



# MiFID II Information Document on INVESTMENT and ANCILLARY SERVICES in FINANCIAL INSTRUMENTS



## **DISCLAIMER**

This information document hereinafter referred to as "MiFID II Information Document" is addressed to existing or potential clients of Skanestas providing necessary information about the investment and related ancillary services for transactions in Financial Instruments provided by Skanestas Investments Limited, CIF No. 251/14 ("Skanestas" or the "Company").

This document and the information provided herein should NOT be construed and/or considered and/ or taken to constitute advice and/or solicitation of an offer or a recommendation to enter into any transaction or buy or sell any Financial Instrument or to make any investment and/or as any other investment advice. Skanestas, its affiliates, its officers and its employees are not in the business of providing tax or legal advice. Thus, nothing contained herein is intended or written to be used, and cannot be used or relied upon, by any person as legal or tax advice.

Consulting or receiving this MiFID II Information Document does not create or constitute any legal relationship between Skanestas and the Client and neither implements and/or warrants any other duty on behalf of Skanestas towards the recipient of this MiFID II Information Document, unless an Investment Services Agreement has been concluded.

Any information in this document and/or as may be provided by Skanestas, from time to time, is provided for information only and does not constitute, and should not be construed as, investment advice or a recommendation to buy, sell or otherwise transact in Financial Instruments or in making any investment. The information in this document is provided solely on the basis that a Client (existing or potential) makes his own investment decisions and Skanestas has not taken into account the particular investment objectives or financial situation of any person in preparing the information in this document. In addition, nothing in this document shall, or is intended to, constitute financial, legal, accounting or tax advice.

This MiFID II Information Document may be amended and/or revised and/or updated from time to time at the sole discretion of Skanestas and any information included therein is provided on an "as is" basis.

In this respect, any future revised version of this document will take effect upon its publication on Skanestas's website and the continued use of the Services offered by Skanestas thereafter will be deemed to constitute acceptance and notification of the changes to this document.

Skanestas may also from time to time send to clients supplementary notifications and/or information of new developments and Skanestas reserves the right to review and/or amend its Policies referred herein and make the necessary notifications whenever it deems this appropriate. As Client, it is your responsibility to ensure that you are aware of the correct, current content of this document and we advise you to check for updates on a regular basis on Skanestas's website : <http://www.skanestas.com/>

No liability whatsoever shall arise on Skanestas for any actual or contingent or direct or indirect loss suffered by any recipient of this document as a result of any act or omission pursuant to reliance on the provisions hereof or other use or misuse of any information contained herein.



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## **PART A: GENERAL INFORMATION**

### **1. LEGISLATIVE FRAMEWORK**

The Directive 2004/39/EC on Markets in Financial Instruments was incorporated into Cyprus law by the Investment Services and Activities and Regulated Markets Law of 2007 (L.144(I)/2007), which came into effect on from 1<sup>st</sup> of November 2007 ("MiFID I"). On 3<sup>rd</sup> January 2018, Investment Services and Activities and Regulated Markets Law 87(I)/2017 (the 'Law') replaced Law 144(I)/2007, effecting the transposition into Cypriot law of the new Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments (the "MiFID II"). MiFID II replaced, on an EEA level, MiFID I.

The revision of the investment services legal framework brought by MiFID II represents a fundamental change for the European financial markets across a multitude of areas. The scope of MiFID II and the associated Regulation (EU) No.600/2014 ("MiFIR") is to enhance and further strengthen the legislative framework to facilitate greater transparency for all participants in capital markets. New reporting requirements and suitability and appropriateness assessments will be undertaken in the process of offering and receiving such Services.

MiFID II (as transposed and implemented in Cyprus local legislation by the Law) sets out an updated comprehensive regulatory regime governing how banks and investment firms performing investment and ancillary services and investment activities should operate. MiFID II is a key element of the European Union's financial services regime, which is designed to facilitate the integration of Europe's financial capital markets, enhance investor protection and attract new investors to the European Union capital markets.

The Law sets out updated regulations on the conduct of business rules of investment firms providing investment services or carrying out investment activities. Furthermore, it establishes a new regulatory regime regarding the clients' orders execution in respect with the high quality execution in the regulated markets, aiming mainly at the investor's protection.

Skanestas Investments Limited ("**SKANESTAS**", the "**Company**") implements appropriate procedures and policies to comply with the requirements of MiFID II, as updated, revised and implemented into Cypriot legislation and regulations, from time to time and to be in line with applicable guidelines and best practices in relation to the provision of investment and ancillary services in Financial Instruments (the "Services").



## 2. THE COMPANY AND THE SERVICES IT PROVIDES

### 2.1 General Information

**Skanestas Investments Limited** is a regulated Cyprus Investment Firm, authorised by the Cyprus Securities and Exchange Commission (the "CySEC") (with License No.251/14), and offers investment and ancillary services.

**SKANESTAS** has a wealth of expertise and hard-to-find experience in the areas of Brokerage Services.

**SKANESTAS**, relying on the professionalism, commitment, creativity and integrity of its personnel aims at the satisfaction of the investment needs and expectations of its clients. Our main priority is the provision of the best possible services based on the needs and investment objectives of each individual client.

More information about Skanestas can be found on Skanestas's website at <http://www.skanestas.com/>

**SKANESTAS's** head offices are situated at Arch. Makariou III, 226, 3030 Limassol, Cyprus.

You can contact us in the following ways:

- By phone at: +357 25 25 212 293
- By fax at: +357 25 253640 ;and
- By email at: info@skanestas.com

**SKANESTAS** is regulated by the Cyprus Securities and Exchange Commission (the "CySEC"), which can be contacted at 27 Diagorou Str. CY-1097 Nicosia, Cyprus and at the following telephone number: +357 22506600 (website: [www.cysec.gov.cy](http://www.cysec.gov.cy))

Details of SKANESTAS's license can also be found on the CySEC's website on the link below:

<https://www.cysec.gov.cy/el-GR/entities/investment-firms/cypriot/40754/>

### 2.2 Type of Services offered

Skanestas is licensed to provide investment and ancillary services for transactions carried out in Financial Instruments (the **Services**) as described below.

#### (a) Investment services and activities

- (1) Reception and transmission of orders in relation to one or more financial instruments;
- (2) Execution of orders on behalf of clients;
- (3) Portfolio Management;

#### (b) Ancillary Services

- (1) Safekeeping and administration of financial instruments for the account of clients, including custodianship and related services;
- (2) Granting credits or loans to investors to allow them to carry out a transaction in one or more financial instruments, where the firm granting the credit or loan is involved in the transaction;



- (3) Foreign exchange services where these are connected to the provision of investment services;

### 2.3 Reception and Transmission of Orders

SKANESTAS provides to Clients the investment service of Reception and transmission of Orders in Financial Instruments through Authorised Employees.

Under our order **Execution Policy** (see below PART B, Section 1), subject to any specific instructions from the Client, we take into account the following execution factors, in order to obtain the best possible result for you: price, costs, speed, likelihood of execution and settlement, size, nature, and any other consideration relevant to the execution of the order.

We determine the relative importance of the execution factors by using our commercial judgement and experience in light of the information available on the market and taking into account the following execution criteria:

- i. your characteristics, including your categorisation as a Retail or a Professional Client;
- ii. the characteristics of your order;
- iii. the characteristics of the Financial Instruments that are the subject of that order; and
- iv. the characteristics of the execution venues to which that order can be directed.

Whenever the Client gives us a specific instruction as to the execution of an order or a part of it, we execute the order following the specific instruction.

Pursuant to legislation, Clients' orders for the execution of transactions can be placed directly through the Online Trading Platform, or given in writing. If the order is given in writing, the form should be signed by the Client or his authorised representative. The written order can be given in person, or send by fax or email. If the order is given through phone, then this telephone conversation must be recorded.

Orders can be placed in the following ways:

1. by phone – Clients' Service recorded line +357 212 293 (to be redirected to Trading/Middle Office), or
2. by email to - [middle@skanestas.com](mailto:middle@skanestas.com), [trading@skanestas.com](mailto:trading@skanestas.com), [info@skanestas.com](mailto:info@skanestas.com) provided the relevant agreement appendix has been signed, or
3. by fax to + 357 25 253640;
4. via authorized Bloomberg;
5. in writing: delivered to the business address of Skanestas: Arch. Makariou III, 226, 3030 Limassol, Cyprus.

### 2.4 Safekeeping of Financial Instruments / Custody Services

Skanestas offers the ancillary service of safekeeping clients' Financial Instruments and funds. At Skanestas' level, all Client holdings and transactions are recorded in dedicated accounts in the name of each Client.

When holding your Financial Instruments and funds, we take adequate steps to ensure the maximum protection and safeguard of your ownership rights. The Company deposits the funds of its clients into special bank accounts in authorized and reliable credit institutions under the name "clients' account" and takes all necessary steps to protect the clients' proprietary rights. The Company proceeds to the liquidation of the financial instruments of clients only following an explicit order and/or consent of the Client, unless provided otherwise in a relevant agreement.

Moreover, in order to safeguard the clients' rights in regard to their financial instruments and assets, the



Company takes the following measures:

- (a) Keeps all the necessary records and accounts in order to be in the position, at any given time and with no delay, to distinguish the assets that are kept on behalf of the Client from those that are kept on behalf of any other client as well as from the Company's assets.
- (b) Keeps its records and accounts in a way that ensures that they are true and accurate and that they correspond to the Financial Instruments that are kept on behalf of the Clients.
- (c) Takes all the necessary measures in order to ensure that Financial Instruments of clients that have been deposited into third parties, can be distinguished from those that belong to the Client.
- (d) Conducts, on a regular basis, reconciliations between our internal accounts and records and those of any third parties by whom those assets are held.
- (e) Takes all the necessary measures in order to ensure that the clients' assets, deposited at authorized financial institutions, are kept into a separate account or accounts to any other accounts that may be used for assets that belong to the Company.
- (f) Applies all necessary organizational measures in order to minimize the risk of loss or reduction of the client's assets or rights in regard to these assets, because of asset misappropriation, fraud or negligence.

In particular:

1. The Company deposits its clients' funds into bank accounts of credit or financial institutions under the Company's name by stating explicitly to the financial institution that these are funds that belong to its clients.
2. Unless you have chosen a third party custodian on your own, the Company safeguards the financial instruments of its clients in the ways accepted by the Client.

The Company may keep these accounts into omnibus accounts kept on behalf of more than one client by distinguishing in the Company's accounts which financial instruments correspond to each client.

4. In the case of a Custodian operating in a third country outside the European Union and governed by the Laws of the third country, the Company shall deposit the client's financial instruments with this Custodian only if the latter is subject to special regulations and supervision in the third country. Please note that in this case, the client's rights regarding his financial instruments or assets, which are kept with a Custodian governed by the Laws of a third country, may be inferior to the rights resulting from a Custodian based and operating in a Member State of the European Union.
5. However, the Company does not accept any liability towards its Clients regarding:
  - (a) the inefficient fulfillment and/or non-fulfillment of the Custodian's obligations;
  - (b) the solvency and, generally, the fulfillment of the Custodian's obligations, (including Central Securities Registries and Central Securities Depositories of every kind and Clearing and Settlement Systems), in which the clients' assets are being kept. It is presumed that the operation of Central Registries, Central Securities Depositories, Clearing and Settlement Systems, Investment Firms and Credit Institutions operating in a Member State or in another state that provides the implementation of a supervision system in line with the international standards, eliminates the existence of any wrongdoing on behalf of the Company, unless the Company had a special knowledge of the fact that the Custodian would become insolvent and permanently unable to meet its payment obligations. Moreover, the Company is not responsible for any wrongdoing committed by the Custodian's bodies or the bodies assisting in the fulfillment of the Custodians obligations.
6. The Company shall not dispose of, charge, manage or use in a different way the Financial Instruments that keeps on behalf of its Clients, unless the Client has given a prior explicit instruction to act as such.

In addition to the above measures, the Company is a member of the Investor Compensation Fund for Investor





Clients of Investment Firms (“ICF”). ICF’s objective is to ensure the protection of the financial instruments and funds of the covered clients (up to a specific amount) with the payment of compensation for claims that arise from the provision of services provided for by the member of ICF, in case of inability of the member to fulfill its obligations (for further information please refer to Part B: Section 4- Investor Compensation Scheme) .

### **Risks / Warnings in relation to Safekeeping / Custody Services**

Despite the fact that Skanestas undertakes reasonable measures to monitor and exercises due skill and care in the selection of such third parties as described above, the risks associated with the safekeeping or custody of Financial Instruments deposited with third parties or omnibus accounts and any relevant acts or omissions of such third parties shall be considered and addressed by the Client.

Notwithstanding that Skanestas shall comply with its obligation to use due skill and care in the selection of such third party, in case of insolvency of the third party and depending on the laws of the jurisdiction of such third party, the Client acknowledges and accepts that s/he bears the risk that the relevant assets or Financial Instruments may be lost.

Neither of Skanestas nor any director, officer, employee or agent of Skanestas shall be liable to the Client for any loss caused directly or indirectly by any act or omission or for the insolvency of any such third party subject to its obligation to use due skill and care in the selection of such third party.

Securities deposited with a custodian, sub-custodian, depository or clearing agency/entity are held subject to the rules and operating procedures of such party and any applicable laws and regulations whether of a governmental authority or otherwise, which may not be of Cyprus. In case accounts that contain financial instruments or funds belonging to the Client are or will be subject to the law of a jurisdiction other than that of Cyprus, the rights of the Client relating to those financial instruments or funds may differ accordingly.

The Client, by electing the ancillary service of safekeeping or custody is deemed to understand and acknowledge that Skanestas may not be able to exercise discretion in the selection or monitoring of a depository or clearing system or custodian or in the negotiation of contractual provisions with such party.

Skanestas, further subject to the terms of the Investment Services Agreement, have or may have security interest or lien over the Client's financial instruments or funds or assets or any right of set-off in relation to those instruments or funds or assets. Where applicable, a depository or custodian may have a security interest or lien over, or right of set-off in relation to those instruments or funds.

### **Special Notice**

**When making a decision to deal in Financial Instruments a Client must consider the risks inherent in the relevant Financial Instrument or related products. The Client shall consider all potential risks including those such as, inter alia, relating to credit, the market, liquidity, interest rate, insolvency, foreign exchange, contingent liabilities, execution venue, legal and tax issues.**

Please further refer to Part C, which summarises some of the risks associated with certain investments, markets and includes information on: e.g. the risks associated with dealing in commodities; certain specific pricing and liquidity considerations associated with exchange traded funds; and an explanation of how barrier options may be executed for you and the particular risks relevant to these types of transactions.



### 3. **RELATIONSHIP WITH THE CLIENT FOR THE PROVISION OF SERVICES**

#### 3.1 **Language and Methods of Communication for the provision of Services**

**Language:** The languages in which Skanestas communicates with its clients are English and Russian. However, due to the nature of the Services, the primary business language used by Skanestas in respect of the Services is English, and so if we have not expressly agreed otherwise, communications from Skanestas to the Client in relation to the Services is likely to be in English.

**Methods of Communication:** Skanestas communicates with its Client, other than verbal communications, via the following channels: telephone, fax or e-mail.

Skanestas communicates with the Client using the contact details notified by the Client in the Investment Services Agreement, or as changed and updated thereafter, and provided, that such details and information are accurate. Any relevant material or documentation will be dispatched to the client by using the contact details available to Skanestas.

Within the context of order execution regarding transactions in financial instruments, the clients may submit their orders in writing.

**Recordings:** Skanestas may make and retain records of any telephone conversation and electronic communications between the Client and Skanestas in compliance with applicable law. For further information as to Skanestas's Processing of Personal Data Policy summarised in Part D: Section 1 of this document. However, your attention is drawn to the fact that Skanestas has specific obligations to make records of communications, regarding the reception, transmission and execution of client orders in Financial Instruments (further information are provided in Section 3.7 herein below).

#### 3.2 **Client Information for the provision of Services**

Upon the commencement of the collaboration the documents and information to be provided and received from the Client, relate in principle to:

- (i) the Client's identity (Know Your Client); and
- (ii) for the assessment of his financial Investor Profile in relation to the provision of the Services requested to be offered and in relation to the Financial Instruments in which the Client intends to receive for executing transactions in Financial Instruments, so as to enable Skanestas to categorise the Client under the relevant categories set by the Law in relation to the provision of the Services (**Assessment of Appropriateness**, Part A: Section 3.5 below).

It is noted that if the Client does not provide the information requested this will have an impact on whether Skanestas can actually provide the Services at all.

Effective as from 3<sup>rd</sup> January 2018 subject to **Regulatory Transaction Reporting Obligations** (see Part A: Section 3.7 below) Skanestas will not be able to report a trade on behalf of a client, unless the Client provides or confirms his personal details as noted below.

#### **Physical/ Natural Persons:**

Each Client, including each person listed in an account as joint account holder, has to notify or confirm his/her personal identifying details to Skanestas as per his nationality.



### **Legal Entities**

Legal entities (funds, provident funds, corporate entities and partnerships) to be able to trade in Financial Instruments shall provide Skanestas their LEI (Legal Entity Identifier) Code. The LEI Code is a new global standard code (a unique 20 digit alpha-numeric code based on the ISO 17442 standard developed by the International Organization for Standardization (ISO)) with the aim of providing improved transparency of financial transactions. Each Client needs to obtain a LEI Code and subsequently to be provided to Skanestas in order to enable the execution of any requested transaction in financial instruments.

LEI Codes are issued by Local Operating Units (LOUs). A legal entity is not limited to using a LEI issuer in its own country; instead, it can use the registration services of any LOU that is accredited and qualified to validate LEI registrations within its authorized jurisdiction(s).

There is a number of approved providers. From our experience we recommend the below providers that have simplified and straightforward processes for registration and renewal through their websites:

Bloomberg LEI: <https://lei.bloomberg.com/>

Luxembourg Stock Exchange: <http://www.luxcsd.com/luxcsd-en/products-and-services/lei-service/67518>

Irish Stock Exchange: <https://www.isedirect.ie/>

Athens Stock Exchange: <https://www.helex.gr/web/guest/axialei>

LEI Code should be renewed annually by the Client.

All information provided to Skanestas is retained in electronic or physical records, according to Skanestas's procedures and applicable legislation on Personal Data Processing (as applicable from time to time).

## **3.3 Client Categorisation**

### **3.3.1 Categories of Classification**

Pursuant to applicable law, upon entering into an Investment Services Agreement, Skanestas proceeds with the categorisation of the Client in respect of the Services to be offered. The Client categorisation is performed according to the criteria provided by the applicable law in respect of the Services and types of Financial Instruments requested and on the basis of the information made available by the Client to Skanestas.

The Law recognises that investors have different levels of knowledge, experience and skills in the investment field relevant to the specific type of product or services offered or requested and are classified in three categories; as a retail client, a professional client or an eligible counterparty. Within this context, a Retail Client benefits of the highest level of protection, compared to a Professional Client or an Eligible Counterparty, which bare a reduced level of protection due to the fact that they are considered more experienced and knowledgeable in carrying out transactions in Financial Instruments.

If a Client has already been categorised as Professional Client under parameters and procedures similar to those referred to in this document, it is not intended that his relationships with Skanestas shall be affected by the new rules adopted by MiFID II.



## A. Retail Clients

Retail clients are considered as those clients who do not fulfil the criteria to be treated as professional clients or eligible counterparties. A retail client receives the highest level of protection and information from us, compared to a professional client or an eligible counterparty.

Local public authorities and municipalities will be treated as retail clients by default, unless they have elected to opt up to professional clients and have been assessed as having the required knowledge and experience to be classified as professional clients.

## B. Professional Clients

Professional clients are clients who are considered to possess the experience, knowledge and expertise to make their own investment decisions, as well as to properly assess the risks that they will incur.

The following are regarded as professional clients per se:

a) Entities which are required to be authorised or regulated to operate in the financial markets, including all authorised entities carrying out the characteristic activities of the entities mentioned below: entities authorised by a member state of the EU under legislation of the EU, entities authorised or regulated by a member state of the EU without reference to legislation of the EU, and entities authorised or regulated by a country which is not a member state of the EU, such as:

- Credit institutions;
- Investment firms;
- Other authorised or regulated financial institutions;
- Insurance companies;
- Collective investment schemes and management companies of such schemes;
- Pension funds and management companies of such funds;
- Commodity and commodity derivatives dealers;
- Locals;
- Other institutional investors.

b) Large undertakings meeting two of the following size requirements, on a company basis:

- Balance sheet total: €20.000.000
- Net turnover: €40.000.000
- Own funds: €2.000.000.

c) National and regional governments, public agencies managing public debt, central banks, international and multinational organisations such as the World Bank, the International Monetary Fund, the European Central Bank, the European Investment Bank and other similar international organisations.

d) Other institutional investors, whose main activity is investing in Financial Instruments, including companies which deal exclusively with securitising assets or other financing transactions.

Any clients falling within the list above are considered to be professionals and, Skanestas will categorise such clients, on the basis of the information available to Skanestas, as Professional Clients, and will be treated as such unless Skanestas and the client agree otherwise. However, the Client is allowed to request Skanestas to be classified as Retail Client and Skanestas may agree to provide a higher level of protection (Reclassification: Section 3.3.3 below).

Any clients not falling within the list above are, by default, classified as **Retail Clients**.



### **C. Eligible Counterparties**

Eligible Counterparties are Professional Clients which operate in the financial sector and are therefore deemed to have the necessary investment expertise, and for the purposes of the Law are:

- Investment Firms.
- Credit Institutions.
- Insurance Undertakings.
- UCITS and their management companies.
- Pension Funds and their management companies.
- Other financial Institutions authorized by a member state or regulated under community legislation or the national law of a member state.
- National governments and their corresponding offices including public bodies that deal with public debt.
- Central Banks.
- Supranational Organizations.

A client can only be classified as an Eligible Counterparty when Skanestas provides the investment services of the reception and transmission of client orders, or the execution of orders on behalf of clients, or any ancillary services directly related to such transactions. In such cases, Skanestas is not obliged to comply with the following:

- a) Comply with certain investor protection requirements; we are obliged, however, to provide appropriate information to you;
- b) Assess the suitability and appropriateness of certain products or services, before providing them to you; we are obliged, however, to provide you with adequate reports on the service provided;
- c) Take all sufficient steps to obtain the best possible result for you when executing orders on your behalf;
- d) Have in place procedures to provide for the prompt, fair and expeditious execution of your orders, relative to other client orders or our own trading interests.

No client can be treated as an Eligible Counterparty when Skanestas provides any other kind of investment and ancillary services.

In addition, Skanestas may accept as an Eligible Counterparty an undertaking which falls within a category of clients who are to be considered as Professional Clients in accordance with the description above and the identification criteria. Skanestas will require the Client's express consent regarding the categorisation as Eligible Counterparties.

#### **3.3.2 Differences in Client Protection**

The different treatment per client classification relates mainly to the following:

- (a) the information communicated to the client;
- (b) the assessment of appropriateness and suitability of the investment service/financial instrument provided to the client;
- (c) the reports sent to the client regarding the investment service or financial instrument offered;
- (d) the manner in which execution of orders is performed achieving the best possible result for the client.

As noted in Section 3.3.1, a Retail Client benefits of the highest level of protection and information received compared to a Professional Client and an Eligible Counterparty.

The additional protection and information provided to a **Retail Client** is summarised below:



(i) A Retail Client will be given more information with regards to the Services and Financial Instruments offered costs, commissions, fees, charges and the services of safekeeping of client's financial instruments and funds.

(ii) Skanestas will ask the Retail Client to provide information regarding his knowledge and experience in the investment field relevant to the specific type of product or service offered or demanded. Skanestas requires this information in order to assess whether the Service or Financial Instrument envisaged is appropriate for the client. In case, on the basis of the information received, the product or service is deemed as not appropriate for the Retail Client, Skanestas will warn the client accordingly.

Please note that Skanestas is not required to assess appropriateness of Financial Instruments in certain cases specified by applicable laws (please see also Section 3.5.1: Appropriateness Test).

On the contrary, Skanestas is entitled to assume, according to applicable laws that a **Professional Client** has the necessary experience and knowledge in order to understand the risks involved in relation to the particular Services or Financial Instruments he is requested to be provided.

Consequently, and unlike the situation with a Retail Client, Skanestas will not generally need to obtain additional information from the Client for the purposes of the assessment of appropriateness for those Services or Financial Instrument for which a Client has been categorised as a Professional Client, other than as provided in Section 3.5 below.

(iii) When executing orders Skanestas must take all reasonable steps to achieve what is called **Best Execution** of the client's orders, that is, to obtain the best possible result for its clients (please refer to Part B, Section 1 of this document for further information on **Order Execution Policy** applied by Skanestas).

