

## **RULES OF EXECUTION OF ORDERS IN DERIVATIVES**

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## 1. General Terms

These Rules on Orders in Derivatives (hereinafter referred to as “the Terms” or “these Terms” or “the Rules”) form Appendix No. 16 to General Terms of Business adopted by Top Markets Solutions Ltd (“the Company”) operating under the trade name Earn and constitute an integral part thereof.

## 2. Definitions

- 2.1. For the purposes of these Conditions, the words and expressions set out below shall have to the following meaning:
  - 2.1.1. Derivative (Contract) is a contract which, pursuant to the Market Rules constitutes a derivative financial instrument made under the Specification and in compliance with the Rules Organized Market.
  - 2.1.2. Derivative Transaction is a transaction made with a Derivative Contract.
  - 2.1.3. Specification is a document determining standard terms of the Derivative Contract and its execution.
  - 2.1.4. Option Expiration is a Derivative Transaction featuring the option holder's order to execute a Derivative Contract in accordance with the Specification of such option.
  - 2.1.5. Derivative Contract Closing is a discharge of obligations under a Derivative Contract via execution of another Derivative Contract establishing counter obligations under another Derivative Contract with the same code (specification).
- 2.2. The definitions and expressions used in these Terms shall have the same meaning as in the General Terms, the Service Regulations, and the Rules on the Organized Market unless stated otherwise.

## 3. General Conditions

- 3.1. Derivative Transactions shall be executed through trades organized by Derivative Market venues in the manner prescribed by the market operator and its clearing centre. The relevant rules are determined by Derivative Specification and trading venue Rules which depend on the Contract.
- 3.2. Order for Transaction with Derivative shall be placed by the Client via Trading Platform. Electronic System available at: <https://earn.broker>; or during the Main Trading Session by means of telephone communication (in oral form).
- 3.3. Orders for Derivative Transactions shall be executed by the Broker via placing a Buy Order in the Trading System within the Trading Session during which the Broker received such Order. Orders received after the Trading Session shall be executed within the next Session.
- 3.4. The Broker fixes the Initial Margin Adequacy Ratio at the rate of 100%. This means that at any moment of time Broker's Account Balance shall include not less than 100% of the required Initial Margin amount arising after the execution of Derivative Transactions on the Client's account. The Broker hereby reserves the right to alter the minimum Initial Margin at its own discretion.

#### 4. Clients' obligations under Derivative Transactions

- 4.1. Before placing Orders for Derivative Transactions, the Client shall read and understand the Rules of the Trading Venue in which the Derivative Contract is listed, and the Specification of a Derivative contract in respect of which the Client places an Order. Any amendments and modifications thereto shall be followed by the Client. The Client shall be held solely liable for any risks related to his/her failure to become aware of the foregoing documents, including amendments and modifications thereto.
- 4.2. On his/her own accord the Client shall monitor any circumstances which may cause forced position Closing or Option Expiration.
- 4.3. The Client shall be held liable for incurring debt under the Broker's Account. If, upon execution of Derivative Contracts or execution of obligations thereunder, a debt remains outstanding under the Broker's Account, then the Client shall settle this debt immediately.

The debt may be settled as follows:

- crediting of additional Funds to the Broker's Account.
  - placing Orders to close all or a part of previously opened positions under Derivative Contracts.
  - placing Orders to sell Securities.
- 4.4. If the Client fails to settle a debt under his/her Broker's Account during the day when it became due, then his/her obligation to settle the debt shall be deemed in default and the Client shall repay the Broker a penalty charged on a daily basis as follows:
    - The penalty shall be charged against the actual debt outstanding at the end of the Trading Session (if applicable) or as at the end of the previous Trading Session, if the penalty is charged for a non-trading day; and
    - The penalty shall be charged daily according to the Margin Rates indicated on Broker's website as per the service plan which has been selected by the Client while opening a trading account or chosen by him/her as an option in the Client's Cabinet.
  - 4.5. If the Client fails to settle a debt under the Broker's Account, the Broker shall be at liberty to make transactions in the Trading System on behalf of the Client directed at the closing of positions under Derivative Contracts with no need for additional Client's orders. For this purpose, the Broker shall have the right, at its sole discretion, to close any Client's positions (Client's liabilities arising from Derivative Contracts), to change prices in active requests transferred to the Trading System based on Client's Orders, and to cancel all or a part of Client's Orders, as well as to place new Client's Orders at the current market price established in the Trading System.
  - 4.6. If the Broker has made transactions related to the closing of Positions under the Client's Derivative Contracts, however, the Client's liability under the Broker's Account was not paid off in full, the Broker shall have the right, at its own discretion, to:
    - notify the Client via Trading Platform, or by way of any other durable medium as described in the Terms of Business of a necessity to repay the debt under the Broker's Account specifying the amount and due date. In this case, the Clients shall be held liable for Reserving the required amount on the Broker's Account within the time specified in such notice.
    - without additional Client's Orders to ensure collateral on the Broker's Account of Client's Funds in respect of the outstanding debt by selling Securities on the Client's Account whichever the Broker sees fit in order to obtain Funds sufficient for repayment of Client's debt before the Broker. For this purpose, the Client does hereby authorize the Broker to sell any

Securities on the Client's Account whichever the Broker sees fit to obtain Funds sufficient for repayment of the Client's debt before the Broker.

## 5. Execution of Derivative Contracts

- 5.1. Future and Option Contracts shall be executed in accordance with the Specifications of related contracts and the Rules of the Trading System.
- 5.2. Future Contracts shall be executed on the last day of their circulation in the manner prescribed by the Specification of the related Derivative Contract without additional Client's order 5.3. The Client shall be bound to provide the Broker with an instruction for closing a deliverable Derivative contract before 17 hours 00 minutes of the last day for execution thereof.
- 5.3. If, at 17 hours 00 minutes of the last day for the execution of a deliverable Derivative contract, the Client has an open position for such contract, then the Client does hereby authorize the Broker to close such Derivative Contract by placing a respective order in the Trading System without the need for any additional Client's instructions.
- 5.4. If on the execution of a deliverable futures contract the Client incurs liability to buy or sell an instrument representing the underlying of a futures contract, the Client does hereby authorize the Broker, without the need for any additional Client instructions, to settle a deal on Client's behalf at the current market price and such deal may provide for Client's counter obligations.
- 5.5. Option contracts shall be executed during the circulation of an option based on an Order placed by the Client is a holder of the option in which the Client claims its option rights (Options Expiration). The Broker hereby reserves the right to reject an option contract execution under a call option (or a put option) if the settlement price of the underlying future contract is lower (or higher) than the striking price thereof.
- 5.6. If the Specification of an option contract does not establish the order for its automatic execution on the last day of its circulation without the Client's instructions, then at the last day of its circulation the Broker shall be at liberty to execute such option if the Settlement Price of the underlying future contract is higher (or lower) than the striking price of a call option (or pull-option).

## 6. Reasons to reject Orders for Derivative transactions

- 6.1. Client's instructions to make Derivative Transactions shall be rejected by the Broker if the Client violates requirements related to Initial Margin.
- 6.2. The Broker hereby reserves the right, at its sole discretion and without a clear reason, to reject any Client's Orders for Derivative Transactions.

## 7. Brokerage Fee and payment of expenses

- 7.1. Brokerage Fee for Derivative Transactions shall be determined by the Service Plan selected on the opening of a trading account at the specified website or chosen by the Client in its Personal Profile. Brokerage Fees for Derivative Transactions and expenses incurred by the Broker while executing Derivative Transactions, deliverable future contracts, and other transactions related to the

termination of obligations arising from deliverable future contracts shall be repaid by the Client in the manner established by the Service Contract on the account of Funds available on Client's Broker Account.

- 7.2. Fees and charges of the Trading System (including market charges for trade registration, clearing charges for contract execution, forced closing, execution of deliverable future contracts, and other contracts related to the termination of obligations arising from deliverable future contracts) shall be included in Brokerage Fee and are not subject to payment at the cost of Client's Funds.