

BUSINESS TERMS FOR SECURITIES TRADING via Luminor Trading Platform

The Bank aims to provide its Clients with the highest level of flexibility when trading in Securities, and therefore the Bank offers a selection of different types of orders. To enable Clients to select the appropriate type of order, the different types of orders are detailed in these Business Terms for Securities Trading via Luminor Trading Platform (hereinafter the **Terms**).

In addition to the present Terms, relations between the Client and the Bank under these Terms shall also be subject to the General Business Terms for Investment Services Rendered via Luminor Trading Platform. In case of any discrepancies between the General Business Terms for Investment Services Rendered via Luminor Trading Platform and these Terms, the latter shall prevail.

Additionally, stock exchange trading is generally subject to the Market Rules of the relevant stock exchange. If there is any conflict between the Terms and the relevant Market Rules, the Market Rules shall prevail.

1. Definitions

These Terms generally refer to the definitions contained in the General Business Terms for Investment Services Rendered via Luminor Trading Platform and other product or platform specific conditions. Additionally, the following definitions shall, unless the context requires otherwise, have the following meanings and may be used in the singular or plural as appropriate:

- 1.1. **“Automatic Order Routing”** shall mean the automatic routing of Client orders to the exchange’s trading system;
- 1.2. **“Corporate Actions”** shall mean a corporate event that may impact the stock price of the relevant company. Corporate Actions include, but are not limited to, stock issues, mergers, conversions, stock splits, sell-offs and dividends;
- 1.3. **“Current market value”** shall mean the price which, based on an overall assessment, reflects the current pricing of the relevant Security. An assessment of the current market value shall among other things include the pricing on the relevant exchange day, any change in pricing of the Security on the past exchange days, the volatility of the Security and any general change in the pricing of Securities and, if appropriate, any other specific conditions related to the order in question.
- 1.4. **“Dividend Reinvestment Rate”** shall mean the rate defined by the issuer of a Corporate Action, at which dividends will be converted into shares;
- 1.5. **“Ex-Date”** shall mean the effective date of a Corporate Action, i.e. the date on or after which a security is traded without a previously declared dividend or rights to the distribution;
- 1.6. **“Instruction Deadline”** shall mean the deadline given by the Bank to the Client for the Client to give its instructions regarding a Corporate Action. The Instruction Deadline can vary to a larger or lesser degree from the deadlines stipulated in the prospectus or other material referring to the market deadlines;
- 1.7. **“Pay Date”** shall mean the value date of a Corporate Action or the date on which a dividend or bond interest payment is made or scheduled to be made;
- 1.8. **“Prevailing Stocks”** shall mean the form of the stocks prevailing after a merger of two entities;
- 1.9. **“Securities”** shall mean stocks, bonds, units in collective investment under-takings and similar instruments that are not traded on margin;
- 1.10. **General Rules** – as defined in the General Business Terms for Investment Services Rendered via Luminor Trading Platform;

2. Risk

The Client is personally liable for the market risk inherent in Securities trading. Moreover, the Client is liable for any investment that the Bank is requested to perform on behalf of the Client and any subsequent loss resulting therefrom. The Client should not base expectations of future returns on any past returns on the relevant Securities.

3. Execution of Orders

- 3.1. When executing the Client’s order, the Bank shall take all sufficient steps to obtain the best possible execution reasonably available given the circumstances, including price, costs, speed, likelihood of execution and settlement, volume, nature and other factors relevant for the execution of the relevant order.
- 3.2. The Bank executes the Client’s order as soon as possible on the day of the receipt, unless agreed otherwise.
- 3.3. Under exceptional market conditions the Bank reserves the right not to execute the Client’s order.
- 3.4. The Client will be notified if an order cannot be executed.
- 3.5. If the Bank is unable to obtain and deliver the requested Securities, the Bank may be unable to complete the Client’s buy order. Consequently, the trade will be cancelled, unless the Bank holds the Securities itself or is able to obtain them on usual terms no later than two Business Days after the value date in question.

