



INFORMATION BROCHURE

# Payment and investment services

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## ABBREVIATIONS

<b>AKCENTA</b>	AKCENTA CZ a.s., a trading company with registered office in Prague 1, Salvátorská 931/8, postal code 110 00, Czech Republic, identification number: 251 63 680, registered in the commercial register kept by the municipal court in Prague, section B, insert 9662
<b>AML Law</b>	Law on certain measures against the legalization of proceeds from crime and financing of terrorism (253/2008 Coll.)
<b>AOB</b>	Act No. 21/1992 Coll., on banks, as amended
<b>AP</b>	Act No. 370/2017 on payments, as amended
<b>ATCM</b>	Act No. 256/2004 Coll., on trading in the capital market, as amended
<b>BEN</b>	Flagged payment for which all charges are paid by the recipient
<b>BPA</b>	Bound payment account, AKCENTA's account in the bank
<b>BR</b>	Business representative / bound representative (according to the AP and ATCM)
<b>FA</b>	Framework agreement for the provision of payment services / Framework agreement for the provision of payment and investment services
<b>FX</b>	Foreign Exchange – foreign exchange market
<b>GBTC</b>	General Business Terms and Conditions of AKCENTA, which are an integral annex of the FA
<b>IBAN</b>	International bank account number allowing for the payments to and from other countries
<b>IPA</b>	Internal payment account to record the Client's assets with AKCENTA
<b>LP</b>	Legal person
<b>MiFID II</b>	Directive of the European Parliament and the Council (EU) 2014/65/EU on financial instruments markets and on amending directives 2002/92/EC and 2011/61/EU
<b>MTS</b>	Multilateral trading system
<b>NP</b>	Natural person
<b>OLB</b>	Internet application ON LINE BROKER
<b>OTC</b>	"over-the-counter" OTC trades are agreed directly between two parties and the contractual relationship is usually based on mutual payment or transfer of assets.
<b>OTS</b>	Organized trading system
<b>OUR</b>	Flagged payment for which all charges are paid by the payer
<b>PI</b>	Payment institutions
<b>Regulation</b>	The EU Commission Regulation 2017/565 supplementing the directive EP 2014/65/EU
<b>RM</b>	Regulated market
<b>SD</b>	Securities dealer
<b>SHA</b>	Flagged payment for which charges of the bank of the payer are paid by the payer, other fees shall be borne by the recipient. The SHA code is required for transfers to / from the Member States of the EU / EEA in the currencies of the Member States of the EU / EEA
<b>SWIFT</b>	(Society for Worldwide Interbank Financial Telecommunication) is used in particular for international payment transactions. It is a computer-driven system for remote data transmission between banks and other financial as well as non-financial institutions. Each participating bank has its own unique Swift code by which it can be identified – BIC.
<b>VS</b>	Variable symbol – it is the identifier of payments in a domestic payment system. Its maximum length is 10 characters and consists entirely of numbers

Definition of terms is contained in the general terms and conditions (GBTC) of AKCENTA.



## 1. BASIC INFORMATION ABOUT AKCENTA

AKCENTA CZ a.s., with registered office in Salvátorská 931/8, Prague 1, 110 00, Czech Republic, identification number: 251 63 680, registered in the commercial register kept by the municipal court in Prague, section B, inset 9662, AKCENTA's place of business / correspondence address: Nerudova 1361/31, 500 02 Hradec Králové 2, Czech Republic, info@akcenta.eu, (hereinafter referred to as "AKCENTA"). The Client has the right to request additional information about the terms and conditions for the provision of payment and investment services on the above stated contact addresses.

AKCENTA is subject to regulation of the Czech National Bank with registered office Na Příkopě 28, 115 03 Prague 1. AKCENTA is listed in the registry maintained by the Czech National Bank, in the sector of Payment institutions and branches of foreign payment institutions and in the sector of brokerage firms and branches of foreign brokerage firms.

AKCENTA declares that on the basis of a decision of the Czech National Bank on the granting of permits for the activities of a Payment institution and an authorized dealer with securities it is entitled to provide the services stated below. On the basis of a notification AKCENTA provides these services in the Czech Republic, Slovakia, Poland, Hungary, Romania and Germany.

- a) payment services according to the AP: cash deposits on AKCENTA's payment account, cash withdrawal from the payment account held by AKCENTA, transfer of funds, disbursing and administration of means of payment and ability to accept payment instruments, execution of transfers of funds, in which neither the payer nor the payee use a payment account with the provider of the payer, the implementation of transfers of funds if the provider provides funds to the Client that are to be transferred as loan (No. 2011/1199 /570, file number /2009/1329/571, file number 2016/00182/CNB/571).
- b) activity of a securities trader according to ATCM in the range of major investment services, i.e. reception and transmission of orders relating to investment instruments, the implementation of orders concerning investment instruments to the customer's account, trading with investment instruments on their own account, and all this in relation to investment instruments pursuant to section 3 (1) (d) and supplementary investment services: custody and administration of financial instruments, including related services, all in relation to the provision of options, futures, swaps, forward contracts and other instruments whose value is related to an exchange rate or the value of securities, currency rates, interest rate or interest revenue, as well as other derivatives, financial indices or financial quantitatively expressed indicators, and which provide a right to cash settlement or a right to provision of assets to which their value refers (No. 2009/5139/570 and file number /2008/2235/571).

### Compulsory data

AKCENTA provides information in the form of compulsory disclosures in accordance with the Act on AKCENTA's website <http://www.akcenta.com/>. On AKCENTA's website the Client has the opportunity to get acquainted in particular with the GBTC, the model of FA including its annexes, and with a valid Complaints procedure and a current pricelist.

In addition to this, the Client can look into the mandatory disclosures in printed form at the premises of AKCENTA. Notification of a substantial change in the content of the information is always provided to the Client on AKCENTA's website. Information in paper form may be requested at the premises of AKCENTA.

AKCENTA is legally obliged to store the annual report in the collection of documents of the commercial register kept by the municipal court in Prague. The Client may consult the annual report on demand both in the premises of AKCENTA and also in the registration court. The annual report is also available at AKCENTA's website.

## 2. BASIC INFORMATION ABOUT THE PROVIDED PAYMENT SERVICES

The subject of the payment service is processing and settlement of all payment transactions entered into with the Client on behalf of AKCENTA. Furthermore, also administration of assets registration of the Client / customer and the entrusted funds on the IPA. To execute payment operations there are escrow accounts with banks or credit unions (Cooperative banks) – the current list of escrow accounts for each country is available on the AKCENTA's website.

In the processing and settlement of payment transactions the following operations are implemented:

- a) payment transactions with currency exchange
  - to the Client's account
  - to a third-party account (Client's partner)
  - to the internal payment account (IPA)
  - to the Client's account or a third party before crediting of funds (provision of an Aviso on the basis of a granted Aviso Limit)
- b) assets record of the Client on the IPA
- c) payment transactions without currency exchange from IPA
  - to the Client's account
  - to the account of a third party (Client's partner)
- d) payment transactions with currency exchange from IPA
  - to the Client's bank account
  - to the bank (payment) account or a third-party IPA (Client's partner)
- e) crediting received cash to the IPA



- f) term payment transactions with currency exchange
- g) AKCENTA does not offer the service of payment transaction initiated by the recipient (collection).

Payment transactions with currency exchange (conversion, spot trades) – AKCENTA provides individual exchange rates for purchase of one currency for another currency in counterpart with the term settlement on the dealing date or not later than 5 business days (inclusive) according to the time limits laid down in the AP. AKCENTA executes these conversions also on the basis of binding orders of the Client at the required level of the rate and in a predetermined value. AKCENTA is not entitled to, unilaterally and without prior notification, change the agreement of the parties on the exchange rate. AKCENTA has no limit on the total amount of payment transactions executed by using a particular means of payment for a specific period.

AKCENTA informs the Client that in accordance with the GBTC the funds on the IPA do not accrue any interest.

