

Rules of Handling Client's Assets

Based on its internal regulation, Citfin – FT has established a method and procedures for accounting investment instruments and funds of clients. As provided in act No. 256/2004 Coll. on business activities on the capital market, as amended, the aim is to ensure maximum protection of clients' assets and the ability of Citfin – FT to differentiate at all times the assets held for one client from the assets held for other clients and from the company's own assets, and to keep a record of the third party accounts on which the investment instruments and funds of each client are maintained.

The company provides investment services to its clients related with the following investment instruments:

- **Spot trades** – foreign exchange trades carried out at the current exchange rate, with settlement period within two working days.
- **Futures trades (forwards)** – foreign exchange trades with settlement period longer than two working days. Forward trades are used to protect against risks arising from the fluctuation of exchange rates on the foreign exchange market. The trade consists in arranging a trade for the current exchange rate even though the trade will be settled in the future.
- **Swaps** – time-limited exchange of assets in one currency for assets in another currency and subsequent conversion back at a fixed exchange rate of both currencies.

The deposit of funds on a separate account is systematically and unambiguously registered by using a unique identification code. The same customer identification code is used for the accounting system as part of a uniform approach and optimisation of control procedures and mechanisms. Receivables from exchange trades are recorded at the time of the transaction in the off-balance sheet accounts and recorded in the balance sheet and profit and loss accounts at the time of the settlement of the transaction.

Citfin has effective policies and organisational measures in place to minimise the risk of loss or reduction of client's assets or limitation of rights connected with such assets due to the misuse of client's assets, fraud, mismanagement, inadequate records or negligence.

To ensure maximum possible protection of clients' assets, Citfin has adopted the following measures:

- a) regular checks of accounting exchange transactions,
- b) reconciliation (confirmation of conformity) based on evidence provided by a third party,
- c) reconciliation based on the assessment of client's instructions against internal records of investment instruments and funds of every client.

Citfin follows the policy of depositing clients' funds exclusively with banks and savings and credit unions based in one of the member states of the European Union. The choice of banks and savings and credit unions is done in Citfin by senior managers and is always handled with all due and professional care preventing damage to the respective property rights of customers.

Separate accounts of Citfin participate in the deposit insurance system in accordance with the rules set by individual EU countries.

Citfin is entitled to use client's investment instruments for trades on its own account or for trades on behalf of another customer only with the prior express consent of the client; unprofessional customers must always give their written consent. If client's investment instruments are used for such transactions, Citfin will immediately notify the customer about its obligations under applicable legal regulations.

Deposits from futures trades

Deposits are, as defined in the general terms and conditions, stored on an account (accounts) designated for placing and recording deposits made by clients who use futures trading services. The list of accounts designated for placing and recording deposits is included in the separate Appendix No. 5 to the framework agreement. The client shall deposit the assets on a separate bank account of Citfin



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(in accordance with the Futures Trade Confirmation) and after that Citfin arranges without undue delay the transfer of client's deposited assets to one of the accounts used for placing deposits from futures trades. This account (accounts) for placing and recording deposits from futures trades contains all deposits received from the clients of Citfin and they are a receivable from the deposit with a special regime pursuant to § 41f of the Banking Act. Deposits of the individual clients are identified based on a unique client identifier. Clients' deposits are included in the account statement for client's payment account with Citfin.

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