In principle, where Skanestas executes an order on behalf of a **Retail Client**, the best possible result shall be determined in terms of the total consideration, representing the price of the Financial Instrument and the costs related to execution, which shall include all expenses incurred by the Client which are directly related to the execution of the order.

When providing **Professional Clients** with Best Execution Skanestas is not required to prioritise the overall costs of the transaction as being the most important factor in achieving best execution for them. However Skanestas considers that the most important execution factor for its Professional Clients is also the Total Consideration.

Skanestas cannot guarantee that it will be always possible to execute an order at the best price available due to market conditions and liquidity of the market, but Skanestas will always strive to execute an order in accordance with this Policy.

(iv) Skanestas is obliged to inform Retail Clients of material difficulties relevant to the proper carrying out of their order(s) promptly upon becoming aware of the difficulty.

(v) Retail Clients may be entitled to compensation under the Investor Compensation Fund (for further information please refer to Part B: Section 4- Investor Compensation Scheme).

#### **Note on results of being categorised as Eligible Counterparty**

When Skanestas classifies a Client as an Eligible Counterparty, its obligations regarding the information provided



on the nature and risks of financial instruments, transactions reporting, assessment of appropriateness, best execution, transmission or placement of orders with other entities for execution, and inducements, shall not apply to that client in respect of the investment services/activities of reception and transmission of orders, execution of orders on behalf of clients, and/or any ancillary service directly related to such transactions.

As regards the remaining of Skanestas’s obligations, those shall apply to Eligible Counterparties only to the extent required by applicable law. Generally, in relation to business other than reception and transmission of orders, execution of orders on behalf of a client and/or any ancillary service directly related to such transactions, an Eligible Counterparty will receive the same treatment as Professional Clients unless such Eligible Counterparty requests to be reclassified and treated as a Retail Client and Skanestas agrees to such request. Acceptance of such request is at the Company’ discretion. In its relationship with eligible counterparties, Skanestas will act honestly, fairly and professionally and communicate in a way which is fair, clear and not misleading, taking into account the nature of the eligible counterparty and its business.

### 3.3.3 **Reclassification**

As stated above, a Client is entitled to request a different categorisation, i.e. a Reclassification at any time. Skanestas reserves the right **not** to accept such request or only to be able to undertake such reclassifications if the necessary regulatory requirements have been met. For the purpose of offering the client a higher level of protection, a change of categorization may also occur at the initiative of the Company, but only on this occasion.

The following categorisation changes are permissible under the Law:

#### **Initial Categorisation**

Retail Client →  
 Professional Client →  
 Professional Client Per Se (i.e. a client that has not been originally categorised as a Retail Client) →  
 Eligible Counterparty →  
 Eligible Counterparty →

#### **Possible Changes in Categorisation**

Professional Client  
 Retail Client  
 Eligible Counterparty  
 Professional Client  
 Retail Client

Reclassifications always leads to a change in the level of protection afforded to a client.

### 3.3.4 **Retail Clients who may be treated as Professional Clients on Request**

Clients other than those that are regarded as Professional Clients per se (Section 3.3.1.B above), including public sector bodies, local public authorities, municipalities and private individual investors, may also be allowed to waive some of the protections afforded by the conduct of business rules of Skanestas.

Skanestas may treat any Retail Client as Professional Client provided the relevant criteria and procedure mentioned below are prima facie satisfied. Any such request for waiver of the protection afforded by the standard conduct of business regime will be considered and may be accepted by Skanestas only if an adequate assessment of the expertise, experience and knowledge of the Client, undertaken by the Skanestas, provides reasonable assurance, in the light of the nature of the transactions or services recommended, that the Client is capable of making investment decisions and understanding the risks involved. In the course of such categorisation assessment, as a **minimum, two (2) of the following criteria** shall be satisfied:

- (i) the Client has carried out transactions, in significant size, on the relevant market at an average



- frequency of ten (10) per quarter over the previous four (4) quarters;
- (ii) the size of the client's financial instrument portfolio, defined as including cash deposits and financial instruments exceeds EUR 500 000;
- (iii) The Client works or has worked in the financial sector for at least one (1) year in a professional position, which requires knowledge of the transactions or services envisaged.

Further the Client shall:

- (i) state in writing to Skanestas that they wish to be treated as a Professional Client,
- (ii) that he is aware of the consequences of losing any protections afforded as Retail Client.

By changing client categorisation from Retail Client to Professional Client, you will waive the highest level of protection and information provided to Retail Clients. In case it is ascertained that you no longer fulfil the criteria under which you had been classified as a Professional Client, we should re-categorise you as a Retail Client and inform you accordingly.

**Professional Client obligation to request for Reclassification:** In case a Client is classified as a Professional Client, he is entitled to request to be treated as a Retail Client, in order to receive a higher degree of protection, if he considers that he is not able to properly assess or manage the risks involved.

**Professional client per se to Eligible counterparty:** Only a Professional Client per se may request to be treated as an Eligible Counterparty. By changing client categorisation from Professional Client to Eligible Counterparty, the Client will waive the higher level of protection and information provided to Professional Clients in comparison to Eligible Counterparties.

**Eligible counterparty to Professional client or Retail client:** In case a Client has been categorised as an Eligible Counterparty, he has the right to request to be treated as a Retail Client or as a Professional Client, in order to receive a higher degree of protection, if he considers that he is unable to properly assess or manage the risks involved.

### 3.4 Client Investor Profile

In addition to the categorisation referred above, it is essential for Skanestas to be provided with such information to enable to assess the Client's Investor Profile. The applicable law requires that Skanestas when is providing Investment Services to clients to request certain information from their clients. In this context, Skanestas requests that prior to entering into an Investment Services Agreement a questionnaire be completed so as to assess the knowledge and experience of a Client in Financial Instruments, his investment objectives, financial constraints and financial situation to determine his ability to bear losses.

If the Client's Investor Profile has already been established with Skanestas, the same will be required and will be requested by Skanestas from time to time to be updated or confirmed so as to enable Skanestas to continue providing the Services as per the applicable legislation.

### 3.5 Assessment of Suitability and Appropriateness

Within the context of providing Investment Services, Skanestas performs tests to assess whether the offered Investment Services or Financial Instruments are suitable and appropriate (if applicable) for the Client and correspond or are aligned with his Investor Profile. Subject also to a Client's Categorisation (Retail Client or Professional Client), and the respective investment service requested to be provided, the tests applied focus on





examining the Client’s knowledge and experience to comprehend the risks potentially associated with the Service or the Financial Instruments, his investment objectives and financial status.

If a Client is categorised as an Eligible Counterparty Skanestas does not have to undertake a Suitability Test or Appropriateness Test.

### 3.5.1 Assessment of Appropriateness

The assessment of appropriateness is carried out by Skanestas to ensure that the Services or Financial Instruments are appropriate for the Client by considering the knowledge and experience of the Client, and therefore contributing to client’s protection. Such assessment is carried out when Skanestas is requested to provide **Execution Only Services or Reception and Transmission of Orders Service in Complex Financial Instruments (Appropriateness Test)**. The Appropriateness Test is to be processed upon Skanestas accepting Orders under the above referred Services, in Complex Financial Instruments. Appropriateness Test requirements do not apply when dealing with Eligible Counterparties nor undertaken when providing execution-only services for non-complex Financial Instruments, even if a Client is a Retail Client.

In the context of the Appropriateness Test, the Client will be requested, inter alia, to provide details and information of the types of Financial Instruments and other Services he is familiar with; the nature, volume and frequency of his transactions in Financial Instruments; and the level of education and profession and his ability to comprehend the risks associated with carrying out transactions in Complex Financial Instruments. For this purpose, the Client Questionnaire has to be completed and updated from time to time as may be requested by Skanestas.

**If the result of the Appropriateness Test is positive, the Client will be allowed to place the order or request the service. Otherwise, a warning will be given to the Client who may choose to ignore it and proceed with placing the order or requesting the service. A warning will also be given to the Client who does not provide the necessary information for performing the test and still at his own risk wishes such transaction to be processed or service to be provided.**

**Table 1** Minimum information to be obtained according to MiFID II for the Assessment of Appropriateness

<b>TABLE 1: REQUIREMENTS FOR ASSESSING APPROPRIATENESS</b>	
<b>Minimum Information to be obtained for purposes of assessing Appropriateness *</b>	<b>Requirements</b>
<b>Client’s Knowledge and Experience</b>	<ul style="list-style-type: none"> <li>• Types of Service, transactions in Financial Instruments with which the Client is familiar;</li> <li>• Client’s transactions in Financial Instruments (nature, volume, frequency);</li> <li>• Client’s level of education, profession or (if relevant) former profession.</li> </ul>

*\* Skanestas may assume that the requested service is appropriate if dealing with Professional Clients and Eligible Counterparties*

### 3.5.2 Assessment of Suitability

The suitability assessment covers a Client’s knowledge and experience, financial situation and investment objectives, when Skanestas is requested to provide the investment service of **Portfolio Management**. If the Client is categorised as Retail Client or Professional Client, and there is a request to be offered with the Service of Portfolio Management, Skanestas will request the Client to provide such information to enable Skanestas to assess the Client’s ability to understand and financially undertake the relevant risks or loss associated with the



Service or Financial Instruments requested (**Suitability Test**). Nevertheless, the depth and detail of the required information are subject to the proportionality principle. For example the information requested can vary depending on the complexity, risks and structure of the financial instrument and/or on the nature and extent of the Service provided.

Skanestas notes that, when providing the Services of Execution Only or Reception and Transmission of Orders in relation to one or more non-complex Financial Instruments, Skanestas is not required to assess the suitability of the Financial Instrument or Service offered, in relation to the Client's respective knowledge and experience in each of those Financial Instruments. Therefore Clients do not benefit from the corresponding protection of the relevant conduct of business rules set out in the Law. The above Services are offered to clients on their own initiative. Clients should make their own assessment in respect of an investment in these financial instruments and the risks associated with such an investment.

**Table 2** overview of minimum information to be obtained according to MiFID II for Suitability Assessment

<b>TABLE 2 :REQUIREMENTS FOR ASSESSING SUITABILITY</b>	
<b>Minimum Client's Information</b>	<b>Requirements</b>
<b>Client's knowledge and Experience</b> <i>(Note: Assumed this requirement is satisfied when dealing with Professional Client)</i>	<ul style="list-style-type: none"> <li>Types of Service, transactions in Financial Instruments with which the Client is familiar;</li> <li>Client's transactions in Financial Instruments (nature, volume, frequency);</li> <li>Client's Level of education, profession or (if relevant) former profession.</li> </ul>
<b>Client's financial situation</b> <i>(Note: Assumed this requirement is satisfied when dealing with Professional Client)</i>	<ul style="list-style-type: none"> <li>Client's source of funds and regular income;</li> <li>The client's assets, including liquid assets, investments and real property;</li> <li>The client's regular financial commitments;</li> <li>Client's ability to bear losses.</li> </ul>
<b>Client's investment objectives</b>	<ul style="list-style-type: none"> <li>Client's investment horizon;</li> <li>Client's risk preferences, risk profile and risk tolerance;</li> <li>Purposes of the investment.</li> </ul>

However, Skanestas is allowed to make certain assumptions in the case of Professional Clients (either as a Per Se Professional Client or as an Elective Professional Client). Provided that this assessment has been done as part of the Client's categorisation process, it does not need to be repeated for suitability purposes. It is therefore important that the Client provides Skanestas with all requested information and keep Skanestas updated of any changes.

### **Who provides the information to Skanestas**

The information is required both in relation to the Client and other related parties who may be responsible for instructing or authorising Orders on behalf of the Client or for any underlying principal that the Client may be acting for.

In the situation under which a natural person is represented by another physical person, knowledge and experience of the Client, not of the representative, are important. However, the knowledge and experience of the representative are also relevant.

If the Client (or his representative or the management body (in case of a legal entity)), as the case may be, does not provide Skanestas with the relevant information, Skanestas may not be in a position to, and therefore cannot be obliged, to provide the Service requested.



As already noted, if the Client is a Professional Client (either as a Per Se Professional Client or as an Elective Professional Client), Skanestas is entitled to make certain assumptions about the Client, and obtain less information that would have if the Client is a Retail Client: Skanestas is allowed to assume in relation to any Services or Financial Instruments, for which a Client has been classified as Professional Client, that the Client has the necessary level of experience and knowledge to understand the associated risks.

**Table 3** Requirements for the assessment of Suitability and Appropriateness subject to Clients' categorisation

<b>TABLE 3: SUMMARY OF SUITABILITY AND APPROPRIATENESS REQUIREMENTS</b>				
	Reception and Transmission of Orders and/or Execution of Orders		Investment Advice and/or Portfolio Management	
	Retail Client	Professional Client	Retail Client	Professional Client
Knowledge and Experience	V		V	
Investment Objectives			V	V
Financial Situation			V	V *
* only for Professional Clients Per Se (if applicable – for complex products)				

The Financial Instruments as these are defined in the Law and their classification into Complex and non-Complex Financial Instruments are set out in **Appendix III**. The characteristics and associated risks of major generic categories of Financial Instruments are further described in **Part C**.



## 3.6 CLIENT REPORTING

### 3.6.1 Transactions and Portfolio Statements

SKANESTAS provides to the Client detailed and transparent reports as to the Investment Services provided to the Client by Skanestas, as well as, of related costs and charges (as may be applicable subject to the Services offered).

SKANESTAS where is carrying out an order on your behalf, other than for portfolio management, in respect of that order, shall:

- (a) Promptly provide you with the essential information concerning the execution of that order,
- (b) Send you a notice confirming execution of the order in a durable medium, as soon as possible, no later than the first business day following execution of the order or, if the confirmation is received by us from a third party, no later than the first business day following receipt of the confirmation from the third party.

Clients may choose one of the following ways to receive the information regarding the execution of their orders:

- by telephone +357 25 212 293 (to be redirected to Trading/Middle Office);
- via email (as long as the client's email address is known to the Company) [middle@skanestas.com](mailto:middle@skanestas.com), [trading@skanestas.com](mailto:trading@skanestas.com), [info@skanestas.com](mailto:info@skanestas.com);
- by fax + 357 25 253640.

In general, two types of reports are provided to Clients in a Durable Medium, as below:

- (i) Trade confirmation
- (ii) Statement of Client's Portfolio - Financial Instruments and Funds

#### (i) Trade confirmation

When Skanestas has carried out an order on behalf of a Client, Skanestas will provide the Client with a trade confirmation, including details to the executed transactions such as the quantity, the execution venue and actual execution price. The confirmation is to be provided no later than the first business day following execution or, where Skanestas receives confirmation from a third party, no later than the first business day following receipt of the confirmation from the third party. Skanestas is not required to provide such Transaction confirmations if the same information is promptly dispatched to the Client by another person.

#### (ii) Statement of Client's Portfolio (Financial Instruments and Funds)

SKANESTAS also sends on a quarterly basis to Clients a statement of the Client's Portfolio (i.e., a statement of all Financial Instruments and funds held). This Statement of Client's Portfolio contains information on the Financial Instruments and funds held, including also information as to the value of the Financial Instruments together with an indication of a market price.

Where an estimated value is provided in such statements it is done on a **best efforts** basis. It is clarified that Skanestas does not provide valuation services in relation to the Financial Instruments held in a Client's Portfolio. Consequently, the value of the Client's Financial Instruments shown on the periodic statements will be based on information received from published sources and/or reasonable judgement in relation to which Skanestas accepts no responsibility for its accuracy and/or correctness.

Loss barrier reports for Leveraged Financial Instruments: If a Client has elected to be provided with Execution Only Services, Skanestas will inform you where the value of leveraged Financial Instruments or holdings in contingent liability transactions has depreciated by 10% or multiples thereof as compared to the initially invested value. Contingent liability transactions can potentially result in financial or other liabilities for the investor that



exceeds the cost of acquiring the Financial Instrument.

**(iii) Portfolio Management Reports**

Where Skanestas is providing the service of Portfolio Management to Retail or Professional Clients, quarterly reports are provided to the Client, in which the movement of the Portfolio is presented for the duration of the respective reporting period, as well as a report containing the portfolio valuation, including the activities undertaken and the performance of the Portfolio also measured against a pre-defined benchmark strategy (where applicable) as described in the Portfolio Management mandate. Skanestas may also periodically provide further details to the Client.

When providing Portfolio Management (discretionary) services, Skanestas will also send a notification informing the Client where the value of the Portfolio has depreciated by 10% or multiples thereof as compared to the last portfolio statement sent to the Client.

**(iv) Suitability Reports**

When Skanestas is providing to a Retail or Professional Client the service of Investment Advice, Skanestas, shall, before executing an Order, provide the Client in a Durable Medium (e.g. can be via email) a Suitability Report which will specify how the advice given meets the Client's preferences, objectives and other characteristics. Such statement, to the effect that may be included in a periodic report, may be in the form of an update to, and refer to, a previous Suitability Report.

It is noted that in case the Client agreed to buy or sell a Financial Instrument using means of distance communication (e.g. phone, email), if it is not possible to share the Suitability Report prior to the transaction, it can be issued after the transaction as well, subject to (i) the Client has consented to receiving the Suitability Report without undue delay after the conclusion of the transaction; and (ii) Skanestas has given the Client the option of delaying the transaction in order to receive the Suitability Report in advance.

Where Skanestas is providing the service of Portfolio Management to Retail or Professional Clients, a periodic assessment of suitability will be performed after the initial service is established and an updated Suitability Report will be prepared on how the investment meets the Client's preferences, objectives and other personal characteristics. The periodic assessment will be performed at least annually as well as when the market conditions and/or your preferences, objectives and other characteristics indicate that a more frequent assessment is required. The updated Suitability Report may only cover changes in the Financial Instruments involved and/ or the circumstances of the Client, will not repeat all the details of the first Suitability Report and will be communicated to the Client in Durable Medium.

***Reporting to Eligible Counterparties:***

Skanestas is able to agree with Eligible Counterparties different standards for the content and timing of reports than those applicable for Retail Clients or Professional Clients.

### **3.7 REGULATORY TRANSACTION REPORTING OBLIGATIONS**

Pursuant to MiFID II, orders handled by Skanestas or quotes given by Skanestas in connection with a potential order, may result in details of the order, quote or any resulting transaction being provided to a competent Regulator or made public as further described below.

Where Skanestas provides a Service which results in a transaction, Skanestas may be required by the Regulators



to report details of the transaction processed (including but not limited to details about the Client).

Transaction reporting obligations may arise as a result of various activities, including but not limited, to where the order is executed, or whether the order was generated for the Client under Skanestas's discretionary decision-making authority.

Skanestas may be required, subject to applicable law, to make public details as of the resulting transaction or provide such details to an Execution Venue, to enable such Execution Venue to comply with its reporting requirements under applicable law (e.g. MiFID II or MiFIR) or Skanestas may be directly required to make such details public. Similarly, Skanestas may be required to make public or disclose the details of any quotes provided to the Client for a potential transaction either to a Regulator or to another other client if is required by applicable law (known as Market Transparency Requirement).

**Important Note:** Additional regulatory reporting requirements, outside MiFID II, such as tax, may be applicable or imposed either on Skanestas or the Client. Further information is provided in **Part D: OTHER REGULATORY AND LEGISLATIVE INFORMATION.**



## **PART B: POLICIES IN RELATION TO PROVISION OF SERVICES**

Part B includes a summary of Skanestas' policies which are applicable and effective as of 3 January 2018, when executing and handling orders on behalf of a Client or Clients as per applicable law in scope of the conduct rules of Skanestas for the provision of the Services.

### **I BEST EXECUTION POLICY AND ORDER HANDLING POLICY**

This Policy operates with the following notions:

**'Execution of orders on behalf of clients'** means acting to conclude agreements to buy or sell one or more financial instruments on behalf of clients and includes the conclusion of agreements to sell financial instruments issued by an investment firm or a credit institution at the moment of their issuance;

**'Client'** means any natural or legal person to whom an investment firm provides investment or ancillary services;

**'Professional client'** means a client meeting the criteria laid down in Annex II of MiFID II;

**'MiFID II'** - Markets in Financial Instruments Directive II (MiFID II) 2014/65/EU;

**'Retail client'** means a client who is not a professional client;

**'Multilateral Trading Facility'** or **'MTF'** means a multilateral system, operated by an investment firm or a market operator, which brings together multiple third-party buying and selling interests in financial instruments – in the system and in accordance with non-discretionary rules – in a way that results in a contract in accordance with Title II of MiFID II;

**'Organised Trading Facility'** or **'OTF'** means a multilateral system which is not a regulated market or an MTF and in which multiple third-party buying and selling interests in bonds, structured finance products, emission allowances or derivatives are able to interact in the system in a way that results in a contract in accordance with Title II of MiFID II;

**'Trading Venue'** means a Regulated market, an MTF or an OTF;

**'Direct Electronic Access' (DEA)** means an arrangement where a member or participant or client of a trading venue permits a person to use its trading code so the person can electronically transmit orders relating to a financial instrument directly to the trading venue and includes arrangements which involve the use by a person of the infrastructure of the member or participant or client, or any connecting system provided by the member or participant or client, to transmit the orders (direct market access) and arrangements where such an infrastructure is not used by a person (sponsored access);: Art. 4(1)(41) MIFID II Directive.

Skanestas, under its regulatory duty, shall take all sufficient steps to obtain the best possible result for its Clients, taking into account the execution factors, on a consistent basis when executing, placing orders with or receiving and transmitting orders of clients to other entities, such as brokers, for transactions in Financial Instruments and when executing orders on behalf of Clients in the context of portfolio management. Unless specific instructions are given by the Client, Skanestas, as a matter of principle, executes orders on terms most favourable for its Clients and follows the same execution principles for orders given by Clients and for decisions taken by Skanestas in portfolio management. This primary principle to obtain best possible results for Clients is referred to as Skanestas's obligation of Best Execution.

A separate but related obligation is to implement procedures and arrangements, which provide for the prompt and expeditious execution of Client Orders. Skanestas' Order Handling Policy sets the basis on which Skanestas will provide Best Execution in compliance with applicable laws relating to investor protection.

Best Execution Policy and Order Handling Policy of the Company will be collectively referred to as the Order Execution Policy.

Skanestas will review at least on an annual basis its Order Execution Policy and its order execution arrangements. In accordance with MiFID II and the Investment Services and Activities and Regulated Markets Law of 2017 (Law 87(I)/2017) as amended the Company is required to provide its Clients and potential Clients with its Order Execution Policy (hereinafter referred to as the "Policy"). This Policy provides the procedures and methods the Company applies to ensure the prompt, fair and expeditious execution with best trade execution condition for their Clients, taking into account price, costs, speed, likelihood of execution, size, nature or any other consideration relevant to the execution of the order.

This Policy forms part of the Client's agreement with the Company.

#### **1. BEST EXECUTION POLICY**



### 1.1.1 Scope of Application

Only the Clients categorised as Retail or Professional fall within the scope of Best Execution. In case a client has been categorised as a Retail Client or as a Professional Client, when Skanestas executes orders on its behalf, receive and transmit its orders for execution to third parties and/or place orders with other entities for execution that result from Skanestas decisions to deal in Financial Instruments on the Clients' behalf while providing the service of portfolio management, Skanestas will follow the Order Execution Policy.

Skanestas will always apply the principles of Best Execution, where required under applicable law, unless specific instructions received from a Client restrict Skanestas' ability to apply the principles fully. Where there are specific instructions from the Client Skanestas will execute the order following the specific instructions.

In case a Client is categorised as an Eligible Counterparty, although the Order Execution Policy does not apply to this Client, Skanestas, in its relationship with the Client, will act honestly, fairly and professionally and communicate in a way, which is fair, clear and not misleading, taking into account the nature of the Client and of the Skanestas business.

The following cases are exempted from the obligation of Skanestas to execute orders on terms most favourable to its Clients:

- a) The client has been categorised as an Eligible Counterparty.
- b) Skanestas executes a Client order or a specific part of that order following Specific Instructions of the Client, which relate to that order or part thereof.
- c) The Client posts an order via a Direct Electronic Access (DEA) system: Orders transmitted to a trading platform by DEA are treated as Specific Instructions.

### 1.1.2 Transactions where Best Execution has Limited Scope

#### (i) Single venue transactions

The nature of a transaction may result in there being only one venue of execution and therefore the only pricing consideration is time of execution. It therefore precludes the use of comparable prices and the delivery of Best Execution.

#### (ii) Online trading system transmitting orders to a trading platform by DEA

According to Law L. 87(I)/2017, in the event that Client orders are transmitted via the online trading system to a trading platform by DEA, they will be treated as a specific instruction. To the extent that a client transmits an order by DEA through the systems and the client instruction only relates to part of the order, we will apply Best Execution in accordance with this Policy but only in respect of those aspects of the order not covered by the specific instructions.