#### **Mandatory information listed on the Confirmation of a payment transaction**

Each confirmation of a payment transaction must include the following information:

- the business name of the Client and his / her identification data (framework agreement number, company ID, registered office / address, IP name, surname, date of birth, address of residence),
- AKCENTA's business name and its identification data (company ID, registered office / address),
- a variable symbol of the payment transaction,
- date and time of acceptance of the payment transaction,
- the amount and currency of the payment transaction,
- in the case of exchange of currencies, the agreed rate,
- in the case of exchange of currencies, the amount and currency of consideration,
- the payee's payment account number of the payment transaction,
- information about charges, if it is composed of several parts, a list of individual items,
- the date of dispatch of funds from AKCENTA's escrow payment account of to the payment account specified in the payment order.

In the case of payment transactions being sent abroad, the following information may be required by the recipient country:

- name of the foreign bank, country, SWIFT code, international bank identification code (BIC),
- payment account number (an IBAN format is mandatory for EU countries),
- OUR, BEN, SHA, Europayment charges
- reason for the payment transaction (payment transaction ID, invoice).

In the case that a payment transaction is missing any obligatory information, AKCENTA contacts the Client and asks him / her to fill in the missing information in the payment order. If the Client makes the payment transaction to a new payee (Client's partner), who is not registered in the internal system of AKCENTA, AKCENTA will request a completed form with details of the payee from the Client. This form is available on AKCENTA's website in the section of Services for Clients / document templates. AKCENTA will subsequently check the data received from the Client (particularly shall verify the IBAN number and SWIFT) for the purpose of execution of payment transactions.

### **3. PROCESSING OF PAYMENT TRANSACTIONS**

#### **Verification of the financial coverage of a payment transaction**

All concluded payment transactions are recorded in an internal system of AKCENTA. The day a payment transaction has been concluded, but not later than the following day, AKCENTA verifies that for each concluded payment transaction it has received financial coverage from the Client's side to AKCENTA's escrow account or that there is sufficient available balance on the Client's IPA. If the payment transaction is paid by the Client, or there is sufficient available balance at the IPA, it is accepted for further processing.

#### **Payment transactions settlement**

If the payment transaction contains all the necessary information and is thus eligible for sending off and the Client has paid its obligation to AKCENTA's escrow account, or there is sufficient available balance on the Client's IPA, the execution of the payment transaction by AKCENTA follows, respectively, payment from AKCENTA's escrow payment account of or settlement to the IPA of the Client. All payment transactions are paid according to the terms agreed in the payment order.

- A proof of settlement of a payment transaction contains the following information:
- identification data of the Client (FA number, ID number, registered office / address of the business, for the NP it is name, surname, date of birth, address of residence),
- AKCENTA's identification data (ID number, registered office / address of the business),
- variable symbol of the payment transaction,
- date and time of acceptance of the payment transaction,
- amount and currency of the payment transaction,
- in the case of exchange of currencies, the agreed rate, the amount and currency of consideration,
- the payee's payment account number of the payment transaction,

In the case of payment transactions being sent abroad, the following required information:



- information about charges, if it is composed of several parts, a list of individual items,
- the date of dispatch of funds from AKCENTA's escrow payment account to a payment account specified in the payment order.

#### 4. CASH DEPOSITS

If the Client deposits cash AKCENTA may require from the Client to authenticate origin of the money.

In terms of the applicable tariff, cash deposits of the Clients are subject to certain charges.

#### 5. UNAUTHORIZED PAYMENT TRANSACTION AND INCORRECTLY EXECUTED PAYMENT TRANSACTION BY THE BANK, WITH WHICH AKCENTA HAS KEPT ITS BPA

The Client shall bear the loss from unauthorized payment transactions up to the amount corresponding to 50 euros, if the loss was caused by the use of a lost or stolen payment instrument or by a misuse of a payment instrument in the event that the Client failed to protect his / her personalized security features. The Client shall bear the loss from unauthorized payment transactions in its entirety if this loss was caused by his / her fraudulent activity or deliberately or through gross negligence violated any of his / her obligations contained in the GBTC or FA. All the above does not apply in cases when the Client has not acted fraudulently and the loss was caused and the Client has reported loss, theft or misuse of a payment instrument, or AKCENTA failed to ensure that the Client had all available appropriate means so as to at any time report the loss, theft, misuse or unauthorized use of the payment instrument.

The Client has the right to report, in the manner specified in the Complaints procedure, the unauthorized and / or incorrectly executed payment transaction of AKCENTA without undue delay after he / she has found out about it, but not later than within 13 months from the date of the execution of the trade.

AKCENTA is responsible to the Client for incorrectly executed payment transaction in accordance with Section 183 of the AP.

In case of an incorrectly executed payment transaction by the bank with which AKCENTA keeps its BPA, AKCENTA is obliged to invite the bank, which incorrectly executed the payment transaction, to make a corrective settlement in accordance with Section 20 of the AOB. AKCENTA does not execute payment transactions for the Client within the meaning of Section 176 of the AP, for which a payment order is provided by the payee or the payer through the payee.

#### 6. AKCENTA'S RULES IN THE AREA OF MONEY LAUNDERING (AML)

In its fight against money laundering, AKCENTA proceeds in accordance with law No. 253/2008 Coll., on certain measures against the legalization of proceeds from crime and the financing of terrorism and, in accordance with law No. 69/2006 Coll., on the implementation of international sanctions. Thus, AKCENTA will not execute financial transactions that lead to or from countries with completely inadequate AML / CFT measures. These countries include for example DPRK and Iran. Other risk countries with whom AKCENTA refuses to execute financial transactions are Cuba, Myanmar, Syria, Sudan, Russian Federation, Belarus and Libya. AKCENTA fully respects the recommendations of the Financial analytical office and pays utmost caution when entering into business relations and when executing payments with persons and financial institutions from those countries. AKCENTA rejects Clients' requests to perform transactions into these countries on the basis of its internal procedures. AKCENTA applies the same rules against all the other subjects that are recorded within the EU as risky or are so designated by government institutions, etc.

In accordance with the requirements of AML law AKCENTA applies the policy of Client acceptance by practicing traceability of the origin of the Client's funds, by tracking the nature of business of the Client, the nature and purpose of the business relationship and by determining the beneficial owner of the Client. In the framework of this agenda AKCENTA may require the Client to provide information for the execution of individual payments including documents proving claims of the Client (invoices, contracts). Furthermore, AKCENTA performs periodic inspection of up-to-date registered data of the Client. This inspection is performed by a BR or by AKCENTA.

#### 7. CLIENT ASSET RECORD – MANAGEMENT OF INTERNAL PAYMENT ACCOUNTS (IPA)

AKCENTA manages internal records of Client's assets on the IPA. IPA is managed for each Client separately as a multi-currency account, according to the needs of the Client. IPA is used to record payment transactions and to register cash collateral for futures trades of the Client. Each Client receives a number of his / her IPA account, together with an assigned password. The Client receives regular monthly statements of his / her IPA in case there is a movement of funds. Payment orders from the IPA can only be done by authorized persons (as defined in the FA) who prove themselves by the password. The Client can manage their IPA through the OLB (which is similar to internet banking). Detailed conditions about the operation of the IPA and OLB, and in particular, description of measures, which the Client must accept to protect their personalized security features, and for information about the manner in which the Client has to notify the loss, theft, misuse or unauthorized use of the means of payment, and the conditions under which the Client can block the payment instrument are listed in the GBTC.

The Client can send funds to his / her IPA only by means of AKCENTA's escrow payment account held with a bank/ savings cooperative. Also, in the case of outgoing payment transactions funds are sent by means of the escrow payment account held with a bank/ savings cooperative. IPA is only used for internal record of AKCENTA's Clients' assets and for managing the assets.

In the event that the password to the IPA is lost, the Client receives a form for making changes by which he / she applies for generating of a new password.

