

## Rules of Handling Client's Assets

Based on an internal regulation, Citfin – FT has established a method and procedures for accounting the investment instruments and funds of clients. The goal is, pursuant to Act No.. 256/2004 Coll., on business activities on the capital market, as amended, and Decree No. 237/2008 Coll., on the details of certain rules in the provision of investment services, 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 kept.

The company provides its clients investment services related to 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 2 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 fixed exchange rate in both currencies.

Citfin differentiates at all times assets held for one client from assets held for other clients and from its own assets and keeps a record of the third party accounts on which the individual assets of each client are kept.

Depositing of funds onto a separate account is continuously and unequivocally recorded via a unique identification code. The same client identification code is also used for the accounting record system for the purposes of unified approach and optimisation of control processes and mechanisms. Exchange trade claims are recorded on off-balance sheet accounts at the moment of trade arrangement and then recorded on balance sheet and outturn accounts at the moment of trade settlement.

Citfin has implemented effective rules and organisational measures that lead to the minimisation of risk of losing or depreciating the client's assets or rights related to these assets as a result of abusing the client's assets, incorrect management, insufficient book-keeping or negligence.

In order to maximise the protection of clients' assets, Citfin adopts the following measures:

- a) regular checking of the entering of exchange trades into accounts,
- b) reconciliation based on documents provided by a third party,
- c) reconciliation based on comparison of client's orders with internal record of investment tools and funds of each client.

Citfin's strategy is depositing clients' assets exclusively in banks and savings and credit unions based in an EU member state. The choice of banks and savings and credit unions by Citfin is decided on by the company's senior management and is always done with caution and professional diligence to ensure the relevant ownership rights of clients are not put at risk.

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

Citfin is authorised to use the investment instruments of the client to perform trades on its own account or to perform trades on the account of another client only with the express permission of the client; the permission from a non-professional client must be provided in writing. If the investment instruments of a client are used for such trades, Citfin shall immediately notify the client of its obligations arising from relevant regulations.

### **Deposits from Futures Trades**

Deposits as defined in chapter Futures Trades are stored on an account (accounts) reserved for making and recording deposits made by clients who use futures trading services. The list of accounts designated for making and recording deposits is included in separate Annex No. 5 of the General Contract. The client shall deposit the assets onto a separate bank account of Citfin (in accordance with Futures Trade Confirmation), after which Citfin shall arrange without undue delay the transfer of the client's deposited assets onto one of the accounts used for making deposits from futures trades. This account (accounts) for making and recording deposits from futures trades hold all deposits received from clients of Citfin and represent a deposit claim with special treatment pursuant to § 41f of the Act on Banks. The identification of deposits of individual clients is ensured via a unique identifier of the client. Client deposits are included in the account statement for the client's payment account