#### (iii) Client Specific Instructions

Any specific instruction of the Client may prevent Skanestas from taking the steps that it has designed and implemented in its Order Execution Policy to obtain the best possible result for the execution of those orders. When the Client's instructions relate to a part of the order, Skanestas applies its Order Execution Policy in respect of the elements that are not covered by such instructions.

If the Client does not provide any instructions, Skanestas will exercise its own discretion regarding the order in accordance with this Policy. The receipt of specific instruction may affect the relative importance assigned to the various execution factors and prevent Skanestas from taking the steps it has designed and implemented to obtain best execution in respect of the elements covered by such instructions.

### 1.1.3 Execution Factors and Criteria

Skanestas, in order to achieve the best possible result for the Client when executing orders, takes into account the following Execution Factors by reference to the Execution Criteria set out further below.

#### (a) Execution Factors

At least the following factors are considered when executing or transmitting orders:

- (i) Price : of the Financial Instrument;
- (ii) Costs: the costs related to the execution (i.e. execution venue fees, clearing and settlement fees and any other fees paid to third parties involved in the execution of the order);
- (iii) Speed: the speed of execution
- (iv) Likelihood of execution and its settlement;
- (v) Size of the order;
- (vi) Type of the Financial Instrument including whether it is executed on a Regulated Market, Multilateral





Trading Facility (MTF), or over the counter (OTC);

- (vii) Client's instructions for the execution of the order;
- (viii) Any other consideration relevant to the execution of the order at Skanestas's discretion, e.g. prevailing market conditions, the availability of price improvement (the opportunity of an order to be executed at a better price than that which is currently quoted publicly).

Skanestas may take into account, at its discretion, additional factors, such as market conditions, considered at the time relevant for the execution.

Other relevant factors. The Company will take all sufficient steps to obtain the best possible result for its Clients but during times of high demand execution may cause delays in processing an order which in turn can have an impact on the price and speed at which the order is executed.

The Company does not consider the above-mentioned factors to be exhaustive and the order in which the above factors are presented do not reflect any prioritization. For retail and professional clients, the best possible result is determined in terms of the total consideration.

(b) Execution criteria

Skanestas, in order to determine the relative importance of each execution factor referred to above takes into account the following execution criteria:

- (i) The Client's categorisation;
- (ii) The Characteristics of the Client order;
- (iii) The type of the Financial Instrument being the subject of the order; and
- (iv) The characteristics of the execution venues to which the order can be directed.

#### 1.1.4 Importance of Execution Factors in relation to Client Categorisation

Obtaining the best possible result requires prioritising different execution factors relevant to the specific order of the Client. Outcomes for Clients may vary depending on the prioritisation of execution factors in applying the primary principle.

(i) Retail Clients

When executing or transmitting on behalf of a Retail Client, the best possible result is determined in terms of:

- (i) the Total Consideration, which represents the Financial Instrument price and all costs related to the execution;
- (ii) the speed of the execution;
- (iii) the characteristics of the order and of the underlying Financial Instrument;
- (iv) the correctness of the execution.

(ii) Professional Clients

When providing Professional Clients with best execution, Skanestas is not required to prioritise the overall costs of the transaction as being the most important factor in achieving best execution. However Skanestas considers that the most important execution factor for its Professional Clients is also the Total Consideration (as defined above). Nevertheless, there may be circumstances where the primary execution factors may vary and price would no longer be the dominant execution factor; for example, for transactions in illiquid securities, likelihood of execution and market impact become more important. The importance of these factors and how they are treated may vary depending on the characteristics of the order, the type of the financial instrument which is the subject of the order and the characteristics of the execution venues to which the order can be directed.

Skanestas cannot guarantee that it will be always possible to execute an order at the best price available due to market conditions, liquidity of the market, but Skanestas will always strive to execute an order in accordance with this Policy.

#### 1.1.5 Execution Venues

Appendix I shows a list of the Execution Venues on which Skanestas considers it enables it to obtain on a consistent basis Best Execution.

In cases where more than one competing venues exist for the execution of an order, Skanestas assesses and compares the results in each one of the execution venues in order to achieve the best possible result for the client. Skanestas will select an execution venue based primarily on the availability of best pricing for the specific Financial Instrument and the amount of accessible liquidity offered by the execution venue.

In some circumstances, depending on the nature and features of the Financial instruments, there may be only



one and/ or limited execution venues, and in executing a trade Skanestas shall be deemed to have provided the best possible result in respect of these types of Financial Instruments. In other instances, the Client, may instruct Skanestas to route his order to a particular venue or to use certain order types or access certain liquidity events (e.g. auction or listed bonds or derivatives). In such case, Skanestas will consider additional execution venue criteria, considering but not limited the overall technical and operational offering of an execution venue, connectivity, reliability and clearing requirements as well as the costs of accessing such execution venue.

Skanestas may, subject to Client's express consent, execute orders in an execution venue that is not a Regulated Market or an MTF or OTF. There are consequences of executing transaction outside Regulated Market or an MTF or OTF, including counterparty risk.

Skanestas may execute a Client's order either at an execution venue in which it is a member or, in case it is not, through another broker which is a member and has access to the specific execution venue. In such a case Skanestas takes all reasonable measures to achieve the best possible result based on its order execution policy, ensuring that the other entity has those execution specifications that will allow Skanestas discharge its obligations deriving from its order execution policy.

Skanestas regularly assesses the Execution Venues available in respect of any Financial Instruments that it trades to identify those that will enable Skanestas, on a consistent basis, to obtain the best possible result when executing Clients' orders taking into account execution factors and criteria. The list of Execution Venues may be updated, if considered necessary, following such assessment, and any changes or updates are posted either through durable medium or on Skanestas's website.

Reporting obligations. Based on the changes introduced by MiFID II and Markets in Financial Instruments Regulation (MiFIR) investment firms who execute Client orders must summarise and make public on an annual basis, for each class of Financial Instrument, the top five Execution Venues in terms of trading volumes where they executed Client orders in the preceding year and information on the quality of execution obtained.

#### 1.1.6 Reception and Transmission of Orders to third parties

Skanestas will generally place or transmit clients' orders via third-party Brokers and Counterparties/ Intermediaries for execution.

The choice of Brokers or Counterparties has a direct impact on price and cost of the execution, thus on Total Consideration. For the selection of brokers and counterparties, Skanestas applies a due diligence process where we take into account the following factors, including but not limited to:

- (i) Whether the Broker or Counterparty is subject to, or has undertaken to comply with MIFID II provisions on Best Execution and its best execution policy;
- (ii) financial soundness and good reputation of the broker and counterparty;
- (iii) good coverage of market venues and mechanisms;
- (iv) access to execution venues or other brokers and counterparties;
- (v) reliability of execution and settlement process;
- (vi) lower cost of execution;
- (vii) broker connectivity, and
- (viii) market share;

Skanestas ensures that the best execution policies and practices of its associates Brokers or Counterparties are compliant with the best execution requirements under MiFID II. In addition, Skanestas regularly monitors and evaluates the quality of services provided by the third party associates during the term of their cooperation.

Skanestas is considered to have taken all sufficient steps so as to obtain the best possible result for its Clients to the extent that it follows specific instructions from its clients, when placing an order with, or transmitting an order to a third party for execution; in this case Skanestas is not required to take any additional measures.

The list of Skanestas' associates may be updated, if considered necessary, following such assessment, and any changes or updates are posted either through Durable Medium or on Skanestas's website.

#### 1.1.7 Execution of orders over-the-counter (OTC)

Skanestas may execute or accept instructions to execute orders in financial instruments traded over-the-counter (OTC). A financial instrument or a transaction is an Over –the- Counter or OTC product or transaction when it is:

- (i) not admitted to trading, or
- (ii) not traded on a trading venue (i.e. a Regulated Market, an MTF or OTF), or



(iii) traded on a trading venue but transacted on OTC.

When executing orders or taking the decision to deal in OTC products including bespoke products, Skanestas checks the fairness of the price proposed to the Client when executing orders or taking decisions to deal in OTC products, by gathering market data used in the estimation of the price of such products and, where possible, by comparing with similar or comparable products, checking the dealers involved and their firm quotes through ALLQ Bloomberg (All Quotes) function, checking onscreen quotes (Continental Capital, Tradition, GFI, etc), referring to the broker's distribution lists or electronic systems, chat messages (Bloomberg IB), discussing pricing with selected counterparties.

While execution of order over-the-counter may provide an improved execution price and faster execution, the Client shall take into consideration of additional risks may be incurred such as (not limited):

(i) A settlement risk may be incurred as transactions will be subject to counterparty risk and will not be covered by the relevant clearing and settlement rules of a Regulated Market or MTF or OTF and relevant central counterparty clearing house.

(ii) Transactions are not be subject to the rules of Regulated Market or MTF or OTF, which are designed to provide for a fair and orderly treatment of orders.

(iii) However, since most of the OTC transactions of Skanestas in global bonds, foreign bonds or Eurobonds are DVP transactions, the settlement risk is minimized.

Consent for OTC transactions

If the possibility for the execution of an order at over the counter exists, Skanestas will notify the Client of such possibility. However, before proceeding to execute any order for transactions outside a Trading Venue such as OTC, the prior express client consent should be received. This consent may be in the form of a general agreement or in respect of individual transactions.

The Client, upon signing Agreement for the provision of services will be deemed to have expressly given his consent to Skanestas for the execution of orders in Financial Instruments outside Regulated Market or MTF or OTF such as in OTC.

#### 1.1.8 Exceptions /Limitations

Under certain circumstances Skanestas may be unable to fulfil its Best Execution obligations in full. However, irrespective of these circumstances Skanestas will make every effort to continue to act honestly, fairly, professionally and communicate in a way that is fair, clear and not misleading. Such circumstances, not exhaustively, are noted herein below.

(i) Extreme market conditions

During extremely volatile markets (e.g market disruption events such as technological failures, political events etc.) an order may be executed at a price substantially different from the quoted best bid or offer or an order may be executed only partially. In the case of a market disruption event, orders may be treated by the market as though Skanestas is acting as an agent with discretion.

In extreme market situations trading system constraints may require automated trading systems to be suspended. Such events may lead to execution delays and increased price volatility. If Skanestas is aware of such circumstances, it will notify its Clients prior to executing or transmitting their orders. Once the Client has agreed to proceed with its order, the most important execution factor becomes executing orders in time.

(ii) Illiquid markets

In case of less actively traded Financial Instruments, Skanestas may not be able to execute orders with the best possible result. Such situations can occur, for example, under the following circumstances:

(a) supply and/or demand is limited for a given Financial Instrument;

(b) determination of price is not fully transparent;

(c) abrupt changes in market prices.

(iii) Extraordinary, unforeseen circumstances

In case of extraordinary, unforeseen circumstances (such as computer system failure, system unavailability at a specific execution venue) which do not permit Skanestas to execute orders on terms most favourable to the client and in line with its Best Execution Policy, the Company will execute orders in the most reasonable manner taking into account those factors which render compliance with its policy impossible.

## II COSTS, CHARGES AND INDUCEMENTS



## 1. Costs and Associated Charges

Information on the costs and associated charges, in respect of the Services provided by SKANESTAS INVESTMENTS LIMITED (the "Company"), are made available to you, as set out in the Investment Services Agreement (Brokerage Agreement or Agreement for the provision of discretionary portfolio management services with the Company).

The costs and charges for the Company's Services are illustrated in the Company's **Execution Fee Schedule (the "Fee schedule")**. The current Fee Schedule is set out in **Appendix II**.

The Fee Schedule can be requested at any time from the Company employees and is available on the Company's web-site: <http://www.skanestas.com/Disclosures> . The Fee Schedule may be subject to change from time to time, or on a case -by-case basis in accordance with the Company's internal policies and procedures. Further as may be agreed in writing between a Client and the Company as to the terms of specific Services or Financial Instruments specific fees may apply, which override the indicative fees and charges set out in the Fee Schedule which are subject to the provisions of the Investment Services Agreement entered into and executed between the Client and the Company.

Unless otherwise expressly specified or agreed upon, the fees stated in Appendix II do not include any taxes, levies, duties or third party expenses that may be payable by or imposed upon the Company in the course of or pursuant to acting upon Client's Orders, Instructions or Messages (collectively, 'expenses'). The Client is responsible for reimbursing and compensating the full amount of any such expenses, which shall be charged separately and in addition to the fees specified upon determination of the same in accordance with the exact nature and scope of the Order, the Instruction or the Message.

The Client is warned of the possibility that other costs, including taxes, related to transactions in connection with the Financial Instruments and/or the investment and ancillary services may arise for the Client. Unless otherwise expressly agreed upon, the Company shall not be responsible or obliged to arrange for payment of such costs and taxes, as may be payable by or imposed upon the Client.

The fees in respect of any additional services are subject to negotiation and agreement between the Company and the Client.

### **ILLUSTRATIONS OF EX-ANTE / EX-POST COSTS**

A holistic illustration showing the cumulative effect of costs on return when providing investment services, including costs additional charges for investment services, such as execution and/or custody costs, is available and can be provided to the Client on an ex-ante and ex-post basis.

#### **(i) Ex-Ante (Pre-trade disclosure of costs and charges estimate)**

Unless otherwise agreed, the Company discloses costs and charges prior to the provision of the elected Service, taking into account the Client's categorisation.

An itemised breakdown of the actual fees and charges incurred for a transaction is available upon request.

#### **(ii) Ex-Post (Post-trade disclosure)**

The Company on an annual basis will provide the Client with a report of aggregated costs which have actually been incurred by the Client for the Services offered. Such information as to the aggregated costs a Client incurred for the Financial Instruments held in the Portfolio will be included within the regular annual Client's report.



## 2. Inducements / Third Party Payments

The Company, in the process of providing certain Services, other than Portfolio Management, may pay or be paid fees or commissions, or provide or be provided with non-monetary benefits (all together "Inducements"), in connection with the provision of an investment or an ancillary service, to or by any party except you or a person on behalf of you, only where the inducement is designed to enhance the quality of the service to you and the inducement does not impair compliance with our duty to act honestly, fairly and professionally, in accordance with your best interests.

Where The Company provides Portfolio Management Service to Clients, is not allowed to accept and retain fees, commissions or any monetary or non-monetary benefits paid or provided by any third party or a person acting on behalf of a third party in relation to the provision of such service to Clients.

Nonetheless, The Company may receive from or provide third parties with minor non-monetary benefits that are capable of enhancing the quality of service provided to Clients and are of a scale and nature such that they could not be judged to impair compliance with our duty to act in your best interest.

Minor non-monetary benefits that are acceptable include, amongst others, the following (this is a non-exhaustive list):

- Information or documentation relating to a Financial Instrument or an investment service, which is generic in nature or personalised to reflect the circumstances of an individual client.
- Written material from a third party that is commissioned and paid for by, for instance, a corporate or potential issuer to promote a new issuance, provided that the relationship is clearly disclosed in the material and that the material is made available to anyone wishing to receive it or to the general public.
- Participation in conferences, seminars and other training events on the benefits and features of a specific Financial Instrument or an investment service.
- Hospitality of a reasonable de minimis value, such as food and drink during a business meeting, conference, seminar or other training event.
- other minor non-monetary benefits as identified by individual Member States.

Acceptable minor non-monetary benefits shall be reasonable and proportionate and of such a scale that they are unlikely to influence the Company's behaviour in any way that is detrimental to the interests of the client.

In principle, as noted above, Inducements accepted or granted in connection with the performance of the Services are designed to improve the quality of the service provided to the Client in accordance with the statutory criteria for the nature and determination of quality improvement, and so that they do not conflict with providing the service in the Client's best-possible interests.

Before providing the relevant requested Service, The Company will disclose the existence (if applicable and if any), nature and scope of an inducement or, insofar as the scope cannot yet be determined, the way in which it is calculated in a comprehensive, accurate and comprehensible manner. If The Company is able to determine the scope of the inducement and instead have disclosed to the Client the way it is calculated, then The Company will inform the Client subsequently of the precise amount of the inducement we have received or granted.

The Company shall hold evidence that any fees, commissions or non-monetary benefits paid or received by the firm are designed to enhance the quality of the relevant service to the client:

- (a) by keeping an internal list of all fees, commissions and non-monetary benefits received by the investment firm from a third party in relation to the provision of investment or ancillary services; and
- (b) by recording how the fees, commissions and non-monetary benefits paid or received by the investment firm, or that it intends to use, enhance the quality of the services provided to the relevant clients and the steps



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taken in order not to impair the firm's duty to act honestly, fairly and professionally in accordance with the best interests of the client.



### III CONFLICTS OF INTEREST POLICY

Skanestas has obligations to address requirements and best practices as described within applicable law, relating to the identification and management of Conflicts of Interest. A conflict of interest may arise when the personal interests of a person may conflict with his professional obligations towards the Company, its personnel and its Clients, or where the interests of Clients may conflict between each other, or where there is conflict of interest between the Company and the Group it belongs. The Conflicts of Interest Policy of Skanestas is in accordance with the demands of the Law.

The philosophy and practice of the Company's Conflicts of Interest Policy have always been the Company's way of conducting business, which always operates bearing in mind the clients' interests and takes every necessary measure to ensure their protection. Our Company shall not endanger its clients due to conflicts of interest.

The Company identifies, manages, records and, where relevant, discloses potential conflicts of interests between itself and its clients and/or between existing, potential or past clients and/or between the Company and the Group it belongs and has in place a policy relating to conflicts of interest (The **Conflicts of Interest Policy**).

The **Conflicts of Interest Policy** objective is to continuously and proactively identify situations where conflicts of interest may arise during the provision of investment and ancillary services and to outline the measures taken for the prevention and effective management of such cases, in order to avoid impact on clients' interests. Skanestas is obliged to deal with conflicts of interest with consistency, responsibility, fair dealing, and effectiveness.

#### General Principles

The Company's Conflicts of Interest Policy, in general includes the following principles:

- (a) identify with reference to the investment and ancillary services carried out by the Company, the circumstances which constitute or may give rise to a conflict of interest entailing a material risk of damage to the interests of one or more Clients;
- (b) specify procedures to be followed and measures to be adopted in order to manage such conflicts;
- (c) ensure that the procedures and measures taken are designed to ensure that relevant persons engaged in different business activities involving a conflict of interest, carry on those activities at a level of independence appropriate to the size and activities of the Company and to the materiality of the risk of damage to the interests of Clients.

For the purposes of paragraphs (b) and (c) above, the Company follows procedures and has adopted measures that include the items listed below, which are considered necessary and appropriate so as to ensure the requisite degree of independence:

- (a) effective procedures are in place in order to prevent or control the exchange of information between relevant persons engaged in activities involving a risk of a conflict of interest where the exchange of that information may harm the interests of one or more Clients
- (b) the separate supervision of relevant persons whose principal functions involve carrying out activities on behalf of, or providing services to, Clients whose interests may conflict, or who otherwise represent different interests that may conflict, including those of the Company
- (c) the removal of any direct link between the remuneration of relevant persons principally engaged in one activity and the remuneration of, or revenues generated by, different relevant persons principally engaged in another activity, where a conflict of interest may arise in relation to those activities



- (d) measures to prevent or limit any person from exercising inappropriate influence over the way in which a relevant person carries out the provision of investment and ancillary services
- (e) measures to prevent or control the simultaneous or sequential involvement of a relevant person in separate activities where such involvement may impair the proper management of conflicts of interest

### **Identification of Cases of Conflict of Interest**

For the purposes of identifying the types of conflict of interest that arise in the course of providing investment and ancillary services, or a combination thereof, and whose existence may damage the interests of a Client, the Company is taking into account, by way of minimum criteria, the question of whether the Company or a relevant person, or a person directly or indirectly linked by control to the Company, finds itself in any of the following situations, whether as a result of providing investment or ancillary services or investment activities or otherwise:

- (a) the Company or that person is likely to make a financial gain, or avoid a financial loss, at the expense of the Client;
- (b) the Company or that person has an interest in the outcome of a service provided to the Client or of a transaction carried out on behalf of the Client, which is distinct from the Client's interest in that outcome;
- (c) the Company or that person has a financial or other incentive to favour the interest of another Client or group of Clients over the interests of the Client;
- (d) the Company or that person carries on the same business as the Client;
- (e) the Company or that person receives or will receive from a person other than the Client an inducement in relation to a service provided to the Client, in the form of monies, goods or services, other than the standard commission or fee for that service.

### **Prevention and Management**

When potential Conflicts are identified the primary purpose is to prevent them from occurring whenever possible. If this is not possible, a Conflict must be properly managed to mitigate adverse effects to clients. Therefore, Skanestas adopted a series of measures for the prevention and management of conflict of interest situations, identified during the provision of investment and ancillary services to clients, some of which are listed below:

#### **(a) Separate supervision and segregation of duties/ functions**

In order to prevent and/or control the simultaneous or sequential involvement of a person in separate services or activities, where such involvement may lead to situations of conflicts of interest or may impair the proper management of conflicts. The principle of segregation of duties is reflected to the existing organizational structures, procedures and internal controls, in order to ensure confidentiality of important information among the units of Skanestas.

#### **(b) Option to refuse provision of services**

Where services are already provided to a Client and it is obvious that, by the provision of services to another new client, a conflict of interest may arise, which cannot be dealt with effectively, we may refuse to provide services to the second client.

#### **(c) Chinese Walls /Management of confidential and other information**

Chinese wall arrangements are implemented to manage the information flow within Skanestas, especially where sensitive client information is handled. They are implemented both in the information systems and also extend to the physical separation of the units and the persons employed in Skanestas, to avoid information leakage and unsecure physical access to records. As a consequence, employees have access only to data and information





deemed necessary for the fulfilment of their duties.

**(d) Remuneration (including non-financial remuneration, such as benefits in kind and career progression)**

We take measures to ensure that we do not remunerate or assess the performance of our staff in a way that conflicts with Skanestas's duty to act in the best interests of our Clients. We assess and remunerate the performance of staff in a way that conflicts with the Clients' best interests is prohibited.

**(e) Inducements**

Under certain circumstances, we prohibit the payment and/or acceptance and retaining of fees, commissions and any monetary or non-monetary benefits to or from persons other than our clients (e.g. advisory firms, issuers, distributors and other third parties), unless certain criteria are met (refer to Part B: Section 2, Inducements). This prohibition is intended to ensure that such fees, commissions and benefits are not inducements and, as such, do not introduce conflicts with clients' interests by influencing the behaviour of the staff.

**(f) Information on Financial Instruments and Services**

Skanestas, as provided in Part B of this document, applies an Order Execution Policy when providing Investment Services, seeking to achieve the optimum result for the client, considering the total price for the Financial Instrument, the speed and the propriety of executing the Client's order. The ultimate goal is the avoidance of a conflict of interest between the Company and its Clients or between the Clients.

**(g) Forbidden Transaction Practices**

In order to prevent potential conflicts of interest between the Company, the following transaction practices are strictly forbidden; and all employees are aware of the following forbidden transaction practices, and it's their responsibility to inform the Compliance Officer immediately in case any of these appear:

- the provision to a Client of investment and ancillary services with the purpose of influencing the price of financial instruments for the benefit of the Company or related persons, particularly with respect to transactions that the Company or related persons are about to effect before or after the provision of the said investment and ancillary services.
- the use of Client transaction information by the Company for own benefit or the announcement to third persons of such information.
- the preferential treatment of Company members of staff at the expense of its Clients, during the provision of the investment and ancillary services to a Client.
- the effect of transactions by members of the Company's staff and directors for their own account, or for the account of persons related to them, on the basis of confidential information which they acquire during course of their employment with the Company.

**Procedures & Controls for the Identification, and Management of Conflicts of Interest**

1. All relevant persons of the Company shall become aware of this Policy and the Compliance Officer shall ensure that the relevant employees will have the ability and knowledge to identify such cases of conflict of interests.
2. Given the nature of the conflict of interest situation, the Compliance Officer shall decide whether to allow the transaction by notifying the Client, or not allow the transaction all together.
3. Skanestas's Compliance Officer is monitoring compliance with these measures and therefore with the management of Conflicts. Skanestas's Compliance Function keeps and regularly updates a record of conflicts of interest and senior management receives a written report, at least annually, where conflicts of interest have arisen.



4. The relevant persons of the Company, when faced with a possible conflict of interest situation as indicated in the above, will immediately contact the Compliance Officer and notify him of the fact.

5. Disclosure and Management of Conflicts of Interest:

Where organisational or administrative arrangements made by the Company to prevent and/ or mitigate conflicts of interest from adversely affecting the interest of its Clients are not sufficient to ensure, with reasonable confidence, that risks of damage to Client interests will be prevented, the Company shall clearly disclose to the Client the general nature and/ or sources of conflicts of interest and the steps taken to mitigate those risks, before undertaking business and/ or refrain from acting for the Client concerned.

It is noted that, under applicable law, disclosure is a measure of last resort that is used only when other arrangements made by Skanestas to manage conflicts are not deemed sufficient to ensure with reasonable confidence that the risk of damage to the interests of a client will be prevented.

The disclosure will be made in a durable medium and include a specific description, sufficient detail, explaining the nature and source of the potential Conflict, risk/s associated or that may arise as a result of the Conflict, and the steps taken to mitigate such conflict as to enable the Client to make an informed decision with respect to the Service provided or demanded by the Client. The disclosure shall clearly state that the organisational and administrative arrangements established by Skanestas to prevent or manage the potential Conflict are not sufficient to ensure, with reasonable confidence, that the risks of damage to the interests of the client will be prevented. Following such communication, the consent of the Client shall need to be obtained and recorded before proceeding with the provision of the Service.

For the avoidance of doubt, disclosures herein are made by Skanestas in order to provide the Client with general information as to Skanestas's approach to managing conflicts generally and not due to Skanestas having concluded that its arrangements for managing Conflicts are insufficient. It is noted that if a Conflict arises which cannot be sufficiently mitigated through disclosures or other controls Skanestas will not process any such transaction or relationship.

The Compliance Officer shall have the responsibility to make/oversee such communication.

6. Recording of instances where there is a risk of Conflicts of Interest

The Compliance Officer shall have the responsibility to keep and regularly update a record of the kinds of investment service or activity carried out by the Company in which a conflict of interest entailing a material risk of damage to the interests of one or more Clients has arisen or, in the case of an ongoing service or activity may arise, including any actions taken, as well as any consents given.

The Board of Directors is responsible for approving the Conflict of Interest Policy. Additional information on the Conflict of Interest Policy is available upon request.



## 1. COMPLAINTS HANDLING PROCEDURE

The aim of Skanestas is to provide high standard investment services and financial instruments and to serve the clients' interests in the best way possible. However, we understand that there may be cases where the Client may not be entirely satisfied. In such a case, the Client has a right to complain and to have his query investigated. To this effect, the Company has created a [Complaint Submission Process](#), which is being applied when a complaint or accusation is being submitted by a Client. In such a case, every effort will be made to resolve any outstanding issues in a fair and speedy way, in adherence, at all times, with the legislation.

The first step for the Client is to raise the complaint by telephone with the person in Skanestas in charge of the service to which the complaint refers. If the matter cannot be addressed by the responsible employee directly, the relevant manager will become involved.

If the Client is not satisfied with how the complaint has been handled, he may, as a second step, submit a complaint to Back-Office department and/or Compliance Officer or directly to the Executive Director.

Your complaint can be submitted in the following ways:

1. In writing to Skanestas, Arch. Makariou III, 226, first floor, 3030 Limassol, Cyprus, by completing and sending the relevant document, which you can download from the Company's website: <http://www.skanestas.com/Disclosures>
2. By telephone at +357 25 212 293
3. By e-mail at the following address: [info@skanestas.com](mailto:info@skanestas.com)
4. Registered address: Arch. Makariou III, 226, first floor, 3030 Limassol, Cyprus.

Skanestas directly registers your complaint in the internal records kept for this purpose giving a unique reference number 'Unique Reference Number' which will notify you in writing within five (5) days from the date of receipt of your complaint, confirming also the receipt of your complaint.

This Unique Reference Number can be used in the future for any communication that you may have with Skanestas, the Financial Commissioner 'Financial Ombudsman' and/or the CySEC, regarding this specific complaint.

The Complaints' Handling Officer will proceed to investigate the complaint and will prepare a report to be submitted to the Company's Executive Committee for decision. He may also contact you to request further information and /or clarifications.

Skanestas within two (2) months from the receipt of the complaint is obliged to inform you in writing of the outcome /decision. If this is not possible within the two (2) months period, Skanestas will inform you about the reasons for the delay stating the period within which the investigation is likely to be completed, which may not exceed the three (3) months after the submission of the complaint.

The decision of Skanestas will be notified immediately and in writing. Client's complaints will be addressed in accordance with Skanestas's applicable procedure and in any case with due care and diligence. Further information on Complaints Procedure is available on Skanestas's website at <http://www.skanestas.com/>



## **2. INVESTOR COMPENSATION SCHEME / DEPOSIT GUARANTEE SCHEME**

Subject to the services offered to Client by Skanestas, as per applicable laws, the Clients' investments may be protected, **to some extent**, under the scheme of the Investor Compensation Fund (ICF).

### **2.1 Investor Compensation Fund (ICF)**

According to the relevant legislation and Regulations, the object of the ICF is to secure the claims of the covered clients against investment firms, members of the ICF, through the payment of compensation in cases where Skanestas concerned is unable, due to its financial circumstances and when no realistic prospect of improvement in the above circumstances in the near future seems possible:

- (a) to return to its covered clients funds owed to them or funds which belong to them but are, directly or indirectly, held by the bank in the context of providing investment services to the said clients, or
- (b) To hand over to covered clients financial instruments which belong to them and which the bank concerned holds, manages or keeps on their account.

The ICF does not cover Professional Clients or Eligible Counterparties. The total payable compensation to each covered client of an ICF's member **may not exceed €20,000 (EURO twenty thousand)**, irrespective of the number of accounts held, currency and place of offering the investment service.

CIFs established and operating in the Republic of Cyprus, other than banks, offering investment services (hence forth "participating CIFs"), are members of the ICF. The ICF constitutes a legal entity under private law, the administration of which is exercised by a five-member Management Committee. The ICF commenced operations on the 30th May 2004.

#### **(i) Covered services for compensation under ICF**

Covered services constitute the following investment services:

- 1) (i) reception and transmission, on behalf of clients, of orders relating to the execution of transactions in one or more Financial Instruments,
- (ii) execution on clients' account of orders, referred to in this paragraph (i),
- 2) dealing in Financial Instruments for own account,
- 3) managing of investment portfolios in accordance with mandates given by clients on a discretionary basis where such portfolios include one or more Financial Instruments,
- 4) underwriting the issuance of one or more Financial Instruments and/or placement of such issues, as well as the ancillary service of
- 5) holding in custody or administration of one or more Financial Instruments.

The term Financial Instruments in the preceding paragraph refers to:

- Transferable securities and units in collective investment undertakings,
- Money Market securities,
- Futures contracts, including other equivalent securities which allow settlement in cash,
- Forward Rate Agreements (FRAs),
- Interest rate swaps, foreign exchange swaps and equity swaps,
- All forms of Options and all equivalent instruments which allow settlement in cash, and in particular interest rate options and foreign exchange options.

#### **(ii) Covered Clients**

Covered clients are participating banks' clients, except those included in the following investor categories (as classified by Law):



1. Institutional and professional investors such as:
  - (a) Investment Firms (IFs),
  - (b) legal entities associated with a participating member of the ICF and, in general, belonging to the same group of companies as the participating IF,
  - (c) banks,
  - (d) co-operative credit institutions,
  - (e) insurance companies,
  - (f) collective investment undertakings in transferable securities and their management companies,
  - (g) social insurance institutions and funds,
  - (h) Investors that have been classified by the participating IF as professionals, upon investors' own request, in accordance with articles 14 and 15 of the Code of Professional Conduct of Investment Firms.
2. States and supranational organizations.
3. Central, federal, confederate, regional and local administrative authorities.
4. Enterprises associated with a participating IF.
5. Executive and managerial officers of a participating IF.
6. Shareholders of a participating IF whose direct or indirect shareholding in the participating IF's capital amounts to at least 5% of its share capital, or the participating IF's associates who are personally liable for the participating IF's obligations, as well as persons responsible for carrying out the financial audit of the participating IF as provided by the Law, such as its qualified auditors.
7. Investors holding positions or duties corresponding to the ones listed in 5 and 6 note, in enterprises which are either associated or in general belong to the same group of companies as the participating IF.
8. Up to and including second degree relatives and spouses of persons listed in 5, 6 and 7 notes as well as third parties acting on behalf of these persons.
9.
  - (a) Investors that their claim is arising from transactions of persons convicted of a criminal offence, for the aforementioned transactions, under the provisions of the Prevention and Suppression of Money Laundering Activities Law of 2007 (as the same is amended and/or replaced from time to time).
  - (b) Investors-clients of a participating IF responsible for events which have caused financial difficulties to the participating IF or which have contributed to the aggravation of its financial situation, or investors-clients of a participating IF who have benefited from such events.
10. Corporate Investors, which due to their size, are not allowed to draw a summary balance-sheet in accordance with the Companies Law of the Republic of Cyprus or a corresponding law of a member state of the European Union.

**(iii) Prerequisites for initiating the procedure for compensation**

The ICF initiates compensation payment procedures when at least one of the following prerequisites is met:

- (a) The CySEC deemed through a relevant decision that a participating CIF does not appear for the time being able to meet its obligations arising from its investors-clients' claims, in connection with covered services provided, as long as such inability is directly related to the participating CIF's financial position which is not expected to improve in the near future, or
- (b) A Court issues a ruling suspending a participating CIF's investors-clients' capacity to lodge claims against the participating CIF based on grounds directly related to the participating bank's financial position.

Upon issuance of a decision by the CySEC or a Court ruling in accordance with paragraphs (a) and (b) above, for the commencement of compensation payment procedures, the ICF publishes in at least three newspapers of broad national circulation, an invitation to covered clients to make their claims, arising from covered services, against the affected participating CIF. The invitation should designate the procedure, content and deadline for submission of pertinent applications.



**(iv) Calculating the amount payable for compensation**

The amount of compensation payable to each covered client, is calculated in accordance with the legal and contractual terms governing the covered client's relation with the participating CIF, subject to the set-off rules that apply for the calculation of claims between the covered client and the participating CIF.

The amount of payable compensation is derived by summing up all of the covered client's documented claims against the participating CIF. Such claims arise from all accounts to which a client is a beneficiary to, regardless of currency as well as from all covered services provided by the participating CIF regardless of where such services were provided.

Upon completing the valuation, the ICF:

- (a) issues and communicates within five working days to both the CySEC and the participating CIF, minutes listing the clients of the participating CIF who are entitled to compensation, along with the amount of money each one of them is entitled to receive, and
- (b) communicates its findings to each affected client within fifteen days of issuing its minutes, determining the total amount of compensation the client is entitled to receive. In case of disagreement with the ICF's decision, the claimant has the right to appeal the decision to the CySEC, justifying sufficiently his alleged claim within ten days from receiving the relevant communication.

The ICF is obliged to compensate each covered client - claimant within three months of dispatching to the CySEC, the minutes listing the compensation beneficiaries. For any further information please contact the ICF's Management Committee offices at:

Management Committee of the Investor Compensation Fund for IF Clients, 27 Diagorou Str., 1097 Nicosia and for further information regarding the Regulations, please refer to the CySEC' website at: <https://www.cysec.gov.cy/en-GB/complaints/tae/>



## **PART C: FINANCIAL INSTRUMENTS AND RELATED INVESTMENT RISKS**

Part C contains information about some Financial Instruments, including guidance on and warnings of the risks associated with those Financial Instruments. It is provided herein so that the Client is able to understand the nature and risks of the service and of the specific type of Financial Instrument being offered and, consequently, take investment decisions on an informed basis. This Part C cannot disclose all the risks and other significant aspects of Financial Instruments.

**A Client shall not deal in Financial Instruments unless he understands their nature and the extent of his exposure to risk and potential loss. A Client should also be satisfied that the product and/or service is suitable for him in light of his circumstances and financial position and, where necessary, he should seek appropriate independent advice in advance of any investment decisions.**

Risk factors may occur simultaneously and/or may compound each other resulting in an unpredictable effect on the value of any investment. In any of the situations described below, the use of leverage (which has the effect of magnifying potential positive or negative outcomes) may significantly increase the impact on any of the risks described.

All Financial Instruments carry a certain degree of risk and even low risk investment strategies contain an element of uncertainty. The types of risk that might be of concern will depend on various matters, including how the instrument is created, structured or drafted. The specific risks of a particular Financial Instrument or transaction will depend upon the terms of the product or transaction and the particular circumstances of, and relationships between, the relevant parties involved in such product or transaction. Different Financial Instruments involve different levels of exposure to risk.

Set out below in Section 1 of this Part C is an outline of the major, generic categories of Financial Instruments and risks that may be associated with certain generic types of Financial Instruments, which should be read in conjunction with Section 2 of this Part C.

### **1. GENERIC DESCRIPTION OF FINANCIAL INSTRUMENTS**

Skanestas trades on behalf of its clients, on financial instruments (e.g. transferable securities and derivatives) in regulated markets, such as LSE – London Stock Exchange, Cboe, CME Group (CME, CBOT, NYMEX, COMEX), Nasdaq, NYSE, MOEX – Moscow Exchange. In addition, Skanestas offers other financial instruments that are not traded in regulated markets. Overall, the vast variety of financial instruments provided by Skanestas may cover every investor's diversified needs, indicatively capital preservation and income growth, hedging and speculation.

#### **Shares and Other Types of Equity Instruments**

(i) **Shares:** Shares represent a share of ownership in a company. It is the unit in which the share capital of a company is divided in and which provides the shareholder with voting rights. Furthermore, the shareholder is entitled to receive a certain level of the company's earnings (dividend payments) that may arise from the company's operations. Dividends are not guaranteed and a company has the right to decide not to pay a dividend. The investor may also buy a company's shares so that he can make a profit from reselling them. However, the return of the investment is not guaranteed because the share's price depends on the company's performance, the evaluation of the market's performance, the existing national and international economic circumstances, the relevant risk of each sector and/or the specific risk for each company.

(ii) **Preference shares:** Unlike ordinary shares, preference shares give shareholders the right to a fixed



dividend the calculation of which is not based on the success of the issuer company. They therefore tend to be a less risky form of investment than ordinary shares. Preference shares do not usually give shareholders the right to vote at general meetings of the issuer, but shareholders will have a greater preference to any surplus funds of the issuer than ordinary shareholders, should the issuer go into liquidation. There is still a risk that you may lose all or part of your capital.

(iii) **Depository Receipts (ADRs, GDRs, etc):** 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. They may facilitate investment in the companies due to the widespread availability of price information, lower transaction costs and timely dividend distributions. The risks involved relate both to the underlying share and to the bank issuing the receipt. Depository Receipts representing underlying shares in a foreign jurisdiction (in particular an emerging market jurisdiction) also involve additional risks associated with the securities markets in such jurisdictions.

**Investment Risks:** Shares and Equity investments may be subject to any of the following risks: market risk, liquidity risk, issuer risk, and exchange rate risk, systemic and non-systemic risk. Therefore shares and equity investments may be regarded as not having guaranteed performance, since the investor's invested principal may suffer losses.

An equity investment risk could arise when the Issuer does not grow in value or, if it does, it may elect not to pay dividends, or the share price may fall. If the share or equity instrument price falls, the company, if listed or traded on-exchange, may then find it difficult to raise further capital to finance the business, and the company's performance may deteriorate vis à vis its competitors, leading to further reductions in the share price. Ultimately, the company may become vulnerable to a takeover or may fail. In addition, there is a risk that there could be volatility or problems in the sector that the Issuer is in. Even if the Issuer is listed or traded on an exchange, there is no guarantee of liquidity, whereby shares could become very difficult to dispose of.

### **Warrants**

Warrants constitute an alternative way for an Issuer to raise capital. Warrant holders have the right and not the obligation to buy a specific number of shares at a predetermined price (exercise price) at specific dates until their expiration. Share warrants do not offer a dividend or any other type of payment and if they are not exercised until their expiration date, they expire and they lose their value. Their trading price is directly linked to the share's performance and, usually, their price fluctuation is higher (as a percentage) than the share's price.

**Investment Risks:** Share warrants are treated as Financial Instruments of higher risk due to severe fluctuations to their value and the higher risks that they entail. Before the purchase of a Warrant, the investor must be aware that there is a risk of losing the whole amount of the investment as well as any commissions and costs incurred. Warrants are subject to all of the major risks mentioned in Section 2 of this Part C below.

### **Rights Issue**

A Rights Issue is a way to increase the share capital of a listed company by issuing Rights to existing shareholders on a proportional basis. Rights are usually issued in organised markets and traded for a specific limited period of time. Rights are treated as high risk Financial Instruments as they entail all main types of financial risks. If Rights are not exercised until their expiration date, they lose their value. The exercise of the Right will give its holder all the rights and risks of ownership of the underlying security.

Rights provide leverage, the extent of which depends on the Right's exercise price relative to the price of the underlying security. Therefore, a relatively small fluctuation in the price of the underlying security may lead to a disproportionately larger fluctuation, favourable or unfavourable, to the price of the Right. The price of Rights can





therefore be very volatile

**Investment Risks:** Rights are potentially subject to all of the major risk types referred to in Section 2 of this Part C below. A Client should not buy a right unless he is prepared to sustain a total loss of the money invested plus any commission or other transaction charges.

## **Bonds**

Bonds are debt securities which represent the issuer's debt towards the investor. When an investor buys a bond, he lends a certain amount of money to the bond issuer. Therefore, the bond constitutes a debt towards the lender which must be paid at a specific date specified at the bond documentation. If provided for in the bond's documentation, the borrower is also obliged to pay interest to the bond holder. The interest rate, the frequency of interest payment and the amount of the interest are specified by in the bond's documentation. Possible bonds' issuers can be the Government, banks, municipalities or companies.

The bond's yield is determined by the difference between the capital paid at the bond's issue date and the amount due at the maturity of the bond.

High-yield bonds are bonds with speculative characteristics and which are rated with a low credit rating by international credit rating agents such as Moody's rating of Baa or BBB rating of low or medium return. These bonds carry a coupon that is relatively high to reflect the higher level of to investors.

**Investment Risks:** The main risks faced by bond holders are credit spread risk and interest rate risk as the bond's price usually moves inversely to the direction of interest rates changes and/or the credit spreads. Bond holders are also subjected to risk of default of the Issuer and liquidity risk.

## **Complex Bonds**

Structured bonds allow the investor to access other Financial Instruments, notably shares, through an initial investment in bonds. The three more common types of bonds that give access to the company's share capital are the following:

- a) Convertible bonds:** These bonds can be converted into shares of the issuing company upon request of the bond holder or upon the exercise of an option of the issuer. The bond's maturity and conversion dates are specified in the bond's issued terms where the conversion ratio is defined and where it is specified that the bond issuer has the right to call the bond's early redemption. The bond holder's protection clauses are also described in detail in the bond's issue documentation.
- b) Exchangeable Bonds:** These types of bonds allow the investor to exchange them with existing shares of a third company. Issuers of such bonds are companies holding shares in other companies.
- c) Bonds Redeemable in Shares:** Such bonds are only redeemable in shares, on the issuer's option. The bond holder is exposed to the same risks inherent in shares.
- d) Callable Bonds:** These types of bonds allow the issuer early repayment (partial or in full) of their principal at a specific period before the bonds' stated maturity date. These bonds are subject to prepayment risk. The issuers of such fixed income instruments may not be willing or able to prepay the principal at the prescribed earlier date, thus prolonging the life of the instrument.

**Investments risks:** The risks entailed in all the above mentioned instruments are related to their complex nature. For as long as they remain in the investor's possession, the investor is exposed to risks as well as to possible fluctuations and/or volatility of the principal shares' value. After the conversion, exchange or redemption of the bonds, the investors are exposed to risks similar to those of shares.



## Money Market Instruments

Money Market Instruments are usually debt securities which mature in one year or less (Treasury Bills) and which are usually traded in local money markets. These instruments offer a high degree of liquidity to investors and pay interest on the invested principal. In case these instruments are not held until maturity the investor may lose part of the invested principal.

**Investment Risks:** Like other debt instruments, money market instruments may be exposed to the major risk types in Section 2 of this Part C below, in particular credit and interest rate risk.

## Collective Investment Schemes

Generally, Collective Investment Schemes involve an arrangement that enables a number of investors to 'pool' their assets and have these professionally managed by an independent fund manager. This arrangement may take the form of a company, partnership or trust. Investments normally include bonds and shares of listed companies but depending on the type of the scheme, may include broader investments such as derivatives, real estate or any other financial instrument and/or asset. The valuation of such a Scheme is generally performed by the fund manager or the investment consultant of the Scheme, the custodian or by an independent valuation agency (as the case may be).

Collective Investment Schemes may invest in markets of high volatility and/or low liquidity and it is possible that there are increased exit or entry costs from or to the Scheme. The ability to liquidate such a Scheme may be limited, depending on the terms of operation of the Scheme and the long time period of notice required for redemption during which the value of each unit may exhibit high volatility and possibly decrease. It is possible that there is no secondary market for such Schemes and hence such an investment may be liquidated only through redemption.

There are various categories of mutual funds. The most common are:

- (i) **Money Market Funds:** Money Market Funds primarily invest in money market instruments and secondarily in debt instruments.
- (ii) **Bond Funds:** Bond Funds invest mainly in government and corporate bonds and secondarily in money market instruments.
- (iii) **Equity Funds:** Equity Funds invest mainly in shares listed in domestic or foreign regulated markets.
- (iv) **Balanced Funds:** Balanced Funds combine investments in debt instruments and stocks.
- (v) **Funds of Funds:** Funds of Funds invest in units of other funds. Funds of Funds are "baskets" of funds whose main objective is high diversification in terms of investment instruments (e.g. bonds, stocks) as well as geographical dispersion.
- (vi) **Special Type Funds:** Special Type Funds are long-term funds which are characterized by the use of derivatives. Through this strategy, they offer capital and yield guarantee at maturity through a mechanism of assessing the course of an underlying instrument (e.g. basket of stocks/bonds, index or basket of indices). Due to their exposure to derivatives they are considered to entail high risk.
- (vii) **Absolute Return Funds:** This type of Fund follows the interbank market interest rates aiming at achieving a return higher than the money market instruments' return while having certain objectives regarding its variance. Usually, investment vehicles in these Funds are debt instruments, money market instruments and derivatives.
- (viii) **Exchange Traded Funds (ETFs):** Exchange Traded Funds (ETFs) are a form of Collective Investment Schemes which track an index of a country, sector, or a specific geographical region. ETFs trade in organised and non-organised secondary markets just like shares but with the following major differences: ETFs represent an investment in a basket of Financial Instruments and their purchase/sale bears lower transaction costs. Investment in ETFs exposes the investor to the same risks as the underlying securities (shares, bonds etc) but to a significantly lower degree due to the diversification of investments.



The units of this type of Funds are listed and traded in Regulated Markets or MTF or OTF. Typically, their portfolio structure tracks an index or a market sector or industry such as energy, technology, commodities (gold, oil etc.).

- (ix) Commodity Funds: Commodity Funds are Funds of alternative types of investments. This type of Fund is active in the commodities market by using derivatives which have commodities or commodities indices as their underlying assets. Their performance depends on the course of the underlying financial instruments.
- (x) UCITS Funds: UCITS stands for Undertakings for Collective Investments in Transferable Securities. UCITS provides a single European regulatory framework for an investment vehicle which means it is possible to market the vehicle across the EU without worrying which country it is domiciled in. UCITS funds are governed by the EU UCITS Directive. A UCITS Fund may take the form of any of the funds described hereinabove and in Section 1.5 subject to compliance with the UCITS Directive. An issuer of a UCITS Fund issues a prospectus and the disclosures made therein for a particular UCITS funds should be considered prior to making an investment.
- (xi) Hedge Funds: Hedge Funds are a type of investment funds, which use specialised investment strategies (such as short selling, use of margin / leverage and use of derivatives) with the aim to maximise returns and control the risk in case of market downturn.

Hedge funds are considered a riskier investment than traditional funds and are suitable for more experienced investors. They usually invest in risky or illiquid securities and although they target absolute returns, if they fail to manage risk, they may realise significant losses. Beyond the liquidity risk, Hedge Funds have the ability to leverage which means that a relative small fluctuation in the price of the underlying security may lead to a disproportionately larger fluctuation, favourable or unfavourable, to the value of the investment.

- (xii) Private Equity Funds: a private equity fund is a collective investment scheme used for making investments in various equity (and to a lesser extent debt) securities according to one of the investment strategies associated with private equity. The value of investments can fall. It is important to note that the capital value of, and income from, any investment may go down as well as up and you may not get back the full amount invested. There is Limited marketability and transferability and illiquidity (lockups of 12 or more years). In such market there is lack of regulatory oversight and protection and can be delayed or limited valuation information. Past performance is not a reliable indicator of future performance.
- (xiii) Property/Real Estate Funds: A real estate fund is a type of mutual fund that primarily focuses on investing in securities or in asset class consisting of equity and debt investments in where the underlying investment is in property. There are, other than the general risks, special risks associated with investing in the securities of companies principally engaged in the real estate industry. These risks include the cyclical nature of real estate values, risks related to general and local economic conditions, changes in regulation and tax systems, and other real estate capital market influences.

**Investment Risks:** Depending on the category, collective investment schemes may entail different risk but may have different performances. The composition of each portfolio contains a type of risk similar to its type (aggressive, balanced or defensive).

