

# LYNX Client Agreement

## Agreement LYNX - Client

### The Parties

1. The signatory to the "LYNX Opening Form" as included on <https://www.lynxbroker.sk/otvorenie-uctu/>, referred to hereinafter (if applicable, jointly) as: the "Client"; and
2. LYNX B.V., having its registered office and principal place of business at Herengracht 527 in (1017 BV) Amsterdam, the Netherlands, listed in the Commercial Register of the Chamber of Commerce under number 34253246, holder of a licence as referred to in Article 2:96 of the Financial Supervision Act on the basis of which it may act as an investment firm and is registered as such in the register kept by the Netherlands Authority for the Financial Markets (hereinafter "AFM") ([www.afm.nl](http://www.afm.nl)), and LYNX B.V. (Branch Czech Republic); ID no.: 02451778; Address: Vaclavske namesti 776/10, Nove Mesto, 110 00 Praha 1, Czech Republic; legal form: Branch, file no. A 76398 registered via Municipal court in Praha; regulated by the Czech National Bank ("CNB")<sup>1</sup>, referred to hereinafter as "LYNX".

Referred to collectively hereinafter as: the "Parties"; Hereby agree as follows:

### Clause 1: Engagement of LYNX for the provision of services (execution-only) and Power of Attorney

- 1.1 The Client engages LYNX to provide the following services
  - (i) The opening of one or more securities accounts and/or monetary accounts in the name,

and at the risk and expense, of the Client with Interactive Brokers SARL (*société à responsabilité limitée*) (hereinafter "IB"), having its registered office and principal place of business at Rue Robert Stumper 4 in (L-2557), Luxembourg and registered by the AFM as an investment firm established in the EEA with a notified European Passport, and in that context acting as an intermediary in the formation of an agreement between the Client and IB, as well as any party affiliated to IB (including, but not limited to, parent companies and subsidiaries). In the context of its own direct service provision to the Client, IB may use parties affiliated to IB. Where relevant, IB must also be interpreted as any party affiliated to IB.

(ii) The receipt and transmission of instructions for the execution of orders from the Client in respect of one or more financial instruments at the risk and expense of the Client to IB as well as any party affiliated with IB. While doing so, LYNX will not provide any investment advice and will not check whether the Client's instructions for the execution of the order by IB are consistent with the Client's capacity and investment objectives (execution only).

1.2 LYNX may, within the limits of its licence, provide the Client, if desired, with the following additional services:

- intermediate in the conclusion of a securities-based credit agreement (margin lending) with IB.
- intermediate in the conclusion of an agreement with IB and/or any IB affiliate regarding the lending or borrowing of securities (securities lending).

<sup>1</sup> LYNX B.V. Branch Czech Republic is mentioned as "Branch of foreign Investment firm (non-bank)" via CNB's Lists of regulated and registered financial market entities; <https://www.cnb.cz/en/supervision-financial->

Classification of info: public document

Effective date: November 24, 2020

LYNX B.V., ORGANIZAČNÁ ZLOŽKA

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1.3 For the provision of the services as referred to in this clause 1, the Client grants LYNX a power of attorney to open a securities account with IB for its account and risk and in its name and therefore to digitally sign all the necessary agreements between IB on the one hand, and the Client on the other hand, as the Client's authorised representative and furthermore to conclude all other agreements referred to in the LYNX Opening Form with IB in the name and for the account of the Client. Furthermore, the Client expressly authorises LYNX to perform all necessary and/or useful acts in connection with the provision of its services to the Client.

1.4 The Client guarantees LYNX that the Client will only enter into the agreement in their own name and for their own account and risk and not as a representative of or for the account and risk of a third party. If the Client intends to use the services provided by LYNX for the account and risk of third parties, the Client must contact LYNX because in that case additional contractual terms and conditions must be agreed.

1.5 After the death of the Client, their heir or heirs may only use of the services provided by LYNX after they have provided the information required by LYNX. Heirs can contact [info@lynx.nl](mailto:info@lynx.nl) or [info@lynxbroker.sk](mailto:info@lynxbroker.sk) for information on the steps to be taken in such a process.

1.6 The annexes form an integral part of the agreement. In the event of any conflict between this agreement and the provisions of the annexes, the provisions of the agreement will always prevail.

## Clause 2: Client classification

2.1 In principle, LYNX classifies its clients, including the Client, as non-professional clients.

2.2 LYNX offers its clients, under certain conditions, the possibility to opt up for a classification as professional investor. This opt up will be agreed separately in writing. LYNX is not obliged to honour a request by the Client to opt for a classification that is different from the classification applicable to the Client pursuant to applicable legislation and regulations.

2.3 The LYNX Client Classification Policy is included in the "Lynx Client Classification Policy" (Annex 1) and contains an explanation of the principles of classification.

## Clause 3: Acceptance of clients

3.1 LYNX is entitled not to accept natural persons and/or legal entities without giving reasons. This agreement is entered into under the suspensive condition of acceptance of the Client<sup>2</sup> by LYNX.

3.2 The execution-only services offered by LYNX are not oriented towards what is known as a "U.S. Person". A natural person is a U.S. Person if they are a **U.S. citizen** or a **U.S. resident** according to the definitions below. The Client guarantees LYNX that they are not a U.S. Person.

### U.S. citizen

A natural person is a U.S. citizen if they:

- were born in the United States of America;

<sup>2</sup> Clients coming from Czechia, Slovakia and Poland have been pre-

- were born in the Commonwealth of the Northern Mariana Islands after 3 November 1986;
- have been naturalised as a U.S. citizen; or
- have at least one parent who is a U.S. citizen; in this case, other conditions must also be met; these conditions are listed on: [www.irs.gov](http://www.irs.gov).

## U.S. resident

A natural person is considered a U.S. resident if they:

- have or had a certain type of U.S. Green Card. You can contact a tax advisor for information on the type of Green Card involved. You can also find information on U.S. Green Cards at: [www.irs.gov](http://www.irs.gov).
- complies with the substantial presence test, as defined below.

## Substantial presence test

In order to pass the substantial presence test, a natural person must have been physically present in the United States for at least:

- 31 days in the current year; and
- 183 days in the three-year period that comprises the current year and the two immediately preceding years.

Whether the 183-day test is satisfied is determined by adding up the following:

- all days the natural person was present in the United States in the current year;
- one third of the days in which the natural person was present in the United States in the first year preceding the current year; and
- one sixth of the days in which the natural person was present in the United States in the second year preceding the current year.

## 3.3 Residents of jurisdictions that do not permit

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or restrict the provision of financial services to their residents may not make use of the execution-only services provided by LYNX and indemnify LYNX against the loss suffered by LYNX as a result of violation of this prohibition.

## Clause 4: Customer due diligence and appropriateness test

4.1 LYNX will in all cases conduct a customer due diligence into the persons who request the entering into of an agreement with LYNX on the basis of applicable anti-money laundering and anti-terrorism legislation. LYNX may, as a result of the 'know-your-client principles', carry out an appropriateness test in respect of the transactions requested by the Client and may also obtain information from the Client for that purpose.

4.2 On LYNX's request, the Client will provide the cooperation requested by LYNX to the aforementioned customer due diligence and appropriateness test. In this context, the Client will always answer the questions posed by LYNX in good faith.

4.3 By entering into this agreement, the Client declares that the information provided by the Client on the "LYNX Opening Form" as included on the LYNX website is correct, accurate and up-to-date. The Client accepts that LYNX relies on the information provided therein when providing its services under this agreement. The Client is obliged to inform LYNX of any changes in the information provided by the Client to LYNX. LYNX is not liable for loss suffered by the Client as a result of the failure to pass on and update or correct the information provided.

## Clause 5: Periodic reports

5.1 LYNX will provide the Client with reports on

the service(s) provided under this agreement on a durable medium. The manner of provision, content, frequency and timing of the periodic reports that LYNX provides the Client with in respect of the services provided by LYNX under this agreement are described in the document entitled "period reports" (Annex 2).

## Clause 6: Risks of execution-only services

6.1 LYNX describes the characteristics of the financial instruments to which the services under this agreement may relate, including the specific investment risks associated therewith, on the LYNX website, [www.lynx.nl](http://www.lynx.nl), and the specific product pages on [www.lynx.nl/documenten](http://www.lynx.nl/documenten) and <https://www.lynxbroker.sk/dokumenty/>. A Client must take note of this information before they decide to trade in the relevant instrument.

6.2 The Client confirms that they will only trade in financial instruments of which the Client has sufficient knowledge and understanding. The Client declares that they have read and understood the document entitled "risk warnings and information on financial instruments" (Annex 3) which sets out the characteristics and risks of financial instruments. The Client accepts that it is the responsibility of the Client to accept information and documentation regarding the financial instruments chosen by the Client, including, for example, a prospectus and key investor information, and to continue to monitor these financial instruments during the holding thereof.

6.3 LYNX will intermediate in the securities credit (margin lending) offered by IB. The Client can enter into a margin lending agreement with IB through LYNX. The Client

declares that they are aware of the risks associated with margin lending, as detailed in the document entitled "information about the features and risks of margin lending" (Annex 4).

6.4 When placing orders with LYNX, the Client will use the trading platform of IB and/or a party affiliated to it and the functionalities offered by this platform. The Client declares that they have read the content on the LYNX website which provides instructions about the trading platform. The Client is at all times fully responsible for the protection and confidentiality of their user name and password which give access to the IB trading platform and will keep this information strictly confidential. The Client may at any time replace the existing password with another password to be chosen by the Client. It is always the Client's responsibility to change the password immediately if the Client suspects that the existing password is no longer confidential. At the Client's request, LYNX may block or temporarily block access to their account on the IB trading platform.

6.5 The Client is responsible for the payment of any taxes and, if they are obliged to do so, for providing information about their giro credits and investments held via IB to the relevant tax authorities. If LYNX is obliged to do so, LYNX will provide the competent tax authorities with information relating to the Client.

## Clause 7: Liability and indemnity

7.1 LYNX undertakes to perform all acts in the context of its instruction with due care. Apart from this duty of care, LYNX accepts no responsibility and is not liable for acts performed by the Client or their authorised representatives. LYNX is only liable for intent

or gross negligence in respect of its activities in the context of its provision of services (including compliance with regulatory legislation and regulations).

7.2 The Client will indemnify LYNX against claims by third parties and compensate LYNX for loss suffered as a result thereof, in so far as such claims or loss is the result of a fault or culpable act on the part of the Client.

7.3 The Client understands and accepts that any investment in a financial instrument, including a prudent and conservative investment, entails a risk of loss. LYNX accepts no liability for negative returns realised by the Client or for the preservation of their invested assets.

7.4 LYNX is not liable for loss suffered by the Client that is directly or indirectly the result of or is related to inaccuracies in and/or the non-receipt or delayed receipt of price information, calculations or other information provided by LYNX to the Client. Nor is LYNX liable for loss suffered by the Client that is directly or indirectly the result of or is related to analyses, investment recommendations, investment research or other information of any nature whatsoever relating to the Client's investments.

7.5 LYNX is not liable for any shortcomings of third parties, including IB and/or any party affiliated to IB.

7.6 LYNX is not liable for loss or damage suffered by the Client as a result of measures (including a trade blockade), which LYNX or a third party engaged by it, including IB and/or any party affiliated to IB, is entitled or obliged to take on the basis of any mandatory

government regulation, an instruction from a regulator or a regulation of any stock exchange or other trading platform, wherever in the world, or in connection with exceptional circumstances.

7.7 In special circumstances, delays may occur in the execution of Client's orders. This includes the failure of order systems and heavy traffic on the stock exchange or other trading systems. LYNX is not liable for any loss arising as a result thereof, either directly or indirectly, unless there is intent or gross negligence on the part of LYNX.

7.8 If, without prejudice to the provisions of this agreement, LYNX is liable for any loss, such liability will be limited to direct loss. In that case, LYNX is expressly not liable for indirect loss such as loss of profit or consequential loss.

## Clause 8: Costs and fees

8.1. The Client will owe LYNX transaction costs for the execution-only services provided by LYNX as referred to in clause 1.1(2) of this agreement. The transaction costs are calculated per order passed on. The Client will owe interest costs for transactions in CFDs. LYNX's list of fees as included on its website ([www.lynx.nl/tarieven-beleggen/alle-tarieven/#1459501034575-7b40d149-a9af](http://www.lynx.nl/tarieven-beleggen/alle-tarieven/#1459501034575-7b40d149-a9af)) and (<https://www.lynxbroker.sk/tarify>) shows the transaction costs owed to LYNX per product for transmitting the order to IB as well as the interest costs for transmitting orders in CFDs. LYNX reserves the right to change these costs and fees at any time and with immediate effect. The list of fees on the LYNX website always shows the current transaction costs.



8.2 For the additional services provided by LYNX as referred to in clause 1.2 of this agreement, the Client will owe interest costs. The list of fees on the LYNX website always shows the current transaction costs.

8.3 For the provision of services as referred to in clause 1.1(1) of this agreement, the Client will owe LYNX a margin of the positive interest the Client receives on any money and/or securities accounts they hold at IB.

The list of fees on the LYNX website always shows the current margin.