- 3.6. The Bank will cancel any order for a Security if the specific Security is suspended or transferred to the observation list on the relevant stock exchange.
- 3.7. For further information about the order execution please refer to the sections on the different types of orders offered by the Bank.

4. Market Orders

- 4.1. Market orders entail that the trade is done at the Client's expense but in the name of Bank.
- 4.2. The Client may place market orders on the exchanges that support market orders and such order will be executed at the best current price in the market. If the Client places a market order on the exchange that does not support market orders, the Bank will convert the market order to a limit order within a certain percentage limit depending on the exchange and the type of the Security.
- 4.3. The Client shall not submit orders which are devoid of commercial purpose, which individually or combined aims to affect pricing in the trading system or which aims to delay or prevent access to the trading system for other market participants.
- 4.4. The Client shall not enter an order into the trading system on conditions fully or partially identical to another unexecuted order entered into the trading system by the same client.
- 4.5. The Client shall not disclose public market information made available through the trading system.

Executing market orders

- 4.6. The Client may enter a market order via the Trading Platform during the trading hours of the relevant exchange.
- 4.7. Bank chooses the trading conditions that represent the optimum conditions for the Client. For orders submitted by the Client via the Trading Platform information about the choices available will be provided via the Trading Platform.
- 4.8. Bank cannot be held liable for any loss suffered by the Client in conjunction with Automatic Order Routing owing to system error, power outage or any other event beyond the control of Bank. When trading directly at the exchange the aggregate market value of unsettled trades and orders is subject to a certain limits. Trades or orders remain unsettled until the value date. The Client may enter orders up to an amount equivalent to the value of the funds available on the Client's account.

5. Limit Orders

- 5.1. The Client is able to place limit orders. The Client may limit an order for a defined period, if the Client wants to buy or sell at a specific price. If within the defined period the price equals to or breaches the price indicated, the order will be executed.
- 5.2. The Bank will execute the limit order only if it can trade at the limit price with its Securities brokers. If the limit order is partially executable, only the non-executed part will be cancelled.

6. Bank's Right to Cancel Orders and Trades and Trades Cancelled by the Exchange

- 6.1. Orders, which are entered into the order book, and trades, which have been merged automatically in or entered into the Trading Platform, must reflect the relevant instrument's current market value and represent actual orders and trades.
- 6.2. An order does not reflect the Current market value if it has been entered into the Trading Platform at a price that, provided the order is executed automatically, obviously will result in a trade that does not reflect the Current market value. The validity of an order must be considered when assessing the market value.
- 6.3. Bank may cancel orders and trades that do not reflect the Current market value of the relevant instrument. Bank shall not be held liable for any cancellation of an order or trade.
- 6.4. The exchange may determine that an order, which does not fulfil the above criteria or that may be considered as attempted price manipulation, is considered invalid and to be deleted from the order book or, moreover, is considered as constituting a trade that cannot update the most recently price paid.
- 6.5. To ensure market integrity or in exceptional circumstances the exchange may cancel any trade if required.
- 6.6. Exceptional circumstances are defined as any error, which is not subject to any doubt, or an incident caused by a technical or manual mistake at the relevant exchange, at the Bank or at the Client, a significant and indisputable violation of legislation or directions or the rules of the exchange or any technical disruption in trading and/or clearing systems that is beyond the control of the Bank.

7. Settlement of Securities Trades

- 7.1. Settlement means the payment and delivery related to a Securities trade. Unless agreed otherwise, the settlement date usually depends on the trading rules of the relevant stock exchange. The settlement day is also the value/interest-rate date. The Client may obtain information about the specific settlement rules and deadlines applicable to Securities by contacting the Bank.
- 7.2. When the Client purchases Securities, the Client obtains unconditional right of title to the Securities only if the final payment to the Bank is made on the settlement date. Until final payment is made, the Bank reserves the right of title to the Securities being purchased by the Client. When the Client sells Securities to the Bank, the Bank's payment of the settlement amount is subject to the Bank acquiring unconditional right of title to the Securities on the settlement date.
- 7.3. When trading foreign Securities, the Bank bases the exchange rate on the current "Currency Conversions" rate as defined in the Commissions, Charges & Margin Schedule published on the Bank's website.
- 7.4. The information about the costs of registration and deposit of foreign Securities is available in the Commissions, Charges & Margin Schedule published on the Bank's website.