Any investment in Funds is, amongst others, related to market risk, interest rate risk, default risk and foreign exchange risk. According to their Investor Profile, **investors should carefully select the funds** they decide to invest in. It is the Fund's Management Company responsibility to decide and choose the financial instruments in which a fund invests. The mutual fund's objective, category, investments restrictions, degree of portfolio risk exposure as well as charges are described in the fund's investment policy and regulations. These investments are generally intended for experienced and financially sophisticated investors who are willing to bear the risks associated with such investments, which can include: loss of all or a substantial portion of the investment; increased risk of loss due to leveraging, short-selling or other speculative investment practices; delays in tax reporting;



prohibitions and/or material restrictions on transferring interests in the fund; and higher fees than mutual funds. There is no assurance that the liquidity of the investment funds will always be sufficient to meet redemption requests as and when made. Diversification does not assure profit nor protect against loss in a declining market. The risk of any particular fund will vary according to its strategy. In case of Fund of Funds there can be no assurance that the selection of the managers of the underlying investment funds will result in an effective diversification of investment styles and that positions taken by the underlying investment funds will always be consistent.

## **Structured Products**

Structured products are Financial Instruments in the form of securities or contracts which are adapted to the needs of the client. These products are identified by one or more of the following characteristics:

- a)** the performance is determined by the underlying instrument, to a combination of underlying instruments (interest rates, equities, indices, etc.) or based on a formula,
- b)** A leveraged effect,
- c)** Other characteristics agreed upon the parties such as terms on the redemption or the existence of a guarantee,
- d)** A product that does not allow a preliminary request for quote from different financial institutions, or
- e)** A non-existence secondary market or a secondary which is not liquid.

Every structured product has a different risk profile. Due to the large number of possible combinations, it is impossible to describe in detail every structured product's risk. Before making any transaction in structured products, the client has to be informed on the special characteristics of the product and the entailed risks in order for him/her to make informed investment decisions after accepting the terms and the special characteristics of the specific products.

**Investment risks:** The prices of the structured products are affected by the underlying instruments, which may lead to the loss of up to 100% of the invested principal (in case of structured products with no capital guarantee or embedded leveraged derivative instrument).

An investor should refer to the term sheets for official details on all offerings, including risks involved, before investing in structured products. Investing structured products which may include derivatives and a higher degree of risk factors that may not be suitable for all investors. Such risks include risk of adverse or unanticipated market developments, issuer credit quality risk, risk of counterparty or issuer default, risk of lack of uniform standard pricing, risk of adverse events involving any underlying reference obligations, entity or other measure, risk of high volatility, and risk of illiquidity/ little to no secondary market. **In certain transactions, investors may lose their entire investment, i.e., incur an unlimited loss.**

## **Derivatives including Options, Futures, Forwards, Swaps, Contracts in Differences (CFDs)**

Derivatives are bilateral contracts whose value is dependent upon the value of an underlying asset or index. The parties can negotiate on regulated markets or by a mutual agreement (Over-The-Counter (OTC)).

These products are called 'derivatives' because they represent rights and financial commitments the value of which vary or is derived from underlying assets or liabilities. There are different types of derivatives differentiated by the nature of the principal instrument (shares, bonds, financial instruments, interest rates or exchange rates, stock exchange indices or commodities, etc.). There are numerous product combinations for investment, and, therefore, they are characterized by different risk profiles. Some of them are characterized by limited risk and unlimited potential upside for one party while the other party has the exact opposite position because it is probably exposed to potential unlimited loss and potential limited profits.



Besides the product's structure, many of the risks associated with derivatives contracts results from the fact that they are subject to financial leverage. That means that the investor has the possibility to pay a part of the overall exposure to market risks (by paying the premium or an initial deposit) in order to open or to maintain a position. The actual exposure to market risk with derivatives contracts can be an amount that is multiple the deposit or premium paid.

In the case of derivatives, the market risk includes the exposure to market changes in the value of market parameters, e.g. changes in interest rates, exchange rates, share prices, indices movements or commodities prices. However, the market risk includes the exposure to fluctuations in the price of the underlying instrument or to other factors such as volatility or the time value.

### **Option Contracts**

Options offer the buyer the right but not the obligation to buy (call) or sell (put) an underlying instrument (i.e. share) at an agreed-upon price (exercise price) before (American-type option) or after (European-type option) a specific future date. The counter party undertakes the relative obligation.

The amount the option buyer must pay to the option seller (called premium) in order to receive the right but not the obligation to buy (call option) but not to sell (put option) the underlying value at or by the expiration date is the price of the contract. This payment is made to the seller irrespective of whether the option is exercised or not. Therefore, the maximum imminent risk for the buyer is limited to the first part of the contract's price while the seller's imminent risk is unlimited. Hence, the total value of the option contract is determined by the demand and supply and it has intrinsic value and extrinsic value (Premium = Intrinsic value + Time (extrinsic) value). Other financial risks that may be associated with options are price volatility risk, liquidity risk and interest rate risk. Options lose their value if they are not exercised until their expiration date.

### **Futures contracts**

A contractual agreement to buy or sell a certain Financial Instrument, when due, at a specified date and at a determined price. Futures constitute essentially a bilateral agreement between two parties who agreed to proceed to a certain buying and selling at a specific date in the future at a specified price. The terms of the future trade are precisely defined on the futures contract (quantity of shares of specific company, date of trade, etc.) except for the price of the trade which is specified by the parties' agreement (offer and demand) and which is constantly changed depending on the fluctuation of the share's price). Other financial risks that may be associated with futures contracts are price volatility risk, liquidity risk and interest rate risk.

### **Swaps**

In general, a swap is a contract where counterparties agree to exchange interest flows or currencies. Swaps are divided into categories depending on their subject: the two basic types of swaps are currency swaps and interest rate swaps.

Currency swaps constitute the exchange of two currencies in which one party sells an amount of foreign exchange to the other party at the spot price and buys another amount of foreign exchange. This contracting party agrees to buy it back at maturity an agreed upon price which corresponds to the spot price increased or decreased by the difference in the interest rate between the two investments, given that the two swaps have equivalent terms for each currency. The basic risk entailed in this type of swaps is associated with the interest rate risk on exchange rates. Other risks entailed in currency swaps are associated with foreign exchange risk only on the implicit interest rates, liquidity risk and counterparty risk.

The second type is a contract by which the parties exchange interest rates, that is, make a commitment to pay, on



an agreed frequency, amounts corresponding to the application to a given nominal amount of different interest rates. The main risks entailed in this type of swaps are interest rate risk and counterparty risk.

### **Contracts for Difference**

Contracts for difference are transactions in relation to shares where it is not necessary for the parties to hold the shares themselves. These are short-term contracts following an agreement between the counterparties and they reflect the performance of a specific share or index. As in the case of shares, potential earnings or losses depend on the difference between the purchase price and the sale price of the Financial Instrument.

### **Repos/Reverse Repos**

The term 'Repos' stands for 'Repurchase Agreements'. Respectively, the term 'Repurchase Reverse Repos' stands for a Buying contract with a reselling agreement. Within such repurchase agreement, the owner of titles (a financial institution) agrees to sell the title(s) to the client in order for the financial institution to repurchase the title(s) at a specific date in future in a pre-agreed price. The repurchase price of every Repo transaction includes the return of the transaction (interest) which is calculated on the basis of the interest rate agreed between the contracted parties as long as the agreement is still in force.

A Reverse Repos is a Repos Agreement with the reverse terms. The risk entailed in a Repos or Reverse Repos is the counterparty risk.

### **Leveraged Investments**

When considering "Leveraged Investments" one should consider various risks including the fact that some products use leverage and other speculative investment practices that may increase the risk of investment loss, can be illiquid, are not required to provide periodic pricing or valuation information to investors, may involve complex tax structures and delays in distributing important tax information, are not subject to the same regulatory requirements as mutual assets, often charge high fees, and in many cases the underlying investments are not transparent and are known only to the investment manager.

With respect to "Leveraged Investments" in general, the client should be aware that:

- Returns from some "Leveraged Investments" can be volatile.
- The client may lose all or a portion of his investment.
- With respect to single manager products the manager has total trading authority.
- Many "Leveraged Investments" are subject to substantial expenses that must be offset by trading profits and other income. Trading of such investments may take place on foreign exchanges that may not offer the same regulatory protection.

**Investment Risks:** The "gearing" or "leverage" often obtainable in trading in Derivative financial instruments, particularly futures, options and contracts for differences (CFDs), means that a small deposit or down payment can lead to large losses as well as gains. It also means that a relatively small movement in prices can lead to a proportionally much larger movement in the value of your Investment, and this can work against you as well as for you. These types of transactions have a contingent liability

This document cannot and does not disclose or explain all of the risks and other significant aspects involved in trading in financial derivative products. Engaging in derivative transactions can carry a high risk to your capital. This is a feature of 'leveraged' or 'margin' trading embedded in derivative transactions and an investor can lose more than his initial investment. An investor should not engage or trading in financial derivative products unless he understands, comprehends and has the risk appetite to undertake the nature of the transactions he is entering



into and the true extent of his exposure to the risk of loss (including total loss).

## **2. INVESTMENT RISKS AND WARNINGS**

The price or value of an investment will depend on fluctuations in the financial markets outside of anyone's control. Past performance is no indicator of future performance. The nature and extent of investment risks varies between countries and from investment to investment. These investment risks will vary with, amongst other things, the type of investment being made, including how the financial products have been created or their terms drafted, the needs and objectives of particular investors, the manner in which a particular investment is made or offered, sold or traded, the location or domicile of the issuer, the diversification or concentration in a portfolio (e.g. the amount invested in any one currency, security, country or issuer), the complexity of the transaction and the use of leverage. Further the markets in which the various financial instruments are traded are subject to considerable fluctuations and Skanestas cannot guarantee specific returns.

Historical returns of the various Financial Instruments do not ensure future performance. Every investment on any Financial Instrument is exposed to one degree or another, to all or some of the following risks:

### **MARKET RISKS**

Market risk is the risk of a change in the value of an investment due to changes in general market factors, such as interest rates fluctuations, exchange rates fluctuations, equity market indices, credit spread, share prices, principal products' prices or fluctuations in volatility. In case of a negative fluctuation in prices, investors in Financial Instruments run the risk of losing part or all of their invested capital.

The different types of market risks are the following:

#### **Interest Rate Risk**

Interest rate risk is associated to unfavorable interest rates' fluctuations. Interest rates risk also includes the cost of up keeping. The up keeping cost is positive or negative of the financing cost of the asset is respectively higher or lower than the received interest. Thus, the up keeping cost for a loan with a floating interest can increase with a rise in the interest rate. Interest rates' fluctuations can expose the owner of Financial Instruments to a risk of capital loss but the risk level depends on the type of the financial instrument.

#### **Foreign Exchange Risk**

The Foreign Exchange Risk exists when the value of an underlying instrument is calculated or associated with a currency index other than the currency of the investor. A decrease or increase of exchange rates can provoke, depending on the case, a rise or fall of the value of the financial instrument, the value of which is denominated in a foreign currency.

#### **Interest Spread Risk**

Credit spread is the difference between a prearranged reference interest rate (e.g. euribor) and the bond's real interest rate. This difference depends on the credit rating of the bond's issuer. Spread risk consists in the downgrading of the issuer's credit rating which will lead to an increase of the credit spread and a decrease of the bond's current value.

#### **Price Volatility Risk**

Volatility refers to the changes in price that securities undergo when trading. Generally, the higher the volatility of a security, the greater its price swings. The prices of investment products may present unpredictable fluctuations, thus causing a risk of loss. Prices fluctuate in the short, medium and long term. This is called Price volatility risk and is part of market risk.

#### **Leverage Risk**

Leverage indicates the risk undertaken by an investor which is greater than the invested capital. One of the main characteristics of leverage is that the relatively insignificant fluctuations of the underlying assets' prices can lead to



multiple profits or losses. A leverage investment can be extremely risky as the investor may lose more than he/she originally invested.

#### **Basis Risk**

The basis risk is the risk that may arise if the cost of a hedge product does not move in line with the cost of the asset to be covered (e.g. futures contracts in relation to its underlying asset).

#### **Inflation Risk**

The risk associated with the loss of the real capital value which is caused by a greater than expected inflation rise.

#### **Risk of Early Redemption**

In case the bond type gives the issuer the right to revoke and redeem the bonds earlier than their maturity, the investor faces the risk of the bonds to be revoked or redeemed at an unfavorable price.

#### **Relative Performance Risk**

The risk when an asset does not meet the performances of the benchmark index.

#### **Specific Risk**

The risk of fluctuation in the price of an asset, due to factors which are specific to this asset contrary to the general market risk, which reflects a general movement of prices in the capital market.

### **INVESTMENT RISKS**

Investment risks reflect the volatility of an investment's performance. The relation between performance and risk is proportional that is the achievement of a higher return presupposes that the investor undertakes higher or greater risk and vice versa.

#### **Liquidity Risk**

The risk stemming from the lack of marketability of an investment that cannot be bought or sold quickly enough to prevent or minimize a loss. Market's liquidity depends on the market's organization (stock exchange or over the counter) but also of the relevant instruments. Selling or buying a common product may be easy but there may be greater difficulties for very specific products. There is usually a liquidity risk for investment products of low tradability.

#### **Volatility/Instability Risk**

The risk related to the movements of a security's specific prices. There is high volatility when the securities are affected by broad changes in a relative period of time (e.g. on a daily basis for some products or for a longer period for other products). The volatility/instability risk is calculated on the basis of the average difference between the lower and higher prices of a Financial Instrument over a certain period of time.

#### **Default Risk**

The risk that an issuer of a bond may be unable to make timely principal and interest payments or when a company's share price may be minimized in case the company bankrupts.

#### **Operational Risk**

Operational risk, such as breakdowns or malfunctioning of essential systems and controls, including IT systems, can have an adverse impact on all Financial Instruments. Business risk, especially the risk that the business is run incompetently, may also adversely affect shareholders or other investors in such a business. Personnel and organisational changes may severely affect such risks and, in general, operational risk may not be apparent from outside the organisation.

#### **Settlement Risk**

Settlement risk is the risk that the settlement of transactions in Financial Instruments is not completed, especially





if the counterparty does not pay or deliver titles in time to fulfil its obligation to clear the transaction. This risk is limited where the investment involves Financial Instruments traded in regulated markets because of the regulation of such markets. This risk increases in case the investment involves Financial Instruments traded outside regulated markets or where their settlement takes place in different time zones or different clearing systems.

Capital markets have different settlement and delivery procedures, and, in certain markets, these procedures are likely to be affected by the trading volume, and, consequently compromising their execution. Failing to conclude in a settlement due to such problems is possible to prevent an investor from taking advantage of investment opportunities.

### **Counterparty Risk**

The possibility that the counterparty might default within a specific period of time. Counterparty risk is related with three factors: the amount of the debt, the possibility of insolvency and the proportion of the debt that will be recovered in case of insolvency. For example, an investor must consider the liability of a bonds' issuer. That is his ability to pay or redeem the loan, according to the case. Regarding over-the-counter derivative products – transactions which do not involve debt – the counterparty risk is equal to the replacement value of this derivative product at any given time if it has a positive value.

### **Valuation Risk**

Valuation risk is connected to the negative fluctuations of variables which are taken into account at the valuation of an investment, i.e. volatility/instability, interest rates and/or the estimated dividend yield.

### **Risk of Place of Execution**

This risk is linked to the market location of the underlying instrument. If the market is different from the investor's market, the investor is possibly exposed to a foreign exchange risk.

#### **a) International Markets**

Any foreign investment or investment that contains a foreign element is possible subject to overseas risks. These risks are likely to differ from those of the market where the instrument is issued or the investor's market.

#### **b) Emerging Markets**

Investments in emerging markets involve risks which cannot be encountered in traditional markets. This risk also exists where the issuer of a product is located in an emerging market or carries out the main volume of his business.

### **Custody Risk**

Custody risk is the risk of loss of the Financial Instruments held by a custodian on behalf of the investor, due to the custodian's actions or omissions or lack of creditworthiness. In certain markets, especially in emerging markets, the rules and regulations regarding to custody issues may be less developed in terms of investor protection in comparison to the markets governed by strict rules of custody. In these markets, the assets which are entrusted to a sub-custodian if necessary – are likely to be exposed to risks connected to the sub-custodians' failure to fulfill their duties or due to their bankruptcy. The risk is greater when the market does not provide an investors' compensation scheme or, even if such scheme exists, the investor is not eligible to such protection.

### **Systemic risk**

Systemic risk is the risk arising from interdependencies within markets or among markets, which results in problems possibly appearing in one of them spreading to other market participants or other markets. It involves the entire financial sector and not any one individual participant or market and appears in the form of chain reactions. For example this risk may occur in case a member responsible for the payment of the instrument is unable to fulfill its obligations and, thus, may lead the other members of the payment system to a similar inability.

### **Non-systematic Risk**

Non-systematic risk is non-market or specific risk associated with a particular issuer of a security. It is sometimes called unique risk or diversifiable risk as it can be eliminated with diversification. It basically relates to the uncertainty associated with the company the investor wishes to invest into.

## **OTHER RISKS**



### **Force Majeure**

Apart from the aforementioned risks, Force Majeure is a risk associated with industrial or natural disasters or with decisions made by regulatory authorities or market operators and result e.g. in the suspension of the listing of a Financial Instrument in the stock exchange market. The issuer or the market is not responsible for cases of Force Majeure. However, these events, given that they have a great impact, may influence the issuer's ability in fulfilling its obligations or affect the market's operation.

### **Political or Legal Risk**

The risk that a government (or any other competent authority) imposing new taxes or new regulatory or legal obligations or restrictions on the securities that have already been bought by the investor.

These are the risks deriving from government acts, market operation rules, etc. Investments in emerging markets products are usually more risky than the respective investments in developed markets. For such investment moves it is absolutely necessary that investors proceed to a detailed analysis of each individual danger.

### **Technical Risks**

Such as breakdowns or malfunctioning of essential systems and controls, including IT systems, can impact on all financial products. There is a risk that other circumstances may prevent Skanestas from executing orders, or prevent any participant in the relevant markets from accessing any electronic online trading platform. These include, for example, system errors and outages, maintenance periods, internet connectivity issues and failures of third parties on whom you or Skanestas is dependent (for example, internet service providers or electricity companies). There may be circumstances beyond Skanestas's control that can affect its ability to support your trading.

### **Additional specialised general risks for certain types of Financial Instruments**

**Risks specific to certain types of bond:** Additional risks may be associated with certain types of bond, for example floating rate notes, reverse floating rate notes, zero coupon bonds, foreign currency bonds, convertible bonds, reverse convertible notes, indexed bonds, and subordinated bonds. For such bonds, you are advised to make inquiries about the risks referred to in the issuance prospectus and not to purchase such securities before being certain that all risks are fully understood. In the case of subordinated bonds, you are advised to enquire about the ranking of the debenture compared to the issuer's other debentures. Indeed, if the issuer becomes bankrupt, those bonds will only be redeemed after repayment of all higher ranked creditors and as such there is a risk that you will not be reimbursed. In the case of reverse convertible notes, there is a risk that you will not be entirely reimbursed, but will receive only an amount equivalent to the underlying securities at maturity.

**Hedge Funds general risks:** These products can be highly speculative and may not be suitable for all clients. Investors should ensure that they understand the features of the products and fund strategies and the risks involved, before deciding whether or not to invest in such products. These investments are generally intended for experienced and financially sophisticated investors who are willing to bear the risks associated with such investments, which can include: loss of all or a substantial portion of the investment; increased risk of loss due to leveraging, short-selling or other speculative investment practices; delays in tax reporting; prohibitions and/or material restrictions on transferring interests in the fund; and higher fees than mutual funds. Diversification does not assure profit nor protect against loss in a declining market.

**Off-Exchange Derivative Transactions:** It may not always be apparent whether or not a particular derivative is effected on exchange or in an off-exchange (over-the-counter) derivative transaction. While some off-exchange markets are highly liquid, transactions in off-exchange or 'non-transferable' derivatives may involve greater risk than investing in on-exchange derivatives because there is no exchange market on which to close out an open



position. It may be impossible to liquidate an existing position, to assess the value of the position arising from an off-exchange transaction or to assess the exposure to risk. Bid and offer prices need not be quoted, and, even where they are, they will be established by dealers in these instruments and consequently it may be difficult to establish what a fair price is.

Risk Disclosure statement is available at <http://www.skanestas.com/Disclosures> and attached to this document as an Appendix IV.

**The information that Skanestas provides in this document is for general information purposes only. Accordingly, a Client prior to making any investment decision in Financial Instrument must consider his personal objectives and financial situation and the significant risk of possible loss inherent in any investment product.**



## **PART D: OTHER RELATED REGULATORY AND LEGISLATIVE INFORMATION**

Skanestas applies appropriate procedures to comply with the requirements of Cyprus, European Union and other relevant legislation, as implemented and transposed into local legislation and regulations, and to be in line with applicable guidelines and best practices in relation to the provision of investment and ancillary services in Financial Instruments as well as the trading of financial instruments.

However, without limiting the foregoing, the Client shall understand and acknowledge that laws regarding provision of services relating to Financial Instruments vary throughout the European Union and the world and it is the Client's obligation to ensure that he fully complies with any law, regulation or directive, relevant to his nationality and/ or country of residency with regards to the use of the Services and/ or products or transactions carried out through Skanestas.

**Skanestas is under no obligation to provide any advice on continuous obligations of a Client entering into transactions and/or for carrying on transactions in Financial Instruments. A Client should consult his own legal, financial or tax advisor for legal, financial or tax advice including specialised advice on any reporting requirement, without limitation, in accordance with his or her country of residence laws.**

### **1. Processing of Personal Data Policy**

Skanestas, in order to comply with its regulatory obligations as it is required to do so by applicable law may have to process specific personal data of the Client (as natural person) in relation to the provision of the Investment Services elected by the Client to be offered by Skanestas as set out in any contractual agreement for the provision of the Investment Services.

Skanestas has a legitimate interest in collecting and processing Personal Data for the purposes as described in this section in order to administer, improve and generally conduct business, to prevent fraud and financial crime and to avoid non-compliance with Skanestas's legal and regulatory obligations. In summary are noted herein below the main aspects of the Processing of Personal Data Policy in relation to the provisions of Investment Services in Financial Instruments.

For the purposes of this Section 1, **Personal Data** means any particular information relating to the Client, as a living individual, required to be collected and processed for the purpose of the provision of the Services; data of a statistical nature, from which the Client cannot be identified or distinguished from others, are not deemed to be Personal Data.

#### **1.1 Specific purposes for which Personal Data is collected**

The Personal Data which is collected from the Client directly or from the Client's authorised personal representative acting on his behalf or from anywhere else (such as credit reference agencies, governmental authorities, publicly available sources), will be used:

- (a) to carry out with Skanestas's obligations arising from entering into the Investment Services Agreement and to provide the Client with the Services requested;
- (b) to carry out Skanestas's obligations arising from the Law, including the obligation of transaction reporting to CySEC and/or the Central Bank of Cyprus (CBC);
- (c) to communicate with the Client as provided for in the Investment Services Agreement in respect to the execution of the Services requested;
- (d) to notify the Client about changes to the Services or to third parties to enable Skanestas to provide the



Services requested under the Investment Services Agreement,

- (e) to perform anti-money laundering assessments as per applicable law and obligations imposed on Skanestas;
- (f) to exercise and defend Skanestas's legal rights;
- (g) for fraud and financial crime prevention purposes;
- (h) for administration purposes and internal operational requirements, including the evaluation of client service, efficiency and cost, as well as risk management purposes; and
- (i) to provide the Client with information about other goods and services we feel may interest the Client, provided Skanestas has consented to this explicitly.

## 1.2 Disclosures of Personal Data

Except as set out in this document, Skanestas does not disclose to any third party personal information that the client provides to Skanestas unless Skanestas has the client's permission or when the law permits or requires it. Skanestas may be obliged or have to disclose and use the Client's Personal Data to:

- (a) any regulatory and/or supervisory and/or other competent authority and/or other third party when obliged to do so under law or court order;
- (b) third party service providers Skanestas is engaged for to provide Services requested by the Client and to comply with our obligations under the Law. The names of such organisations are stated in the Annual Top Five Execution Venue Report, which should be read in conjunction with Best Execution Policy (as amended from time to time and posted on Skanestas's website);
- (c) other third party service providers Skanestas may use for information security purposes as well as communication, administration and operational purposes;
- (d) any other third party where the Client has consented to such disclosure or where it is in Skanestas's or the third party's legitimate interests to do so;
- (e) marketing purposes, provided the Client have explicitly consented to this.

