



TERMS AND CONDITIONS of UCP Asset Management Limited

EFFECTIVE FROM 29 December 2017

Table of Contents

| | | |
|-----------|--|-----------|
| 1 | Definitions | 1 |
| 2 | Introduction | 3 |
| 3 | About UCP AM | 3 |
| 4 | General Terms | 4 |
| 5 | Access to Services | 5 |
| 6 | Authorised Persons | 6 |
| 7 | Instructions or Orders | 7 |
| 8 | Execution of Orders | 8 |
| 9 | Order Execution Policy | 9 |
| 10 | Reporting | 17 |
| 11 | Custody of Client Assets | 17 |
| 12 | Set-off and other security rights | 21 |
| 13 | Data Protection | 21 |
| 14 | Confidentiality | 22 |
| 15 | Client Categorisation | 23 |
| 16 | Complaints | 25 |
| 17 | Investor Compensation Fund | 26 |
| 18 | Conflicts of Interest | 26 |
| 19 | Fees and Charges | 29 |
| 20 | Risk Warnings | 31 |

1 Definitions

Account means the account created in the books of UCP AM in the name of the Client.

Agreement means the agreement concluded between UCP AM and the Client in connection with the provision by UCP AM of the Services and comprising these Terms, the ISA, the executed appendices to the ISA, as well as the Client Acceptance Booklet.

Appendix means any appendix or appendices to the ISA signed by the Parties, where applicable as amended or replaced from time to time.

Assets means the assets owned by the Client, including Funds and Financial Instruments, in respect of which UCP AM provides the Services.

Associated Company means any company or other person which directly or indirectly controls or is controlled by or is under common control with UCP AM. A relationship of control exists when a company or person has the power to direct or procure the direction of the management or policy of another company or person.

Authorised Person(s) means the person(s) designated by the Client as such in the Client Acceptance Booklet or, subsequently, by a written Notice signed by the Client.

Authorised Recipients has the meaning assigned to this term in Clause 13.2 of the Terms.

Business Day means UCP AM normal working hours which are 9:00 am to 18:45 pm, Cyprus Time Monday to Friday, except for public holidays in Cyprus.

Client means the legal or physical person to whom UCP AM provides the Services in accordance with the Agreement.

Client Acceptance Booklet means UCP AM's Client Acceptance Booklet, which has been completed, executed and delivered by the Client.

Client Accounts has the meaning assigned to this term in Clause 11.3.1 of the Terms.

Confidential Information has the meaning assigned to this term in Clause 14.1 of the Terms.

Conflicts of Interest Policy has the meaning assigned to this term in Clause 18.1.1 of the Terms.

Custodian means a legal entity with permission to carry out Custody Services.

Custody Services means the activity of safekeeping and administration of Financial Instruments and Funds for the account of the Client, including custodianship and related services such as cash management.

CYSEC means Cyprus Securities and Exchange Commission.

Execution Criteria has the meaning assigned to this term in Clause 9.1.3 of the Terms.

Execution Factors has the meaning assigned to this term in Clause 9.1.2 of the Terms.

Durable Medium means any instrument which enables the Client to store information addressed personally to the Client in a way accessible for future reference for a period of time

adequate for the purposes of the information and which allows the unchanged reproduction of the information stored.

EEA means European Economic Area.

ETFs has the meaning assigned to this term in Clause 20.7.12 of the Terms.

Financial Instrument means any of the financial instruments in relation to which UCP AM provides the Services to the Client and which are identified in Appendix 2 to the ISA ("Licensed Services and Financial Instruments").

Funds means money belonging to the Client and which UCP AM holds on behalf of the Client in relation to the provision of the Services.

ICF has the meaning assigned to this term in Clause 17.1 of the Terms.

Instruction means a communication by the Client to UCP AM (other than an Order) in relation to any act within the scope of the Terms, and is in the form of Annex 1 or Annex 2 to Appendix 3 ("Portfolio Management Services on a Discretionary Basis") to the ISA or in the form of Annex 2, Annex 3, Annex 4 or Annex 5 to Appendix 4 ("Reception, Transmission and Execution of Orders") to the ISA or any other form, as appropriate.

ISA means the Investment Services Agreement whereby the Client and UCP AM agree on the provision of the Services by UCP AM to the Client.

Law means the Investment Services and Activities and Regulated Markets Law of 2007 of the Republic of Cyprus, 144(I)/2007, as this may from time to time be amended, replaced, expanded or re-enacted and includes, where the context so justifies, any secondary legislation enacted in furtherance thereof including but not limited to the relevant Directives issued by the Cyprus Securities and Exchange Commission.

Limit Order has the meaning assigned to this term in Clause 9.5.3 of the Terms.

Notice means a communication between the Client and UCP AM which has the characteristics described in Clause 11 of the ISA.

Order means an instruction by the Client to UCP AM to perform a transaction in Financial Instruments effected in accordance with Appendix 4 of the ISA ("Reception, Transmission and Execution of Orders") and is in the form of Annex 1 to Appendix 4 ("Reception, Transmission and Execution of Orders") to the ISA.

Order Execution Policy means UCP AM's order execution policy which is aimed at UCP AM to obtain the best possible result for its Clients when transactions in Financial Instruments are executed in the course of the provision of the Services, as set out in Clause 9 of the Terms.

Parties means the two parties having executed and delivered the ISA.

Personal Data has the meaning assigned to this term in Clause 13.1 of the Terms.

Services means any of the investment and ancillary services that UCP AM agrees to provide to the Client by entering into the ISA and its relevant Appendices.

Terms means these Terms and Conditions of UCP AM with respect to the ISA.

Transaction means any transaction in Financial Instruments in the provision of the Services.

UCP AM means UCP Asset Management Limited, a Cyprus registered company with registration number HE 341830, having its registered office at Afentrikas 3, Suite 201, 6018 Larnaca, Cyprus.

UCP AM Website means the official web-page of UCP AM: <http://www.ucpam.com/>.

All capitalized terms not otherwise defined herein shall have the meaning given to them in the Law.

2 Introduction

- 2.1 These Terms together with the ISA and relevant Appendices and the Client Acceptance Booklet form the entire agreement between the Client and UCP AM.
- 2.2 These Terms set out the terms and conditions applicable to the provision of the Services by UCP AM to the Client. These are the Terms mentioned in various sections of the ISA, the relevant Appendices and the Client Acceptance Booklet.
- 2.3 UCP AM recommends that the Client reads these Terms very carefully. If the Client is unsure about the meaning or effect of any of these Terms, the Client should seek advice from an appropriate professional. The Client should keep these Terms in a safe place for future reference.
- 2.4 If the Client has any questions or wishes to request any clarifications about these Terms, the ISA, the relevant Appendices or the Client Acceptance Booklet, the Client should contact an authorised representative of UCP AM.

3 About UCP AM

UCP AM is authorised and regulated by the CYSEC with license number 288/15 to provide the investment and ancillary services and to carry on investment activities in relation to the Financial Instruments as set out in Appendix 2 of the ISA. UCP AM license details can be verified on the website of the CYSEC (<http://cysec.org.cy/en-GB/entities/investment-firms/cypriot/76611/>).

The contact details of the CYSEC are as follows:

- Address: 27 Diagorou Str., CY-1097 Nicosia, Cyprus.
- Telephone number: +357 22 506600.

UCP AM is a Cyprus registered company with registration number HE 341830, having its registered office at Afentrikas, 3, Suite 201, 6018, Larnaca, Cyprus. The contact details of UCP AM are as follows:

- Address: Afentrikas 3, Suite 201, 6018 Larnaca, Cyprus.
- For the attention of: Directors
- Telephone number: +357 24 69 48 27
- Fax number: +357 24 69 48 42

- Email: info@ucpam.com

UCP AM aims to join the ranks of market participants and seize a portion of the growing market by providing its services honestly, fairly and professionally in accordance with the best interests of its Clients.

4 General Terms

- 4.1 These Terms, as amended from time to time, together with the ISA, the relevant Appendices and the Client Acceptance Booklet, set out the basis on which UCP AM will provide the Services to the Client.
- 4.2 These Terms shall be considered accepted by the Client when the Client signs the ISA.
- 4.3 UCP AM may at any time amend these Terms by sending a Notice to the Client or by publishing the amended version of the Terms or amendments to the Terms on UCP AM Website. UCP AM must not consult with the Client nor obtain the Client's consent before amending these Terms. Unless UCP AM notifies the Client otherwise, any amendment will take effect after 10 (ten) Business Days from the date on which the amended version of the Terms is published in UCP AM Website or on which the Client receives Notice of the amendments. No amendment to the Terms shall affect Transactions executed prior to the time of such amendment.

The Client hereby consents to any amendment of the Terms in the manner described above and agrees that it is the Client's responsibility to monitor any supplements and/or amendments to the Terms by visiting UCP AM Website on a regular basis.

- 4.4 The Client acknowledges that an amendment of these Terms takes effect immediately, rather than after 10 (ten) Business Days of their notification to the Client or their publication on UCP AM Website if:
 - (a) it is made by UCP AM to reflect a change of applicable law, regulations or market rules, or due to any extraordinary situation affecting the provision of Services by UCP AM or its carrying out of any Transaction under the Agreement; or
 - (b) it does not provide for conditions less favourable to the Client than before or it is made with the purpose of introducing new products/services.

- 4.5 If the Client disagrees with the amendments to the Terms made by UCP AM the Client may terminate the Agreement in accordance with the termination procedure as set out in the ISA.
- 4.6 The Services provided by UCP AM to the Client are specified in the ISA and the relevant Appendices. Additionally, UCP AM may make public or provide the Client with generic information concerning stock market environment, stock exchanges and Financial Instruments, and such information will not constitute a personal recommendation to the Client.
- 4.7 The Client understands and agrees that UCP AM does not provide any tax, accounting or legal advice to the Client.
- 4.8 In effecting Transactions or providing the Services under the Agreement, UCP AM may use counterparties, brokers or agents chosen by UCP AM upon such terms as UCP AM may deem fit and the Client shall be bound by the same terms.
- 4.9 These Terms are available only in English and all communications in connection with the Services which UCP AM provides shall be in English.

5 Access to Services

- 5.1 Provision of the Services will be subject to successful completion by UCP AM of the customer due diligence and identification procedures known as "Know Your Client" procedure in relation to the Client and acceptance of the Terms by the Client.
- 5.2 Any person wishing to become a Client of UCP AM must provide UCP AM with the following:
- (a) a filled in and duly executed Client Acceptance Booklet (individual or corporate, as appropriate) as approved by UCP AM;
 - (b) a full set of identification documents, listed in the document checklist of the Client Acceptance Booklet; and
 - (c) any other information as may be required by UCP AM pursuant to the laws of the Republic of Cyprus or upon request of the relevant regulatory or other local state authorities.
- 5.3 The Client must, first in the Client Acceptance Booklet and subsequently by notifying any updates to UCP AM, provide current, accurate and sufficient information for UCP AM to understand (i) the Client's investment objectives, investment limits and attitude to risk, (ii) whether the Client is able financially to bear any related investment risks consistent with such Client's investment objectives, and (iii) whether the Client has the necessary experience and knowledge to understand the risks involved in relation to the product or investment service offered or demanded.
- 5.4 The Client must promptly notify UCP AM in writing of any change to the information set out in the Client Acceptance Booklet or the prospect of the information being likely to change when this is reasonably contemplated by the Client. The changes of which the Client must notify UCP AM must include, without limitation, those changes affecting the Client's financial situation or needs and the Client's investment objectives or limits.
- 5.5 Based on the information provided by the Client, UCP AM will ensure that any decision in the course of its discretionary portfolio management services is suitable for the Client. The suitability of any investment decisions made by UCP AM on behalf of the Client is dependent on the Client's investment profile, as disclosed by the Client in the Client Acceptance Booklet and updated or amended by the Client from time to time. A failure by the Client to disclose any relevant information may adversely affect the quality of the Service UCP AM can provide to the Client.
- 5.6 Insofar as UCP AM provides reception and transmission of orders services, it is required to ensure the appropriateness of a Transaction for the Client. By completing the Client Acceptance Booklet the Client provides UCP AM with the information necessary (regarding the Client's knowledge and experience in the investment field relevant to the specific type of transaction) to make an initial assessment as to the appropriateness of the Transaction for the Client. If, based on that information, UCP AM concludes that the Transaction is not an appropriate form of investment for the Client UCP AM will warn the Client accordingly and propose that the Client execute a separate consent form. In case the Client elects not to provide the information regarding such Client's knowledge and experience, or where the Client provides insufficient information regarding such Client's knowledge and experience, such a decision will not allow UCP AM to determine whether the Transaction is appropriate for the Client.

- 5.7 Where UCP AM provides, at the Client's initiative, Services that only consist of the reception and transmission of orders with or without the provision of ancillary services, in relation to shares admitted to trading on a regulated market or in an equivalent third country market, money market instruments, bonds or other forms of securitised debt (excluding those bonds or other forms of securitised debt that embed a derivative), undertakings for the collective investment in transferable securities (UCITS) and other non-complex Financial Instruments, UCP AM may provide such Services to the Client without applying the appropriateness test in Clause 5.6 above. As a consequence, the UCP AM will not be assessing the appropriateness of the Financial Instrument offered or the Service provided to the Client and thus the Client will not be covered from the protection afforded by the Law.
- 5.8 When taking Instructions or Orders from an Authorised Person UCP AM will take into account that Authorised Person's knowledge and experience of the Services provided will be consistent with the Client's investment objectives and attitude to risk as these are set out in the Client Acceptance Booklet.
- 5.9 UCP AM may be unable under the applicable law and regulations to accept a person as its Client until UCP AM has received all documentation it requires, properly and fully completed by such person and until all internal company checks, including without limitation anti-money laundering checks, appropriateness or suitability tests as the case may be, have been satisfied.
- 5.10 UCP AM will not be obliged to effect any Transaction nor do anything else which UCP AM reasonably believes would breach any applicable regulations.
- 5.11 In entering into the Agreement with the Client and in providing the Services, UCP AM relies on the accuracy and comprehensiveness of the information the Client provides to the UCP AM, either in the Client Acceptance Booklet or in any other form. The Client shall be fully responsible for the completeness and adequacy of information and documents provided under these Terms and shall indemnify UCP AM and hold it harmless against any loss and damage connected with the provision of any incomplete or inadequate information or documents.

6 Authorised Persons

- 6.1 The Client being a legal entity shall and the Client being a physical person may appoint its Authorised Person(s) for the purposes of exercising its rights and performing obligations under the Agreement.
- 6.2 The Client must provide details of such Client's Authorised Person(s) in the Client Acceptance Booklet or, from time to time, by means of a signed written Notice delivered to UCP AM. UCP AM shall be entitled to rely upon the continued authority of Authorised Person(s) and may act upon Instructions, Orders or Notices received or approved by Authorised Person(s) and transmitted to UCP AM with such testing or authentication as UCP AM may specify.
- 6.3 The Client must notify UCP AM in writing of any changes in the list of Authorised Persons and deliver all documents supporting those changes (including, in relation to the appointment of a new Authorised Person, any documents regarding the authority granted to the new Authorised Person). UCP AM shall not be bound by any such change until written Notice is actually received and confirmed by UCP AM.
- 6.4 Each Transaction which shall have been carried out prior to UCP AM having received a Notice of and confirming the revocation of an Authorised Person, and each Order, Instruction or Notice given by such Authorised Person until such moment, shall be deemed valid. In those

circumstances, UCP AM shall not be liable to the Client for carrying out the transaction or acting upon the Instruction, Order or Notice given by such Authorised Person.

- 6.5 The Client hereby ensures that any person signing documents on Client's behalf and any person, representing the Client in entering into any Transaction, is duly authorised by the Client to act on its behalf. No persons other than Authorised Person(s) may legally interact with UCP AM on the Client's behalf hereunder.

7 Instructions or Orders

- 7.1 Any Instruction or Order forwarded to UCP AM shall contain essential details sufficient for its unambiguous interpretation and execution. The Client agrees that otherwise UCP AM may reject such Instruction or Order and/or interpret it at its sole discretion in accordance with standard market practice.
- 7.2 Any Instruction or Order shall be executed by the Client in the form acceptable by UCP AM. UCP AM reserves the right to reject any Instruction or Order executed in the form other than approved by UCP AM.
- 7.3 The Client shall be responsible for any Instructions or Orders submitted by the Client and for the accuracy of information provided to UCP AM by means of email or otherwise on behalf of the Client. This includes passwords and other details, used for identification of the Client.
- 7.4 Instructions or Orders sent to UCP AM out of UCP AM normal working hours, when UCP AM is closed and/or when it is not a Business Day, are and shall be binding for the Client. Such Instructions or Orders shall be considered sent by the Client and received by UCP AM on the first Business Day following the day they were actually sent.
- 7.5 Any Instruction or Order submitted in writing shall be valid only if signed by the Client or its Authorised Person(s).
- 7.6 The Client may give Instructions or Orders to UCP AM by personal delivery of the original in writing, and also by means of email, by telephone or Bloomberg.
- 7.7 UCP AM may assume, unless aware of an obvious error, that the information the Client provides to UCP AM when giving Instructions or Orders is correct.
- 7.8 If an Instruction or Order contains corrections and/or an obvious error and therefore cannot be unambiguously construed, UCP AM shall immediately contact the Client and request necessary clarifications. The Client shall promptly draft and deliver to UCP AM a new Instruction or Order containing supplements and/or amendments required.
- 7.9 UCP AM shall reasonably endeavour to act on the Client's Instructions or Orders in a timely manner. If the Client needs UCP AM to act on an Instruction or Order before a certain deadline, the Client must ensure that it allows reasonable time for UCP AM to process the Instruction or Order. UCP AM shall not be liable for any failure to meet a deadline where an Instruction or Order is not received from the Client within a reasonable time before the deadline.
- 7.10 Any Instruction or Order sent by email shall at least meet minimum quality requirements, that is, it shall be readable. Otherwise, UCP AM will not be able to accept and execute such Instruction or Order and will promptly notify the Client accordingly.

- 7.11 The Client agrees that any telephone conversation between the Client and UCP AM may be recorded. Any recording will be UCP AM's sole property. In addition:
- (a) UCP AM may act upon telephone Instructions or Orders before receipt of any written confirmations (including by an email) and any recording will be conclusive evidence of the relevant conversations (including any Instruction communicated during the conversation) or the terms of any transaction verbally agreed on.
 - (b) The period for which any recording is retained will be determined by UCP AM in their absolute discretion.
 - (c) UCP AM may provide any recording, a copy of any recording; or any transcript of any recording as required or requested under any applicable law or regulations or as required or requested by any governmental or regulatory authority.
- 7.12 For the purposes of giving an Instruction or Order to UCP AM by phone the Client shall pass through the relevant identification procedure, used in UCP AM. Specifically, the Client shall provide the following information:
- (a) Client's full name;
 - (b) Authorised Person's full name;
 - (c) Account number;
 - (d) Client's telephone number; and
 - (e) password or other identification data, agreed between UCP AM and the Client within the terms of the Agreement, if applicable.

8 Execution of Orders

- 8.1 When executing or transmitting or placing orders with other persons for execution that result from UCP AM providing the Services, UCP AM shall take all reasonable steps to act in the best interests of the Client and to seek best execution under the Law in effecting Transactions on behalf of the Client.
- 8.2 In connection with its obligations under Clause 8.1 of the Terms, UCP AM has established an Order Execution Policy details of which are set out in Clause 9 below. The Client agrees and consents to the Order Execution Policy. The Client also acknowledges and consents to the execution of orders outside regulated markets or multilateral trading facilities as set out in the Order Execution Policy.
- 8.3 UCP AM will follow its Order Execution Policy aimed to obtain, when executing or transmitting Orders or placing orders for execution, the best possible result for the Client. However, where the Client specifies any aspect of an Order or has specific Instructions with respect to any order, UCP AM shall execute or transmit the Order or place the order in case of the Service of discretionary portfolio management (as applicable) for execution following those specifications rather than the Order Execution Policy. In that case, the Order Execution Policy will continue to apply only in respect of those aspects of the Order or order not specified by the Client.
- 8.4 UCP AM will act in the best interests of the Client when executing or transmitting Orders to third parties for execution or when it places an order to third parties for execution when such order derives out of the provision of the Service of portfolio management. In such cases, UCP AM

will consider the relative importance of different factors set out in its Order Execution Policy, including (but not limited to) price, costs, speed, likelihood of execution and settlement, size or nature or any other consideration relevant to the execution of an order. The Order Execution Policy sets out the relevance UCP AM gives to different factors when executing or transmitting Orders for execution and/or when places orders for execution when such orders derive out of the provision of the Service of portfolio management and also a list of the execution venues.

9 Order Execution Policy

9.1 Best execution factors & criteria

9.1.1 Under the Law, UCP AM is obliged to take all reasonable steps to obtain the best possible result for the Client when it executes orders and/or places or transmits orders with third parties.

9.1.2 The factors that UCP AM will take into account in delivering best execution are: the price of the Financial Instruments which are offered, the costs of execution, the speed of execution, the likelihood of execution and settlement, the size of the order, the nature of the order, and any other consideration relevant to the order (the "**Execution Factors**").

9.1.3 UCP AM determines the relative importance of the Execution Factors by taking into account the characteristics of the following criteria (the "**Execution Criteria**"):

- (a) the characteristics of the Client, including the categorisation of the Client as a Retail Client or Professional Client;
- (b) the characteristics of the order;
- (c) the characteristics of the Financial Instruments that are the subject matter of the order; and
- (d) the characteristics of the execution venues to which the order can be directed.

9.1.4 For Professional Clients, price and costs will ordinarily be of high relative importance in obtaining best possible results. However, in some circumstances, reference to the Execution Criteria may appropriately determine that other Execution Factors have greater importance in achieving the best possible result for the Client.

9.1.5 For Retail Clients, the best possible result shall be determined in terms of the total consideration, representing the price of the Financial Instrument and the costs related to execution, which shall include all expenses incurred by the Client which are directly related to the execution of the order, including execution venue fees, clearing and settlement fees and any other fees paid to third parties involved in the execution of the order.

9.1.6 It is to be noted that in some cases, particularly when transmitting Orders or placing orders for Professional Clients for specific Financial Instruments and execution venues, UCP AM may take the view, weighing up the Execution Criteria, that another factor may be more important than the price itself for the purpose of achieving the best possible result for the Client.

9.1.7 The Order Execution Policy will be reviewed regularly and the provisions of the policy reviewed annually and also when a material change occurs that affects the ability of UCP AM to continue to obtain the best possible result for the Client.

9.2 Execution brokers and venues

- 9.2.1 In providing the Service of reception and transmission of orders, UCP AM transmits the Order, received from the Client to a third party executing broker. In providing the Service of discretionary portfolio management, UCP AM places orders with respect to Financial Instruments to a third party executing broker. In doing so, UCP AM shall act in the Client's best interests and will comply with the best execution requirements set out above.

All orders will be transmitted to and placed with third party executing brokers which are able to demonstrate to UCP AM that they have in place execution arrangements enabling UCP AM to comply with its obligation to act in the best interest of the Client.

- 9.2.2 UCP AM has determined that according to its policy the approved third party brokers are:

- (a) GPB Financial Services Ltd., Cyprus
- (b) Goldman Sachs International, London
- (c) Citigroup Global Markets Ltd, London
- (d) Credit Suisse AG, Zurich
- (e) J.P. Morgan Securities plc

- 9.2.3 UCP AM will monitor periodically its choice of third party brokers to ensure that the third party broker has execution arrangements and execution policy that enable UCP AM to comply with all its best execution requirements.

9.3 List of execution venues

- 9.3.1 Execution venues are the locations (with or without a physical presence) such as regulated markets, multilateral trading facilities (MTFs), systematic internalisers, market makers, liquidity providers or any other entity that facilitates trading of financial instruments. Execution of orders is done by the approved third party brokers indicated above via:

- (a) **Regulated markets** such as:
 - (i) MICEX Stock Exchange
 - (ii) RTS
 - (iii) American Stock Exchange (AMEX)
 - (iv) Brazilian Mercantile and Futures Exchange (BM&F)
 - (v) CBOE Futures Exchange (CFE)
 - (vi) Chicago Board Options Exchange (CBOE)
 - (vii) Chicago Board of Trade (CBOT)
 - (viii) Chicago Mercantile Exchange (CME)
 - (ix) Chicago Stock Exchange (CHX)
 - (x) Kansas City Board of Trade (KCBOT)

- (xi) Mexican Derivatives Exchange (MEXDER)
- (xii) Minneapolis Grain Exchange (MGE)
- (xiii) Montreal Futures Exchange (MFE)
- (xiv) New York Mercantile Exchange (NYMEX)
- (xv) New York Board of Trade (NYBOT)
- (xvi) New York Stock Exchange (NYSE)
- (xvii) NYSE Arca Equities
- (xviii) NYSE Arca Options
- (xix) Philadelphia Stock Exchange (PHLX)
- (xx) US Futures Exchange (USFE)
- (xxi) Athens Derivatives Exchange (ADEX)
- (xxii) Budapest Stock Exchange
- (xxiii) London Metals Exchange (LME)
- (xxiv) Italian Derivatives Market (IDEM)
- (xxv) Spanish Financial Futures Market (MEFF)
- (xxvi) Warsaw Stock Exchange
- (xxvii) Wiener Borse
- (xxviii) Bursa Malaysia Derivatives
- (xxix) Hong Kong Futures Exchange Limited (HKEX)
- (xxx) Korean Futures Exchange (KOFEX)
- (xxxi) Osaka Securities Exchange (OSE)
- (xxxii) Tokyo Stock Exchange (TSE)
- (xxxiii) Tokyo Financial Exchange (TIFFE)
- (xxxiv) Singapore Exchange (SGX):
- (xxxv) Sydney Futures Exchange (SFE)
- (xxxvi) South African Futures Exchange (SAFEX)
- (xxxvii) Euronext LIFFE
- (xxxviii) Dubai Mercantile Exchange (DME)

- (xxxix) BATS Chix Europe
- (xl) Bolsa de Madrid
- (xli) Borsa Italiana
- (xlii) Deutsche Borse (Xetra)
- (xliii) London Stock Exchange
- (xliv) NYSE Euronext Amsterdam
- (xlv) NYSE Euronext Brussels
- (xlvi) NYSE Euronext Lisbon
- (xlvii) NYSE Euronext Paris
- (xlviii) Nasdaq Dubai
- (xlix) Nasdaq OMX Nordic Exchange Copenhagen
- (l) Nasdaq OMX Nordic Exchange Helsinki
- (li) Nasdaq OMX Nordic Exchange Stockholm
- (lii) Oslo Bors
- (liii) SIX Swiss Exchange
- (liv) Turquoise
- (lv) European Exchange
- (lvi) CME Clearing Europe
- (lvii) Mercado Oficial Español de Futuros
- (lviii) ICE Futures Europe
- (lix) NLX
- (lx) Nodal
- (lxi) Freight
- (lxii) Australian Securities Exchange (ASX)
- (lxiii) BME Spanish Exchanges
- (lxiv) BM&F Bovespa
- (lxv) BX Berne eXchange
- (lxvi) Chi-X Europe Limited

- (lxvii) Deutsche Börse
- (lxviii) Euronext
- (lxix) Frankfurt Stock Exchange
- (lxx) Hong Kong Stock Exchange
- (lxxi) Japan Exchange Group
- (lxxii) JSE Limited
- (lxxiii) Korea Exchange
- (lxxiv) London Stock Exchange
- (lxxv) Nasdaq OMX
- (lxxvi) NYSE Euronext
- (lxxvii) OMX Nordic Exchange
- (lxxviii) Shanghai Stock Exchange
- (lxxix) Shenzhen Stock Exchange
- (lxxx) SIX Swiss Exchange
- (lxxxi) Taiwan Stock Exchange
- (lxxxii) TMX Group
- (lxxxiii) Turquoise
- (lxxxiv) EUREX
- (lxxxv) Euronext LIFFE
- (lxxxvi) Hong Kong Exchanges and Clearing
- (lxxxvii) Intercontinental Exchange (ICE)
- (lxxxviii) NYSE Euronext LIFFE
- (lxxxix) BÖAG Börsen
- (xc) Borsa Italiana
- (xci) Börse Berlin
- (xcii) Börse Düsseldorf
- (xciii) Börse Frankfurt
- (xciv) Börse München

- (xcv) Börse Stuttgart
- (xcvi) Bolsa de Valores
- (xcvii) Bolsa de Valores Columbia
- (xcviii) Bolsa de Valores Santiago
- (xcix) Bolsa de Comercio de Buenos Aires
- (c) Bolsa Mexicana de Valores
- (ci) International Securities Exchange
- (cii) Montreal Exchange
- (ciii) Mercado de Valores de Buenos Aires
- (civ) Mercado Abierto Electronico S.A
- (cv) National Stock and Option Exchanges
- (cvi) NYFIXEuromillennium
- (cvii) Pacific Stock Exchange
- (cviii) Pure Trading
- (cix) Toronto Stock Exchange
- (cx) TSX Venture Exchange
- (cxi) Bombay Stock Exchange
- (cxii) Bursa Malaysia Securities Clearing Berhad
- (cxiii) Indonesia Stock Exchange
- (cxiv) JASDAQ
- (cxv) Korean Stock Exchange
- (cxvi) Karachi Stock Exchange (Guarantee) Limited
- (cxvii) Nagoya Stock Exchange
- (cxviii) National Stock Exchange of India
- (cxix) Osaka Stock Exchange
- (cxx) APX-Endex
- (cxxi) EDX London
- (cxxii) European Climate Exchange

- (cxxiii) European Energy Exchange
- (cxxiv) European Energy Derivatives Exchange (ENDEX)
- (cxxv) Euronext Liffe BClear
- (cxxvi) EEX
- (cxxvii) EPEX Spot
- (cxxviii) Euronext Liffe: London, Paris, Amsterdam, Brussels, Portugal
- (cxxix) International Maritime Exchange (IMAREX)
- (cxxx) Global Coal
- (cxxxi) London Commodities Exchange
- (cxxxii) OMIP
- (cxxxiii) OTOB – Wiener Boerse
- (cxxxiv) Oslo Stock Exchange
- (cxxxv) Powernext Energy Exchange
- (cxxxvi) Warsaw Stock Exchange
- (cxxxvii) Turkdex
- (cxxxviii) American Stock Exchange (Options)
- (cxxxix) Bolsa de Mercadorias & Futuros
- (cxl) Boston Option Exchange
- (cxli) Chicago Climate Futures Exchange
- (cxlii) Chicago Futures Exchange
- (cxliii) Electronic Liquidity Exchange
- (cxliv) Mercado a Termino de Rosario
- (cxlv) Winnipeg Commodity Exchange
- (cxlvi) Xtream
- (cxlvii) Bursa Malaysia Derivatives Exchange
- (cxlviii) Central Japan Commodity Exchange
- (cxlix) Joint Asia Derivatives Exchange
- (cl) New Zealand Futures Exchange

- (cli) Singapore Exchange Derivatives
 - (clii) Taiwan Futures Exchange
 - (cliii) Thailand Futures Exchange
 - (cliv) Tokyo Commodity Exchange
 - (clv) Tokyo Grain Exchange
- (b) **Multilateral trading facilities (MTFs)**, which are privately-operated order matching systems which act in a similar way to an order driven market.
- (c) **Off exchange trading with regulated firms.** This is the least regulated form of order execution. While trading occurs outside of the regulations of the regulated markets or multilateral trading facilities (MTFs), executing off-exchange can result in enhanced terms for some deals.
- 9.3.2 In certain Financial Instruments, UCP AM may have access to only one type of execution venue or only a single execution venue or broker as there may only be one such type of execution venue or only a single execution venue or broker.
- 9.4 **Specific Client Instructions**
- 9.4.1 Where the Client provides specific execution Instructions or specific Instructions on some elements of the Order, the Order will be executed in accordance with those Instructions. This may prevent UCP AM from taking the steps it has designed in its Order Execution Policy to obtain the best possible results for the execution of those Orders.
- 9.5 **Order allocation**
- 9.5.1 UCP AM will deal with comparable orders sequentially and promptly unless any order or market conditions make this impracticable.
- 9.5.2 UCP AM may aggregate orders with the orders of other Clients or with UCP AM's own orders. In such occasions, trades will be allocated to all participants according to the average price at which the Financial Instruments involved were traded, provided that the average price is better than the limit set by each participant concerned. UCP AM will inform the Client when aggregation of a particular order may lead to the Client's disadvantage.
- 9.5.3 Limit Orders will be executed based on the current market situation by means of acceptance of a firm quotation of another market participant. For the purposes of the Agreement a Limit Order shall mean any Order to buy/sell with a price limit advised by the Client and the execution price of which may be equal or lower/higher than such Order's price limit, respectively.
- 9.5.4 Where the Client places a Limit Order in shares which are admitted to trading on a regulated market and that Order is not immediately executed under prevailing market conditions, the Client accepts that such Limit Order may be made public in a manner which is easily accessible to other market participants.
- 9.5.5 UCP AM will review its Order Execution Policy annually. Such review will also be carried out whenever a material change occurs that affects the ability of UCP AM to continue to obtain the best possible result for the Client. UCP AM will also monitor compliance with the Execution Policy on a regular basis.

10 Reporting

- 10.1 When UCP AM carries out an Order on behalf of the Client, UCP AM will promptly provide the Client, on a Durable Medium, with the essential information concerning the execution of that Order. UCP AM will also send the Client a trade confirmation confirming the execution of the Order within one (1) Business Day of receiving confirmation from the third party broker which executes the trade.
- 10.2 A trade confirmation will be deemed conclusive unless:
- (a) there is a manifest error in its contents; or
 - (b) the Client objects to the trade confirmation by notifying UCP AM within 2 (two) Business Days after the date the Client has received the trade confirmation.
- 10.3 From time to time UCP AM and/or a third party broker may receive late or erroneous reports from the relevant market or other executing third party brokers. The Client agrees that the status of Orders which are not confirmed to the Client or which are confirmed as expired, cancelled or executed, may be changed in response to such late or erroneous reports.
- 10.4 As regards to UCP AM's portfolio management services, unless otherwise agreed in writing, UCP AM will provide the Client with a summary statement on a quarterly basis of the activities carried out on behalf of the Client. However, where UCP AM provides portfolio management information on a transaction-by-transaction basis, UCP AM will provide the summary statement on a yearly basis. If, under portfolio management services, the Client authorises the use of leverage UCP AM will provide the summary statements every month.
- 10.5 If UCP AM holds Assets it shall send to the Client, on a Durable Medium and at least on a yearly basis, a statement of those Assets, unless UCP AM has already provided the relevant information in any other periodic statement referred to in Clause 10.4 above. The statement of Assets shall include:
- (a) details of all the Assets held by UCP AM for the Client at the end of the period covered by the statement;
 - (b) the extent to which the Assets have been the subject of securities financing transactions; and
 - (c) the extent of any benefit that has accrued to the Client by virtue of participation in any securities financing transactions and the basis on which that benefit has accrued.
- 10.6 As regards to UCP AM's custody services, unless otherwise agreed in writing, UCP AM shall provide the Client with a summary statement of the activities carried out in relation to the Assets in the course of the custody services at least on a six months basis.

11 Custody of Client Assets

11.1 General provisions

- 11.1.1 UCP AM will provide the Client with Custody Services in relation to the Assets in accordance with the Law. In such cases, the Assets shall be identifiable separately from UCP AM's assets and/or other UCP AM's other Clients.

- 11.1.2 UCP AM may, at its own discretion, appoint third parties to perform Custody Services in relation to the Assets on the terms and conditions which such third party Custodian provides such services and subject to the terms of the specific agreement if required with such third party Custodian. Such third party Custodian may hold those Assets in an omnibus account and may not always segregate them from its own assets or those belonging to UCP AM. In such cases, UCP AM shall take all reasonable steps to ensure that the Assets can be identifiable separately from the financial instruments and assets belonging to UCP AM or the third party Custodian by maintaining separate accounting for the Assets. UCP AM shall act with the required expertise, care and diligence during the selection, appointment and periodic monitoring of the third party Custodian and of the arrangements for the holding and safeguarding the Assets.
- 11.1.3 UCP AM is not liable for the actions or omissions of any third party Custodians, except for any loss suffered as a result of fraud, wilful misconduct or gross negligence by UCP AM. Any obligations imposed on UCP AM under this Clause or under laws and regulations concerning the provision of Custody Services may not apply to those third parties.
- 11.1.4 When performing Custody Services with respect to Assets of different Clients, UCP AM may use for all its Clients, the same client accounts opened in the name of UCP AM with third parties. Third parties are chosen by UCP AM at its own discretion but always provided that using of the same client account for all Clients allows at any time to identify the Assets of each client according to the books and records kept by UCP AM.
- 11.1.5 In order to ensure the maximum protection of the Assets that UCP AM safeguards on behalf of its Clients, UCP AM:
- (a) keeps all necessary records and accounts in order to be in the position, at any given time and with no delay, to distinguish the Assets that are kept on behalf of the Client from those that are kept on behalf of any other Client as well as from UCP AM's own assets;
 - (b) keeps its records and accounts in a way that ensures that they are true and accurate and that they correspond to the Assets that are kept on behalf of the Client;
 - (c) takes all necessary measures in order to ensure that the Financial Instruments that have been deposited with third parties can be distinguished from those that belong to UCP AM or that third party;
 - (d) takes all the necessary measures in order to ensure that Funds are kept on an account or accounts separate from any other accounts that may be used for assets that belong to UCP AM; and
 - (e) applies all necessary organisational measures in order to minimise the risk of loss or reduction of the Assets or rights in regard to these Assets, because of asset misappropriation, fraud or negligence.
- 11.1.6 UCP AM shall ensure that payments (whether income or capital) in respect of the Assets kept in custody are received or collected or processed and to take any action necessary and proper in connection with the Assets and the provision of the Services.
- 11.1.7 UCP AM may transfer the Assets to a third party to execute transactions or to satisfy the Client's collateral obligations. The third party may hold those Assets in an omnibus account and may not always segregate them from its own assets or those belonging to UCP AM. In the event of the insolvency or any other similar proceeding in relation to that third party, UCP AM shall issue

an unsecured claim against the third party on behalf of the Client, and the Client shall bear the risk that proceeds received by UCP AM may not fully satisfy the Client's claim.

11.1.8 The Client hereby agrees that its Assets shall be kept in custody and, subject to applicable law, applied according to the order of priority:

- (a) for repayment of any and all existing outstanding debts to UCP AM under the Agreement;
- (b) for repayment of any and all existing outstanding debts to any third party occurred directly or indirectly under the Agreement;
- (c) at the discretion of the Client.

11.1.9 The Client undertakes to assume all risks and expenses related to transfer or acceptance of its Assets incurred by UCP AM.

11.1.10 The Client is responsible for the payment of any commissions, custody fees, registration fees, any applicable duties and taxes and all other liabilities, charges, costs and expenses, including those related to currency conversions, payable in connection with the custody of the Assets by UCP AM.

11.1.11 UCP AM reserves the right to refuse to provide Custody Services to the Client in respect of any Assets. UCP AM shall not be liable to the Client for the consequences of such refusal.

11.1.12 If at any time the Client decides to terminate UCP AM's appointment for the provision of Custody Services, the Client will be solely responsible for appointing another Custodian in respect of the Assets. The Client will be obliged to instruct the Custodian of its choice to act in accordance with the instructions of UCP AM pursuant to the Agreement.

11.2 Custody of Financial Instruments

11.2.1 When Financial Instruments under UCP AM's custody are traded on markets where UCP AM is not a member, UCP AM may deposit those Financial Instruments on accounts opened with Custodians of UCP AM's choice.

11.2.2 UCP AM will ensure that the Client's Financial Instruments are identifiable separately from those belonging to UCP AM, UCP AM's other Clients or the Custodians as appropriate.

11.2.3 In case that Financial Instruments have to be deposited with a third party Custodian, the Client instructs UCP AM to enter on its behalf into an agreement with a Custodian of its choice. The Client bears the risk related to depositing Assets with such Custodian and UCP AM does not accept any liability to the Client:

- (a) in case of non-fulfilment of the Custodian's obligations; or
- (b) in respect of the solvency of the Custodian.

11.2.4 UCP AM reserves the right to charge the Client for any reasonable costs and expenses with regard to the holding of its Financial Instruments, either by UCP AM itself or through a third party Custodian.

11.2.5 UCP AM will endeavour not to deposit Financial Instruments with a third party Custodian in a jurisdiction that does not regulate the holding and safekeeping of assets. However, the Client

acknowledges that in some circumstances the nature of the Financial Instruments or related Services will require that UCP AM deposits the Financial Instruments with a third party Custodian in such jurisdiction. Where UCP AM holds the Financial Instruments with a third party Custodian located outside the EEA the rights of the Client in respect of those Financial Instruments may differ from the rights applicable within the EEA.

- 11.2.6 If the Financial Instruments are deposited in (i) an omnibus account at a third party Custodian; or (ii) with a third party Custodian which does not segregate Financial Instruments, the Financial Instruments may not be separately identifiable from the other Financial Instruments deposited on the account. In that situation, if that third party Custodian defaults, the Client would have to share pro-rata in any shortfall in the pool of financial instruments held in an omnibus account and, where no segregation from the third party Custodian's own assets has taken place, be subject to other creditor claims made against the Custodian holding the Financial Instruments.
- 11.2.7 In case the Client wishes the return of its Financial Instruments, the Client shall give to UCP AM a written Notice thereof. Upon receipt of such Notice, UCP AM shall arrange as soon as possible, but always in compliance with the terms of the third party Custodian, where appropriate, for the return to the Client of any Financial Instruments of the Client. The Client shall bear the costs and expenses related to the return of Financial Instruments. It is agreed that UCP AM shall maintain its rights with respect to the Financial Instruments with regards to the obligations of the Client hereunder or under any other agreement of the Client with UCP AM.

11.3 Client Funds

- 11.3.1 Funds will be held in UCP AM's name on behalf of the Client in client accounts at banks, central banks or qualifying money market funds ("**Client Accounts**") in accordance with the Law. UCP AM is not liable for any acts or omissions, or the solvency, of the institution with which the Funds are deposited.
- 11.3.2 All Funds paid by the Client to UCP AM for the purpose of acquiring Financial Instruments or which constitute the proceeds of dealing in Financial Instruments, or which UCP AM holds on the account of the Client for a specific purpose, benefit from the protections afforded to client funds under applicable laws.
- 11.3.3 UCP AM will procure that the Funds are held on Client Accounts identified separately from any accounts used to hold funds belonging to UCP AM. Where UCP AM deposits Funds outside the EEA the rights of the Client may differ from the rights applicable within the EEA.
- 11.3.4 By entering into the Agreement, the Client authorises UCP AM to open one or more accounts as may be required from time to time, deposit or withdraw the Funds from the Client Accounts on behalf of the Client, including, without prejudice to the generality of the above, withdrawals for the settlement of all transactions or obligations undertaken in the context of the provision of the Services and of all the amounts payable by or on behalf of the Client to UCP AM or to any other person.
- 11.3.5 The Client agrees that UCP AM may use the interest or part of the interest that may accrue from time to time on the Client Accounts for servicing operational costs, bank charges, or other expenses. UCP AM may, at its discretion, pay from time to time an amount equal to the interest accrued at a specific time period or part thereof, to the Client, by taking into consideration, inter alia, the applicable interest rates for the relevant period, the expenses for operating the Client Accounts and the existing financial and economic conditions.

12 Set-off and other security rights

- 12.1 Subject to applicable law and for as long as the Client owes UCP AM and /or any third party involved in the provision of the Services any sum, actual or contingent, under or in connection with the Agreement, UCP AM shall have the right to:
- (a) withhold the return of the Assets;
 - (b) set-off Funds in reduction or payment of the sums that the Client owes to UCP AM, including by means of consolidation of the accounts opened on behalf of the Client;
 - (c) realise the value of the Financial Instruments and apply the proceeds (after deduction of any costs incurred in the sale) to reduce or repay the sums that the Client owes to UCP AM. UCP AM may sell the Financial Instruments without notice to the Client and in such manner and at such price as UCP AM may deem expedient without being responsible for any loss.
- 12.2 Subject to applicable law, when UCP AM does not carry out Custody Services directly it shall be entitled to instruct the appointed third party Custodian to take any of the actions described in the previous paragraph.
- 12.3 Subject to applicable law the Assets held by UCP AM or appointed third party Custodians shall be subject to a general lien and first fixed charge granted as continuing security for the performance of the Client's obligations towards UCP AM. The Client irrevocably appoints UCP AM as the attorney-in-fact of the Client with power of substitution to execute any documents for the perfection or registration of such general lien and security interest.
- 12.4 The Client agrees to execute such further documents and to take such further steps as UCP AM may reasonably require to perfect the security interest of UCP AM over the Assets.

13 Data Protection

- 13.1 The Client acknowledges that in the course of the provision of the Services UCP AM may obtain information (including personal data as defined in the Processing of Personal Data (Protection of Individuals) Law, Law 138(I)2001 of the Republic of Cyprus, as amended from time to time (the "**Data Protection Law**")) about the Client or its beneficiaries, shareholders, directors, officers and employees ("**Personal Data**"). The Client warrants to UCP AM that all relevant data subjects whose Personal Data the Client has supplied or will supply to UCP AM in connection with the Services have given their informed consent for UCP AM to process, transfer, disclose and retain such Personal Data.
- 13.2 The Client authorises UCP AM to process, transmit and retain any Personal Data and to disclose any such information in accordance with the provisions of the Data Protection Law (i) to its Associated Companies and/or service providers and/or the service providers of its Associated Companies and/or other third parties involved in the provision of the Services and their respective officers and employees in any country in which UCP AM or such its respective Associated Companies or service providers conduct business, as may be required or be considered necessary by UCP AM to carry out the Services (such persons are together referred to as the "**Authorised Recipients**"); and (ii) if UCP AM and/or the respective Authorised Recipient is obliged or requested to under or pursuant to any applicable laws or regulations or by any regulatory authority. This may include some countries that do not provide the same statutory protection for Personal Data as applies in Cyprus.

- 13.3 UCP AM will ensure that all non-public matters relating to the Agreement will be kept strictly confidential within UCP AM and its Associated Companies and will be used solely for the purposes connected with the provision of the Services under the Agreement, provided that this obligation shall not apply where disclosure is required by law, regulation or market rules, or an order from any judicial or administrative authority. The Client may also allow disclosures on a case-by-case basis.

14 Confidentiality

- 14.1 Subject to Clause 14.2 below, all information which UCP AM receives from the Client concerning the Client's business or affairs (including, without limitation, information relating to Transactions and Accounts) and any information generated from such information, which is not in the public domain, which is not available to UCP AM on a non-confidential basis, which has not been independently developed by UCP AM and/or which UCP AM is not required to disclose by any applicable regulation ("**Confidential Information**") will be kept confidential by UCP AM and will be used solely for the purposes connected with the provision of the Services, unless and until such time as the Client specifically consents to the disclosure of that Confidential Information. For the avoidance of doubt, nothing in these Terms will prevent UCP AM from disclosing information (including any Confidential Information) to the Authorised Recipients to the extent required to or deemed necessary to perform the Services.
- 14.2 In addition to any other right or obligation by virtue of which UCP AM or Authorised Recipients or third parties involved in the provision of the Services may be entitled or bound by law to disclose information, UCP AM or Authorised Recipients or third parties involved in the provision of the Services will be entitled, if requested or required to do so, at their discretion, to disclose any information (including any Confidential Information) known to UCP AM or Authorised Recipients or third parties involved in connection with the provision of the Services, and/or to produce any documents relating to the Client's business or affairs to any governmental or regulatory agency or authority (whether in Cyprus or elsewhere) including, without limitation, the CYSEC. In addition, when disclosing information to any governmental or regulatory agency or authority UCP AM will, where reasonably practicable, seek to impose a confidentiality requirement in any case where the information is not subject to statutory restrictions on disclosure by the recipient.
- 14.3 Neither UCP AM nor Authorised Recipients nor third parties involved in the provision of the Services will have any duty to disclose to the Client any information that comes to their notice in the course of carrying on any other business or as a result of or in connection with the provision of services to other persons. The Client accepts that UCP AM, Authorised Recipients and any third party involved in the provision of the Services will be prohibited from disclosing or having regard to, or it may be inappropriate for them to disclose to the Client or have regard to, such information even if it relates to the Client or to the Services.
- 14.4 All information, documents and communications in possession of UCP AM relating to the Services or the subject matter of the Services shall constitute be property of UCP AM, save for original contracts, share certificates and other original documents held on behalf of the Client. UCP AM shall be permitted to retain a copy of all information (including any Confidential Information), documents and communications obtained or sent or received by UCP AM in connection with the Services for regulatory and risk management purposes.
- 14.5 The Client shall keep confidential any information in any form provided to the Client by UCP AM in connection with the Services pursuant to these Terms and/or the Agreement (including, but not limited to, information on UCP AM's fees) and may not disclose it to any third party without the prior written consent of UCP AM unless (i) it is required under applicable legislation of the

relevant jurisdiction or any regulatory authority to which the Client is subject; or (ii) the information is in the public domain.

15 Client Categorisation

- 15.1 UCP AM shall categorise its Clients as Retail Clients, Professional Clients or Eligible Counterparties, in accordance with the provisions of the Law and in accordance to their knowledge, experience and financial profile.

According to the Law, Eligible counterparties are Cypriot investment firms, other investment firms, credit institutions, insurance undertakings, UCITS and their management companies, pension funds and their management companies and other financial institutions authorised by a member state or regulated under community legislation or the national law of a member state, undertakings exempted from the application of the Law in accordance with paragraphs (k) and (l) of section 3(2) of the Law, national governments and their corresponding offices, including public bodies that deal with public debt, central banks and supranational organisations. The classification of Clients as an Eligible Counterparty does not prejudice the right of such entities to request, either on a general form or on a trade-by-trade basis, treatment as Clients to which the provisions of sections 36, 38 and 39 of the Law will apply.

- 15.2 The Client's categorisation will be shown in the Client Acceptance Booklet. If UCP AM categorises the Client as a Professional Client, the Client may request that UCP AM re-categorises the Client as a Retail Client. UCP AM is not obliged to agree to the Client's request which will be assessed on its merits at UCP AM's discretion. If the Client is in any doubt about its categorisation, the Client should contact an authorised representative of UCP AM.

A **Retail Client** is a Client which is not a Professional Client.

A **Professional Client** is a Client who possesses the experience, knowledge and expertise to make its own investment decisions and to properly assess the risk involved, such as:

- (a) credit institutions authorised or regulated by a Member State;
- (b) investment firms other than credit institutions authorised or regulated by a Member State;
- (c) other authorised or regulated financial institutions:
 - (i) insurance undertakings;
 - (ii) collective investment schemes and management companies of such schemes;
 - (iii) pension funds and management companies of such funds;
 - (iv) commodity and commodity derivatives dealers;
 - (v) local undertakings;
 - (vi) other institutional investors.
- (d) large undertakings meeting two of the following size requirements, on a proportional basis:

- (i) balance sheet total at least € 20.000.000 Euro;
 - (ii) net turnover at least € 40.000.000 Euro;
 - (iii) own funds at least € 2.000.000 Euro.
- (e) National and regional governments, public bodies that manage public debt, central banks, international and supranational institutions such as the World Bank, the International Monetary Fund, the European Central Bank, the European Investment Bank and other similar international organisations.
- (f) Other institutional investors whose main activity is investing in financial instruments, including companies which deal exclusively with securitising assets or other financing transactions.

15.3 **Client's request to be treated as a Professional Client**

15.3.1 The Client can request a different categorisation but it is in UCP AM's discretion to agree to such request.

15.3.2 Retail Clients may request to be treated as Professional Clients, if an adequate assessment of the expertise, experience and knowledge of the Client undertaken by UCP AM gives reasonable assurance, in light of the nature of the Transactions or Services, that the Client is capable of making own investment decisions and understanding the risks involved. In the course of such assessment, as a minimum, at least two of the following criteria are to be satisfied:

- (a) the Client has carried out transactions of significant size on the relevant market at an average frequency of ten per quarter over the previous four quarters;
- (b) the size of the Client's financial instrument portfolio, defined as including cash deposits and financial instruments, exceeds € 500.000 Euro;
- (c) the Client works or has worked in the financial sector for at least one year in a professional position, which requires knowledge of the transactions or services envisaged.

15.3.3 The Client defined in Clause 15.3.2 above may waive the benefit of the detailed rules of conduct, but only where the following procedure is followed:

- (a) the Client must state in writing to UCP AM that the Client wishes to be treated as a Professional Client, either generally or in respect of a particular investment service or transaction, or type of transaction or product;
- (b) UCP AM must give such Client a clear written warning of the protections and investor compensation rights they may lose;
- (c) the Client must state in writing, in a separate document from the contract, that the Client is aware of the consequences of losing such protections.

15.3.4 Before deciding to accept any request for waiver, UCP AM must take all reasonable steps to ensure that the Client requesting to be treated as a Professional Client meets the relevant requirements stated in Clause 15.3.2 above.

15.4 Loss of protection for Professional Clients

15.4.1 Some of the provisions in these Terms shall be applied with modifications in relation to Professional Clients:

- (a) The requirements in Clause 10.4 on the frequency of reporting in relation to portfolio management services do not apply.
- (b) The requirement in Clause 10.1 for UCP AM to send a trade confirmation is not applicable.
- (c) For the purposes of carrying out the appropriateness test referred to in Clause 5.6 UCP AM may assume that a Professional Client has sufficient experience and knowledge to understand the risks of the Transaction involved in an Order given by that Client and that therefore that Transaction will be appropriate for that Client.

In case the Client has been categorised as a Professional Client on request, the Client shall not be presumed to possess market knowledge and experience comparable to Professional Clients per se.

- (d) UCP AM may consider factors other than total price (as required by Clause 9.1.5 in respect of Retail Clients) when procuring best execution of the Order given by a Professional Client or Eligible Counterparty.
- (e) Professional Clients and Eligible Counterparties may not be eligible for cover by the ICF information on which is provided in Clause 17.
- (f) For the purposes of carrying out the suitability test referred to in Clause 5.5 UCP AM may assume that a Professional Client has the necessary experience and knowledge in order to understand the risks involved.

15.4.2 In addition to the requirements waived in respect of Professional Clients, the provisions of sections 36 and 38 of the Law will not apply in relation to Eligible Counterparties, including (without limitation) the following:

- (a) The obligation on UCP AM to act in the best interests of the Client.
- (b) The obligations on best execution and the handling of Orders.
- (c) Requirements to provide information on fees and charges.
- (d) The requirement to carry out an appropriateness assessment.
- (e) Constraints on UCP AM's ability to receive inducements.
- (f) Requirements on periodic reporting.

16 Complaints

16.1 Complaints from eligible complainants will be handled in accordance with UCP AM's internal complaint handling procedure, a copy of which is available on the UCP AM Website.

16.2 In the event that the Client is dissatisfied with the Service which the Client receives under these Terms, the Client should contact UCP AM at complaints@ucpam.com.

17 Investor Compensation Fund

17.1 UCP AM is a member of the Investor Compensation Fund for Clients of Investment Firms (the "ICF"). The purpose of the ICF is to secure claims of certain non-professional clients against the ICF's members through the payment of compensation provided that the necessary preconditions are met. The ICF compensates covered clients' claims arising from the services provided by Cyprus investment firms who are members of the ICF, in case of failure by such firm to fulfil its obligations toward its clients. Failure by a member of the ICF to fulfil its obligations consists of:

- (a) Failure to return to covered clients funds owed to them or funds which are held, directly or indirectly, in the framework of the provision by the member of the ICF to the client of a covered service and which the client has requested the member of the ICF to return in exercise of its relevant right.
- (b) Failure to return to covered clients Financial Instruments which belong to them and which the member of the ICF holds, manages or keeps on their account, including circumstances where the member of the ICF is responsible for the management of the said Financial Instruments.

17.2 Covered services are the investment and ancillary services offered by the Cyprus investment firms. The ICF shall not pay compensation in respect of claims arising out of transactions involving individuals convicted of a criminal offence for the said transactions pursuant to the Prevention and Suppression of the Legalisation of the proceeds from Criminal Activities Law of 2007. The maximum compensation payable to eligible applicants is € 20.000 Euro. The said coverage applies to the total amount of claims by an applicant against the ICF's member, irrespective of the number of accounts held, currency and place of offering the service.

17.2.1 Within a reasonable timeframe upon CYSEC ascertaining either that an ICF member cannot fulfil its obligations arising out of clients' claims or, following a court ruling, issued on grounds of the financial situation of an ICF member, which has the effect of suspending the ability of the clients of the ICF member to lodge claims against the ICF member for the satisfaction of their claims, then CYSEC issues a decision to initiate the compensation payment process by the ICF and proceeds with the compensation payment process in accordance with the relevant directive issued by the CYSEC.

18 Conflicts of Interest

18.1 Acknowledgment of conflict of interest

18.1.1 The Client agrees to and acknowledges that UCP AM engages in other investment services and business apart from the Services provided to the Client and that conflicts of interest may arise between UCP AM and the Client or between the Client and other Clients of UCP AM. UCP AM in accordance with the Law has established and maintains a conflicts of interest policy (the "**Conflicts of Interest Policy**") as set out in this Clause aimed at taking all reasonable steps to identify and prevent conflicts of interests from adversely affecting the interests of the Client. The Conflicts of Interest Policy identifies circumstances which may give rise to a conflict of interest and specifies procedures to be followed to manage such conflicts. Where the arrangements set out in the Conflicts of Interest Policy are not sufficient to prevent risks of damage to the Client, UCP AM will disclose the nature of the relevant conflicts of interest to the Client in a particular Transaction before undertaking the Transaction on the Client's behalf. The Client waives any right to put forward or rely upon any conflict of interest that may arise.

18.2 Conflicts of Interest Policy

18.2.1 UCP AM has implemented a Conflicts of Interest Policy to comply with the provisions of the Law and the relevant Directives issued by the CYSEC.

18.2.2 It is the principle of UCP AM to act with due care, skill and diligence when providing the Services to its Clients in order to avoid any situations of conflicts of interest that could be potentially detrimental to them. For this reason UCP AM, including its relevant persons, has adopted a set of policies and principles and takes all reasonable steps to identify situations of conflict of interest between UCP AM and its Clients or between the Clients and provide a framework by which these situations can be dealt with effectively.

18.2.3 For the above purpose UCP AM has established appropriate criteria for determining the general types of conflict of interest whose existence may damage the interests of UCP AM's Clients or potential clients. In particular, UCP AM shall identify the existence of any conflict of interests and examine whether UCP AM or any relevant person or a person directly or indirectly linked by control to UCP AM is in any of the following situations as a result of the provision of the Services:

- (a) UCP AM or that person is likely to make a financial gain, or avoid a financial loss, at the expense of the Client;
- (b) UCP AM or that person has an interest in the outcome of a Service provided to the Client or of a Transaction carried out on behalf of the Client which is distinct from the Client's interest in that outcome;
- (c) UCP AM or that person has a financial or other incentive to favour the interest of another Client or group of Clients over the interests of the Client;
- (d) UCP AM or that person carries on the same business as the Client;
- (e) UCP AM or that person receives or will receive from a person other than the Client an inducement in relation to a Service provided to the Client in the form of monies, goods or services other than the standard commission or fee for that Service.

18.2.4 In accordance with the requirements of the Law UCP AM has:

- (a) identified the circumstances which constitute or may give rise to a conflict of interest entailing a material risk of damage to the interests of one or more Clients, as set out in Clause 18.2.3 above;
- (b) specified procedures to be followed and measures to be adopted in order to manage such conflicts in accordance with Clauses 18.2.5, 18.2.6, 18.3 and 18.4 of the Terms.

18.2.5 These procedures are aimed to:

- (a) prevent or control the exchange of information between relevant persons engaged in activities involving a risk of a conflict of interest where the exchange of that information may harm the interests of one or more Clients;
- (b) ensure the separate supervision of relevant persons whose principal functions involve carrying out activities on behalf of, or providing services to, Clients whose interests may conflict, or who otherwise represent different interests that may conflict, including those of UCP AM;

- (c) remove of any direct link between the remuneration of relevant persons principally engaged in one activity and the remuneration of, or revenues generated by, different relevant persons principally engaged in another activity, where a conflict of interest may arise in relation to those activities;
- (d) prevent or limit any person from exercising inappropriate influence over the way in which a relevant person carries out investment or ancillary services or activities;
- (e) prevent or control the simultaneous or sequential involvement of a relevant person in separate investment or ancillary services or activities where such involvement may impair the proper management of conflicts of interest.

18.2.6 The process entails the following actions:

- (a) identification and management of situations of conflicts of interest by responsible and experienced members of UCP AM;
- (b) timely update of UCP AM's Conflicts of Interest Policy to ensure compliance with the Law;
- (c) ensuring that relevant persons are informed of the procedures and measures adopted by UCP AM and are capable to identify procedures of conflict of interest in time and report such procedures to the management;
- (d) disclosure of conflicts of interest in case such situations cannot be contained;
- (e) keeping and updating records of identified conflict situations.

18.3 Organisational measures

18.3.1 UCP AM has adopted the following policies to manage any potential conflicts of interest:

- (a) UCP AM has established an effective compliance function to monitor compliance with legal obligations, group internal procedures and/or industry practice, on a full time and exclusive basis.
- (b) In certain particularly sensitive areas, UCP AM has established specific information barriers within the organisation (commonly known as "Chinese walls") to ensure that the dissemination or communication of the Confidential Information is limited to the extent necessary in the ordinary course of business.
- (c) Where appropriate, relevant employees of UCP AM involved in potentially conflicting activities may be subject to separate supervision.
- (d) UCP AM has implemented personal account dealing rules, which impose certain restrictions on trading on personal account on UCP AM's employees and persons associated with them in situations where a conflict of interest may arise.
- (e) UCP AM's remuneration policies seek to ensure removal of any direct link between remuneration of the relevant person principally engaged in one activity and the revenues generated by another activity, where a conflict of interest may arise in relation to those activities. Remuneration (including bonuses) may, however, be calculated by reference to the profitability of (i) the department or other business unit for which the employee works or (ii) the UCP AM group as a whole.

- (f) UCP AM has adopted a general policy that neither management nor other employees may exert or threaten to exert inappropriate influence over another employee whether or not that other person works within the same business area.
- (g) UCP AM has adopted a general policy that it is strictly forbidden to provide the Services to the Clients where these Services will constitute benefit of a particular Client.
- (h) UCP AM has imposed Transaction restrictions where transactions would conflict with lists of conflicting transactions.
- (i) UCP AM has adopted priority and fair treatment rules pursuant to which the Client's interests take precedence over the interests of UCP AM and its employees. UCP AM ensures the observance of the time priority with regard to the execution by UCP AM of Orders received from its Clients. The same principle applies in relation to the allocation of securities in respect of aggregated Orders.
- (j) UCP AM has issued internal guidelines and rules of conduct which serve to comply with the legal requirement of preventing market abuse (insider trading and market manipulation) by UCP AM and its employees.

18.3.2 In the case where UCP AM cannot guarantee that its general conflict of interest policy will prevent the risk of damage to its Clients, it will disclose the general nature or source of the specific conflict of interest to the Client so that the Client can make an informed decision with respect to the Service in the context of which the conflict of interest arises.

18.4 **Additional information**

18.4.1 If a conflict of interest cannot be prevented despite the organisational and administrative arrangements made by UCP AM, UCP AM will use its reasonable endeavours to resolve such conflict of interest in the interests of the Clients. Possible ways of resolving such a conflict of interest include the disclosure of the conflict of interest to the Client(s) or refraining from a possible Transaction.

18.4.2 The compliance department of UCP AM has the overall responsibility for the maintenance of policies and procedures regarding conflicts of interest. The compliance function maintains the conflict of interest register, which includes record of the Services and activities in which conflicts of interest entailing a material risk of damage to the interests of Clients has arisen or may arise. Business units must report to the compliance department all material Transactions and material advisory mandates. The internal audit department executes periodical auditing in order to ensure that the policy and procedures regarding conflicts of interest are strictly followed. Both departments are independent from other departments.

18.4.3 This conflicts disclosure is not intended to, and does not, create rights or duties that would not exist if the disclosure had not been made available, nor does it form part of any contract between UCP AM and any Client.

18.4.4 UCP AM reserves the right to review and/or amend its Conflicts of Interest Policy whenever it deems appropriate.

19 **Fees and Charges**

19.1 The fees and charges payable by the Client to UCP AM for the provision of the Services are specified in the ISA, these Terms and each applicable Appendix.

19.2 UCP AM will charge fees in respect of the services supplied on the basis set out below, or as may be otherwise agreed between UCP AM and the Client from time to time.

| Fee Type: | Fees Charges: |
|---|---|
| Trading in bonds: | Up to US\$100,000 (or equivalent in another currency): 0.5% Up to US\$250,000 (or equivalent in another currency): 0.4% More than US\$250,000 (or equivalent in another currency): 0.3% |
| Trading in securities (Russian equities, bonds, GDRs, ADRs etc.) | From 0.1% to 0.2% of the amount of the trade. The exact amount of the brokerage commission within the range for each transaction specified above will be calculated on a discretionary basis taking into account such factors as type of securities, liquidity of securities and volume of Transaction. |
| Trading of funds: | Money market funds: 0.5% Mutual funds: 2.0% Hedge funds: 1.5% Real Estate funds: 1.5% |
| Trading of equities and ETFs: | 0.50% |
| Custody Fees: | 0.25% of the net asset value (NAV) of the Assets. |

For the provision of the Service of portfolio management, UCP AM will be charging a management fee within the range of 0.1% up to 1% (plus VAT when applicable) depending on the Client's portfolio composition and the type of investments in respect of the portfolio managed on behalf of the Client; plus a performance fee as may be agreed with the Client..

The Client shall bear all costs, fees and expenses, if any, related to provision of the Services, including, but not limited to (i) the fees and expenses of the agents, banks, clearing systems, stock exchanges, depositories, registrars, brokers, dealers, market makers, custodians and nominees and other third party providers involved in provision of the Service, (ii) execution or settlement of Transactions, Orders or Instructions, (iii) any applicable taxes (including, without limitation, any value-added taxes), imposts, levies or duties imposed on any principal or interest, or any other liability or payment arising out of or in connection with the Service, (iv) making relevant payments, conversions, registrations, filings, transfers and deliveries with respect to the Service, or (v) the reasonable consultancy (legal, tax and/or financial) fees, expenses related to the Service.

19.3 Details of the costs and expenses incurred by UCP AM in connection with the Services which the Client is obliged to reimburse UCP AM for will be disclosed to the Client as soon as practicable following a Notice by the Client to UCP AM requesting such disclosure.

19.4 UCP AM may receive, in relation to the provision of the Services UCP AM, fees, commissions or non-monetary benefits (other than those specified in any Appendix, if applicable) from a third party (such as executing brokers). The amount of the consideration depends on the nature of the relevant Transaction, the Financial Instrument or the Service provided and other factors. These inducements may include, without limitation, upfront placement fees or trailer fees. UCP AM will inform the Client of any such commissions.

19.5 Apart from cases where UCP AM may receive consideration, it also may, in certain cases, pay consideration to third parties and/or its employees with regard to the promotion of the Services provided to the Client. UCP AM will inform the Client of any such arrangements.

19.6 If the Client fails to pay any amount due to UCP AM in relation to the Services interest shall be payable by the Client at 0.1% (per cent) per day from the due settlement date.

- 19.7 Any conversion from one currency to another required in the course of the provision of the Services by UCP AM may be done by UCP AM in such manner and at such time as it may deem appropriate in its absolute discretion, taking into consideration the Client's Instructions, Orders or Notices and prevailing market conditions. UCP AM is not obliged to achieve, and does not guarantee, the best possible conversion rates. The Client acknowledges and agrees that the Client shall undertake all risks arising from any such conversion, and in particular, the risk that may be incurred as a result of the fluctuation in exchange rates.
- 19.8 Commission rates for purchases and sales of Financial Instruments are charged, subject to a minimum fee per transaction, plus international brokerage, agent's fees, stamp duty, taxes etc., where applicable.
- 19.9 Interest, commissions, fees and other charges (including charges for administrative costs and any charges incurred at the closing of an Account) are payable by the Client to UCP AM without any deduction or set-off and may be debited by UCP AM from any of the Accounts. UCP AM may vary its applicable interest rates, commissions, fees and other charges from time to time.
- 19.10 The Client acknowledges the possibility that the Client may have to assume other costs, including taxes, and which UCP AM may not be able to pay on behalf of the Client.

20 Risk Warnings

- 20.1 UCP AM would like to inform the Clients of the risks undertaken when investing in the capital markets.
- 20.2 The Clients must be aware of the various risks they are subject to when dealing in the capital markets. The Clients should also obtain regular updates about the direction of global capital markets. It is possible, under various circumstances, to limit or constrain the risk involved in capital market transactions. However, it is not possible to eliminate all risks involved.
- 20.3 The Client must fully understand that investments made or other positions taken in Financial Instruments are at the Client's own risk.
- 20.4 UCP AM provides below a list of the major sources of risk. It is not exhaustive and UCP AM strongly recommends further reading on the subject.

20.5 General

- 20.5.1 Every type of financial instrument has its own characteristics and entails different risks depending on the nature of each investment. The price or value of an investment will depend on fluctuations in the financial markets outside UCP AM's control (and outside the Client's control).
- 20.5.2 The Client should not carry out any Transaction in any financial instruments unless that Client is fully aware of their nature, the risks involved and the extent of his exposure to these risks. In case of uncertainty as to the meaning of any of the warnings described below, the Client must seek an independent legal or financial advice before taking any investment decision.
- 20.5.3 The Client should also be aware that:
- (a) the value of any investment in financial instruments may fluctuate downwards or upwards and the investment may even become worthless;
 - (b) previous results do not constitute an indication of a possible future return;

- (c) trading in financial instruments may trigger tax and/or any other duty;
- (d) placing contingent orders, such as “stop-loss” orders, will not necessarily limit losses to the intended amounts, as it may be impossible to execute such orders under certain market conditions; and
- (e) changes in the exchange rates, may negatively affect the value, price and/or performance of the financial instruments traded in a currency other than the Client’s base currency (currency of the Client’s country of residence).

20.5.4 Investing in some financial instruments and particularly derivatives entails the use of leverage. Leverage generally means the use of borrowed capital to multiply gains and losses. Trading in such financial instruments can amplify losses as well as gains with relatively small movement in the underlying market. High degrees of leverage can result to a quick loss of the entire capital or even expose the Client to an additional loss. For this reason, UCP AM suggests that the Client invests in derivatives only if the Client possesses the necessary knowledge and expertise to carry out such investments.

20.5.5 In some countries companies are permitted to effect over-the-counter transactions. The company with which the Client deals may be acting as the Client’s counterparty to the Transaction. It may be difficult or impossible to liquidate an existing position, to assess the value, to determine a fair price or to assess the exposure to risk. For these reasons, these Transactions may involve increased risks. Over-the-counter transactions may be less regulated or subject to a separate regulatory regime. By undertaking such Transactions, the Client confirms that it is aware of the applicable rules and attendant risks.

20.6 Types of risks

UCP AM informs the Clients that the below list of the types of risks is not exhaustive and includes only the most essential risks that the Client may run when concluding Transactions with financial instruments under the Agreement. The Client when conducting Transactions with financial instruments may be exposed to additional risks.

20.6.1 **Market risk** means the risk that the value of a portfolio will decrease due to the change in value of the market factors such as stock prices, interest rates, exchange rates and commodity prices. In case of a negative fluctuation in prices, investors in financial instruments run the risk of losing part or all of their invested capital.

20.6.2 **Credit risk** means the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet its obligations as they fall due.

20.6.3 **Liquidity risk** means the risk of a counterparty although solvent, either does not have available sufficient financial resources to enable it to meet its current and prospective obligations as they fall due or can secure such resources only at excessive cost. Liquidity risk includes the inability to manage unplanned decreases or changes in funding sources. Liquidity risk also arises from the failure to recognize or address changes in market conditions that affect the ability to liquidate assets quickly and with minimal loss in value.

20.6.4 **Operational risk** means a risk of business operations failing due to human, electronic system error or from external events. Operational risk will change from industry to industry and is an important consideration to make when looking at potential investment decisions.

- 20.6.5 **Political risk** means the risk that an investment's returns could suffer as a result of adverse political changes or instability in a country. Instability affecting investment returns could stem from a change in government, legislative bodies, other foreign policy makers or military control. Investing in sovereign debt securities of developing countries, produces this risk. Due to political or diplomatic circumstances some developing countries that issue lower-quality debt securities may be unable or unwilling to make principal or interest repayments as they become due.
- 20.6.6 **Currency risk** means the risk of negatively changing of financial instruments' value due to changing of the currency rate to other currencies.
- 20.6.7 **Operations risk** means the risk of losses as a consequence of the mistaken or illegal actions of the employees of the organised markets, custodians, registrars, clearing organisations in course of settlement of transactions in securities or derivatives.
- 20.6.8 **Tax risk** means the risk concerning with complexity of tax laws of the different countries applicable to the Client. Therefore the Client shall consider tax consequences of investments. It is possible that the current interpretation of tax laws or understanding of practice may change and such changing may have retrospective effect.
- 20.6.9 **Legal and compliance risk** means the risk that can arise as a result of breaches or non-compliance with legislation, regulations, practices or ethical standards.

In emerging markets there is generally less government supervision and regulation of business and industry practices, stock exchanges, over-the-counter markets, brokers, dealers and issuers than in more established markets. In certain areas, the laws and regulations governing investments in securities and other assets may not exist or may be subject to inconsistent or arbitrary interpretation.

20.7 Financial instruments and related risks

This Clause describes the most common financial instruments available on the market. However this list is not exhaustive and UCP AM and its Clients may also consider financial instruments other than described in this Clause.

20.7.1 Equities or shares

- (a) Shares represent a share of ownership in a company. It is the unit in which the share capital of a company is divided in and which provides the shareholder with voting rights. Furthermore, the shareholder is entitled to receive a certain level of the company's earnings (dividend payments) that may arise from the company's operations. Dividends are not guaranteed and a company has the right to decide not to pay a dividend.
- (b) The investor may also buy company's shares so that he/she can make a profit from reselling them. However, the return of the investment is not guaranteed because the share's price depends on the company's performance, the evaluation of the market's performance, the existing national and international economic circumstances, the relevant risk of each sector and/or the specific risk for each company. Investing into shares may also entail a risk regarding the dividend payment as well as the potential capital loss. Moreover, trading shares on regulated markets does not guarantee the liquidity of these shares.

20.7.2 Money market instruments

Money market instruments are usually debt securities which mature in one (1) year or less (treasury bills) and which are usually traded on local money markets. Risks related to this type of instruments are the liquidity risk, interest rate risk and credit spread risk.

20.7.3 Rights issue

A rights issue is a way to increase the share capital of a listed company by issuing rights to existing shareholders on a proportional basis. Rights are usually issued in organised markets and traded for a specific limited period of time. Rights are treated as high risk financial instruments as they entail all main types of financial risks. If rights are not exercised until their expiration date, they lose their value.

20.7.4 Bonds

(a) Bonds

- (i) Bonds are debt securities which represent the issuer's debt towards the investor. When an investor buys a bond, the investor lends a certain amount of money to the bond issuer. Therefore, the bond constitutes a debt towards the lender which must be paid on a specific date specified in the bond documentation. If it is included in the terms of a bond, the borrower is also obliged to pay interest to the bond holder. The interest rate, the frequency of interest payment and the amount of the interest are specified in the bond documentation. Possible bonds' issuers can be the Government, banks, municipalities or companies.
- (ii) The bond's yield is determined by the difference between the capital paid on the bond's issue date and the amount due at the maturity of the bond. High-yield bonds are bonds with speculative characteristics and which are rated with low credit rating by international credit rating agents. These bonds may carry a coupon that is relatively high to reflect the higher level of risk to investors.
- (iii) The main risks faced by bond holders are risk of the default of the issuer, liquidity risk, credit spread risk and interest rate risk as the bond's price usually moves inversely to the direction of interest rates changes and/or the credit spreads.
- (iv) Investments in non-investment-grade or "junk" bonds, which involve significant risk of default or price changes due to changes in the credit quality of the issuer because they are generally unsecured and may be subordinated to other creditors' claims. The value of "junk" bonds often fluctuates in response to company's political or economic developments and decline significantly over short periods of time or during periods of general or regional economic difficulty. During those times, "junk" bonds could become difficult to value or sell at a fair price. Credit ratings on "junk" bonds, if any, do not necessarily reflect their actual market risk.

(b) Complex bonds

- (i) Structured/Complex bonds allow the investor to access other financial instruments, notably shares, through an initial investment in bonds.

- (ii) Common types of bonds that give access to the company's share capital are the following:

- 1) Convertible bonds

These bonds can be converted into shares of the issuing company upon request of the bond holder. The bond's maturity and conversion dates are specified in the bond's issue terms where the conversion ratio is defined and where it is specified that the bond issuer has the right to call the bond's early redemption. The bond holder's protection clauses are also described in detail in the bond's issue documentation.

- 2) Exchangeable bonds

These types of bonds allow the investor to exchange them with existing shares of a third company. Issuers of such bonds are companies holding shares in other companies.

- 3) Bonds redeemable in shares

Such bonds are only redeemable in shares on the issuer's option. The bond holder is exposed to the same risks inherent in shares. The risks entailed in all the above mentioned instruments are related to their complex nature. For as long as they remain in the investor's possession, the investor is exposed to risks as well as to possible fluctuations and/or volatility of the principal shares' value. After the conversion, exchange or redemption of the bonds, the investors are exposed to risks similar to those of shares.

- 4) Callable bonds

These types of bonds allow the issuer to repay early (partially or in full) the principal at a specific date before the bonds' stated maturity date. These bonds are subject to prepayment risk. The issuers of such fixed income instruments may not be willing or able to prepay the principal at the prescribed earlier date, thus prolonging the life of the instrument.

20.7.5 Warrants

- (a) Share warrants constitute an alternative way for an issuer to raise capital. Warrant holders have the right and not the obligation to buy a specific number of shares at an agreed-upon price (exercise price) at specific dates until their expiration.
- (b) Share warrants do not offer a dividend or any other type of payment and if they are not exercised until their expiration date, they expire and they lose their value. Their trading price is directly linked to the share's performance and, usually, their price fluctuation is higher (as a percentage) than the share's price. Share warrants are treated as financial instruments of higher risk due to severe fluctuations to their value and the higher risks that they entail.

20.7.6 Derivatives

- (a) A derivative is a financial instrument:

- (i) whose value changes in response to the change in a specified interest rate, security price, commodity price, foreign exchange rate, index of prices, a credit rating, or similar variable (the underlying);
 - (ii) that requires no initial net investment or little initial net investment relative to other types of contracts that have similar responses to changes in market conditions; and
 - (iii) that is settled at a future date.
- (b) Common types of derivatives are futures, options and swaps. While some off-exchange markets are highly liquid, transactions in off-exchange derivatives may involve greater risk than investing in on-exchange derivatives (including structured products) because there is no exchange market on which to close out an open position. It may be impossible to liquidate the existing position, to assess the value of the position arising from an over-the-counter transaction.

(c) Options

- (i) Options are financial derivatives that offer the buyer the right but not the obligation to buy (call) or sell (put) an underlying instrument (i.e. share or other financial instrument agreed by the parties) at an agreed-upon price (exercise price) before (American-type option) or on (European-type option) specific future date.
- (ii) The amount the option buyer must pay to the option seller called premium. This payment is made to the seller irrespective of whether the option is exercised or not.
- (iii) Therefore, the maximum risk for the buyer of the option is limited to the premium paid to the seller while the seller's potential risk is unlimited.

(d) Contracts for Differences

Contracts for difference are transactions in relation to shares where it is not necessary for the parties to hold the shares themselves. These are short-term contracts following an agreement between the counterparties and they reflect the performance of a specific share or index. As in the case of shares, potential earnings or losses depend on the difference between the purchase price and the sale price of the financial instrument.

(e) Swaps

In general, a swap is a contract in which two contracting parties swap currency flows or interest rate flows. Swaps are divided into categories based on their type: two most common types of swaps are currency swaps and interest rate swaps.

Currency swaps consist of a double transaction in currency during which one party sells to the other, in cash, an amount in currency and, as counterparty, buys an amount in a different currency. The parties are committed to redeem the amounts upon the expiry date of the contract, increased or decreased accordingly, based on the difference between the interest rates between the two investments, provided that the swaps have equivalent terms for each currency. The basic risk for this type of swaps is related with interest rates and exchange rates.

Interest rate swap. In this case the parties agree to pay, at specific time intervals, amounts that correspond to different interest rates on a given principal. The main risks concern interest rates and the counterparty risk.

(f) Forwards, Futures

- (i) A forward is a contractual agreement to buy or sell when due a certain financial instrument (underlying asset) at a specified date and at a determined price (exercise price). A forward constitutes essentially a bilateral agreement between two parties who agreed to proceed to a certain buying and selling on a specific date in the future at a specified price.
- (ii) A futures is a pre-specified forward contract for which the exercise price is traded on the exchange. The exercise price depends on the current price of the underlying asset, interest rates, market expectations and other factors and may differ significantly compared to the current price of the underlying asset.

20.7.7 Mutual funds, Undertakings for collective investment in transferable securities (UCITS)

- (a) Undertakings for collective investment in transferable securities (UCITS) are specially constituted collective investment portfolios the sole object of which is the collective investment in transferable securities and/or other liquid financial instruments of capital raised from the public and which operate on the principle of risk-spreading. Their units are, at the request of investors, redeemed or repurchased, directly or indirectly, out of this undertaking's assets.
- (b) Mutual funds are divided into several categories depending on their investment policies and diversification rules: domestic or foreign funds, equity funds, mixed funds, bond funds or cash funds. Depending on the category, mutual funds may entail different risks but may have different performances. Any investment in mutual funds is, amongst others, related to market risk, interest rate risk, default risk and foreign exchange risk.
- (c) UCITS can take the form of common funds which are managed by a management company or variable capital investment companies which are managed internally and the function of safekeeping of the assets of UCITS is assigned to a Custodian. The assets of a UCITS are divided into registered units or fractions of units which represent the same percentage of assets of the UCITS and belong in their entirety to the unit-holders. Unit-holders have a share in profits as well as in losses and costs that may arise while managing and investing UCITS's assets.
- (d) The net value of a UCITS unit is calculated upon the total UCITS net asset value divided by the number of the existing units. Some of the UCITS' liabilities and expenses include the remuneration of the management company and the Custodian and other expenses and costs arising from the management and administration of a UCITS.
- (e) The issue price and the redemption price of a UCITS unit is possible to exceed or to fall short of the net unit value respectively, calculated in accordance with the issue and redemption commissions percentage respectively, according to the UCITS regulation, status or articles of incorporation.

20.7.8 Collective investment schemes

- (a) Collective investment schemes involve an arrangement that enables a number of investors to "pool" their assets and have these professionally managed by an independent fund manager. Investments typically include bonds and shares of listed companies but depending on the type of the scheme, they may include broader investments such as property.
- (b) The ability to liquidate certain schemes may be limited, depending on the terms of operation and the long time period of notice required for redemption during which the value of each unit may exhibit high volatility and possibly decrease. It is possible that there is no secondary market for such schemes and hence such an investment may be liquidated only through redemption.

20.7.9 Structured Products

- (a) Structured products are financial instruments in the form of securities or contracts which are adapted to the needs of the Client. These products are identified by one or more of the following characteristics:
 - (i) the performance is determined by the underlying instrument or a combination of underlying instruments (interest rates, equities, indices, etc.) or based on a formula;
 - (ii) a leveraged effect;
 - (iii) other characteristics agreed upon the parties such as terms on the redemption or the existence of a guarantee;
 - (iv) a product that does not allow a preliminary request for quote from different financial institutions; or
 - (v) a non-existent secondary market or a secondary which is not liquid.
- (b) Every structured product has a different risk profile. Due to the large number of possible combinations, it is impossible to describe in detail every structured product's risk.
- (c) Before making any transaction in structured products, the Client has to be informed by UCP AM on the special characteristics of the product and the entailed risks in order for the Client to make informed investment decisions after accepting the terms and the special characteristics of the specific products.

20.7.10 Hedge Funds

- (a) Hedge funds are aggressively managed portfolios of investments that use advanced investment strategies such as leveraged, long, short and derivative positions in both domestic and international markets with the goal of generating high returns (either in an absolute sense or over a specified market benchmark).
- (b) Hedge funds are considered an investment of higher risk than traditional funds and are suitable for more experienced investors, since they are not regulated and lack transparency. Hedge funds usually invest in risky or illiquid securities and although they target absolute returns, if they fail to manage risk, they may realise significant

losses. Beyond the liquidity risk, hedge funds have the ability to leverage which means that a relative small fluctuation in the price of the underlying security may lead to a disproportionately larger fluctuation, favourable or unfavourable, to the value of the investment.

20.7.11 Foreign Exchange Trading

- (a) Engaging in foreign exchange (FX) trading (buying one currency in exchange for another) exposes the Client to the risk of adverse changes in exchange rates. Exchange rates can be volatile and are driven by a variety of factors affecting the economies of the jurisdictions whose currencies the Client is trading.
- (b) The "gearing" or "leverage" often obtainable in foreign exchange (FX) trading means that a small deposit or down payment can lead to large losses as well as gains. It also means that a relatively small movement can lead to a proportionately much larger movement in the value of the Client's investment, and this can work against the Client as well as in its favour. Some foreign exchange (FX) transactions have a contingent liability which means that the Client may be liable for margin to maintain its position and a loss may be sustained well in excess of the premium received.
- (c) The Client may sustain a total loss of any margin it deposits with the broker to establish or maintain a position. If the market moves against the Client, the Client may be called upon to pay substantial additional margin at short notice to maintain the position. If the Client fails to do so within the time required, the Client's position may be liquidated by the broker at a loss and the Client will be responsible for the resulting deficit.
- (d) The insolvency or default of the Client's broker/dealer, or that of any other dealers involved with a foreign exchange (FX) transaction, may lead to positions being liquidated or closed out without the Client's consent. In certain circumstances, the Client may not get back the actual assets which the Client lodged as collateral and the Client may have to accept any available payments in cash.

20.7.12 Exchange Traded Funds (ETFs)

Exchange Traded Funds ("**ETFs**") are securities that track an index, a commodity or a basket of assets like an index fund, but trade like a stock on an exchange. ETFs experience price changes throughout the day as they are bought and sold. An investment in ETFs exposes investors to the same risks as the underlying securities plus the risk of loss of liquidity in this ETF.