authorizes FINORKA LTD to disclose such information relating to the Client as may be required by any law, rule or regulatory authority, including any applicable Market Rules, without prior notice to the Client. Furthermore FINORKA LTD may disclose requested and relevant

information relating to the Client to third parties in order to facilitate the transfer of funds by credit card initiated by Client.

21.3 By accepting this Agreement the Client permits FINORKA LTD to transfer personal information about the Client submitted to or collected by FINORKA LTD with any legal entity within FINORKA LTD. FINORKA LTD may transfer such personal information for the purposes of complying with regulatory matters, providing and performing investment advice, investment services, and other services which FINORKA LTD offers, conducting marketing, and managing the client relationship. Furthermore, FINORKA LTD may share such personal information with a third-party agency working on behalf of FINORKA LTD with the purpose of performing client analysis for the use of FINORKA LTD's sales and marketing.

21.4 The Client's personal information will be stored no longer than necessary to carry out the purposes listed in this Agreement. The Client has the right to request correction, supplementation, deletion, or blocking of such personal information if inaccurate, incomplete, or irrelevant for the purposes of the processing or if processed in any other way that is unlawful. In certain circumstances, the Client may also have the right to object for legitimate reasons to the processing of such personal data in accordance with the procedures set forth in the applicable data protection regulations and to seek other legal remedies available in connection with the processing of such personal information.

## **22.0 AMENDMENTS**

22.1 FINORKA LTD is entitled to amend this Agreement in favour of the Client without notice. Changes not in the Client's favour may take place at any time by giving a notice of minimum 30 days where Clients are using the Trading Platform for Commercial use, and by giving a notice of 2 months where Clients are using the Trading Platform for Private use. FINORKA LTD will provide the notice to the Client on a Durable Medium.

The Client is deemed to have accepted such changes if he does not, before the proposed date of their entry into force, notify FINORKA LTD that he does not



accept them.

22.2 When dealing with Contract Options, if a market place on which the relevant exchange traded product is traded or if the Counterparty with whom FINORKA LTD has entered into a contract which is identical in all respects to the Contract Option FINORKA LTD has entered into with the Client, take any action which affects the exchange traded product or the contract FINORKA LTD has entered into with its Counterparty, then FINORKA LTD may take any such action with regard to the relevant Contract Options which FINORKA LTD in its reasonable discretion considers desirable or appropriate to correspond with such action taken by the market place or Counterparty or to mitigate any loss which is or may be incurred by it as a result of such action.

### **23.0 TERMINATION**

23.1 The Client relationship shall remain in force until terminated.

23.2 Either party has the right to terminate cooperation immediately by giving written notice to the other. Termination will not affect any accrued rights. The Company will provide the notice to the Client either by phone or email (or both).

23.3 The Company may terminate this Agreement with immediate effect without notice in an event of Default of the Client.

23.4 In case the Client involves the Company directly or indirectly in any type of fraud, the Company reserves the right to reverse all previous transactions which place the Company's interest and/ or any of its Clients interest at risk before terminating cooperation with the respective Client. The Company will use its best judgment to determine the existence of fraud.

23.5 Termination by any Party will not affect any obligation which has already been incurred by either Party in respect of any Open Position or any legal rights or obligations which may already have arisen under the Agreement or any Transactions and deposit/ withdrawal operations made there under.

23.6 Upon termination of this Agreement, all amounts payable by the Client to the Company will become immediately due and payable including (without limitation):

- all outstanding Costs and any other amounts payable to the Company;
- any dealing expenses incurred by terminating the Agreement and charges incurred for transferring the Client's investments to another investment firm;
- any losses and expenses realised in closing out any Transactions or settling or concluding outstanding obligations incurred by the Company on the Client's behalf;
- any charges and additional expenses incurred or to be incurred by the Company as a result of the termination of the Agreement;
- any damages which arose during the arrangement or settlement of pending obligations.

23.7 Once notice of termination of this Agreement is sent or upon termination (when a notice is not required) the following will apply:

- the Client will have an obligation close all his open positions. If he fails to do so, upon termination, the Company will close any open positions;
- the Company will be entitled to cease to grant the Client access to the Platform or may limit the functionalities the Client is allowed to use on the Platform;
- the Company will be entitled to refuse to open new positions for the Client;
- the Company will be entitled to refuse to the Client to withdraw money from the Client Account and the Company reserves the right to keep Client's funds as necessary to close positions which have already been opened and/ or pay any pending obligations of the Client under the Agreement.