In case the Client's Personal Data is transferred to countries or territories outside the European Economic Area (EEA) that are not recognised by the European Union competent authorities as offering an adequate level of data protection, Skanestas, if such instances arise, aims to put in place appropriate data transfer mechanisms (as required), such as the EU Standard Contractual Clauses. **EU Standard Contractual Clauses** are the standard contractual clauses issued from time to time by the European Commission which provide adequate safeguards with respect to the protection of the privacy and fundamental rights and freedoms of individuals and as regards the exercise of the corresponding rights.

In certain jurisdictions, the legal provisions applicable to transactions involving Financial Instruments and similar entitlements demand that the identity be revealed of the (in) direct holders or the beneficial owners of those instruments, as well as their positions in said instruments. Failure to comply with these obligations may result in the freezing of the Financial Instruments (i.e., voting rights may be suspended, dividends or other entitlements withheld, the Financial Instruments being barred from sale or being disposed of in some other way) or may result in some other penalty or restrictive measure imposed by applicable law.

A Client or his authorised representative who provides Skanestas with personal information on a third party must obtain permission from this third party, and inform it that Skanestas uses personal data for the same purposes and in the same ways as described in this Section, and that this information may have to be disclosed in accordance with applicable laws and regulations.

## 1.3 Data Security, Retention and Recording



Skanestas is committed in safeguarding the privacy of the personal data and/or information the Client shares with Skanestas and/or with its employees and/or representatives and/or associates. Skanestas applies procedures as for the personal data provided to the extent possible being processed confidentially and securely and will be used only for the purposes described in this document.

Skanestas, under MiFID II has specific obligations to monitor and record all telephone communications between the Client and any other person acting for his account and Skanestas or its officers, employees or associates or agents, and it may use any mechanical or other means or equipment for such purpose when providing the Investment Services.

Personal Data is held in both electronic and non-electronic form, mainly in technical systems, physical locations and archives as well as in software. As part of the MiFID II obligations Skanestas is obliged to record the Client's telephone recordings with Skanestas for a minimum of five (5) years or for as long as is necessary for Skanestas to comply with any legal and contractual obligations Skanestas may have. It is also further noted and the Client attention is drawn to the following:

- In the event that the Client is (a) a resident of a member state of the European Union, or (b) a person residing outside the Republic of Cyprus, the Client shall authorize Skanestas to complete and submit a statistical declaration for his direct foreign investments in Cyprus in accordance with the regulations of CySEC and/ or CBC, as applicable. Skanestas has the right to provide information to competent authorities or other third persons relating to the Client and his relationship with Skanestas to the extent that this is dictated or permitted by any applicable law relating to the operation of banks and the exchange of information in the Republic of Cyprus, in the European Union or other contracting parties with the Republic of Cyprus.
- In accordance with legal and regulatory obligations concerning the automatic exchange of information with EU member state and/ or third countries, Skanestas may have to disclose some personal details regarding the Client's tax residence status to the Cyprus tax authorities. The Cyprus tax authorities will disclose data sent by Skanestas to each competent foreign tax authority to receive such data based on the aforementioned legal and regulatory obligations.

#### **1.4 Clients Rights**

The Client has the right at all times to access and correct his personal data and to be informed about and/or refuse any further processing or deletion of his personal data, in accordance with the provisions of the Law. The Client acknowledges and accepts that any such amendment or deletion of his personal data during the provision of the Investment Services may affect or even lead Skanestas to the termination of the provision of the Services to the Client.

Any consent given for marketing purposes can be withdrawn at any time by giving written notice to Skanestas.

For further information on Data Protection Policy applied by Skanestas you can contact us at +357 25 212 293 (to be redirected to Data Protection Officer).

## **2. Anti-Money Laundering and Counter Terrorism Financing (AML/CTF)**

Cyprus, as member state of European Union, is subject to EU Regulation concerning anti money laundering and the prevention of terrorism financing (**AML/CTF**). Cyprus has established laws and regulations designed to combat Money Laundering and Financing of Terrorism in line with in line with the recommendations of the Financial Action Task Force (**FATF**).



Cyprus has transposed into national legislation the requirements of the *Third Directive of the European Union (Directive 2005/60/EC)* through the Prevention and Suppression of Money Laundering Activities Law, 2007- 2016 (**AML Law**) and each competent authority for the participant in the financial sector further issues local Directives and Guideline Circulars for the implementation of the Law. Cyprus has also amended, in April 2018, the national AML Law for purposes of transposition of the Fourth EU Anti-Money Laundering Directive, Directive (EU) 2015/849. Skanestas, as an authorised Investment Firm is under the supervision of CySEC. CySEC is the competent authority for the enforcement of the provisions of the legislation regarding the services and activities that are provided by the Investment Firms (website <https://www.cysec.gov.cy/en-GB/legislation/financial-crimes/>).

Skanestas, in compliance with AML Law for the prevention of AML and CTF has established procedures, systems, policies and procedures on a risk based approach for collection and assessing information and data collected by Skanestas on setting the business relationship with a Client (Know-Your-Client Procedures) in relation to the following, including inter alias:

- (a) Client identification and due diligence procedures and enhanced due diligence procedures for high risk clients;
- (b) Client acceptance policies;
- (c) Record keeping;
- (d) Recognition of suspicious transactions/activities, internal reporting and reporting to the local Financial Intelligence Unit (**MOKAS**);
- (e) In depth examination of any transaction which by its nature may be considered as particularly vulnerable to be associated with AML or CTF offences, and particularly of the complex and unusually large transactions and all unusual types of transactions that are realized without obvious economic or explicit legal reason;
- (f) Identification and risk assessment of money laundering risks associated with new payment methods;
- (g) Internal control, assessment and management of risk with the purpose of preventing AML and CTF;
- (h) Development of a risk based model to improve the existing framework to manage, control and address risks; and
- (i) Identification procedure and monitoring of politically exposed persons (PEPs) (enhanced client due diligence is conducted on these clients).

Skanestas pays special attention to:

- Understand the ownership and control structure of its Clients;
- Obtain information on the purpose and intended nature of business relations; and
- Monitor the business relations, including scrutiny of transaction to ensure consistency of transactions with information provided by the Client in relation to the nature of the business relationship.

All legal and regulatory mandatory procedures and policies are regularly reviewed and updated and the respect of these procedures is checked by Skanestas's Compliance and the Internal Audit as well as by the external auditors.

The Compliance Function and the Internal Audit are permanent functions, independent from Skanestas's business activities. In order to safeguard their independence, the Compliance Officer and the Internal Auditor report directly to the Board of Directors of Skanestas.

### **Employee AML/CTF training**

Skanestas as a part of its internal policies requires all staff, management and employees, at all times to adhere to these standards in order to prevent the misuse of Skanestas's products and services for AML and CTF.



An Employee awareness training program is applied by Skanestas with regard to the:

- Systems and procedures for the prevention of money laundering and terrorist financing;
- The AML Law;
- The Directives and Guideline Circulars issued by CySEC and the European Union legislation and guidelines as applicable from time to time on AML/ CTF.

Skanestas carries out on going training to employees to enable employees and staff to recognize and handle suspicious transactions and activities which may be related to AML or CTF offences.

### **Monitoring of Transactions**

Skanestas screens potential clients against lists of financials sanctions issued by European Union, United Nations and the Office of Foreign Assets Control (OFAC) and monitors the clients' accounts and transactional behaviour.

The AML/CTF prevention and monitoring processes are assessed on a continuous basis to ensure risks are identified and addressed. The monitoring and risk management process ultimate goal is to maintain an updated, comprehensive and effective AML/CTF program for Skanestas's business. Skanestas in accordance with applicable laws and regulations, including privacy and data protection laws, is committed to fully co-operate with competent authorities. To the extent permitted by applicable law Skanestas is strictly complying with any information request from the competent authorities to which client information may have to be disclosed in adherence with regulatory obligations.

For further information in relation to AML/CTF policies of Skanestas a client may contact the AML Officer of Skanestas at +357 25 370 212 or + 357 25 212 293 (to be redirected to AML Officer)

### **3. The Foreign Account Tax Compliance Act (FATCA)**

The Foreign Account Tax Compliance Act (FATCA) is a United States (US) federal law that requires US persons (legal persons and individuals) who live outside the US, to report their financial accounts held outside of the US, and requires foreign financial institutions to report to the US Internal Revenue Service (IRS) certain information regarding their US clients.

Cyprus has signed a reciprocal FATCA Model 1 Intergovernmental Agreement (IGA) with the US Treasury (FATCA) on the 2nd of December 2014. Under Model 1 IGA, Financial Institutions in the partner country should report all FATCA-related information for tax reporting purposes to the Cyprus Inland Revenue Authority (IRA), which will then provide the information to the IRS.

Skanestas has obtained the Global Intermediary Identification Number (GIIN) MGXKW8.99999.SL.196. In order to comply with FATCA, subject to the Services offered, if required, clients might be contacted from time to time by Skanestas for additional information or clarifications.

Further information on FATCA is readily available on the IRS website [www.irs.gov](http://www.irs.gov)

### **4. The European Market Infrastructure Regulation (EMIR)**

The European Market Infrastructure Regulation EU No. 648/2012 of the European Parliament and of the Council (**EMIR**) is the new European regulation on over-the-counter (**OTC**) derivatives, central counterparties and trade





repositories setting out amongst other obligations, a reporting obligation of all trades in derivative contracts to a trade repository, effective already as of 12<sup>th</sup> February 2014. It requires entities that enter into any form of derivative contract, including interest rate, foreign exchange, equity and commodity derivatives adhere to a number of obligations.

EMIR introduced three basic obligations for undertaking derivative transactions:

- (a) **Clearing:** standardised derivative contracts should be cleared through central counterparties (CCP) in order to reduce the risk in the financial system.
- (b) **Margin and capital:** clearing counterparty shall have permanent, available and separate initial and variation margins in the form of highly liquid collateral.
- (c) **Reporting:** all OTC derivative contracts should be reported to trade repositories.

All above obligations apply to Financial Counterparties if such parties fall under EMIR Classification (as described herein below **EMIR Classification**). The clearing and margin and capital obligations apply to certain non-financial counterparties but the reporting obligation applies to ALL derivatives market participants.

#### **Who does EMIR apply to**

EMIR applies to any entity established in the EU that has entered into an OTC derivative contract and applies indirectly to non-EU counterparties trading with EU parties. It also applies to Central Counterparties (CCPs) and Trade Repositories (TRs).

Therefore, if a Client (i) falls under the **EMIR Classification** AND (ii) enters or wishes to execute OTC derivative contracts, (including FX Forwards and Contracts for Difference (CFDs)), other than any transaction reporting obligations referred in this document may have to comply with additional specialized reporting requirements which if required will be advised by Skanestas.

#### **EMIR Classification**

EMIR distinguishes between Financial Counterparties and Non- Financial Counterparties and these terms are important to understanding your obligations under EMIR.

- **Financial Counterparties (FCs):** investment firms, credit institutions, insurance undertakings, assurance undertakings, reinsurance undertakings, institutions for occupational retirement provision, undertakings for collective investments in transferable securities (UCITS) and alternative investment funds; and
- **Non-Financial Counterparties (NFCs):** an undertaking which is established in the European Union, other than a central clearing party (CCP) or a financial counterparty (FC). NFCs, under EMIR, will be classified as either: (i) NFC+: an NFC which **exceeds** the clearing thresholds (set out in EMIR), (ii) NFC- : an NFC which **does not** exceed the clearing thresholds (set out in EMIR).

In Cyprus, Cyprus Securities and Exchange Commission (CySEC) is designated as the authority responsible for ensuring that NFCs established in Cyprus comply with the obligations under EMIR.

Further information may be found on the website of the European Securities and Markets Authority (ESMA) website: <http://www.esma.europa.eu/page/European-Market-Infrastructure-Regulation-EMIR>.

## **5. Common Reporting Standard (CRS)**

The Common Reporting Standard (CRS), developed by the Organisation for Economic Co-operation and Development (OECD), requires the automatic exchange of information on financial accounts that are held, directly



or indirectly, by account holders who are tax residents of countries which implement CRS. CRS effectively imposes obligations on financial institutions to collect information relating to each account holder's tax residency/ies and CRS status and submit specified account information to relevant tax authorities.

Cyprus signed the Multilateral Competent Authority Agreement for CRS implementation on 29 October 2014 and has taken additional steps for CRS implementation, which require financial institutions in Cyprus to comply with various CRS requirements as of 1 January 2016.

As a result, Skanestas is required to collect and review certain information in order to identify the tax residency or multiple tax residencies of each account holder, including the tax residency/ies of an entity's controlling persons in certain cases. Skanestas may also be required to report certain information relating to the account holder and its account(s) (including an entity's controlling persons in certain cases) to the Cyprus Tax Department that in turn may pass this information to other relevant tax authorities. If necessary, additional information may be requested for CRS purposes at any time during the Client's business relationship with Skanestas. The Client's response to Skanestas's requests for information in respect of the Client's CRS status (if and when requested) is mandatory and failure to respond within the prescribed timeframe may result in incorrect reporting the Client's account to the Cyprus Tax Department.

It is noted, that Skanestas cannot offer advice relating to CRS or act as a tax advisor. In case you have any questions, please consult your tax or legal advisors. More information about the OECD Common Reporting Standard can be found on the website of the OECD at [www.oecd.org/tax/automatic-exchange](http://www.oecd.org/tax/automatic-exchange)



## APPENDIX I: EXECUTION VENUES / BROKERS

The list of execution venues and/or brokers (counterparties) set herein below is non-exhaustive but comprises only the venues on which SKANESTAS places significant reliance. The list may be updated from time to time:

### Top five execution venues\*

#### Top five execution venues (Retail Clients)

Class of Instrument	Equities and Exchange Traded Funds				
Notification if <1 average trade per business day in the previous year	Y				
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
<b>Sberbank CIB (UK) Limited</b> LEI: 549300BKWHXYEXPV0328	49.58 %	26.92 %	N/A	N/A	N/A
<b>Alfa Capital Holdings (Cyprus) Limited</b> LEI: 549300XTCMOUXC51WZ58	20.16 %	34.62 %	N/A	N/A	N/A
<b>MeritKapital Limited</b> LEI: 21380073P7J4PAD91E29	16.56 %	11.54 %	N/A	N/A	N/A
<b>Renaissance Securities (Cyprus) Limited</b> LEI: IK9CLH4U15AXJVV22968	10.46 %	3.85 %	N/A	N/A	N/A
<b>Saxo Bank A/S</b> LEI: 549300TL5406IC1XKD09	3.23 %	23.08 %	N/A	N/A	N/A

Class of Instrument	Bonds and other forms of securitized debt				
Notification if <1 average trade per business day in the previous year	Y				
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
<b>Raiffeisen Bank Austria</b> LEI: 9ZHRYM6F437SQJ6OUG95	56.14 %	7.84 %	N/A	N/A	N/A
<b>MeritKapital Limited</b> LEI: 21380073P7J4PAD91E29	10.07 %	10.29 %	N/A	N/A	N/A
<b>Saxo Bank A/S</b> LEI: 549300TL5406IC1XKD09	9.85 %	23.04 %	N/A	N/A	N/A
<b>Continental Capital Markets Ltd</b> LEI: 213800M3I5GUTKCDBU47	8.29 %	17.65 %	N/A	N/A	N/A



<b>SIGMA BROKING LTD</b> LEI: 2138004RRDC64K7UD291	4.81 %	13.24 %	N/A	N/A	N/A
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Class of Instrument	Derivatives				
Notification if <1 average trade per business day in the previous year	N				
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
<b>Valbury Capital Ltd</b> LEI: FJ25I6IOF0UFGIIP9G17	90.69 %	97.28 %	N/A	N/A	N/A
<b>Renaissance Securities (Cyprus) Limited</b> LEI: IK9CLH4U15AXJVV22968	8.99 %	1.51 %	N/A	N/A	N/A
<b>BrokerCreditService (Cyprus) Limited</b> LEI: 5493008C22FNI0QEEF10	0.32 %	1.22 %	N/A	N/A	N/A

### Top five execution venues (Professional Clients)

Class of Instrument	Equities and Exchange Traded Funds				
Notification if <1 average trade per business day in the previous year	Y				
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
<b>Saxo Bank A/S</b> LEI: 549300TL5406IC1XKD09	75.66 %	75.82 %	N/A	N/A	N/A
<b>ITI Capital Limited</b> LEI: 5493000WY2VYSE5KOS46	16.84 %	14.29 %	N/A	N/A	N/A
<b>MeritKapital Limited</b> LEI: 21380073P7J4PAD91E29	4.51 %	6.59 %	N/A	N/A	N/A
<b>Alfa Capital Holdings (Cyprus) Limited</b> LEI: 549300XTCMOUXC51WZ58	3.00 %	3.30 %	N/A	N/A	N/A

Class of Instrument	Bonds and other forms of securitized debt
Notification if <1 average trade per business day in the previous year	N



Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
<b>Continental Capital Markets Ltd</b> LEI: 213800M3I5GUTKCDBU47	19.33 %	18.84 %	N/A	N/A	N/A
<b>Saxo Bank A/S</b> LEI: 549300TL5406IC1XKD09	16.53 %	14.82 %	N/A	N/A	N/A
<b>Raiffeisen Bank Austria</b> LEI: 92HRYM6F437SQJ6OUG95	9.95 %	4.27 %	N/A	N/A	N/A
<b>Renaissance Securities (Cyprus) Limited</b> LEI: IK9CLH4U15AXJVV22968	9.06 %	5.28 %	N/A	N/A	N/A
<b>SIGMA BROKING LTD</b> LEI: 2138004RRDC64K7UD291	7.87 %	10.55 %	N/A	N/A	N/A

Class of Instrument	Derivatives				
Notification if <1 average trade per business day in the previous year	N				
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume traded as a percentage of total in that class	Proportion of orders executed as percentage of total in that class	Percentage of passive orders	Percentage of aggressive orders	Percentage of directed orders
<b>Valbury Capital Ltd</b> LEI: FJ25I6IOF0UFGLIP9G17	87.55 %	93.76 %	N/A	N/A	N/A
<b>Saxo Bank A/S</b> LEI: 549300TL5406IC1XKD09	6.88 %	4.89 %	N/A	N/A	N/A
<b>Renaissance Securities (Cyprus) Limited</b> LEI: IK9CLH4U15AXJVV22968	5.57 %	1.05 %	N/A	N/A	N/A
<b>BrokerCreditService (Cyprus) Limited</b> LEI: 5493008C22FNIOQEEF10	0.00 %	0.31 %	N/A	N/A	N/A

### 3.3. Top five execution venues (for all executed client orders in Securities Financing Transactions)

Class of Instrument	Securities Financing Transactions	
Notification if <1 average trade per business day in the previous year	N	
Top five execution venues ranked in terms of trading volumes (descending order)	Proportion of volume executed as a percentage of total in that class	Proportion of orders executed as percentage of total in that class



<b>Atonline Limited</b> LEI: 213800PZWYFKIOAGQY35	31.52 %	17.60 %
<b>MeritKapital Limited</b> LEI: 21380073P7J4PAD91E29	29.72 %	28.80 %
<b>Alfa Capital Holdings (Cyprus) Limited</b> LEI: 549300XTCMOUXC51WZ58	18.06 %	25.33 %
<b>Bank Saint-Petersburg PJSC</b> LEI: 253400BEVESMWQRXBQ11	15.19 %	17.87 %
<b>Loferen Investments Limited</b> LEI: 213800CNFV881YJ6K908	5.18 %	9.33 %

\* - extract from the Annual Top Five Execution Venue Report and Summary of the analysis and conclusions (Reporting for the year of 2017)

## APPENDIX II: FEE SCHEDULE



**SKANESTAS INVESTMENTS LIMITED (the "Company")**

**EXECUTION FEE SCHEDULE**

Effective from 01 January, 2017

**1. Fees with respect to transferable securities**

Venue	Fee	Minimum Fee, USD
MICEX	0.07 % of turnover	50
Over the counter (OTC)	0.1 % of turnover	50
US stocks	0.03 USD/stock	100

**2. Fees with respect to listed derivatives**

	Fee, USD per contract	Minimum Fee, USD
Listed derivatives	10	-

**3. Fees with respect to OTC-traded Derivatives:**

Type of OTC-traded Derivative	Execution fee in basis points of Notional Amount	Minimum fee, per order (USD)
SWAP with expiry date within 360 calendar days (Notional Amount up to 10 000 000)	10	Not applicable
SWAP with expiry date within 360 calendar days (Notional Amount between USD 10 000 001 and 100 000 000)	8	Not applicable
SWAP with expiry date within 360 calendar days (Notional Amount from USD 100 000 001)	6	Not applicable
Option	5	Not applicable
Forward (Notional Amount up to 10 000 000)	5	Not applicable
Forward (Notional Amount between USD 10 000 001 and 100 000 000)	3	Not applicable
Forward (Notional Amount from USD 100 000 001)	1	Not applicable
Margin Call issue and processing fee per each Margin Call		50

**4. Execution and related fees with respect to REPO transactions:**



<b>Execution fees</b>	<b>Execution fee, per annum</b>	<b>Minimum fee per Order (USD)</b>
REPO transactions with term up to 360 days open-term and REPO transactions	0.5%	50
Margin Call issue and processing fee per each Margin Call		50

**5. Currency exchange transactions made to facilitate trading in Financial Instruments:**

The currency exchange transactions fee is 5 basis points, calculated on basis of the amount of currency sold by the Client and is subject to minimum fee of USD 50.00 per each currency exchange transaction. The exchange rate is an official quote, published by the relevant central bank on the date of transaction or of invoice.

**6. Margin loans:**

The interest rate and the margin loan amount that may be offered to the Client by the Company are subject to negotiation, the interest rate will be equal to the sum of (i) LIBOR rate for corresponding term of the loan and (ii) the spread. For loans up to one week the standard spread indicatively is 6 (six) % per annum.

**7. Fees for ancillary and related services:**

<b>Processing of and arranging for execution of Instructions and Messages:</b>	<b>Fee (USD)</b>	<b>Comments</b>
Relating to transfers of monetary funds to the Client's Account	0	Per transfer
Relating to withdrawal of monetary funds from the Client's Account	0	Per withdrawal
Relating to urgent withdrawal of monetary funds from the Client's Account	250	Per withdrawal
Relating to securities transfer to the Client's Account	50	Per transfer
Relating to securities transfer from the Client's Account	50	Per transfer
Relating to cancellation/amendment of existing Orders and/or Instructions	50	Per cancellation / amendment
Relating to delivery of documents by post courier service	0	Costs and expenses are to be reimbursed by the Client

<b>Service relating to safekeeping and administration of Client's Financial Instruments</b>	<b>Fee<sup>1</sup></b>
---------------------------------------------------------------------------------------------	------------------------

<sup>1</sup> Fee does not include any custodian or agent fees charged in accordance with the relevant Depository receipts program.





Safekeeping	0.1% per annum of the weighted average market value <sup>2</sup> of Financial Instruments held on the Client's Account.
Corporate Actions (including but not limited to dividend or coupon payments, participation in shareholders' meeting, etc.)	From USD 100.00 per each action.

Unless otherwise expressly specified or agreed upon, all fees will be withheld from Client's account without additional notice to the Client on the last Business Day of each calendar month. The following fees shall be withheld in the following manner:

- All execution fees specified in clause 1, 2, 5 will be withheld from the Client's account on the day the order was executed (Trade date).
- The Margin Call issue and processing fee specified in clause 3 will be withheld from the Client's account on the Margin Call payment date.
- The execution fee specified in clause 4 will be withheld from the Client's account (1) on the last Business day of each calendar quarter (where the term of REPO is longer than 90 calendar days) and/or (2) on the date of termination of the REPO transaction (closing of a second leg).
- The interest amount specified in clause 6 will be charged on the loan re-payment date.
- The fees for processing of and arranging for execution of Instructions and Messages listed in clause 7 will be withheld from the Client's account on the date when the operation is processed.

All fees will be withheld from the Client's account in the same currency as specified or, if no currency is specified, in USD (where applicable, at the currency exchange rate provided by European Central Bank at time of withholding).

**ACCEPTANCE BY THE CLIENT:**

By signing hereunder, the Client accepts, represents and agrees with the following:

1. The Client has familiarized itself with this Execution Fee Schedule and agrees to the terms and provisions of the same in its entirety, always subject to any express agreement that may be signed between the Client and the Company.
2. The Client understands all the terms and provisions of this Execution Fee Schedule and has obtained all clarifications necessary in order to understand the effects thereof and obligations of the Client hereunder. The Client understands that a failure on the part of the Client to comply with all and every of its obligations under this Execution Fee Schedule shall constitute an Event of Default under the Trading Regulations.
3. The Client undertakes to pay all the fees of the Company and to promptly settle all the obligations of the Client, including by taking appropriate steps and establishing appropriate arrangements as to ensure the ability of the Company to withhold the amounts due in accordance with this Execution Fee Schedule or any other agreement between the Client and the Company on the due date.

<sup>2</sup> If there is no market price available with respect to any Financial Instrument for the purpose of calculation of weighted average market value Skanestas may use (i) the notional value of the Financial Instrument or (ii) last available market price for such Financial Instrument.



## APPENDIX III: DEFINITIONS

In this document only unless otherwise described capitalised words shall have the following meaning.

**Affiliate:** means, in relation to a legal person, a person controlled, directly or indirectly, by the same person as controls that person.

**Applicable laws:** means all laws, rules and regulations howsoever applying to Skanestas in relation to the provision of Services to the Client and, where relevant, the market practice of any exchange, market, trading venue or any clearing house and including the regulations of a competent authority.

**Broker:** means a member of an Exchange and/or Clearing House as is instructed by us (or by you in relation to the Settlement-only Service) to enter into any Transaction on an Exchange and/or clear and/or settle the same

**Clearing House:** means any entity providing settlement, clearing or similar services for, or as part of, an Exchange.

**Client Questionnaire:** means the questionnaire to be filled in by the Client for the set up and/or establishment of a Client's Investor Profile and/or as may be provided in the Investment Services Agreement; as such questionnaire may be requested by Skanestas or subject to applicable law be required to be updated or revised from time to time.

*Note: It is the Client's obligation of the Client to notify Skanestas of any changes of his Investor Profile.*

**Durable Medium:** means any instrument which enable the Client to store information addressed personally to him in a way accessible for future reference for a period of time adequate for the purposed of the information and which allows the unchanged reproduction of the information stored.

**Elective Professional Client:** means a Client who: (a) is capable of making his own investment decisions and understanding the risks involved; (b) satisfies at least two of the following criteria:

has carried out transactions, in significant size, on the relevant market at an average frequency of 10 per quarter over the previous four quarters;

has a financial instrument portfolio, defined as including cash deposits and financial instruments, exceeding EUR 500,000;

Works or has worked in the financial sector for at least one year in a professional position, which requires knowledge of the transactions or services envisaged.

**Exchange:** means any exchange, market or association of dealers in any part of the world on or through which Investments, currencies or assets underlying, derived from or otherwise related directly or indirectly to Financial Instruments or currencies are bought and sold and includes any automated trading system administered by any such exchange, market or association.

**Execution Only Service:** the procession of a Transaction or Order being executed by Skanestas upon the specific instructions of the Client where Skanestas does not give advice on investments relating to the merits of the transaction or of the order.

**Execution Venue:** includes a Regulated Market (RM), a Multilateral Trading facility (MTF), an Organised Trading Facility (OTF), a Systematic Internaliser (SI), or a market maker or other liquidity provider or an entity that performs a similar function in a third country to the functions performed by any of the foregoing.

**Financial Instruments:** means all instruments listed below, as provided and listed in the Law:

1. Transferable securities;
2. Money-market instruments;
3. Units in collective investment undertakings (UCITS);
4. Options, futures, swaps, forward rate agreements and any other derivative contracts relating to



- securities, currencies, interest rates or yields, emission allowances or other derivatives instruments, financial indices or financial measures which may be settled physically or in cash;
5. Options, futures, swaps, forwards and any other derivative contracts relating to commodities that must be settled in cash or may be settled in cash at the option of one of the parties other than by reason of default or other termination event;
  6. Options, futures, swaps, and any other derivative contract relating to commodities that can be physically settled provided that they are traded on a regulated market, a MTF, or an OTF, except for wholesale energy products traded on an OTF that must be physically settled;
  7. Options, futures, swaps, forwards and any other derivative contracts relating to commodities, that can be physically settled not otherwise mentioned in point (6) above and not being for commercial purposes, which have the characteristics of other derivative financial instruments;
  8. Derivative instruments for the transfer of credit risk;
  9. Financial contracts for differences;
  10. Options, futures, swaps, forward-rate agreements and any other derivative contracts relating to climatic variables, freight rates or inflation rates or other official economic statistics that must be settled in cash or may be settled in cash at the option of one of the parties other than by reason of default or other termination event, as well as any other derivative contracts relating to assets, rights, obligations, indices and measures not otherwise mentioned in this Part, which have the characteristics of other derivative financial instruments, having regard to whether, inter alia, they are traded on a regulated market, OTF, or an MTF;
  11. Emission allowances consisting of any units recognised for compliance with the requirements of Directive 2003/87/EC.

Subject to the Law, financial Instruments are divided into two categories: "non- complex" and "complex".

The following products are considered to be **non-complex** for the purposes of the Law which in summary include:

- (a) Shares admitted to trading on a Regulated Market or on an equivalent third- county market or on a MTF, where those shares in companies, and excluding shares in non-UCITS collective investment undertakings and shares that embedded a derivative;
- (b) Bonds or other forms of securitised debt admitted to trading on a Regulated Market or on on an equivalent third- county market or on a MTF, excluding those that embed a derivative or incorporate a structure which makes it difficult for a client to understand the risk involved;
- (c) Money- market instructions, excluding those that embed a derivative or incorporate a structure which make it difficult for a client to understand the risk involved;
- (d) Shares or units in UCITS, excluding structured UCITS (UCITS which provide investors, at certain predetermined dates, with algorithm-based payoffs that are linked to the performance, or to the realisation of price changes or other conditions, of financial assets indices ore reference portfolios of UCITS with similar features);
- (e) Structured deposits, excluding those that incorporate a structure which makes it difficult for a client to understand the risk of return or the cost of exiting the product.
- (f) other non-complex financial instruments, which:
  - i. Do not incorporate a clause, condition or trigger that could fundamentally alter the nature or risk of the Financial Instrument or pay-out profile. This would include for example Investments that incorporate a right to convert the instrument into a different Financial Instrument; or
  - ii. do not include any explicit or implicit exit charges that have the effect of making the Investment illiquid even though technically frequent opportunities to dispose or redeem it would be possible;

or

- iii. Otherwise satisfy the criteria under article 57 of MiFID II Delegated Regulation.

All other products not included in the above-mentioned categories are treated as **complex products**.

Investment Services or Services **means any of the core services or ancillary services described in Part A provided by Skanestas in relation to Financial Instruments as may be requested by the Client or set in the Investments Services Agreement.**

Investment Services Agreement: **the written agreement or contract entered into between Skanestas and a Client in relation to certain Services provided in respect of Financial Instruments as elected by the Client.**

**Investor Profile:** investor profile or style defines an individual's preferences in relation to Investment Services or Financial Instruments.

**Instruction:** means any notice, demand, information, request or instruction (or any cancellation of any request or instruction) issued by the Client to Skanestas or by a Client's attorney or authorised signatory.

**Intermediary:** A company to which Skanestas transmits Orders for execution and which either executes the Order received from Skanestas on an Execution Venue or transmits the Order received from Skanestas to another Intermediary for execution.

**MiFID II:** means the Directive 2014/65/EU on markets in financial instruments.

MiFID II Delegated Regulation: **means the Commission Delegated Regulation (EU) supplementing MiFID II as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive.**

Multilateral Trading Facility (MTF): **means a multilateral system, operated by an investment firm or a market operator, which brings together multiple third party buying and selling interests in Financial Instruments – in the system and in accordance with non-discretionary rules – in a way that results in a contract in accordance with MiFID II.**

**Law:** means the Investment Services and Activities and Regulated Markets Law (L.87 (i)/2017) which transposes into Cyprus legislation MiFID II.

**Order:** means any instruction received by Skanestas from the Client or on behalf of a Client, or generated by Skanestas on behalf of a Client, in relation to a Transaction.

Organised Trading Facility (OTF): **means a multilateral system which is not a regulated market or an MTF and in which multiple third-party buying and selling interests in bonds, structured finance products, emission allowances or derivatives are able to interact in the system in a way that results in a contract in accordance with EU Directive 2014/65/EC (MiFID II).**

Per Se Professional Client: **means a Client considered by Skanestas to possess the experience and knowledge to make his own investment decisions and properly assess the risks that he incurs arising, based upon the Client falling into one of the categories set out by Law which in summary includes:**

- (a) an entity required to be authorised or regulated to operate in the financial markets;
- (a) a large undertaking meeting two of the following size requirements on a company basis:
  - (i) balance sheet total of EUR 20,000,000;
  - (ii) net turnover of EUR 40,000,000;
  - (iii) own funds of EUR 2,000,000; or

a national or regional government, including a public body that manages public debt at national or regional level, a central bank, an international or supranational institution (such as the World Bank, the International Monetary Fund (IMF), the European Investment Bank (EIB)) or another similar international organisation; or



another institutional investor whose main activity is to invest in Financial Instruments; and hence is not entitled to certain regulatory protections available to a Retail Client.

**Portfolio:** means the portfolio of Financial Instruments maintained by the Client with Skanestas pursuant to the terms of an Investments Services Agreement.

**Portfolio Management:** means the management of portfolio of one or more Financial Instrument with mandate given by a Client on a discretionary client – by –client basis.

**Portfolio Valuation:** means the performance of the portfolio compared to the benchmark (if a benchmark has been specified) for the period the particular report refers to, as well as the confirmations of the transactions performed in the context of portfolio management for the specific time interval.

**Professional Client:** means a client who has been clarified by Skanestas as professional client for the purposes of the Law, either on the basis of such client being a Per Se Professional Client or an Elective Professional Client.

**Reception and Transmission of Orders Service:** **refers to the reception of a purchase or sale Order from the Client and the immediate transmission of the instructions to the counterparty for execution.**

**Regulated Market:** means as a multilateral system operated and/or managed by a market operator, which brings together or facilitates the bringing together of multiple third-party buying and selling interests in Financial Instruments – in the system and in accordance with its non- discretionary rules – in a way that results in a contract, in respect of the Financial Instruments admitted to trading under its rules and/or systems, and which is authorised and functions regularly and in accordance with EU Directive 2014/65/EC (MiFID II).

**Regulator or Competent Authority:** **means each of ESMA or any relevant applicable European Union or other competent regulatory authority regulating Skanestas.**

**Retail Client:** means a client who is not a Professional Client (Per Se Professional Client or Elective Professional Client).

**Skanestas Terms and Conditions:** **means the General Terms for Client - Skanestas for transactions as applicable from time to time which are available at <http://www.skanestas.com/>**

**Systemic Internaliser (SI):** **means an investment firm which, on an organised, frequent systematic and substantial basis, deals on own account when executing client orders outside a regulated market, an MTF or an OTF without operating a multilateral system.**

**Tax or Taxes:** means any tax, levy, duty or other charge or withholding of a similar nature in any jurisdiction (including any penalty or interest payable in connection with failure to pay or any delay in paying of the same).

**Transaction:** means an order which a Client gives to Skanestas for the purchase or sale of a Financial Instrument, or any other transaction entered into between Skanestas and the Client which is either executed or received and transmitted by Skanestas under the terms of the Investment Services Agreement, including when an order, request for quote or other communications or actions in connection with a potential Transaction or Service in relation to Financial Instruments, has not yet resulted or did not result in the full or partial execution or transmission of the order or request for quote, for any reason, including Client's withdrawal or cancellation of his request or order.

## **APPENDIX IV: RISK DISCLOSURE STATEMENT**



**All Clients and prospective Clients are strongly advised to read carefully the risk disclosures and warnings contained in this document.**

## **GENERAL**

Following the implementation of the Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on Markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (MiFID II) as well as the Investment Services and Activities and Regulated Markets Law of 2017 (Law 87(I)/2017), SKANESTAS INVESTMENTS LIMITED (hereinafter referred to as "the Company") provides this notice with information about the risks associated when Clients are dealing with financial products.

This notice does not purport to disclose or discuss all the risks and other significant aspects of any transaction, so the Client undertakes and warrants to consult with his/her own legal, tax and financial advisers prior to entering into any particular transaction.

When making decision to operate at various securities markets, the Client must bear in mind that investment in securities and other financial assets may carry a **risk of non-gaining expected income and occurrence of loss of all of the funds invested (or any part thereof), or even more.**

The Client should be aware that there are significant risks in investing in the capital markets.

The extent of a risk assumed by the Client at investment in financial assets, securities according to subsequent Investment Strategy shall be assessed by possible adverse changes in many parameters, not all of which may be forecasted.

Firstly, these are system parameters, being peculiarities of current social – political and economic conditions of the world economic development, including, economics of the Russian Federation and other Emerging Markets. Risks arising out of the possibility of worsening of systemic parameters are not connected with any particular financial instrument. They may not constitute an object of reasonable impact and management on the part of the Company, they are not subject to diversification and reduction. We refer the following risks to those related and treated as the main system risks: risk of changes in political situation, risk of adverse (from the viewpoint of essential business conditions) changes in the legislation, macro- and micro economical risks (sharp devaluation of national currencies, crisis at the market of government debt instruments, banking crisis, currency crisis, hyperinflation, dependency on individual sectors (a sector) (including oil and gas industries)), directly or indirectly resulting from political and legislative risks. Force-majeure risks, primarily those of environmental and geopolitical nature (external military operations, strikes), as well as stoppage in work of stock exchanges and essential element of political interference in various jurisdictions are also categorized as system risks.

## **Financial Instruments**

The Financial Instruments, in respect of which the Company is entitled to provide Investment Services (as defined hereinafter) to the clients under its 'CySEC' license, include the following:

- (1) Transferable securities;
- (2) Money-market instruments;
- (3) Units in collective investment undertakings;
- (4) Options, futures, swaps, forward rate agreements and any other derivative contracts relating to securities, currencies, interest rates or yields, emission allowances or other derivatives instruments, financial indices or financial measures which may be settled physically or in cash;
- (5) Options, futures, swaps, forwards and any other derivative contracts relating to commodities that



must be settled in cash or may be settled in cash at the option of one of the parties other than by reason of default or other termination event;

(6) Options, futures, swaps, and any other derivative contract relating to commodities that can be physically settled provided that they are traded on a regulated market, a MTF, or an OTF, except for wholesale energy products traded on an OTF that must be physically settled;

(7) Options, futures, swaps, forwards and any other derivative contracts relating to commodities, that can be physically settled not otherwise mentioned in point 6 of this Section and not being for commercial purposes, which have the characteristics of other derivative financial instruments;

(8) Derivative instruments for the transfer of credit risk;

(9) Financial contracts for differences;

(10) Options, futures, swaps, forward rate agreements and any other derivative contracts relating to climatic variables, freight rates or inflation rates or other official economic statistics that must be settled in cash or may be settled in cash at the option of one of the parties other than by reason of default or other termination event, as well as any other derivative contracts relating to assets, rights, obligations, indices and measures not otherwise mentioned in this Section, which have the characteristics of other derivative financial instruments, having regard to whether, inter alia, they are traded on a regulated market, OTF, or an MTF.

The investment and ancillary services, which the Company is entitled to provide to the clients under its CySEC license, in respect of the Financial Instruments referred to hereinabove ("Investment Services"), include the following:

#### **Investment services**

- Reception and transmission of orders in relation to one or more financial instruments
- Execution of orders on behalf of clients
- Portfolio Management

#### **Ancillary services**

- Safekeeping and administration of financial instruments for the account of clients including custodianship and related services
- Granting credits or loans to an investor to allow him to carry out a transaction in one or more financial instruments, where the firm granting the credit or loan is involved in the transaction Foreign exchange services where these are connected to the provision of investment services.

Different instruments involve different levels of exposure to risk and in deciding whether to trade in such instruments or become involved in any Financial Instruments, you should be aware of the guidance set out below.

Generally, only experienced investors capable to understand and assess substantial risks and making independent decisions on practicability of investment in the light of substantial risks may invest in securities, financial instruments of emerging markets economics.

The Company does not and cannot guarantee the initial capital of the Client's portfolio or its value at any time.

The Company will not provide the Client with any investment advice relating to investments or possible transactions in investments or in Financial Instruments or make investment recommendations of any kind.



## **MARKET/PRICE RISK**

The value of a financial instrument may fluctuate dramatically due to different market factors including the price or level of any underlying reference asset, level of interest rates, credit quality of the issuer and guarantor (where applicable), foreign exchange rates, volatility, liquidity and tenor remaining on the financial instrument (if relevant). Such financial instrument may depreciate in value as quickly as it may appreciate and can also become valueless. Investing in such financial instrument is as likely to incur losses as it is to make profit. Past performance should not be used as an indicator of future performance. It is the risk of the Fund/Portfolio to lose value due to a decline in securities prices, which may sometimes happen rapidly or unpredictably.

## **TECHNICAL RISKS**

The Client is warned of the following technical risks:

- (a) The Client and not the Company shall be responsible for the risks of financial losses caused by failure, malfunction, interruption, disconnection or malicious actions of information, communication, electricity, electronic or other systems.
- (b) The Company has no responsibility if unauthorized third persons gain access to Client information, including electronic addresses, electronic communication and personal data, access data when this is due to the Client's negligence or when the above are transmitted between the Company and the Client or any other party, using the internet or other network communication facilities, telephone, or any other electronic means or post.
- (c) The Client acknowledges that the internet may be subject to events which may affect his access to the Company's system(s), including but not limited to interruptions or transmission blackouts, software and hardware failure, internet disconnection, public electricity network failures or hacker attacks. Unless otherwise specified at the Agreement, the Company is not responsible for any damages or losses resulting from such events which are beyond its control or for any other losses, costs, liabilities, or expenses (including, without limitation, loss of profit) which may result from the Client's inability to access the Company's Systems or delay or failure in sending orders or Transactions.

## **UNDERPERFORMANCE RISK**

**This is not a deposit.** There is no guarantee from Company or any other party that you will be able to earn returns under your managed portfolio that will be greater than or at least equal to any potential return you may have earned. There is also a risk that you may not receive any returns and may in fact incur losses on your investment.

## **POLITICAL RISKS**

Constitute a possibility of occurrence of losses or reduction in the amount of profits resulting from the governmental policy. Thus, a political risk is connected with possible changes in policies of the government, other governmental bodies, and changes in priority lines of the government activities.

Any changes at the political arena may exert influence on the possibility of repatriation of capital, dividends received and profits gained, and on the whole, on rights of investment and ownership of investments. Political





risks also mean corruption in the governmental, administrative and financial systems, disadvantageous international relations and/or international economic sanctions, and/or international attention to functioning of their governmental, administrative and financial systems, to work on countering to laundering of illegal funds and financial crimes, as well as contribution in international activity on countering to terrorism. Sanctions may be imposed on a country on the whole as well as on any individual or corporate entity of a country, or may be connected with a country. There also exists a substantial risk that guarantees of an investor's security may not be always observed, and the policy on stimulation of foreign investments may be terminated. One cannot positively affirm that securities or other relevant assets will not be nationalized, requisitioned, confiscated or subject to compulsory reorganization.

## **LEGAL RISKS**

The applicable legislation is subject to frequent and substantial changes, that may have an adverse effect on capability of the Company and the Client to carry out activities connected with effectuation of Investment Strategy, agreed with the Client, to fulfil provisions set forth in the Agreement entered into.

Legal practice often gives rise to questions concerning applicability of these or those legislative regulatory legal acts, instructions, decisions and letters issued by various regulatory bodies, as a result of which there is a risk of imposition of penalties or other claims with regard to activities carried out by the Company and the Client in spite of measures taken for observance of effective norms and rules, which may affect financial performance and damage activities carried out by the Company and performance of subsequent Portfolio of the Client.

Changes in currency control regulations, licensing requirements, tax legislation, laws regulating capital and securities markets; formation of the judicial practice substantially changing the existing state of affairs may adversely affect activities carried out by the Company and the Client including, in some cases, such changes may result in losses, inexpediency to carry out activities connected with financial instruments.

Legal systems of emerging markets are exposed to the following risks:

- inconsistency of some legislative regulations, provisions and instructions;
- difficulties in interpretation of applicable laws due to absence of accumulated judicial practice;
- existing substantial gaps in terms for adoption of laws and approval of legislative instruments and instructions explaining their application in practice;
- lack of administrative control over fulfilment of adopted changes in the legislation;
- insufficient working out of questions connected with the securities market, tax legislation.

Adoption by governmental bodies of legislative instruments or instructions may entail additional temporary and cash expenses and adversely affect activities carried out by the Company and the Client, connected with the securities market and financial instruments as well as with management over Portfolio.

Besides, governmental and municipal bodies may also change rules of law, adopt legislative instruments, change or cancel previously concluded Agreements, withdraw licenses and permits, conduct extraordinary tax inspections, administrative inquiries and carry out legal prosecution. This may involve the Client and the Company in losses as a result of payment of penalties and fines, additional judicial, legal and other expenses.

Taking into account the latest events in the international economics tax laws of a number of jurisdictions are subject to frequent changes, and some of legislative instruments connected with current taxes are comparatively new. Therefore in practice application of these legislative instruments and instructions is often not clear. Differences in opinions regarding legal interpretation of the procedure for calculation and payment



of taxes and dues among governmental bodies may create substantial difficulties when fulfilling requirements of the tax legislation in connection with management over Portfolio.

In a number of cases legal risks also include lack of complete and established regulation of capital markets and lack of compensating schemes for investors or their limited nature. Therefore, there is a significant lack of legal clarity concerning the nature and scope of rights of investors and their opportunity to exercise their rights.

### **LIMITATION OF RESPONSIBILITY**

The Company shall not bear any responsibility for losses or damage caused by changes in laws, legislative instruments, rules for their interpretation or inconsistent or voluntary application of laws or legislative instruments by any regulatory body. Neither the Company, nor its Associates bear any responsibility if they act in accordance with usual commercial practice of western investment consultants. Neither the Company, nor its Associates shall bear any responsibility for losses or damage caused by wrong identification or non-identification of forged documents and for the avoidance of doubt, the Company is not obliged to verify signatures of Authorized Representatives. Neither the Company, nor its Associates shall bear any responsibility for losses or damage caused by legal incapacity of the Client or its Authorized Persons.

### **CORPORATE MANAGEMENT**

In a number of cases the level of disclosure of information on business and assets of issuers, whose Instruments are acquired, is significantly lower than that at more developed markets. Thus, holders of relevant financial instruments may have not sufficient and up-to-date information to control activities of relevant issuers. In this regard at emerging markets legal protection for minority interest holders is often insufficient and tools for protection from improper management are undeveloped. Fiduciary duties of Companies with regard to a Company or security holders are limited, laws prohibitive divestiture of Company assets or any other under cost transactions are underdeveloped. Besides, there may also exist any legal and practical obstacles for control and termination of activities of regulatory bodies, including but not limited to activities of management companies.

### **TAXATION**

There is significant uncertainty in respect of the status of investors (internal and foreign) and taxation of instruments, which are comparatively new for emerging markets. Therefore, current interpretation of tax laws or their application in practice may be changed or any individual law may be changed subject to retroactivity effect. The Company, acting in interests of the Client and the Client itself may become an object of taxation, not operating in the course of investment, and this may affect results of investment activity on the whole. There is no any guarantee that relevant double taxation agreements entered into or adopted and currently implemented will not be amended. It is necessary to notice that proceeds from securities sales or receipt of any dividends and other income may subject to taxes, dues, charges. Different transactions may have different tax implications and the tax consequences of any transaction is dependent upon your individual circumstances and may be subject to change in the future.

**LIQUIDITY RISK** is connected with occurrence of losses at sales of securities, other assets due to changes in valuation of their investment qualities by market participants and slowdown in probability to sell them at required price.



In particular this risk may be manifested as the need arises to quickly withdraw funds from the securities market.

Many securities, other financial instruments, in which the Client may invest according to respective Investment Strategy, will not be offered at the stock exchange or at any organized trading floor. Therefore there is a risk that investments will not be liquid and investment appraisal will be hampered.

**CURRENCY RISK** is characterized by the risk of probable adverse change in one currency against another one, as a result of which a part of income may be lost and in exceptional circumstances direct losses may be suffered.

In some cases securities, other financial instruments are denominated in a currency, which outside of a country, where it is a functional currency, may not be converted into other currencies, though subject to some restrictions, some of these currencies are converted within a country of origin. The value of investments denominated in US dollars or in any other hard currency may be significantly changed depending on an unstable currency exchange rate and high inflation. Currency exchange rate may be changed between the date of transaction and the date of purchase of a required currency for performance of payment obligations. Accordingly, the purchase price denominated in a local currency may be higher than on the date of a relevant transaction.

Some cases may give rise to questions connected with currency control affecting the capability to transfer and to withdraw funds to and from a country, as well as convertibility of their currencies. Therefore it is necessary to pay special attention to observance of formalities, connected with currency control and obtainment of all required licenses, including, as may be required, registration of initial investments. Exchange control regulations are often subject to changes and it may turn out that the Client, The Company or investors in general will not be capable to convert a local currency into a freely convertible currency. At the worst, banking accounts may be freeze.

## **INVESTMENT RESTRICTIONS**

In some cases foreign investments in financial instruments are or may be restricted from the legal point of view or may become restrictive by reasons uncontrollable by the Company or the Client. THIS MAY AFFECT LIQUIDITY, value of securities, other financial instruments and the total value of investments. Sometimes such restrictions are contained in documents, which are not always easy to obtain. The Client understands that in some cases holding of some types of securities, financial Instruments are restricted by requirements to citizenship, nationality or the place of residence.

The Company assumes that incapacity of the Client in accordance with the concluded Agreement to establish conditions for purchase of financial instruments by local Associates of the Company does not create imputed beneficiary ownership. There is also a risk that local authorities will consider existing agreements as bearing agency nature, vesting the Client with the beneficiary ownership to financial instruments. The Client hereby acknowledges that this may have significant negative consequences. The Client confirms that it has been informed of risks connected with acquisition of securities relevant to emerging markets, including (but not limited to) risks connected with synthetical investments in developing countries, as well as that it assumes these risks, and all these circumstances may result in total loss of investments on the Client's account, as well as in payment of additional funds for high risk strategies.

**PRICE RISK** is a risk of changes in value of shares of enterprises and government securities, commodity



and other instruments, which may result in changes in value of assets and therefore in losses.

**INTEREST RATE CHANGE RISK** is a risk of losses resulting from adverse change in interest rate affecting the market value of various assets, including fixed yield securities. Interest rates can rise as well as fall. A risk with interest rates is that the relative value of a security, especially a bond, may worsen due to an interest rate increase. This could impact negatively on other products. There are additional interest rate related risks in relation to floating rate instruments in that interest income on floating rate instruments cannot be anticipated.

**COUNTERPARTY RISK:** The insolvency of the firm with whom you are dealing, or of any brokers involved with your transaction, may lead to positions being liquidated or closed out without your consent or, indeed, investments not being returned to you.

**COUNTRY RISKS:** Different jurisdictions may decide to impose exchange controls or other limitations or restrictions. Furthermore, the Client should be aware that there are significant additional risks in investing in securities of any issuer located in higher risk countries, including but not limited to the Russian Federation (sanctions risks) and, for instance, certain countries of the African continent (collectively, the "Higher Risk Countries") which are not typically associated with well developed markets. It is highly speculative, involves a high degree of risk and may result in the loss of the entire investment. Generally, such investment is only suitable for sophisticated investors who fully understand and appreciate the risks involved. Accordingly, the Client should exercise particular care in evaluating the risks involved and must decide for themselves whether, in the light of those risks, investment is appropriate.

**CREDIT RISK** is a risk of partial or complete non – performance of financial obligations by a party to an Agreement or an issuer of one or another financial instrument or suffering by the Company, the Client of financial losses under such agreements or securities, other financial instruments.

In this regard there is also a **Risk of Bankruptcy of a Counterpart to a Transaction**, which lies in probable insolvency of a counterpart to delivery an instrument or to effect payment, or to carry out any other counter delivery to AWM, which in turn will lead to losses incurred by the Portfolio.

It should be also noted that in some cases there is also an Issuer's Bankruptcy Risk, lying in probable insolvency of an issue of securities, other financial instrument, which may lead to sharp fall in prices (up to total loss in liquidity) for such securities (in case of shares) or incapability to redeem them or to receive coupon yield (in case of debt securities). Applicably to shares this risk is to the most extent determined by financial standing and paying capacity of the issuer.

The Client acknowledges that fixed yield securities, structured products and OTC options are exposed to the credit risk. Fixed yield securities of lower quality are more exposed to the credit risk if compared to those of higher quality.

The Client also acknowledges that with regard to fixed yield securities there are risks connected with early redemption. Issuers of fixed yield securities may not early redeem the principal debt on securities especially, when interest rates are reducing. Therefore, there may be a situation when requested by the Client The Company will be incapable to reinvest the principal debt at a beneficial rate, thereby reducing profits expected by the Client on the Portfolio. On the other part, growing interest rates may lead to early redemption at the rate, which is lower than that expected. This substantially extends terms for redemption of relevant securities



making them more sensible to interest rate fluctuations, which makes their value more volatile.

The Client agrees that low rating debt securities are exposed to additional risks. Government bonds are also exposed to a risk and in some circumstances of political, diplomatic, social or economical nature in some developing countries – issuers of low quality bonds interest or principal amount may be not paid when due.

There is also a risk of illegal actions in respect of investor's assets and investor's rights protected by law on the part of third persons including the issuer, registrar, and depository.

## **RISKS OF DERIVATIVES**

A derivative is a financial instrument, the value of which is derived from an underlying asset's value. The Client must understand that there are significant risks of trading in derivatives, **including futures, swaps, options and agreements for difference**. You shouldn't deal with derivative instruments if You do not clearly understand the essence of an agreement to be signed, instrument acquired and a degree of risk. Though derivatives may be used for management of investment risks, some types of investments are not appropriate for the majority of investors. Various instruments are exposed to various risk level; when deciding whether to commence trading in such instruments or not it is necessary to understand the level of risks connected with debt-equity ratio, (specifically a risk that a small deposit or the first installment may result in significant losses and/or a risk that relatively small market fluctuations may result in disproportionately major change in the cost of Your investments both profitable and not). Transactions with futures involve contingent liabilities, and the Client must be aware of their consequences and, in particular, of margin requirements. Transactions subject to contingent liabilities with margin require from the Client to effect a number of payments in consideration for the purchase price instead of a lump sum payment of the total amount of purchase. If the Client authorizes the Company to effect transactions with futures, agreements for difference or options the Client may come up against total loss of a margin deposit opened for creation of maintenance of a certain position.

**IF THE CLIENT SUFFERS LOSSES DUE TO MARKET FLUCTUATIONS, THE CLIENT MAY BE REQUIRED TO PAY SIGNIFICANT EXTRA MARGIN WITHIN SHORT TERMS FOR MAINTENANCE/PRESERVATION OF ITS POSITION. IF THE CLIENT FAILS TO DO SO IN DUE TIME, ITS POSITION MAY BE LIQUIDATED AT A LOSS, AND THE CLIENT MAY BECOME RESPONSIBLE FOR EMERGED DEFICIT.**

Transactions subject to contingent liabilities, which are carried out not on recognized or qualified investment exchanges may involve the Client into a higher risk. As concerns options, only experienced professionals may work with uncovered options subject to preliminary obtainment of complete information on current conditioned and potential risk. In spite of the fact that some over-the-counter markets may be highly liquid, transactions with over-the-counter or «non-transferable» derivative instruments may involve a higher risk than investment in market derivative instruments due to the lack of a stock exchange, on which a position may be opened or closed. Therefore, liquidation of a current position as well as assessment of value of the position on an ex pit transaction or a risk may not be possible. There are no instructions on purchase and sale offer, and if any, they are established by dealers on relevant instruments, in which connection it may be difficult to set a fair price.

When engaging into margin trading in the subsequent Portfolio pursuant to the agreed Investment Strategy, the Client shall bear all risks related to decrease in the value or total loss of the Assets, existing on the relevant account and securing claims to the Client under those positions, not secured by the Client's Assets. Thus in this case amount of Assets that is sensible to the risk of changes in value or interest rate shall be greater than if subsequent strategy would not include margin trading, when all Client's obligations are secured with the Client's Assets. In other words in case of margin trading the Client may suffer the losses

inappropriately soon and greater than those without margin trading. In margin selling of the financial instruments losses that the Client may face are not limited. The position shall be closed notwithstanding changes in the value of financial instruments. There at the current market value of the financial instruments may many times exceed the value of the instruments calculated under margin transaction.

One of the key, but not the only issues that may affect the Client's exposure to risk, is a requirement to continually maintain the margin level, reflecting sufficiency of security provided by the Client. In cases where on face level of security would decrease, the Company for the assets of the Client or for its own assets will have to manage the level to the satisfactory value notwithstanding the market value and losses.

Thus, we additionally draw your attention to peculiarities of risks arising on futures agreements.

Within a trading day due to changes in quotations on futures agreements a variation margin is charged on the Client's account. A variation margin is calculated as a difference between a closing price and an opening price multiplied by a number of Agreements in the client's portfolio on a specified asset (for futures Agreements on RTS index an obtained figure is divided into a price move and multiplied by a fixed interest of the current dollar rate). Based on logic of the trading system it is assumed that a client opens a futures position every morning and closes it before the prom clearing, opens it after the prom clearing and closes its at the time of the main clearing. If the client opens a position within a trading day, then a current market quotation will be an opening price. If the client opens a position before clearing, then the current market quotation on a relevant futures Agreement will be a closing price.

## **REPOS AND STOCK LENDING**

Repos (and stock lending) are not strictly derivatives but are often grouped with them as they have some similar structural features. The term repo refers to a sale and repurchase transaction in securities, normally fixed income securities such as bonds. The repo is in effect for a specific period, and at the end of the period the repo purchaser transfers title to equivalent securities (of the same issuer and type) to the repo seller. Since you are not the owner of the securities during the period of the repo, you will not have voting rights nor will you directly receive dividends or other corporate actions although you will normally be entitled to a payment from the repo purchaser equivalent to the dividend you would otherwise have received and the repo purchaser will be required to account for you for the benefit of corporate actions. Repos also entail counterparty default risk and operational risks such as the non-settlement or delay in settlement of instructions. Stock lending (or securities lending) agreements are very similar to repos in structure. The risks are therefore broadly similar in terms of losing rights over securities transferred and, in particular, being subject to counterparty default risk. However, stock lending agreements normally require any payments to be transferred to the lender, so the risks of lower payments transfer to the lender rather than to the borrower. Whereas most repo takes place so that the seller can obtain cash, stock lending is driven by the borrower who wants to hold the securities for a particular time. The borrower will therefore need to consider carefully the reasons it has for holding the securities under a stock lending agreement.

**TRANSACTION RISK** is a risk connected with breakdowns, malfunction or failures of any transfer system, communications facilities, software, computer or any other equipment, hardware or any stock exchange or registration system, closure or faults of stock exchanges, trading floors or registrars, errors or differences in extracts if such errors of differences resulted from technical errors.

## **Options**



There are many different **types of options** with different characteristics subject to the following conditions.

**(a) Buying options:** Buying options usually involves less risk than selling options because, if the price of the underlying asset moves against you, you can simply allow the option to lapse. The maximum loss is limited to the premium, plus any commission or other transaction charges. However, if you buy a call option on a futures contract and you later exercise the option, you will acquire the future. This will expose you to the risks described under 'futures'.

**(b) Writing options:** If you write an option, the risk involved is considerably greater than buying options. You may be liable for margin to maintain your position and a loss may be sustained well in excess of the premium received. By writing an option, you accept a legal obligation to purchase or sell the underlying asset if the option is exercised against you, however far the market price has moved away from the exercise price. If you already own the underlying asset which you have contracted to sell (when the options will be known as 'covered call options') the risk is reduced. If you do not own the underlying asset ('uncovered call options') the risk can be unlimited. Only experienced persons should contemplate writing uncovered options, and then only after securing full details of the applicable conditions and potential risk exposure.

**(c) Traditional options:** Traditional options may involve greater risk than other options. Two way prices are not usually quoted and there is no Exchange market on which to close out an open position or to effect an equal and opposite transaction to reverse an open position. It may be difficult to assess its value or for the seller of such an option to manage his exposure to risk.

Certain options markets operate on a margined basis, under which buyers do not pay the full premium on their option at the time they purchase it. In this situation you may subsequently be called upon to pay margin on the option up to the level of your premium. If you fail to do so as required, your position may be closed or liquidated in the same way as a futures position.

## **Futures and Forwards**

Transactions in forwards and futures involve the obligation to make, or to take, delivery of the underlying asset of the contract at a future date, or in some cases to settle the position with cash. They carry a high degree of risk. The "gearing" or "leverage" often obtainable in futures trading means that a small deposit or down payment can lead to large losses as well as gains. Thus, a relatively small movement in the value of the underlying asset can lead to a proportionately much larger movement in the value of the investment, which may be either favourable or unfavourable for the client.

## **Contracts for differences**

Futures and options contracts can also be referred to as contracts for differences. These can be options and futures on any index, as well as currency and interest rate swaps. However, unlike other futures and options, these contracts can only be settled in cash. Investing in a contract for differences carries the same risks as investing in a future or an option and you should be aware of these as set out in above. Transactions in contracts for differences may also have a contingent liability and you should be aware of the implications of detailed below.

## **Off-exchange transactions in derivatives**

While some off-exchange markets are highly liquid, transactions in off-exchange or 'non-transferable' derivatives may involve greater risk than investing in on-exchange derivatives because there is no Exchange market on which to close out an open position. It may be impossible to liquidate an existing position, to assess the value of the position arising from an off-exchange transaction or to assess the exposure to risk.



Bid prices and offer prices need not be quoted, and, even where they are, they will be established by dealers in these instruments and consequently it may be difficult to establish what a fair price is. You should ask to be advised if a particular derivative is arranged on exchange or in an off exchange derivative transaction.

## **RISK OF OVER-THE-COUNTER (“OTC”) PRODUCT**

**Loss of Capital Risk:** you may lose capital in OTC product investment in whole or in part.

**General Market Risk:** the general economic and political climate, general movements in local and international capital and stock markets, prevailing and anticipated economic conditions, investor sentiment and other events and factors will have impact (positively or negatively) on the value of the OTC product.

**Interest Rate Risk:** the value of the OTC product with fixed income may have an inverse relationship to interest rate. When interest rate rises, the value of the relevant product falls and vice versa.

**Liquidity Risk:** the OTC product is less liquid and may not have secondary market.

## **OTC Derivatives**

**Loss of investment:** there is a risk that the client will pay an upfront amount, but never receive any benefit from the transaction.

**Legal risk:** if a counterparty goes into default and the derivative is terminated, the ability to recover value from the transaction is ordinarily dependent on netting gains against losses across different transactions and the value of the transactions against the value of the collateral.

**Leverage risk:** derivatives may be entered into on a highly geared or leveraged basis. This may mean that even a relatively small movement in the value of the underlying asset or other specified factor(s) could result in a disproportionately large movement, unfavourable or favourable, in the amount payable between the parties to the transaction.

**Market Risk:** as derivatives are priced on the basis of an underlying asset or other value, the client will be exposed to the market risks that affect the underlying. However, the economic return of a derivative transaction may not be identical to the economic return of holding the underlying, and may include an adjustment for fees or commissions, financing charges, hedging costs or break costs.

**Operational risk:** losses may occur due to the failures of processes and systems used in monitoring derivative transactions, including calculating and making payments or deliveries, exercising rights (such as options rights) before their expiry, monitoring lifecycles events and delivering notices in a timely manner.

## **Swaps**

**Interest rate:** An interest rate swap may involve one party paying the other a variable rate of interest in exchange for payment by the other party of a fixed rate of interest, each calculated on the same notional amount.

The party that pays the variable rate of interest will be exposed to the risk of a rise in the variable interest rate, but will benefit from a fall in that interest rate. The receiver of the variable rate of interest will be





exposed to the risk of a fall in the variable interest rate, but will benefit from a rise in that interest rate.

**Market risk:** the risk of loss arising from adverse changes in the value of a derivative instrument as a result of movements in the underlying market rate.

**Credit Risk:** the risk that a counterparty may fail to meet its contractual payment obligations through insolvency or default. For derivatives, the amount at risk is not the face value of the transaction but the positive fair value or replacement value of the transaction.

## Funds

A fund is an investment vehicle into which investors can make an investment by purchasing a unit, share or interest ('unit') in the fund. The fund is usually managed by a third party who invests the fund's cash and assets. The units represent the investor's interest in the fund and the value of the units purchased is often determined by the value of the underlying Investments made by the fund (although where the units in the fund are listed or traded on a market, the units may trade or be sold at a discount to net asset value).

There are many different types of fund available including hedge funds, private equity funds, mutual funds and unit trusts. A fund may be structured as a limited partnership, an investment Company (onshore or offshore), a unit trust or an investment trust. Depending on the legal structure of the fund, units in the fund may be listed on a stock Exchange and the fund may be either open-ended (being, generally, a fund that confers on investors a right to redeem their interests in the fund) or closed-ended. Some fund structures are more exposed to risk than others due to, amongst other things, the markets they invest in, the nature of their assets and the extent of their leverage.

Dealing in any type of fund may involve the following risks and you should carefully read any prospectus, offering memorandum or other fund literature prior to making any investment:

**(a) Transferability and withdrawal:** units in funds may not be readily redeemable or transferable or there may not be a market for such units. In such cases, an investor may have to hold his interest until such time as the fund is wound up or a secondary market develops for those units — this may involve the investor holding his interest for a substantial period of time. If the fund is an open-ended fund, restrictions may apply to the redemption of the units that may result in an investor being unable to liquidate his investment in the fund at the time of his choosing. There may also be fees payable on redemption of units.

**(b) Regulation:** some funds may not be regulated in the jurisdiction of their establishment, or elsewhere, meaning that certain investor protections or restrictions on activity applicable, in a given jurisdiction, to a regulated fund may not apply to such funds.

**(c) Leverage:** some funds may borrow funds under credit facilities in order to satisfy redemption requests, pay certain organizational expenses and finance the acquisition of Investments. As such, leverage exposes the fund to capital risk and interest costs that may reduce the value of an investor's investment in the fund.

**(d) Rights of participation:** investors in funds, generally, have very limited rights of participation in respect of their units and the power to make all decisions, without the consent of investors, is usually delegated to the investment Company of the fund.

**(e) Strategy:** some funds specialize in particular asset classes or geographical sectors, meaning risk may be concentrated in the relevant assets classes or geographical sectors. Some funds choose strategies which the market would regard as high risk. The investment strategy of a fund may be such that the fund faces strong competition for the purchase of assets from other investors, thereby reducing the investment opportunities available to the fund.



**(f) Valuations:** it may be difficult to determine the net asset value of a fund which has invested in illiquid underlying assets, and therefore it may be difficult to value the underlying units of the fund.

**(g) Underlying assets:** the underlying assets of a fund can be diverse and cover both long and short positions and a full range of assets, including derivatives. A fund may be exposed to market risks and risks associated with particular trading activities — for example, off-exchange trading, short selling, leveraged trading, frequent portfolio turnover and speculative position limits — which may result in losses for the fund or periods of fund underperformance. The risks associated with a direct investment by an investor in the underlying asset are also relevant in determining the risks associated with an investment by the fund in the underlying asset.

**(h) Management of the fund:** the operation and performance of a fund will be dependent upon the performance of the fund's investment Company. Generally, a fund will rely upon the investment Company to make investment decisions consistent.

With the fund's investment objectives and the investment Company, in turn, will be dependent upon its key personnel carrying out their roles with due care and skill. The investment Company and its affiliates (if any) may be in a position to provide services to other clients which conflict directly or indirectly with the activities of the fund and could prejudice investment opportunities available to, and investment returns achievable by, the fund. If the agreement between the fund and the investment Company is terminated, the fund may not be able to find a suitable replacement for the investment Company, potentially leading to losses for the fund and periods of fund underperformance.

You should carefully consider whether an investment in a fund is suitable for you taking account of your financial circumstances and the specific risks involved, and be prepared to sustain a total loss of the money you have invested.

### **Alternative Investment Funds ("AIFs")**

**Leverage risk:** AIFs can be highly leveraged. This means that small falls in the value of the investments they hold can have significant impact on the value of the fund.

**Asset allocation:** risk of losing some or all of the investment in the AIF or making it difficult to realise the value of the investment.

**Liquidity risk:** some AIFs have lock-up periods or may otherwise be illiquid, so realising your investment can be difficult.

### **Undertakings for Collective Investment in Transferable Securities**

As UCITS can only invest in certain assets, they are therefore highly exposed to market conditions affecting those investments.

**Liquidity risk:** interests in UCITS are intended to be easily transferable and redeemable, but in the event of poor performance of the fund, liquidity may be drastically reduced and investors may be unable to realise their investments without incurring losses or reduced returns.

### **Shares and other types of equity instruments (including Depositary Receipts)**

**General risk:** a share purchaser does not lend funds to the company, but makes a special contribution and, as such, becomes a co-owner of the corporation. He thus participates in its development as well as in chances



for profits and losses, which makes it difficult to forecast the precise yield on such an investment. An extreme case would be if the company went bankrupt, thereby wiping out the total sums invested.

**Price risk:** share prices may undergo unforeseeable price fluctuations causing risks of loss. Price increases and decreases in the short-medium and long term alternate without it being possible to determine the duration of those cycles. General market risk must be distinguished from the specific risk attached to the company itself. Both risks, jointly or in aggregate, influence the evolution of share prices.

**Dividend risk:** the dividend risk per share mainly depends on the issuing company's earnings and on its dividend policy. In case of low profits or even losses, dividend payments may be reduced or not made at all.

## Bonds

**Interest rate risk:** uncertainty concerning interest rate movements means that purchasers of fixed-rate securities carry the risk of a fall in the prices of the securities if interest rates rise. The longer the duration of the loan and the lower the interest rate, the higher a bond's sensitivity to a rise in the market rates.

**Credit risk:** the value of a bond will fall in the event of a default or reduced credit rating of the issuer. Generally, the higher the rate of interest, the higher the perceived credit risk of the issuer.

**Insolvency risk:** The solvency of an issuer may change due to one or more of a range of factors including the issuing entity, the issuer's economic sector and/or the political and economic status of the countries concerned. The deterioration of the issuer's solvency will influence the price of the securities that it issues.

**Currency risk:** for bonds denominated in a different currency than the investor's home currency, the risk that the exchange rate between the two currencies moves.

**Early redemption risk:** the issuer of a bond may include a provision allowing early redemption of the bond if market interest rates fall. Such early redemption may result in a change to the extended yield.

## Money Market Instruments

**Market risk:** when the equity and debt markets are extremely volatile, investing in money market instruments is generally considered to be lower risk.

**Currency risk:** investors are also exposed to currency risk insofar as underlying assets are denominated in a currency other than the one in which their investment was made.

## Warrants

**Leverage risk:** as warrants often involve a high degree of leverage, the price of a warrant can be highly volatile. A relatively small movement in the price of the underlying security can result in a disproportionately large movement, favourable or unfavourable, in the value of the warrant.

**Market risk:** a relatively small movement in the price of underlying securities can lead to a disproportionately large movement, unfavourable or favourable, in the price of the warrant. The prices of warrants can be volatile.

**Loss of investment:** the right to subscribe, which a warrant confers, is invariably limited in time. If the right is not exercised within the pre-determined time scale, the investment becomes worthless. Losses



resulting from warrants can exceed the amount invested when commissions or other transaction charges are included.

**Time limitation:** it is essential for anyone who is considering of purchasing warrants to understand that the right to subscribe is invariably limited in time with the consequence that if the investor fails to exercise this right within the predetermined time scale then the investment becomes worthless.

### **Debt Instruments**

Investors should be aware that they may not receive the full allocation they apply for, and that any debt instruments they do receive may decline in value from the par value of issuance.

All debt instruments are potentially exposed to the major risk types, in particular credit risk and interest rate risk.

### **Collateral**

If you invest in strategy with leverage and deposit collateral as security with us, the way in which it will be treated will vary according to the type of transaction and where it is traded. There could be significant differences in the treatment of your collateral depending on whether trading: on a recognized designated investment Exchange, with the rules of that Exchange (and the associated clearing house) applying, or trading off exchange. Deposited collateral may lose its identity as your property once dealings on your behalf are undertaken. Even if dealings should ultimately prove profitable, we may not get back the same assets, which we deposited and may have to accept payment in cash.

**This notice does not disclose or explain all of the risks and other significant aspects involved in transactions of all Financial Instruments and Investment Services provided by the Company.**

**Should you have a question about the Risk Disclosures set forth herein please direct your questions to our Compliance Department: [compliance@skanestas.com](mailto:compliance@skanestas.com)**

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**AKNOWLEDGEMENT**

**I, THE UNDERSIGNED HEREBY CONFIRM THAT I HAVE RECEIVED AND STUDIED IN DETAIL THESE RISK WARNINGS AND HEREBY DECLARE THAT I UNDERSTAND THE RISKS INVOLVED IN TRADING IN SECURITIES IN OR RELATED TO HIGHER RISK COUNTRIES.**

**I FURTHERMORE DECLARE THAT SKANESTAS INVESTMENTS LIMITED WILL BEAR NO RESPONSIBILITY FOR ANY LOSSES THAT I MAY INCUR FROM TRANSACTING IN SECURITIES IN OR RELATED TO HIGHER RISK COUNTRIES, FOR WHATEVER REASON SUCH LOSS MAY ARISE INCLUDING INDICATIVELY THE RISKS WARNINGS SET OUT HEREIN ABOVE.**

For and on behalf of the Client

Sign \_\_\_\_\_

Name:

Date: