Conditions for Providing Investment Services
Effective as of 03.05.2019

The Conditions for Providing Investment Services regulate client relationships of Swedbank in providing investment and ancillary services.

Definitions

**Agreement** shall mean the Securities Account Agreement concluded between the Client and the Bank.

**Bank** shall mean Swedbank AS (Swedbank public limited company), which operates as a credit institution in Estonia on the basis of a respective activity license. Supervision over the activities of the Bank is exercised by the Financial Supervision Authority ([www.fi.ee](http://www.fi.ee)).

**Banking Day** shall mean a period of time from Monday to Friday (except public holidays and TARGET2-Securities securities settlement system holidays).

**Best Execution Policy** shall mean the policy established by the Bank, among other things, for execution of the Client’s Orders.

**Client** shall mean a person who uses, has used or expressed the wish to use an investment or ancillary service or who has opened or expressed the wish to open a Securities Account in the Bank or the person authorised by the Client pursuant to the requirements.

**Conditions** shall mean these Conditions for Providing Investment Services.

**Contingent Liability Transaction** shall mean a transaction which includes an actual or potential liability for the Client that may exceed the cost of acquiring the instrument.

**Corporate Action** shall mean any event arising from a resolution adopted by a managing body of the issuer, from terms and conditions of the Security or from the actions of a third party that may affect the rights and obligations of the holder of the Security (e.g. the issue of new shares, the split of shares, changing the nominal value of shares, payment of dividends and interest, the merger, division, transformation, dissolution or bankruptcy of the issuer).

**Custodian** shall mean the legal entity that offers to the Bank the safekeeping, registration and settlement of Securities and other services associated with Securities.

**General Terms and Conditions** shall mean the General Terms and Conditions of the Bank.

**Instruction** shall mean any guideline that the Client gives to the Bank for the conclusion of a Securities Transaction and for the exercise of the rights and obligations arising from the Security.

**Investment Advice** shall mean the provision of a personal recommendation to the Client in respect of an Investment Product.

**Investment Product** shall mean a security (such as Swedbank Fund of Funds 30, 60 or 100), insurance-based investment product (such as life insurance with investment risk Private Portfolio), voluntary pension fund unit (such as Swedbank Pension Fund V1, V2 or V3) or investment risk deposit.

**Key Information Document** shall mean a document compiled by the manufacturer of a Packaged Retail Investment Product that includes information on the main features and risks of the product.

**Leveraged Security** shall mean a Security that has a potential of magnifying an investor’s exposure to an underlying risk.

**Market** shall mean a regulated market (incl. stock exchange), a multilateral trading facility or an organised trading facility that operates in Estonia or abroad.

**Order** shall mean an Instruction on the basis of which the Bank concludes a purchase or sales transaction on the account and in the name of the Client with Securities traded at the Market or that is forwarded by the Bank to a third party for execution.
Packaged Retail Investment Product shall mean an investment, where, regardless of the legal form of the investment, the amount repayable to the retail investor is subject to fluctuations because of exposure to reference values or to the performance of one or more assets which are not directly purchased by the retail investor.

Parties shall mean the Client and the Bank jointly.

Questionnaire shall mean appropriateness questionnaire, which determines the appropriateness of an Investment Product to the Client, or suitability questionnaire, on the basis of which a personal recommendation is provided to the Client in respect of an Investment Product.

Register shall mean a register of Estonia or a foreign country where the securities have been registered.

Securities Account shall mean the account opened for the Client in the Bank for safekeeping of Securities.

Securities Transaction shall mean purchase, sale, transfer, subscription of Securities both at the Market and outside the Market, transactions for subscription, redemption and exchange of investment fund units, pledge of Securities, Security entries associated with Corporate Actions or other actions concluded with Securities.

Security shall mean an immaterial security that can be held through the Bank and with which Securities Transactions can be concluded, incl. share, bond, convertible security, subscription right, investment fund unit (except unit of a pension fund), money market instrument or other financial instrument.

I. General part

1.1 The Conditions shall be an inseparable part of the Agreement. Issues not regulated in the Conditions shall be governed by the preliminary contract information, the General Terms and Conditions, the Best Execution Policy, the principles of processing client data and the guide to financial instruments. In case of any discrepancies between the Conditions and other documents listed in this clause the Conditions shall prevail.

1.2 The Bank has the right to amend the Conditions unilaterally in accordance with procedures established in General Terms and Conditions, without concluding a respective amendment annex. Previously existing wording of the Conditions shall be entirely replaced with a new wording on the date of the entry into force of the amendments.

1.3 All the terms and conditions of the Bank that regulate client relationships shall be available on the homepage at www.swedbank.ee (under Bank conditions or www.swedbank.ee/mifid) and in bank offices.

1.4 The Client specifically consents that the Bank has the right to provide the Conditions, reports and documents referred to in the Conditions, and other information about investment or ancillary services and Securities on its website www.swedbank.ee/mifid, if the Conditions or a notification sent to the Client do not specify otherwise. If the information specified in the previous sentence needs to be provided on a durable medium, the Client confirms that it is aware of the possibility to receive the respective information on paper, however the Client prefers to receive the information on a durable medium other than on paper and considers such other durable medium as appropriate taking into account the nature of services provided to it.

1.5 The legislation of the respective country, the rules of the Register and the Market, the practices of the relevant market and good banking practices shall be applied to the provision of investment and ancillary services. The safekeeping of Securities at the Custodian shall be governed by the Custodian’s rules and the requirements deriving from a contract made between the Bank and the Custodian. Instructions and actions related thereto shall be governed by the conditions of Securities (e.g. fund rules, issue prospectuses) and procedures in force in the Bank.

1.6 The Bank does not offer or sell services or Securities to US persons. The Client hereby confirms to the Bank that it is not a US person. If the Client is a US person or becomes a US person during the term of the Agreement made with the Bank, the Bank has the right to terminate the Agreement. The Bank shall not be liable for any loss that the Client may suffer as a result of the termination of the Agreement. The Client undertakes to inform the Bank immediately of any circumstances that would cause the Client to be qualified as a US person. The Bank can also use public information when assessing
the qualification of a client as a US person. A legal person can be a US person, among other things, when it is established in the US, acts in accordance with US law, has a US postal address or has business activities in the US. A representative office or a branch of a foreign legal person can be qualified as a US person on same conditions. A natural person can be a US person, among other things, when it is considered a US resident for tax purposes or if the person stays in the US for some time for educational or work purposes. A person can also be considered a US person under other conditions deriving from US laws.

1.7 The Bank shall not provide tax or legal consultation services or any other services not regulated in the Conditions on the basis of this Agreement. Communications between the Client and the Bank, the Bank’s explanations regarding the terms and conditions of a service and news, articles, information letters, etc., sent by the Bank shall not constitute investment advice or investment recommendation to enter into any transactions, except when the Bank and the Client have agreed otherwise.

1.8 The Bank shall apply measures in order to manage and avoid conflicts between the interests of the Bank and the Client and between the interests of different Clients and its harmful impacts on the interests of Clients (e.g. information exchange, checking the activities of the employees of the Bank who provide services, restrictions on the personal transactions of the employees of the Bank). An overview of possible situations of conflicts of interests and the activities of the Bank associated therewith is available on the Bank’s homepage www.swedbank.ee/mifid.

