

Rules for Execution of Orders in Derivatives

1. General Terms

These Rules on Orders in Derivatives (hereinafter referred to as the Terms or these Terms, or the Rules) form Appendix No. 9 to General Terms of Business adopted by Freedom Finance Europe Ltd (hereinafter referred to as the General Rules) and constitute an integral part thereof.

2. Definitions

- 2.1. For the purposes of these Conditions, the words and expressions set out below shall have the following meaning:
 - 2.1.1 Derivative (Contract) is a contract which, pursuant to the relevant Market rules, constitutes a derivative financial instrument made under the Derivative (Contract) Specification and is in compliance with the relevant Regulated Markets rules.
 - 2.1.2 Derivative Transaction is a transaction made with a Derivative Contract.
 - 2.1.3 Contract Specification is a document determining standard terms of the Derivative Contract and its execution.
 - 2.1.4 Option Expiration is a Derivative Transaction featuring the option holder's order to execute a Derivative Contract in accordance with the Contract Specification of such option.
 - 2.1.5 Derivative Contract Closing is a discharge of obligations under a Derivative Contract via execution of another Derivative Contract establishing counter obligations under another Derivative Contract with the same code (specification).
- 2.2. Unless stated otherwise, the definitions and expressions used in these Terms shall have the same meaning as in the General Rules, the Margin Transaction Rules, and the relevant Regulated Markets rules.
- 2.3. On Option Contracts, the Client can find information on standardized options' main characteristics and risks in the document at the following link: [Characteristics and Risks of Standardized Options](#) only as a recommendation to be read and understood.
- 2.4. The key information documents (KIDs), pursuant to European Union ("EU") regulation No. 1286/2014, with respect to the Option Contracts, can be found on the Company's website in the relevant section: <https://freedomfinance.eu/documents>.

3. General Conditions

- 3.1. Derivative Transactions shall be executed through trades organized by Derivative trading venues in the manner prescribed by the market operator and its clearing

center. The relevant rules are determined by Contract Specification and trading venue rules, which depend on the Contract.

- 3.2. Order for Derivative Transactions, including the Orders for Transactions in uncovered options, shall be placed by the Client via Electronic Trading Platform available at: www.ffineu.eu; www.bondsfreedom.com; www.freedom24.com and/or CQG order/trade routing service ("ORS").
- 3.3. The Client has the right, pursuant to paragraph 11.9 of the General Rules and at his own risk, to use an Authorization as set out in Annex I hereto, to authorize a third person (representative) for access to the CQG Services on behalf of the client, limited to placement and execution of Derivative Transactions on behalf of the Client.
- 3.4. Orders for Derivative Transactions shall be executed by the Broker via placing a Buy Order in the Electronic Trading Platform within the Secure Session during which the Broker received such Order. Orders received after the Secure Session shall be executed within the next Secure Session.
- 3.5. The Broker fixes the Capital Adequacy Ratio, as defined in the Margin Transaction Rules, at the rate of 100%. The Broker hereby reserves the right to alter the Margin Requirements at its own discretion.

4. Clients' obligations under Derivative Transactions

- 4.1. Before providing Retail clients with Services with respect to derivative products, including the trading in uncovered options, the Broker performs an appropriateness test, which means that the Broker shall assess whether a certain Service or Financial Instrument is appropriate for the Client based on the information provided by the Client.
- 4.2. The Client and/or any authorized Person acting on behalf of the Client hereby ensures and acknowledges that before placing Orders for Derivative Transactions, he will read and understand the rules of the trading venue, including but not limited to the rules of the CME Group¹, in which the Derivative Contract is listed and the Contract Specification of a Derivative Contract in respect of which the Client places an Order. Any amendments and modifications thereto shall be followed by the Client. The Client shall be held solely liable for any risks related to his/her failure to become aware of the foregoing documents, including amendments and modifications thereto.
- 4.3. On his/her own accord, the Client shall monitor any circumstances which may cause forced position Closing or Option Expiration.
- 4.4. The Client shall be held liable for incurring debt under the Broker's Account. If upon execution of Derivative Contracts or execution of obligations thereunder, a debt remains outstanding under the Broker's Account, then the Client shall settle this debt immediately.

The debt may be settled as follows:

- a) crediting additional Funds to the Broker's Account;
- b) placing Orders to close all or a part of previously Open Positions under Derivative Contracts;
- c) placing Orders to sell Securities.

¹ <https://www.cmegroup.com/market-regulation/rulebook.html>

- 4.5. If the Client fails to settle a debt under his/her Broker's Account during the day when it became due, then his/her obligation to settle the debt shall be deemed in default, and the Client shall repay the Broker a penalty charged daily as follows:
The penalty shall be charged against the actual debt outstanding as at the end of the Secure Session (if applicable) or as at the end of the previous Secure Session if the penalty is charged for non-trading day, and
The penalty shall be charged daily according to the margin rates indicated on the Broker's website as per the service plan that has been selected by the Client while opening a trading Account or chosen by him/her as an option in the Client's Cabinet.
- 4.6. If the Client fails to settle a debt under the Broker's Account, the Broker shall be at liberty to make transactions in the Electronic Trading Platform on behalf of the Client directed at the closing of positions under Derivative Contracts with no need for additional Client's orders. For this purpose, the Broker shall have the right, at its sole discretion,
to close any Client's positions (Client's liabilities arising from Derivative Contracts),
to change prices in active requests transferred to the Trading System based on Client's Orders, and to cancel all or a part of Client's Orders, as well as to place new Client's Orders at the current market price established in the Electronic Trading Platform.
- 4.7. If the Broker has made transactions related to the closing of Positions under the Client's Derivative Contracts, however, the Client's liability under the Broker's Account was not paid off in full, the Broker shall have the right, at its own discretion, to:
-notify the Client via Electronic Trading Platform or by way of any other durable medium as described in the Terms of Business of a necessity to repay the debt under the Broker's Account, specifying the amount and due date. In this case, the Client shall be held liable for Reserving the required amount on the Broker's Account within the time specified in such notice.
-without additional Client's Orders to ensure collateral on Broker's Account of Client's Funds in respect of the outstanding debt by selling Securities on Client's Account whichever the Broker sees fit to obtain Funds sufficient for repayment of Client's debt before the Broker. For this purpose, the Client hereby authorizes the Broker to sell any Securities on the Client's Account whichever the Broker sees fit, to obtain Funds sufficient for repayment of the Client's debt before the Broker.
- 4.8. In order to open a transaction and keep such transaction open, Client shall provide to the Broker and maintain such amount of money in the currency in which Open Positions on Derivative Contracts are valued, in respect of and as security for Client's actual or future obligations or liabilities to the Broker under the relevant Derivative Transaction.
The Broker has the right, without an additional Client's instruction, to perform conversion transactions with respect to the Client's funds on the Client's Account to ensure proper security as set out in this paragraph. This conversion would be charged by the Broker in accordance with the current Tariff Plan.

5. Execution of Derivative Contracts

- 5.1. Future and Option Contracts shall be executed in accordance with the Contract Specifications of related contracts and the rules of the Electronic Trading Platform.

- 5.2. Future Contracts shall be executed on the last day of their circulation in the manner prescribed by the Contract Specification of the related Derivative Contract without additional Client's order.
- 5.3. The Client shall be bound to provide the Broker with an instruction for closing a deliverable Derivative Contract before 17 hours 00 minutes of the last day for execution thereof.
- 5.4. If at 17 hours 00 minutes of the last day for the execution of a deliverable Derivative contract, the Client has an Open Position for such contract, then the Client does hereby authorize the Broker to close such Derivative Contract by placing a respective order in the Electronic Trading Platform without the need for any additional Client's instructions.
- 5.5. With respect to the CQG accounts, the Client shall be bound to provide the Broker with an instruction for closing a deliverable Derivative Contract before 17:00 on the date which is earlier for such Derivative Contract: two business days preceding the First Notice Date or Last Trading Date which are set out in the Specifications of related contracts (hereinafter referred to as the Closing Date of the Deliverable Derivative).
- 5.6. With respect to the CQG accounts, if the Client has an Open Position on such a contract at 17:00 of the Closing Date of the Deliverable Derivative, the Client hereby authorizes the Broker to close such a Derivative Contract, placing a relevant order in the Electronic System of the Trading Platform without additional instruction from the Client.
- 5.7. If, on the execution of a deliverable futures contract, the Client incurs liability to buy or sell an instrument representing the underlying of a futures contract, the Client does hereby authorize the Broker, without the need for any additional Client's instructions, to settle a deal on Client's behalf at the current market price and such deal may provide for Client's counter obligations.
- 5.8. Option contracts shall be executed during circulation of an option on the basis of an Order placed by the Client being a holder of the option in which the Client claims its option rights (Option Expiration). The Broker hereby reserves the right to reject an option contract execution under a call-option (or a put-option) if the settlement price of the underlying futures contract is lower (or higher) than the striking price thereof.
- 5.9. If the Contract Specification of an option contract does not establish the order for its automatic execution on the last day of its circulation without the Client's instructions, then at the last day of its circulation, the Broker shall be at liberty to execute such option, if the settlement Price of the underlying futures contract is higher (or lower) than the striking price of a call-option (or put-option).

6. Reasons to reject Orders for Derivative transactions

- 6.1. The Broker shall reject client's instructions to make Derivative Transactions if the Client violates requirements set out under the Margin Transaction Rules.
- 6.2. The Broker hereby reserves the right to reject any Client's Orders for Derivative Transactions at its sole discretion and without an apparent reason.

7. Brokerage Fee and payment of expenses

- 7.1. Brokerage Fees for Derivative Transactions shall be determined by the Tariff Plan selected on the opening of a trading Account at the specified website or chosen by

the Client in its Member Area. Brokerage Fees for Derivative Transactions and expenses incurred by the Broker while executing Derivative Transactions, deliverable futures contracts, and other transactions related to the termination of obligations arising from deliverable futures contracts shall be repaid by the Client in the manner established by the Contract on account of Funds available on Client's Account.

- 7.2. Fees and charges of the Electronic Trading Platform (including market charges for trade registration, clearing charges for contract execution, forced closing, execution of deliverable futures contracts and other contracts related to the termination of obligations arising from deliverable futures contracts) shall be included in Brokerage Fee and are not subject to payment at the cost of Client's Funds.

Authorization

For access to the CQG Services limited to placement and execution of Derivative Transactions
on behalf of the client # _____

First Name _____

Middle Name (*) _____

Last Name _____

Date of Birth _____

Address _____

City _____

State/Province _____

ZIP/Postal code _____

Country _____

Direct line _____

Mobile number _____

Email _____

*if applicable

Declaration

The Client declares that any statements are to the best of my knowledge and belief, true and correct, and it shall promptly inform Freedom Finance Europe Ltd of any change affecting information on this form.

Furthermore, the Client confirms and declares that it has obtained the required consent for the personal data of the above individual to be processed for the purposes and procedures described above.

Signed by []

On behalf of [Client`s name]