

## **Rules for Execution of Orders in Derivatives**

### **1. General Terms**

These Rules on Orders in Derivatives (hereinafter referred to as the Terms or these Terms, or the Rules) form Appendix No. 16 to General Terms of Business adopted by Freedom Finance Europe Ltd (hereinafter referred to as the General Rules) and constitute an integral part thereof.

### **2. Definitions**

- 2.1. For the purposes of these Conditions, the words and expressions set out below shall have to the following meaning:
  - 2.1.1 Derivative (Contract) is a contract which, pursuant to the relevant Market rules constitutes a derivative financial instrument made under the Derivative (Contract) Specification and in compliance with the relevant Regulated Markets rules.
  - 2.1.2 Derivative Transaction is a transaction made with a Derivative Contract.
  - 2.1.3 Contract Specification is a document determining standard terms of the Derivative Contract and its execution.
  - 2.1.4 Option Expiration is a Derivative Transaction featuring option holder's order to execute a Derivative Contract in accordance with the Contract Specification of such option
  - 2.1.5 Derivative Contract Closing is a discharge of obligations under a Derivative Contract via execution of another Derivative Contract establishing counter obligations under another Derivative Contract with the same code (specification).
- 2.2. The definitions and expressions used in these Terms shall have the same meaning as in the General Rules, the Margin Transaction Rules, and the relevant Regulated Markets rules unless stated otherwise.

### **3. General Conditions**

- 3.1. Derivative Transactions shall be executed through trades organized by Derivative trading venues in the manner prescribed by the market operator and its clearing center. The relevant rules are determined by Contract Specification and trading venue rules which depend on the Contract.
- 3.2. Order for Transaction with Derivative shall be placed by the Client via Electronic Trading Platform available at: [www.ffineu.eu](http://www.ffineu.eu); [www.bondsfreedom.com](http://www.bondsfreedom.com); [www.freedom24.com](http://www.freedom24.com); or during the Secure Session by means of telephone communication (in oral form).
- 3.3. Orders for Derivative Transactions shall be executed by the Broker via placing a Buy Order in the Electronic Trading Platform within the Secure Session during which the Broker received such Order. Orders received after the Secure Session shall be executed within the next Secure Session.

3.4 The Broker fixes Capital Adequacy Ratio, as defined in the Margin Transaction Rules, at the rate of 100%. The Broker hereby reserves the right to alter the Margin Requirements at its own discretion.

**4. Clients' obligations under Derivative Transactions**

4.1. Before placing Orders for Derivative Transactions the Client shall read and understand the rules of the trading venue in which Derivative Contract is listed, and the Contract Specification of a Derivative Contract in respect of which the Client places an Order. Any amendments and modifications thereto shall be followed by the Client. The Client shall be held solely liable for any risks related to his/her failure to become aware of the foregoing documents, including amendments and modifications thereto.

4.2. On his/her own accord, the Client shall monitor any circumstances which may cause forced position Closing or Option Expiration.

4.3. The Client shall be held liable for incurring debt under the Broker's Account. If upon execution of Derivative Contracts or execution of obligations thereunder, a debt remains outstanding under the Broker's Account, then the Client shall settle this debt immediately.

The debt may be settled as follows:

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

4.4. If the Client fails to settle a debt under his/her Broker's Account during the day when it became due, then his/her obligation to settle the debt shall be deemed in default and the Client shall repay the Broker a penalty charged daily as follows:

The penalty shall be charged against the actual debt outstanding as at the end of the Secure Session (if applicable) or as at the end of the previous Secure Session, if the penalty is charged for non-trading day; and

The penalty shall be charged daily according to the margin rates indicated on Broker's website as per service plan which has been selected by the Client while opening a trading Account or chosen by him/her as an option in Client's Cabinet.

4.5. If the Client fails to settle a debt under the Broker's Account, the Broker shall be at liberty to make transactions in the Electronic Trading Platform on behalf of the Client directed at the closing of positions under Derivative Contracts with no need for additional Client's orders. For this purpose, the Broker shall have the right, at its sole discretion, to close any Client's positions (Client's liabilities arising from Derivative Contracts), to change prices in active requests transferred to the Trading System on the basis of Client's Orders, and to cancel all or a part of Client's Orders, as well as to place new Client's Orders at the current market price established in the Electronic Trading Platform.

4.6. If the Broker has made transactions related to the closing of Positions under Client's Derivative Contracts, however, the Client's liability under Broker's Account was not paid off in full, the Broker shall have the right, at its own discretion, to:

-notify the Client via Electronic Trading Platform, or by way of any other durable medium as described in Terms of Business of a necessity to repay the debt under Broker's Account specifying the amount and due date. In this case, the Client shall be held liable

for Reserving the required amount on Broker's Account within the time specified in such notice.

-without additional Client's Orders to ensure collateral on Broker's Account of Client's Funds in respect of the outstanding debt by selling Securities on Client's Account whichever the Broker sees fit to obtain Funds sufficient for repayment of Client's debt before the Broker. For this purpose, the Client hereby authorizes the Broker to sell any Securities on Client's Account whichever the Broker sees fit, to obtain Funds sufficient for repayment of Client's debt before the Broker.

## **5. Execution of Derivative Contracts**

- 5.1 Future and Option Contracts shall be executed in accordance with the Contract Specifications of related contracts and the rules of the Electronic Trading Platform.
- 5.2. Future Contracts shall be executed on the last day of their circulation in the manner prescribed by the Contract Specification of the related Derivative Contract without additional Client's order.
- 5.3. The Client shall be bound to provide the Broker with an instruction for closing a deliverable Derivative contract before 17 hours 00 minutes of the last day for execution thereof.
- 5.4. If at 17 hours 00 minutes of the last day for the execution of a deliverable Derivative contract, the Client has an Open Position for such contract, then the Client does hereby authorize the Broker to close such Derivative Contract by placing a respective order in the Electronic Trading Platform without the need for any additional Client's instructions.
- 5.5. If on the execution of a deliverable futures contract, the Client incurs liability to buy or sell an instrument representing the underlying of a futures contract, the Client does hereby authorize the Broker, without the need for any additional Client's instructions, to settle a deal on Client's behalf at the current market price and the such deal may provide for Client's counter obligations.
- 5.6. Option contracts shall be executed during circulation of an option on the basis of an Order placed by the Client being a holder of the option in which the Client claims its option rights (Option Expiration). The Broker hereby reserves the right to reject an option contract execution under a call-option (or a put-option) if the settlement price of the underlying future contract is lower (or higher) than the striking price thereof.
- 5.7. If the Contract Specification of an option contract does not establish the order for its automatic execution on the last day of its circulation without Client's instructions, then at the last day of its circulation, the Broker shall be at liberty to execute such option, if the settlement Price of the underlying futures contract is higher (or lower) than the striking price of a call-option (or pull-option).

## **6. Reasons to reject Orders for Derivative transactions**

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

**7. Brokerage Fee and payment of expenses**

- 7.1 Brokerage Fee for Derivative Transactions shall be determined by the Tariff Plan selected on the opening of a trading Account at the specified website or chosen by the Client in its Member Area. Brokerage Fee for Derivative Transactions and expenses incurred by the Broker while executing Derivative Transactions, deliverable futures contracts and other transactions related to the termination of obligations arising from deliverable futures contracts shall be repaid by the Client in the manner established by the Contract on account of Funds available on Client's Account.
- 7.2 Fees and charges of the Electronic Trading Platform (including market charges for trade registration, clearing charges for contract execution, forced closing, execution of deliverable futures contracts and other contracts related to the termination of obligations arising from deliverable futures contracts) shall be included in Brokerage Fee and are not subject to payment at the cost of Client's Funds.