

SPECIAL ASPECTS OF THE CONCLUSION AND EXECUTION OF OTC OPTIONS TRADES (STRUCTURED PRODUCTS)

1. Terms and Definitions

1.1 For purposes the OTC options transactions (structured products) for Clients, the following terms and definitions shall be applied:

AMERICAN OPTION – an option, which allows the option buyer to claim execution of the rights at any date before the expiration date (dates) including that particular date (those dates). For claiming the rights before the expiration date (dates), an option exercise notice should be submitted.

CAPITAL PROTECTION RATIO – percentage of the initial investment amount, which determines the minimum margin rate to be paid in accordance with the condition of the trade.

CONFIRMATION NOTE – the order of the Client containing material terms of the trade, and prepared in accordance with the Appendix 12.1 of the Terms and Conditions.

DATE OF ACTUAL (PHYSICAL) EXERCISE OF THE OPTION – date (business day) of payment of the margin rate by the option seller to the option buyer.

EUROPEAN OPTION - an option which allows the option buyer to execute the rights only at the expiration date (dates) determined by the confirmation note.

EXPIRATION DATE – one or several dates specified in the trade. American-style options can be exercised by sending option exercise notice, and in this case, the date of the receipt of such notice by the seller is deemed to be the expiration date. The margin rate which is to be paid by the option seller to the option buyer shall be calculated at the expiration date (dates).

INITIAL INVESTMENT AMOUNT – the premium rate paid for the purchase of option (structured product).

LIST PRICE/RATE/VALUE – underlying asset's price/rate/value at any date during the course of the trade, which is expressively determined in accordance with the methods specified by the parties in the trade, and is unknown at the date of the trade.

MARGIN – amount which depends on strike price/rate/value, settlement price/rate/value and other material transaction conditions, and shall be paid by the option seller to the option buyer at the rate and under the terms specified in the trade.

OPTION (OPTION CONTRACT) – derivative financial instrument, agreement, which obliges the option seller, at the option buyer's request, to pay some money amount (positive margin) to the option buyer, depending on the change in settlement price/rate/value of the underlying asset compared to strike price/rate/value. The option buyer has the right (but not the obligation) to request the option seller to pay the positive margin.

OPTION TRANSACTION AMOUNT – equal to the initial investment amount.

OPTION TYPE – material condition of the trade specified in the trade, which determines the procedure for calculation of the margin rate.

PARTICIPATION RATIO – percentage gain obtained due to a change in price of the underlying asset, which determines the amount of increase of the margin rate over the initial investment amount.

PARTY, PARTIES – option buyer and/or option seller.

PREMIUM – amount which shall be paid by the option buyer to the option seller in accordance with the transaction framework and dates established in the trade.

PREMIUM PAYMENT DATE - a date, which is deemed to be the latest date for the obliged party to pay the premium to another party.

SETTLEMENT PRICE/RATE/VALUE – underlying asset's price/rate/value, which is expressively determined in accordance with the methods specified by the parties in the trade, and is applied in calculation of the margin rate.

STRIKE PRICE/RATE/VALUE - underlying asset's threshold price/rate/value, which is expressively determined in accordance with the methods specified by the parties in the trade, and is applied in calculation of the margin rate.

TERMS AND CONDITIONS – KIT Finance Europe's Terms and Conditions for Rendering Investment Services.

TRADE DATE – the date of acceptance of the trade order (offer) by another party, in the course of which rights and liabilities of the option buyer and the option seller occur.

TRADE/TRANSACTION - option contract, option sale-purchase transaction executed in accordance with the Terms and Conditions and the present Appendix.

TRANSACTION CURRENCY – currency in which the amount of the option trade as well as possible penalties are nominated.

UNDERLYING ASSET – securities, currencies, commodities, interest rates, specified in the trade. Changes in their settlement price/rate/value shall determine the margin rate payable by the option seller to the option buyer. Parameters of the underlying asset shall be established in the trade.

WARRANTY TRANSFER – cash means and/or money value of other assets (currencies, securities, etc) acceptable by the option seller as secured collateral for fulfillment of payment obligation of the premium by the option buyer.

WARRANTY TRANSFER CURRENCY – the currency in which the warranty transfer is nominated.

WARRANTY TRANSFER PAYMENT DATE – a date, which is deemed to be the latest date for the obliged party to pay the warranty transfer to another party.

1.2 Other definitions, which are not specified in the present Appendix 12 to the Terms and Conditions, are used in the meaning established by the Terms and Conditions, by the documents, regulating the circulation of securities, derivative contracts and other financial instruments, and/or by the documents, regulating the business conduct. In case of contradiction/inconsistency of definitions between the Appendix and the Terms and Conditions, definitions stipulated by the present Appendix are accepted for the purposes of execution of trades with structured products.

2. Order of Trade Conclusion

2.1 Material conditions for each trade, executed in accordance with the present Appendix 12, are the following:

- Option type
- Trade side (buy / sell)
- Underlying asset
- Unit cost of the underlying asset
- Strike price/rate/value (numerous Strikes are possible)
- Underlying asset's Settlement price/rate/value at the expiration date
- Warranty transfer

- Warranty transfer payment date
- Premium
- Premium payment date
- Option transaction amount
- Option expiration date
- Date of actual exercise of the option
- Transaction currency
- Participation ratio
- Capital protection ratio
- Margin calculation method

2.2 The trade is deemed to be concluded from the moment of acceptance of the Client's trade order by the Investment firm, prepared in accordance with the form in the Appendix 12.1 of the Terms and Conditions (if one of the parties is the Investment firm), or after the receipt by the Investment firm of an offer (order) from a third party with identical matching parameters (opposite direction).

3. Order of Trade Execution

3.1 The option buyer agrees to pay the premium not later than the date specified in the trade or in the option exercise notice.

3.2 The option seller agrees to transfer the warranty transfer amount to the option buyer at the expiration date specified in the trade or in the option exercise notice.

3.3 The obligation of the option buyer to make the premium payment and warranty transfer shall be considered to be fulfilled from the moment of crediting the premium (warranty transfer) on the Investment Firm's account, intended for the option seller. The Investment Firm performs withdrawal of funds from the option buyer's account in the amount of premium (warranty transfer) and transfers it to the option seller's account (if the option seller is the Client of the Investment Firm) without additional orders from the Clients.

3.4 In case of insufficiency of funds for payment of warranty transfer (premium) on the Client's account (if the Client is the option buyer), the Investment Firm has the right either to refuse the execution of the Client's order or to lend the funds to the Client (with the formation of debt on the Client's account) in accordance with the general parameters and conditions of the marginal lending established by the Terms and Conditions.

3.5 After the structured product (option) trade is concluded The Investment Firm sends an account statement to the option buyer within the period of time stipulated by the Terms and Conditions.

3.6 If the date of crediting the warranty transfer on option seller's account exceeds the date of warranty transfer payment for more than 5 (five) business days, then the option seller has the right to terminate the trade unilaterally.

3.7 In case of termination of the trade in accordance with the clause 3.6 of the present Appendix, the option seller agrees to return the warranty transfer apart from actually committed expenses to the option buyer's account in the Investment Firm.

3.8 The option seller has the right to accept the warranty transfer of the trade terminated in accordance with the item 3.5 of the present Appendix as a warranty transfer for a re-concluded trade.

3.9 The option buyer has the right to exercise the American-style option any business day prior to the date of expiration of the option specified in the trade by sending option exercise notice prepared in accordance with the Appendix 12.2 in the Terms and

Conditions. At the option's expiration date, the option shall be exercised automatically and submission of option exercise notice is not required. The option seller agrees to transfer the margin rate no later than the date of actual exercise of the option. If the date of actual exercise of the option is a non-business day, the margin rate payment shall be made on the first business day following the non-business day.

3.10 At the date of actual exercise of the option, specified either in the trade or in option exercise notice, the option seller agrees to pay to the option buyer the margin rate calculated in accordance with the terms stipulated in the trade or to perform the actual delivery of the underlying asset in the volume equal to the margin rate.

3.11 The payment of the margin rate or the delivery of the underlying asset is performed from the Client's account by the Investment Firm without additional order from the Client. In case of insufficiency of funds or the underlying asset on the Client's account (if the Client is the option seller), the Investment Firm has the right to lend the funds to the Client (with the formation of debt on the Client's account) in accordance with the general parameters and conditions of the marginal lending established by the Terms and Conditions.

3.12 In accordance with the terms of trades with structured products, all expenses associated with the payment are borne by the Party, which performs the payment.

3.13 The Client agrees to the following:

- The payment of margin rate is made by cash means. Exercise of the option in the form of actual delivery of the underlying asset in the volume equal to the margin rate is performed via conclusion of the OTC sell-purchase transaction, where the buyer of the underlying asset is the option buyer, while the seller of the underlying asset is the option seller.
- OTC sell-purchase transaction cost may be covered by the buyer using the margin rate, paid by the seller in accordance with the details specified in the trade note and the present Appendix 12 of the Terms and Conditions.
- The terms of the actual delivery of the underlying asset to the option buyer in the volume equal to the margin rate, the underlying asset cost, the underlying asset quantity as well as other material conditions of the OTC sale-purchase transaction shall be executed in accordance with the conditions of the trade.
- If the underlying asset is a settlement value, specific list of financial instruments subject to delivery to the buyer as a result of exercise of the option shall be set forth in accordance with conditions of the trade.