Operations performed at the IPA:

- a) payment transactions without currency exchange:
  - to the account of the Client,
  - to the account of a third party (Client's partner);
- b) payment transactions with currency exchange:
  - to the account of the Client,
  - to the account of a third party (Client's partner);
- c) crediting of funds from the incoming payment transaction – crediting funds to the AKCENTA's escrow payment account held with a bank/ savings cooperative at the initiative of the Client's partner, or at the initiative of the Client him / herself and crediting them to the Client's IPA.
- d) establishment of a lien to the funds on the IPA – i.e. agreement for provision of a service, especially when entering into futures trades, AKCENTA may require the provision of a collateral at least in the amount requested by AKCENTA, and in the course of provision of the service, particularly during the time of the ongoing of futures trades, AKCENTA may require provision of further amount according to its requirement, if the nature of the futures trade requires so. Terms of provision of collateral by the Client and its management is regulated by a special agreement on financial collateral, which is annexed to the FA.

## 8. REFUSAL TO EXECUTE A PAYMENT ORDER

According to the provisions of Section 159 paragraph 1 of the law on payment transactions, AKCENTA may refuse to execute a payment order only if the terms and conditions for its acceptance are not satisfied or if other legislation provides so. In this case it is rejected.

The conditions under which AKCENTA may refuse to execute a payment order are listed in the FA, so AKCENTA may refuse to execute a payment order if:

- a) it does not contain compulsory data specified in the FA, or
- b) the Client has not transferred corresponding funds needed to implement the agreed payment transaction to the AKCENTA's escrow payment account held with a bank / savings cooperative, respectively he / she has not transferred funds in the agreed balance or an applicable balance on the IPA is insufficient for execution of payment transactions, or
- c) in the case of contradiction with rules of the AML, whether a given conflict refers to the Client or of the payment order in question.

### Informing Clients about the refusal of a payment order

If AKCENTA refuses to execute a payment order, it informs the Client of this fact without delay. It will state the reasons for the refusal and the procedure for correction of errors that were the reason for the rejection. If the reason for refusal is violating the rules of the AML, AKCENTA proceeds according to the applicable legal regulations. Charges for the correction of errors in a payment order are listed in the valid ACCENTA's tariff.

## 9. IRREVOCABILITY OF A PAYMENT ORDER

The Client cannot revoke his / her consent to a payment transaction under the following conditions:

- in case of a deferred due date of a payment order, the Client may not revoke the payment order after the end of a working day preceding the time of maturity of the payment order;
- according to Section 160 paragraph 5 of the AP, if AKCENTA and the Client both agree, the payment order may be revoked at a later stage and there may be determined some charges for such a revocation in the tariff.

## 10. IDENTIFICATION OF THE CUSTOMER'S ASSETS

Within the meaning of the Official communication of the CNB, AKCENTA informs the Client that it accepts Client's funds on so called Escrow payment accounts that are kept with banks / savings and credit cooperatives (cooperative). Thus, the Client is exposed to a credit risk of a credit institution (banks, cooperatives), with which the funds are deposited on escrow payment accounts in excess of deposit insurance. These escrow payment accounts are subject to a special mode under the AOB and their funds are insured within the scope of the guarantee system of the financial market. The previous sentence is valid for credit institutions in the Czech Republic. For identification of assets of each Client / customer and for determining exact amount of the assets in each bank / cooperative for the purposes of insurance of claims on deposits, AKCENTA has adopted a set of principles, by which the assets of the Client are identified:

- funds are recorded by the bank / cooperative to which the Client transferred them.
- for the period before AKCENTA performs a factual implementation of its commitment, the funds are recorded by the bank / cooperative to which the Client transferred them.
- the moment of entering of the payment order to send funds from the escrow payment account of AKCENTA in favor of the Client (AKCENTA's performance) these funds are registered with the bank / cooperative to which the payment order was submitted.
- for the record of Client's assets AKCENTA applies on the IPA the above stated principles and the FIFO method (first in, first out).
- AKCENTA performs identification of the assets of the customer on a daily basis.

## 11. DEPOSIT INSURANCE

In relation to escrow accounts kept by the banks and credit unions in the Czech Republic this issue is contained in the AOB, as amended. AKCENTA as a PI and SD is obliged to inform the Bank about the so-called account with a special mode – this is an account where funds of more people are stored i.e. AKCENTA's Clients.

The Bank is obliged to provide any refund to authorized persons in the same amount as it would provide it in the case when each of these persons had their funds registered on their own accounts.

In the case of deposits with special mode on which Client funds PI / SD are kept, the refund shall be provided to the relevant PI / SD. Subsequently, the PI / SD must settle the matter with their customers. The refund shall be in an amount corresponding to EUR 100 thousand for all deposits per Client with the concerned bank or credit union.

Therefore, the insurance does not apply to PI / SD, but to the BANK or a bankrupt Bank, not the bankrupt of the PI / SD.

## 12. OLB

Online Broker (olb) is an online platform for foreign exchange trading and payment processing. Access to the OLB is available directly via <https://www.olb.eu> or on the AKCENTA website [www.akcentacz.cz](http://www.akcentacz.cz) in the right menu.

Strong user authentication is required to access the OLB in accordance with the Act 370/2017 on Payments (AoP). The client's security features required for approval of the payment transaction and with which the Company authenticates the client, are:

- knowledge (something only the user knows)
- possession (something only the user possesses)

These elements are independent of each other and the breach of one element does not affect the reliability of the other elements. As part of client authentication, the Company always requires two-factor authentication - after entering the required combination of identification data (username and password), a one-time unique numeric code is sent to the client's mobile phone, which has a limited time validity. Login to the application takes place immediately after entering the numeric code. This minimises the possibility of unauthorised access and misuse. The verification code (confirmation SMS) is accepted only once for authorization. That is, for the next login or to make another payment, the client will receive a new verification code (new SMS). If both elements are not entered correctly, the OLB login will not take place.

In order to initiate a payment transaction, the authorization of the transaction is required - the client receives a verification code - SMS with information about the amount and payee. By entering the code from the SMS, the client authorizes the transaction.

If the Client has designated more than one person to use the OLB service, a login name and password will be generated for each such authorized person. This password can only be used for the first login, where the Authorised Person is asked to change the password after the first login. A security code is then sent to each Authorised Person by SMS to a designated telephone number to authorise payment or to authorise changes. The Client may request to change the telephone number to which the security code (SMS) is to be sent at any time. The Client shall protect the password and security code, keep it in a safe place and not allow third parties to access it. In case of disclosure of the password or loss of the mobile phone, the procedure is described in AKCENTA's GBTC. In case the password is forgotten, a procedure for its recovery is created directly in the OLB. In case of forgetting the login name, the client can request a new login name to be generated.

The security rules meet the requirements for strong user authentication according to the AoP. AKCENTA shall not be liable for any misuse of the OLB or for any damage incurred by the Client as a result of disclosure of the security code or loss/theft of the mobile phone to which the security codes are sent. AKCENTA shall not be liable for any damage caused by non-functionality of the OLB.





The basic Ten rules for security and other security recommendations are listed on AKCENTA's website.

## 13. TIME LIMITS FOR EXECUTION OF PAYMENT TRANSACTIONS

### **Crediting funds to the provider's account of the recipient (i.e. to the account of AKCENTA)**

Provider of the payer (payer's Bank) shall ensure that the funds are credited to AKCENTA's escrow payment account held with a Bank / cooperative at latest by the end of the following working day upon receipt of the payment order.

All of the following time limits begin to run from the day following the date of receipt of the payment to AKCENTA's escrow payment account held with a Bank / cooperative.

#### **13.1 Time limit for crediting funds in EUR and CZK on the territory of the Czech Republic**

If the payment transaction shall include not more than one currency exchange between EUR and a currency of an EU member state within the territory of the EU, the time limit for crediting cash funds shall not be longer than one working day (D + 1), in the case of a paper payment order two business days (D + 2).

#### **13.2 Time limits for crediting funds with currency exchange, when one side of the payment transaction is in the currency of CZK on the territory of the Czech Republic**

If the payment transaction, which include different currency conversion than between CZK and EUR, is being performed within the territory of the Czech Republic, the deadline for crediting funds can be a maximum of D + 2.