1.9 The Bank shall not be liable for damages that may accompany the activity or inactivity of third parties related to the provision of services (e.g. Custodians or foreign brokers), information communicated by them or their insolvency. If such damages or threat of damages occur, the Bank shall make every reasonable effort in order to contribute to preventing the occurrence of the damage or reducing thereof.

1.10 The Bank shall remain fully liable to the Client for an activity associated with a service outsourced to third parties if this concerns the outsourcing of the service for the purposes of the Securities Market Act.

1.11 Communication between the Parties shall take place in Estonian or in other language agreed by the Parties. The Bank has the right to publish any information received from third parties (such as information relating to Corporate Actions) in the language in which it was made available to the Bank.

2. Client classification

2.1 Types of Clients:

2.1.1 Retail Client shall mean a person who has no sufficient knowledge and experience to be able to assess and manage all the risks associated with the Service and the Security and from whom no high awareness of the securities market is therefore presumed. As a Retail Client, the rights of a person as an investor are more protected.

2.1.2 Professional Client shall mean a person who has sufficient knowledge and experience to be able to assess and manage the risks associated with the Service and the Security and from whom high awareness of the securities market is therefore presumed.

2.2 Unless the Bank has informed a Client otherwise, they are treated as a Retail Client upon provision of the service.

2.3 A Retail Client may request to be treated as a Professional Client with respect to services or Securities. For that the Client shall submit additional information to the Bank on the basis of which the Bank shall assess the circumstances related to changing the classification and advise the Client of changing their classification or refusing therefrom.

2.4 A Professional Client shall be obliged to inform the Bank of any changes that may have an impact on their treatment as a Professional Client. If it becomes known to the Bank that a Client no longer corresponds to the requirements for a Professional Client, the Bank shall treat them as a Retail Client.

2.5 A Professional Client may request to be treated as a Retail Client with respect to services or Securities if the Client believes that they are unable to assess or manage the risks associated with the Security or Securities Transaction sufficiently. The Bank shall inform the Client of changing their classification.

2.6 Unless the Client requests that their classification be changed with respect to a specific
service or Security, the Bank shall change the classification of the Client with respect to all investment and ancillary services and Securities offered by the Bank.

2.7 The Bank shall have the right to decide, proceeding from the classification of the Client, which service or Security and in which extent it shall offer to the Client.

3. Assessment of appropriateness or suitability and determination of target market of an Investment Product

3.1 In order to assess appropriateness or suitability, the Client shall fill in the Questionnaire. The Client shall inform the Bank of any changes in the data. The Bank recommends the Client to update the Questionnaire at least once a year.

3.2 Suitability and appropriateness assessment is made by the Bank solely on the basis of information that the Client has provided in the Questionnaire, and any other information about the Client that may be possessed by the Bank will not be taken into account nor renewed by the Bank automatically. Information that the Client has provided in the Questionnaire will have a direct impact on the Investment Product or investment strategy that Bank will recommend to the Client as suitable, or the service or Investment Product the Bank can consider as appropriate to the Client. Suitability and appropriateness assessment is fully automated, but that fact shall not have any effect on the obligations or liability of the bank. If the Client does not understand any of the questions or the assessment result, or if the Client experiences technical problems, then the Client is advised to ask for assistance by using the contact information available on Bank website (phone number, e-mail, bank branch locations) or by asking assistance directly from the Bank employee that directed the Client to the Questionnaire.

3.3 Appropriateness shows whether the Client understands the risks associated with the service or Investment Product. The Bank shall assess the appropriateness on the basis of the Client’s investment knowledge and experience.

3.4 The Bank shall assess the appropriateness of the service or Investment Product for the Client upon acceptance, forwarding and execution of the Instruction.

3.5 If a Client acts through a representative the Bank shall assess the knowledge and experience of the respective representative of the Client during the appropriateness assessment and shall attribute the result to the Client. Client shall ensure that the person who is making investment decisions on behalf of the Client is directed to the appropriateness assessment. If several persons can make investment decisions on behalf of the Client, the Client shall ensure that the person who is likely to have the lowest level of knowledge and competence is directed to the appropriateness assessment. When the right of representation of the representative of the Client is amended or terminated, the Client shall direct to the appropriateness assessment a new person that corresponds to the requirements provided in this clause. Client confirms that the person who has passed the appropriateness assessment on its behalf has been appointed in accordance with the guidelines provided in this clause.

3.6 If the Client fails to present information about their investment knowledge and experience to the Bank or presents inadequate or incorrect information to the Bank, the Bank need not be able to assess the appropriateness of the service or Investment Product for the Client. If the Client has failed to present respective information to the Bank or presented inadequate or incorrect information to the Bank or if, on the basis of the adequate information presented to the Bank, the service or Investment Product is not appropriate for the Client, but, regardless of that, the Client wishes to receive the service or conduct the transaction with the Investment Product, the Client need not be able to understand the risks associated with the service or Investment Product and therefore the Client’s interests may be less protected.

3.7 The Bank shall not assess the appropriateness if the service is offered at the initiative of the Client and the provision of the service is associated with a non-complex Investment Product (e.g. money market instruments, shares and bonds traded on the Market, units of an undertaking for collective investment in transferable securities, etc.). As a result of the above, the Client’s interests may be less protected.

3.8 Suitability shows how the service or Investment Product corresponds to the Client’s capability to understand risks, financial situation (including ability
to bear loss) and investment objectives (including risk tolerance). To assess capability to understand risks, the Bank shall take as basis Client’s investment knowledge and experience. To assess the financial situation, the Bank shall take into account the source and amount of the Client's regular income, their assets and investments and regular financial obligations. To assess the investment objectives, the Bank shall take into account the Client’s risk tolerance and preferences with respect to the desired term of the investment.

3.9 The Bank shall assess the suitability when providing portfolio management and Investment Advice. The reason for assessing suitability is to enable the Bank to act in the best interest of the Client.

3.10 If the Client fails to present information about their investment knowledge and experience, financial situation (including ability to bear loss) or investment objectives (including risk tolerance) to the Bank or presents inadequate or incorrect information to the Bank, the Bank need not be able to assess the suitability of the service or Investment Product for the Client. In such a case, the Bank cannot provide the Client with the Investment Advice or portfolio management service and may suspend the provision of the respective service.

3.11 The Bank provides dependent Investment Advice. Investment Advice is considered dependent due to the fact that when providing personal recommendations to the Client, the Bank has only analysed a limited amount of potential Investment Products, and recommendations shall be provided only in respect of such Investment Products which have been issued or manufactured by the Bank itself or by entities belonging to the same consolidation group with the Bank.

3.12 Providing dependent Investment Advice gives the Bank the right to receive monetary and non-monetary benefits from third parties, but only if the receipt of such monetary and non-monetary benefits increases the quality of the service provided to the Client, and on the condition that the Client has been warned of the receipt of monetary and non-monetary benefits before the service of Investment Advice is provided.

3.13 The Bank does not provide periodic suitability assessment of Investment Products recommended during Investment Advice. For that reason the Bank recommends the Client to review at least once a year the Investment Products that the Client has purchased on the basis of personal recommendations provided to it.

