

## BUSINESS TERMS AND CONDITIONS OF J&T BANKA, A. S., FOR PROVIDING INVESTMENT SERVICES Effective from 25 May 2018

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### ARTICLE 1 Information about the Bank

- 1.1 Basic information:  
J&T BANKA, a. s.  
Pobřežní 297/14  
186 00 Prague 8  
Czech Republic  
Company Reg. No.: 471 15 378  
Registered in the Commercial Register maintained by the Municipal Court in Prague, Section B, Insert 1731
- 1.2 Contact information:  
Tel.: +420 221 710 111  
Fax: +420 221 710 112/133  
E-mail: [info@itbank.cz](mailto:info@itbank.cz), [securities@itbank.cz](mailto:securities@itbank.cz)  
Website: [www.itbank.cz](http://www.itbank.cz)

### ARTICLE 2

#### Information on Investment Services, Investment Instruments, and Investment Protection

- 2.1 The Bank shall be entitled to provide services and products in accordance with its scope of business based on its banking licence and securities trader permit issued by the Czech National Bank as currently recorded in the Commercial Register.
- 2.2 For the purposes hereof, the following investment instruments shall be understood as those that the Bank is authorised to use to execute transactions:
- Pursuant to Section 3(1)(a) of the CMUA – investment securities
  - Pursuant to Section 3(1)(b) of the CMUA – collective investment securities
  - Pursuant to Section 3(1)(c) of the CMUA – instruments that are usually traded on the money market (money market instruments)
  - Pursuant to Section 3(1)(d) of the CMUA – options, futures, swaps, forwards and other instruments, the value of which is related to the exchange rate or value of securities, foreign exchange rates, interest rate or interest income, as well as other derivatives, financial indexes or financial quantity-based indicators, and which implicate the right to cash settlement or the right to receive the asset value to which their value relates
  - Pursuant to Section 3(1)(g) of the CMUA – options, futures, swaps, forwards and other instruments, the value of which is related to commodities and which implicate the right of cash settlement or the right of at least one party to elect whether it prefers cash settlement, provided that exercising this right is not dependent on insolvency or other similar impossibility of performance
- 2.3 More information about the various investment instruments or their basic characteristic and attributes as well as the risks tied to them shall be published by the Bank in the appropriate information materials, which the Client has the possibility to become acquainted with on the Bank's Website in the section on investment services.
- 2.4 The Bank shall be authorised to provide the following primary investment services:
- Pursuant to Section 4(2)(a) of the CMUA, accepting and forwarding instructions related to investment instruments in relation to the investment instruments specified in Section 3(1)(a), (b), (c), (d) and (g) of the CMUA
  - Pursuant to Section 4(2)(b) of the CMUA, executing instructions related to investment instruments on the customer's account in relation to the investment instruments specified in Section 3(1)(a), (b), (c), (d) and (g) of the CMUA
  - Pursuant to Section 4(2)(c) of the CMUA, trading with investment instruments on its own account in relation to the investment instruments specified in Section 3(1) Section 3(1)(a), (b), (c), (d) and (g) of the CMUA
  - Pursuant to Section 4(2)(d) of the CMUA, managing the customer's assets if such assets include an investment instrument, at its own discretion as part of a contractual arrangement, in relation to the investment instruments specified in Section 3(1)(a), (b), (c), (d) and (g) of the CMUA
  - Pursuant to Section 4(2)(e) of the CMUA, investment advisory services regarding investment instruments in relation to the investment instruments specified in Section 3(1)(a), (b), (c), (d) and (g) of the CMUA
  - Pursuant to Section 4(2)(g) of the CMUA, underwriting or placement of investment instruments with the obligation to subscribe them in relation to the investment instruments specified in Section 3(1)(a) and (c) of the CMUA
  - Pursuant to Section 4(2)(h) of the CMUA, placement of investment instruments without the obligation to subscribe them in relation to the investment instruments specified in Section 3(1)(a) and (c) of the CMUA
- 2.5 The Bank shall be authorised to provide the following supplementary investment services:
- Pursuant to Section 4(3)(a) of the CMUA, custody and management of investment instruments, including related services, in relation to the investment instruments specified in Section 3(1)(a), (b) and (c) of the CMUA
  - Pursuant to Section 4(3)(b) of the CMUA, provision of credit or loans to the customer for the purpose of trading with investment instruments in which the creditor or lender participates in relation to the investment instruments specified in Section 3(1)(a), (b) and (c) of the CMUA

- c) Pursuant to Section 4(3)(c) of the CMUA, consultancy services regarding capital structure, industrial strategy, and related matters, as well as advice and services related to transformations of companies or transfers of enterprises
- d) Pursuant to Section 4(3)(d) of the CMUA, provision of investment recommendations and analyses of investment opportunities or similar general recommendations related to the investment instruments specified in Section 3(1)(a), (b), (c), (d) and (g) of the CMUA
- e) Pursuant to Section 4(3)(e) of the CMUA, execution of foreign exchange operations associated with the provision of investment services
- f) Pursuant to Section 4(3)(f) of the CMUA, services associated with the subscription or placement of investment instruments in relation to the investment instruments specified in Section 3(1)(a) and (c) of the CMUA
- 2.6 The above list is informative only; the Bank hereby informs the Client that it is not obliged, and may not even be authorised at the time in question, to provide all of the primary and supplementary investment services for which it has, according to the above list, authorisation, or to trade at the time in question with all permitted investment instruments.
- 2.7 The Bank's authorisation to provide primary and supplementary investment services and to trade with the permitted investment instruments does not automatically constitute the Client's entitlement to have them provided to him by the Bank.
- 2.8 The Bank may, at its own discretion, provide only certain primary or supplementary investment services to each of the various investment instruments.
- 2.9 The Bank may publish on its website information about investment recommendations, analyses of investment opportunities or opinions regarding certain investment instruments. The Bank hereby informs the Client that this information is of a general nature and is not individualised for the needs of an individual client, i.e., it does not take into account the knowledge and experience of individual clients in investment or their financial background or investment objectives. The Bank, in connection with providing this information, shall observe the terms and conditions laid down in the appropriate legal regulations for the faithful presentation of investment recommendations; however, for the above reason, the Bank shall not process such information according to the rules for individualised investment advisory.
- 2.10 Success in the case of use of the information under Article 2.9 hereof is not guaranteed and the Bank shall also not be liable for any losses caused by the use thereof. In this respect, the Bank hereby informs the Client that investment decisions are the Client's decisions alone and, as such, the Client shall be fully liable for them.
- 2.11 The Bank hereby informs the Client that the risk of loss of part or all of an investment is tied to the various investment instruments. The Client may likewise incur unforeseen costs which may reduce returns on the investment. Furthermore, the Client notes, in connection with using the investment services provided by the Bank, that past revenues are not a guarantee of future revenues, and returns on the original investment are not guaranteed.
- 2.12 The Bank hereby informs the Client that complicated investment instruments, operation of a number of investment instruments, possible inaccessibility to a market and use of leveraging may increase the investment risk or, as the case be, carry with its other specific risks ensuing from the nature of the investment concerned. Leveraging operates on the principle of use of a smaller amount of one's own monetary resources and a larger amount of borrowed resources that by their nature correspond to a loan, with the combination of such resources being used for investment. The purpose of leveraging is to invest a substantially greater amount of funds than a client actually has at his disposal for the transaction concerned, thereby achieving greater gains. The result, however, may even be greater losses. In the same way, the risk of failure of counterparties of various transactions (credit risk) or the possible failure of the various financial markets may further exacerbate the investment risk up to the risk of loss of part or all of the investment. Foreign exchange fluctuations or the risk of failure of an issuer to meet its obligations may also increase the risk. Investment instruments with a potential for greater gains also carry greater risks of losses. For the purpose of reducing the potential risk, the Bank recommends that the Client diversify his portfolio, i.e., to distribute his investment into various investment instruments and to investment in instruments with a different degree of risk. More information about risks can be found in Article 6.4 hereof or in the respective information documents on the Bank's Website.
- 2.13 In connection with the provision of investment services to clients, the Bank categorise clients in accordance with the CMUA, with the Bank informing each Client in writing about the category in which he was placed along with information about the rules on categorisation or on changes in categorisation and the Client's rights under the designated category. More information about client categorisation can be found in a separate information document that the Client has the possibility to become acquainted with on the Bank's website in the section on investment services.
- 2.14 The Bank is a party to the Securities Traders Guarantee Fund, which protects the investment instruments entrusted to the Bank by its clients.
- 2.15 The Bank hereby informs the Client that if the Client's investment instruments or funds will be or are maintained on accounts in a country outside the European Union, such accounts may be subject to legal regulations or rules that are different to those in the European Union.
- 2.16 More information about the management of client assets and their protection can be found in a separate information document, which the Client has the opportunity to become acquainted with on the Bank's Website in the section on investment services.

### ARTICLE 3

#### Information on Supervision of the Bank

- 3.1 Supervision of the Bank is performed by:  
Czech National Bank  
Na Příkopě 28  
115 03 Prague 1  
Tel.: 224 411 111  
Fax: 224 412 404  
E-mail: [podatelna@cnb.cz](mailto:podatelna@cnb.cz)  
Website: [www.cnb.cz](http://www.cnb.cz)

### ARTICLE 4

#### Terms and Definitions

- 4.1 Capitalised terms used herein and in the Agreement shall have the following meanings:
- "Authentication Code"** shall mean the one-off code, generated using the Authentication Key or sent via SMS to Client's mobile phone number, for signing into Internet Banking.
- "Authentication Key"** shall mean the electronic device that generates the Authentication Code or Authorisation Code.
- "Authorised Account"** shall mean the account specified by the Client to which the Bank transfer funds from the Cash Account. The Authorised Account is also the Current Account that the Bank maintains for the Client.
- "Bank"** shall mean J&T BANKA, a. s.
- "BCPP"** shall mean Burza cenných papírů Praha, a. s. (Prague Stock Exchange), a company with its registered office at Rybná 14, 110 05 Prague 1, Company Reg. No.: 47 11 56 29.
- "Benefits"** means goods, services or products provided to the Client by the Bank or by the Loyalty Programme Business Partner or by the Loyalty Programme Provider for the Loyalty Points collected by the Client.
- "CDCP"** shall mean Centrální depozitář cenných papírů, a. s. (Central Securities Depository), a company with its registered office at Rybná 14, 110 05 Prague 1, Company Reg. No.: 25 08 14 89.
- "Investment Services Price List"** shall mean the Investment Services Price List of J&T BANKA, a. s., or any other document containing fees, commissions, costs, expenditures, charges as well as default interest, contractual penalties and rates charged by the Bank in connection with the Agreement. The Investment Services Price List forms an integral part of the Agreement.
- "Corporate actions"** shall mean payment of dividends, interest income, and principals; exercise of voting rights, option rights, and subscription rights; notifications, mergers, repurchase offers, exchanges, and subscriptions.
- "Custodian"** shall mean manager of foreign investment instruments (a contractual partner of the Bank).
- "Advances Sub-Account Number"** shall mean the personal identification number (Birth ID No.) in the case of a natural person or company registration number (Company Reg. No.) in the case of a legal person. If the Client does not have a Birth ID No., the Bank shall designate a substitute identification number (SIN). The Advances Sub-Account Number shall be the variable code used for all transactions on the Advances Sub-Account.
- "Depository"** shall mean institution where foreign investment instruments of Clients and/or the Bank are held.
- "Identity Card"** shall mean the card issued by the public authorities that contains name, surname, date of birth and photograph. An Identity Card has to be valid at least until the day that follows the day when the Agreement is signs. The following documents in particular are deemed an Identity Card: identity card, passport and driver's license. Other kinds of proof of identity may be accepted only with the Bank prior consent.
- "Confidential Information"** shall mean information considered to be a banking secret, as this term is defined under the Bank Act.
- "External Banker"** shall mean a person that arranges for the Bank on the basis of a contract the conclusion of the Agreement and provides other services to the Client.
- "Guarantee Fund"** shall mean Garanční fond obchodníků s cennými papíry (Securities Traders Guarantee Fund), which indemnifies clients in the event that a securities trader is not able to fulfil its commitments to its clients. More information about the Guarantee Fund can be found on its website: [www.gfo.cz](http://www.gfo.cz).

**“Operating Day Time Schedule”** shall mean time schedule for the receipt and processing of Instructions concerning investment instruments and monetary resources and recording them on the Client’s account. The time schedule of the operating day is posted on the Bank’s Website in the section dedicated to investment services in the document titled “Operating Day Time Schedule”.

**“Identification”** shall mean identification in accordance with Act on Measures against the Legalisation of Proceeds of Crime.

**“Website”** shall mean Bank’s website [www.itbank.cz](http://www.itbank.cz).

**“Internet Banking”** shall mean the internet portal through which the Client may enter selected Instructions and monitor the status of Client Account. Internet Banking is accessible via the Website. The on-line portal ePortal is Internet Banking.

**“Investment Instruments”** shall mean investment instruments, monetary resources and other instruments maintained for the Client in the Managed Portfolio.

**“Investment Advisory”** shall mean the provision of individualised advisory aimed directly or indirectly at the purchase, sale, subscription, placement, settlement, safekeeping or other action related to a specific investment instrument or instruments or at exercising the rights of such disposal. The Bank shall be entitled to provide the investment service of investment advisory to its Clients upon fulfilling statutory conditions, based on its own discretion, or based on a special Investment Advisory Agreement that sets out special terms and conditions and rules for the provision of such services (for details see Article 27 hereof).

**“J&T LIFE”** means a life-cycle fund managed by J&T INVESTIČNÍ SPOLEČNOST, a.s.

**“Client”** shall mean a person who has concluded an Agreement with the Bank, where the subject thereof is the provision of investment services. There where the contractual documentation uses the term “Client”, such rules shall apply mutatis mutandis to the Client’s proxy holders acting by virtue of a power of attorney or based on some other form of authorisation.

**“Client Account”** shall mean an account opened in the Bank’s trading system in which the Client’s investment instruments and monetary resources are recorded for the internal needs of the Bank.

**“Consignment Agreement”** shall mean an agreement concluded between the Client and the Bank, the subject of which is the Bank’s commitment to arrange, in compliance with the Client’s Instructions, in its own name and on the Client’s account the purchase and sale or other transfer of investment instruments and, if agreed, the provision of other investment services that the Bank has authorisation to perform and to perform other operations necessary for the performance of the contract, and the Client’s commitment to pay a fee to the Bank for its activity and to reimburse it for costs in accordance with the Investment Services Price List, unless agreed otherwise between the Client and the Bank.

**“Client Assets”** shall mean an investment instruments and monetary resources that the Bank has at its disposal for the purpose of rendering investment services, and the investment instruments and monetary resources acquired for the Client using them.

**“Asset Account”** shall mean the Client’s non-cash account at the CDCP, on which the Client’s domestic dematerialised investment instruments are maintained.

**“Minimum Margin Deposit”** shall mean a cash deposit, the amount of which the Bank specifies to the Client, intended to secure the future fulfilment of obligations arising for the Client under the Agreement, and which is specified by the Bank as a percentage of the agreed transaction value and which the Client, in case of execution of the transaction in question, is obliged to maintain on the Client Account.

**“Model Portfolio”** shall mean the body of selected collective investment securities with pre-defined weights in the portfolio.

**“Non-professional Client”** means a Client that is not the Professional Client.

**“Civil Code”** shall mean Act No. 89/2012 Coll., the Civil Code.

**“Managed Portfolio”** shall mean investment instruments, monetary resources and other instruments maintained for the Client as part of asset management services provided to clients (customers).

**“Business Partner”** means any person that enters into a contractual relationship with the Loyalty Programme Provider and that provides goods, services and products for the Loyalty Programme. The Client will conclude a separate contractual relationship with the Business Partner.

**“Business Terms and Conditions”** shall mean these Business Terms and Conditions of J&T BANKA, a. s., for providing investment services.

**“Trading Hours”** shall mean the hours when it is possible to execute transactions with the investment instruments concerned or the hours when it is possible to execute transactions on the stock exchange or market.

**“Personal Data”** shall mean any information relating to an identified or identifiable individual; an identifiable individual is an individual who can be identified, directly or indirectly, in particular by reference to a specific identifier, such as a name, an identification number, location data, an online identifier or to one or more specific factors of the physical, physiological, genetic, mental, economic, cultural or social identity of that individual.

**“Identity Verification”** shall mean the unequivocal confirmation of the identity of an already-identified person dealing with the Bank even without his physical presence, using remote means of communication.

**“Cash Account”** shall mean an omnibus account that is designated for the remittance of monetary resources for the purpose of executing the Client’s transactions with investment instruments. The Cash Account is used as a joint omnibus account for all of the Bank’s clients, with the analytical records to which being maintained via the Advances Sub-Account. An overview of cash accounts in individual currencies is posted on the Bank’s Website in the section dedicated to investment services in the document titled “List of Cash Accounts for Keeping of Client Cash Funds”.

**“Advances Sub-Account”** shall mean an analytical account maintained under the Cash Account for each client. On the Advances Sub-Account, the Bank maintains an overview of the balance and movement of cash advances for the purposes of executing the Client’s transactions with investment instruments. The funds on the Client Advances Sub-Account bear interest of 0% p.a.

**“Instruction”** means an explicit and comprehensible instruction given to the Bank to carry out some sort of act or operation in the framework of the investment services provided. An Instruction is in particular an Instruction to purchase an investment instrument and an Instruction to sell an investment instrument.

**“Portfolio”** shall mean comprises investment instruments and monetary resources maintained for the Client on the Client Account.

**“Loyalty Programme Provider”** means Berkshire BLUE CHIP, a. s., a company with its registered office at Dvořákovo nábřeží 10, 811 02 Bratislava, Slovak Republic, Company Reg. No.: 35818263, registered in the Commercial Register maintained by the District Court in Bratislava I, Section: Sa, Insert 2784/B, which operates the Loyalty Programme.

**“Instruction Execution Rules”** shall mean the principles and rules that the Bank observes when executing the Instructions or forwarding such Instructions to third parties. The purpose of the Instruction Execution Rules is to ensure that the Bank arranges the best possible result for the Client when providing investment services.

**“Markets Overview”** shall mean a list of the foreign markets on which the Bank arranges the sale of foreign investment instruments for the Client – provided in the current Investment Services Price List.

**“Professional Client”** means a Client that has been classified by the Bank as a Professional Client or a Professional Client – Eligible Counterparty.

**“Omnibus Account”** shall mean an asset account maintained at a third, as a rule foreign, person in the Bank’s name, on which the Client’s investment instruments are stored and recorded.

**“Statement of Key Information”** shall mean a separate document prepared by the creator of a product containing an investment component in accordance with legal regulations in force, offered to retail (i.e. non-professional) investors to enable them to understand the main characteristics of the product containing an investment component and the associated risks. Statement of Key Information for investors is available through the Bank’s Website.

**“J&T Group”** shall mean the regulated consolidate group of which the Bank is a part.

**“Agreement”** shall mean the Consignment Agreement, Master Agreement for Financial Transactions (standard agreement drafted by the Czech Banking Association based on the EMA – European Master Agreement for Financial Transactions), Agreement on Portfolio Management, or any other agreement concluded between the Client and the Bank, which refers to these Business Terms and Conditions as supporting provisions.

**“Balance Statement”** shall mean the statement to the Client Account as at a certain date.

**“TCF”** means the Target Click Fund, a special type of hedged sub-fund with a pre-determined fixed term.

**“Loyalty Points”** means loyalty points (or “bonuses”) that the Client will receive under the Loyalty Programme for using selected Bank’s products. The Client can use the Loyalty Points to purchase Benefits.

**“Loyalty Programme”** means the loyalty program under which the Client can purchase of the Benefits.

**“Act on Banks”** shall mean Act No. 21/1992 Coll., on banks.

**“Act on Investment Companies and Funds”** shall mean Act No. 240/2013 Coll., on Investment Companies and Investment Funds.

**“Personal Data Protection Act”** shall mean Act No. 101/2000 Coll., on the protection of personal data.

**“Act on Measures against the Legalisation of Proceeds of Crime”** shall mean Act No. 253/2008 Coll., on certain measures against the legalisation of proceeds of crime and financing terrorism.

**“Capital Market Undertakings Act”** or **CMUA** shall mean Act No. 256/2004 Coll., on capital market undertakings.

## ARTICLE 5

### Rules of Interpretation

- 5.1 These Business Terms and Conditions regulate in detail the rights and obligations of the parties to the Agreement and the rules on performance of the Agreement.
- 5.2 These Business Terms and Conditions are binding for both the Client and the Bank in full and shall be deemed to be part of the Agreement. Arrangements in the Agreement that may differ to the provisions of these Business Terms and Conditions shall take precedence. The provisions of these Business Terms and Conditions shall take precedence over non-mandatory provisions of legal regulations.
- 5.3 The headings of the various articles of the Agreement and these Business Terms and Conditions are intended only as points of reference and have no bearing on the interpretation of the Agreement and these Business Terms and Conditions. Unless expressly agreed otherwise, references herein to articles and points refer to the respective articles and points hereof. Unless it clearly ensues otherwise from the text, capitalised terms shall have the meaning stipulated herein or in the Agreement. Terms may be written in singular or plural. Masculine pronouns shall also refer to feminine and gender-neutral pronouns, and vice-versa. Expressions expressing persons include both legal persons (corporate entities) and natural persons (individuals), unless expressly stipulated otherwise. All references to laws in the Agreement and in these Business Terms and Conditions are references to laws in their valid and effective wording.
- 5.4 The provisions of the Agreement and of these Business Terms and Conditions which set out the Client's rights and obligations shall apply mutatis mutandis to persons acting on behalf of the Client by virtue of a power of attorney or other authorisation. Proxy holders have to present to the Bank a power of attorney or other document proving authorisation to act on behalf of the Client no later than at the time of execution of the legal act for the Client.

## ARTICLE 6

### Investment Services

- 6.1 In connection with the provision of investment services, the Bank shall perform a categorisation of the Client in compliance with the CMUA into one of three categories:
- Non-professional Client
  - Professional Client
  - Qualified counterparty (Professional Client)
- Clients in the various categories are entitled to various degrees of protection that correspond to their level of knowledge and experience with investing on the financial markets. Upon fulfilling the terms and conditions of the CMUA, the Client may request the reclassification by the Bank into a different category. The reclassification may mean for the Client the limitation of protection provided by the Bank. A Professional Client may request the change of the terms and conditions of the Agreement in order to obtain a higher degree of protection.
- 6.2 Detailed information about the Bank, about the method of communication between the Client and Bank, about client categories and about the rights and conditions of movement between the various categories can be found in separate documents that are published on the Bank's Website.
- 6.3 In connection with trading with investment instruments, the Client hereby notes that acts constituting exploitation of insider information and manipulation with the market in accordance with the CMUA is prohibited. If the Bank has reason to suspect exploitation of insider information or manipulation of the market as a result of rendering services, it shall inform the Client and request an explanation or propose a different way of attaining the same objective. If the Bank continues to have reason to suspect, despite the Client's explanation, that the provision of services based on the Instrument may lead to exploitation of insider information or manipulation with the market, it shall not execute the Instruction and inform the Client about this fact.
- 6.4 The Bank would hereby like to inform the Client about the following risks tied to the provision of investment services:
- Investment instruments and/or services in respect of which is possible to submit an Instruction to the Bank may not be suitable for every investor, and he should not make use of such services provided by the Bank if he is not acquainted in detail with their rules and principles.
  - The issuer's credit risk is inherent in every investment instrument; credit risk is the risk that the issuer may become insolvent, which will result in the issuer's investment instrument losing value substantially or becoming worthless. In such case, the investor has to count on the possibility of losing some or all of the capital invested by him in these investment instruments. Even a downgrade in an issuer's rating may negatively affect the value of investment instruments.
  - Investing in investment instruments is generally associated with certain risks arising in particular from the nature of the specific investment instrument and from the regulations and customs of the respective capital markets or countries.

- Fees and other costs associated with transactions negatively affect the outcome of the investment. Fees are applied even if the outcome of a transaction is a loss.
  - Rates, prices, yields, appreciation, performance and other parameters attained by various investment instruments in the past may in no way serve as an indicator or guarantee of future rates, prices, yields, appreciation, performance or other parameters of such or similar investment instruments, and such rates, prices, yields, appreciation, performance or other parameters of investment instruments which are or may be the subject of the Client's Instructions may change over time, i.e., they may rise or fall; returns on originally invested amounts are not guaranteed.
  - Investment instruments denominated in foreign currencies are also exposed to foreign exchange rates fluctuations, which may have a positive or negative effect on the rates, prices, appreciation or yields ensuing from them in different currencies or other parameters.
  - Availability or saleability of investment instruments may vary and, for this reason, it may be difficult to buy/sell certain investment instruments in compliance with the parameters of the Instruction.
- 6.5 The following are the main ways to mitigate risk:
- Diversification of investment – investing in various investment instruments can reduce the overall risk of the Client's investment; a condition for effective diversification is a sufficient amount of monetary resources
  - Regular monitoring of the value and development of own investments and developments on capital markets.
- 6.6 By signing this Agreement, the Client declares that he is aware of any risks and possible losses associated with trading on the financial markets and that he has been warned sufficiently in advance about such risks and possible losses prior to concluding the Agreement.
- 6.7 Prior to the commencement of Investment Services, the Bank is obliged, in accordance with legal regulations, to obtain information from the Client about the Client's expertise and experience in the area of investment, or about the Client's financial background and investment objectives to an extent that enables the Bank to assess whether the provision of Investment Services is compatible with the Client's expertise and experience necessary to understand the associated risks or with the Client's financial background and investment objectives and to evaluate whether the Client invests in Investment Instruments within the given target market of investors. In such case, the Client shall provide the requested information to the Bank and, at the same time, notes that if he fails to provide the Bank with the information in the previous sentence or provides information that is clearly incomplete, inaccurate or false, or if the Bank, based on the presented information, assesses that the requested investment service does not correspond to the Client's expertise or experience or, under the CMUA, his financial background or investment objectives, the Bank may refuse to provide the requested investment services, or to provide investment services, and, at the same time, will inform the Client about this finding. The Client shall provide the Bank with the information stipulated in this point via an investment questionnaire given to the Client by the Bank for this purpose prior to signing the Agreement, which the Client (or his authorised or statutory representative) will duly fill in and handover in person or deliver in some other demonstrable way to the Bank.
- 6.8 If the Client submits on his initiative an Instruction involving simple Investment Instruments, e.g. publicly traded shares or mutual funds, the Bank is not obliged to obtain and evaluate information from the Client about the Client's expertise or experience in the area of investment.
- 6.9 If the Client submits on his initiative an Instruction to purchase an Investment Instrument on a regulated market and the Bank does not offer such an Investment Instrument for sale, the Bank is not obliged to ascertain whether the obligation to prepare a Statement of Key Information and provide it to Clients applies to the creator of the product or to the person selling such product.
- 6.10 More information about the provision of investment services, investment instruments to which an investment service relates, the risks tied to the respective investment service or investment instrument and possible security against such risk can be found in separate information documents which are available on the Bank's Website.
- 6.11 If the Bank provides Investment Services via an External Banker, some of its duties under these Business Terms and Conditions may be performed via the External Banker. In such a case some procedures and the manner of performing duties may be different than if Investment Services are provided directly by the Bank.

## ARTICLE 7

### Client Account

- 7.1 In its internal record-keeping system, the Bank, in the framework of the Client Account, has a systematic and unequivocal way of identifying Client Assets to allow it to distinguish the assets held for one client from the assets held for other clients and from its own assets. The internal record-keeping system also records on which account with a third person investment

instruments of each Client are kept. The Client's monetary resources in the respective currency and the investment instruments blocked by the Bank and/or investment instruments recorded by the Bank on the Omnibus Account are kept on the Client Account. A condition for opening the Client Account is conclusion of an Agreement, the subject of which is also keeping a record of Client Assets by the Bank. Based on the Client's request and under the Business Terms and Conditions hereof, the Bank may open more than one Client Account for the Client.

- 7.2 Client Assets shall not be considered part of the Bank's assets in the event of the Bank's insolvency. Client Assets are, under the terms and conditions and in the scope stipulated in the CMUA, protected by a guarantee system operated by the Guarantee Fund. The Bank pays the Guarantee Fund an annual fee of 2% of fees and commissions obtained from investment services provided over the previous calendar year. The Client shall be entitled to payment from the Guarantee Fund if the Bank, due to its financial situation, is unable to fulfil its obligations consisting in the release of Client Assets and it appears unlikely that it will fulfil this obligation within one year or if a court issued a decision on the Bank's insolvency or issued a decision leading to the Bank's Clients being unable to effectively seek release of their assets from the Bank. Payment is provided to the Client in the amount of 90% of the assets entrusted to the Bank, but only up to the Czech crown equivalent of EUR 20 000 per Client.
- 7.3 More information about Client Assets, relevant safeguards and the Guarantee Fund can be found in a separate document published on the Bank's Website.

#### ARTICLE 8

##### Investment Instruments, Client's Portfolio

- 8.1 Dematerialized investment instruments issued under the Czech law purchased by the Client are kept by the CDCP and in separate investment instrument files maintained by a person authorised for this purpose. Czech law shall apply to these investment instruments. Investment instruments purchased abroad are usually kept on Omnibus Accounts opened in the Bank's name at the Bank's Custodian or Depository or on individual accounts maintained in the Client's name. The Bank chooses the Custodian or Depository with professional care from among renowned financial institutions and according to the requirements laid down in legal regulations and continuously checks the compliance therewith.
- 8.2 For the purposes of recording-keeping and trading with investment instruments in the CDCP, the Client has to have an Asset Account set up. If the Client does not have such account set up, the Bank may set one up for him upon request. In such case, the Client shall provide the Bank with any and all necessary cooperation associated with this.
- 8.3 The Bank shall arrange to have the Client's investment instruments recorded on different asset accounts than on which the Bank's investment instruments are recorded.
- 8.4 Certificated investment instruments are kept with the Bank, with the Bank's Depository or with one of the Bank's contractual partners.
- 8.5 Transfer of investment instruments to the Client's Account shall mean, in the case of dematerialized investment instruments, their blocking at the respective depository in favour of the Bank and, in the case of certificated investment instruments, their takeover by the Bank or by a person acting as the Bank's depository, and, in the case of foreign investment instruments, their transfer to an Omnibus Account designated by the Bank and maintained by a third party, or, in the case of individual accounts in the Client's name, the establishment of a right of disposal for the Bank or a person designated thereby.
- 8.6 Transfer of investment instruments from the Client's account shall mean, in the case of domestic dematerialized investment instruments, termination of their blocking in favour of the Bank at the respective depository, in the case of certificated investment instruments, their takeover by the Client, in case of foreign investment instruments, their transfer from the Omnibus Account to an account designated by the Client, or, in the case of individual accounts in the Client's name, termination of the right of deposit for the Bank or a person designated thereby.
- 8.7 Based on the Client's written request, the Bank shall issue from custody to the Client certificated investment instruments, purchased and concealed by the Bank for the Client, without undue delay following their takeover from the third party by the Bank, against the signature of a handover protocol on the handover of the investment instruments to the Client.
- 8.8 Should the Client fail to take over the investment instruments from the Bank without undue delay or if the Bank and Client do not agree in a specific case to place the Bank's certificated investment instruments in safekeeping, the Client shall pay the Bank a safekeeping fee according to the valid Investment Services Price List.
- 8.9 The Client shall become the holder (owner) of the certificated investment instruments purchased for him by the Bank immediately upon the Bank taking over such certificated investment instrument.
- 8.10 Domestic dematerialised investment instruments purchased by the Bank for the Client are credited directly to the Client Account at the CDCP.

8.11 The Bank hereby informs the Client that in certain cases, it shall maintain the Client's investment instruments on Omnibus Accounts, with the Client consenting thereto by signing the Agreement.

8.12 Client Assets are aggregated on Omnibus Accounts, as this allows for substantial savings compared to individual Client Accounts and allows even those Clients who do not fulfil the conditions for maintaining individual accounts at the pertinent Custodians/Depositories to participate in trading. The Bank calls particular attention to the following risks and facts related to the aggregation of Client Assets on Omnibus accounts:

- Investment instruments are kept abroad on an Omnibus Account in the Bank's name.
- In case of an irreconcilable shortfall (losses) following possible failure of a third party, the Clients may share losses in proportion to their share of the aggregated assets.
- In case of investment instruments maintained abroad, the appropriate foreign law shall apply; foreign law usually provides investors with protection in case of a depository's insolvency in the sense that their investment instruments are not considered to be part of the bankrupt's assets; some depositories may have liens or other rights attached to the held investment instruments to secure third party receivables, and, for this reason, it may be difficult in the case of a depository's insolvency to transfer assets back to the Czech Republic; in the event that a foreign law does not provide sufficient legal protection or if the depository does not fulfil his obligations in due manner or if the Client's investment instruments are not identifiable or differentiable for any reason from the depository's assets and the depository enters into insolvency, there is a risk that the Client's investment instruments will become part of the bankrupt's assets and the Client will have to claim its receivables in bankruptcy proceedings.

8.13 The Bank is not liable, upon expending due professional care, for failure of third parties in terms of managing or holding assets on an Omnibus Account or for their insolvency.

8.14 If the Client's investment instruments are maintained on an Omnibus Account, the Bank shall arranged the management of such instruments for the Client, such management particularly consisting in collecting and paying out dividends, interest and other entitlements accumulating for the Client and notifying the Client of takeover offers and other important facts regarding the issuer.

8.15 The Bank may use the Client's investment instruments for trading on its own account or for trading on a different Client's account only if the Client provides his express prior consent with such use. Non-professional Clients have to grant consent in writing or in some other equivalent way.

#### ARTICLE 9

##### Monetary Resources

- 9.1 The Client's monetary resources are held on Cash Accounts according to the various currencies. Monetary resources on Cash Accounts bear interest. The Bank shall always hold the Client's monetary resources on different accounts than on which the Bank's monetary resources are stored.
- 9.2 The Client's cash funds are kept on the Cash Accounts in currencies listed in the document titled "List of Cash Accounts for Keeping of Client Cash Funds", which is published on the Bank's Website in the section dedicated to investment services.
- 9.3 Monetary resources intended for transactions with investment instruments shall be deposited by the Client on the Cash Account listed in the document titled "List of Cash Accounts for Keeping of Client Cash Funds". For the purposes of sending monetary resources to the Cash Account, the Advances Sub-Account Number of Client shall serve as the variable code, unless agreed otherwise by the Client and Bank, .e.g., in the case of Model Portfolios, the Client shall identify the payment by both the variable code and the specific code allocated to the Model Portfolio. In the case of payments where it is not possible to enter a variable code (e.g., payments in foreign currency), the Client shall be obligated to demonstrably identify the payment to the Bank, for example by stating his Advances Sub-Account Number in the payment commentary or shall inform the Bank about the executed order by telephone, e-mail or in person, unless agreed otherwise by the Client and the Bank. If the Client does not fulfil the obligation stipulated in this point, the Bank shall not be liable for the damage resulting from such breach.
- 9.4 In the event that the Client fails to transfer the monetary resources in the above way, especially to identify the payment in compliance with the above rules, the Bank shall not be obliged to record the monetary resources on the Client Account and shall be entitled to return the monetary resources to the account from which they were sent. In other cases, the Bank shall record the monetary resources deposited on the Cash Account without undue delay on the Client Account. In the event that the Bank maintains more than one Client Account for the Client, the Client shall inform the Bank on which Client Account the deposited monetary resources should be recorded. If the Client fails to do so, the Bank shall record the deposited monetary resources on a Client Account chosen at its discretion and shall not be liable for any damage incurred by the Client thereby.

- 9.5 The Client may submit an Instruction to transfer monetary resources from the Cash Account if such monetary resources are not tied to trading with investment instruments, lending operations, or any other payables arising for the Client from the Agreement or in associations therewith. The Client's Instruction to transfer monetary resources from the Cash Account has to be in the form required by the Bank for these purposes (by telephone, fax, in writing in document form or electronically via Internet Banking). Monetary resources can only be transferred from a Cash Account to the Authorised Account. A sample Instruction to transfer monetary resources from a Cash Account shall be published on the Bank's Website. The transfer of monetary resources from a Cash Account shall be recorded by the Bank immediately on the Client Account. In the event that the Bank maintains more than one Client Account for the Client, the Client shall inform the Bank to which Client Account the transfer of monetary resources should be recorded. If the Client fails to do so, the transfer of monetary resources shall be recorded on a Client Account chosen at the Bank's discretion, and the Bank shall not be liable for any damage incurred by the Client thereby.
- 9.6 The Bank shall be entitled to offset any of its receivables from the Client against any of the Client's receivables from the Bank.
- 9.7 The Bank shall call the Client's attention to the fact that only the Client is exposed to the credit risk of the Bank. In this connection, the Bank informs the Client that receivables from deposits on the Cash Account are insured in the extent and under the terms and conditions stipulated by the Act on Banks; the Client can find detailed information on the payment of compensation from the Deposit Insurance Fund and how it functions on the Deposit Insurance Fund's website: [www.fpv.cz](http://www.fpv.cz).
- ARTICLE 10**  
**Instruction**
- 10.1 The Bank shall arrange the purchase or sale of investment instruments or any transfers and operations concerning investment instruments based on the Client's Instruction, provided such Instruction is in compliance with the relevant Agreement, the Business Terms and Conditions and legal regulations. The Client shall be authorised to give only those Instructions that are in compliance with the scope of his authorisation to use the investment instrument that the Instruction pertains to. The Instruction to sell investment instruments may only pertain to such investment instruments to which all separately transferrable rights are tied and to which no lien or any other rights of third parties are attached, unless agreed otherwise between the Client and the Bank. By signing the Agreement, the Client declares and is liable to the Bank for the fact that he owns the monetary resources and investment instruments intended for transactions, is authorised to use them freely, and acquired them in compliance with legal regulations. The Client shall be particularly liable for the fact that the monetary resources and investment instruments have not been obtained from criminal activity and/or other unlawful procedure. The provision of cash funds, i.e. by means of credit or loan of investment instruments to the Client by the Bank under an Agreement is not deemed to be in conflict with this representation of the Client. By giving an Instruction, the Client also declares that all of the above conditions have been met and that he is fully authorised to submit such Instruction. In case of doubt, the Client shall be deemed to have the necessary authorisation to submit an Instruction related to the investment instrument.
- 10.2 The Bank shall execute only an Instruction that was submitted to the Bank in one of the following ways:
- In writing in document form to the address of the Bank's registered office (in person, by post, by courier, and the like)
  - By telephone
  - In writing by electronic mail to the e-mail address published for this purpose by the Bank
  - Via the Internet Banking
  - In some other agreed way
- 10.3 Only certain methods of submitting Instructions may be accepted by the Bank for the various kinds of Instructions.
- 10.4 If an Instruction is not submitted correctly according to one of the ways specified in Article 10.2 hereinabove, the Bank may try to verify the correctness and legitimacy of the submitted Instruction in a different appropriate way to clearly ascertain that it is the Client's actual intent to submit the Instruction in question.
- 10.5 In the event that the Bank deems it appropriate, especially if there are doubts about the legitimacy of the submitted Instruction or if the Instruction is exceptional in any way, it can request the use of a greater degree of verification than agreed with the Client in the Agreement or the annexes thereto to verify that it is the Client's actual intent to submit the Instruction in question.
- 10.6 The Bank shall record each Instruction to trade with an investment instrument under a special number.
- 10.7 The Client may submit an Instruction in person, provided Identification or an Identity Verification is performed.
- 10.8 If the Client refuses to submit to Identification or an Identity Verification, the Bank shall refuse to execute the Instruction.
- 10.9 An Instruction may be submitted in writing on the Bank's form unless agreed otherwise between the Client and the Bank. The form containing the Instruction has to be signed according to the signature card and delivered to the Bank, or the signature has to be officially verified or verified by an authorised Bank employee.
- 10.10 The Instruction may be submitted by telephone only on a recorded telephone line using the telephone communication password agreed between the Client and the Bank. The Client shall protect his telephone communication password from misuse by third parties. The Client shall inform the Bank immediately about loss, theft or misuse of the telephone communication password. The Bank hereby informs the Client that it is not liable for any damage incurred by the Client or third party caused by loss, theft or misuse of the telephone communication password.
- 10.11 The Client may also submit an Instruction via the Internet Banking. The Client is obliged to protect its security elements for Internet Banking from misuse by third parties. The Client shall inform the Bank immediately about the loss, theft or misuse of the sign-in password and/or the Authentication Key. The Bank hereby informs the Client that it is not liable for any damage incurred by the Client or third parties resulting from the loss, theft or misuse of the sign-in password and/or Authentication Key.
- 10.12 In case of technical problems with Internet Banking, the Client may submit an Instruction to the Bank in one of the other ways described above. The Bank shall not be liable for any damage caused by a failed transfer of data to the Bank via Internet Banking outside of the Bank's control. The Bank hereby informs the Client of the risk associated with on-line trading and the need to thoroughly protect sign-in data and the Authentication Key and to secure the computer used by the Client to submit on-line Instructions against misuse by third parties.
- 10.13 In case of a technical failure on the part of the Bank or a third party, the Bank shall be entitled to suspend the operation of the Internet Banking application without prior notification.
- 10.14 An Instruction to trade with investment instruments shall contain the following information:
- Identification of the submitter
  - Direction of the transaction (buy, sell)
  - Type of Instruction (buy/sell, repo, loan, transfer, other)
  - ISIN or other exact identification of the investment instrument (in the case of foreign investment instruments, at least the abbreviated name, i.e., TICKER),
  - Name of investment instrument
  - Number of pieces or volume of the investment instruments
  - Designation of the market on which the transaction should be realised or its segment or other transfer location where the Instruction should be executed; if the Client does not expressly state the transfer location in the Instruction, the transfer location shall be the BCPP for investment instruments traded in the Czech Republic and, for foreign investment instruments, the markets designated by the Bank in compliance with the Instruction Execution Rules.
  - Limit price of the investment instrument for which the transaction should be executed
  - Validity of Instruction; unless agreed otherwise between the Client and the Bank, an Instruction shall stay in force until the end of the trading (business) day on which it was received by the Bank; unless agreed otherwise between the Client and the Bank, an Instruction pertaining to bonds shall stay in force for 14 days after the day when it was received by the Bank; however, an Instruction may stay in force for maximum of 1 year.
  - Date of submission of the Instruction
  - Stipulation whether the Instruction may be executed only in part; if the Instruction does not contain such stipulation, it shall be understood that the Client agrees even with the partial execution of the Instruction
  - Specification of the Client Account in the framework of which the Instruction should be executed (mandatory information if the Bank maintains more than one Client Account for the Client); if a specific Client Account is not specified in the Instruction, the Bank shall be entitled to execute the Instruction in the framework of one (or more) Client Accounts at its own discretion and is not liable for any damage incurred by the Client thereby
  - Other information and the terms and conditions under which the Instruction is to be executed
  - Other information required by the Bank for the due execution of the Instruction
- 10.15 The Bank may deviate from the Client's Instruction by selling the investment instrument for a higher price or purchase the investment instrument for a lower price than the limit price even without the Client's consent. The Client notes that by stipulating an exact Instruction, he may prevent the Bank from executing the Instruction under the best conditions.
- 10.16 If the Client does not stipulate a limit price, the Bank can execute the sale for the highest price or the purchase for the lowest price possible at the moment of execution of the Instruction in question.

- 10.17 Information contained in the Instruction has to be complete, exact, clear and comprehensible. The Bank may call the Client's attention to an Instruction that contains deficiencies that may prevent the execution of the Instruction. In the event that the Client's Instruction does not contain any of the particulars stipulated in this Article 12 and the content of the Instruction is not entirely clear to the Bank, the Bank may, at its discretion, refuse to accept it and process it or execute it based on its best judgment. The Bank shall be entitled to consider a clear and comprehensible show of will by the Client, from which the Client's intent is apparent, as an Instruction given by the Client.
- 10.18 The rules set out in this article shall be applied under the condition of abiding by the Instruction Execution Rules and in compliance therewith.
- 10.19 A Client who is a natural person shall be entitled to submit Instructions to the bank himself or through a third party. Such third party shall present to the Bank a power of attorney granted by the Client in his favour to act in the matter on his behalf and his signature specimen. A Client who is a legal person may be represented by a statutory body, proxy holder or statutory representative in the manner stipulated in the legal person's internal regulations or by a third party. Such third party shall present to the Bank a power of attorney granted in his favour by the Client to act in the matter on his behalf and his signature specimen. The Client's and the proxy holder's signature has to be either verified by an authorised Bank employee or officially verified. The Client shall immediately inform the Bank about any change of persons authorised to submit Instructions and submit the relevant documents to the Bank (extract from the Commercial Register, Articles of Association, etc.). In the opposite case, the Bank shall not be liable for any damages incurred by the Client or a third party. A sample power of attorney is published on the Bank's Website. The signature on the Agreement or power of attorney shall serve as the signature card of the relevant authorised person.
- 10.20 When submitting an Instruction to the Bank, the Client shall identify himself by providing at least the following information:
- In the case of natural persons: the Client's name and surname or the name and surname of the Client's representative, the Client's signature or the password allocated by the Bank, and any other information that may be requested by the Bank
  - In the case of legal persons: corporate name, name and surname of the persons authorised to act on behalf of the legal person, the Client's signature or the password allocated by the Bank, or any other information that may be requested by the Bank.
- 10.21 In the event that signature specimens or passwords do not match, the Bank shall request the Client or his representative who is submitting the Instruction for further information to prove his identity. The Bank shall not be obliged to accept the Client's Instruction if it does not have sufficient information at its disposal to identify the person executing the Instruction or regarding his authorisation to submit the Instruction.
- 10.22 Unless agreed otherwise, all Instructions and other operations that the Client undertakes based on the Agreement vis-à-vis the Bank shall be considered operations carried out in the name and on the account of the Client. The Bank shall always consider the Client to be its customer in accordance with the CMUA, regardless of the fact that the Client informed the Bank that he is acting on the account are in favour of a different person, or this ensues from the nature of the matter.
- 10.23 The Bank accept on the underage Client's account only Instructions for purchase of Investment Instruments relating to collective investment securities designated for the public, The Bank accept Instructions to sell of Investment Instruments and Instructions for transfer of Investment Instruments from/to the relevant Client Account solely with prior consent of the competent court.

#### ARTICLE 11 Rejection of Instruction

- 11.1 The Bank shall be entitled to reject an Instruction if it contains conditions that make execution of the Instruction impossible or if attempts to execute it would lead to unreasonable difficulties or costs, especially in the following cases:
- The Instruction was delivered to the Bank at a time that makes it impossible to execute.
  - The Instruction contains incorrect or incomplete data.
  - The Instruction is not specific or is incomprehensible.
  - The Bank suspects that the Instruction is being submitted by a person who is not authorised to do so.
  - The Instruction is at variance with the Bank's internal regulations or legal regulations or its execution could lead to a violation of legal regulations.
  - The Instruction is at variance with the rules and regulations of the regulated market organiser, depository of investment instruments, or the settlement centre.
  - The Instruction is at variance with the Agreement or these Business Terms and Conditions.

- Fulfilment of the Instruction could lead to misuse of insider information, market manipulation or conflict of interest.
  - The Bank evaluates the Instruction as not being compatible with the Client's financial background, investment objectives, expertise or experience necessary to understand the associated risks or the target market of investors.
  - If the Client is a legal entity or natural person - entrepreneur, the Bank is entitled to reject the Client's instruction if the Client fails to have an active LEI (Legal Entity Identifier), provided it is required for the execution of such an instruction by legal regulations.
  - In other cases set out in the Agreement or these Business Terms and Conditions.
- 11.2 In the event of a case where the Bank is entitled to refuse to execute an Instruction, the Bank may contact the Client for the purpose of eliminating the fact that is preventing execution of the Instruction or take such steps that will lead to a similar result as if the Instruction was followed.
- 11.3 If the Bank refuses the Instruction, it shall inform the Client of this immediately.

#### ARTICLE 12 Processing, Modification and Cancellation of Instruction

- 12.1 Processing of an Instruction shall mean the acceptance and execution of the Client's Instruction or its forwarding to a third party for execution and its recording in the Bank's trading system. The Bank shall inform the Client immediately if significant difficulties arise in connection with processing the Client's Instruction. If it is not possible agree otherwise between the Client and the Bank, the Bank shall, immediately upon receiving the Instruction and in compliance with the time priority principle, proceed to execute the Instruction or forward it to a third party for execution if it finds no reason to reject it.
- 12.2 Execution of an Instruction shall mean execution of the respective transaction on the appropriate regulated market or other transfer location to which the Bank has access, or operation with an investment instrument recorded in the relevant Depository according to the Client's instructions. Forwarding the Instruction shall mean forwarding the Client's Instruction to a third party for execution. This particularly concerns cases where the Bank forwards the Instruction to a foreign trader to execute the transaction on a regulated market of which the Bank is a member.
- 12.3 The Client shall submit the Instruction at a time that is realistic for its execution by the Bank while respecting the Bank's business hours and Trading Hours in compliance with the Operating Day Time Schedule, which is published on the Bank's Website. The Bank shall not be responsible for any loss, damage or expenditure incurred by the Client or a third party caused by a delay in the transfer of the Instruction to the Bank due to technical or other errors of communication equipment or other reasons over which the Bank has no control.
- 12.4 If the Bank receives the Instruction on a day that is not a business day, it shall execute the Instruction on the immediately following business day, unless stated otherwise in the Instruction and if it is possible with regard to Trading Hours.
- 12.5 Unless agreed otherwise, the Bank shall not be obliged to issue confirmation to the Client of acceptance of an Instruction.
- 12.6 The Bank shall execute the Client's Instruction under the best conditions in compliance with the current Instruction Execution Rules, which are published on the Bank's Website. By signing the Agreement, the Client confirms that it has become acquainted with the Instruction Execution Rules and agrees with them.
- 12.7 The Bank shall be authorised to execute the Client's instruction even on its own account or the account of a person that is linked to the Bank via assets, personnel or otherwise.
- 12.8 If the Client submits an Instruction to sell investment instruments on a different market than the one on which the investment instruments are registered, he, along with the Instruction to sell the investment instruments, also gives the Bank the order to transfer the relevant investment instruments to a different market for the purpose of settlement. At the same time, the Client notes and agrees that if the Bank sells the Client's investments instruments without the Client directly specifying the market or in other relevant cases and situations set out herein and if it is more advantageous for the Client or if it is possible to sell the respective investment instruments on a different market at the moment of execution of the sale than on the market on which the investment instruments or registered, the Bank shall be authorised to transfer these investment instrument to the pertinent other market for the purposes of settling the transaction.
- 12.9 The Client hereby expressly agrees that the Bank may also execute his Instruction outside a regulated market or multilateral trading system.
- 12.10 The Client hereby requests that the Bank not publish his limit Instructions (limit orders), i.e., an Instruction to purchase or sell shares or similar securities representing an ownership interest in a company or other legal person accepted for trading on a regulated market located in a Member State of the European Union, that contain limit prices for which a security

should be bought or sold or a limit volume in which a security should be bought or sold and that could not be executed without undue delays for the reason of the conditions currently prevailing on the market. However, the Bank, based on its own judgment, shall be authorised, in compliance with the pertinent legal regulations, to decide otherwise.

- 12.11 If it is not possible to execute the Client's Instruction, the Bank shall inform the Client of this fact and agree the next steps with him. The Bank shall not be liable for damage incurred by the Client if the Client's Instructions could not be executed or forwarded because they did not comply with the terms and conditions contained in these Business Terms and Conditions or they could objectively not be executed or they are at variance with legal regulations.
- 12.12 Upon the Client's request, the Bank shall provide information about the status of Instructions that have still not been executed.
- 12.13 The Client hereby agrees that under the terms and conditions laid down in legal regulations and in these Business Terms and Conditions, the Bank may execute the Client's Instruction together with proprietary transaction or together with a different Client's Instruction (aggregated Instructions). The Bank shall be authorised to execute the Client's Instruction together with a transaction on its own account or with a different Client's Instruction if it is unlikely that Instruction aggregation will be less advantageous for those Clients whose Instructions are to be aggregated than if each were executed separately. In connection with the above, the Bank hereby informs those Clients whose Instructions are to be aggregated that aggregation of an Instruction may be less advantageous for them than if executed separately. The Bank, in compliance with internal regulations, shall allocate benefits and obligations from the executed aggregated Instruction so that the allocation of benefits and obligations from the executed Instruction does cause detriment to any Client. If the Client's aggregated Instruction and proprietary transaction was carried out only in part, the Bank shall attribute benefits and the corresponding obligations from the aggregated Instruction preferentially to the Client. If the Bank executed the Client's aggregated Instruction for more advantageous conditions than could probably have been achieved in the case of separate Instructions, or if it did not execute the Client's various Instructions at all and is able to demonstrably prove this fact, that Bank may divide the benefits and obligations from the aggregated Instruction proportionally.
- 12.14 The Bank may aggregate Instructions provided they are:
- Instructions pertaining to the same investment instrument
  - Instructions to be executed in the same direction
  - only Instructions with the same limit price
- 12.15 Upon submitting an Instruction to the Bank, the Client shall verify whether the Instruction was executed and settled. If the Client discovers a discrepancy between the submitted Instruction and the transaction result, he shall notify the Bank about this discrepancy immediately.
- 12.16 Modification or cancellation of an Instruction or part thereof shall be permitted only up to the moment that it is still technically possible to stop execution of the Instruction and if, taking into account the circumstances, it is reasonably possible to request the Bank to stop the execution and if the modification or cancellation of the Instruction is not at variance with the appropriate legal regulations and customary business practice.
- 12.17 The Bank shall always accept a modification or cancellation of an Instruction, or part thereof, provided this is duly communicated by the Client to the Bank at least on the day that the purchase or sale is to be executed according to the cancelled or modified Instruction, at a time prior to its execution.
- 12.18 Modification or cancellation of an Instrument shall be specified as such by the Client, and the Client shall clearly stipulate to which original Instruction or part thereof it pertains to.

#### ARTICLE 13

##### Instruction to Buy Investment Instruments

- 13.1 Unless stipulated otherwise for an Instruction to buy an investment instrument, the Client shall, no later than on the day of execution, have monetary resources on his Advances Sub-Account at least in the amount of the expected Client's monetary obligation ensuing from the execution of the Instruction to buy the investment instrument.
- 13.2 The Client's expected monetary obligation from execution of the Instruction to buy an investment instrument shall be equal to the sum of the highest permissible overall purchase price for the purchase of the investment instrument, including any aliquot interest income ("All"), the Bank's fee under the Investment Services Price List and the total costs expended on the purchase of investment instruments, e.g., the fees of the market organiser for executing the purchase.
- 13.3 If the Client provided monetary resources for the purchase an investment instrument in a different currency than the currency required to settle the transaction, the Client shall submit, in the manner usual for submitting Instructions, a currency exchange Instruction. In the currency exchange Instruction, the Client shall specify at least the volume and currency of the Client's funds to be converted by the Bank and the currency into which the respective funds should be converted. The Bank shall proceed in compliance

with this currency conversion Instruction. For calculating the exchange rate between the various currencies, the foreign exchange list valid on the day of execution of the currency conversion issued by the Bank shall be used, with the exception of execution of an Instruction based on an individual exchange rate agreed with the Bank. The exchange rate risk tied to the conversion shall be borne by the Client.

- 13.4 In the event of breach of the obligations under Article 13.1 hereinabove, the Bank shall be entitled its own discretion to:
- execute the Instruction in part only
  - execute only some of the Instructions, in case a number of Instruction have been submitted, according to the time priority rule
  - not execute an Instruction at all

#### ARTICLE 14

##### Instruction to Sell Investment Instruments

- 14.1 The Client shall be entitled to submit an Instruction to sell only those investment instruments of which he is the holder (owner) and to which his rights of disposal are in no way restricted. The Client shall prove this fact in a demonstrable way if so requested by the Bank. As proof, the Client shall present: in the case of a dematerialised investment instrument, an extract from the register maintained by the person at which this investment instrument is registered in favour of the Client (e.g., extract from the CDCP); and in the case of a certificated investment instrument, either the investment instrument itself or confirmation from the person at which the investment instrument is duly kept based on a securities custody agreement or a securities safekeeping agreement. The Bank shall be entitled to request that the Client prove beyond a doubt the existence of the custody as well as the authorisation (licence) of the person at whom the investment instrument is in safekeeping to accept investment instruments into safekeeping.
- 14.2 While the Instruction to sell is valid and, in the event of conclusion of the transaction, up until the moment that it is settled in full, the Client may not dispose of the investment instrument in question.
- 14.3 The Client shall remain the holder (owner) of the certificated investment instruments handed over to the Bank for the purposes of sale up until the moment of transfer of the investment instrument to the new owner; transfer of a certificated investment instruments in favour of a party shall also require endorsement. An agreement on transfer of a certificated investment instrument has to be concluded in writing.
- 14.4 The Client shall remain the holder (owner) of dematerialised investment instruments entrusted to the Bank to sell up until the moment of the transfer of the investment instruments to the new owner. Transfer of a dematerialised investment instrument occurs at the moment of registration of the transfer on the asset accounts of the relevant person maintaining the register of dematerialised investment instruments (e.g., CDCP). If dematerialised investment instruments are sold on a public market, the organiser of the public market will arrange registration of the transfer at the CDCP; if dematerialised investment instruments are sold outside the public market, the Bank will arrange for the registration of the transfer at the CDCP.
- 14.5 If it is discovered during the settlement of an Instruction to sell that the Client was not the holder (owner) of the investment instruments for which he submitted an Instruction to the Bank to sell, the Client, by signing the Agreement, grants a power of attorney in favour of the Bank to purchase the investment instruments in question on the Client's account within the shortest possible time until the settlement of the respective transaction and to use any monetary resources on the Client's Advances Sub-Account for such purchase. Other provisions herein, especially provisions on the Bank's entitlement to damage compensation shall remain unaffected by this provision.
- 14.6 The sales price for sale of the Client's investment instruments shall always be payable on the Client's Advances Sub-Account.
- 14.7 Upon payment of the sales price, the Bank shall retain the funds on the Client's Advances Sub-Account.

#### ARTICLE 15

##### Settlement of Transactions

- 15.1 The Bank is obliged to settle closed transactions, i.e., to arrange the transfer of monetary resources and investment instruments in compliance with the Client's Instruction, the Agreement and these Business Terms and Conditions. The Bank shall settle closed transactions only under the condition that sufficient monetary resources or investment instruments required to execute the transaction are available on the Client Account and that it has received all necessary information and documentation from the Client.
- 15.2 Delivery versus payment (DVP) is the standard method of settling transactions.
- 15.3 In compliance with the pertinent legal regulations or the rules of the regulated markets and settlement centres, the settlement of a transaction may take place in a different way than delivery versus payment. The Bank shall not be liable for any damage incurred by the Client in cases where



- settlement took place in compliance with legal regulations and the rules of the pertinent market or settlement centre.
- 15.4 Unless expressly agreed otherwise by the Bank and Client, if a number of operations are executing (or number of receivables and payables arise therefrom for the Client), the final (net) amount of the receivable or payable will be stipulated based on the offset of the various receivables and payables that ensue from the operations in question (known as netting).
- 15.5 The Bank shall inform the Client immediately about any delay in the settlement of a transaction.
- 15.6 If the Client does not provide the monetary resources or investment instruments required to execute the Instruction and/or settlement of an executed Instruction duly and on time, the Bank shall be entitled not to execute the Transaction and/or take the steps that it deems necessary to ensure suspension or cancellation of the closed transaction or arrange settlement of the transaction if so agreed between the Client and the Bank (provision of monetary resources by the Bank, short sales).
- 15.7 Monetary resources from the sale of investment instruments shall, following the deduction of the Bank's fee and transaction costs, be transferred within the shortest possible time to the Cash Account, unless agreed otherwise by the Client and the Bank.
- 15.8 In the event that the Bank maintains more than one Client Account for the Client, the Client shall specify at the time of submission of the Instruction from which Client Account or to which Client Account the investment instruments and monetary resources should be settled.
- 15.9 If the Bank or the person settling the transactions is unable to transfer the purchased investment instruments to the Client's Asset Account because the correct Asset Account number was not specified, the Bank shall be authorised to transfer such investment instruments to its own asset account temporarily and request the Client to provide it with the correct Asset Account number. If the Client does not provide the correct number to the Bank, the Bank shall be authorised to sell the investment instrument, use the proceeds from the sale to pay any receivables from the Client that arose in connection with the purchase and transfer the remainder of the proceeds to the Client's Advances Sub-Account.
- 15.10 Based on the Client's Instruction, the Bank shall also arrange for the settlement of transactions that have been closed without the Bank's participation.
- 15.11 Based on the Client's request, the Banks shall provide the client with information about the various settlement centres of which the Bank is a member and their main rules.
- 15.12 Valuation of investment instrument shall be performed on a monthly basis in the Bank's trading system. The Client's various positions are always valued as at the last business day in the respective calendar month using the "close price" attained on such day on the respective market. In the event that the last business day was not a trading day on the respective market, the position is revaluated using the price attained on the last trading day in the respective calendar month.
- 15.13 For calculating the valuation of a negotiable instrument, the value, determined as the sum of the acquisition value and the aliquot interest income as at the day of the calculation, shall be used. The interest rate, if not specified in the interest clause of the negotiable instrument, shall be determined based on the difference between the acquisition and book value of the negotiable instrument and the time of acquisition and maturity of the note.
- 15.14 The provision of Article 15.12 hereinabove shall not apply to certificated investment instruments.

#### **ARTICLE 16**

##### **Power of Attorney**

- 16.1 By signing the Agreement, the Client grants a power of attorney in favour of the Bank to perform legal acts in accordance with the various authorisations set out in the Agreement and its annexes.
- 16.2 By delivery of the Instruction to sell investment instruments or the Instruction to buy investment instruments to the Bank, the Client authorises the Bank to perform all legal acts associated with the execution of an Instruction to sell investment instruments or an Instruction to buy investment instruments. By delivery of an Instruction to execute some other operation, the Client authorises the Bank to all legal acts associated with the execution of such Instruction and required to complete such Instruction.

#### **ARTICLE 17**

##### **Transfer of Investment Instruments**

- 17.1 If the Client submits an Instruction to transfer investment instruments between clients or traders, he must have sufficient monetary resources on his Advances Sub-Account to settle the Bank's fee and other costs associated with the transfer.

#### **ARTICLE 18**

##### **Information about Executed Instructions and Balance of the Client's Assets**

- 18.1 The Bank shall inform the Client in the way specified below about the execution of the Client's Instruction. The Bank shall send the Client

information about the executed Instruction at the latest on the day following the day of execution of the Instruction, unless agreed otherwise. If the Bank forwards the Instruction to a third party for execution, it shall send the information about the executed Instruction at the latest on the business day that follows the day of delivery of the confirmation from the third party, provided conveyance of the information depends on confirmation of the third party.

- 18.2 Information about the executed Instruction contains information in the scope stipulated by legal regulations. At the end of the calendar month, the Bank shall send the Client a monthly overview of all Client's executed Instructions and all movements of monetary resources over the past calendar month. Information in this section shall be sent by the Bank by electronic mail to the e-mail address specified by the Client in the Agreement and/or via the Internet Banking, unless agreed otherwise between the Client and the Bank.
- 18.3 The Bank shall also send to the Client, in the scope and under the conditions stipulated by legal regulations, information about the state of the Client Assets registered on the Client Account.
- 18.4 Information about executed Instructions, balances and movements of investment instruments and monetary resources recorded on the Client Account shall also be made available via the Internet Banking to Clients who have access to this application. The Bank hereby informs the Client that information published in the Internet Banking is only of a preliminary, non-binding nature until the transactions are settled. The information becomes binding at the moment that transactions are settled.

#### **ARTICLE 19**

##### **Management and Custody of Investment Instruments**

- 19.1 The management and custody of investment instruments shall be arranged for the Client by the Bank only in the case of investment instruments purchased through the Bank, unless agreed otherwise by the Client and the Bank. The Bank shall use third parties, i.e., contractual parties, to arrange management and custody services.
- 19.2 By signing the Agreement, the Client authorises the Bank to transfer the fulfilment of some of its obligations in the area of management and custody to its contractual partners.
- 19.3 The Bank shall not be obliged to accept into custody certificated investment instruments containing legal or factual deficiencies.
- 19.4 The Bank shall notify the Client by way of an advice note about various corporate actions regarding investment instruments in the Client's portfolio for which the Bank provided management and custody services immediately after the Bank receives the advice note from its custodian.

#### **ARTICLE 20**

##### **Credit and Loans of Investment Instruments and Financial Collateral**

- 20.1 The Bank shall provide the Client with investment services in the form of credit or loans of investment instruments for the purposes of facilitating trading with investment instruments, which the Bank takes part in as the provider of the credit or loan. The credit or loan of investment instruments shall not constitute consumer credit in accordance with Section 4 (1) (a) of Act No. 257/2016 Coll., on consumer credit, and the Bank shall not be deemed a creditor or agent in accordance with the aforementioned law. The Bank shall be entitled, but not obliged, to provide the Client with credit or a loan of investment instruments for the purposes of facilitating trading with investment instruments in the way stipulated in the relevant Agreement and these Business Terms and Conditions. The Bank, especially if insufficient monetary resources are recorded on the Client Account for the execution of the purchase of investment instruments, may provide the Client with credit, utilisation of which will allow the Client to submit Instructions to buy investment instruments.
- 20.2 The Bank shall provide Clients with credit or a loan of investment instruments especially in the form of an Authorised Overdraft, which is defined in Article 23 hereof, through short sales or repo operations, where in such case the content of this contractual relationship and the rights and obligations of the Bank and the Client are set out in the Master Agreement for Financial Transactions.
- 20.3 The Bank shall be entitled to determine at its own discretion the amount of the credit to be provided to the Client.
- 20.4 The Bank and the Professional Client agree that the existing and future loan receivables shall be secured by financial security which shall have the nature of transfer of financial collateral in the Bank's favour, and the Bank and the Non-Professional Client agree that the existing and future receivables from loans shall be secured by a financial security which shall have the nature of a security interest in financial collateral for the benefit of the Bank. The financial collateral consists or shall consist of all of the Client's investment instruments that are or will be credited to the Client Account and of all cash funds carried on the Client Account. The Client may dispose of investment instruments and cash funds carried on the Client Account in accordance with these Business Terms and Conditions. If the provided loan, together with all related receivables, has not been sufficiently secured by the Client (whether due to the development of the price of the investment instrument, the

exchange rate of the currency pair, suspension of trading in the investment instrument, an adjustment of the amount of the limit of the Client's exposure to the Bank or a change of the haircut parameters by the Bank in relation to the investment instrument or foreign currency in accordance with these Business Terms and Conditions or any other event), the Bank shall ask the Client to supplement the collateral of the provided loan, i.e. to transfer of the specified number of investment instruments to the Client Account and/or to deposit at least the amount of cash funds determined by the Bank on the Cash Account. If the Client fails to comply with the Bank's request and to supplement within 24 hours after dispatch of the request (unless a longer time limit is set expressly by the request) sufficient collateral of the provided loan, or if, during such time limit, the market value of investment instruments or of the foreign currency serving as collateral further declines or there occurs any significant market event affecting the determination of the value of secured loan receivables of the Bank, all credit and loans shall become immediately due and payable and the Bank shall be entitled: (i) to set off the value of the cash funds carried on the Client Account with all loan receivables and/or (ii) to sell the investment instruments serving as collateral in accordance with the Agreement and to apply the acquired cash funds towards payment of its loan receivables. In such case, the Bank shall sell the investment instruments for their market value through a regulated market elected by it or outside the regulated markets, or in another way used commonly in the financial market, without the terms of sale being subject to an approval of the court or of any other public authority. In the document titled "Summary of Investment Instruments and Currencies Accepted by the Bank as Collateral for the Provided Loan", the Bank specifies with respect to each investment instrument through which it will primarily sell the investment instruments serving as collateral. In case of such sale, the Bank shall be entitled to give priority to quick sale over potentially higher yield from the sale of collateral. If the Bank keeps two or more Client Accounts for the Client, the Client's collateral shall be assessed by the Bank at all times primarily in relation to the investment instruments and cash funds kept on the Client Account which was designated by the Client in his request for provision of the loan. If the Client fails to do so, the Client's collateral shall be assessed by the Bank at its own discretion and the Bank shall not be liable for any damage caused thereby to the Client. In case of failure to replenish the collateral for the Bank's receivables on the specific Client account of the Client, the Bank may also realise in accordance with the above-mentioned procedure the collateral provided to secure receivables from another Client Account held by the Client.

20.5 An overview of the investment instruments and foreign currencies accepted by the Bank as collateral and the minimum amount of collateral required for credit provided by the Bank to the Client is published on the Bank's Website. Each investment instrument and Bank approved foreign currency shall have a "haircut" parameter allocated to it; this parameter stipulates the minimum percentage of own resources for opening margin positions with such investment instrument, or currency deal. In the case of portfolios with more than one position, the basic haircut shall equal the weighted average of the investment instruments or foreign currency positions in the Client's portfolio (the weights are equal to the volumes of the various types of investment instruments or foreign currency positions). Each investment instrument and currencies shall be assessed individually, and the Bank reserves the right to adjust the haircut (reduce or increase the haircut).

20.6 The Bank reserves the right in exceptional circumstances to provide credit with lower collateral than the minimum amount of collateral stipulated for the credit on the Website. The Bank also reserves the right to accept investment instruments not stipulated on the Website as collateral for credit, with the minimum of such collateral being stipulated by the Bank in each case at its own discretion. If the monetary resources and/or the investment instrument serving as collateral are partially or entirely in a different currency than the currency in which the credit is provided, then the calculation of the collateral that has to be provided for the credit shall not only take into account changes in market value of the investment instruments, but also currency fluctuations related to the credit and investment instruments.

20.7 The Client shall provide information on an ongoing basis about the balance of his portfolio, the market value of investment instruments provided as credit collateral as well as about the total credit collateral, and provide the required number of investment instruments or amount of monetary resources to supplement the collateral if required. The Client hereby notes and agrees that the obligation to monitor the balance of his portfolio, monetary resources and the market value of the investment instruments provided as credit collateral as well as the total credit collateral is one the primary obligations of a Client trading on credit and may not be assigned to the Bank or a third party. The market value of an investment instrument means the price for which the investment instrument may be purchased or sold in the relevant regulated market determined by the Bank. The relevant market for the determination of the price of a specific investment instrument is stated in the document "Summary of Investment Instruments and Currencies Accepted by the Bank as Collateral for the Provided Loan".

The relevant market for the determination of the price of an investment instrument that is not included in the Summary shall be determined by the Bank.

20.8 If, upon conclusion of a transaction between the Client and the Bank, it is agreed during the term of such transaction to reduce the length of the respective transaction, the Client shall pay the Bank a fee (interest) for each day that the credit was provided.

20.9 For the purposes of stipulating and monitoring the value of the collateral for credit or a loan of investment instruments, supplementing the collateral and deciding on the early forced termination of credit or a loan of investment instruments, certain input values, terms and calculations of the Master Agreement for Financial Transactions, including all the annexes thereto, the text of which is available via the Bank's Website, shall be used, particularly the following ones:

a) "Margin Ratio" is expressed by the equation:

In case of Repo Transactions:  $MR = 1 / (1 - HC)$

In case of Securities Loans:  $MR = 1 + HC$

Where:

"MR" – Margin Ratio.

"HC" – Opening haircut, whose amount for each Financial Instrument or group of Financial Instruments is stipulated by the Bank and published on the Bank's website. HC is related to the total value of the Client's portfolio and is expressed by the ratio of the Client's own resources to total assets.

"Haircut" – Haircut is defined in accordance with Article 1(3) of the Margin Maintenance Annex of the Master Agreement for Financial Transactions, which is published on the Bank's Website.

The relationship between HC and Haircut is expressed as follows:

In Repo Transactions:  $Haircut = HC / (1 - HC)$

In Securities Loans:  $Haircut = HC$

b) "Exposure Threshold" in relation to the Bank's Adjusted Net Exposure to the Client in Derivatives Transactions is expressed by the following equation.

In the case of Repo Transactions:

$$\text{Client's Exposure +/- Independent Amount - Bank's Exposure} > \text{or} = (MR - 1) / (1 + MR) * \text{Client's Exposure}$$

In the case of Securities Loans:

$$\text{Client's Exposure +/- Independent Amount - Bank's Exposure} > \text{or} = (MR - 1) / (1 + MR) * \text{Bank's Exposure}$$

c) "Stop Loss Limit" in relation to the Adjusted Net Exposure to the Client in Derivatives Transactions is expressed by the following equation.

In the case of Repo Transactions:

$$\text{Client's Exposure +/- Independent Amount - Bank's Exposure} > \text{or} = 7 * (MR - 1) / [10 + 7 * (MR - 1)] * \text{Client's Exposure}$$

In the case of Securities Loans:

$$\text{Client's Exposure +/- Independent Amount - Bank's Exposure} > \text{or} = 7 * (MR - 1) / [10 + 3 * (MR - 1)] * \text{Bank's Exposure}$$

d) "Valuation Date" means each Trading Day.

e) "Deadline for Transfer of Margin":

i. If, in relation to the Bank's Adjusted Net Exposure to the Client in the case of Derivatives Transactions, the Exposure Threshold is exceeded, the deadline for executing a transfer of Margin under Article 2(2) of the Margin Maintenance Annex shall be 24 hours of the Bank sending the notice under Article 2(2) of the Margin Maintenance Annex (the "Margin Call") to the Client.

ii. Regardless of the previous paragraph (i), if, in relation to the Bank's Adjusted Net Exposure to the Client in the case of Derivatives Transactions, the Stop Loss Limit is exceeded, the Bank shall be entitled to immediately close, in compliance with professional care, the entire group or part of the Transactions used in the calculation of Adjusted Net Exposure in accordance with Article 1(1) of the Margin Maintenance Annex and carry out final settlement.

Such situation shall be considered an Event of Default in accordance with Article 6(1) of the General Provisions, with the Bank being entitled with immediate effect to withdraw from the unsettled Transactions. This approach shall not affect the Bank's entitlement to compensation for damages incurred by it.

20.10 Should investment instruments be listed on a number of markets, the Bank shall monitor the market price and assess the collateral based on the information obtained from all these markets. For the purpose of assessment of the value of the collateral, the Bank specifies the relevant markets in

relation to which it determines the market prices in the document titled "Summary of Investment Instruments and Currencies Accepted by the Bank as Collateral for the Provided Loan" published on the Bank's Website. In the event that at any time the sales price of the credit collateral (margin) on a given market, following conversion using the current exchange rate to the credit security (margin) currency, falls below the limit calculated using the procedure described above, the Bank is entitled to proceed in the manner stipulated in points i and ii above. In the event that the Bank sells an investment instrument denominated in a different currency than the currency of the outstanding amount of the credit and the currency of the related payments, the Client shall reimburse the Bank for any costs expended by the Bank in connection with undertaking the above procedure, especially for the transfer of investment instruments and executing foreign exchange transactions.

**ARTICLE 21  
Authorised Overdraft**

- 21.1 Should the Client not have sufficient monetary resources in the respective currency recorded on his Advances Sub-Account to settle the executed Instruction to purchase investment instruments and trading on credit will not be utilised, the Bank may allow the Client, at his request, to overdraw monetary resources in the respective currency from the Client's Advances Sub-Account (the "Authorised Overdraft") independent of whether the Client has sufficient monetary resources in the different currency at his disposal on the Client Account, unless the Client submitted at the same time an Instruction to trade with investment instruments and an Instruction to convert currency. Submission of an Instruction to purchase investment instruments for which the Client does not have sufficient monetary resources on the Client's Advances Sub-Account as at the date of settlement of the transaction in the respective currency is also deemed to be a request to utilise the Authorised Overdraft.
- 21.2 The Client notes and expressly agrees that he shall pay the Bank the interest stipulated in the Investment Services Prices List for utilising the Authorised Overdraft. Should the Client be in delay with repaying the amount drawn from the Authorised Overdraft under the previous point, the Bank shall be entitled to charge default interest under the Investment Services Price List.
- 21.3 The Bank shall allow the Client to utilise the Authorised Overdraft especially if (i) on the day of settlement of the Instruction to buy investment instruments, which is to be settled using the Authorised Overdraft, the Client has or (ii) in connection with settlement of the Instruction to buy investment instruments, which is to be executed by the Bank and settled using the Authorised Overdraft, the Client will have, the number and structure of investment instruments required by the Bank and/or the amount of monetary resources required by the Bank in the relevant or other currency on his Advances Sub-Account (the "Authorised Overdraft Collateral"). The Bank is, however, authorised to allow utilisation of the Authorised Overdraft in the absence of Authorised Overdraft Collateral.
- 21.4 A summary of investment instruments and currencies accepted by the Bank as Collateral for Permitted Debit is published on the Bank's Website in the document titled "Summary of Investment Instruments and Currencies Accepted by the Bank as Collateral for the Provided Loan". The Bank reserves the right in exceptional cases to allow utilisation of the Authorised Overdraft with a lower amount of collateral than the minimal amount of collateral stated on the Bank's Website. Furthermore, the Bank also reserves the right to accept as Authorised Overdraft Collateral investment instruments not specified on the Website, with the Bank setting the minimum Authorised Overdraft Collateral individually in such case at its own discretion. If the monetary resources and/or investment instruments serving as collateral are partially or entirely in a different currency than the currency in which the credit is provided, then when calculating the credit collateral that has to be provided, currency fluctuations related to the credit and investment instruments as well as changes in the market value of the investment instruments shall be taken into account by the Bank.
- 21.5 The Client shall repay the amount of each individual Authorised Overdraft utilised in one calendar week to the Bank no later than on the last business day of such calendar week (the "Authorised Overdraft Maturity Date"). If the Client on the Authorised Overdraft Maturity Date fails to repay the due amount and at the same time fulfils the conditions for drawing the Authorised Overdraft, he shall be entitled to request a further drawdown, being required at the same time to first use such drawdown to repay his due payables to the Bank arising from the execution of the Client's Instructions to purchase investment instruments. In such case, the fulfilment of the conditions for utilising the Authorised Overdraft stipulated in the previous paragraph shall also be deemed an application for utilisation of Authorised Overdraft. If the Client does not fulfil the conditions for utilising the Authorised Overdraft as at the Authorised Overdraft Maturity Date, the Bank shall be entitled to proceed in the way set out in paragraphs i. and ii of Article 20 hereinabove.
- 21.6 For the purposes of determining and monitoring the value of the Authorised Overdraft Collateral, supplementation of the collateral and early forced

termination of the Authorised Overdraft, the procedure set out in Article 20 on repo transactions shall be applied.

- 21.7 The Client expressly agrees that following settlement of the Instruction to purchase investment instruments, which the Authorised Overdraft should be used to settle and which was executed (a) on the BCPP (i) a Suspension of the owner's right to dispose of dematerialised investment instruments and what is known as market blocking will be registered in favour of the Bank in the case of the Client's dematerialised investment instruments maintained on the Client's Asset Account and (ii) continued custody of the Client's investment instruments at the stock exchange depository on an account maintained in the Bank's name will be secured, (b) on a foreign market, these investment instruments of the Client will be recorded on an omnibus account or on the Client's individual account to which a right of disposal was established for the Bank or a third party.

**ARTICLE 22  
Short Sales**

- 22.1 Short sales shall be understood to mean a situation where the Client sells investment instruments which are not in his ownership at the time of conclusion of the transaction, where, as a rule, he has borrowed these investment instruments from the Bank or has agreed on their provision in a different way when settling the transaction. The Bank shall allow the Client to short sell in the event that it is able to provide the Client's requested investment instruments from accessible sources. If the Bank does not have the requested investment instruments at its disposal or cannot arrange for them in some other way, the Client's submitted Instruction to short sell shall not be executed.
- 22.2 The Client shall return the borrowed investment instruments to the Bank and pay the Bank the fee specified in the Investment Services Price List by the deadline agreed with the Bank. The Bank shall be entitled to ask the Client to return the investment instruments prior to expiration of the agreed deadline and, in such case the Client shall return the borrowed investment instrument to the Bank by such deadline.
- 22.3 The other provisions in this section of these Business Terms and Conditions on credit and loans of investment instruments (especially Article 20 hereof) shall apply mutatis mutandis to the assessment and provision of investment instruments to the Client by the Bank.

**ARTICLE 23  
Unauthorised Overdraft**

- 23.1 If for any reason (especially as a result of the Client's transactions, development of the value of collateral, changes in the minimum collateral required by the Bank, withdrawal of monetary resources by the Client) a receivable arises for the Bank from the Client and such receivable cannot be deemed to be an Authorised Overdraft, this shall be seen as utilisation of an unauthorised overdraft (the "Unauthorised Overdraft").
- 23.2 For the Unauthorised Overdraft, the Bank shall be entitled to interest specified in the Investment Services Price List.
- 23.3 The Client shall repay the Unauthorised Overdraft immediately even without being requested by the Bank to do so.
- 23.4 In the event that the Client fails to repay the Unauthorised Debit immediately, the Client expressly agrees that the Bank, for the purpose of settling the receivable from the Unauthorised Overdraft, shall be entitled to sell the pertinent number of investment instruments selected by the Bank at its own discretion and to use the proceeds from such sale to satisfy its receivable as an alternate payment.

**ARTICLE 24  
Trading with Collective Investment Securities**

- 24.1 This article addresses trading with collective investment securities, including Model Portfolios, and stipulates any variances and other rules and procedures associated therewith. If the wording in this article differs from the wording of other articles of the Business Terms and Conditions, this article shall have priority for trading with collective investment securities. For matters related to trading with collective investment securities not regulated in this article, the other provisions of the Business Terms and Conditions shall be used mutatis mutandis.
- 24.2 The contractual relationship between the Bank and Client regarding trading with collective investment securities shall always comply with the statutes (prospectus) of the collective investment fund pertaining to the securities in question.
- 24.3 By signing the Agreement, the Client declares that has become acquainted with the statutes (prospectus) of the collective investment fund pertaining to the securities he intends to trade based on the Agreement.
- 24.4 Certain specific conditions and rules regarding investment in the securities of a certain collective investment fund that are not set out in the Agreement or these Business Terms and Conditions are set out in the statutes (prospectus) of the respective collective investment fund.
- 24.5 A Client's Instruction to execute transactions with collective investment securities shall contain the information stipulated in these Business Terms and Conditions with the following specifics:

- a) Direction of transaction – purchase (issuance), sale (redemption), transfer; transfer shall mean the sale of collective investment securities of a certain fund/sub-fund and the concurrent purchase for the same amount of monetary resources (after deduction of the pertinent fees) of collective investment securities of a different collective fund/sub-fund, provided the statutes (prospectus) of such collective investment fund/sub-fund allows for this.
- b) Number of collective investment securities (in the case of sale or transfer) or volume of monetary resources designated for buying collective investment securities (in the case of purchase); if the term “all” is specified instead of the number of pieces in the case of a sale or transfer of a certain collective investment security, it shall be understood that the Client gives the Instruction to sell/transfer all such securities recorded by the Bank on his Client Account; in the event that the amount of monetary resources are specified for the purchase of collective investment securities, the pertinent collective investment securities are purchased for the Client for the specified amount, less the relevant Bank fee and any costs incurred by the Bank in connection with the transaction.
- c) Information about the price of an investment instrument and the price limit shall not apply in the case of an Instruction regarding collective investment securities; in case of the Instruction with price limit the Bank will refuse the Instruction.
- d) Information about the market, its segment or other transfer location shall not apply to an Instruction regarding collective investment securities; in the case of collective investment securities not traded on a regulated market, the Bank buys such securities directly from the issuer (issuance of security) and in the same way sells the securities directly to their issuer (redemption of securities); in the case of collective investment securities traded on a regulated market, the Bank executes such transactions on such regulated market.
- e) Validity of the Instruction; unless agreed otherwise between the Bank and the Client, the Instruction is valid for a period of 90 days following the day on which it was received by the Bank.
- f) Time of submission of the Instruction shall not require in case of an Instruction regarding collective investment securities.
- g) Specification whether the Instruction may be satisfied only in part; if the Instruction does not contain such specification, it is understood that the Client does not agree with partial execution of the Instruction.
- 24.6 The Client shall be entitled to submit to the Bank Instructions regarding collective investment securities in the manner set out in Article 10. The transfer or deposit of monetary resources in the respective currency to the Cash Account under the conditions agreed with the Bank shall be a specific way of submitting an Instruction in the case of a one-off purchase of collective investment securities. An Instruction shall be effective for the Bank on the day that the monetary resources are credited to the Cash Account and only in the event that the payment is duly identified in accordance with Article 9.3 hereof. If the Client failed to duly identify the payment, the Bank shall bear no liability for damage caused by the Instruction not being executed or executed incorrectly as a result.
- 24.7 In the event that the Client via a single form or directly in the Agreement submits a number of Instructions pertaining to a number of collective investment securities, these Instructions shall be executed by the Bank in the order in which they were written on the form or in the Agreement. The Bank shall execute the Client's Instruction regarding the collective investment securities in the terms set out in the "Operating Day Time Schedule", published on the Website.
- 24.8 The provisions of the Business Terms and Conditions regarding credit, authorised overdraft and short sales shall not apply to trading with collective investment securities, unless agreed otherwise between the Client and the Bank.
- ARTICLE 25**  
**Regular Investment in Collective Investment Securities**
- 25.1 Regular investment in collective investment securities shall be understood to mean a group of Instructions by the Client to purchase securities of a certain collective investment fund/sub-fund.
- 25.2 The Client shall set the parameters of the regular investment in the Instruction.
- 25.3 The Client in the framework of regular investment shall choose how often and for what amount the Bank has the obligation to purchase the respective collective investment securities.
- 25.4 Total planned invested amount shall be understood in the case of (i) a monthly amount as the product of the monthly amount designated for the various purchases that is stipulated in the Instruction and duration expressed as the number of months of regular investment, (ii) a quarterly amount as the product of the quarterly amount designated for the various purchases that is stipulated in the Instruction and duration expressed as the number of quarters of regular investment, (iii) a half-year amount as the product of the half-annual amount designated for the various purchases that is stipulated in the Instruction and duration expressed as the number of half-years of regular investment, and (iv) a one-year amount as the product of the one-year amount designated for the various purchases that is stipulated in the Instruction and duration expressed as the number of years of regular investment.
- 25.5 If the “Total planned invested amount” stated in the Instruction does not correspond to the amount calculated under the previous paragraph, the Bank shall not take into account such amount and shall calculate the fee from the total planned invested amount calculated in the manner specified in the previous paragraph.
- 25.6 Methods of payment of the Bank's fee:
- a) In advance – in connection with this method of payment, the Client pays the total Bank fee at the moment of execution of the first of a number of regular Instructions; the Client is obliged to have sufficient monetary resources on his Client Account at such moment.
- b) Gradually – in connection with this method of payment, the amount designated for each purchase of collective investment securities is divided up into two parts according to a specific ratio; the first part will be used to pay the Bank's fee gradually until it is paid in full and the second part will be used by the Bank to purchase collective investment securities in compliance with the Instruction. If not agreed otherwise in the Instruction, such ratio shall be 100:0.
- c) Regularly – in connection with this method of payment, the Client pays the Bank's fee at the moment of execution of each regular Instruction in the amount under the Investment Services Price List.
- 25.7 If the Client chooses “in advance” or “gradually” as the method of payment of the Bank's fee, but the purchase of the securities in the total planned amount specified in the Instruction does not take place, the Client shall not be entitled to a refund of any amount of the Bank's fee already paid; this does not apply in case of withdrawal from the Agreement.
- 25.8 The Bank shall execute the purchase of collective investment securities on the 15th day of the month, unless a different day of the month is agreed with the Client (or the nearest preceding business day if the 15th day or other agreed day of the month is not a business day), or in the case of investment in J&T LIFE at the Client who originally invested in TCF on the 23rd day of the month (or on the nearest preceding business day if the 23rd day is not a business day). The Client shall ensure that sufficient funds are available on his Client Account three days prior to such day and on such day to allow the Bank to execute in full the Instruction to purchase investment instrument.
- 25.9 If the Client chooses a quarterly frequency of investment in the Agreement or Instruction, the Bank shall carry out the purchase of collective investment securities always on the 15th day or in the case of investment in J&T LIFE at the Client who originally invested in TCF on 23rd day of each third consecutive month of the calendar year, unless a different day of the calendar quarter is agreed with the Client (or the very next business day if such day is not a business day). The second sentence of Article 25.8 hereof shall apply mutatis mutandis in this case.
- 25.10 If the Client chooses a half-year frequency of investment in the Agreement or Instruction, the Bank shall carry out the purchase of collective investment securities always on the 15th day or in the case of investment in J&T LIFE at the Client who originally invested in TCF on 23rd day of each sixth consecutive month of the calendar year, unless a different day of the calendar half-year is agreed with the Client (or the nearest preceding business day if such day is not a business day). The second sentence of Article 25.8 hereof shall apply mutatis mutandis in this case.
- 25.11 If the Client chooses a one-year frequency of investment in the Agreement or Instruction, the Bank shall carry out the purchase of collective investment securities always on the 15th day or in the case of investment in J&T LIFE at the Client who originally invested in TCF on 23rd day of a selected month of the calendar year, unless a different day of the calendar year is agreed with the Client (or the nearest preceding business day if such day is not a business day). The second sentence of Article 25.8 hereof shall apply mutatis mutandis in this case.
- 25.12 If sufficient funds are not available on the Client Account at the agreed time, the Bank shall not carry out the purchase even in part, unless agreed otherwise between the Client and the Bank.
- 25.13 The Client shall be entitled to change the parameters of the investment, especially to increase or decrease the amount or change the duration of regular investment in the manner agreed with the Bank.
- 25.14 The Bank shall send the Client information about Instructions regarding collective investment securities executed regularly at least once every six months. The provisions of Article 18 hereof shall apply mutatis mutandis.
- ARTICLE 26**  
**Management of Managed Portfolios**
- 26.1 For the purpose of managing a Managed Portfolio, the Bank shall be authorised to carry out all operations (acts) that it deems appropriate and practicable in the scope agreed under these Business Terms and Conditions, the Agreement and the annexes thereto, especially to conclude related agreements on the purchase, sale and safekeeping of investment

- instruments, agreements on deposit and agreements on primary subscription of investment instruments, as well as to carry out foreign exchange operations associated with these transactions while exercising the corresponding professional care.
- 26.2 Professional care shall in particular mean any action taken by the Bank in the Client's interests to achieve the objectives of the Agreement and the annexes thereto while maintaining confidentiality and prudence. The Bank shall purchase and sell Investment Instruments in the Managed Portfolio in a way that allows it to achieve the best attainable conditions at the given moment. For this purpose, the Bank shall be authorised to aggregate Instructions to buy and sell investment with other Instructions, sell the Client an Investment Instrument in its ownership or purchase an Investment Instrument from the Client
- 26.3 The Bank shall strive for the optimum performance of the Managed Portfolio with regard to the arrangements in the Agreement or the annexes thereto which define the admissible degree risk. The Bank does not guarantee the Client any specific appreciation or growth in market value of the Managed Portfolio in every time period. The Bank does not guarantee that during the existence of the Managed Fun there will be no drop in the market value of the Investment Instruments in the Managed Portfolio and shall not be liable any way to the Client for such drop.
- 26.4 The Client shall be entitled to dispose of the Investment Instruments in the Managed Portfolio exclusively via the Bank in the manner set out in these Business Terms and Conditions, the Agreement or the annexes thereto. The Client shall not be authorised to submit to the Bank Instructions regarding transactions with Investment Instruments in the Managed Portfolio.
- 26.5 The Bank shall commence management of the Managed Portfolio as of the day when the Investment Instruments become available to the Bank in the Managed Portfolio; the Bank shall manage only those Investment Instruments that are available in the Managed Portfolio.
- 26.6 The Client shall notify the Bank about his intent to transfer to the Bank Investment Instruments that are to become part of the Managed Portfolio. In the case of such transferred Investment Instruments, the Client has to be the exclusive and unrestricted owner and holder of the right to dispose of these Investment Instruments.
- 26.7 The Client shall be entitled to submit at any time an Instruction to transfer monetary resources from the Managed Portfolio. Such Instruction shall not be an Instruction in accordance with Article 26.4 hereof.
- 26.8 The Client shall also be authorised at any time to exempt any part of the assets consisting of the investment instruments from the portfolio by way of a notification. The provisions of Article 26.10 shall apply analogously to the exemption of investment instruments.
- 26.9 For the purposes of the transfer of monetary resources from the Managed Portfolio according to Article 26.7 hereof, the Bank shall decide at its own discretion which Investment Instruments it shall use for the purposes of obtaining monetary resources that are the subject of the Instrument to transfer monetary resources.
- 26.10 The Bank shall send the monetary resources that are the subject of the Instrument to transfer monetary resources to the Authorised Account within 15 business days of receiving the Instruction to transfer monetary resources, provided the Managed Portfolio is sufficiently liquid. In the opposite case, the Bank shall send the monetary resources within five business days of the day that it acquired them.
- 26.11 The Client shall remain the owner of all Investment Instruments in the Managed Portfolio always up until the moment that a certain part of the Investment Instruments is settled as part of transactions managed by the Bank.
- 26.12 The Client hereby notes and agrees that the Investment Instruments may be kept on so-called omnibus or nominee accounts together with Investment Instruments of other clients of the Bank. The Bank shall keep analytical records in respect of the omnibus accounts that allow it to identify the owner of the Investment Instruments kept in the omnibus account.
- 26.13 Investment instruments that the Bank purchases or otherwise obtains for the Client as of the day of conclusion of the Agreement, as well as monetary resources that will be credited in favour of the Managed Account to the client's cash accounts, and all revenue ensuing from the various investments of the Managed Portfolio, such as capital gains, interest, dividends and paid out vouchers, shall automatically become part of the Managed Account. If the Client receives payment from a third party in connection with the assets contained in the Managed Portfolio, such payment shall, for the purposes of calculating considerations under the Investment Services Price List, be deemed as revenue (appreciation) of the Managed Portfolio.
- 26.14 The Bank and the Client shall communicate with each other in the way specified in the Portfolio Management Agreement or in the annexes thereto.
- 26.15 The Bank shall send at least the following information to a Client who has concluded a Securities Portfolio Management Agreement with the Bank:
- Monthly report on the state of the portfolio
  - Final confirmation of executed transactions in the respective month
  - Statements from the various client accounts for the respective month
- 26.16 The Client shall be entitled to request in writing that the dispatch of the information under Article 26.15 be stopped.
- 26.17 The information under Article 26.15 shall not be deemed information on the state of the Client's assets provided pursuant to applicable legal regulations.
- 26.18 The Bank shall send information about the state of assets as part of its management of the customer's assets once every six months in the manner agreed in the Agreement or the annexes thereto. The Client has the possibility to request that such information be sent once every three months.
- 26.19 The Banks shall send information on the state of assets as part of its management of the customer's assets once per month only if the Agreement with the Client allows the Managed portfolio to be managed using the leveraging effect.
- 26.20 The Client shall provide the Bank with the cooperation necessary to allow the Bank to manage the Managed Portfolio, namely to grant the required powers of attorney in favour of the Bank.
- 26.21 The Bank shall not be authorised to represent the Client in matters regarding the voting rights ensuing from the Investment Instruments contained in the Managed Portfolio. If the Client is interested in such type of representation, this shall be the subject of a special arrangement between the Bank and the Client.

**ARTICLE 27  
Investment Advisory**

- 27.1 If the Client concludes an Investment Advisory Agreement with the Bank, the Bank shall provide the Client with Investment Advisory regarding the Client's Portfolio in the scope and under the terms and condition set out in such agreement and the Terms and Conditions, and the Client shall pay the agreed fee to the Bank for such service
- 27.2 The conclusion of a Consignment Agreement shall be a condition to the conclusion of an Investment Advisory Agreement.
- 27.3 An investment recommendation (the "Recommendation") shall represent an individualised recommendation aimed at the operation of an investment instrument or a group of investment instruments in the framework of the Client's Portfolio.
- 27.4 The Bank shall make Recommendations to the Client in intervals which it deems appropriate with regard to developments on the capital markets, but at least twice per year.
- 27.5 The Bank shall monitor the Client's Portfolio and the various investment instruments on a continuous basis and if need be, when it deems it appropriate, shall make Recommendations even outside the framework set by the Investment Advisory Agreement. At the same time, the Client shall be entitled at any time to request the Bank to draw up a Recommendation to an investment instrument or a group of investment instruments. In such case, the bank shall draw up a Recommendation within 10 days of receiving the request to draw up a Recommendation.
- 27.6 The Client shall not be obliged to follow the Recommendation and shall be free to decide whether or not to follow the Recommendation. The Client shall not be entitled to demand from the Bank compensation for damage or lost profit as a result of following the Recommendation, as an investment decision is always and only the Client's decision and as such the Client bears full responsibility for it.
- 27.7 The Client shall also be entitled to execute transactions with investments based on his own judgement and without regard for the Recommendation given.
- 27.8 The Client shall submit to the Bank an Instruction to execute operations with an investment instrument based on a Recommendation in the way specified in the appropriate provisions of the Business Terms and Conditions hereof.
- 27.9 The Client shall not be entitled to disclose the content of the Recommendation to third parties or publish the content thereof.

**ARTICLE 28  
Transactions with Futures Contracts**

- 28.1 In the event that the Client plans to execute a transaction with a futures contract, the terms and conditions set out in this article shall be observed by him.
- 28.2 Before executing a transaction with futures (opening Long or Short positions):
- the Client shall have monetary resources on his Client Account at least in the amount that corresponds to the value of the Minimum Margin Deposit (a cash advance specified by the Bank for the Client and intended to secure the future fulfilment of obligations under the contract by the Client and set by the Bank as a percentage of the agreed value of the contract and that the Client, in the event of execution of the contract, is obliged to maintain on the Client Account), which is equal to the value of the opening collateral (margin), the actual amount of which is specified on the Website; or
  - the ratio of the value of the Client's Portfolio to all of the Client's payables to the Bank shall be equal to at least the value of the opening collateral (margin), the actual amount of which is specified on the Website.

- 28.3 If it becomes necessary as part of the daily settlement of gains and losses on the CDCP to provide the CDCP with monetary resources to supplement the collateral (margin) of the Client's open position to the level of the Minimum Margin Deposit specified by the CDCP, the Bank shall be entitled to collect such monetary resources from the Client Account and transfer such monetary resources to the CDCP.
- 28.4 During an Open Position in futures, the Client shall always be required to maintain the minimum level of 30% of the value of the opening collateral (margin).
- 28.5 If the Client is unable to supplement the necessary monetary resources on the Client Account, he may close the Open Position himself.
- 28.6 The Client shall be fully responsible for monitoring the actual amount of the Minimum margin deposit specified by the Bank and the CDCP and is fully aware of the risks that may arise if the monetary resources on his Client Account are insufficient to top up the Minimum Margin Deposit specified by the CDCP and the Bank.
- 28.7 If the Client does not have sufficient monetary resources to supplement the collateral (margin) of the Open Position in a futures contract, the Bank shall be entitled to provide him with credit – Authorised Overdraft – for this purpose.
- 28.8 The provisions on Authorised Overdraft shall apply to the assessment and provision of credit in connection with transactions with futures contracts.

#### ARTICLE 29

##### Transactions with Options, Execution of Options

- 29.1 This article regulates the rules for transactions with options and for the execution of options through the Bank.
- 29.2 If the Client submits an Instruction regarding options, he shall ensure that the Instruction will contain the following information in addition to the particulars specified in Article 10.17 hereof:
- Type of option (purchase - call or sale - put)
  - Execution price (strike price)
  - Maturity of option (maturity)
  - Specification of the underlying asset (by way of ISIN)
- 29.3 If the Instruction under Article 29.2 hereof does not contain all of the required data, the Bank shall not be obliged to execute such Instruction.
- 29.4 If the option is out of money on the maturity date, the Client shall not be entitled to take any action and the option expires.
- 29.5 If the option is in the money on the maturity date, the option is automatically realised and the stipulated number of investment instruments (of the underlying asset) will be bought for the Client in the case of a call option or the stipulated number of investment instruments (of the underlying asset) sold in the case of a put option and the Client shall thus pay the strike price of the option or provide the appropriate investment instrument.
- 29.6 In the event that the option is executed under Article 29.5 hereof, the Client shall be obliged to have a sufficient amount of monetary resources or a sufficient number of the specified investment instruments on his Client Account to pay the option strike price or to handover the investment instruments. If that is not the case, it shall be assumed that the Client requests credit or a loan of investment instruments from the Bank with all of the implications associated therewith under the Agreement or these Business Terms and Conditions. The Bank shall be authorised to close the position ensuing from the option if it does not approve the Client's request under the previous sentence, especially in the situation where the Client does not fulfil the terms and conditions for being granted credit or a loan of investment instruments (e.g., unavailability of the required investment instruments, negative credit rating, absence of the appropriate documentation).

#### ARTICLE 30

##### Currency Conversion

- 30.1 In connection the provision of investment services, the Bank shall arrange the cashless conversion of currency.
- 30.2 The currency conversion Instruction shall be in the form of an Instruction according to these Business Terms and Conditions and contain at least the following:
- Client's identification
  - Direction of transaction (buy, sell)
  - Currency into which the monetary resources should be converted
- 30.3 Currency conversion shall take place via foreign exchange transactions. To convert currency, the exchange rate agreed between the Bank and the Client shall be used. The settlement period of foreign exchange transactions is, as a rule, T+0.
- 30.4 Currency conversion can be carried out, outside of the cases stipulated by these Business Terms and Conditions, only based on the Client's Instruction.

#### ARTICLE 31

##### Financial Markets Data

- 31.1 As part of trading using the Internet Banking and under the Bank's stipulated terms and conditions, the Client shall be entitled to access data from the financial markets (the "Market Data").
- 31.2 The Client shall use the Market Data acquired based on the Agreement exclusively for his own use and in connection with the Agreement. The Client may not disseminate the Market Data and use it in favour of third parties. Failure to observe this obligation shall be deemed a serious breach of the Agreement by the Client.
- 31.3 Within the scope of his access to the Market Data, the Client is entitled to be provided final prices of each investment instrument from the previous trading day.
- 31.4 Subject to the terms set forth by the Bank, the Client may be provided with access to the Market Data from selected market in real time or with a pre-defined maximum delay. The Bank may charge a fee for the Client's access to such Market Data; the fee amount is set in the Price List of Investment Services. The Client acknowledges that the access to such Market Data is provided by the Bank through a contractual partner and the Bank is not liable in any way for the correctness of the contents of the data, their reported up-to-datedness and for any unavailability thereof which is not caused by the Bank.

#### ARTICLE 32

##### Fees, Commissions, Expenses and Taxes

- 32.1 By signing this Agreement, the Client undertakes to pay the Bank a fee and to reimburse the costs associated with the provision of investment services in the amount and in the way specified in the Investment Services Price List, unless agreed otherwise between the Client and the Bank. The Investment Services Price List includes the total price of the investment service provided, including all costs and fees related to the provision of the investment service. Costs shall be understood to mean particularly fees and other charges paid to the organisers of the regulated markets, settlement centres, custodians, depositories, securities traders, and the other contractual partners of the Bank. The latest version of the Investment Services Price List is published on the Bank's Website.
- 32.2 By signing the Agreement, the Client expressly agrees that the Investment Services Price List may be unilaterally changed by the Bank. The Client shall be informed about all changes by electronic mail sent to the Client's e-mail address and/or on the Website and/or via Internet Banking, if possible, at least 15 days in advance of such change. The Client shall become acquainted with the new version of the Investment Services Price List. The new version of the Investment Services Price List is binding for the Client as of its effective date. Should the Client not agree with the new version of the Investment Services Price List, he shall be entitled to withdraw from the Agreement within 15 days of the effective date of the new version of the Investment Services Price List.
- 32.3 The Client hereby notes that income from investment instruments are, or certain transactions as part of the provision of investment services may in some jurisdictions be, subject to taxes and mandatory fees. Unless agreed otherwise, the Bank shall not arrange payment of any taxes or fees for the Client (with the exception of Article 32.8 hereinbelow), and the Client shall be fully responsible for them. The Bank hereby informs the Client that taxation of income is dependent on the Client's personal background and may change. In connection with the provision of investment services, the Bank does not provide any legal, tax, accounting or similar advice.
- 32.4 The Investment Services Price List does not contain fees that the Client may incur when communicating with the Bank, especially costs and fees related to telecommunication services and costs related to obtaining hardware and software for communication with the Bank.
- 32.5 The Bank shall settle commissions, fees and expenditure in the form a deductions off the sales price in the case of a sale or a surcharge on the purchase price in the case of a purchase (transaction costs). The Bank shall settle commissions, fees and expenditure for the Client in relation to the Depository by debiting the Advances Sub-Account.
- 32.6 Commissions, fees and other payments under the valid Investment Services Price List for Portfolio Management shall primarily be settled by debiting the Managed Portfolio, unless agreed otherwise with the Client. The system for collecting the commissions and fees in question and the calculation methodology shall be indicated in the Investment Services Price List for Portfolio Management.
- 32.7 The Client shall become acquainted with the Investment Services Price List and with the current fees of the various markets with investment instruments on the day of concluding the Agreement and subsequently sufficiently in advance prior to the submission of the Instruction to the Bank. Any and all operations with investment instruments which are not set out in the investment Services Price List but are executed based on the Client's Instruction shall be paid by the Client in full on the basis of an invoice issued by the Bank; the Bank shall inform the Client in advance about this fact.

32.8 The Client shall submit to the Bank confirmation of his tax domicile; otherwise, the Bank shall proceed in accordance with the appropriate legislation, particularly Act No. 586/1992 Coll., on income taxes.

#### **ARTICLE 33**

##### **Communication and Dispatch of Statements**

- 33.1 The Client and the Bank shall communicate with each other in the following ways:
- In person
  - By telephone
  - By fax
  - By electronic mail
  - Through the website
  - Via the Internet Banking
  - In writing in document form
- 33.2 For each specific situation or operation (act), the Bank may request a specific way of communication. Specific ways of communication for various situations or operations (acts) are described herein, in the Agreement, in the Bank's other documents that are appended to the Agreement or are expressly required by the Bank or a legal regulation.
- 33.3 The Client shall always, upon the Bank's request, provide proof of identity either by presenting a valid Identity Card during personal meetings or, during telephone conversations, by providing the identification data requested by the Bank. The Client's identity may also be verified by a system of questions stipulated by the Bank.
- 33.4 The Bank shall communicate with the Client via its Website, especially in the following cases:
- Communication of changes to the Business Terms and Conditions
  - Communication of changes to information documentation or annexes to the Agreement, provided such documents have not been individualised for the Client
  - Communication of facts that are to be communicate in this way according to the Business Terms and Conditions or the Agreement
- 33.5 The Bank may also communicate the information under Article 33.4 hereinabove to the Client via electronic mail to the address specified by the Client in the header of the Agreement, provided the Client does not specify a different e-mail address for these purposes.
- 33.6 The Client hereby declares that he has sufficient resources and skills to use the internet and electronic mail, uses these services regularly and thus may learn of the information published on the Website or sent by the Bank via electronic mail prior to provision of the investment services by the Bank. The Client also agrees to communicate in the manner set out in Articles 33.4 and 33.5 hereof.
- 33.7 Should the Client require information to be provided in document form, he shall communicate this requirement to the Bank. Should the Client not require the information to be provided in document form, the Bank shall assume that the Client agrees with the provision of information via electronic means of communication (Website and/or electronic mail). In the event that the Bank is unable to deliver correspondence by registered post to the Client at the address specified by him, the correspondence shall be deemed to have been delivered on the third day following the day on which it was demonstrably sent by the Bank. The Bank hereby informs the Client that information provided in document form may bear a fee, with the amount of the fee being specified in the Investment Services Price List. The provision of information via electronic means of communication is free of charge.
- 33.8 The Client hereby notes that, in the case of electronic communication, loss, destruction, partial or delayed delivery, or unauthorised interception, use or transfer of data may occur. For this reason, the Bank and the Client are always obliged to proceed, if possible, in such a way as to reduce such risk as much as possible. In case of a breakdown of the communication equipment or trading system used by the Bank, the Client shall be informed about this fact prior to execution of the Instruction. In such case, the Bank shall agree individually with the Client on an alternative method of communication and means of carrying out the service.
- 33.9 All statements and notifications shall be sent by the Bank to the Client in the ways and by the deadlines stipulated in legal regulations.
- 33.10 Upon the Client's request, the Bank shall inform the Client about the state of an Instruction that has still not been executed by electronic mail to the Client's e-mail address specified in the Agreement, unless agreed otherwise with the Client.
- 33.11 The Client may communicate with the Bank in the following languages:
- Czech
  - Slovak
- 33.12 The Client may communicate with the Bank in a different language only upon agreement with the Bank.
- 33.13 The notifications under Article 33.4 hereof communicated by the Bank on its Website shall be published by the Bank primarily in Czech.
- 33.14 Notifications under Article 33.4 hereof sent by electronic mail may also be made, other than in Czech, in a language agreed between the Bank and the Client.

33.15 The balance statement pertaining to the Agreement shall be sent by the Bank only if requested by the Client.

#### **ARTICLE 34**

##### **Personal Data and Confidential Information**

- 34.1 In connection with contractual negotiations regarding the Agreement and the performance of the Agreement, the Bank notifies the Client of the extent and purpose of processing Client's Personal Data, of the entities that will process Client's Personal Data, of the manner of processing Client's Personal Data and of other rights and detailed information regarding personal data protection. The Bank notifies the Client of these facts by means of "Information on the processing of personal data", a document available on the Bank's operating premises and on the Website at [www.itbank.cz/osobni\\_udaje](http://www.itbank.cz/osobni_udaje).
- 34.2 Prior to concluding the Agreement and then during the course of the contractual relationship, the Client shall communicate to the Bank all Confidential Information and all Personal Data necessary for the provision of investment services.
- 34.3 The Bank is obliged to ensure, in accordance with legal regulations that records are kept about all services, activities and trades carried out by the Bank, including telephone calls. Copies of such records shall be available to the Client upon the Client's request for the period of five (5) years or for the period of seven (7) years if so required by the applicable supervisory authority. The Bank is entitled to request that the Client pay costs incurred in connection therewith.
- 34.4 The Client shall be liable for the verity, completeness, and accuracy of all data specified in the Agreement or in any other document submitted to the Bank. The Client shall inform the Bank immediately about any and all changes that occurred in any document submitted to the Bank and about any and all changes to the data provided to the Bank and to comply with the Bank's requirements in connection with any such changes. Should the Client fail to notify the Bank about changes to the data, the Bank shall not be liable to the Client for any damage caused by such failure; conversely, the Client is liable to the Bank for damage caused by breach of this obligation. If the Bank learns in any demonstrable way that any piece of the Client's data has changed, it shall perform the respective correction in its systems even without notifying the Client thereof.
- 34.5 The Client and the Bank are obliged maintain Confidential Information confidential and protect it against unauthorised publication, provision, access or misuse. This obligation shall continue even after the termination of the contractual relationship. Confidential Information may be disclosed only in the extent, to persons and under the conditions stipulated in legal regulations, or where applicable to other persons on the basis of Client's express consent.

#### **ARTICLE 35**

##### **Claims and Complaints**

- 35.1 If the Client is certain that the Bank failed to duly fulfil any of its statutory or contractual obligations, he shall be entitled to lodge a complaint or claim with the Bank.
- 35.2 The Client shall be obliged to lodge the claim or complaint before undertaking any further operations with the investment instruments or monetary resources that are the subject of the claim or complain.
- 35.3 Information regarding claims or complaints, especially their lodgement and processing, is stated in the Bank's Complaints Procedure Rules, which are published on the Bank's Website and displayed on the Bank's operating premises. The Bank shall send the Complaints Procedure Rules to the Client upon request.
- 35.4 The Bank calls the Client's attention to the possibility to resolve disputes in certain areas of financial services out of court, especially the possibility to turn to a financial arbitrator. Further the Bank calls the Client's attention to the possibility to file a complaint with the supervisory authority.

#### **ARTICLE 36**

##### **Bank's Liability and Use of Third Parties**

- 36.1 The Bank shall not be liable for damage incurred as a result of circumstances excluding the Bank's liability under the law.
- 36.2 The Bank shall not be liable for the damage incurred as a result of the Client's actions or omissions, breaching the Client's legal or contractual obligations, or events the Client has an influence on. The Bank shall also not be liable for damage incurred as a result of actions of the Client's representative, which is in breach of the Client's instruction, the Agreement, the Business Terms and Conditions or any legal acts.
- 36.3 The Bank shall not be liable for the following:
- Losses from investing in investment instruments or for other losses caused by the execution of any Client's Instruction or the Client's decision, even in the case that the Client's decision to buy or sell investment instruments or submit some other Instruction ensues from the Bank's non-individualised general standpoint or opinion on the suitability of the respective Instruction

- b) Losses that may be incurred by the Client by a drop in the rates of investment instruments or by the insolvency of the issuer of investment instruments owned by the Client
- 36.4 In the event that any event occurs where the Client incurred or is in danger of incurring damage, the Bank shall undertake all measures to mitigate the unfavourable consequences for the Client in a scope that can reasonably be expected from it.
- 36.5 For the purposes of performance of the provisions of the Agreement and/or the Business Terms and Conditions, the Bank shall be entitled to use third parties by instructing them to fulfil specific tasks.
- 36.6 The Bank shall be authorised to make use of a third party for the purposes of managing the Managed Portfolio, with the Bank being liable for the careful selection of such party and for such party's performance in connection with the management of the Managed Portfolio as if the Bank performed such activity itself.

#### ARTICLE 37

##### Conflict of Interest

- 37.1 In connection with the provision of investment services, the Bank issues rules known as the Conflicts of Interest Policy. The objective of the Conflicts of Interest Policy is prevention, identification and management of conflicts of interest in the provision of investment services, so that the client's interests are not harmed.
- 37.2 The Bank manages conflicts of interest between:
- the Bank, its managers, tied agents and employees on the one part and the Bank's Clients or potential clients on the other
  - the person controlling the Bank, or which is controlled by the Bank or controlled by the same person as the Bank and its managers and tied agents on the one part and the Bank's Clients or potential clients on the other
  - the Bank's Clients or potential clients with respect to each other
  - investment brokers through which the Bank carries out its activities on the one part and their customers on the other.
- 37.3 If a conflict of interest cannot be prevented, the Bank always shall act fairly and in the best interests of the Client, especially to always try to give preference to the Client's interests over its own interests or the interests of persons that form the Bank's business group. If a conflict of interest occurs between Clients themselves, the Bank shall try to find a just solution for such Clients. If it is not possible to find a just solution, the Bank may refuse to provide investment services to the Client.
- 37.4 In the event that it is not possible to effectively avoid a conflict of interest, the Bank shall inform the Client about the existence of the conflict of interest or its nature and source before providing investment services, and the Client is entitled to refuse the investment service.
- 37.5 A conflict of interest can occur especially in connection with the following investment services: execution of instructions pertaining to investment instruments for the customer's account; management of a customer's assets if an investment instrument forms a part thereof, based on own discretion in the framework of contractual arrangements; placement of investment instruments with the commitment to subscribe them; placement of investment instruments without the commitment to subscribe them; provision of investment recommendations and analyses of investment opportunities or similar general recommendations concerning trading with investment instruments
- 37.6 So-called incentives are a specific case of a conflict of interest. In connection with the provision of investment services, the Bank may not accept, offer or provide a fee, consideration or in-kind benefit that may lead to a breach of the Bank's obligation to act in a qualified, honourable, and just way and in the best interests of the Client. Incentives are only permissible under the conditions stipulated by legal regulations. The Bank shall approach the management of incentives in the same way as in the case of other conflicts of interest, especially by arranging for their identification, undertaking their effective management and taking measures against the occurrence or acceptance, proposition or provision of inadmissible incentives.
- 37.7 The current Conflicts of Interest Policy is published on the Bank's Website.

#### ARTICLE 38

##### Agreements on Financial Services Concluded Remotely

- 38.1 If the Bank concludes an agreement on financial services with the Client using remote means of communication that allow conclusion of an agreement without the physical presence of the authorized employee and the Client, the Bank shall observe the obligations pursuant to Section 1843 et seq. of the Civil Code. Remote means of communication allowing individual transaction may only be used if the Client has not rejected their use. Automated telephone systems without (human) operators, fax equipment or automatic dispatch of electronic mail may only be used with the Client's prior express written consent.
- 38.2 If the Bank does not provide the Client with information under Section 1843 of the Civil Code, the Client shall be entitled to withdraw from the financial services agreement concluded remotely within three months of the day that he learned about the breach of the above obligation by the Bank. The Client

shall be entitled to withdraw from a financial services agreement concluded remotely without providing a reason and without any penalty within 14 days of concluding such agreement or as of the day when he was provided with the information under Section 1843 of the Civil Code, if such day occurs after the conclusion of such agreement. The Client shall not be entitled to withdraw in the case of financial services, the price of which depends on the fluctuation of prices on the financial markets, which the Bank cannot influence, such as services related to foreign exchange values and investment instruments. The Client shall also not be entitled to withdraw from agreements where both contractual parties fulfilled their obligations thereunder at the Client's express request prior to the Client's right to withdrawal was exercised. The Client shall exercise his right to withdraw by a demonstrable delivery of the withdrawal notice to the Bank to the address of its registered office specified in the Agreement. The deadline for exercising the right to withdraw shall be preserved if the notice was sent in writing to the address of the Bank's registered office prior the expiration of such deadline.

- 38.3 If the Client withdraws from a financial services agreement concluded remotely, the Bank may only demand immediate payment of the services actually provided until such time. However, the Bank shall not demand payment of the provided services if it commenced performance of the remotely concluded agreement without the Client's consent or if it did not inform the Client about the amount according to the preceding sentence. At the same time, the Client shall be obliged to return to the Bank all provided monetary resources or other assets from the Bank based on the financial services agreement concluded remotely, provided he received or accepted such monetary resources.

#### ARTICLE 39

##### Reporting Derivative Trades to Trade Repositories

- 39.1 The Parties have agreed that if the Client who is an entrepreneur executes a transaction falling within the scope of his business activities (hereinafter the "Reporting Client"), which will result in the opening, in a change or in the closing of a position in the investment instrument under clause 2.2 (d) or (e) hereof (hereinafter the "derivative trade"), the Bank shall fulfil in the name and on the account of the Reporting Client the reporting obligations arising to the Reporting Client from Art. 9 of the Regulation of the European Parliament and Council No. 648/2012 of 4 July 2012 on OTC derivatives, central counterparties and trade repositories (hereinafter "EMIR"), as amended (hereinafter the "Reporting Obligation"). The Reporting Client agrees that the Bank shall transfer as a part of the Reporting Obligation to person registered as a trade repository in accordance with Art. 55 of EMIR or to a person recognised as a trade repository in accordance with Art. 77 of EMIR (hereinafter the "trade repository") or to the European Securities and Markets Authority (ESMA) derivative transaction data prescribed in EMIR and in the Commission Delegated Regulation (EU) No. 148/2013 and in the Commission Implementing Regulation (EU) No. 1247/2012 in the form, time limits and subject to the compliance with the terms and conditions set forth therein.
- 39.2 The Reporting Client hereby authorises the Bank to fulfil the Reporting Obligation and expressly agrees that the Bank authorises at its own discretion a representative to fulfil the Reporting Obligation.
- 39.3 The Reporting Client undertakes to provide to the Bank upon request within the time limit determined by the Bank all information required by the Bank for the purpose of proper performance of the Reporting Obligation by the Reporting Client. Such information must be true, accurate and complete.
- 39.4 The Reporting Client acknowledges and agrees that certain data regarding derivative transactions which shall become the object of the Reporting Obligation may be disclosed to the public or other entities in the anonymised form by the trade repositories as a part of the performance of their activities.
- 39.5 The Reporting Client is obliged to inform the Bank whether he wishes to fulfil the Notification Duty under this Article by himself or through a third party.

#### ARTICLE 40

##### Termination of the Contractual Relationship

- 40.1 The Agreement may be terminated in one of the following ways:
- Agreement between the Bank and the Client
  - Notice by any of the contractual parties
  - Withdrawal by any of the contractual parties in those situations stipulated by the law or if such possibility is agreed in the Agreement or the Business Terms and Conditions
  - Expiration of the period for which the Agreement was concluded, if concluded for a definite period of time
  - Other methods stipulated in these Business Terms and Conditions, the Agreement or the appropriate legal regulations.
- 40.2 An agreement to terminate the Agreement has to be made by the Client and the Bank in writing in document form. The Agreement shall expire under the terms and conditions agreed therein.



- 40.3 Both the Client and the Bank shall be entitled at any time to terminate the Agreement by way of a written notice delivered to the other contractual party without stating a reason for giving notice. The notice period shall be one month and shall begin to run on the first day of the month following the month in which the notice was delivered to the other contractual party.
- 40.4 Either contractual party may withdraw from Agreement under the conditions set out in the law and/or agreed in the Agreement or the Business Terms and Conditions. Withdrawal from the Agreement has to be made in writing and such notification demonstrably delivered to the other contractual party. The withdrawal shall become effective on the day of delivery of notification of withdrawal from the Agreement to other contractual party.
- 40.5 The Bank may withdraw from the Agreement especially in the following cases:
- The Client misleads the Bank by providing incorrect data and false representations, withholding information, other omissions or in some other way that may influence the Bank's decision to conclude any agreement with the Client.
  - The Client is unable to provide the Bank at its request satisfactory evidence that the origin of the monetary resources used in relation to the Bank have been obtained lawfully without violating criminal law regulations.
  - The Bank assesses the Client as risky at any time during its due diligence measures.
  - The Client breaches the Agreement, the Business Terms and Conditions or violates legal regulations in any way.
  - The Client's Instruction is at variance with legal regulations, the Business Terms and Conditions or the Agreement.
  - The content of the Agreement becomes at variance with legal regulations,
  - In some other way regulated in the Agreement and/or these Business Terms and Conditions.
- 40.6 If the Client gives notice of termination of the Agreement or withdraws from the Agreement, the Client shall include in the notice or in the withdrawal notification an Instruction to transfer his investment instruments recorded on the Omnibus Account to an account specified by him. If that the Client fails to do so, the Banks shall be entitled to sell the investment instrument in the Client's name under current market conditions and credit the proceeds to the account specified by the Client in the Agreement. At the same time, the Client shall reimburse the Bank for the costs incurred by it and pay the penalty specified in the Investment Services Price List.
- 40.7 If the Bank gives notice of termination of the Agreement or withdraws from the Agreement, it shall request in the notice or in the notification of withdrawal that the Client submit and Instruction to transfer his investment instruments recorded on the Omnibus Account to an account specified by him and shall stipulate a deadline for him to submit such Instruction. If the Client fails to give the Bank the Instruction by the stipulated deadline according to the preceding sentence, he shall reimburse the Bank the costs incurred by it and pay the penalty specified in the Investment Service Price List, and the Bank shall be entitled to sell the investment instruments in the Client's name and credit the proceeds to the Client's account specified in the Agreement.
- 40.8 If it is not possible to credit the monetary resources obtained according to the procedure specified in the above points of this Article 40, the monetary resources shall be maintained on an account of the Bank separately from the Bank's or other clients' monetary resources and bear interest of 0% p.a., with the Bank being entitled to charge a fee for maintaining these monetary resources.

#### ARTICLE 41

##### Loyalty Programme

- 41.1 Provisions of this Article apply only to natural persons – non-entrepreneurs.
- 41.2 By using selected Investment Services, the Client becomes entitled to Loyalty Points under the Loyalty Programme. These Loyalty Points can be exchanged for Benefits from the Loyalty Programme offer.
- 41.3 The number of Loyalty Points that the Client can obtain by using selected Investment Services are published on the Website. The credited Loyalty Points are charged in the same way as reduction of fee.
- 41.4 A condition for receiving Loyalty Points and drawing Benefits is Client's agreement with the Loyalty Programme Provider's business terms and conditions.
- 41.5 The Client note that the Loyalty Programme is not owned by the Bank and is operated by the Loyalty Programme Provider, who also is fully responsible for the proper functioning of the Loyalty Programme.
- 41.6 If the Client agrees to this, the Loyalty Programme Provider may share information about the state of Loyalty Points and about Client's transactions in the Loyalty Programme with the Bank.
- 41.7 The Bank shall not be liable for any of Client's tax obligations arising from the use of the Loyalty Programme.
- 41.8 Client's entitlement to utilise Loyalty Points expires at the same time that the Agreement expires.

#### ARTICLE 42

##### Transitory and Final Provisions

- 42.1 The Bank shall be entitled at any time to ask the Client to provide an explanation in the matters of his status or in the area of the Instructions that it executes. Should the Client fail to provide such explanation, the Client notes that the Bank shall be entitled and obliged to take the respective measures, in particular to restrict the Client's possibility to give Instructions or to terminate the Agreement with immediate effect.
- 42.2 Unless agreed otherwise by the Bank and the Client in writing, any and all contractual relationships between them shall be governed by the laws of the Czech Republic and duly published international treaties and agreements and customary bank and business practice.
- 42.3 The Bank and the Client shall endeavour to settle all legal disputes arising from their legal relationships through negotiations undertaken in good faith and try to avoid legal proceedings. Unless agreed otherwise with the Bank in writing, any dispute between the Bank and the Client arising in connection with the Agreement (including its validity) shall be resolved by the Bank's ordinary court of law. The Bank and the Client may also arrange an arbitration agreement or arbitration clause empowering the Arbitration Court Attached to the Economic Chamber of the Czech Republic and the Agricultural Chamber of the Czech Republic to resolve the dispute with final force in compliance with the Rules of such court valid at the time of filing of the action.
- 42.4 Should any provision of the Agreement or of these Business Terms and Conditions be or become or be held invalid or unenforceable in any jurisdiction, it shall not affect (to the greatest extent allowed by legal regulations) the validity and enforceability of the other provisions of the documents in such jurisdiction or the validity and enforceability of the other provisions of the documents in any other jurisdiction.
- 42.5 Situations and acts not expressly mentioned or address in the Contract or in these Business Terms and Conditions shall be addressed individually according to the general principles on which these documents are based, internal rules of the Bank and/or according to the provisions of the respective legal regulations.
- 42.6 The Client shall settle all his payables to the Bank no later than on the day of their maturity. Payment shall be understood as crediting the monetary resources to the Cash Account. In case of delay with payment, the Bank shall be entitled to request payment of default interest from the day when the outstanding amount was due to the moment of its full settlement. Default interest shall be specified by the Investment Services Price List.
- 42.7 If the Client is in delay with fulfilment of any of his financial obligations to the Bank for more than 30 days, the Client expressly agrees that that Bank is entitled to sell the respective number of investment instruments, chosen at its own discretion, and to use the proceeds to satisfy its receivables as alternate payment. If possible, the Bank shall inform that Client in advance about its intent to sell the investment instruments. If the proceeds from the sale of the investment instruments exceed the Client's debt, the Bank shall transfer the remaining amount to the Cash Account. The Bank shall proceed according to this point only in the scope necessary to satisfy its financial receivables from the Client in compliance with the principles of due professional care. The costs associated with the sale of the investment instruments shall be borne by the Client.
- 42.8 The Client declares that prior to signing the Agreement he had been acquainted in detail with: (i) the content of the Agreement, the Business Terms and Conditions, and the Investment Services Price List (ii) information about the Bank and about the investment services provided by the Bank, investment instruments to which the investment service pertains to, possible risks that may be tied to the requested investment service or investment instrument, and with possible collateral requirements; (iii) financial obligations arising from the provided investment services; (iv) Client Asset Disposal Rules and the Client Asset Protection Regime; (v) Client categorisation; (vi) Instruction Execution Rules; (vii) Conflicts of Interest Policy; (viii) Complaints Procedure Rules; and (ix) Operating Day Time Schedule.
- 42.9 If relevant, the Client represents and is liable to the Bank for the fact that prior to signing the Agreement, he informed his spouse about the intent to use the Bank's investment services, especially to trade with investment instruments through the Bank, as well as the intent to conclude with the Bank the Agreement based on which the Bank will be providing investment instruments to him, and that the spouse consents to the trading with the investment instruments and to the conclusion of the Agreement.
- 42.10 By signing this Agreement, the Client notes and expressly agrees that the Bank is entitled to amend the Business Terms and Conditions at any time, especially in connection with changes to legal regulations and the rules and business terms and conditions of third parties used by the Bank to fulfil its obligation to the Client, implementation of new services, changes in the manner of providing services, or in other cases not stated in this paragraph. In such case, the Bank shall inform the Client of such amendment of the Business Terms and Conditions by electronic mail to the Client's e-mail address and/or via the Internet Banking and/or shall publish the new wording of the Business Terms and Conditions on its Website, if possible at

least 15 days in advance. The Client shall become acquainted with the new version of the Business Terms and Conditions. The new version of the Business Terms and Conditions shall be binding for the Client as of its effective date. Should the Client not agree with the new version of the Business Terms and Conditions, he shall be entitled to withdraw from the

Agreement with 15 days of the effective date of the new version of the Business Terms and Conditions.

42.11 These Business Terms and Conditions shall be effective from 25 May 2018 and shall replace the Business terms and conditions of J&T BANKA, a. s., for providing investment services effective from 1 January 2018.