#### **13.3 Time limits for crediting funds in the case of other payment transactions**

If there are other payment transaction than the ones listed above but they are transactions described in Section 169 paragraph 3 (transactions in CZK not exclusively within the territory of the Czech Republic, transactions in the currency of another member state with the exception of transactions involving an exchange of EUR, transactions involving the exchange of EUR and other currency than the currency of a member state on whose territory the exchange occurs) the time limits are determined in accordance with the terms and conditions and the agreement set out in the FA, whereas there may be no more than 4 business days from the time of acceptance of the payment order.

#### **13.4 Time limits for crediting funds to the payee's payment account (i.e. Client's IPA managed by AKCENTA)**

AKCENTA shall credit payment transactions to the IPA (or it will make it available to the Client) immediately after this amount has been credited to AKCENTA's escrow payment account maintained with a Bank / cooperative, but no later than the end of the following working day.

If there is a payment transaction in a currency other than the currency of a member state of the EU or of the IPA is held in the currency other than a member state of the EU, the time limit for crediting of funds shall be determined to be by the end of a working day following the day on which the amount is credited to AKCENTA's escrow payment account (D + 1).

#### **13.5 Time limits for payment transactions within the same provider (the IPA) in CZK**

Payment transactions within AKCENTA, i.e. carried out between escrow payment accounts held by AKCENTA within the territory of the Czech Republic in CZK, must be credited to the payee's payment account or made available at latest at the end of the day, in which the moment of reception of the order occurred (D + 0). In the case of currency exchange, the time limit is longer by a maximum of 1 working day (D + 1).

## 14. GENERAL INFORMATION ABOUT THE RISKS OF FUTURES TRADES

Our Clients use currency futures trades primarily as tools to reduce the currency risk. The level of risk on the Client side, which is associated with their use, is high. The information below is an overview of basic types of risks associated with currency futures which AKCENTA offers.

It is the responsibility of the Client to become familiar as much as possible with the risks that is involved in the futures trades that he / she is considering to enter into, to take into consideration all the risks and understand the nature of these risks, the relevant legal relations and other aspects. In case of any doubt or further questions the Client, who is further away from AKCENTA as the licensed securities trader, is obliged to request further information. If the Client does not fully understand conditions of the implementation of futures trades and the extent of potential losses, which may in some cases be more than the invested funds, he / she should not enter into such trades. The Client must be aware that an investment strategy and financial targets that he or she chooses to use should reflect his / her risk profile.

### **Selected risks associated with entering into futures trades**

If the futures trades are used to secure the exchange rate for exporters / importers typically to minimize the risk of decrease or total loss of the business margin at a disadvantageous exchange rate movement, the Client must be aware of the fact that, in the case a positive movement in the exchange rate, the advantage of securing the exchange rate is redeemed by inability to profit from its positive movement. In the event of a client's cash flow failure and subsequent failure to execute a futures trade, the client may suffer a financial loss. In the case of use of futures trades for speculative purposes, the Client must be aware that any revenues attained over the previous period are not a guarantee of revenues realized with

the same investment instrument, in this case by the futures trade, in the future. Speculative trades in currency futures are always associated with high risk.

#### Selected risks

- **Market risk** – the risk of loss arises from adverse development of interest rates, currency risk, volatility. This is a general term for interest, currency, stock, commodity risk and other risks associated with the movement of market prices.
- **Currency risk** – currency risk of futures trades in the case of hedging trades lies in the fact that the buyer / seller could buy / sell a foreign currency during the period of the futures trade or at its end more profitably than at the price fixed in the futures trade at its closure. Generally, the risk lies in the change of value of the futures trade depending on the movement of foreign exchange rates.
- **Interest rate risk** – the risk stems from the movement of market interest rates. The value of the futures trade not only can vary depending on the exchange rate but also depending on the change in the market interest rates of the traded currencies. This may be significant mainly in the case of longer futures trades.
- **Counterparty risk** – counterparty risk or credit risk is a risk when a counterparty to the trade will be unable to meet their obligations, i.e. to carry out all their commitments (to provide services or other performance) to which they are contractually committed. In the case of futures trades AKCENTA shall be the counterparty to the trade with the Client.
- **Leverage** – the risk is created by using a small volume of invested funds in comparison with the nominal value of the purchased futures trade by the Client. Leverage allows the Client to trade and undertake the financial risk in a greater volume than what his / her initial investment is, for example through the financial collateral or by use of a Zero Collateral Framework. Thanks to this even a slight change in the exchange rate can bring a significant profit to the Client, but naturally also a loss compared to the initial amount invested. This situation may result in the need to increase the financial collateral or close the trade instantly by a counter trade and compensate for the loss.
- **Liquidity risk** – liquidity risk lies in the time inconsistency of financial flows, which can compromise the ability to meet at any time due liabilities. Liquidity risk is represented by e.g. late payment of an obligation by a third party and the resulting need to postpone the maturity of a futures trade. This shift of the maturity may be associated with additional costs, for example in the form of expenses for swap points.
- **Risk of the inability to enter into a counter trade** – to execute a transaction that should aim to avoid or limit risks arising from futures trades (closing a position, closing a trade) will be possible only by means of increased costs, or such transaction will not be possible to execute at all.
- **The risk of indefinable loss** – with regard to obligations arising from futures trades the level of risk to which the Client is exposed may be indefinable and may also extend beyond the value of any collateral, which the Client might have provided, which can also affect other assets of the Client.
- **Transfer risk** – the possibilities of individual currency transfers may be limited as a result of exchange controls by the country that issues the particular currency. This could threaten the proper implementation of foreign exchange futures trade.

## 15. PROVIDED INVESTMENT SERVICES

AKCENTA is authorized to provide the main investment services pursuant to the provisions of section 4, paragraph 2 (a) to (c) of the ATCM, with investment instruments according to the provisions of Section 3 paragraph 1 (d) of the ATCM and also supplementary services with these instruments according to section 4, paragraph 3 (a) of the ATCM. AKCENTA is not authorized to provide consultancy.

Provided investment services are intended for the Clients who are not professional customers as well as to the Clients who are professional customers.

### 15.1. Currency Forward

A forward trade is a basic type of an investment instrument within the meaning of section 3, paragraph 1 (d) of the ATCM. It is a contract for a future purchase or sale of a foreign currency at a fixed exchange rate, realized on a specified date in the future.

### 15.2. Currency Swap

Firmly agreed foreign exchange trade consists of two parts. When the trade occurs, there is immediate purchase or sale of funds in a currency A for a certain amount of funds in currency B. Subsequently, on a specific, agreed future working date occurs a purchase or sell of funds in the currency B for a certain amount of funds in the currency A with the swap rate agreed at the time of entering the trade.

### 15.3. Currency option

Currency option represents a right to buy or sell a specific amount of one currency for another currency at the rate agreed in advance by the parties to the agreement to an agreed date. The buyer of the option pays to the seller for this right a premium, payable usually two business days after entering the trade. Currency option allows the buyer of the option to secure his / her currency risk, because unlike the forward he / she is allowed to use the agreed rate, but also not to use it depending on if the current market rate on the agreed date is better for the buyer than the agreed rate.

## 15.4 TARF

A TARF (target redemption forward) option structure is an investment instrument that is used to hedge currency risk. The specific feature is that it offers a better exchange rate compared to a currency forward. However, there is uncertainty associated with this exchange rate in the form of a previously unknown final volume exchanged and a previously unknown total hedge length. This instrument is suitable for clients for whom the uncertainty of the resulting exchanged volume and the resulting hedge duration is acceptable and who, in turn, perceive the better rate compared to a standard forward as a significant advantage.

## 16. INFORMING CLIENT ABOUT INVESTMENT SERVICES (FUTURES TRADES)

### 16.1 Communication with AKCENTA's Clients that use investment services

When communicating with the Client, AKCENTA, including the personal dealing or promotional communication relating to investment services must not use vague, false, deceptive or misleading information. For promotional communication, it shall ensure that its contents are in accordance with all the information that the Client was provided with when he / she was provided investment services, and that from its form and content it was obvious that it is a promotional communication.