23.8 Upon Termination:

- the Company reserves the right to combine any Client Accounts of the Client, to consolidate the Balances in such Client Accounts and to set off those Balances;
- the Company reserves the right to close the Client Account(s);
- the Company reserves the right to convert any currency;

- the Company may close out all or any of the Client's Open Positions at current Quotes;
- if there is Balance in the Client's favour, the Company will (after withholding such amounts that in the Company's absolute discretion considers appropriate in respect of future liabilities) pay such Balance to the Client as soon as reasonably practicable and supply him with a statement showing how that Balance was arrived at and, where appropriate, instruct any Nominee and/ or any Custodian to also pay any applicable amounts. Such funds shall be delivered in accordance to the Client's Instructions to the Client.

## **24.0 COMPLAINTS AND DISPUTES**

24.1 In case the Client has raised a question or a problem with the account executive or another employee of FINORKA LTD without receiving a satisfactory answer, the Client is entitled to file a written complaint with the Compliance Department in FINORKA LTD. The Compliance Department hereafter investigates and answers the complaint.

24.2 Without prejudice to any of FINORKA LTD's other rights under this Agreement, in case of a dispute between the Client and FINORKA LTD over a Margin Trade or alleged Margin Trade or any instruction relating to a Margin Trade, FINORKA LTD is entitled at its reasonable discretion and without notice to close any such Margin Trade or alleged Margin Trade if FINORKA LTD reasonably believes such action to be desirable for the purpose of limiting the maximum amount involved in the dispute. FINORKA LTD shall not be responsible to the Client in connection with any subsequent fluctuations in the level of the relevant Margin Trade. If FINORKA LTD closes a Margin Trade under this Clause such action shall be without prejudice to FINORKA LTD's right to contend that such Margin Trade had already been closed by FINORKA LTD or was never opened by the Client. FINORKA LTD shall take reasonable steps to inform the Client that FINORKA LTD has taken such action as soon as practicable after doing so. Where FINORKA LTD closes a Margin Trade or alleged Margin Trade in accordance with this Clause, the closing shall be without prejudice to the Client's rights to open a new Margin Trade, provided that such

Margin Trade is opened in accordance with this Agreement. When calculating margin or other funds required for such Margin Trade, FINORKA LTD is entitled to do so on the basis that FINORKA LTD's view of the disputed events or instructions is correct.

- 24.3 FINORKA LTD has 7 business days to respond to any formal complaints or disputes lodged. If you are unhappy with the final verdict of the compliance department, the case can be escalated to the Mauritius Financial Services Commission

Mauritius Financial Services Commission  
FSC House  
54 Cybercity Ebene,  
Mauritius.

## **25.0 MISCELLANEOUS**

- 25.1 If at any time any provision of this Agreement is or becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions of this Agreement under the law of that jurisdiction nor the legality, validity or enforceability of such provision under the law of any other jurisdiction shall be in any way affected.
- 25.2 FINORKA LTD shall not be liable to the Client for any failure, hindrance or delay in performing its obligations under this Agreement where such failure, hindrance or delay arises directly or indirectly from circumstances beyond its reasonable control. Such force majeure events shall include without limitation any technical difficulties such as telecommunications failures or disruptions, non-availability of FINORKA LTD's website e.g. due to maintenance downtime, declared or imminent war, revolt, civil unrest, catastrophes of nature, statutory provisions, measures taken by authorities, strikes, lock-outs, boycotts, or blockades, notwithstanding that FINORKA LTD is a party to the conflict and including cases where only part of FINORKA LTD's functions are affected by such events.
- 25.3 If the Client's combined exposure in one or more margin trades reaches a level which - in case of an adverse market development - may lead to a significant deficit

not covered by the Client's deposits and/or margin with FINORKA LTD, FINORKA LTD may in its reasonable discretion

- i increase the margin requirements and/or
- ii reduce the Client's exposure by closing one or more or all of the client's open positions.

25.4 Furthermore, FINORKA LTD is entitled in its reasonable opinion to determine that an emergency or an exceptional market condition has occurred. Such conditions shall include, but are not limited to, the suspension or closure of any market or the abandonment or failure of any event to which FINORKA LTD relates its quote or the occurrence of an excessive movement in the level of any Margin Trade and/or underlying market or FINORKA LTD's reasonable anticipation of the occurrence of such a movement. In such cases FINORKA LTD may increase its margin requirements, reduce the Client's exposure, close any or all of the Client's open Margin Trades and/or suspend trading.

25.5 The Client may not assign its rights or delegate any of the Client's obligations under this Agreement or according to any Contract to others whereas FINORKA LTD may assign its rights or delegate its obligations to any regulated financial institution.

25.6 For various investments, instruments and groups of Clients, FINORKA LTD may provide additional business agreements. The Client acknowledges, understands and accepts that:

- i such business agreements made available to Clients shall constitute an addition to this Agreement; and
- ii the Client should not undertake any transaction unless the business terms applicable for such investment instrument or group of Clients have been understood and accepted. Transactions undertaken by the Client notwithstanding above, shall be deemed as had this sub-clause indeed been complied with.

25.7 The rights and remedies contained in this Agreement are cumulative and not exclusive of any rights or remedies provided by law.

- 25.8 No delay or omission on the part of FINORKA LTD in exercising any right, power or remedy provided by law or under this Agreement, or partial or defective exercise thereof, shall:
- i impair or prevent further or other exercise of such right, power or remedy; or
  - ii operate as a waiver of such right, power or remedy.
- 25.9 No waiver of pleading a default of a clause in this Agreement shall (unless expressly agreed in writing by the waiving party) be construed as a waiver of a future breach of the same clause or as authorizing a continuation of the particular breach.
- 25.10 The Client hereby ratifies all transactions with FINORKA LTD effected prior to the Client's acceptance of this Agreement and agrees that the rights and obligations of the Client in respect thereto shall be governed by this Agreement.
- 25.11 By accepting this Agreement on behalf of a corporation or other legal entity, the person signing represents and warrants that he/she is authorised to act on behalf of such corporation or legal entity and to bind the same to this Agreement and all obligations arising hereunder. If at a later stage it becomes apparent that the signatory was not duly authorized to bind the corporation or legal entity, FINORKA LTD will have the right to seek restitution from this person. Furthermore, the signatory shall indemnify FINORKA LTD against all liabilities, losses, damages, costs and expenses in relation to any claims or action brought against FINORKA LTD as a result of the signatory holding out to be authorised to act and bind any such corporation or legal entity.
- 25.12 Client shall be able to communicate with FINORKA LTD in English or any other language as FINORKA LTD may offer from time to time. FINORKA LTD may communicate with the Client in English or any other language agreed between the parties.
- 25.13 FINORKA LTD or third parties may have provided the Client with translations of this Agreement. The original English versions shall be the only legally binding versions for the Client and FINORKA LTD. In case of

discrepancies between the English version and other translations in the Client's possession, the original English version provided by FINORKA LTD on the website shall prevail.

**26.0 RISK DISCLOSURE STATEMENT FOR TRADES IN FOREIGN EXCHANGE AND DERIVATIVES (INCLUDING CFD'S, FUTURES AND OPTIONS)**

This brief statement, which constitutes an addition to this Agreement, does not disclose all of the risks and other significant aspects of trading foreign exchange and derivatives. In consideration of the risks, you should enter into transactions with the mentioned products only if you understand the nature of the contracts and the contractual legal relationship into which you are entering and the extent of your exposure to risk. Transactions in foreign exchange and derivatives are not suitable for many members of the public. You should carefully consider whether transacting is appropriate for you in light of your experience, objectives, financial resources and other relevant circumstances.

## **Appendix**

### **1.0 FOREIGN EXCHANGE AND DERIVATIVES**

#### **1.1 Effect of "Leverage" or "Gearing"**

Transactions in foreign exchange and derivatives carry a high degree of risk. The amount of initial margin may be small relative to the value of the foreign exchange or derivatives contract so that transactions are "leveraged" or "geared". A relatively small market movement will have a proportionately larger impact on the funds you have deposited or will have to deposit; this may work against you as well as for you. You may sustain a total loss of initial margin funds and any additional funds deposited with FINORKA LTD to maintain your position. If the market moves against your position and/or margin requirements are increased, you may be called upon to deposit additional funds on short notice to maintain your position. Failing to comply with a request for a deposit of additional funds, may result in closure of your position(s) by FINORKA LTD on your behalf and you will be liable for any resulting loss or deficit.

#### **1.2 Risk-reducing Orders or Strategies**

The placing of certain orders (e.g. "stop-loss" orders, where permitted under local law, or "stop-limit" orders), which are intended to limit losses to certain amounts, may not be adequate given that markets conditions make it impossible to execute such orders, e.g. due to illiquidity in the market. Strategies using combinations of positions, such as "spread" and "straddle" positions may be as risky as taking simple "long" or "short" positions.

## **OPTIONS**

#### **1.3 Variable Degree of Risk**

Transactions in options carry a high degree of risk. Purchasers and sellers of options should familiarize themselves with the type of option (i.e., put or call) which they contemplate trading and the associated risks. You should calculate the extent to which



the value of the options must increase for your position to become profitable, taking into account the premium and all transaction costs. The purchaser of options may offset or exercise the options or allow the option to expire. The exercise of an option results either in a cash settlement or in the purchaser acquiring or delivering the underlying interest. If the option is on a future, the purchaser will acquire a futures position with associated liabilities for margin (see the section on Futures above). If the purchased option is out-of-the-money when it expires, you will suffer a total loss of your investment, which will consist of the option premium plus transaction costs. If you are contemplating purchasing out-of-the-money options, you should be aware that the chance of such options becoming profitable ordinarily is remote.

Selling ("writing" or "granting") an option generally entails considerably greater risk than purchasing options. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of that amount. The seller will be liable for additional margin to maintain the position if the market moves unfavourably. The seller will also be exposed to the risk of the purchaser exercising the option and the seller will be obligated to either settle the option in cash or to acquire or deliver the underlying interest. If the option is on a future, the seller will acquire a position in a future with associated liabilities for margin (see the section on Futures above). If the option is "covered" by the seller holding a corresponding position in the underlying asset, in a future or in another option, the risk may be reduced. In case the option is not covered, the risk of loss can be unlimited.

Certain exchanges in some jurisdictions permit deferred payment of the option premium, exposing the purchaser to liability for margin payments not exceeding the amount of the premium. The purchaser is still subject to the risk of losing the premium and transaction costs. When the option is exercised or expires, the purchaser is responsible for any unpaid premium outstanding at that time.

## **2.0 ADDITIONAL RISKS COMMON TO FOREIGN EXCHANGE AND DERIVATIVE TRANSACTIONS**

### **2.1 Terms and Conditions of Contracts**

You should ask the firm with which you deal about the terms and conditions of the Contracts entered into and information on associated obligations (e.g. the circumstances under which you may become obligated to make or take delivery of the underlying

interest of a futures contract and, in respect of options, expiration dates and restrictions on the time for exercise). Under certain circumstances the specifications of outstanding contracts (including the exercise price of an option) may be modified by the exchange or clearing house to reflect changes in the underlying interest.

## **2.2 Suspension or Restriction of Trading and Pricing Relationships**

Market condition (e.g. illiquidity) and/or the operation of the rules of certain markets (e.g., the suspension of trading in any contract or contract month because of price limits or "circuit breakers") may increase the risk of loss by making it difficult or impossible to effect transactions or close/ offset positions. If you have sold options, this may increase the risk of loss.

Normal pricing relationships between the underlying asset and a derivative do not always exist. The absence of an underlying reference price may make it difficult to judge "fair" value.

## **2.3 Deposited Cash and Property**

You should familiarize yourself with the protections accorded the Security you deposit by way of money or other assets in domestic and foreign transactions, particularly in the event of a firm insolvency or bankruptcy. The extent to which you may recover your money or other assets is governed by the legislation and local rules in the country at which location the counterparty acts.

## **2.4 Commission and Other Charges**

Before you begin to trade, you should obtain a clear explanation of all commission, fees and other charges for which you will be liable. These charges will affect your net profit or loss.

## **2.5 Transactions in Other Jurisdictions**

Transactions on markets in other jurisdictions, including markets formally linked to a domestic market, may expose you to additional risk. Such markets may be subject to

regulation, which may offer different or diminished investor protection. Your local regulatory authority will be unable to compel the enforcement of the rules of regulatory authorities or markets in other jurisdictions where your transactions have been effected.

## **2.6 Currency Risks**

The profit or loss in transactions in foreign currency-denominated contracts in another currency than your account currency will be affected by fluctuations in currency rates where there is a need to convert from the currency denomination of the contract to the account currency.

## **2.7 Trading Facilities**

Most open-outcry and electronic trading facilities are supported by computer-based component systems for the order-routing, execution, matching, registration or clearing of trades. As with all facilities and systems, they are vulnerable to temporary disruption or failure. Your ability to recover certain losses may be subject to limits on liability imposed by the system provider, the market, the clearing house and/or member firms. Such limits may vary: you should ask the firm with which you deal for details in this respect.

## **2.8 Electronic Trading**

Trading on an electronic trading system may differ not only from trading in an open-outcry market but also from trading on other electronic trading systems. If you undertake transactions on an electronic trading system, you will be exposed to risks associated with the system including the failure of hardware and software. The result of any system failure may be that your order is either not executed according to your instructions, is not executed at all and a lack of capability to keep you informed continuously about your positions and fulfillment of the margin requirements.

## **2.9 Off-Exchange Transactions**

In some jurisdictions firms are permitted to effect off-exchange transactions. The firm with which you deal may be acting as your counterpart to the transaction. It may be difficult or impossible to liquidate an existing position, to assess the value, to determine

a fair price or to assess the exposure to risk. For these reasons, these transactions may involve increased risks. Off-exchange transactions may be less regulated or subject to a separate regulatory regime. Before you undertake such transactions, you should familiarize yourself with applicable rules and attendant risks.