8.4 The execution of the orders takes place on the platform of IB or any of its affiliated parties. The list of fees shows the transaction costs per product owed to IB for IB's execution of the order. These costs may be changed by IB in accordance with the IB Client Agreement. The list of fees on the LYNX website always shows the current transaction costs. In addition to the transaction costs referred to in this clause, the Client will also owe IB other fees, including but not limited to tax fees, clearing fees, custody fees and other exchange-related fees, all on the basis of the IB Client Agreement.

8.5 Transaction costs accruing to LYNX will be debited from the cash balance on any accounts held by the Client via IB and to the extent required, the Client grants LYNX the necessary permission or authorisation to collect/receive these costs. Transaction costs will be processed immediately after the transaction. Interest costs will be debited per day or per month from the account held by the Client via IB or any IB affiliate, depending on the type of interest.

## Clause 9: Stock Yield Enhancement Program

9.1 If the Client chooses to participate in the

Stock Yield Enhancement Program of IB or a party affiliated to it, the Client hereby agrees that IB or a party affiliated to it may lend out their financial instruments for the purpose of that IB Stock Yield Enhancement Program (whereby the instruments may or will be made available for short selling). In return, the Client will receive compensation in the form of interest. The economic risk on the instruments remains entirely for the account of the Client. The proceeds/loan proceeds are shared between the Client (50%) and LYNX and IB (25% each). The scope and conditions of the IB Stock Yield Enhancement Program and the related specific investment risks are further explained in the document entitled "information on lending financial instruments" (Annex 5).

## Clause 10: Conflict of Interests

10.1 LYNX has a conflict of interest policy. This conflict of interests policy is available on the LYNX website (<https://www.lynx.nl/documenten>) and <https://www.lynxbroker.sk/dokumenty/>.

The Client may request further details of the conflict of interests policy from LYNX in accordance with the manner described in clause 16 (notifications, announcements and requests).

10.2 If a conflict of interests proves to be unavoidable and the organisational and administrative measures taken by LYNX cannot prevent the potential consequences thereof for the Client, LYNX will inform the Client immediately and provide information on the steps taken or to be taken by LYNX to mitigate the associated risks.

## Clause 11: Best Execution

11.1 LYNX only passes on orders from the

Client. It does not execute them. There is therefore a limited best execution obligation on LYNX under the applicable laws and regulations. Orders from the Client will be passed on for execution exclusively to IB. The execution agent has their own best execution obligation. LYNX's Best Execution policy is described in Annex 6. We have included the Best Execution policy of the party executing the order, IB, on the LYNX website (<https://www.lynx.nl/documenten> and <https://www.lynxbroker.sk/dokumenty/>).

The Client hereby declares that they agree with IB's Order Execution Policy.

#### **Clause 12: Recording of telephone calls / electronic communications**

12.1 LYNX may record and store telephone calls and all forms of electronic communication with the Client in connection with the provision of services under this agreement.

12.2 A copy of the recording of these conversations and communications with the Client is available on request for a period of five years (or for a maximum period of seven years if the AFM so requests).

#### **Clause 13: Complaints**

##### **Internal complaints procedure**

13.1 All complaints made by the Client with regard to the services provided by LYNX under this agreement must be submitted in accordance with the complaints procedure set out in Annex 7 and will be dealt with in accordance with the procedure described therein.

#### **Clause 14: KiFID**

14.1 If the Client is not satisfied with the

outcome of the handling of a complaint in accordance with LYNX's internal complaints procedure, the Client may submit the complaint to the Financial Services Complaints Institute (*Klachteninstituut Financiële Dienstverlening*, KiFID). LYNX is affiliated with KiFID under the registration number 400.000120. LYNX accepts the recommendations of KiFID as binding. Incidentally, this does not in any way preclude the Client from submitting a possible claim to the competent court in Amsterdam

#### **Clause 15: Notices, announcements and requests**

15.1 When entering into this agreement, the Client accepts that the communication and exchange of information between the Client and LYNX will take place in the Dutch language. The Client expressly agrees that the correspondence, information and/or documentation of or from IB or any party affiliated with IB will be drawn up in the English language. LYNX may refer in its own communications to this correspondence, information and/or documentation drawn up in English. In the event of any discrepancy between the translation(s) of LYNX and an original IB document, IB's original document will always prevail.

15.2 All notices, announcement, requests and other communications to be made pursuant to the Agreement will be made (depending on the nature of the notice) by post or email or via a website, using the contact details set out below:

##### **LYNX**

Correspondence address: Herengracht 527, 1017 BV Amsterdam, Nederland

Email address: [info@lynx.nl](mailto:info@lynx.nl)

Website: [www.lynx.nl](http://www.lynx.nl)



**Branch Czech Republic:**

Correspondence Address: Vaclavske namesti  
776/10, 110 00 Praha 1, Czech Republic

Email: [info@lynxbroker.sk](mailto:info@lynxbroker.sk)

Website: <https://www.lynxbroker.sk/>

**Client**

Client's email address as provided to LYNX via the LYNX Opening Form.

Client's postal address as communicated to LYNX via the LYNX Opening Form.

15.3 The Parties may change the contact details as set out above by means of a written message to the other party.

15.4 The Client is responsible for keeping all information provided up-to-date and accurate at all times.

**Clause 16: Miscellaneous**

16.1 LYNX is monitored by the AFM and DNB (Dutch Central Bank). The contact details of the AFM and DNB are as follows:

Stichting Autoriteit Financiële Markten

Postbus 11723

1001 GS AMSTERDAM

Vijzelgracht 50

1017 HS AMSTERDAM

Website: [www.afm.nl/consumenten/contact](http://www.afm.nl/consumenten/contact)

Email: [info@afm.nl](mailto:info@afm.nl)

De Nederlandsche Bank

Postbus 98

1000 AB AMSTERDAM

Westeinde 1

1017 ZN AMSTERDAM

Telephone: +31(0)800 – 020 1068

Email: [info@dnb.nl](mailto:info@dnb.nl)

National Bank of Slovakia

Address: Imricha Karvaša 1, 813 25 Bratislava

Telephone: +421 2 5787 1111

Email: [info@nbs.sk](mailto:info@nbs.sk)

16.2 Should LYNX go bankrupt as a result of which LYNX can no longer meet its obligations relating to this agreement, the Client may be able to appeal to the investor compensation scheme. The document entitled “investor compensation scheme” (Annex 8) contains more information regarding the investor compensation scheme to which LYNX is affiliated.

16.3 LYNX is entitled to transfer all or part of the execution of this agreement to a third party or to be represented by a third party when receiving and transmitting orders to IB. If this occurs, the Client will be informed accordingly and the outsourcing policy of LYNX will be observed.

**Clause 17: Changes and invalid provision**

17.1 If drastic changes occur in the information provided by LYNX to the Client under this agreement (including annexes), LYNX will inform the Client in good time in accordance with the manner of notification as described in clause 15.2.

17.2 LYNX may revise this basic agreement and each of the documents referred to in the LYNX Opening Form from time to time. The revised version will enter into effect at the time of publication, unless stated otherwise. If the changes limit the Client's rights or increase

their responsibilities, LYNX will publish a notice on the website page <https://www.lynx.nl/documenten>, <https://www.lynxbroker.sk/dokumenty/>. and inform the Client of this at least 60 days in advance. If the Client continues to use the services of LYNX after the changes to this agreement have become effective, the Client agrees to be bound by these changes. If the Client does not agree to the changes, they may close the account before the changes take effect.

17.3 If one of the provisions of this Agreement is null and void or voidable due to violation of the law, or otherwise proves to be invalid, the other provisions of this Agreement will remain in force. If one of the provisions proves to be invalid, the Parties undertake to consult with each other about an alternative arrangement that does justice, as far as possible, to the situation intended by the Parties.

#### **Clause 18: Applicable law**

18.1 The contractual relationship between the Parties, as well as questions about the existence and formation thereof, are governed exclusively by Dutch law.

#### **Clause 19: Term of the Agreement / Termination**

19.1 The agreement has been entered into for an indefinite term.

19.2 The agreement can be terminated at any time by either party in writing, including by letter or email. A notice period of one calendar month applies to LYNX. No notice period applies to the Client.

19.3 When this agreement and the order given therein are terminated, LYNX will agree on a transition plan in consultation with the Client.

This plan will include one of the following options:

- the Client will continue the relationship with IB and will continue to hold any of their securities accounts/money accounts with or via IB and will in future place orders directly with IB without the intervention of LYNX;
- LYNX will settle the securities positions and/or funds on any IB securities accounts/money accounts held via IB and will have these accounts closed.

During the settlement, the provisions of this agreement will continue to apply in full.

#### **Clause 20: Competent court**

20.1 In addition to the option open to the Parties to submit complaints and disputes to KiFID, the Parties agree that the District Court of Amsterdam will have exclusive jurisdiction to hear any disputes between the Parties that may arise as a result of or pursuant to this Agreement.

#### **Clause 21: Confidentiality / Privacy Statement**

21.1 In exercising its powers under this agreement, LYNX will exercise due care to safeguard the confidential nature of this relationship.

21.2 Under this agreement, LYNX is permitted to:

- provide confidential information to those internal and external officers, staff members and legal advisers who need to have knowledge of such confidential information in order to support the provision of the services as described in clause 1;
- provide confidential information on request or instruction from a competent court, supervisory or other competent

body.

The Parties will only share confidential information with third parties if they written permission to do so.

21.3 The Client declares that they are aware that the personal data to be provided by them to LYNX will be processed by LYNX and third parties. For an explanation of how LYNX handles personal data, reference is made to

the most recent version of the Privacy Statement on the website page <https://www.lynx.nl/privacyverklaring>.

LYNX Branch Czech Republic:

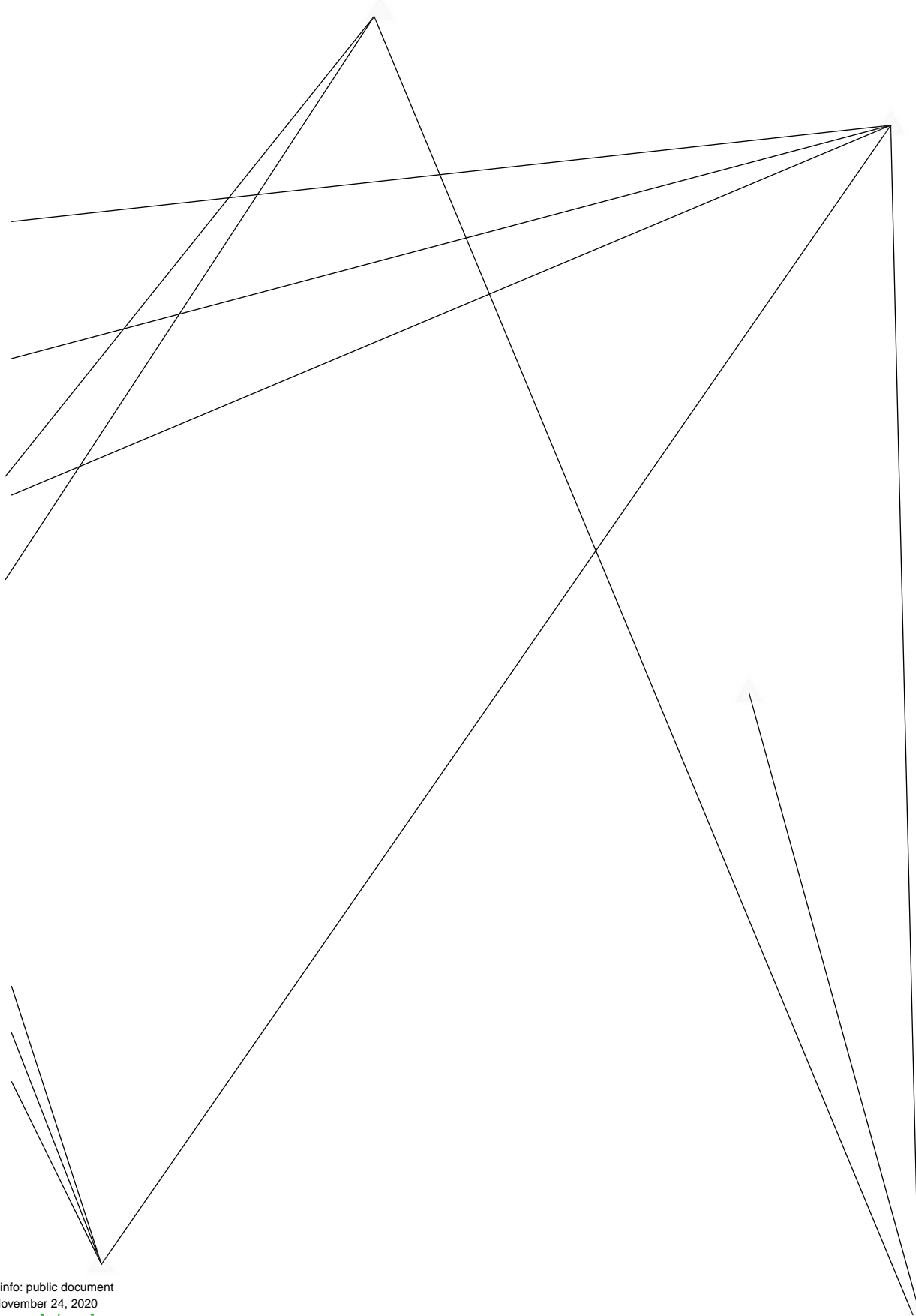
**GDPR privacy statement** is available via: <https://www.lynxbroker.sk/ochrana-osobnych-udajov/> and <https://www.lynxbroker.sk/dokumenty/>.

**List of annexes:**

- Annex 1: Client classification policy LYNX B.V.;
- Annex 2: Periodic reports;
- Annex 3: Risk warnings and information on financial instruments;
- Annex 4: Information about the characteristics and risks of trading on Securities-based Credit;
- Annex 5: Information about securities lending (IB Stock Yield Enhancement Program);
- Annex 6: LYNX Client Order Execution Policy;
- Annex 7: Complaints procedure;
- Annex 8: Investor Compensation Scheme (ICS).

**Disclosure Statement (Client):**

Summary LYNX Conflict of Interest Policy



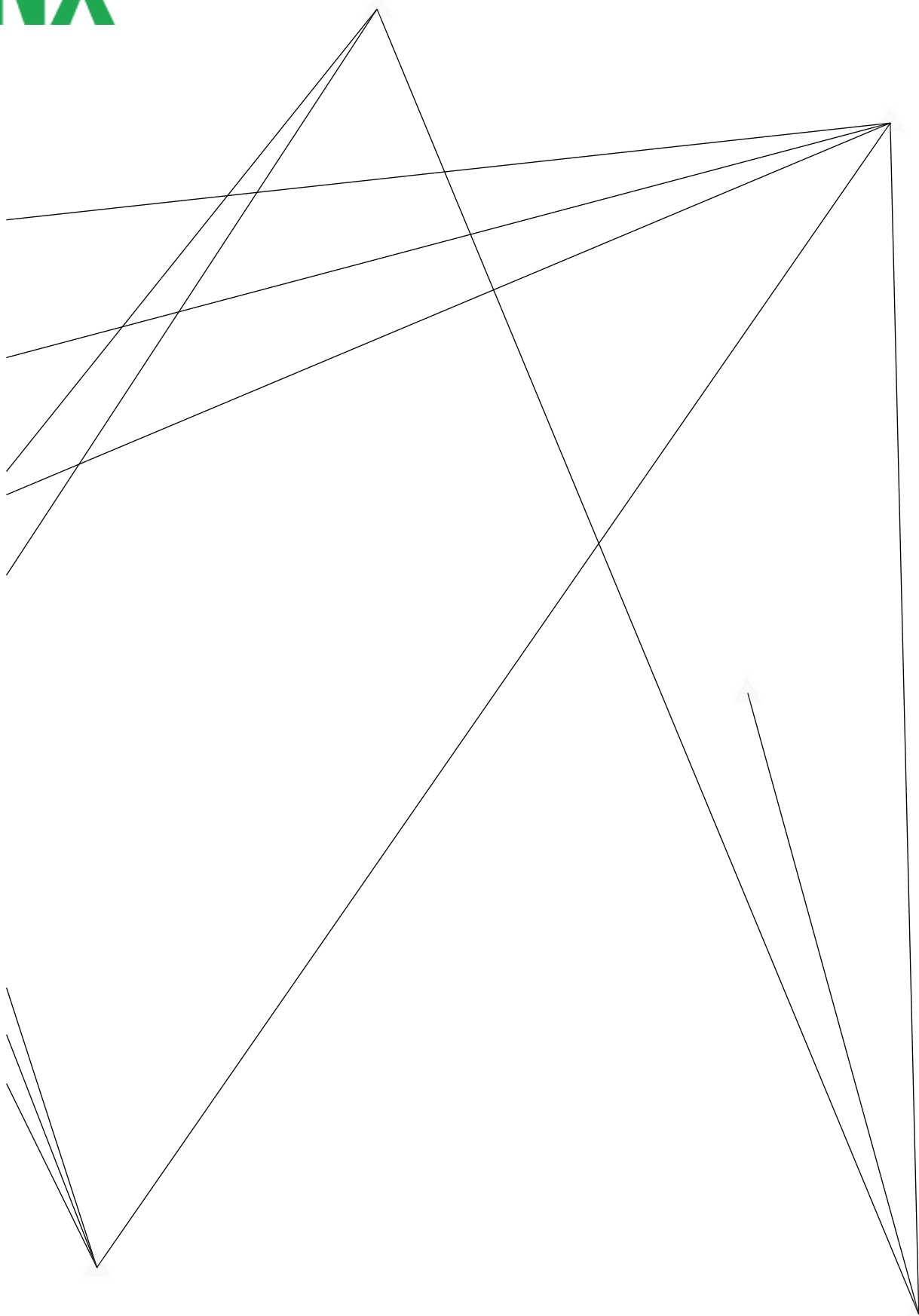
## Annex no 1: Client classification policy LYNX B.V.

1. LYNX offers investment services and is therefore obliged under the applicable laws and regulations to classify its clients into relevant client categories. These categories are: non-professional client, professional client, or eligible counterparty. A client's classification into a category has consequences for the degree of protection the client enjoys and the duty of care that LYNX has in respect of the relevant client. For example, a professional client enjoys less protection than a non-professional client.
2. LYNX provides its (execution-only) investment services to non-professional clients and to professional clients. LYNX has chosen to, in principle, classify its clients as non-professional clients. Based on the applicable laws and regulations, it is possible to classify non-professional clients as professional clients. Section 3 below sets out the conditions based on which you may be classified as a professional client at your own request. LYNX determines the extent to which it will honour such a request.
3. LYNX will never classify you as a professional client at its own initiative. However, you may send LYNX a written request to be classified as a professional client. As indicated above, LYNX is not obliged to honour such a request. If LYNX takes such a request into consideration, it will in any event not honour the request if an assessment conducted by LYNX into your expertise, experience and knowledge in view of the agreement does not reasonably demonstrate that you are able to make your own investment decisions and to assess the corresponding risks yourself. You must in any event meet two of the following quantitative criteria in order to be eligible for classification as a professional client:
  - a) during the previous four quarters, you carried out an average of 10 transactions of a considerable size each quarter;
  - b) the size of your portfolio of financial instruments, comprising both cash deposits and financial instruments, is greater than EUR 500,000;
  - c) you work or have worked in the financial sector for at least one year, whereby you are or were engaged in activities that require knowledge of the intended transactions or services.

You will furthermore have to meet the qualitative criteria that there must be reasonable certainty that you, as a non-professional client, are able to make your own investment decisions and assess the corresponding risks yourself.

4. Additionally, before honouring any request from you as described in Section 3, LYNX will warn you about the lower degree of protection related to being a professional client and about the fact that the investor compensation scheme will no longer apply to you (see Appendix 5 for an explanation of the investor compensation scheme). In that case, you must also confirm in a separate document that you are aware of the consequences related to the lower degree of protection.
5. If you are classified as a professional client by LYNX, but at any given moment no longer comply with the conditions related to this classification as a professional client, LYNX will classify/reclassify you as a non-professional client and inform you accordingly.





## Annex no 2: Periodic reports

### General

Through LYNX you have access to a wide range of reports, which, among other things, provide information on movements on the securities account, trading activity and risks.

Reports are made available to you in the administrative section of the securities account you hold with Interactive Brokers ("IB"), hereinafter referred to as "**Account Management**". Via our website (<https://www.lynxbroker.sk>: Login Account Management) you will receive a link to the online Account Management environment. Account Management is an IB system.

Via Account Management you can configure that reports also be sent to you periodically (daily and monthly) by e-mail. In addition, you can customise statements of the securities account and other reports. The reports are available in various formats, such as online and as a CSV and/or PDF file.

### Reports from Interactive Brokers

In addition to offering a securities account, IB also executes your orders placed with regard to financial instruments submitted via LYNX. The reports drawn up by IB on your securities account and the execution of orders are made available to you via Account Management.

### What reports are there?

You can request a standard (i) **statement of the securities account** via Account Management. This statement shows all movements that have taken place on your securities account during the period selected by you. Transactions, transaction costs and taxes, change of cash position(s), dividend payments, deposits and reversals are shown.

Various (ii) **risk reports** provide insight into how a securities account performs under various scenarios. The (iii) **Value at**

**Risk (VaR)** report shows how much a portfolio can lose as a result of market movements over a given time horizon. The (iv) **margin report** shows what the margin requirements were for both the whole securities account and per position and the (v) **stress test report** shows the value and profit and loss of the positions when underlying prices rise and fall.

The (vi) **Portfolio Analyst** provides a comprehensive, professional performance analysis with a user-friendly modern interface. Positions and transactions by asset class or currency, for example, are shown and interactive charts show current and past values.

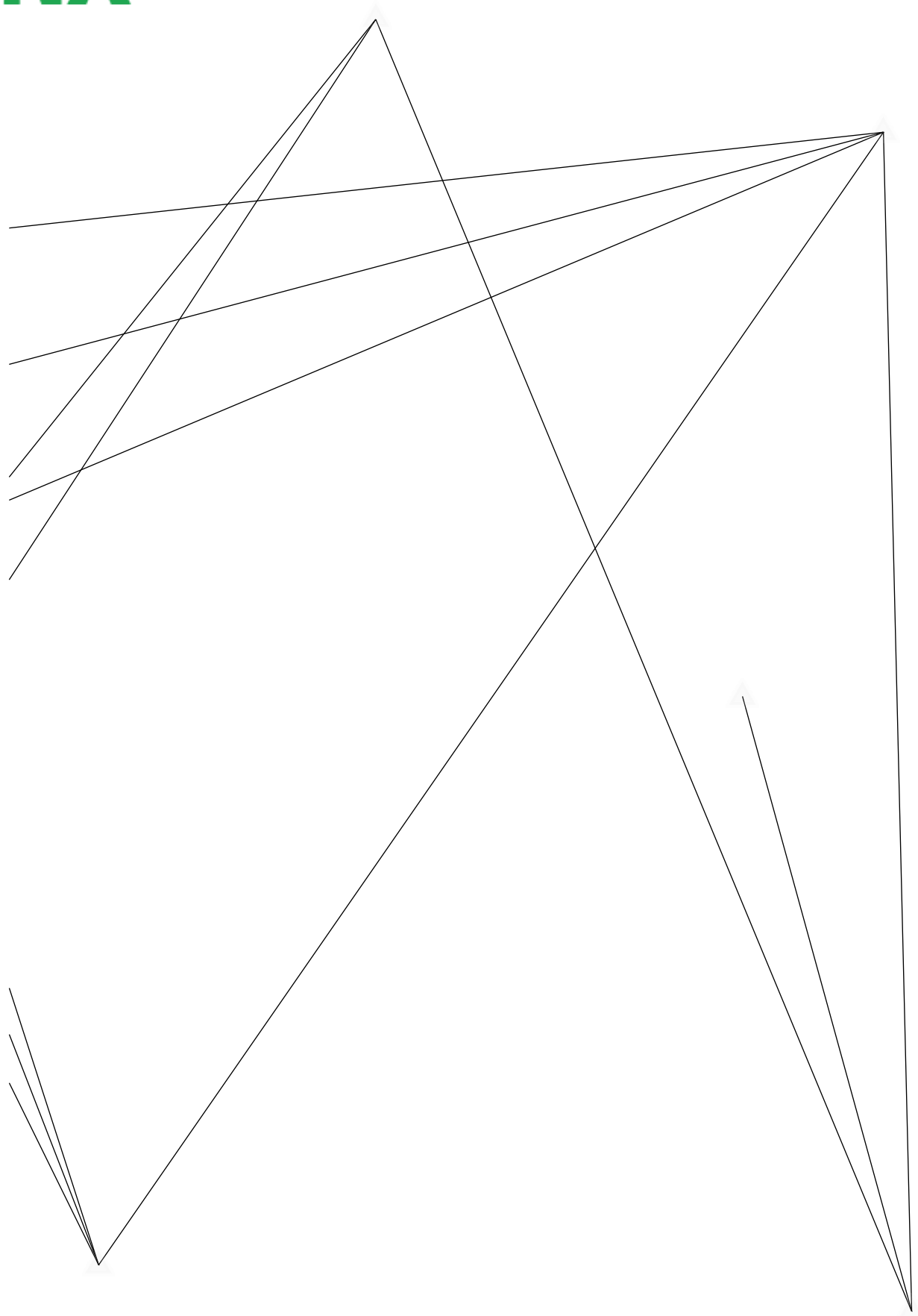
The annual 'ex-post' (retrospective) overview of (vii) **costs and charges** related to the services of LYNX and IB and the transactions executed is made available via Account Management.

Finally, the (viii) **Audit Trail** is a file in which the daily trading activities are stored. In this way, it is possible to retrieve, among other things, which orders were sent to the exchange, which orders were changed, what the details of the order are and why an order was not accepted. Every day, one Audit Trail is created with the name of the day of the week.

The aforementioned reports (i) to (vi) and (viii) are drawn up by and under the responsibility of IB. The aforementioned report (vii) is drawn up by IB via Account Management, but this is done under the responsibility of LYNX.

### When will the reports be available?

Reports are available in most cases from the first working day after the end of the period to which the report relates. With regard to your securities account, you can consult the daily, monthly and annual reports via Account Management. You can also select a period for which you would like to receive a report.



## Annex no 3

### Risk warnings and information on financial instruments

The information included in this document is provided to you, as a non-professional investor, in accordance with European and Dutch laws and regulations. The information contained in this Schedule 3 intends to provide you with a general description of the main features and risks of (investing in) securities, such as shares and bonds, and derivatives, such as futures, options and contracts for differences (CFDs). This document also covers more general risks associated with investment markets. Please note that you should always check whether the issuer of securities or the provider of derivatives has published specific information about the relevant security or derivatives, such as a prospectus or key information document, and consult this information carefully before making any investment decision. If you do not understand the nature and extent of your exposure to the nature and risks associated with a product, you should not trade in such product. You should ensure that the products you are trading in are suitable for you in light of your personal circumstances and financial position. Certain strategies, such as spreads and hedging positions, can be as risky as simple long or short positions. We wish to point out that this document does not disclose all possible risks associated with different types of investments or financial markets.

We would like to emphasise that where you classify as a retail client, you should pay particular attention to this document considering the fact that your level of experience, knowledge and expertise is lower than that of a professional client or eligible counterparty. You should therefore read this document and make sure you understand the below. There are risks involved in relation to any investment you may make via LYNX with Interactive Brokers.

We have set an outline of some general risk warnings that are relevant to most types of investments and investment strategies and of which you should be aware:

- a) You should always remember that you may not get back the amount originally invested as the value of the investments, and the income from them can go down as well as up. There are no guaranteed returns. The price or value of an investment will depend on fluctuations in the financial markets that are outside our control;
- b) Past performance is not a guide to future performance;
- c) The value of an individual investment may fall as a result of a fall in markets depending, for example, on the level of supply and demand for a particular financial instrument, the investors or market perception, the prices of any underlying or related investments or other political and economic factors;
- d) With regard to investments designated to be held for the medium to long-term or with limited liquidity or with a fixed maturity date or with significant up-front costs, you should be aware that early redemption may result in lower than expected returns, including the potential for loss to the amount invested;
- e) Trading in off exchange investments, that is investments which are not traded under the rules of a regulated market or exchange or where there is no recognised market, and which are not settled;
- f) Through a regulated clearing house, exposes the investor to the additional risk that there is no certainty that the market makers will be prepared to deal in such investments and as a consequence there might be no secondary market for such investments. There may also be restrictions in relation to access and liquidity, for example, investments may only be made or redeemed on certain dates or with prescribed period of notice. You should be aware that it may be difficult to obtain reliable information about the current value of such investments or the extent of the risks to which they exposed;
- g) You will be exposed to concentration risk where there is an insufficient level of diversification in your account and you are excessively exposed to one or a limited number of investments;
- h) Correlation risk refers to the probability that the actual correlation between two assets or variables will behave differently than what anticipated. The consequence is that your portfolio could be riskier than originally envisaged. Correlation is a term used to compare how one asset class might behave in comparison to another asset class. Assessing the correlation between different assets in your portfolio is important in managing the riskiness of the account;
- i) Volatility is a statistical measure of the tendency of an individual investment to feature significant fluctuations in value. Commonly, the higher the volatility, the riskier the investment;
- j) Regulatory/Legal risk is the risk from regulatory or legal actions and changes which may reduce the profit potential of an investment or cause a loss on your investment. Legal changes could even have the effect that a previously acceptable investment becomes illegal or if affects the tax treatment of

your investment may impact its profitability. Such risk is unpredictable and may depend on various political, economic and other factors;

- k) Operational risk, such as breakdowns or malfunctioning of essential systems and controls, including IT systems, can impact the ability of closing your investments or otherwise transact.

In addition to the above, we have set out risks relating to investments in financial instruments and specific risks related to certain complex products.

## A) RISKS RELATING TO INVESTMENTS IN FINANCIAL INSTRUMENTS

### I. Introduction

Below, please find a description of typical risks applicable to all types of investments you may make via Interactive Brokers. The risks described below are cumulative and mutually enhancing.

#### **Volatility:**

The prices for financial instruments and securities are subject to some major fluctuations over time. The degree of the price fluctuations within a particular period is referred to as volatility. Volatility is calculated based on historical data using statistical methods. The higher the volatility of a financial instrument, the higher the risk inherent in the investment. However, volatility is based on past changes in prices only and thus is not a reliable indicator for future price trends.

#### **Liquidity and fungibility risks:**

Liquidity or fungibility, respectively, describes the investor's option to be able to dispose of the financial instrument at any time. The basic option to make such disposition is referred to as fungibility. Liquidity means the option to be able to dispose of financial instruments without a sales order, which is deemed of average size common on the market, triggering noticeable or lasting fluctuations in the prices and thus can only be completed at significantly lower rates. In particular tight and illiquid markets may be the reason for difficulties to purchase or sell financial instruments. Some financial instruments are quoted over a long period of time, without any underlying genuine turnover. Completing an order in such markets is not possible immediately, is only possible in part, or at extremely unfavorable terms. This could also result in higher transaction costs.

#### **Currency risk:**

Investors face a currency risk when holding financial instruments in a currency which is not their home country's currency. The currency risk is realized if the ratio between the investor's home country currency and the foreign currency increases. Hence, even in the event that the prices increase, such transactions may result in losses. Currencies and foreign exchange are subject to the impact of short-, medium-, and long-term factors. In fact, market views, current political events, speculations, economic

developments, interest trends, monetary policy decisions, and macroeconomic factors may influence foreign exchange rates.

#### **Inflation risk:**

Inflation risk means the risk that the investor suffers pecuniary losses due to progressing currency devaluation (inflation).

#### **Economic risk:**

Economic trends which were inaccurately predicted or could not be foreseen may have adverse effects on future trends of the prices for financial instruments. The changes in the economic activities of a nation always affect the development of prices of financial instruments.

#### **Credit risk:**

Lending against a portfolio or securities account is an instrument which investors frequently use to remain solvent and thus remain able to take actions. Please note that you must first generate the interest owed on the loan granted to fund your investment before you will generate profits. In addition, you must repay the loan. As a result, the risk-reward ratio shifts. Since the financial instruments are used as collateral when lending against a portfolio, negative price trends may result in a decline of the collateral value of your portfolio due to the decline in prices. In that case, you are typically required to make additional payments and provide the lender with additional collateral in order to ensure sufficient security for the loan--otherwise, the loan may be cancelled. In extreme cases, securities in the account may be subject to a compulsory sale by the lender. This is the case in particular if the requested additional funds are not provided or not provided in a sufficient amount. In addition, there is no certainty that your securities account can be used in the future to fully settle your obligations.

#### **Tax risks:**

The investors' taxation always affects the sustainable return on their investments. The treatment of gains and proceeds from securities and similar transactions for tax purposes may change. In addition to the direct impact on the investor, such changes can also impact the earnings position of companies and thus have adverse or favorable effects on the price trends of financial instruments.

Before investing, please research the underlying tax conditions and treatment of the intended capital investments for tax purposes.

#### **Incidental costs:**

Any commission and transaction costs incurred as well as recurring costs (such as portfolio management fees) affect the potential profits from the respective transaction.



**The higher the costs relating to the transaction, the longer it takes to reach the breakeven point. At the same time, your chances to generate profits decline since these costs must first be earned again before you can generate any profits.**

Therefore, please consider the ratio of fees and total net transaction value.

## II. Risk inherent in stock trading transactions

### 1. Nature of a stock

A stock is a share or owner certificate which certifies in a stock certificate the stakeholder rights of the stockholder in a stock corporation. The owner or holder of a stock is not a creditor of the company, but rather holds an equity interest in the company as the co-owner of the assets. Stocks may be subject to different concepts in terms of transferability (fungibility). In fact, in case of bearer shares, a transfer of title of ownership is not subject to any special form requirements. In case of registered stocks, however, the stocks are registered in the investor's name in the company's stock register. Vis-à-vis the company, only the persons registered in said register are deemed stockholders. Only those persons may therefore exercise their rights either themselves or by proxy. If a stockholder waives registration in the stock register, that stockholder typically does not receive any information from the company nor does the stockholder receive an invitation to any general assemblies. Thus, the stockholder de facto loses their voting right. So-called registered shares with restricted transferability are a special type of registered stocks. The transfer of such shares to a new stockholder required the company's prior approval. Without such approval, the stock cannot be transferred.

#### Common stock:

In Germany, common stock is the most common type of stocks and grant the stockholder the legal and statutory rights related to them.

#### Preferred stock:

Preferred stock, on the other hand, typically entail preemptive rights regarding the distribution of profits or the proceeds from any liquidation or insolvency proceedings. Preferred stock may be issued with or without voting rights. More often than not, they do not grant the stockholder the right to vote in general assemblies.

### 2. Risks

Stock trading is, in addition to the general risks inherent in the investment in securities, subject to additional specific risks which are outlined below.

#### Entrepreneurial risk:

Since the investors participate in the economic development of the company after purchasing the stock, they are basically entrepreneurs and thus has access to the rewards related to that enterprise; however, they also bear the corresponding risks. The entrepreneurial risk also entails the risk that the

company's business activities do not result in any success. In extreme cases, this may also lead to the company's insolvency. In that case, your investment may result in a total loss. This applies even more since stockholders in such insolvency scenario do not participate in any existing assets until all other creditors' claims have been settled.

#### Price change risk:

Stock prices are subject to fluctuation, in some cases, these fluctuations can be rather extreme. They typically depend on the supply and demand situation. They are marked by general economic expectations and the company's special circumstances.

#### No reliable conclusions for the future can be drawn from past price trends.

In the long run, price fluctuations are dependent on a company's earnings position which in turn is affected by the macroeconomic trends and the underlying political conditions. From a medium-perspective, effects from economic, currency, and monetary policies overlap. On a short-term basis, current events limited in time such as disagreements or legal disputes, international crises, commodity prices, or many other parameters affect price computations and market sentiment. In principle, one can distinguish between the general market risk inherent in a stock and the company-specific risk. The general market risk is the risk of changes in prices resulting from general trends in the stock market which are not directly correlated to the economic position of the individual companies. Hence, based on the market as whole, the price of a stock at the stock exchange decreased despite the fact that the current economic situation of the company has not changed. Such general market risks can overlap positive company-specific developments, relativize, mitigate, or completely eliminate effects. It cannot be predicted how long such effects prevail.

#### Company-specific risk:

Company-specific risks means risks directly or indirectly related to the company itself. This means in particular the company's position in the market environment, decisions made by the management, and similar circumstances directly related to the company. The underlying general conditions include in particular the inflation rate, the prime rates, underlying tax and legal conditions, and the general market psychology. It can be observed frequently that stocks or entire stock markets experience major value and assessments fluctuations without any changes in the underlying conditions. Indeed, the value of stocks and assessment of stock markets are often exaggerated as well.

#### Country risk:

If stocks in foreign companies are acquired or if the securities account is maintained abroad, the investor may be subject to capital transfer restrictions which may make it impossible for a short or longer period of time to sell stocks, receive dividends or transfer securities from the respective country. If foreign stocks are acquired, the investor must consider that these stocks are governed by foreign law and may be structured different from German stocks. In addition, foreign experts such as lawyers, tax consultants or courts may have to be involved to exercise rights or meet obligations and requirements. This may entail additional costs and

obstacles. When acquiring foreign stocks, it is oftentimes more difficult to obtain the required information regarding the company or the stocks, participate in the general assembly or otherwise exercise rights.

#### Liquidity risk:

In particular in case of stocks in smaller companies with a low stock price or which are issued only in a small number it cannot be guaranteed that a buyer can be found to acquire the shares from the investor. This may result in not finding a buyer at all or in the investor being forced to accept significant discounts on the purchase price. The group of investors of smaller stocks, second-line stocks, and so-called penny stocks in particular is typically so small that the sale of such stocks is strongly limited or even unfeasible over a long period of time. Such stocks are also prone to price manipulations. In addition, when investing in foreign stocks, the investor must take into account that they may only be able to dispose of the sales price of the stock after longer periods or after the registration of the transfer when selling the stocks.

#### III. U.S. stock exchanges: Specific risks inherent in penny stocks and OTCs:

There is a rule in the United States where all companies whose stocks are publicly offered at the exchange are required to report to the Securities Exchange Commission (SEC). Hence, financial statements and other information must be submitted, and the SEC must be notified about any changes. There are two major exceptions to these registration and reporting requirements.

#### Regulation-S stocks:

Such stocks must not be offered to non-U.S. citizens. During a period of 12 months, this stock cannot be sold within the United States. In addition, the buyer must agree to resell the stock only in compliance with the legal regulations applicable in the United States. These stocks may not be sold within the United States for a period of one year and may not be introduced to U.S. exchanges or markets without prior registration with the SEC.

#### OTC stocks:

The OTC market is a free market. These stocks are subject to the same restrictions as the Regulation-S stocks.

#### Price manipulation risk:

A common characteristic of the free markets is the fact that prices can be strongly affected by the activities of certain securities trading institutions acting as so-called market makers. Those institutions notified the exchange organizers that they will focus on those stocks and meet certain obligations regarding those securities. Oftentimes, OTC stocks have only one so-called market maker and said market maker is also the sole party interested in case the investor wishes to sell the acquired stock. Those market makers often act as their own trading party, i.e., they do not purchase and sell the stock as a broker on behalf of another customer, but rather at their own account.

**The prices are determined by those market makers and**

**thus are not subject to supply and demand.**

It must be considered in this regard as well that the scope of the market and the market maker's unique position entail the major risk of price manipulation and unfair pricing.

**There is no regular supply and demand scenario and no general interest in the development of the price. Due to the unique position, the market maker has the opportunity to manipulate the prices based on their own or third-party interests. This triggers the major risk of price fraud.**

Oftentimes, the price determined by the market maker is not based on a fair market price. Rates are occasionally determined randomly.

#### Spread:

There is often a large margin between the bid and ask rates, the so-called spread.

**The market maker earns this spread. Since the free markets are narrow markets, said spread is extremely high in some cases.**

This also means that the investor initially incurs a loss upon acquisition of such stock.

**In some cases, major and unrealistic rate fluctuations are required in order for the bid rate when selling the stock to exceed the initially paid ask rate.**

**When trading via LYNX with Interactive Brokers it often occurs that the number of those stocks reaches the maximum of 500,000 units per order due to the low nominal price. This maximum applies regardless of the exchange and cannot be changed.**

#### IV. Day trading risks

It is possible to purchase and sell financial instruments such as stocks and derivatives in a day trading transaction in order to benefit from minor and short-term price fluctuations. These transactions are speculative trading techniques since medium- and long-term factors do typically not affect the pricing. The investor must take into consideration that a sale or closing of the position effective the next business day (overnight risk) may be necessary in order to avoid any rate losses; thus, losses are generated. The higher the basic volatility of the respective financial instrument, the higher this risk. The risk of total loss is therefore generally higher in this trading approach; in particular, this risk increases in proportion to the number of transactions. The impact of fees is of particular significance in this trading approach since the fees increase when entering into a large number of transactions (cf. also "Incidental costs" under A.I. below). Those fees can be disproportionately high. To the extent that day trading transactions are pursued on loan, the investor must consider that the obligation to repay said loan exists regardless of the outcome of the transaction and that additional costs may be incurred due to interests which first

must be earned before the investor can break even. If futures transactions are pursued in the course of day trading activities, additional collateral or equity may have to be provided if losses occur at the same time which exceed the capital invested or the collateral provided. In day trading, the customer is in competition with professional and financially strong market participants. Customers who wish to day trade should, given the facts outlined above, have profound knowledge and experience with regards to markets, trading techniques and strategies, as well as derivative financial instruments.

## B) OPTIONS TRADING RISKS

### I. Terms

#### 1. General information

#### Term and functionalities of options:

An option is the right to purchase or sell the underlying asset such as a stock, commodity or foreign currencies. In order to earn this right, the so-called option premium--the price of the option--must be paid. The owner or buyer of an option acquires the right from the option seller, the so-called writer. If the option holder exercises the right, this is referred to as exercising the option. The holder may, but is not required to, exercise the option. If the option is exercised, the writer is required to fulfil the holder's request to exercise the option. If the option is not exercised, the option is forfeited at the end of its term. There are options which may be exercised at any time during their term (American options) and those which cannot be exercised until the term expires (European options). A regional restriction does not apply when acquiring the option despite the denomination of the respective option. In the event that the option is not exercised, or you fail to exercise it in a timely manner, your option is deemed forfeited at the agreed-upon due date. Please note in addition that the date at which the option is forfeited, and the last trading day are typically not the same so that the tradability of the option may elapse before the date at which the option is forfeited.

#### Special scenario: Options with difference compensation:

Since options do not necessarily involve only physical genuinely deliverable underlying assets, but also intangibles, only a cash compensation is paid in such cases. This is the case in particular with options on an index or in a stock portfolio, i.e., a mere numbers unit which is calculated based on previously determined parameters and whose changes reflect the rate trends of the underlying securities. Moreover, all other notes and comments apply to these types of contracts accordingly.

#### Calls and puts:

There are two basic types of options: The purchase option, so-called call option, and the sales option, so-called put option. A call comprises the right to be able to purchase something, the put comprises the right to sell something. It must be taken into account that the buyer of an option may, but is not required to, exercise the option; the seller in the reverse case scenario, on the other hand, must at all event

meet the agreed-upon obligations when the option is exercised.

Thus, the seller can wait and see if the option is exercised or redeem or close out the option. When closing the transaction, the seller earns an option premium for taking this risk. If an option is not exercised, this option is deemed the seller's profit (the option may also be redeemed before that date to generate the profit).

#### Basic scenario:

All strategies used in respect to options are based on four basic scenarios:

- Long call: Purchase of a purchase option
- Short call: Sale of a purchase option
- Long put: Purchase of a sales option,
- Short put: Sale of a sales option

In order to be able to purchase a call, someone must first be willing to sell this call; in order to purchase a put, someone must sell this put. The party purchasing an option holds a so-called long position, while the party selling an option short, the party is in a short position. This results in the four above-described basic types of transactions.

#### Option holder and writer:

An option provides the option holder, i.e., the buyer of an option, with the opportunity, but not the obligation, to sell to (put) or purchase from (call) the goods, foreign currency, or underlying financial title or other underlying assets at the initially agreed-upon price (strike price). The option holder does not pay any kind of deposit or margin on the value of the items, but a premium. The holder's contractual partner, the so-called writer or seller of the option, receives this premium. The option holder's potential losses are limited to the option premium invested; the writer's risk is subject to unlimited risk of loss.

#### Covered and uncovered options:

There is a difference between the covered option and the uncovered option. In a covered option, the option seller holds the agreed-upon quantity of the deliverable underlying asset upon closing of the transaction. In an uncovered option, the obliged party does not have the deliverable item. Thus, if the option seller as the writer is obligated to deliver, the seller must procure the item by the delivery date if necessary. In that case, the risk is not limited in its amount just as in the case in which the party is obligated to accept the units.

#### 2. Material parameters of an option

The following parameters are of significance for the structuring of all options:

- **Underlying asset:**

All options are based on an agreed-upon object, the so-called underlying asset. This is the object for which the option is granted.

- **Strike or exercise price:**

The option buyer and option seller initially agree on a price for the underlying asset and the respective quantity which is a fixed price applicable at a later date.

- **Multiplier:**

The multiplier reflects the number of units of the underlying asset per option.

- **Term:**

This is the date until which (American option) or at which (European option) the option may be exercised (expiry date).

### 3. Option premium

The amount of the option premium or the rate of an option or the option price comprises the so-called intrinsic value of the option and the so-called fair value.

#### **Intrinsic value:**

The intrinsic value of an option is the difference between the current rate of the option item and the strike price of the option. Thus, for example, a call option on the DAX at a strike price of 4,000--with the DAX at 4,300--has an intrinsic value of 300 index points. A put option on the DAX at a strike price of 4,500--with the same DAX--has an intrinsic value of 200 index points (4,500-4,300). Hence, the larger the difference between the current rate and the strike price, the higher the intrinsic value and thus the more expensive the option.

#### **Fair value:**

In addition to the intrinsic value, the option has a so-called fair value. The fair value is determined based on the difference between the actual rate of the option and the intrinsic value. For example, if the DAX is at 4,300 and a call option with a strike price of 4,000 is agreed upon and if the price of the option is at 450, the price of 450 exceeds the intrinsic value of the option, which is 300 points, by 150 points. In that scenario, the option has a fair value of 150 points. The fair value of an option depends primarily on three factors.

#### **Residual maturity of the option:**

An option with a residual maturity of several months, e.g., six months, must have a higher fair value than an option with a residual maturity of only one month since, in the first case scenario the option may be exercised five months longer than in the second case scenario.

#### **Volatility of the option item:**

Volatility reflects the frequency and degree of price fluctuations. For example, if the item on which the option is based experiences a fluctuation of 20% or if a fluctuation of such extent is expected in the future, this option will have a higher fair value than the option on a stock which has an annual fluctuation of, for example, 5% or for which such a fluctuation is expected; this is due to the fact that the higher fluctuation range results in the option buyer having a higher chance of an increase in value of the option during the residual maturity.

#### **Difference from strike price:**

**In the money:** The option is "in the money" if the price of the underlying asset exceeds the strike price in a call option or is below the strike price in a put option. This scenario is also referred to as "in the money" option. **At the money:** An option is an "at the money" option if the option's strike price is identical to the price of the underlying asset. **Out of the money:** In this scenario, the strike price in a call option exceeds the price of the underlying asset, while the strike price in a put option is below the price of the underlying asset, with the result that the option does not have any intrinsic value. In this scenario, the option is a so-called "out of money" option.

#### 4. Basket, turbo, and exotic warrants

If an option is certified in the form of a security (warrants), some special types of options must be taken into account.

#### **Basket warrants:**

If investors hold basket warrants, they are entitled to purchase (call) the defined "basket" of underlying assets or such warrants entail a corresponding cash compensation when the option is exercised.

#### **Turbo warrants:**

Turbo warrants are options where the holder is entitled to acquire other warrants. This enhances leverage since it will be doubled. The described effects, in particular the risks, thus increase accordingly.

#### **Exotic warrants:**

Exotic warrants differ from traditional warrants in so far as they are subject to additional terms and conditions agreed-upon by the parties which change the content of the option. The possibilities are basically endless which is why the terms and conditions of the option must be reviewed thoroughly prior to acquiring such warrants. The following types are worth mentioning in particular:

#### **Barrier warrants:**

The options expire worthless (knock-out) if or are not created (knock-in) until a specified price level in the underlying asset is reached. In this respect, four different concepts are offered by various issuers. Only after procuring and acknowledging detailed information can the specific risk-reward profile be analyzed and evaluated by the investor.

#### **Digital warrants:**

These warrants certify the buyer's right of disbursement of a previously agreed-upon fixed amount if the price of the underlying asset exceeds or is below the agreed-upon strike price at the end of the term or at any time during the term, depending on the structure.

#### **Single range warrants:**

In this warrant scenario, the investor received a fixed amount for each day on which the price of the underlying asset exceeds the lower margin or stays below the higher margin. The disbursement of the total amount accrued during the term occurs at the end of the term in one sum.



## Dual range warrants:

The investor received a fixed amount for each day on which the price of the respective underlying asset exceeds the lower margin or stays below the higher margin. For each day on which the price is determined to be outside the defined range, a corresponding fixed amount is deducted. At the end of the term, the claims and obligations are netted. Investors are only required to make additional payments if there is a difference not in their favor at the end of the term; this is typically not the case.

## Bottom-up or top-down warrants:

In this scenario, the investor receives a previously agreed-upon amount for each day on which the price of the underlying asset exceeds the range specified in the terms and conditions of the warrant (bottom-up) or falls below this specified range (top-down). The disbursement equals the netted amount at the end of the term.

## Knock-out range warrants:

These warrants follow the same concept as the range warrants. Depending on the terms, the investor's option expires as soon as the price of the underlying asset is outside or--depending on the terms--within the defined range. Based on the terms, there are either no payments to be made or payments are made that had been accrued until the specified price was reached.

Specific information on the details of these products, their functionality, and on the specific risks related to warrants with complex terms and conditions or when combining different options or warranties can only be provided on a case-by-case basis and based on a detailed description of the transaction.

## Market maker:

In case of warrants, the issuer is the counterparty. The price of the warrant is not determined directly based on supply and demand, but in most cases by a so-called market maker. These market makers have notified the exchange organizers that they will focus on those stocks and meet certain obligations regarding those securities. Oftentimes, warrants have only one so-called market maker and said market maker is also the sole party interested in case the investor wishes to sell the acquired stock. The market makers may also act as their own trading party, i.e., they purchase and sell the stock at their own account as well.

**The prices are determined by those market makers and thus are not subject to supply and demand.**

It must be considered in this regard as well that the scope of the market and the market maker's unique position entail the major risk of price manipulation and unfair pricing. The price of the warrant is typically indexed (determined based on a theoretical model) and it is only then that the market maker determines the final price.

## II. Risks inherent in option transactions

Option transactions (options and warrants) entail major risks of loss due to their design which the investor must be clearly aware of.

### 1. Impact of costs

In all option transactions, minimum commissions, percentage commissions, or fixed commissions per transaction (purchase and sale) can result in costs which, in the extreme case scenario, could even exceed the value of the options many times over. When the options are exercised additional costs are often incurred. These costs can in total reach an amount that is significant in comparison to the price of the options.

**Any costs change and adversely affect the profits expected by those who acquire the option (or a warrant) since a higher break than the one deemed realistic in the market is required to break even.**

As can be derived from the remarks above regarding the effects and risks of futures, option transactions are deemed bets on future price trends. The option buyer must pay the so-called option premium for entering into this bet. Whether the option holder generates profits depends on whether any difference amount between the strike price and the difference resulting from closing out or exercising the option can be generated by exercising or closing the option. Whether this results in profits depends on whether the difference amount exceeds the premium paid. Such premium must first be earned again before the option buyer can break even. As long as the difference is lower than the premium paid the option holder is in the so-called partial loss or option zone. If the strike price does not increase or if it declines during the option period, the option buyer loses the entire premium.

**It must be considered that the amount of the premium corresponds to the speculative price trends deemed realistic at the market and expected by the exchange experts.**

The option premium settles in the range between bid and counterbid and thus determines the scope of the risks deemed acceptable in the market.

All costs, fees, and any markups incurred on the option premium have an adverse effect on the risk and rewards ratio. This is due to the fact that such costs must first be earned again before the option holder can break even.

**Depending on the amount of the costs incurred in addition to the option premium, the risk-reward ratio changes due to the amount of the fees to such extent that profits can no longer be anticipated realistically. Any markups on the exchange option premium also result in each additional transaction diminishing the chances of generating profits at all or even eliminates any chance of such profits.**

### 2. Price change risk

The price of an option is subject to fluctuation depending on various factors (see above). Such fluctuation can even lead



to the option becoming worthless. Due to the limited term of options, you cannot rely on the option price recovering in time.

### 3. Leverage

Changes in the price of the underlying asset have an effect on the price of the option that is always disproportionate to the change in price of the underlying asset. This is referred to as leverage or leverage effect. Call options become impaired typically when the price of the underlying asset declines; in case of put options, this is usually the case when the price of the underlying asset increases. Conversely, not each positive development of the price of the underlying asset results in a positive impact on the value of the option. The price of the option can even drop if the price of the underlying asset is overcompensated, for example, as a result of the adverse effect of the declining volatility or due to the directly imminent expiry date. In addition to the rewards, the leverage effect also triggers major risks for the investor. The leverage effect impacts in both directions, i.e., not only in favor of the holder, but potentially unfavorably for the holder. The higher the leverage effect, the riskier the respective transactions. The shorter the residual term of an option, the higher is typically the leverage effect.

### 4. Risk of forfeiture, impairment, and total loss

It can be derived from the above remarks that options may be forfeited and thus close worthless or their value may decline. The shorter the residual term, the higher the risk of impairment or even total loss. Impairment losses occur when the expected price trends do not occur as expected during the terms. Due to the limited terms of options, the investor cannot rely on the rate or price of an option recovering in time before the expiry of the term.

### 5. Unlimited risks of loss

Entering into option transactions may result in a total loss of the amount invested due to unfavorable market trends, the occurrence of conditions, or expiration. Depending on the respective position, an unlimited risk of loss may be triggered. The risks are not limited to the collateral provided but can exceed their amount.

### 6. Limited or lack of opportunities to minimize losses

Transactions by way of which the risk from options are to be eliminated or limited may potentially be completed not at all or with a loss only.

### 7. Issuer risk

In case of warrants you bear the issuer risk, i.e., the risk of insolvency of the warrant issuer.

### 8. Increased risk due to loans

The risk of losses increases if loans are obtained to meet the obligations from futures.

### 9. Increased risk due to foreign currency transactions

Furthermore, the risk of losses increases when the obligation from the futures transaction or the consideration related to such transaction is denominated in a foreign currency or accounting unit. This increase is triggered by the exchange rate risk.

### 10. No improvement of the risk structure by way of certification

The certification of the rights and obligations described here by way of a security, in particular by way of warrants, does not have any impact on the rights and obligations outlined here.

**Since futures transactions can be designed in various ways, additional risks may be triggered depending on the type of transaction. Such transactions should only be entered into when and if the investor is fully aware and fully understands the functionalities and risks of the transaction.**

### III. Short sale of options

In a short sale, the investors sell options they do not hold.

**These are extremely risky activities in which the risk-rewards ratio is unfavorable for the short selling party.**

If options are sold in a short sale, the seller first receives the option premium from the buyer. This option premium received constitutes the maximum potential profits for the seller, while the seller at the same time bears the unlimited risk of losses. A short sale of options means that the sellers themselves do not hold the option. They do not necessarily have to have the underlying asset either. With regard to short sales of options, the investor must take into account that the potential profits in the short sale of a call option are limited to the option premium received while the risk of losses remained unlimited. The potential profits in a short sale of put options is also limited to the option premium received; when the prices decline, the risk of losses is also unlimited (however, the value of the option asset cannot drop below zero). Limited potential profits in such transactions are also offset by an unlimited risk of losses. Such unfavorable risk-rewards ratio therefore required a thorough and efficient risk management.

#### Collateral for options:

In futures transactions that are subject to unlimited risk of losses, i.e., options disposed of in a short sale as well, collateral (margin) must be provided to cover potential risks.

**At the respective exchanges, the regulations set forth for them apply and must be complied with in the individual case. The following distinction (premium and additional margin) only applies to Eurex. At other exchanges, the regulations set forth for those apply. All investors should familiarize themselves with those before trading at the respective exchange.**

#### Premium margin:

In a short sale of options, the "premium margin" is calculated daily. For this purpose, the exchange uses the official closing rate of the option daily and based on that rate, calculates the premium margin for each individual option. In short sales of options, this premium margin also constitutes the redemption value or liquidation value, which means the value which the short seller would have to pay when redeeming the option at the official exchange closing rate. This margin is referred to

as premium margin and is genuinely debited to the margin account since an outstanding redemption obligation exists in that amount. The procedure is as follows: The option premium received in the short sale is credited to the margin account. At the same time, the redemption price of the option effective at exchange closing is debited upon opening of the transaction so that the outstanding profit or loss of this item is derived from the difference between the premium received and the redemption value. On the following exchange trading day, the new redemption value is debited as the new "premium margin" and previous day's "premium margin" is credited; the difference between the new and the old "premium margin" is the profit or loss of the option over the previous day. Hence, the daily changes equal the profits and losses generated daily in the outstanding option items.

#### **Additional margin:**

For the purpose of calculating the "additional margin," the respective exchange determines a margin parameter for the largest possible change in the price of the option item, i.e., the underlying asset. The amount of that margin parameter is based on past experience. On the basis of this model, the exchange estimates how the price of the underlying asset could change unfavorably for the short seller in the extreme case scenario based on experience. By means of option-theoretical models, the exchange then calculates how the price of the respective option would most likely change with regard to the underlying asset if the expected extreme case scenario occurred. Such potential loss is then referred to as the "additional margin" which is to cover any price losses on the next day. The account must have sufficient funds to at least cover this "additional margin" in order to even be able to hold a short sale position in options until the next day at all. It must be emphasized that losses are not limited to this "additional margin" or the entire margin but can exceed those in each case. For options sold in a short sale, the total margin comprises the sum of the "premium margin" and the "additional margin."

### **C) RISKS RELATED TO FINANCIAL AND COMMODITY FUTURES TRANSACTIONS**

Financial or commodity futures transactions are contracts in which one party accepts the obligation to deliver and the other party the option to accept the delivery to be made at an agreed-upon later date. Immediately upon closing of the futures transaction, the delivery, acceptance, quantity, and payment for the goods to be delivered are agreed upon. If these transactions are standardized and processed via the exchange, the processing is also standardized. The general term for financial and commodity futures transactions is futures. Such futures are often based on a genuine speculation purpose. In most cases, the contracting parties do not have any economic interests in the purchase or sale of the commodity.

#### **Collateral (margin):**

In future trading, it is typically a requirement for the closing of the transaction to provide collateral, the so-called margin payment. The broker records the margin payment as the opening balance on the customer account. All futures for the customer are recorded on this account. Profits, losses, and fees related to the individual transactions are netted. The

investor is required to maintain the margin necessary to have sufficient funds in the account at all times. If the obligation accepted in the futures contract develops unfavorably for the investor, the respective losses are debited to the margin account as losses. If the amount in the margin account decreases below the margin to be maintained, the investor is requested to make additional payments. This request is referred to as margin call. The deadline for the additional payments may be a few hours only. If the investor fails to comply with this call, the assets in the account may be subject to a compulsory sale. The broker may also close out contracts already processed by way of counter-transactions. The minimum margins are determined by the respective exchange and can change daily, depending on the volatility of the futures. The processing broker may request margin payments exceeding this minimum margin.

**The details regarding the collateral to be provided and any existing additional payments can be derived from the broker's most recent terms and conditions.**

#### **Risk information:**

When entering into commodity futures transactions, specific risks are triggered due to the tangible delivery or acceptance obligations. Please take into account that any seller acting in futures may request acceptance of the commodity as of the "first notice day" which is specified in the provisions of the respective contract. The delivery to the respective place of delivery determined by the exchange is made in the quantity set forth in the underlying terms and conditions and the prescribed quality range after the corresponding call. The seller may in this regard make a discretionary decision regarding the exact delivery date; however, delivery must occur within the delivery month and the delivery must be announced one business day prior in the written offer. Without the timely counter-transaction (closing), you as the buyer bear the risk of facing an acceptance obligation during the last trading months after the "first notice day." As a seller, you may face the obligation to deliver if the counter-transaction does not occur in a timely manner upon expiration of the contract. If you have accepted an obligation to deliver and do not close out this obligation by way of a counter-transaction, you must purchase, store, and deliver the respective commodity in the agreed-upon amount and quality. You must also bear the additional costs incurred as a result. This cost risk cannot be reliably estimated beforehand and may exceed any collateral significantly. The obligations in this case may also exceed your entire personal assets.

#### **Covered and uncovered delivery obligation:**

Those accepting a delivery obligation under a futures contract and do not have the sufficient amount of the corresponding asset upon closing of the contract accept a higher risk than those who have the respective assets.

#### **Special scenario: Futures with difference compensation:**

Since futures do not necessarily involve only physical genuinely deliverable underlying assets, but also intangibles, only a cash compensation is paid in such cases. This is the case in particular with financial futures on an index or in a stock portfolio, i.e., a mere numbers unit which is calculated

based on previously determined parameters and whose changes reflect the rate trends of the underlying securities. Moreover, all other notes and comments apply to these types of contracts accordingly.

#### **Futures options:**

Options can also be traded for futures. In that case, the transaction is an option transaction that is subject to the risks and mechanisms described under B.

#### **Futures with exchange risk:**

If you enter into futures transactions in which your obligation or the consideration to which you are entitled are denominated in a foreign currency or an accounting unit or if the value of the item is determined based on those, you do not only face the risks associated with the transaction, but also with an exchange risk. Even developments on the foreign exchange market can diminish the value of your options due to fluctuations in the exchange rate, make the item which you must deliver in order to meet your obligations under the futures contract more expensive or reduce the value or the proceeds.

### **D) EXCHANGE TRADED FUNDS (ETF) RISKS**

Exchange traded funds (ETFs) are investment funds traded at the stock exchange which replicate the price trend of an index. ETFs are typically passively managed index funds. Passive investment strategies, unlike active investment strategies, aim at not exceeding the benchmark index, but reflect said index while at the same time minimizing the costs.

Just as regular investment fund shares, shares in an ETF certify prorated possession of special assets which is managed separate from the assets of the issuing investment company.

In addition to the general risks inherent in the investment in securities, ETF investments are subject to additional specific risks which are outlined below.

- **Price risk:**

In case of ETFs which passively replicate the underlying index and are not actively managed you typically bear the basic risks of the underlying indexes. Hence, ETFs fluctuate in a directly proportionate manner compared to their underlying asset. The risk-yield profile of ETFs and their underlying indexes are therefore remarkably similar. If, for example, the DAX drops by 10%, the price of the ETFs replicating the DAX also drops by approximately 10%.

- **Risk concentration:**

The investment risk increases based on the focus of an ETF such as a specific region, sector, or currency. This increased risk, however, can also result in increased earnings potential.

- **Exchange rate risk:**

ETFs entail exchange rate risks if the underlying index is not denominated in the currency of the ETF. If the index currency deflates compared to the ETF currency, the value of the ETF is adversely affected.

- **Replication risk:**

In addition, ETFs are subject to a replication risk, i.e., deviations between the value of the index and the value of the ETF may occur ("tracking error"). This tracking error can exceed the difference in the value trend affected by the ETF fees. Such deviation can, for example, be the result of cash balances, re-weighing, capital measures, dividend payments, or taxation of dividends.

- **Counterparty risk:**

Furthermore, synthetically replicating ETFs entail a counterparty risk. If a swap counterparty does not meet its payment obligations, the investor may incur losses.

- **Risk of transfer or termination of the special assets:**

Under certain circumstances, both the transfer of the special assets to another special asset portfolio and the termination of the management by the capital management company may occur. In case of a transfer, the continued management may be at less favorable terms and conditions. In case of a termination, the risk of a loss of (future) profits is triggered.

- **Of-market trading:**

If ETFs and their underlying components are traded at different exchanges with different trading times, the investor faces the risk that transactions relating to those ETFs occur outside the trading times of the corresponding components. This may result in a deviation in the value trend compared to the underlying index.

- **Securities lending:**

An investment fund may enter into securities lending transactions in order to optimize yields. If a borrower cannot meet their obligation to return the securities and the collateral's value has declined, the investment fund faces losses.

### **E) EXCHANGE TRADED COMMODITIES (ETC) RISKS**

Exchange traded commodities (ETC) are securities which enable the investors to invest in commodities. Just like ETFs, ETCs are traded at the stock exchange. Contrary to the ETF, the capital invested in an ETC is not deemed a special asset which is protected in case of the issuer's insolvency. This is due to the fact that the ETC is a bond issued by the ETC issuer. Compared to a physically replicating ETF, the

investor in an ETC thus faces an issuers risk. In order to minimize this risk, issuers use various hedging methods.

In addition to the general risks inherent in the investment in securities, ETC investments are subject to additional specific risks which are outlined below.

- **Price risk:**

In general, investments in commodities are subject to the same price risks as direct investments in commodities. Extraordinary events such as natural disasters, political conflicts, government regulation or weather changes may affect the availability of the commodities and thus lead to a drastic change in the price of the underlying asset and potentially the derivative as well. This can also result in a limitation of the liquidity and declining prices. In addition, the general economic development has a major impact on the demand for certain commodities such as metal or energy sources as a production factor significant to the sector.

- **Counterparty risk:**

The trading in derivatives triggers a risk related to the structuring of the derivative contract. If the other party is not willing or able to meet its obligation under the derivative contract, it is possible that the derivative contract is not executed either in full or in part.

## F) EXCHANGE TRADED NOTES (ETN) RISKS

Just like ETCs, exchange traded notes (ETNs) are non-interest-bearing bearer bonds traded at the stock exchange which replicate the value development of the underlying index or asset. ETNs are typically issued via banks. Contrary to ETFs, ETNs are usually unsecured. Even if the value trends of ETNs depend on an underlying index or asset, the ETNS have a similar structure as unsecured bonds listed at the exchange.

In addition to the general risks inherent in the investment in securities, ETN investments are subject to additional specific risks:

- **Credit risk:**

If the issuer's credit standing changes, such change can have adverse effects on the value of the ETN--regardless of the development of the value of the underlying index or asset. In extreme cases, non-payment by the issuer may result in the investor as the unsecured creditor being forced to bring forward claims against the issuer.

## G) PENNY STOCK TRADING RISK DISCLOSURE

Please note that the translation into German below is merely for the purpose of better understanding these stocks and their risks. In the event of any contradiction between the English original and the German translation, the English translation shall prevail in the relations between you and Interactive Brokers S.A.R.L.

This disclosure contains the additional important information regarding the characteristics and risks associated with trading small-cap stocks. This disclosure contains additional important information regarding the characteristics and risks associated with trading small-cap (penny) stocks.

### What Is A "Penny" Stock?

Generally, penny stocks are low-priced shares of small companies that are not traded on an exchange or quoted on NASDAQ. Penny stocks generally are traded over-the-counter, such as on the OTC Bulletin Board or Pink Sheets and are historically more volatile and less liquid than other equities. For these and other reasons, penny stocks are considered speculative investments and customers who trade in penny stocks should be prepared for the possibility that they may lose their entire investment, or an amount in excess of their investment if they purchased penny stocks on margin. Before investing in a penny stock, you should thoroughly review the company issuing the penny stock. In addition, you should be aware of certain specific risks associated with trading in penny stocks.

### Risks Associated With Penny Stocks

There are a number of risks of trading penny stocks, including the following: You Can Lose All or Much of Your Investment Trading Penny Stocks. All investments involve risks, but penny stocks are among the most risky and are generally not appropriate for investors with low risk tolerance. Many penny stock companies are new and do not have a proven track record. Some penny stock companies have no assets, operations or revenues. Others have products and services that are still in development or have yet to be tested in the market. Penny stock companies therefore have a greater risk of failure and those who invest in penny stocks have a greater risk that they may lose some or all of their investment.

### Lack of Publicly Available Information.

Most large, publicly-traded companies file periodic reports with the SEC that provide information relating to the company's assets, liabilities and performance over time. In addition, these companies provide their financial information and operational results online. In contrast, information about penny stock companies can be extremely difficult to find, making them more likely to be the subject of an investment fraud scheme and making it less likely that quoted prices in the market will be based on full and complete information about the company.

### No Minimum Listing Standards.

Companies that offer shares of their stock on exchanges can be subject to stringent listing standards that require the company to have a minimum amount of net assets and shareholders. Most penny stock companies do not list their shares on exchanges and are not subject to these minimum standards.

### Risk of Lower Liquidity.

Liquidity refers to the ability of market participants to buy and sell securities. Generally, the more demand there is for a



particular security, the greater the liquidity for that security. Greater liquidity makes it easier for investors to buy or sell securities, so investors are more likely to receive a competitive price for securities purchased or sold if the security is more liquid. Penny stocks are often traded infrequently and have lower liquidity.

You may therefore have difficulty selling penny stocks once you own them. Moreover, because it may be difficult to find quotations for certain penny stocks, they may be difficult, or even impossible, to accurately price.

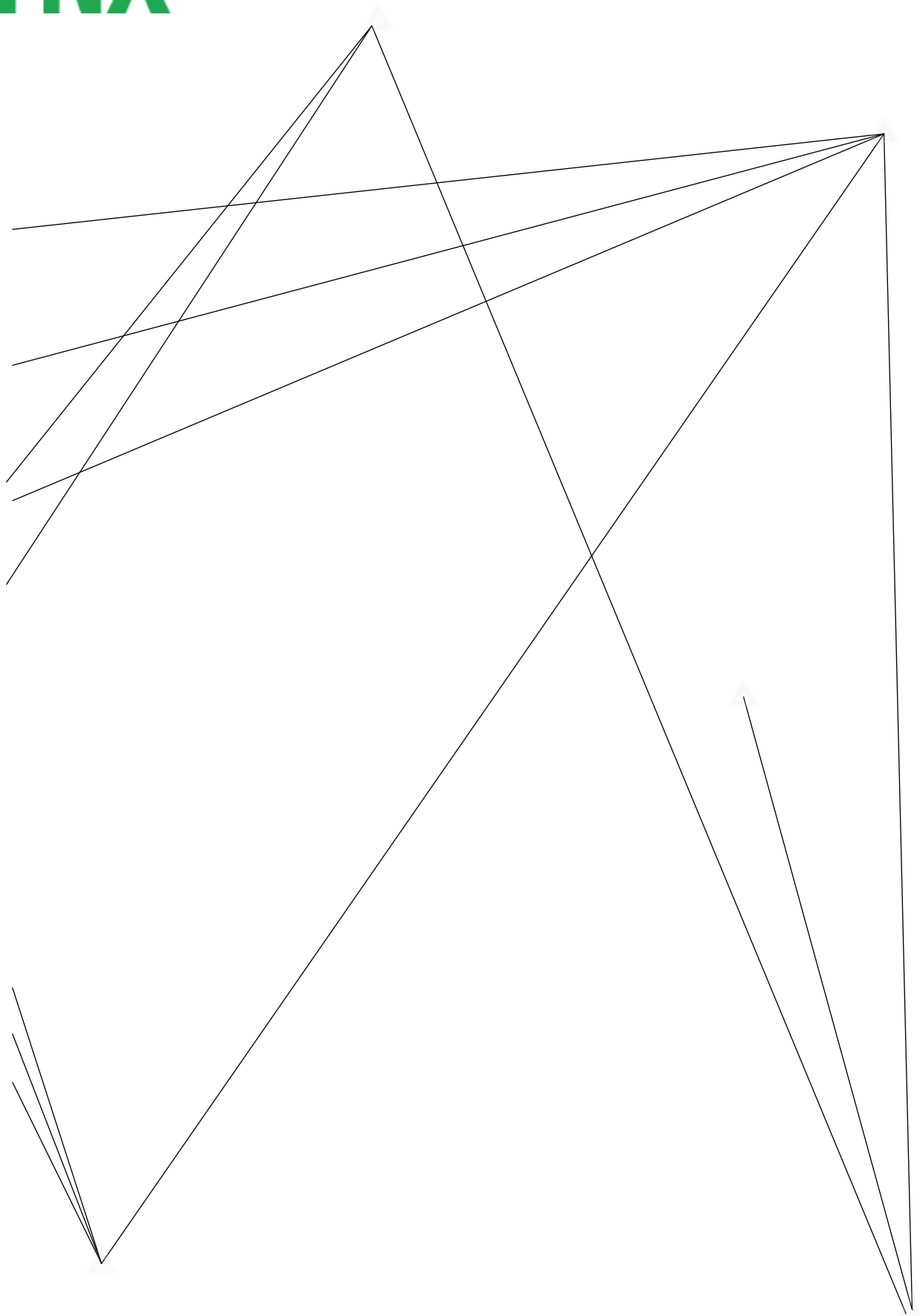
### **Risk of Higher Volatility.**

Volatility refers to changes in price that securities undergo when they are being traded. Generally, the higher the volatility of a security, the greater its price swings. Due to their lower liquidity, penny stocks are subject to greater volatility and price swings. A customer order to purchase or sell a penny stock may not execute or may execute at a substantially different price than the prices quoted in the market at the time the order was placed. In addition, the market price of any penny stock shares you obtain can vary significantly over time.

### **Penny Stocks Can Be Subject to Scams.**

Penny stocks are frequent vehicles for scams and/or market manipulation due to their generally lower prices and less stringent listing requirements. You should be wary of advertisements, unsolicited e-mails, newsletters, blogs or other promotional reports that emphasize the potential for large profits in penny stocks generally or certain penny stocks. These promotional materials are often used to manipulate or "pump up" the price of penny stocks before selling a large volume of shares. Customers are therefore strongly encouraged to do their own due diligence with respect to any penny stock company they invest in and to not rely on any outside promotional reports or newsletters. Further information concerning penny stocks and the risks involved in trading them is available on the SEC's website at <http://www.sec.gov/investor/pubs/microcapstock.htm>.





## Annex no 4: Information about the characteristics and risks of trading on Securities-based Credit

### Definitions

**Margin Account:** A type of account where a specific minimum guarantee (margin) is given to each position in the portfolio

**Margin Requirement:** The sum of all required margins of all positions in a portfolio on a Margin Account

**Collateral (or: Equity with loan):** The total collateral that can be contributed and that can be used to cover the positions in the portfolio. This is calculated according to the following formula: 100% of the liquid assets + 100% of the value of the shares + 100% of the value of the bonds + 100% of the value of the investment funds

**Maintenance Margin (or: Current excess liquidity):** The total assets serving as a buffer, also indicating the liquidity available in excess of maintenance margin before any maintenance margin violation occurs. The Maintenance Margin is calculated according to the following formula: Collateral – Margin Requirement

### General

As a client of LYNX, you open a securities account with Interactive Brokers ("IB"). A cash account or a Margin Account can be linked to the securities account. In the event of a Margin Account, the client must understand and endorse the rights and obligations associated with this account. Margin Accounts always refer to a Maintenance Margin and Collateral. Such Collateral can be used in a Margin Account for two purposes:

(i) as collateral for investments financed with borrowed money ("**Securities-based Credit**")

(ii) to meet the applicable Margin Requirement for positions in (for example) futures and/or options. ("**Margin for options/futures**")

This Annex is limited to a description of the features and risks of Securities-based Credit (see at (i) above). The risks and features associated with Margin in options/futures (see (ii) above) are discussed in more detail in Annex 3 to the Client Agreement and in the IB Agreement on margin lending.

In the event of Securities-based Credit, investments are made with borrowed funds. The Securities-based Credit may not be used for any purpose other than the financing of investments. LYNX acts as broker in Securities-based Credit as referred to in Article 7.4 of the Client Agreement. IB is the provider of the Securities-based Credit. Before the client starts trading in financial instruments with borrowed funds, the following information must be read with due care. If there are any questions and/or comments with regard to the features and risks of Securities-based Credit, the client must consult with LYNX.

### Investments with borrowed funds via IB

When IB extends Securities-based Credit, the client's securities portfolio is pledged in full or in part to IB. The Securities-based Credit is a revolving credit and creates a credit facility. The client is entitled at all times to terminate this Securities-based Credit by notifying IB and/or LYNX.

When the client uses the Securities-based Credit, this will result in a negative cash balance. The client must pay a debit interest rate on this negative balance. The applicable rates can be found on the website of Lynx <https://www.lynx.nl/tarieven-beleggen/alle-tarieven/> and <https://www.lynxbroker.sk/tarify/>. The interest rates will be calculated on the negative balances on a daily basis and will be deducted from the cash balance in the account on the third trading day of the following month.

The amount of the credit is capped and depends on the real-time (current) value of the Collateral and the Margin Requirement of the positions already taken.

Example:

Let's assume that an investor currently has only EUR 10,000 cash in his account. Consequently, this investor has Collateral of EUR 10,000 in his account (100% of the cash value). Since this investor has no positions, there is no Margin Requirement and therefore the Maintenance Margin is also equal to EUR 10,000.

Cash	EUR 10,000
+ Shares	EUR 0

Collateral	EUR 10,000
- Margin Requirement	EUR 0
Maintenance Margin	EUR 10,000

Let's further assume that this investor wants to take an equity position worth EUR 30,000. As this investor has only EUR 10,000 cash available, he will finance the remainder of the position with Securities-based Credit. Let's further assume that the Margin Requirement for this equity position is 25%.

Cash	EUR - (EUR 10,000 - EUR 20,000)	30,000)
+ Shares	EUR	30,000
Collateral	EUR	10,000
- Margin Requirement	EUR (EUR 30,000 * 25%)	7,500
Maintenance Margin	EUR	2,500

As the Maintenance Margin will still be positive after this transaction, this investor can take this equity position using the Securities-based Credit. However, if this investor wants to take an additional equity position of EUR 30,000, a negative Maintenance Margin will occur as a result of that transaction, taking into account the same 25% Margin Requirement. He will not be able to execute this transaction, because the Maintenance Margin may not be negative. Therefore, additional collateral will have to be deposited.

Cash	EUR - (EUR -20,000 - EUR 50,000)	30,000)
+ Shares	EUR	60,000
Collateral	EUR	10,000
- Margin Requirement	EUR (EUR 60,000 * 25%)	15,000
Maintenance Margin	EUR -	5,000

Investing with borrowed funds creates leverage. In good times, this may result in additional returns because a rising price of the securities purchased with a Securities-based Credit can yield more returns. In bad times, with a falling price, this may lead to disappointment. Not only is the client unable to achieve his investment objective, but the client may also incur losses or excessive losses, or even be left with a residual debt to IB. After all, if the value of the underlying securities decreases, the value of the Collateral decreases. This decrease in

Collateral can be so substantial that it results in a negative Maintenance Margin.

Returning to the example described above:

Let's assume that the shares of this investor worth EUR 30,000 fall in price and that the current value is currently EUR 25,000. The result of this price fall is a negative Maintenance Margin of EUR - 1,250.

Cash	EUR -	20,000
+ Shares	EUR (current value)	25,000
Collateral	EUR	5,000
- Margin Requirement	EUR (EUR 25,000 * 25%)	6,250
Maintenance Margin	EUR -	1,250

If there is a risk that the Maintenance Margin will become negative, the provider of the Securities-based Credit, in this case IB, will notify the client by changing the background colour in the trading platform. The client now has the option to either deposit additional funds or to close positions (i.e. resell the purchased shares) so that the Maintenance Margin is increased and thus sufficient collateral is provided to meet the requirements for repayment of the credit. If the client remains in default, all or part of his securities portfolio will (may) be liquidated. The client may be left with a residual debt if the proceeds from liquidating the securities portfolio are insufficient to repay the Securities-based Credit.

Financial markets and products can be very volatile. In order to protect the client as much as possible against residual debt, IB may close one or more positions on the client's securities account without prior notice from the time the client's Maintenance Margin has become negative. In this case, the client cannot choose or influence which positions will be closed or choose or influence the time frame regarding the order in which positions will be closed.

### Risks associated with trading on borrowed funds

It is important that the client fully understands the risks associated with trading in securities using borrowed funds. These risks include in any event:

- The client may lose more money than they deposited in their Margin Account.

After all, the fact that the client can buy more securities (with borrowed money) may result in a larger loss (as opposed to a larger profit). A decrease in the value of securities purchased with borrowed funds may require the client to transfer additional funds to his/her Margin Account or the client may need to reduce the Margin Requirement on the Margin Account by closing positions to avoid the forced closure of one or more positions held on their Margin Account.

- The securities will be given to IB as collateral pursuant to the agreement that the client concludes with IB in this respect. If the client fails to meet the payment or repayment obligations in the context of the Securities-based Credit, IB may use these securities to exercise its rights as a creditor.

With regard to the custody of various financial instruments, reference is made to the information page on the website of Lynx <https://www.lynx.nl/> and <https://www.lynxbroker.sk/>

- IB may enforce the closure of one or more positions on the client's account with effect from the time the Maintenance Margin becomes negative. This occurs when the Margin Requirement has become higher than the Collateral.
- The client is responsible and liable to IB for the repayment of any residual debt on the account after this closing of one or more positions.
- A negative Maintenance Margin may also occur when IB decides to apply a higher Margin Requirement. To protect the client, IB may increase the Margin Requirement of one or more positions

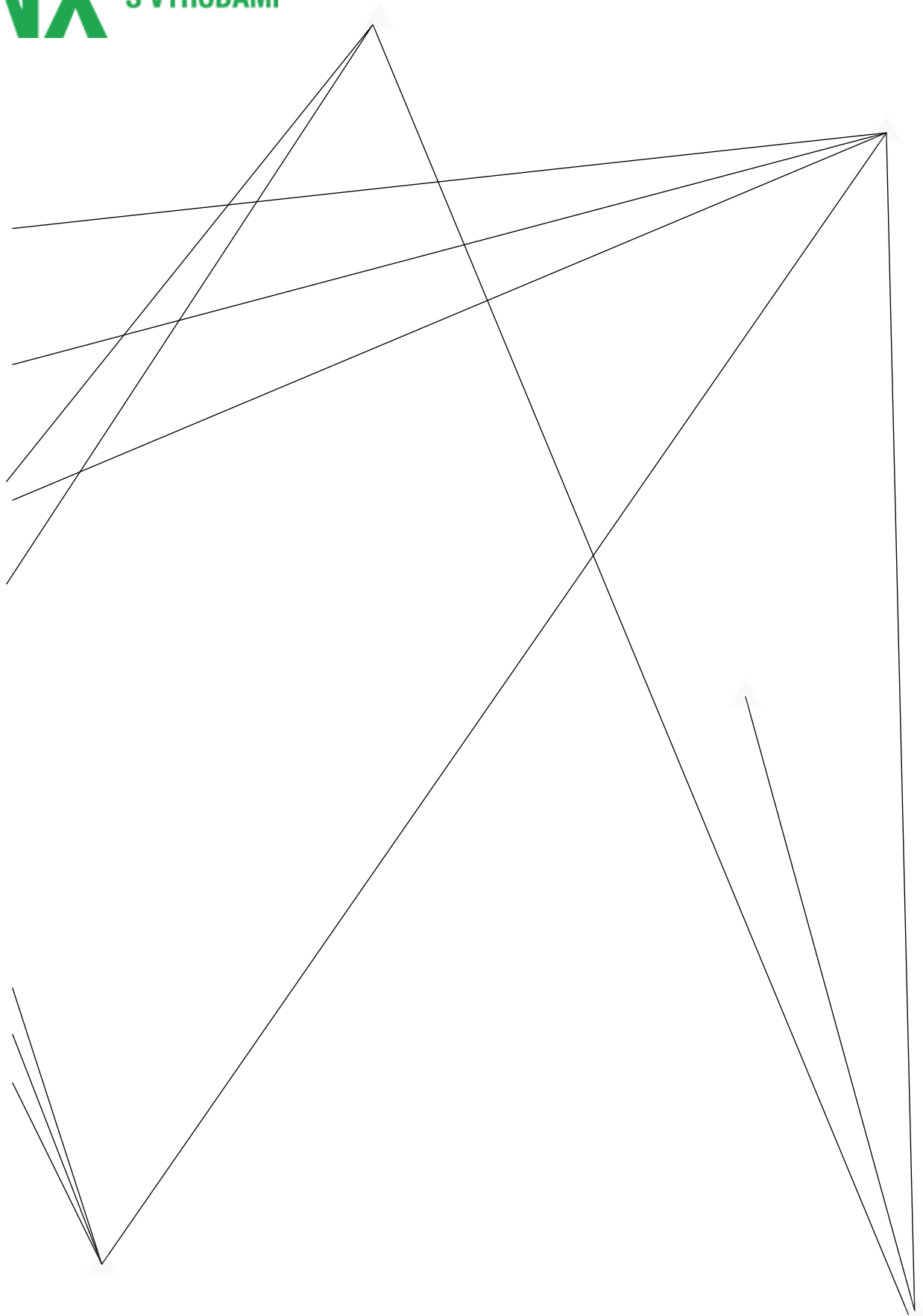
when the market situation requires such action, unilaterally and prior without written notice to the client (for example in the case of increased market volatility and important events, such as the publication of financial results by issuers ("earnings")).

Returning to the example described above:

Let's assume that IB increases the Margin Requirement from 25% to 40% for the equity position of this investor. The result of this increase is a negative Maintenance Margin of EUR - 2,000.

	Cash	EUR -	
		20,000	
+	Shares	EUR	(current value)
		30,000	
<hr/>			
	Collateral	EUR	
		10,000	
-	Margin Requirement	EUR	(EUR 30,000 * 40%)
		12,000	
<hr/>			
	Maintenance Margin	EUR -	
		2,000	

- IB may close one or more positions on the client's account without first contacting the client. Some investors mistakenly believe that a financial institution must first contact them to explain the closure of one or more positions. However, this is not the case if IB offers Securities-based Credit to the client.



## Annex 5: Information about securities lending (IB Stock Yield Enhancement Program)

### Definitions

**Margin Account:** a type of account with which a specific minimum guarantee (margin) is assigned to each position in the portfolio.

**Cash Account:** a type of account with which each position in the portfolio is fully financed with cash.

**Short position:** selling a position without it effectively being in your portfolio by speculating on depreciation of the security in question. If the value of the security in question actually decreases, it can be repurchased at a price that is lower than the original selling price, creating a profit.

**Current Value:** the value of a certain security based on last known closing price of a certain security.

**Lender:** the party (Client) registered with the Stock Yield Enhancement Program who has lent securities to Interactive Brokers (hereinafter: "IB")<sup>1</sup> in that context.

**Borrower:** the party (Client or other party) who receives the securities being lent by IB which IB borrowed in its turn from the Lender.

### General

LYNX offers its Clients the opportunity to lend the securities in their portfolio by participating in IB's **Stock Yield Enhancement Program** (hereinafter: "SYEP"). Through this program, the Client consents to lending some of the securities in their portfolio to IB (also known as "securities lending"). In securities lending of this type, therefore, IB is always the Client's contracting party. The Client is only required to give consent once for all future loans, and this consent remains valid until the Client stops participating in the program. The Client explicitly consents to participating in the program in advance by means of an opt-in. The Client should be aware that in addition to advantages, lending securities also has disadvantages, as will be explained below.

Specifically, the SYEP entails that in its turn, IB lends the Client's securities to a third party on the market. This third party may be another IB client or a financial institution, such as a bank or another investment firm. This third party (the Borrower) will usually use the borrowed security to take a Short position in this security. The Client participating in the SYEP as a Lender receives a fee as consideration, enabling this Client to achieve an extra return on their investment portfolio. Moreover, IB ensures that the Client's claim against IB for repayment of the securities lent is secured keeping sufficient cash on hand as collateral. The collateral in cash IB keeps available amounts to 102% of the Current Value of the securities lent if these are listed in USD or CAD, or 105% of that Current Value if the securities are listed in EUR, CHF, HKD or GBP. The amount of this collateral is recalculated on a daily basis.

LYNX is providing the information in this schedule to inform the Client about the SYEP's conditions, and about the risks arising from participating in the SYEP. The most recent version of this information can always be found at: <https://www.lynxbroker.sk/klienti/caste-dotazy/prijem-z-drzanych-akcii/>.

The specific conditions IB attaches to participation in the SYEP can be viewed using the link below: [https://gdcdyn.interactivebrokers.com/Universal/servlet/Registration\\_v2.formSampleView?file=SecuritiesLendingDisclosure.html](https://gdcdyn.interactivebrokers.com/Universal/servlet/Registration_v2.formSampleView?file=SecuritiesLendingDisclosure.html)

By opting in and registering for the SYEP, the Client declares to have received, read and understood the conditions of securities lending, and to have expressly accepted these.

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<sup>1</sup> Interactive Brokers SARL.



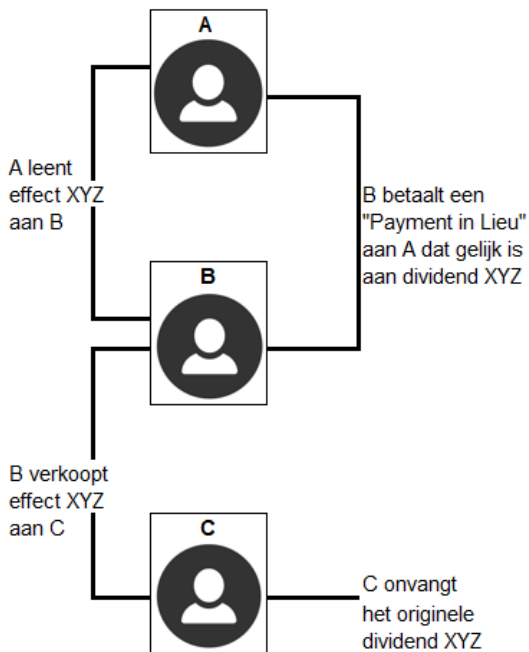
## Ownership when lending securities

When IB lends the Lender's securities to the Borrower, legal ownership of those securities transfers from the Lender to IB and from IB to the Borrower. Beneficial ownership of these securities, however, remains vested in the Lender during the entire lending period.

This means that if the Client invests in shares and lends these, the Client retains beneficial ownership of these shares, and therefore may benefit from positive price developments.

Furthermore, as the beneficial owner, Clients who lend securities that go ex coupon during the lending period are still entitled to the dividends of this security. De facto, such dividends are payments made by the Borrower to the Lender through IB, the amount of which is equal to the gross dividend to which the Borrower is entitled. For this reason, these dividends are designated as a "Payment in Lieu" or "PIL".

The economic situation when lending securities is reflected in the following diagram. In legal terms, IB is situated "between" A and B. For the sake of simplicity, this legal relationship is not included in the diagram:



- |    |                                  |
|----|----------------------------------|
| A: | Uitlenende partij van effect XYZ |
| B: | Inlenende partij van effect XYZ  |
| C: | Aankoper van effect XYZ          |

## Conditions for participating in the SYEP

### Type of securities account:

To be able to use the SYEP service without additional conditions, the Client must have a Margin Account.

However, if the Client has a Cash Account, it must have a value of at least USD 50,000 (or an equivalent hereof) at the time of the opt-in. If the value of the Client's Cash Account falls below this threshold when the SYEP is already activated, the SYEP remains activated. The Client does not have to consent again to the lending of their securities.

## Types of securities

Clients' securities that are fully financed in cash (fully paid securities) are eligible for the SYEP. Moreover, only the types of securities listed below are eligible:

- Regular shares that are listed on the US, (including OTC & Pink sheets), Canadian, European and Hong Kong stock exchanges
- ETFs that are listed on the US, Canadian, European and Hong Kong stock exchanges
- Preference shares that are listed on the US, Canadian, European and Hong Kong stock exchanges.
- