

## **Automatic Swap Program on D-Accounts**



## Overview

Client accounts are eligible to receive credit interest on long-settled cash balances in their brokerage accounts.

Interest is paid to clients based on rates available in the interbank market through the conduct of transactions with Currency Swaps and upon the settlement within the Company through transactions with Financial Instrument Swaps.

This program is called Auto Swap Program on D-Accounts ("Program").

The mechanics behind this Program involve buying a currency or a Financial instrument with different settlement dates on special D-Accounts.

The difference in the currency value or Financial Instrument between these dates will be the interest earned.

The Program (Swap) Documents shall be personal to the Client, and neither the benefit of nor the obligations under the Program (Swap) Documents may be assigned, transferred, or delegated by the Client to any third party without the Company's prior written consent.

## How to Apply to the Program

In order to participate in the Program, the Client must open a special brokerage D-Account and transfer funds there.

By opening the corresponding D-Account and transferring money there, the Client agreed with the current Program.

## How to Open and Fund D-Account

To open D-Account Client must send the instruction "Additional account" in the Member Area of the Platform and choose from the available types of accounts "Saving D-Account".

You can top up your D-Account with EUR or USD currencies, with any available method – by card, wire transfer or transfer within the Company between existing accounts.

## How is the Balance Paid

Interest accrues and is payable on a daily basis on the balance of the D-Account (in EUR or USD)

At its absolute and sole discretion, the Company will place the Clients funds from D-Accounts in an OTC currency Swap transaction or OTC Financial Instrument Swap transaction every business day. Swap prices are not published but can be seen in the brokerage statement after the execution.

The number of underlying Financial Instruments provided and transferred to the Client Account in exchange for topping up his D-Account within the Financial Instrument Swap transaction will be rounded upwards.

The difference between the prices will be the interest, as follows:

- Equal to the daily SOFR\* on the balance in USD, the interest accrued daily at the floating interest rate based on the SOFR, and
- Equal to the Euribor 1 week\* on the balance in EUR, the interest accrued daily at the floating interest rate based on Euribor 1 week.

\*SOFR - Secured Overnight Financing Rate Data, published by the New York Fed on the New York Fed website at approximately 8:00 a.m. Eastern Time (USA) on the given day  
<https://www.newyorkfed.org/markets/reference-rates/sofr>

\* Euribor 1 week - is a Euro Interbank Offered Rate, which is a euro money market benchmark calculated for one-week maturities, published by The European Money Markets Institute on the given day on its website <https://www.emmi-benchmarks.eu/benchmarks/euribor/>

The interest rate can be changed at the Company's absolute and sole discretion.

The minimal interest accrued and payable on D-Accounts is 0.01 (one cent).

The interest payable is non-cumulative and will not be calculated daily until the minimal interest amount of 0.01 cents is reached.

Fluctuating the price of an underlying Financial Instrument under the Financial Instrument Swap transaction will not affect the interest accrued on the Swap opening day and payable on the settlement date.

### **What does Currency Swap and Financial Instrument Swap mean**

A currency Swap is a pair of conversion transactions.

One - with the settlement date T on the Swap opening day (selling USD for EUR), the second - with the settlement date T + 1 (buying USD for EUR).

A Financial Instrument Swap is a pair of conversion transactions in which cash flows in one financial instrument are exchanged for those of another financial instrument or cash at a certain future date.

One - with the settlement date T on the Swap opening day (selling Financial Instrument), the second - with the settlement date T + 1 (buying Financial Instrument).

The profit on the second transaction is the income paid to the D-Account.



We automatically keep rolling the Swaps until you transfer your funds from D-Account back to a trading account.

All Swap transactions will be available in the brokerage statement.

### **Restrictions on D-Accounts**

Trading is prohibited on the D-Account.

The withdrawal of the cash balance is not limited and can be carried out at any time in the amount of the planned balance.

There is no need to wait for the Swap to close to withdraw money.

### **Cost**

This service is provided as a free service, and no commission is charged.

### **Disclosure of Conflict of Interest**

We are a wholly owned subsidiary of Freedom Holding Corp. (FRHC), a public company listed on the Nasdaq stock exchange, and as such, our parent company is a related party.

By accepting this Program, the Client acknowledges and accepts that there may be inherent conflicts of interest when an FRHC stock represents the underlying Financial Instrument.

### **WARRANTY**

The Company unreservedly states, affirms, warrants, and guarantees that any loss suffered by the Client due to a default or insolvency of a third party involved in the Swap transaction is subject to full indemnification by the Company towards the Client.