8. Trading Costs and Calculation Methods

- 8.1. The Bank may charge commission for any Securities transaction.
- 8.2. Trades in OTC Securities are subject to trading costs as a percentage mark-up/mark-down on the basis of the bid/offer price, relatively.
- 8.3. Orders submitted in any other manner than via Trading Platform may result in increased trading costs.
- 8.4. The prevailing trading costs are available in the Commissions, Charges & Margin Schedule published on the Bank's website.
- 8.5. The above costs may be changed in accordance with the General Business Terms for Investment Services Rendered via Luminor Trading Platform.

9. Trade Confirmations

The Bank will make available a Trade Confirmation to the Client no later than on the exchange business day following the execution of the trade or the day after the Bank's receipt of a third-party confirmation of the trade. Trade Confirmations are made available on the Trading Platform.

10. Exceptional Market Conditions

In exceptional market conditions the Bank reserves the right not to execute an order. Exceptional market conditions may occur, without limitation, in case of a significant deviation between the bid and offer prices, where market prices are unavailable for the relevant Security, or in case of sudden uncertainties in the global market.

11. Corporate Actions

Rights Issues

- 11.1. A rights issue is an issue of rights to existing stockholders to subscribe for a number of new shares proportional to their holding at a specified price by a specified date. These new shares may be renounceable (tradable) or non-renounceable.
- 11.2. If the Client is holding a stock where there is a right issue, the Client will receive the rights and have the opportunity to subscribe for new stocks, ignore the rights or sell the rights, if possible.
- 11.3. In order to prevent renounceable rights from becoming worthless when they expire, the Bank may (without obligation), if the Client by the Instruction Deadline has not instructed the Bank otherwise, sell the rights (if possible) on behalf of the Client before the expiry of the rights. The proceeds from such sale of rights will be subject to the standard commissions of the account. If the rights are non-renounceable, they will, if not exercised, become worthless at expiry.

Dividends

- 11.4. A cash dividend is the cash payment of a dividend to the shareholder per share held. Cash dividends are booked on Ex-Date reflecting the market price movement. However, the actual value of the payment will be settled on the Pay Date.

11.5. Cash dividends are credited to the Client's account with any applicable standard withholding taxes deducted.

Dividend Options

11.6. A dividend option is, by default, the cash payment of a dividend to a shareholder per share held, however, the shareholder is given the option to choose to receive securities in proportion to the shares held.

11.7. The Client eligible for cash will receive the payment on the Ex-Date. The Client who has chosen to receive stocks will receive these based on the Dividend Reinvestment Rate on the Pay Date.

11.8. The Bank does not support the currency option dividend – a dividend payable in cash with the position holder's option to receive payment in a different currency.

Stock Dividends and Bonus Issues

11.9. In case of a stock dividend, a shareholder receives additional shares in addition to those already held in the same Security. Additional stocks are allocated on the Ex-Date for the value on the Pay Date.

11.10. In case of a bonus issue, a shareholder receives additional shares in proportion to the existing holding. Additional stocks are allocated on the Ex-Date for the value on the Pay Date.

Stock Splits / Reverse Stock Splits / Spin Offs

11.11. A stock split is an increase in the issuer's number of issued shares proportional to a reduction in the par value of the existing shares. The shareholders will receive additional stocks, allocated on the Ex-Date, but at a reduced price.

11.12. A reverse stock split is a decrease in the issuer's number of issued shares proportional to an increase in the par value of the existing shares. The shareholders will see their stock position reduced on the Ex-Date, but at an increased price.

11.13. In case of a spin off the shareholders will receive additional shares in a new share in proportion to the existing holding. Additional stocks are allocated on the Ex-Date.

Tender Offers

11.14. A tender offer is the offering for shareholders to sell their shares at a price determined by the tender offer issuer.

Mergers & Mergers with Elections

11.15. A merger is the situation where two entities merge into one. Under normal circumstances the shareholders of either entity will be entitled to either:

- i) receive a cash compensation on the Pay Date or the prevailing stocks on the Ex-Date; or
- ii) a proportional combination of the cash compensation and the prevailing stocks.

11.16. If the Client is holding a stock where there is a merger, the Client will be in a position to choose from different options available for the specific merger subject to giving the instruction to the Bank by the Instruction Deadline. In the absence of the instruction from the Client, the default option of the merger will be applied.

Special Corporate Action Events

11.17. Special and infrequent Corporate Actions that do not fall under the descriptions in Clauses 11.1-11.16 may occur. The Bank will handle such Corporate Actions in the best interest of the Client to the extent allowed by time and operational procedures.

11.18. Special local rules of the relevant jurisdiction may apply to certain Corporate Actions.

Election for Non-Supported Securities

11.19. The Client is aware and acknowledges that in the event of a voluntary Corporate Action where the alternative to the settlement in cash is the settlement in a Security that is not supported by the Bank, the Client will not have the option to choose but will be given the cash settlement.

Depository Receipt Fees

- 11.20. It is a standard practice to charge an annual administration fee per share for depository receipts depending on the issuing depository bank. The intent of the fee is to cover the costs for the banks that take on the operational processes necessary to issue and trade the depository receipt line. Typically, the fee is deducted when dividend payments are made, however, in case the depository receipts do not pay dividends or did not include the custody fee in their dividend events, the fee will be administered through fee-only events.
- 11.21. The fee is stipulated in the agreement between the depository bank and the relevant entity based on the industry standards.
- 11.22. The fee per depository receipt does not depend on the total amount of the dividend paid. It depends on the amount of the relevant Securities held.

Costs

- 11.23. The Bank may charge commission and fees related to Corporate Actions. The prevailing costs are available in the Commissions, Charges & Margin Schedule published on the Bank's website.

Taxes and Fees on Corporate Actions

- 11.24. Taxes and fees may also occur on Corporate Actions other than cash dividends such as the fee on a stock dividend or the tax on a merger. When such taxes and fees occur, the Bank will debit the Client's account respectively.

12. Disclaimer

- 12.1. The Bank shall not be liable to the Client for any failure, hindrance or delay in performing its obligations under the Terms where such failure, hindrance or delay arises directly or indirectly from circumstances beyond its reasonable control. Such force majeure events shall include without limitation any technical difficulties such as telecommunication failures or disruptions, non-availability of the Bank's website e.g. due to maintenance downtime, declared or imminent war, revolt, civil unrest, catastrophes of nature, statutory provisions, measures taken by authorities, strikes, lock-outs, boycotts or blockades, notwithstanding that the Bank is a party to the conflict and including cases where only part of the Bank's functions are affected by such events.
- 12.2. The Bank is not liable vis-à-vis the Client for any damage caused by a representative when performing work for the Bank.
- 12.3. Moreover, the Bank is not liable vis-à-vis the Client for any damage caused by any institution such as a stock exchange, clearing house or a Securities depository.

13. Amendments

- 13.1. The Bank may amend the Terms in cases, and according to the procedure, established by the General Rules.
- 13.2. The Bank shall notify the Client of any amendments within the terms and by the means specified in the General Rules.

14. Miscellaneous

- 14.1. These Terms are applicable from 15.07.2019. and shall remain effective until a new version is released.
- 14.2. The prevailing version of the Terms is at any time available on the Bank's website.