

**GENERAL TERMS AND CONDITIONS OF THE INDIRECT CLEARING SERVICES OFFERED BY BROKERAGE
DEPARTMENT OF BANK HANDLOWY (“DMBH”)**

1. INTRODUCTION

DMBH enables provision of indirect clearing services by its clients in respect to derivative contracts traded on the Warsaw Stock Exchange (the “**Services**”) in accordance with the Commission Delegated Regulation (EU) 2017/2154 of 22 September 2017 supplementing Regulation (EU) No 600/2014 of the European Parliament and of the Council with regard to regulatory technical standards on indirect clearing arrangements (the “**RTS IC**”).

Pursuant to article 4(1) of the RTS IC, DMBH is obliged to publish terms and conditions under which it enables provision of indirect clearing services by its clients. In addition, pursuant to article 27.1 of Commission Delegated Regulation (EU) 2017/589 of 19 July 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council with regard to regulatory technical standards specifying the organisational requirements of investment firms engaged in algorithmic trading, DMBH is required to disclose conditions under which it offers clearing services.

2. ACCOUNTS, RISK MONITORING AND DEFAULT PROCEDURES

2.1 Account Types

2.1.1 Based on a written request of its client providing indirect clearing services to its indirect clients (the “**Client**”) and a separate written agreement to be entered into by DMBH and the Client and further provided that the Client fulfils all its obligations relating to the offering of the indirect clearing services, DMBH opens and maintains two types of accounts for the purpose of providing the Services (depending on the Client’s request one or both of those accounts may be opened):

- (a) an omnibus account with the assets and positions held by that Client for the account of its indirect clients (the “**OSA Account**”);
- (b) an omnibus account with the assets and positions held by the Client for the account of its indirect clients in which DMBH ensures that positions of the indirect client do not offset the positions of another indirect client and the assets of the indirect client cannot be used to cover the positions of another indirect client (the “**GOSA Account**”). In respect of the GOSA Account DMBH will provide a CCP on a daily basis with all the necessary information to allow the CCP to identify the positions held for the account of each indirect client. In this respect, DMBH relies on an obligation of the Client to provide DMBH with all necessary information. DMBH is not obliged to carry out any separate investigation to find information in this respect. It is recommended that the indirect clients have specific obligations imposed on their Client in this respect.

2.1.2 DMBH will open the corresponding accounts with a CCP only if the requirements set out by a specific CCP relating to the Services are met.

2.1.3 DMBH is currently a clearing member with KDPW_CCP.

2.1.4 Assets and positions held on the OSA Account and GOSA Account will not be comingled with the assets and positions of the Client held on a separate account.

2.2 Monitoring of risks

DMBH identifies, monitors and manages any material risks arising from the provisions of the Services that could affect its resilience to adverse market developments.

2.3 Default management process

2.3.1 If a Client defaults, DMBH will act in compliance with default procedures established by DMBH.

2.3.2 In respect of the OSA Account, if the Client defaults, DMBH has a right to liquidate assets and position of the indirect clients, including the liquidation of those assets and positions at the level of the CCP, and an obligation to return to the Client, for the account of the indirect clients, any balance owed from the liquidation of those assets and positions.

2.3.3 In respect of the GOSA Account, if the Client defaults DMBH has a right to transfer the assets and positions held by the defaulting Client, for the account of its indirect clients, to another client or to clearing member within a time period specified in an agreement between such indirect client and the Client and if this is not possible within that period of time from whatever reason, to liquidate the assets and positions of each indirect client and to take the steps to pay each such indirect client the proceeds from that liquidation. If DMBH has not been able to identify the indirect clients or to complete the payment of the liquidation proceeds to each of the indirect clients, DMBH should return the liquidation proceeds to the Client for the account of its indirect clients. In this respect, DMBH relies on an obligation of the Client to provide DMBH with all information it holds in respect of its indirect clients when the Client defaults. DMBH is not responsible to carry out any separate investigation to find information about the identity of the indirect clients. It is recommended that the indirect clients have corresponding obligations imposed on their Client in their arrangements with the Clients.

2.3.4 Assets and positions held on the GOSA Account or the OSA Account should not become part of the insolvency estate of DMBH if DMBH was declared bankrupt. However, it is recommended for each Client and indirect client to obtain its separate legal advice in this respect.

3. MINIMUM REQUIREMENTS FOR THE CLIENTS

3.1 General requirements

3.1.1 DMBH will provide the Services only to the Clients that meet minimum financial resources requirements and operation capacity requirements.

3.1.2 The Clients shall ensure that they have all licences and authorisations required to conduct business.

3.2 Minimum financial resources requirements

The Investor shall maintain a long-term rating of not less than B assigned by a reliable rating agency (Moody's Investors Service, Standard & Poor's, Fitch Ratings). If the rating is less than B or the rating is not available, DMBH will review the previous year of cooperation with the Investor in terms of settlement risk (settlement of the Investor's transactions concluded on the market) on cash market and covering margin calls on derivatives.

3.3 Minimum operation capacity requirement

The Clients will be requested to confirm that they have sufficient operational capacity to distinguish its proprietary positions from their indirect clients' positions, to reconcile everyday trading, to cover

margin calls in accordance with DMBH requirements and to report transactions under all applicable rules (in particular, in compliance with the EMIR and MIFID2 rules).

4. FEES

DMBH introduces fees on the Services depending on the type of the accounts. Detailed amounts of the fees are available to the Clients and prospective Clients upon request.

5. LIABILITY

DMBH shall not be liable for any losses that may be incurred by the Clients or indirect clients other than the losses resulting from wilful misconduct or gross negligence and DMBH shall not be liable for any loss of profit or consequential or indirect damages.

6. GOVERNING LAW

Agreements with the Clients concerning clearing and indirect clearing services shall be governed by Polish law.