When communicating with Clients AKCENTA must differentiate the category of the Client –Professional Client, Non-professional Client. When communicating with a Client who is not a Professional Client, AKCENTA must comply with the obligations laid down in section 15 et seq. of the ATCM. When communicating with the Client AKCENTA is obliged to take into account how would the explanation, promotion or other information be perceived by a person with average intellectual levels, average level of caution and recognition capabilities in the position of a Client.

### 16.2 Informing AKCENTA's Clients that use investment services

When AKCENTA is providing investment services in the name of AKCENTA, it is obliged to inform the Client in accordance with section 15 (d) et seq. of the ATCM and in accordance with decree No. 308/2017 Coll. When providing investment services, AKCENTA is obliged to inform the Client or to provide information, in particular:

- AKCENTA's data;
- a declaration that AKCENTA has the appropriate permission, and the name and contact address of the competent authority which issued the authorization;
- investment services, which it provides;
- the language which the Client may use to communicate with AKCENTA and which will be used to receive documents and other information;
- investment instruments, which the provided investment services involve;
- potential risks that may be associated with the required investment service, including risks associated with the loss of the entire investment;
- total cost of the investment services provided, including all charges, taxes paid through AKCENTA, other related costs, as well as other financial commitments arising from the provision of an investment service (if the exact total price cannot be specified, the Client must be informed about how it is calculated);
- nature, frequency and time limits for providing reports about the provided services, that AKCENTA is obliged to communicate to the Client;
- rules for the submission of complaints and claims;
- asset protection mode of the Client;
- content of the obligation relationship, including terms and conditions relating to the required investment services;
- inclusion of the Client to the appropriate customer category (AKCENTA is obliged to instruct the Client about his or her right to request a change to the inclusion in the appropriate category and the related limits of his / her protection);
- a decline in the value of the client's portfolio by 10% or more;
- AKCENTA's rules for implementation of guidelines;
- any substantial change to the above listed conditions.

AKCENTA advises the Client that some information that is obligatorily to be passed to the Client (see the above listed information), as permitted by law, is also published through its website. The Client has the right to always receive the information in question also in paper form and in this form, it will always be available at AKCENTA's place of business, if this form of provision of information is preferred. Notice of a change in the content of information will be provided by AKCENTA to the Client always in paper form (in particular, as part of a report about trades); regarding the availability of changed information the previous rules apply. Information of personal nature will always be made available exclusively only to the Client him / herself.

### 16.3 Recording phone calls, record keeping, reports

AKCENTA is obliged to inform the Client at least once before a call regarding the provision of services that the calls, that lead or may lead to the conclusion of a trade will be recorded. This information is listed in the GBTC. AKCENTA is furthermore obliged to keep written records from personal meetings with the Client. These records are kept from each of the meeting relating to investment services (Futures trades), and the Client receives a copy of this record. AKCENTA also keeps a record of electronic communication relating to investment services.

All of the records must be sufficient to ensure that, on the basis of the records it could be possible to monitor the compliance of requirements according to the ATCM and directly applicable EU regulations, in particular whether AKCENTA complies with obligations with regard to the Clients and potential Clients, and whether it does not interfere with proper functioning of the market. All these records are considered to be internal documents and are accessible only to internal control and supervision of the CNB. The records are stored for a period of 5 years. The Client is informed on a monthly basis about the services that AKCENTA has provided. The report includes information about the type of service provided, the costs associated with the service provided, and that is done structured according to the requirements of the AP.

## 17. RULES OF CATEGORIZATION OF THE CLIENTS

In accordance with the provisions of § 15d par. 1 (h) Act No. 256/2004 Coll. on trading on the capital market, as amended (hereinafter referred to as "ATCM") AKCENTA as a securities dealer has established the following rules for grading its Clients into categories (hereinafter referred to as "the rules").

The Client shall mean any natural or legal person, to whom AKCENTA, on the basis of a framework agreement on concluding foreign exchange futures trades, cashless trades with foreign currencies and on payment services, provides investment services (hereinafter "the Client").

The purpose of categorization of Clients is to provide each Client with the appropriate level of protection when providing investment services, depending on his / her knowledge and experience in the investment field and the relation to the risks associated with investments into investment instruments. The categorization of Clients has no immediate effect on the range of provided investment services.

The categorization is based on assessment of the information provided to AKCENTA by the Client.

### Client categorization

By operation of law AKCENTA divides its Clients, for the purposes of the provision of investment services, into the following categories:

- a. Professional Client (including Professional Client on request),
- b. Non-professional Client (including Non-professional Client on request),
- c. Eligible counterparty (including Eligible counterparty on request).

AKCENTA is not obliged to observe the rules of conduct to the Clients established within ATCM with regard to customers included in the category of Eligible counterparty.

Professional Clients are not provided the same level of protection as non-professional Clients, especially in the areas of:

- provision of information to the Clients;
- requesting information from the Clients regarding their knowledge and experience in order to assess whether the investment service or investment tool is suitable or appropriate for the Client;
- reporting to the Clients about processing and implementation of their instructions.

Non-professional Client enjoys, within the competence of prescribed by legislation, maximum level of protection from AKCENTA.

In the case where the Client does not agree with inclusion to the appropriate Client category, he / she may ask AKCENTA for an examination of assumptions, which were taken into account in the course of the categorization process. The Client has the right to apply for reclassification / transfer into another category under the conditions set out below.

### Professional customer

Professional Client (customer) within the meaning of section 2 (a) of the ATCM is:

- I. a bank;
- II. savings and credit cooperative;
- III. securities dealer;
- IV. insurance company;
- V. reinsurance company;
- VI. investment company; VII. investment fund;
- VIII. pension company;
- IX. a person whose major business activity is the provision of securitization;
- X. a person who trades for his / her own account with investment instruments in order to reduce risks (hedging) of trading with investment instruments referred to in the provision of section 3, paragraph 1, letter (d) to (k) and this activity is his / her major activity;
- XI. a person who trades for his / her own account with investment instruments referred to in the provision of section 3, paragraph 1, letter (g) to (l) of the ATCM or with commodities and this activity is his / her major activity;
- XII. legal person who is responsible to manage the property of the State in ensuring the purchase, sale or management of its receivables and other assets or in restructuring of business companies or other legal persons with equity participation of the State; XIII. a foreign person with similar activity as one of the persons referred to above in the point (i) to (xii);

- XIV. a State or a Member State of a Federation;
- XV. the Czech National Bank, foreign central bank or the European Central Bank;
- XVI. The World Bank, the International Monetary Fund, the European Investment Bank or another international financial institution;
- XVII. a legal entity founded for business purposes, which according to the most recent financial statement meets at least two of the three criteria, namely:
  - a. assets in total are equivalent to at least EUR 20 million,
  - b. total annual net turnover is equivalent to at least EUR 40 million,
  - c. equity capital is equivalent to at least EUR 2,000,000,
- XVIII. foreign person established for business purposes which meets the conditions referred to a person in point (xvii);
- XIX. any other person who carries out its business activity on the financial market on the basis of authorization granted by a supervisory authority over the financial market or by means of registering into a registry.

#### **Non-professional Client on request**

Prior to the provision of investment services, AKCENTA must inform the Client that he / she is considered a Professional Client on the basis of information provided to AKCENTA. The Professional Client may request in writing to be treated as a Non-Professional Client - it must be clear from the request which type of trades or transactions with the investment instrument or the investment services are taken into consideration and are requested. If the Professional Client believes that he or she is unable to properly assess or manage the relevant risks, he / she is obliged to request re-assignment into the Non-Professional Client category (see below). If AKCENTA considers that the Client ceases to qualify for the original category, it is obliged to take appropriate measures.

#### **Non-Professional Client**

According to AKCENTA's rules, non-professional Client is any natural or legal person, to whom investment services are provided and who are not Professional Clients as defined above.

AKCENTA is entitled to inform the Professional Client even without a request that he / she is considered a Non-professional Client, and from this information it must be clear what kind of trade or transactions with an investment instrument or investment service this classification refers to.

