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FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS
2021

PREAMBLE
The present document is executed by NBI INVESTMENTS LIMITED (the "Company", "NBI") in accordance with the European Union legislative requirements, and, specifically, the legislative acts of Cyprus Securities and Exchange Commission, having its aim the provision of Clients with basic information regarding financial instruments and most common types of risks entailed by such instruments and transactions with them.

The Client understands and accepts the following. Transactions with financial instruments are at the Client's own risk. The Client needs to carefully study the terms and conditions of the financial instruments the Client operates with, and to immediately submit complaints regarding any possible errors. The Client needs to regularly monitor changes in the value of holdings and positions in financial instruments, and initiate such measures as are required in order to reduce the risk of losses. NBI cannot either guarantee profitability of the Client's account, or promise any specific level of performance, or promise that investment decisions, strategies or overall management of the Client's account will be successful. Operations with financial instruments are subject to various risks and will not necessarily be profitable.
The present document does not disclose all the risks and other significant aspects of Financial Instruments. Many of these risks cannot be correctly predicted at all. The purpose of the present document is to warn the Client about possible losses related to the operations with financial instruments.

Financial instruments normally provide a return in the form of a dividend (shares and fund units) or interest (interest-bearing instruments). In addition, the price of the instrument may increase or decrease compared to the price when the investment was made. Naturally, the investor is seeking a total return that is positive, i.e. a profit. However, there is also a risk that the total return will be negative, i.e. that the investor will make a loss on the investment. The risk of loss varies between different instruments. Normally, the chance of making a profit on an investment in a financial instrument is linked to the risk of loss. The longer the investor intends to keep the investment, the greater the chance of making a profit or loss.

There are various ways of investing in financial instruments in order to reduce the risk. It is normally better from a risk point of view to invest in several different financial instruments rather than a single one or only a few financial instruments. These instruments should have properties which mean the risk is spread and should not gather risks that may be triggered simultaneously.

Trading in foreign financial instruments also involves currency risk; investments in financial instruments are associated with economic risk.

The Client is personally responsible for this risk and must therefore become acquainted with the terms and conditions, prospectuses, etc., governing trading in such instruments and with the instruments' individual risks and characteristics. The Client must also regularly monitor his investments in such instruments and manage the risk exposure in light of his investment objectives, risk tolerance level and financial position.

GENERAL TYPES OF RISKS

Credit Risk is the measure of possibility of counterparty's default on its obligations for repayment of principal amount, interest or dividend payments on due date and in full amount. This type of risk is of particular concern to Clients who hold bonds and money market instruments in their portfolios.

Market risk is the risk that the value of financial instrument will decrease as a result of movement in market factors such as price, interest rates, currency exchange rates, systematic risk of the economy, and other.

Price Risk or **Volatility Risk** is the risk of an unexpected change of price or day-to-day fluctuations in price of financial instruments, that may result in dramatic change of the value of your financial instruments.

Interest Rate Risk is the risk that investment's value will change as a result of change in interest rates.

Currency Risk is the risk of changing of foreign exchange rates.

Systematic Risk is the risk caused by movements of the economy in general, which cannot be eliminated by diversification of investments.

Country Risk refers to the credit risk in regard of the certain country. The political or economic risks may affect all counterparties having such country as its domicile. Country defaults on its obligations can harm the performance

of all other financial instruments in that country as well as other countries it has relations with. Country risk applies to financial instruments that are issued within a particular country.
Country Risk specific to Russian Federation: Russian Federation has shown relative economic stability in recent years, with some growth through the severe world economic crisis. The main country risks peculiar to Russia are high dependence on oil prices, substantial inefficiency in domestic industry and agriculture, and a number of barriers to business. Though the national projects are in place to further stimulate and revitalize the economy. Also with the oil price recovered and the debt load alleviated the risks are partially mitigated.

Liquidity Risk is the inability of effecting the transaction with a certain Financial Instrument at the current market price and at any given time due to low or restricted marketability of such instrument and change of market sentiment. Liquidity risk can arise from:

- inability to manage unplanned decreases or changes in funding sources;
- failure to recognise or address changes in market conditions that affect the ability to liquidate assets quickly and with minimal loss in value.

Foreign exchange risk is the risk of movement in foreign exchange rates resulting in a loss for the investor.

Issuer risk means a risk of the issuer's insolvency, changing of credit and other ratings of the issuer, bringing suits or claims against the issuer that may result in dramatic decrease of value of the issuer's securities or failure to redeem the debt securities.

Operational risk is risk of loss caused by inadequacies or failures in internal processes, personnel or systems, or caused by external factors, whether natural, accidental or deliberate.

In addition to the usual risks typically encountered in the major securities markets other risks may arise in emerging markets. Quality and reliability of official data in emerging markets are not always equivalent to most developed western markets. Emerging securities markets are still developing and volumes traded are sometimes less than in the major western exchanges. This lack of volume and liquidity may sometimes result in increased volatility.

Technical risk means a risk of failures arising in course of ordinary operation of trading systems and communication lines (defects and failure at the operating of equipment, IT software, power supply service etc.), that may hinder or make impossible transmission of orders or performing of the transactions in securities and/or on entering into derivative contracts and obtaining information about prices.

TRANSFERABLE SECURITIES (Shares, Bonds and similar Financial Instruments).

SHARES:
Share (stock, equity share) is the security representing share of ownership interest in a corporation. As a unit in ownership, share usually implies voting rights in the shareholders' meetings and participation in the corporation's profits in form of dividends. Voting rights may vary depending on the class of shares concerned. There are two types of companies: public and private.

Acquiring and/or holding a share the Client assumes the risk of fluctuations of its price. Although dividend payments are independent of share price changes, the overall profit on share is increased or decreased by the price change. Price of share depends on several factors, such as performance and prospects of the issuing company, forecasted profits per share, liquidity of shares and their trade turnover and, very often, the prices of shares issued by the companies of the same industry. Additionally to the general business environment and political conditions, the share price could be affected by certain non-financial factors such as public opinion. The payment of dividends also depends on the financial standing of the issuing company.

Most shares are traded on public stock exchanges. Commonly, the prices are determined daily on the basis of supply and demand. In case of shares that are traded outside stock exchanges, additional liquidity risk should be considered.

Players on the market have different needs for investing cash (liquid funds) or obtaining liquid funds. In addition, they often have different opinions as to how the price will develop. These factors, which also include the way in which the company is valued, contribute to them being both buyers and sellers. On the other hand, if the investors have the same opinions regarding price trends, they will either wish to buy (thereby creating buying pressure from many buyers), or they will wish to sell (thereby creating selling pressure from many sellers). Prices increase in the event of buying pressure and fall in the event of selling pressure.
Turnover, i.e. the quantity of particular shares that are bought or sold, in turn affects the share price. In the event of high turnover, the difference (the "spread") declines between the price the buyers are prepared to pay

(bid price) and the price requested by the sellers (ask price). A share with a high turnover, where large amounts can be traded without affecting the price, enjoys good liquidity and, consequently, is easy to buy or sell. Companies on a stock exchange's list of most traded shares normally have high liquidity. During the day or longer periods, different shares can exhibit different degrees of price stability (volatility) i.e. increases and declines, as well as in size of the price changes.

Various Lists

Stock exchanges and other marketplaces normally divide shares into various lists. The main criteria regarding the list on which listing will take place are the manner in which the company fulfils various requirements regarding the amount of share capital, diversification of ownership of the shares among many owners, operational history, and information regarding finances and operations. The most traded shares can also be found on a separate list. Shares on lists entailing high demands and high turnover are normally deemed to entail a lower risk than shares on other lists.

Par value, split and Reverse share split

A share's par value is the value that each share represents in the company's share capital. The total of all shares in the company multiplied by the par value of each share constitutes the company's share capital. Occasionally, companies wish to change the par value, e.g. because the price, i.e. the market price of the share, has risen significantly. By dividing up the share into two or several shares through a split, the par value is reduced at the same time as the price of the shares is reduced. However, after a split the owners' capital remains unchanged, but is divided into a greater number of shares that have a lower par value and a lower price.
Conversely, a reverse share split can be carried out where the price has fallen dramatically. In such case, two or several shares are merged into one share. Following a reverse split, the shareholder retains the same capital, however divided into fewer shares with a higher par value and higher price.

Market Introduction, Privatization, and Take-Over

Market introduction means that shares in a company are introduced on the stock market, i.e. become listed on a stock exchange or other marketplace. The public is then invited to subscribe for (to purchase) shares in the company. Most often, market introduction involves an existing company which was not previously listed on a stock exchange and which owners have decided to increase the number of shareholders and facilitate trading in the company's shares. Where a State-owned company is introduced on the market, this is called privatization.
Investments in shares always entail some degree of risk.

Some investments in shares cannot easily be sold or converted to cash. Check to see if there is any penalty or charge if you must sell an investment quickly.
Investments in stock issued by a company with little or no operating history or published information involves greater risk than investing in a public company with an operating history and extensive public information. There are additional risks if that is a low priced shares with a limited trading market.
A take-over or buyout normally involves an investor or investors inviting the shareholders in a company to sell their shares subject to certain conditions.

Shares are not insured against a loss in market value.
Shares you own may be subject to tender offers, mergers, reorganizations, or third-party actions that can affect the value of your ownership interest. Pay careful attention to public announcements and information sent to you about such transactions. They involve complex investment decisions. Be sure you fully understand the terms of any offer to exchange or sell your shares before you act.
The greatest risk in buying shares of stock is having the value of the stock fall to zero. On the other hand, the risk of selling shares short can be substantial. "Short selling" means selling stock that the seller does not own, or any sale that is completed by the delivery of a security borrowed by the seller. Short selling is a legitimate trading strategy, but assumes that the seller will be able to buy the stock at a more favorable price than the price at which they sold short. If this is not the case, then the seller will be liable for the increase in price of the shorted stock, which could be substantial.

SHARE-RELATED INSTRUMENTS

Depository Receipts, Convertible Debentures, Options, and Warrants

Depository receipts, convertible debentures, share- and share-index options, and warrants are closely connected to shares.
Depository receipts are a substitute for foreign shares and entitle the holder to the same rights as a holding of the actual shares. They are negotiable certificates, typically issued by a bank, which represent a specific number of shares in a company, traded on a stock exchange, which is local or overseas to the issuer of the receipt. The risks involved relate both to the underlying share and to the bank issuing the receipt.

Convertible debentures are fixed income securities which may be exchanged for shares within a certain period of time. There are various kinds of share options. Call options are the options entitling the holder to purchase already issued shares at a predetermined price within a specific period of time. And vice versa, put options are those entitling the holder to sell shares

at a predetermined price within a specific period of time. There is an issued option corresponding to each acquired option. The risk for the party that acquires an option is that it will decline in value or become worthless on the expiration date.
Warrants are instruments similar to options, but with longer terms until expiration. Warrants may be used in order to purchase or sell underlying shares or provide cash return if profit arises in relation to the price of the underlying share.

Shares in equity funds

An equity fund invests all or most of the capital paid in by the fund holders in shares. There are also mixed funds that invest in both equities and fixed income instruments. Fund shareholders receive a number of shares in the fund equal to the portion of the total capital of the fund represented by the invested capital.
One of the ideas underlying an equity fund is that it invests in a large number of different shares and other financial instruments, which means that the risk for the fund's shareholders declines compared with the risks faced by shareholders who invest in a single share or a small number of shares.
Shareholder participates in the profits and losses of the issuing company, and faces credit risk of the issuer.

BONDS

Bond (debenture, fixed income security) is a financial instrument that incorporates the obligation of its issuer to repay the bondholder the nominal amount and, usually, interest on invested capital.
Bondholder has a claim against its issuer but, contrary to the shareholder, has no part of corporate ownership in the issuing company. Interest-bearing bond guarantees the bondholder payment of interest, usually at pre-determined intervals, and repayment of principal amount at maturity. Profit earned by the bond represents the difference between the purchase price and the price of the bond when it is sold or redeemed, and accrued interest payments and transaction charges. A fixed income financial instrument represents a claim against the issuer of the instrument. Return is normally provided in the form of interest.
There are various types of fixed income instruments depending on the issuer that has issued the instrument, the security provided for the loan by the issuer, the term until the maturity date, and the type of payment of interest. The interest on a bond (the coupon) is normally paid semi-annually. On certain types of bonds, interest is paid in a lump sum only upon the maturity date of the bond. Another type of interest payment is that, instead of paying interest, the instrument is sold at discount.

Trading bonds may not be suitable for all investors. Although bonds are often thought to be conservative investments, there are numerous risks involved in bond trading. Some of these risks are described below.

There is a credit risk involved with trading bonds. When you purchase corporate bonds, you are lending money to the issuer. There is always risk that the issuer will go bankrupt and will be unable to redeem these instruments. In this context, bonds for which satisfactory security has been provided for redemption are less risky than fixed income instruments without security.
There is risk of early call involved where an issuer "calls" a bond. If this happens, your investment will be paid back early. Certain bonds are callable and others are not, and this information is detailed in the prospectus. If a bond is callable, the prospectus will detail a "yield-to-call" figure. Corporations may call their bonds when interest rates fall below current bond rates. A "put" provision allows a bondholder to redeem a bond at par value before it matures. Investors may do this when interest rates are rising and they can get higher rates elsewhere.

There is inflation risk when trading bonds, that the yield to call or maturity of the bond will not provide a positive return over the rate of inflation for the period of the investment. There is interest rate risk associated with bonds. Market interest rates are established every day both for instruments with short terms until maturity {less than one year), e.g. treasury bills, and for instruments with longer terms until maturity, e.g. bonds. This takes place on the money market and bond market. Market interest rates are affected by analyses and assessments conducted by the Central Banks of different countries and other major institutional market players regarding short-term and long-term trends with respect to a number of economic factors such as inflation, state of the economy, and interest rate changes in countries.
If market interest rates increase, the price of already issued fixed income financial instruments will fall if they provide fixed interest, since new bonds are issued bearing rates of interest that follow current market rates of interest and thereby provide a higher rate of interest than the already issued instruments. And vice versa, the price of already issued instruments increases when market interest rates decline.

Eurobond is a bond denominated in a currency other than the home currency of the country or market in which the bond is issued. Issuance is usually handled by an international syndicate of financial institutions on behalf of the borrower, one of which may underwrite the bond, thus guaranteeing purchase of the entire issue.

Liquidity risk, or possibility of trading bonds, depends on several factors, in particular, issued volume, time remaining to maturity, market conditions and specific market rules. It is not possible to sell some bonds easily without any price concessions. Liquidity risk should be the main concern of Clients who do not wish to hold the bond until maturity.

MONEY-MARKET INSTRUMENTS

Money-market instruments include fixed income short-term investments evidenced by a certificate and which are normally traded on the money markets. Those include, among others, treasury bills, certificates of deposit and commercial papers.

Risks posed by the money-market instruments are largely the same as those implied by shares or bonds. The main difference lies in the liquidity risk, which is considerably higher. Typically, there are no organized markets for money-market instruments. There is no guarantee for such instruments to be sold easily at any time. Liquidity risk may be partially decreased in case the issuer guarantees the repayment of the principal amount at any given time provided the financial standing of the issuer remains satisfactory.

UNITS IN COLLECTIVE INVESTMENT UNDERTAKINGS

Shares (units) of investment funds are securities which confirm co-ownership of an investment fund. Investment funds invest money provided by investors in accordance with the principle of risk diversification.

There are many different types of collective investment schemes.

Most funds are classified as open-end and closed-end funds. The return on investment fund units is composed of the annual distributions (in the case of interest/dividend-paying funds, not of growth funds) and the trend of the net asset value (NAV). NAV performance depends on the investment policy specified in the fund terms as well as on the market trends of financial instruments held by the fund. Depending on the composition of fund's portfolio, the relevant risk-warning notices for shares, bonds or other instruments must be taken into account.

Risk of investment fund depends on the market trends and the investment policy of the fund. There may be risks on the underlying assets held by the scheme and investors are advised, therefore, to check whether the scheme holds a number of different assets, thus spreading its risk. Collective investment schemes, and any collective investment scheme components in which it may invest, may make investments in markets that are volatile and/or illiquid and it may be difficult or costly for positions therein to be opened or liquidated.

Past performance of a collective investment scheme is no indication of future results. A collective investment scheme's performance can change over time

depending upon a variety of market conditions and share prices can fluctuate on a daily basis.
The life span of the fund is set out in its terms and conditions. Some collective investment schemes may require a minimum holding period for their units. Normally, units of investment funds can be resold to the fund at certain time at the repurchase price, although in practice they represent a profitable investment only if held for a long-term period.

OPTIONS, FUTURES, SWAPS, FORWARD RATE AGREEMENTS, FINANCIAL CONTRACTS FOR DIFFERENCES, AND OTHER DERIVATIVE CONTRACTS

A derivative is a financial instrument the value of which 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 asset)**. It requires little initial net investment relative to other types of contracts that have similar responses to changes in market conditions.
Derivative contract is a traded agreement for sale or purchase of a certain asset. Derivatives can be used to balance potential negative change of prices of the main asset. Most transactions with derivative instruments offer the opportunity to make considerable profits, but, at the same time involve the risk of substantial losses.
Futures and Forwards are contracts to buy or sell a certain underlying assets at a certain future date at a certain specified price.
A futures contract is a legally binding agreement between two parties to purchase or sell in the future a specific quantity of underlying asset at a certain price. The price at which the contract trades (the "contract price") is determined by relative buying and selling interest on a regulated exchange.
Futures contracts may be settled either by physical delivery of the underlying security or settled through cash settlement.
Futures contracts can be used for speculation, hedging, and risk management. Futures contracts are usually not used for capital growth goal.
Transactions in futures carry a high degree of risk. As with any high risk financial instrument one should not risk any funds it/he cannot afford to lose.
Futures trading is speculative and highly volatile. Price movements for futures are influenced by, among other things, government trade, fiscal, monetary and exchange control programs and policies; weather and climate conditions; changing supply and demand relationships; national and international political and economic events; changes in interest rates; and the psychological emotions of the market place. Futures trading can be highly leveraged. The low margin deposits normally required in futures trading permit an extremely high degree of leverage. Accordingly, a

relatively small price movement in a futures contract may result in immediate and substantial loss or gain to the Client. Thus any future trade may result in losses in excess of the amount invested.
Futures trading may be illiquid.
Swap is an agreement for the exchange of one asset or right for another, in particular, transferable securities, currencies or interest rates.
Forward rate agreement determines the rate of interest, or the currency exchange rate, to be paid or received on an obligation beginning at a future start date.
Financial contract for difference is an arrangement made in a futures contract whereby differences in settlement are made through cash payments, rather than the delivery of physical goods or securities. A contract for difference (CFD) allows an investor to speculate on the price difference of an underlying (e.g. shares, commodities, indices) without acquiring it. The underlying can be options and futures on an index of an exchange, as well as equity, currency and interest rate swaps, amongst others. The gain or loss of a CFD reflects the difference between the market price of the underlying, at the time of the agreement and the time of liquidation of the CFD.
Option represents a contract sold by one party (option writer) to another party (option holder). The contract offers the buyer the right, but not the obligation, to buy (call) or sell (put) a security or other financial asset at an agreed-upon price (the strike price) during a certain period of time or on a specific date (exercise date).
Option-call contract provides the buyer of the contract with the right, but not the obligation, to buy or sell a security prior to the expiration date. Transactions in options carry a high degree of risk.
The purchaser of options may offset or exercise the options to allow the options to expire. The exercise of an option results either in a cash settlement or in the purchaser acquiring or delivering the underlying asset.
Selling ("writing" or "granting") an option generally entails considerably greater risk than purchasing options. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of that amount.

Off-exchange derivatives are not listed on an exchange and are OTC products. A major risk of off-exchange derivatives, is counterparty risk, whereby a party is exposed to the inability of its counterparty to perform its obligations under the relevant derivative contract. Some off-exchange derivatives are not cleared on a central clearinghouse and thus, exchange and clearing house rules and protections do not apply.

An investor should always familiarize himself/herself with the terms of the specific derivative contracts, which he/she is trading and associated obligations. Under certain circumstances, the specifications of outstanding contracts may be modified by the exchange or clearing house to reflect changes in the underlying.

Derivatives are complex instruments and carry a high degree of risk. Derivative markets are highly volatile. It is possible to lose substantial sums of money if they are not managed correctly. The Client understands that by entering into transactions in derivatives he/she assumes additional obligations, including contingent liabilities, additional to the cost of acquiring such derivatives. As with any high-risk financial instrument, an investor should not risk any funds he/she cannot afford to lose. The Client must carefully monitor his/her derivative positions at all times.

An investor shall also be aware that normal pricing relationships between the underlying asset and a derivative do not always exist. There may be volatility in the price of the specific derivative contact and/or limitations on the available market for such instrument. The absence of an underlying reference price may make it difficult to determine a fair value.
Trading halts in the underlying security or other trading conditions (e.g. volatility, liquidity, system failures) may cause a trading market for a derivative to be unavailable, in which case you will not be able to engage in a closing transaction and you remain obliged until settlement, delivery, expiration or assignment under the derivative contract.

Suspension or restriction of trading and pricing relationships (futures and options)
Market conditions (e.g. illiquidity) and/or the operation of the rules of certain markets (e.g. the suspension of trading in any contract or contract month because of price limits or "circuit breakers") may increase the risk of loss by making it difficult or impossible to effect transactions or liquidate/offset positions.
Main risks associated with the above instruments are market risk and credit risk.

Collateralized debt obligations
Collateralized debt obligations (CDOs) are a type of structured asset-backed security (ABS) whose value and payments are derived from a portfolio of fixed-income underlying assets. CDOs securities are split into different risk classes, or tranches, whereby "senior" tranches are considered the safest securities. Interest and principal payments are made in order of seniority, so that junior tranches offer higher coupon payments (and interest rates) or lower prices to compensate for additional default risk.
Types of CDOs based on the underlying asset:

- Collateralized loan obligations (CLOs) are backed primarily by leveraged bank loans;
- Collateralized bond obligations (CBOs) are backed primarily by leveraged fixed income securities;
- Collateralized synthetic obligations (CSOs) are backed primarily by credit derivatives;
- Structured finance CDOs (SFCDOs) are backed primarily by structured products (such as asset-backed securities and mortgage-backed securities).
- Other types of CDOs include:
  -Commercial Real Estate CDOs (CRE CDOs) are backed primarily by commercial real estate assets;
  -Collateralized Insurance Obligations (CIOs) are backed by insurance contracts.

CDOs vary in structure and underlying assets, but the basic principle is the same. To create a CDO, a corporate entity is constructed to hold assets as collateral and to sell packages of cash flows to Clients. A CDO is constructed as follows. A special purpose entity (SPE) acquires a portfolio of underlying assets. The SPE issues CDOs in different tranches and the proceeds are used to purchase the portfolio of underlying assets. Senior CDOs are paid from the cash flows from the underlying assets before the junior securities and equity securities.

Risk and return for a CDO Client depend directly on how the CDO and its tranches are defined, and on the underlying assets. In particular, the investment depends on the assumptions and methods used to define the risk and return of the tranches. CDOs, like all asset-backed securities, enable the originators of the underlying assets to pass credit risk to another institution or to individual Clients.

The issuer of the CDO earns commission at time of issue and earns management fees during the life of the CDO.

All of the following information shall be used for information purposes only, and nothing in this document shall be interpreted as advice to invest or to abstain from investment in certain Financial Instruments.

Current version of this document is available at the official website of the Company: http://www.nbinvest.com.

The Company shall notify its Clients of any material change to this document by posting its updated version on the website; however, the Clients would not be expressly notified of any such changes, therefore, it is highly recommended to refer to the current versions of this and other applicable documents regularly.

COMMISSION AND OTHER CHARGES

Before you begin to trade, you should obtain a clear explanation of all commission, fees and other charges for which you will be liable. These charges will affect your net profit (if any) or increase your loss.

TRANSACTIONS IN OTHER JURISDICTIONS

Transactions on markets in other jurisdictions, including markets formally linked to a domestic market, may expose you to additional risk. Such markets may be subject to regulation which may offer different or diminished investor protection, also the rights of the Client may differ accordingly. Before you trade you should enquire about any rules relevant to your particular transactions. Your local regulatory authority will be unable to compel the enforcement of the rules of regulatory authorities or markets in other jurisdictions where your transactions have been effected.

CUSTODY OPERATIONS AND KEEPING OF ASSETS

In many cases Third Parties could be involved when providing Custody Services to the Client, subject to such Third Parties are authorized to render custody and/or depositary services in accordance with the laws of their country of incorporation (Sub-Custodian(s)). When Client’s Assets (cash and/or financial instruments) are held with a Third Party in a jurisdiction other than jurisdiction of a Member State Client’s rights to these Assets may differ from the Client’s rights to Assets kept within jurisdiction of a Member State. In case of insolvency of Third Party, the Client’s Assets are delivered to the Client, subject to conditions set in legislation of the relevant jurisdiction.

Most often funds will be also held in an omnibus account by a third party. In such case Client's cash and/or Financial Instruments transferred to any Sub-Custodian will be kept in a collective system of nominal holding, which means that cash and/or Financial Instruments of all the Clients will be kept jointly and registered in the Register and/or with Third Party in the name of the relevant Sub-Custodian as nominee holder in the interests of NBI or in cases permitted by Applicable Law – in the interests of the Client. In this case particular Client’s assets may not be segregated (except in NBI’s books) or separately identifiable from other pooled assets of other Clients and thus may not be as well protected from claims of Creditors. The Client should properly evaluate the consequences of doing so using when necessary expertise other than expertise of NBI. Decisions to do so or not are at the Client’s own risk.

CURRENCY RISKS

The profit or loss in transactions in foreign currency-denominated contracts (whether they are traded in your own or another jurisdiction) will be affected by fluctuations in currency rates where there is a need to convert from the currency denomination of the contract to another currency.

ELECTRONIC TRADING FACILITIES

Most electronic trading facilities are supported by computer-based component systems for the order-routing, execution, matching, registration or clearing of trades. As with all facilities and systems, they are vulnerable to temporary disruption or failure. Your ability to recover certain losses may be subject to limits on liability imposed by the system provider, the market, the clearing house and/or member company. Transactions using an electronic system are subject to the rules and regulations of the exchange(s) offering the system and/or listing the contract. Before you engage in transactions using an electronic system, you should carefully review the rules and regulations of the exchange(s) offering the system and/or listing contracts you intend to trade.

MARGIN TRADING

Margin trading is more aggressive and involves a higher degree of risk than ordinary trading. A Client may use margin to purchase securities for which it does not have available cash. These activities could lead to shortfalls in the Client's account in the event of a market downturn. Margin trading is suitable only for those Clients who fully understand its nature and who can bear the responsibility and increased risk.

Securities purchased on margin are the company's collateral for the loan to you. If the securities in your account decline in value, so does the value of the collateral supporting your loan, and, as a result, the company can take action, such as issue a margin call and/or sell securities or other assets in your accounts held with the company, in order to maintain the required equity in the account.

It is important that you fully understand the risks involved in trading securities on margin. These risks include the following:

You can lose more funds than you deposit. If the equity in your account falls below the maintenance margin requirements, the company can sell the securities or other assets in any of your account held at the company to cover the margin deficiency. You also might be responsible for any short fall in the account after such a sale.

The company can dispose of securities or other assets in your accounts without contacting you. Some investors mistakenly believe that a company must contact them for a margin call to be valid, and that the company cannot liquidate securities or other assets in their accounts to meet the call unless the company has contacted them first. This may not be the case. The company is in position at its discretion to take necessary steps to protect its financial interests, including immediately selling the securities without notice to the Client.

DAY TRADING

A day trading strategy means an overall trading strategy characterised by the regular transmission of intra-day orders to effect both purchase and sale transactions in the same security or securities. Day trading can be extremely risky. Day trading is not generally appropriate for someone of limited resources and limited investment or trading experience and low risk tolerance. You should be prepared to lose all of the funds that you use for day trading. In particular, you should not fund day trading activities with retirement savings, student loans, second mortgages, emergency funds, funds set aside for purposes such as education or home ownership, or funds required to meet your leaving expenses. Day trading requires knowledge of securities markets.

OFF-EXCHANGE TRANSACTIONS

In some countries companies are permitted to effect off-exchange transactions. The company with which you deal may be acting as your 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. Off-exchange transactions may be less regulated or subject to a separate regulatory regime. Before you undertake such transactions, you should familiarize yourself with applicable rules and risks.

REPURCHASE TRANSACTRIONS

A repurchase transaction means a transaction in which the seller agrees to sell to the buyer securities (known as purchased securities) against the payment of the agreed price (known as purchase price) by the buyer to the seller, with a simultaneous agreement by the buyer to sell to the seller securities equivalent to the originally sold securities (equivalent securities), at a certain date or on demand against the payment of the agreed price (known as repurchase price) by the seller to the buyer. The risks inherent to repurchase transactions include the following : insolvency or default by the buyer, where an investor receives or is credited with a payment by reference to dividend, coupon or other income payable in relation to any purchased securities, tax treatment may differ from tax treatment in respect of the original dividend, coupon or other payment in relation to those purchased securities; if the market value of the purchased securities sold declines, an investor may be required to deposit more money at short notice. Where the Client holds any cash or assets with the other party to a repo, such securities and cash balances may be subject to the security interests created in favour of the other party. This is not the exhaustive list of all the risk applicable to this type of financial instrument.

INDEMNITIES

The Client is aware that investments in Financial Instruments require broad knowledge and experience in the investment field and full understanding of the nature and extent of investments, including their complexity and the risks involved.

The Client hereby represents and warrants that its investment history and financial investment sophistication is adequate to evaluate the inherent risks of investments in Financial Instruments.

NBI may not be obliged to assess the appropriateness of the non-complex Financial Instrument to the Client and therefore the Client may not benefit from the corresponding protection of the relevant rules of business conduct.

The Client understands that transactions involving margin credit are appropriate only for persons who can assume risk of loss in excess of the margin deposit. The Client also confirms that if he enters into any transaction involving margin credit such entry shall constitute an express warranty on behalf of the Client that it possesses adequate financial resources to assume this increased risk of loss and repay any debt that may arise in connection with margin trading. The Client will not hold NBI liable for any financial loss the Client may sustain as a result of margin trading.

The Client hereby acknowledges and agrees that NBI can involve Third Parties when providing its Custody Services to the Client, including the use of the entities situated in jurisdictions other than European Union provided such Third Parties are authorized to render custody and/or depositary services in accordance with the laws of their country of incorporation, as well as to keep Client’s assets on omnibus account opened with them. The Client also confirms that it fully understands additional risks arising from depositing the Clients’ funds and/or financial instruments in an omnibus account opened with the Third Parties, including the ones situated in jurisdictions other than European Union. The Client hereby certifies his awareness of risks associated with investments in Financial Instruments and the fact that the Client has read and fully understood this document.