3.14 In the event where the service provided by the Bank is not Investment Advice or portfolio management (such as acceptance, forwarding and execution of an Instruction) and the service is provided at the initiative of the Client, the Bank is not able to verify whether the Client belongs to the target market of the respective Investment Product. In such case the Bank will just disclose the target market of the Investment Product to the Client. As a result of that the Client's interests may be less protected. Information on target markets can be found at www.swedbank.ee/mifid.

4. Key Information Document, loss report and providing information on costs and charges, and Securities of the Client

4.1 Key Information Document

4.1.1 When entering into a transaction or submitting an Order in respect of a Packaged Retail Investment Product, the Bank shall make the Key Information Document available to the Client. When the transaction is entered into in the internet bank or over the phone, the Bank may not be able to make the Key Information Document available before the transaction. If the Bank has informed the Client that the Key Information Document cannot be made available before the transaction, the Client has the right to suspend the conclusion of the transaction and finalize the transaction only after the Bank has made the Key Information Document available to the Client in the internet bank or via e-mail, but the Client nevertheless has the right to request the Key Information Document in paper format from a bank office free of charge.

4.1.2 When the transaction in respect of a Packaged Retail Investment Product is entered into over the phone, the Bank may not be able to make the Key Information Document available before the transaction. If the Bank has informed the Client that the Key Information Document cannot be made available before the transaction, the Client has the right to suspend the conclusion of the transaction and finalize the transaction only after the Bank has made the Key Information Document available to the Client and Client has had a chance to familiarize itself with it.

4.1.3 In case the Packaged Retail Investment Product is a derivative not traded on a Market the Bank has the right to make the Key Information Document available to the Client. When the transaction is entered into in the internet bank or over the phone, the Bank has the right to make the Key Information Document available to the Client in the internet bank or via e-mail, but the Client nevertheless has the right to request the Key Information Document in paper format from a bank office free of charge.

4.1.4 Providing dependent Investment Advice gives the Bank the right to receive monetary and non-monetary benefits from third parties, but only if the receipt of such monetary and non-monetary benefits increases the quality of the service provided to the Client, and on the condition that the Client has been warned of the receipt of monetary and non-monetary benefits before the service of Investment Advice is provided.

4.3 The Bank does not provide periodic suitability assessment of Investment Products recommended during Investment Advice. For that reason the Bank recommends the Client to review at least once a year the Investment Products that the Client has purchased on the basis of personal recommendations provided to it.

3.14 In the event where the service provided by the Bank is not Investment Advice or portfolio management (such as acceptance, forwarding and execution of an Instruction) and the service is provided at the initiative of the Client, the Bank is not able to verify whether the Client belongs to the target market of the respective Investment Product. In such case the Bank will just disclose the target market of the Investment Product to the Client. As a result of that the Client's interests may be less protected. Information on target markets can be found at www.swedbank.ee/mifid.
Conclude. To assess the Key Information Document with most appropriate conditions the Client is recommended to follow the guidelines provided for on Bank's website www.swedbank.ee/mifid and consult the Bank, if necessary. The generic Key Information Documents can be found at www.swedbank.ee/mifid under the Key Information Document (KID).

4.1.4 The Client confirms that (a) it is aware and agrees with the fact that the Bank may make the Key Information Document available in English and (b) it has sufficient understanding in English.

4.2 Loss report

4.2.1 If Client has entered into Contingent Liability Transactions or has Leveraged Securities, the Bank shall notify the Client if the value of such instruments has decreased by 10% compared to their acquisition value, and henceforth after each 10% decrease. The report shall be sent separately for each instrument, but only once for the breach of each decrease threshold (i.e. if after the sending of the loss report the value of the instrument shall rise and breach the reportable decrease threshold, and after that fall below the reportable decrease threshold again, then the Client shall not be notified the second time of the breach of the same decrease threshold). In case of Contingent Liability Transactions the Bank shall send the report via e-mail. In case of Leveraged Securities the Bank shall send the report via internet bank.

4.2.2 In case of portfolio management the Bank shall notify the Client if the value of its securities portfolio has decreased by 10% during the reportable period compared to the beginning of the period, and henceforth after each 10% decrease. The report shall be sent only once for the breach of each decrease threshold (i.e. if after the sending of the loss report the value of the portfolio will rise and breach the reportable decrease threshold, and after that fall below the reportable decrease threshold again, then the Client shall not be notified the second time of the breach of the same decrease threshold). The Bank shall send the report over the phone or via e-mail.

4.2.3 The basis of the loss report shall be the daily closing price in case of the securities portfolio, and daily closing price using the FIFO method (first in, first out) in case of Contingent Liability Transactions and Leveraged Securities. The loss report shall be sent to the Client on the Banking Day after it has been compiled on the basis of daily closing prices.

4.3 Providing information on the costs and charges

4.3.1 The Bank shall provide to the Client ex ante information on the costs and charges related to Securities and investment and ancillary services. Full aggregated ex ante information shall be provided to the Client if the Bank recommends or markets a Security to the Client or if the Bank has the obligation to make the Key Information Document available to the Client. If the Bank is not obligated to provide the Client full aggregated information on costs and charges, the information on costs and charges shall be provided through the Bank's price list.

4.3.2 The Bank shall provide ex ante information on costs and charges before the conclusion of a Securities Transaction or provision of investment or ancillary services, and on every other time when the Client requests it. The information is available to the Client on the website www.swedbank.ee/mifid and Bank offices. By entering into a Securities Transaction or consuming a service the Client confirms that it has familiarized itself with the costs and charges information provided by the bank, understands it and consents to it.

4.3.3 Full aggregated information on costs and charges related to Securities and investment and ancillary services shall be provided on illustrative conditions (i.e. assumptions on the amount, duration of the investment and performance scenarios) and it is not personalized. In case all costs and charges related to Securities have been brought out in the Key Information Document, the Bank has the right to make just the Key Information Document available to the Client.

4.3.4 The Bank shall provide once a year ex post information on the costs and charges related to Securities and investment and ancillary services. Such information shall be provided to the Client if the Bank has recommended or marketed a Security to the Client or if the Bank has had the obligation to make the Key Information Document available to the Client. Respective information shall be based on actual costs and charges and shall be provided to the Client on a personalized basis.

4.4 Providing information on Securities of the Client
4.4.1 The Bank shall send to the Client at least once a quarter a report on the Securities, derivatives and investment risk deposits held by the Client on the date specified in the report. The report shall be made available in the internet bank of the Bank (Investment, saving -> My Portfolio -> Periodic reports). If the Client has not concluded the teleservices agreement with the Bank, the Bank shall send the report via mail, or if the Bank and the Client have agreed accordingly then to the bank office specified in such agreement.

5. Opening of a securities account

5.1 In order to open a Securities Account, the Client shall enter into an Agreement with the Bank. Upon concluding the Agreement, the Client shall give the Bank their warranties associated with provision of the service and included in the Conditions.

5.2 In order to open a Securities Account, the Client must hold a current account in the Bank to which the Securities Account shall be tied. Several Securities Accounts can be tied to the same current account. Upon entry into the Agreement, a securities account shall be opened in the name of the Client in the Estonian securities depository, if not agreed otherwise. The Bank shall display the securities account to the Client in its systems.

5.3 If the Client is in compliance with necessary special conditions, they may open a special type securities account (e.g. joint Securities Account, pledge account, notary’s Securities Account, bailiff’s Securities Account) in the Bank.

5.4 The right to dispose a Securities Account may be granted to a person to whom the right to dispose the current account tied to the Securities Account has been granted.

5.5 Any monetary settlements associated with the use of the Securities Account shall be made on the current account tied to the Securities Account.

6. Safekeeping of securities

6.1 Safekeeping of Securities shall mean the recording of the Securities and Securities Transactions belonging to the Client in the Securities Account or organising thereof in other countries and other activities associated therewith, e.g. accepting and settling the Client’s Instructions.

6.2 In order to protect the interests and assets of the Client, the Bank shall apply the due diligence usually demanded from a professional person offering the service of safekeeping Securities.

6.3 The Bank shall have the right to decide at its own discretion which Securities it shall offer its safekeeping service for. The Bank shall make its decisions, among other things, based on whether a specific Security can be recorded in the Securities Account.

6.4 The Bank shall have the right to terminate providing the safekeeping service with regard to any Security at any time. The Bank shall notify the Client of terminating the safekeeping service with regard to the Securities in writing or in a format that can be reproduced in writing at least 30 (thirty) days in advance. Not later than within 20 (twenty) days from delivery of the relevant notice by the Bank, the Client shall submit to the Bank an Instruction to transfer or sell the Securities. If the Client has failed to submit the relevant Instruction to the Bank within 20 (twenty) days, the Bank shall have the right to sell the relevant Securities. Upon selling the Securities, the Bank shall transfer the Securities in a manner that, taking into account the type and quantity of the Securities, ensures, in the opinion of the Bank, the best result for the Client at the moment of transfer of the Securities.

6.5 The Bank shall have the right to select Custodians and authorise them to use sub-custodians. The Bank shall select the Custodians with due diligence and according to the criteria established by the Bank in order for the interests and assets of the Client to be covered with maximum protection. The Bank shall regularly inspect the activities of Custodians.

6.6 As a rule, the Bank shall hold the Securities along with the Securities of other Clients with Custodians or in the Register (except for Estonian securities depository) in the security accounts intended for shared safekeeping of securities belonging to several clients opened in the name of the Bank (e.g. nominee account, client account).

6.7 If the nature of the Securities or the service associated therewith requires safekeeping of the Securities in the Register or with a Custodian in a country where the option of safekeeping Securities in the manner specified in the previous article (information available in the Bank) is not offered or
has not been regulated sufficiently enough, the Bank may hold the Securities of the Client as follows:

6.7.1 in a securities account opened in the name of the Bank with Securities belonging to the Bank and other Clients of the Bank; or

6.7.2 in a securities account opened in the name of the Bank separately from Securities belonging to the Bank and other Clients of the Bank; or

6.7.3 separately in a securities account that has been opened in the name of the Client and the right of disposal of which is only with the Bank.

6.8 In order to differentiate the Securities of the Client from Securities belonging to others, the Bank shall maintain registers, keep accounts and preserve data in accordance with law.

6.9 Upon concluding the Agreement the Client gives the Bank their written consent for the safekeeping of Securities pursuant to articles 6.6. and 6.7.

6.10 Upon concluding the Agreement the Professional Client gives the Bank their written consent for the safekeeping of all the Securities belonging to the Professional Client in their name, as and when necessary, regardless of the nature of the Securities or the service associated therewith.

6.11 Information on the different safekeeping options, applicable asset protection levels and related costs for the securities registered in Estonian central securities depository is available on the Bank’s homepage www.swedbank.ee/mifid.

6.12 An overview of the main risks associated with safekeeping of Securities has been given in Appendix 1 to the Conditions.

7. Exercise of rights and obligations arising from securities

7.1 The Client shall themselves obtain information about the rights and obligations arising from the Securities. The Bank shall not be obliged to advise the Client thereof.

7.2 In cases described by legislation and the Conditions, the Client can exercise its rights and obligations arising from Securities only through the Bank.

7.3 The Bank shall not be obliged to advise the Client of Corporate Actions. The Client shall themselves obtain information about Corporate Actions from public sources of information (e.g. stock exchanges, media) and analyse it. The Bank is not liable for the damage or costs that may be incurred by the Client if the Client was not aware of a Corporate Action, could not participate therein or presented for the participation therein a late or improper Instruction.

7.4 If the Bank provides information about a Corporate Action, the Bank shall do that only for the purpose of drawing attention. It should not be considered as advice or a recommendation for specific action. The Bank is not responsible for the consequences that may result for the Client when relying on the information obtained from the Bank.

7.5 By submitting an Instruction for the participation in a Corporate Action, the Client confirms to the Bank that:

7.5.1 they have examined the documents concerning the Corporate Action and the conditions for participating therein and they are in compliance with these;

7.5.2 the Instruction is consistent with the conditions and possible restrictions of the Corporate Action;

7.5.3 upon demand, they submit the required documents and confirmations to the Bank and/or a third party.

7.6 The Bank shall accept, as and when necessary, from the issuer or the third party mediating the action any income payable on the Security or any additional Securities (incl. interest, dividends, additional Securities obtained as a result of a bonus issue) and transfer these to the Client’s current account or Securities Account. The Bank shall not be obliged to give the Client any notice of the respective transfers.

7.7 If the issuer or the third party mediating the action submits a justified claim to the Bank requesting refund of the money or Securities transferred to the Client, the Bank shall have the right to refund the money or Securities transferred to the Client without an additional Instruction from the Client. If the costs of the respective action are
not paid by the issuer or the third party mediating the action, the costs shall be borne by the Client.

7.8 If Securities are transferred to the Bank as a result of a Corporate Action after the Client has closed their Securities Account with the Bank, the Bank shall notify the Client thereof. If the Bank cannot get in contact with the Client, the Bank shall have the right to sell respective Securities. Upon selling the Securities, the Bank shall transfer the Securities in a manner that, taking into account the type and quantity of the Securities, ensures, in the opinion of the Bank, the best result for the Client at the moment of transfer of the Securities.

7.9 If the Client has closed their current account in the Bank and money must be transferred to the Client as a result of sale of Securities or a Corporate Action, the Bank shall have the right to refund the money received to the remitter thereof without contacting the Client or contact the Client with regard to the transfer of money on contact data of which the Client notified the Bank upon closing of the current account. If it is not possible to get in contact with the client, the Bank shall have the right to handle the money according to its best judgment within the frames of legal acts.

7.10 If the exercise of the rights and obligations arising from Securities does not require an Instruction from the Client, the Bank shall have the right, in order to protect the Client’s rights, to sign any documents and perform any actions on behalf of the Client.

7.11 If the Bank, the issuer or the third party mediating the action (e.g. payment agent) are, on the basis of applicable legislation, obliged to withhold or pay any taxes and other fees from any disbursements associated with the Securities, the Bank shall transfer the amount from which taxes and other fees have been withheld to the Client’s current account.

7.12 If it is possible to choose, upon making a disbursement associated with the Securities, whether the disbursement is made in Securities or in money or in which Securities or in which currency the disbursement is made, the right to make the choice shall be with the Bank.

7.13 If the Bank delays unfoundedly with making to the Client a disbursement associated with the Securities, the Bank shall be obliged to compensate the Client for the interest on arrears for the time of delay in the amount prescribed in law.

7.14 The Bank shall have the right to delete Securities from the Client’s Securities Account in accordance with the information obtained from the Register, the Custodian or other persons entitled to that.

7.15 The Client shall be liable for payment of all taxes associated with the Securities and for filing all required tax returns and any other documents to competent authorities. The Bank shall not be liable for damages caused to the Client due to non-payment or delayed payment of taxes or failure to submit required documents.

7.16 The Bank shall not be liable if the Client acquires Securities that are invaluable, invalid or have become such due to reasons independent of the Bank.

7.17 The Client has to notify the Bank immediately in case of errors or deficiencies in the Securities Account statement, Securities Transaction confirmation or other document or if the Bank has failed to perform the obligation to submit the mentioned documents to the Client. The Bank shall not be liable for any damage suffered by the Client that could have been avoided if the Client had notified the Bank immediately upon occurrence of the abovementioned circumstances.

7.18 Substantial Shareholdings

7.18.1 The Client shall observe the notification and permit application obligations related to the acquisition and transfer of Securities and forward the required notices to the Bank, the supervisory authority, issuer and any other parties stipulated in law.

7.18.2 The Client is aware of and accepts the right of supervisory authorities and other entitled parties to demand additional information from the Bank about the Client or the substantial shareholdings held by the Client and disclose the same pursuant to the procedure stipulated in law.

7.18.3 The Client shall immediately notify the Bank if, with regard to the Client’s Securities, the Bank incurs an obligation to notify of substantial shareholdings or obligation to apply for a permit for the acquisition of substantial shareholdings.
7.18.4 If the Bank safekeeps the Client’s Securities in an account opened in the name of the Bank in a country that has no regulation of safekeeping securities in the account of a third party, the Securities shall be deemed to belong, in legal terms, to the Bank. In order to acquire a substantial shareholding on such a market, the Client must obtain prior consent from the Bank. The Bank shall open, if possible, a separate account in the name of the Client in such a country and transfer the Securities of the Client to such an account. The costs associated with the opening of an account and transfers of securities shall be borne by the Client.

8. Instructions

8.1 Submission of Instructions

8.1.1 The Bank shall provide the service and perform any other actions associated with the Securities on the basis of the Client’s Instruction, unless otherwise provided in the Conditions.

8.1.2 The Client shall submit the Instruction electronically (e.g. through the Internet Bank), in a bank office or in any other manner accepted by the Bank.

8.1.3 The Client shall submit Instructions in Estonian or in another language agreed on between the Parties.

8.1.4 Upon submission of an Instruction, the Client represents that the Instruction is legitimate and they have all the rights and consents required for the submission thereof.

8.1.5 The Bank may refuse to accept an Instruction due to:

8.1.5.1 the form or content (e.g. incomplete data) of the Instruction;

8.1.5.2 lack of Client data that is required to execute an Instruction or settle or report a Securities Transaction (such as lack of a LEI code);

8.1.5.3 other circumstances associated with the Client, the Security or the Securities Transaction.

8.1.6 The Bank may, depending on the Instruction submission channel establish different requirements for the form of submission and content of the Instruction.

8.2 Execution and suspension of Instructions

8.2.1 An Instruction submitted to the Bank shall remain valid until its execution or until it is deemed as having been annulled.

8.2.2 The Bank shall execute the Client’s Instruction if:

8.2.2.1 it has been submitted in a manner acceptable to the Bank, it contains the information required for the execution thereof and it is unambiguous;

8.2.2.2 conclusion of the Securities Transactions is not obstructed, e.g. the Securities Account or the Securities have not been blocked or seized;

8.2.2.3 the Client does not have any debts to the Bank;

8.2.2.4 the Instruction has been submitted during the term established by the Bank; and

8.2.2.5 upon the acceptance of an Instruction, the Securities or funds in relevant currency required for the execution of the Instruction are available in the Client’s Securities Account or current account.

8.2.3 Upon the acceptance of an Instruction, the Bank shall have the right to reserve the funds necessary for the execution of the Instruction in the Client’s current account until the settlement of the Securities Transaction made on the basis of the Instruction.

8.2.4 If the Client submits an Instruction after the term established by the Bank and, in the opinion of the Bank, the execution of the Instruction may still be possible, the Bank may accept the Instruction for execution, but it shall not be liable for any consequences that may arise from the later submission of the Instruction or failure to execute the same.

8.2.5 The Client shall obtain information about the status of Instruction execution from the Bank.

8.2.6 The Bank shall not credit or debit the current account or the Securities Account before the Bank has received from the Register or Custodian a confirmation acceptable for the Bank about the finality of the respective Securities Transaction and settlement.
8.2.7 All the calculations associated with the Securities Transaction shall be made and currency exchange rates shall be determined by the Bank.

8.2.8 The Bank shall have the right to suspend the execution of an Instruction or refuse to execute the same if, in the opinion of the Bank, the execution of the Instruction does not comply with that specified in article 1.3 of the Conditions.

8.2.9 If the execution of an Instruction has been suspended for reasons arising from the Client, the Client can eliminate the circumstances that are the basis for suspending the execution of the Instruction within reasonable time, but no later than within the time specified in article 8.3.2.1 of the Conditions. If the Client has failed to eliminate the circumstances that are the basis for suspending the Instruction, the Instruction shall be deemed as having been annulled.

8.2.10 The Bank shall not be liable for the damages or costs incurred by the Client during the period between the acceptance and execution of the Instruction due to reasons independent of the Bank, incl. due to changes in the price of Securities or other market conditions.

8.2.11 When concluding Securities Transactions, the Bank shall not be liable for the delays or obstructions arising from ownership restrictions or other encumbrances established on the Securities or re-registration of the ownership of the Securities.

8.2.12 The Bank shall not check the validity of the Security set out in the Instruction or the financial situation or legal status of the issuer of the Security, the person who guarantees the Security or the Custodian or compliance thereof with legislation in force.

8.2.13 The Bank shall not be obliged to check whether the Instruction corresponds to that specified in article 1.3 of the Conditions.

8.3 Amendment and annulment of Instructions

8.3.1 In order to amend or annul an Instruction, the Client shall submit to the Bank a respective application. If it is not possible to amend or annul an Instruction, the Bank shall have the right to refuse to amend or annul an Instruction accepted for execution. Upon amendment of an Instruction, it shall be deemed that the Client has annulled the initial Instruction and given to the Bank a new Instruction.

8.3.2 In accordance with the rules stated in clause 1.3. of the Conditions, the Bank has the right to amend Instruction without the Client’s consent. The Bank shall have the right to deem an Instruction as having been annulled before execution or settlement of the Instruction if:

8.3.2.1 20 (twenty) days have passed from acceptance of the Instruction and execution or settlement of the Instruction was impossible during said period due to reasons not depending on the Bank;

8.3.2.2 the Client has submitted to the Bank an application for annulment of the Instruction before the execution or settlement of the Instruction or forwarding the same for settlement;

8.3.2.3 in accordance with applicable rules, the Instruction is deemed as having been annulled.

8.3.3 In the event the Instruction is amended or annulled, the Bank shall have the right to demand that the Client compensate for any costs arising.

9. Orders

9.1 Acceptance, forwarding and execution of Orders

9.1.1 Article 8 of the Conditions shall be applied to Orders in respect to the part not regulated in this article 9.

9.1.2 In addition to the Conditions, the rules of the appropriate Market, the Best Execution Policy and a special contract regulating the provision of a respective service, if any, shall be applied to the acceptance, forwarding and execution of Orders. In the event of a conflict between the Conditions and the aforesaid, the provisions of the rules of the appropriate Market, the Best Execution Policy or the special contract shall be applied.

9.1.3 When an Order is submitted, it is deemed that the Client agrees with the Best Execution Policy.

9.1.4 On the basis of an Order, the Bank shall conclude a Securities Transaction on the account of the Client under the terms and conditions defined by the Client and accepted by the Bank. With the submission of the Order, it shall be deemed that the Client has also given the Bank the Instructions
required for settlement of the Securities Transaction. A special contract shall be required for submitting an Order in respect of a derivative instrument.

9.1.5 The Client agrees that their Order may be executed outside the Market.

9.1.6 The Client is aware that the Bank does not have to immediately disclose an Order with a price defined by the Client with respect to a Security traded in the regulated market, which shall not be immediately executed under the prevailing market conditions, unless the Bank deems such disclosure necessary or if the Client demands disclosure. The Client warrants that they agree with such non-disclosure.

9.2 Automatic routing of Orders

9.2.1 The Bank shall automatically route the Orders submitted by the Client electronically (e.g. through the Internet Bank) to such a Market to which the Bank has direct access. The Client represents and warrants that they agree to the automatic routing of Orders to the Market.

9.2.2 When Orders are automatically routed, the Bank shall not verify the content of the Order submitted by the Client or the content of the Instruction given for annulment or amendment thereof and shall not be liable for the possible errors that they may contain.

9.2.3 The Bank may terminate automatic routing of Orders to the Market at any time. The Bank shall inform the Clients thereof via its homepage.

9.2.4 If it becomes evident that an automatically routed Order is in contravention of the rules effective on the Market, the Bank or the operator of the relevant Market have the right to annul the Order accepted for execution or the Order executed. The Bank also has the right to amend the Order if the tick size changes in the relevant Market; upon such an event the Bank shall generally round the Order price downwards in case of purchase Orders and upwards in case of sales Orders.

9.2.5 The Bank shall have the right not to accept for execution or suspend the execution of an Order the aim of which alone or along with other Orders may, in the opinion of the Bank, be the performance of a market manipulation or which may cause delays in the access to a respective system for other market participants who use the relevant Market.

9.3 If the term of an Order has been defined, it shall remain valid until the term defined, but no longer than the maximum term defined by the Bank. If the term of an Order has not been defined, it shall remain valid until the end of the current Banking Day.

9.4 The Bank may reserve the funds necessary for the execution of the Order in the Client’s current account in an amount higher than that required for the execution of the Order upon the submission thereof.

9.5 The Client agrees to the fact that the Bank may itself be the counterparty to a Securities Transaction concluded on the basis of the Client’s Order.

9.6 The Bank shall complete the settlements arising from the Securities Transaction concluded on the basis of the Order on the settlement date in accordance with the rules of the Market or the Custodian by debiting or crediting the Client’s Securities Account or current account or in any other manner, by guaranteeing that records are maintained of the changes occurring upon the settlement of the Securities Transaction. The Bank shall not guarantee that settlements are made on the prescribed settlement date and shall not be liable for any delayed settlement.

9.7 If the Client submitted an Order through the Internet Bank, the Client shall receive the money or Securities to be obtained upon execution of the Order to their disposal (i.e. for the submission of the following Orders) immediately after the execution of the initial Order on the Market.

9.8 The Bank may correct the terms and conditions of the Securities Transaction pursuant to the good practice valid in international financial markets, e.g. in the course of a Corporate Action, upon replacement of one currency with another, upon interruption in trading with the Security, or upon any other event when the completion of the Securities Transaction under the terms and conditions specified in the Order is temporarily or permanently impossible due to circumstances independent of the Bank.

9.9 In the event of a Securities purchase transaction, the service charges payable to the Bank shall be added to the amounts payable by the Client.

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and, in the event of a Securities sales transaction, they shall be withheld from the amounts received from the sale of Securities.

9.10 Upon execution of an Order, the Bank shall submit to the Client a confirmation that the Client can review in the Internet Bank or in a bank office.

10. Restriction on use of a securities account

10.1 The Bank shall block a Securities Account or the Securities, among other things, if:

10.1.1 this is required to guarantee that the Client’s Order, Instruction or a Corporate Action is executed (incl. for participation in a general meeting);

10.1.2 the Client is in debt to the Bank and the Client does not have funds in the current account for payment of the debt;

10.1.3 the Client fails to fulfil their obligations arising from the Agreement or the Conditions;

10.1.4 the grounds for the blocking arise from legislation, a court judgment that has entered into force or the Conditions.

10.2 Blocking of the Securities Account or Securities shall not release the Client from the obligation to pay the service charges associated with the Securities Account to the Bank in accordance with the valid price list of the Bank.

10.3 The Bank may restrict the transfer of a Security if:

10.3.1 the restriction arises from the legislation, rules, terms and conditions or decisions of a supervisory authority or another competent person applicable to the Security;

10.3.2 the issuer, Custodian, supervisory authority or another entitled person has advised the Bank of the implementation of the restriction;

10.3.3 Securities registered abroad are held through the Custodian and the Bank and the Client have agreed on the restriction.

10.4 Securities shall not be encumbered in favour of the Bank or its creditors with any restriction on disposal, right, pledge or other similar encumbrance unless a separate agreement is made with the Client.

10.5 The Bank shall not conclude Securities Transactions that are aimed at the creation of third party (incl. Custodians) rights (incl. restrictions on disposal or other encumbrances) with respect to the Securities, unless the third party right arises from the Client’s Instruction or applicable legislation.

11. Pledge of securities

11.1 The Bank shall establish a pledge on the Securities and change the data of the pledge entered in the register on the basis of Instructions of the pledgor and the pledgee.

11.2 In order to transfer a pledge to a new pledgee, the former pledgee shall submit an Instruction to the Bank, as well as the new pledgee if its account operator is the Bank.

11.3 In order to transfer rights of the pledgee by way of succession or merger, division or transformation of a legal person, the new pledgee shall submit a relevant Instruction to the Bank.

11.4 In order to delete a pledge of Securities, the pledgee shall submit an Instruction to the Bank.

11.5 In order to realise a pledge of Securities, the pledgee or another person entitled to that shall submit, upon existence of the right of disposal, an Instruction to the Bank.

11.6 The Bank shall not verify the existence of a legal basis (incl. a pledge contract) for the Instruction to establish, amend, delete or realise a pledge, restrictions arising from legislation and applicable to parties to a pledge transaction and shall not be liable for the possible damages or costs arising therefrom.

12. Closure of a securities account and expiry of agreement

12.1 The Client shall have the right to close the Securities Account if:

12.1.1 the balance of the Securities Account is zero and there are no pending (on hold) Securities Transactions or rights of pledge linked to the Securities Account; and

12.1.2 the Client has fulfilled all their obligations to the Bank that arise from the Agreement, the Conditions and the General Terms and Conditions.
12.2 Upon closure of a Securities Account at the initiative of the Client, the Bank shall close the Securities Account immediately following the receipt of a relevant application from the Client.

12.3 The Bank shall have the right to close the Securities Account if:

12.3.1 no Securities have been held and no Securities Transactions have been concluded in the Securities Account or the Securities Account has not been used in connection with the rights of pledge during 12 (twelve) consecutive months;

12.3.2 bankruptcy proceedings have been initiated against the Client; liquidation proceedings have been initiated against a Client who is a legal entity or compulsory dissolution has been applied to it; a Client who is a natural person has deceased;

12.3.3 the Client’s current account does not have sufficient funds for payment of the service fees associated with the Securities Account in accordance with the valid price list of the Bank during three consecutive calendar months;

12.3.4 the Client is a US person pursuant to article 1.4 of the Conditions;

12.3.5 an international sanction or another similar measure is established in respect of the Client or a person related to them by an international organisation or any country;

12.3.6 the Client fails to submit, in a timely manner, to the Bank the information the submission of which has been required by the Bank for the performance of a regulatory obligation of the Bank or the Client;

12.3.7 the Client fails to fulfil their obligations arising from the Agreement or the Conditions;

12.3.8 another basis for the cancellation as provided for in the General Terms and Conditions or in law exists.

12.4 The Bank shall notify the Client of the closure of their Securities Account in writing or in a format that can be reproduced in writing at least 30 (thirty) days in advance.

12.5 If, at the moment of sending the notice of closure of the Securities Account, Securities are held in the Securities Account of the Client or if Securities are transferred to the Securities Account following the receipt of a relevant notice and the Client has not given the Bank the Instruction to sell the relevant Securities or transfer them to a securities account opened with another service provider by the date of closure of the Securities Account indicated in the notice at the latest, the Bank shall have the right to block the Securities Account and sell the Securities held in the Securities Account and thereafter close the Securities Account.

12.6 Upon blocking the Securities Account in the case specified in article 12.5 of the Conditions, the Bank shall execute only such Instructions of the Client that are aimed at selling the Securities or transferring them to a securities account opened with another service provider and perform only such actions that are required, as a minimum, for the provision of the service of safekeeping Securities.

12.7 Upon selling the Securities in the case specified in article 12.5 of the Conditions, the Bank shall transfer the Securities in a manner that, taking into account the type and quantity of the Securities, ensures, in the opinion of the Bank, the best result for the Client at the moment of transfer of the Securities.

12.8 Upon closure of the Securities Account at the initiative of the Bank, the Bank shall close the Securities Account on the day specified in the notice of closure or, if there are any Securities held in the Securities Account on the day specified in the notice of closure, immediately after the balance of the Securities Account reaches zero.

12.9 The Agreement shall expire as from closure of the Securities Account.

13. Appendices to conditions

13.1 An overview of the main risks associated with investment activities has been given in Appendix 1 to the Conditions. Upon concluding the Agreement the Client confirms that they have reviewed and understood the overview.

13.2 The Bank shall participate in the investor protection schemes established with the legislation of the Republic of Estonia and a brief overview of these has been given in Appendix 2 to the Conditions. Upon concluding the Agreement the Client confirms that they have reviewed and understood the overview.
The objective of this overview is to draw the Client’s attention to the main risks associated with investment into securities. This is not an exhaustive list. The Client must also carefully analyse and assess, in accordance with the specific circumstances, all other associated different risks, their impact and possible consequences.

A risk is the threat that a loss may occur in relation to investment activities. When assessing the risks associated with investments into Securities, the Client must consider carefully the impact said risks have on them, considering first and foremost their investment experience, investment objectives, financial and economic options and other similar circumstances.

The Client shall be independently liable for obtaining, analysing and using the information associated with the Securities held in the Securities Account.

Depending on the reasons why a possible loss may occur, risks are divided as follows:

**Country Risk or Political Risk**
The risk that events occur in the country where the securities are registered or the issuers who have issued the securities in which the client has invested are located or registered which affect the political or economic stability or further development of the relevant country or region and which results in the threat that the client will lose their investments in the said country or region in part or in full or suffer a substantial loss on the investments made. Examples of country risk or political risk are radical changes in the economic and legal political environment (e.g. nationalisation processes), social and internal political crises (e.g. public unrest), etc.

**Currency Risk**
The risk that may occur upon investment into securities whose price is calculated in foreign currencies as the client may suffer a loss due to changes in currency exchange rates that are unfavourable for the client.

**Market Risk**
The risk that the client may suffer substantial losses due to unfavourable price movements in general or in certain areas at the relevant market. Unfavourable price movements may be caused by the bad economic indicators of the relevant country or region or economic area, unstable economic environment, unstable stock exchange, etc.

**Liquidity Risk**
Liquidity risk is associated with market risk and mainly means that the client may suffer losses due to the absence of liquidity at the relevant market, which prevents the sale of securities at the desired time and for the desired price or makes it impossible.

**Price Risk**
Price risk is associated with market risk, but mainly concerns a certain security or other investment object. The client may suffer a loss when the price of the security or other asset becomes unfavourable for the client.

**Interest Risk**
Interest risk is associated with market risk and means that the client may suffer losses due to unfavourable changes in the market, which may be expressed in changing interest rates, changing volatility of interest rates, changing difference in the interest rates between investment objects of different risk levels, premature repayment of debt obligations, etc.

**Issuer Risk**
The client may suffer losses because the value of the securities acquired by the client falls due to the bad financial indicators, economic difficulties or other similar indicators of the issuer of said securities. Bad economic results of the issuer may among other things cause the inability of the relevant issuer to fulfil the obligations arising from the securities issued by the issuer to the investors.

**System Risk**
The client may suffer losses (first and foremost) due to technical failures in the systems and/or accountancy of custodians, markets and persons associated with the settlement of securities transactions as securities transactions are not concluded, entries after transactions are delayed, incorrect entries are made due to faults, etc.
Tax Risk
According to the regulation or practice in a certain market or the services offered by a custodian operating in such a market, it may not be possible for the client to use the incentives arising from the abolition of double taxation contract made between their country of residence and the country where the securities are held. Taxation may also be affected by the circumstance that the securities belonging to the client are held with their consent in an account opened with a custodian in the name of the bank, which may result in the securities belonging to the client being regarded as securities belonging to the bank.

Legal Risk
The client may not have sufficient knowledge of the legal acts applicable to the securities the client has invested in (e.g. legal acts applicable to the issuer, custodian, registrar, trading venue). If the Securities belonging to the Client are held through a foreign custodian, the foreign custodian or foreign registrar may, pursuant to the legislation of the foreign country have the right to net (set-off right), establish encumbrances or restrictions on disposal of said Securities or demand their establishment. An Estonian registrar may have the same right. The rights of the client with respect to the client's securities to which legislation of third countries is applied may differ from those stipulated in the legislation of Estonia or the European Union. As a result of this, the client may not be aware of their obligations and therefore suffer losses, or sanctions arising from law may be applied with respect to them. Also, legal acts may be amended in the country and this may bring about the establishment of restrictions or obligations unfavourable for the client after the investment was made. If the securities are held in an account opened in the name of the bank, it is impossible for the client to exercise their rights and obligations personally.

Information Risk
It may be impossible for the client to obtain adequate and correct information about the securities or obtaining such information is difficult, which means that it may be impossible for the client to make appropriate decisions with respect to their investments.

Risks Associated with Safekeeping Securities in the name of the Bank or Third Party
Segregation of the client’s securities and other assets held with the custodian or registrar from the securities and other assets belonging to other persons and held with the custodian or registrar may not be fully guaranteed because of the shortcomings in legal regulation and/or the lack of relevant court practice in a certain country or region. Proceeding from the above, there is the threat that the client will suffer a loss due to the loss of securities held with the relevant custodian or registrar for example in the event the custodian or registrar goes bankrupt or if coercive measures are applied. Participation in the general meetings of issuers or voting at such meetings on the basis of securities held in third party accounts may be difficult or impossible in certain markets.

Risks Associated with Safekeeping Securities in Countries Lacking Regulation for Safekeeping Assets in Another Person’s Account
In case securities are held in a securities account opened in the name of the bank, in a jurisdiction, where safekeeping of securities on behalf of a third party is not regulated and there is lack of relevant court practice, in legal terms the bank shall be deemed to be the owner of said securities. Consequently the segregation of clients’ assets from the bank’s bankruptcy estate may turn out to be a difficult and time-consuming process. Additionally there may occur difficulties in case of securities disposal or execution of other rights arising from the securities during the bankruptcy proceedings of the bank. Segregation of the client's securities and other assets held with the custodian or registrar from the securities and other assets belonging to other persons and held with the custodian or registrar may not be fully guaranteed for example in the event of the possible bankruptcy of the custodian or registrar or application of coercive measures. Furthermore, depending on the bankruptcy regulation of a relevant jurisdiction, transfer of securities to another service provider might be restricted. Safekeeping the securities of different clients in the same account opened in the name of the bank may mean that the client shall not be able to participate independently in the general meetings of issuers. The client can only participate in the general meetings of issuers if the bank offers such a service and vote only under the conditions that all clients whose securities are held together wish to vote in the same manner. Safekeeping the securities of different clients together creates the risk that, as a result of an error, securities that are transferred are not the object of the relevant transfer transaction. There is also the risk that one of the clients fails to fulfil the lawful obligations of shareholders (e.g. notification of necessary authorities of changes in substantial
shareholdings). Such a breach may result in the securities account being seized or blocked and none of the clients may be able to dispose of or use their securities, and the client’s right to vote on the basis of said securities may also be withdrawn. In order to obtain certain rights of shareholders or to take part in a corporate action, the bank may be required to submit documents and/or confirmation that the bank is unable to issue. As a result of this, the client may be left without or lose certain rights of shareholders.

A more detailed overview of the features of a specific security and the costs and risks associated with the security is available on the Bank’s homepage www.swedbank.ee/mifid.
Appendix 2 to the Conditions For Providing Investment Services

Investor Protection

Principles of Investor Protection

This overview has been prepared in order to give the Client an overview of the investor protection schemes valid in Estonia.

1. Investor Protection Arising from the Guarantee Fund Act

The purpose of the Guarantee Fund Act is to guarantee protection of depositors, investors and mandatory pension fund unit-holders. A guarantee fund is created for this purpose, which collects instalments from credit and investment institutions, insurance companies and mandatory pension management companies and compensates for the funds invested by depositors, investors and unit-holders pursuant to the procedure, in the extent and under the terms and conditions stipulated by law. A deposit guarantee sectoral fund, investor protection sectoral fund, pension protection sectoral fund and II pillar lifetime annuity sectoral fund are formed on the account of the instalments.

The Deposit Guarantee Sectoral Fund shall be used in order to guarantee, under the conditions and to the extent provided by the Guarantee Fund Act, deposits placed by depositors with credit institutions registered in Estonia and Estonian branches of foreign credit institutions. Deposits shall be guaranteed and compensated for with the interest accumulated by the date the deposit becomes unavailable, but no more than in the amount of 100,000 (one hundred thousand) euros per depositor in one credit institution. Compensation shall not be paid out if the transfer fee or cash payment charge payable by the depositor is larger than or equal to the amount of the compensation. Compensation for deposits denominated in foreign currencies shall be paid out in euros according to the exchange rate of the European Central Bank as of the day when the deposits became unavailable. Compensation shall be paid out by a transfer to the current account indicated by the depositor or in cash on the basis of an application of the depositor through one or several Estonian or foreign credit institutions specified in a resolution of the Supervisory Board of the Guarantee Fund.

The Investor Protection Sectoral Fund shall be used in order to guarantee and compensate, under the conditions and to the extent provided by the Guarantee Fund Act, for investments made through investment institutions registered in Estonia and Estonian branches of foreign investment institutions. The Sectoral Fund shall also be used for guaranteeing and compensating for investments if the investment institution provides cross-border investment services abroad. Investments are guaranteed and compensated for as of the value of the date the compensation obligation arises, but no more than in the amount of 20,000 (twenty thousand) euros per investor in one investment institution. Investments subject to compensation pursuant to the Estonian Securities Register Maintenance Act shall not be guaranteed or compensated for. The value of foreign currency and the Securities denominated in foreign currency shall be converted into euros on the basis of the exchange rate of the European Central Bank as of the day of compensation. Compensation shall be paid out in money by way of transfer to the current account given by the investor.

The Pension Protection Sectoral Fund shall be used in order to guarantee and compensate, under the conditions and to the extent provided by the Guarantee Fund Act, for any losses caused to mandatory pension fund unit-holders that have not been compensated for to the unit-holders by the pension management company by the deadline determined by the Financial Supervision Authority. Losses of up to 10,000 (ten thousand) euros per specific loss event of a unit-holder shall be compensated in full. Losses that exceed 10,000 (ten thousand) euros per specific loss event of a unit-holder shall be compensated for in the extent of 90 (ninety) percent.

The II Pillar Lifetime Annuity Sectoral Fund shall be used in order to guarantee, under the conditions and to the extent provided by the Guarantee Fund Act, for the continuous fulfilment of the obligations deriving from the II pillar lifetime annuity by supporting the transfer of the II pillar lifetime annuity insurance portfolio of the insurance company registered in Estonia and the Estonian branch of the Member State insurance company to another insurance company. The extent of the compensation is dependent on technical provisions and financial obligations corresponding to the II pillar lifetime annuity.
annuity and related assets corresponding to the insurance portfolio.

Further information about the procedure for compensation for losses on the account of deposit and investment guarantee and pension protection sectoral funds and about deposits, investments and losses not subject to compensation can be obtained from (the Bank office(s), the Guarantee Fund Act and the Guarantee Fund homepage at [www.tf.ee](http://www.tf.ee).

2. Investor Protection Arising from the Estonian Securities Register Maintenance Act

The Bank as the account manager shall bear the liability arising from the management of insured securities accounts as stipulated by the Estonian Securities Register Maintenance Act.