#### **Eligible counterparty**

Eligible counterparty are Professional Clients, as defined above under point (i) to (xix), in respect of which AKCENTA is not obliged to observe the rules of conduct and information obligations referred to in the provisions of section 15 to 15 (r) of the ATCM, with regard to the provision of the following main investment services (investment services provided for in section 4, paragraph 2 (a) to (c) of ATCM):

- a. receiving and forwarding instructions relating to investment instruments,
- b. implementation of orders concerning investment instruments to the account of the Client,
- c. trade with investment instruments on its own account.

An Eligible counterparty shall also be considered a natural person resident or a legal person established in another Member State of the European Union, provided he / she explicitly agrees with that, in relation to which, under the law of that Member State, it is not a foreign person authorized by that Member State to provide investment services, obliged without its request in providing the main investment services referred to above in (a) to (c) to perform the duties similar to information obligations laid down in section 15 to 15 (r) of the ATCM, while it must be clear and from the consent it must be understood which trade or trades with investment instrument or which investment services are concerned.

AKCENTA requires explicit confirmation from the Client that he / she agrees with the inclusion into this category generally or only for individual trades. The Client, which is an Eligible counterparty is entitled to ask for a reassignment into the category of the Professional Client / Nonprofessional Client. It must be clear from the request which type of trades or transactions with the investment instrument or the investment services this application refers to. In other cases, a Professional Client mode is applied.

#### **Professional Client on request**

A Professional Client on request means:

- i. a person who requests AKCENTA in writing to be treated as a Professional Client, to which AKCENTA must consent
- ii. who meets at least two of the following criteria:
  - for each of the last four consecutive quarters in the relevant field of the financial market it has carried out transactions with an investment instrument, to which the application refers, in a significant volume and an average number of trades at least 10 per quarter;
  - the volume of its assets consisting of funds and investment instruments is equivalent at least EUR 500.000;
  - he / she exercised, for at least one year or in connection with the exercise of his / her employment, a profession or function in the financial market that requires knowledge of the trades or services covered by the application.

From the request of the Client, in addition to his / her interest to be treated as a Professional Client, it must be clear which type of trades or transactions with the investment instrument or the investment services are requested. Along with this request the Client must also present a written statement that he / she is aware that:



- this change may mean a loss of entitlement to a refund from a foreign guarantee system which is similar to the system of secured by the Guarantee fund of securities traders, and
- the obligations laid down in the provisions of section 15 to 15 (r) of the ATCM in relation to a Professional Client are performed in a narrower range than those that AKCENTA performs in relation to a Non-professional Client; AKCENTA is obliged to expressly notify the Client, who asked for treatment as if he / she were a Professional Client, of these facts.

AKCENTA may grant its consent only after it has assured that the Client who asked to be treated as a Professional Client meets the above stated conditions and regarding trade or transactions with the investment instrument or the investment services, covered by the application, it has all the necessary experience and expertise, it is capable of making its own investment decisions and understands all the risks involved. Only then can AKCENTA grant to the Client its consent with a shift to the Professional Client category.

AKCENTA is obliged to continuously authenticate and periodically assess whether a Client who became a Professional Client on the basis of its own request, has not ceased to comply with the given conditions.

#### **Non-professional Client on request**

A Professional Client may request AKCENTA in writing to treat it and comply to the rules of conduct as if it were a Non-professional Client. From the application it must be clear which type of trades or transactions with the investment instrument or the investment services are taken into consideration or are referred to.

A Professional Client shall be considered a Non-professional Client in the range of trades with an investment instrument or investment services, on which they agree with AKCENTA. From such an agreement, it must be clear which type of trades or transactions with the investment instrument or the investment services are taken into consideration and are referred to. In the event that this agreement has not been concluded in writing, AKCENTA is obliged to issue to the Client, at his / her request, a confirmation, which type of trades or transactions with the investment instrument or the investment services are taken into consideration and are referred to. AKCENTA is obliged to comply with this request.

#### **Eligible counterparty on request**

An Eligible counterparty on request shall mean a Professional Client who meets the prescribed criteria and asks for a treatment in the mode of an Eligible counterparty and AKCENTA consents to this request. It must be clear from the request which type of trades or transactions with the investment instrument or the investment services are taken into consideration and are referred to. AKCENTA will comply with this request.

The Eligible counterparty may make a written request for the inclusion into a category of the Professional Client, to which AKCENTA adheres to certain information obligations. It must be clear from the request which type of trades or transactions or service this request refers to.

The Eligible counterparty shall be considered a Non-professional Client if AKCENTA notifies them that the Client is considered by AKCENTA to be a Non-professional Client. It must be clear which type of trades or transactions with the investment instrument or the investment services approach refers to.

AKCENTA is authorized to perform the obligations laid down in the provisions of section 15 to 15 (r) of the ATCM also in respect to Eligible counterparties to which it is not otherwise obligated to perform them. It must be clear which type of trades or transactions with the investment instrument or the investment services are referred to.

#### **The rules of informing the Clients**

AKCENTA continuously validates and assesses whether the Client has not ceased to meet the criteria for inclusion in the appropriate category.

Professional Client and the Eligible counterparty shall be obliged to inform AKCENTA of any change that could affect their inclusion into the appropriate category. If no such information is communicated to AKCENTA, it shall be deemed that the Client meets all the required criteria for the category of Eligible counterparty or Professional Client, without any prejudice to AKCENTA's obligation stated above to continuously validate and evaluate whether the criteria for inclusion in the relevant category is met. If AKCENTA believes that the Client no longer complies with the conditions for the original listing in the category concerned, it is obliged to take appropriate measures.

AKCENTA, in addition to the information referred to in the provisions of section 15 (d) of the ATCM, is obliged to provide information to each (and also existing) Client in paper form or on any medium of information, which enables the Client to keep this information so that it can be used for an appropriate period according to its purpose, as to which category the Client is included into (including the instructions about the right to request a change to the classification and the limitation of protection that is related to this).

## **18. INFORMATION ABOUT THE MEANS OF COMMUNICATION**

### **18.1 Communication with new Clients**

#### **The Client demands AKCENTA's services or he / she desires to enter into the FA**

The Client may make use of the following communication channels:

- Telephone,
- E-mail,
- Contact Form on AKCENTA'S web site
- Contact with a BR, the list of BR for individual markets can be found on AKCENTA'S web site.



BR or AKCENTA ensures handing over of the required information on the services that are on offer, either on the telephone or mobile recording line, or in any other recorded way, or it shall arrange a meeting with the Client. Prior to the execution of the FA the Client shall receive all legal information about the offered products and services.

#### **AKCENTA actively seeks new Clients**

AKCENTA uses the standard marketing tools such as advertising, direct marketing, etc. Additionally, AKCENTA uses a network of BR who actively address Clients with an offer of products and services.

### **18.2 Communication with existing Clients**

Existing AKCENTA's Clients are those who already are familiar with AKCENTA and its processes and who have already signed the FA.

- **The Client desires to enter a payment order / find out the current rate** – The Client makes a phone call to the phone number listed on AKCENTA's web site or in the FA and arranges a payment order or he / she is informed of the value of the current exchange rate on the required currency pair.
- **The Client desires to know the current rate /enter a payment order over the internet** – After verifying the Client's identity by logging on to OLB (conditions are listed in the GBTC), the Client may arrange the payment order or find out the current exchange rate over the OLB.
- **The Client desires to change the payment order / inquire about the payment he / she has made** – The Client makes a phone call to the phone number listed on AKCENTA's web site or in the FA and after the Client is identified by using a password, he / she shall arrange a change in the payment order, or he / she is told the information about the payment he / she made. The change of payment order is possible under the terms stated in the GBTC.
- **Complaint report** – The Client may submit a complaint in accordance with the Complaint procedure, which can be found on AKCENTA's website. Detailed information is provided in the Complaint procedure.
- **The Client requests a modification of the FA – e.g. change of address, etc.** – The Client may contact the BR or call the phone number listed in the FA or on AKCENTA's website. The BR or AKCENTA's authorized employees shall deal with the Client's request, either by executing a new FA, or by changing the appropriate Appendix of the FA – according to the nature of the changes.
- AKCENTA carries out regular checks on calls to comply with legal requirements. According to the established criteria, it is verified that everything within the telephone call with the customer is in compliance with the regulatory requirements for communication with customers or potential customers regarding investment services.

### **18.3 The process of dealing with AKCENTA's information obligations towards the Client**

In particular, regarding the information provided prior to the execution of the FA and information provided in the course of duration of the contractual relationship.

- **Information provided prior to the execution of the FA** – All information is continuously available on AKCENTA's website in different languages.
- **Information about the changes of the FA and GBTC** – Changes to the GBTC are published at least 2 months prior to the scheduled change.
- **Information about termination of the FA** – Termination of the agreement is governed by the conditions of the FA. The Client may terminate the agreement at any time, however this does not relieve him / her of the obligation to fulfill the obligations incurred prior to the termination of the FA.
- **Information about received payment orders / instructions to execute an investment service** – Documents, payment orders and AKCENTA's instructions automatically contain all mandatory information and the Client is always informed about the executed orders / instructions.
- **Information about new services, more favorable conditions, marketing offers, etc.** – The Client is usually directly addressed by AKCENTA via email to the authorized person of the Client according to the FA, or over the telephone with an offer of services. AKCENTA also passes information to the Client through its BR, website or by an official letter.
- **Information about the failure of services, emergency event, etc.** – Emergency information is placed on AKCENTA's website, in OLB and the Clients may find out details about the failure by telephone on AKCENTA's premises phone number (+ 420 498 777 770). The Clients may also be sent a bulk email. According to the nature of the event AKCENTA tries to take advantage of all channels or eventually uses those channels that are not affected by the failure and are available to the Clients.
- **Information about registration of the Client's funds** – When providing investment services (deposited collateral for futures trades) the funds are kept separate from the funds intended for payment services. When the futures trade is being settled the value of collateral is released and the trade is settled in the same manner as other payment services.
- **Information about estimating the price** – All prices and exchange rates are determined by AKCENTA according to their current rate on the interbank market. AKCENTA internally performs regular checks of the manner of their estimation and level. Estimation of prices for investment services is described in more detail in paragraph 21 below this Information booklet.

#### 18.4. Obligations during the personal meeting with the Client

The representative of AKCENTA (an employee of the Sales Department, or Bound representative) must respect the principles arising from the ATCM also when dealing with the Client personally. To demonstrate compliance with these rules, AKCENTA's representative shall make the minutes of the meeting, which shall be signed by both parties.

## 19. TARGET Market

Target market means the group of end customers of a particular investment vehicle within the relevant customer category, defined by common type characteristics. The target market can be divided into positive and negative depending on whether it identifies suitable or unsuitable recipients of the investment vehicle.

**The identification of the target market** (for futures) is based on an assessment of the following factors:

#### a) Customer knowledge and experience

The company determines whether customers have the required knowledge and experience, e.g. by identifying knowledge of relevant product types, product features and/or knowledge in thematically related areas that help to understand the product and its risks.

The Company obtains this knowledge from the Investment Questionnaires. The Company is required to obtain the following information from the Customer (the so-called Adequacy Test):

- investment knowledge (about the main investment services, investment instruments, trades, the customer's level of education and occupation, etc.)
- investment experience (the nature, volume and frequency of trades and the duration of trades, etc.)

#### b) Customer and its needs

- Legal entity and sole trader (entrepreneur)
- Client requires exchange rate hedging for cash flows in foreign currencies
- The client is willing and able to post the hedge and replenish it if necessary

This definition is mainly fulfilled by manufacturing companies and foreign trade oriented business entities, typically importers and exporters, or other and non-business entities in the market with a need for currency exchange and future exchange rate hedging.

**The client is not in the Target Market, but the service is provided on request:**

- A private individual who has knowledge and experience of trading from their professional practice. These clients are not classified by the Company as Target Clients, but the services are provided to them.
- A specific group consists of clients with no practical experience in futures trading. The Company does not classify these clients as target customers, but their goals and needs are the same as the target group. After gaining experience, these clients may be included (after reassessment) in the target group. Therefore, the Company will provide services to these clients.

**Negative target market:**

- The target client is not and the service is not provided even on request to:
- A client with no foreign trade and no currency exchange requirement.
- A client who is not willing to take risks and is not willing to provide cash collateral.
- Client Private individual without knowledge and experience.
- A client who is not acceptable from AML reasons.

## 20. INCENTIVES

Incentive means any charge, remuneration or non-pecuniary benefit that is accepted in the course of provision of investment services, that is offered or provided in the relations between the provider of investment services and the customer, or between the provider and a third party (Tied agent).

AKCENTA informs the Clients that it does not provide cash remuneration (incentive) for drafting of a framework agreement for the provision of payment and investment services with the Client and does not provide any financial remuneration (incentive) for individual futures trades of the Client. AKCENTA only provides remuneration for the Client identification in accordance with the AML law and the remuneration is the same for the drafting of a framework agreement as well as for the provision of payment services as well as for the drafting of a framework agreement for the provision of payment and investment services. This remuneration is not included in the fees paid by the Client, and is an internal expense of AKCENTA.

AKCENTA has applied measures to ensure that the remuneration is not in breach of the obligation of AKCENTA to act competently, honestly and fairly and in the best interest of the Client. Individual trades with the Client are arranged by the Trader and AKCENTA has internal controls to monitor market conformity and for monitoring the quality of services provided to the Clients.

If AKCENTA provides information through a Tied agent, it is not considered an independent provision of services, the Tied representative acts only on behalf of AKCENTA.

AKCENTA does not provide nor accept other than the above stated incentives in relation to the provided investment services.





## 21. TERMS AND CONDITIONS FOR EXECUTION OF AN ORDER UNDER THE BEST POSSIBLE CONDITIONS (BESTEXECUTION)

AKCENTA is obliged, in accordance with art. 64-66 of the Regulation 2017/565, to comply with the rules for the implementation of the orders under the best conditions. The aim of these rules is that each individual Client's instruction was carried out in accordance with the relevant rules for the implementation of orders and also to ensure systematic implementation of the instruction under the best possible conditions. To meet these requirements AKCENTA has laid down the following rules:

- checking the correctness of a specific price proposed to the Client according to the available market data;
- comparison to similar or comparable products (if possible);
- evaluation of effectiveness of the concluded trades and internal processes (best execution), and in accordance with the requirements of the Regulation and the ATCM and the effective achievement of the best possible conditions for the Clients.

For a comparison of a particular price AKCENTA uses a trading platform of some banks (Raiffeisenbank) and information resources of REUTERS and BLOOMBERG or REFINITIV. For a particular order AKCENTA always takes into consideration factors for the execution of the order under the best conditions such as price, speed, counterparty risk and on the basis of these factors it chooses a trading platform for opening the position.

In assessing the best execution fulfillment of obligations it is, however, necessary to take into account the specific nature of this kind of trades, where the products offered by AKCENTA (OTC derivatives) are instruments that are executed on the basis of specific individual customer requirement and in fact they do not completely have an exact equivalent traded on RM, MTS, or OTS. The transfer location is a securities dealer him / herself (AKCENTA) and other factors that are relevant in terms of best execution, are subordinate to the fact that they are subject to individual agreements between the trader in securities and the customer for arranging of the given product. For non-standard OTC derivatives, the regulation 2017/565 states that they include a unique contractual relationship taking into account specific conditions in which the customer and a securities dealer is located (AKCENTA), for the purpose of implementation of the best execution method they may not be fully comparable with trades of shares traded on RM, MTS, or OTS. Due to the fact that the obligation of best execution applies to all investment tools, in the case of products offered by AKCENTA it is also necessary to obtain relevant information on the market in order to verify whether the price that is offered to the customer on the OTC market is fair and ensures the fulfilment of obligations of the trader in securities to execute the order under the best possible conditions. That is, the trader (AKCENTA) monitors the correctness of a particular price proposed to the customer not only by the available market data (see above), which was used for estimation of the price of the product in question but also, if possible, by comparing with similar or comparable products. The market conformity of OTC derivatives to be concluded with customers is being tracked before the contract is entered into.

## 22. INFORMATION ABOUT COSTS AND ASSOCIATED CHARGES

AKCENTA is obliged to inform the customer of any costs and associated charges, in advance before the provision of investment services. Identified costs, which should be communicated to the customers are based on the EU Regulation 2017/565 of annex II.

### All costs and relate charged for a provided investment service or ancillary service to the Client, which the Client should be informed about

Communicated cost items		Examples	AKCENTA
One-time fees for the provision of investment services	Paid at the beginning or end of service provision	Deposit fees, termination fees, the cost of transition	„0“
Ongoing charges for the provision of investment services	Paid for services provided to the customer	Management fees, consultancy fees, custody fees	„0“
All costs of trades, initiated in the course of the provision of investment services	All costs and fees on trades, which are managed by an investment company or any other person	Fees for use of the platform, (included in the price of a trade), stamp duty, tax on transactions, exchange costs	„0“
Any charges for additional services	For services which are not included in the above stated costs	Research costs, the cost of custody	„0“
Incidental costs		Performance fees	„0“

## All costs and related charges for a financial instrument, which should be communicated

Communicated cost items		Examples	AKCENTA
One-time fees	Paid to vendors of a product when executing or terminating of an investment into a financial instrument	Management fee paid in advance, fee for structuring and distribution fee	„0“
Ongoing fees	Paid for the management of a financial product, that during the investment in a financial instrument shall be deducted from its value	Management fees, service cost, swap rates, costs and taxes arising from the lease of a CP and the costs of financing	Conversion costs in the amount of 0.01-1 % of an exchange rate
All costs of trades	All costs and charges incurred as a result of an acquisition and disposal of investment	Brokerage commissions, entry and exit fees paid by the fund, surcharges included in the price of a trade, stamp duty, transaction tax and costs of an exchange	Conversion costs in the amount of 0.01-1% of an exchange rate
Incidental costs		Performance fees	Not applicable

### The exchange costs consist of:

- market price in accordance with the principles of "best execution"
- own costs (trader's operating costs)
- trader's margin

### Illustrative example – Forward trades:

Execution of a Forward trade in the amount of EUR 100 thousand for 1 month, price of the market 25,10 CZK/EUR (the price already includes interest expenses on the FW), trader's margin is CZK 0,05. The resulting value of the price for the customer is 25,15 CZK/EUR. The costs of the exchange are 0,199%. The total amount of costs for the trade is CZK 5.000.

### Illustrative example – Swap trades:

Execution of a Swap trade in the amount of EUR 100 thousand for 1 month, price of the market on the second swap leg to sell 25,10 EUR/CZK (the price already includes interest expenses on the FW), trader's margin is CZK 0,038. The resulting value of the price for the customer is 25,138 CZK/EUR. The costs of the exchange are 0,151%. The total amount of costs for the trade is CZK 3800.

### Illustrative example – Options:

The Client buys a European put option in the amount of EUR 100 thousand for 1 month with a strike of EURCZK25,500, the current spot rate at the time of trade corresponds to the value of EURCZK25,780. The market price of the premium is 0,22% of the volume, i.e. EUR220. The trader's margin is 0,3%; the resulting amount of the premium for the customer is 0,52%, i.e. EUR520.

Information about the costs and fees shall be expressed collectively, so that the customer could understand the total costs and could assess their overall impact on the return on investment. Upon request of the customer AKCENTA shall provide the information before entering into a particular trade (specific amount of costs and fees), and then shall provide it itemized in OLB in the file Information / Mandatory Publication Information under MiFID.

## 23. MANAGEMENT OF CONFLICTS OF INTEREST

AKCENTA has set rules and mechanisms for the prevention of conflicts of interests. To avoid the possibility of conflict of interests there are the following measures:

- segregation of incompatible positions up to the level of the highest control;
- minimizing the possibility of conflicts of interests by a set up management and control system, by internal regulations, by updating of processes and their verification;
- independence of supervisory positions – internal audit, Risk management and Compliance;
- creation of the internal system of continuous education;
- creation of internal rules for working with BR, supervision of their activities, and creation of control mechanisms;
- review of employee trades and evaluation of whether they are not being entered into under more advantageous terms;
- review of market conformity;
- review and evaluation of outsourced activities;
- management, control and evaluation of risks including IT risks and security risks;
- setting of the remuneration system, which does not encourage excessive risk-taking and avoids conflicts of interests;



- access of control positions to the Board of Directors and the Supervisory Board, obligation to inform about the observed deficiencies;
- creation of mechanisms for reporting illegal and unethical conduct, protection of informants;
- regular evaluation of the conflict of interests by the Board of Directors and the measures taken to limit them;
- regular examination of management and control system by an independent external auditor, including the examination of conflicts of interests;
- publication of information, disclosure of ownership structure, publication of a report on the interconnected persons.

## 24. INFORMATION ON THE FRAMEWORK AGREEMENT

FA is concluded for an indefinite period and is governed by the laws of the Czech Republic. FA is executed in the Czech language, which will also be used for all communication between AKCENTA and the Client, unless otherwise provided by an agreement between the parties. It is possible to draw the agreement in another language than Czech upon request of the Client, however, such a language version of an agreement will serve to the Client for informational purposes only, as the Czech version is always decisive.

### Changing of a FA

FA may be amended by an agreement between AKCENTA and the Client, in the form of written, numbered appendices, signed by both parties. AKCENTA is entitled to propose amendments to the FA by providing the requested changes to the Client on a durable medium, submitted no later than two months before the date on which the change to the FA becomes effective. The Client has the right to reject the proposal. If the Client refuses the proposal of AKCENTA to amend the FA, he / she is entitled, before the date when the change is to become effective, to terminate the FA with immediate effect free of charge. Should the Client fail to notify AKCENTA in writing of his / her disagreement with the proposed changes in the FA no later than one day before the effective date of the proposed changes, then, the following notified changes are binding to the Client from the effective date of the change.

### Notice of termination of an FA

Either Contracting Party may terminate the FA at any time. It may also be terminated by a written agreement of the Contracting parties. Conditions for termination of the contractual relation are defined in detail in the GBTC.

### Resolution of disputes

By signing of the FA, AKCENTA and the Client undertake that any disputes which arise between them out of the FA or in connection with it, including questions of its validity (hereinafter referred to as "disputes"), will be attempted to be resolved by negotiation, in particular according to the published rules of AKCENTA for the solution complaints (Complaint procedure). In the event that the parties cannot resolve the dispute within 30 days from the date on which an appeal was delivered by one party to the other party to commence negotiations on a solution to this dispute, even with the assistance of AKCENTA's Compliance Department, the dispute shall be resolved by factually competent court in the Czech Republic, and the local jurisdiction of the Court will be determined by the registered office of AKCENTA, i.e. in Hradec Králové.

The Client is also entitled to bring complaints on the conduct of AKCENTA in the context of provision of payment services to the Financial arbiter of the Czech Republic, who is empowered to resolve disputes of the parties by an out-of-court settlement. More information and contacts on the office of the Financial arbiter are available here: [www.finarbitr.cz](http://www.finarbitr.cz).

Furthermore, the Client may bring the complaint to the Czech National Bank. Further information and contacts are available here: [www.cnb.cz](http://www.cnb.cz).

For more information on the resolution of complaints in the countries where AKCENTA provides its services are available on AKCENTA's website.

All information is available on AKCENTA's website – [www.akcenta.com](http://www.akcenta.com).

## 25. PERSONAL DATA PROCESSING AND PROTECTION UNDER GDPR

Protecting the privacy and personal data of our clients is one of our priorities. We consider this data to be confidential and we maintain this confidentiality. We place great emphasis on security when processing data, on the selection of our contractual partners and on ensuring strict compliance with the organisational and technical measures. Further information on the processing of personal data is available on the AKCENTA website in the section on data protection.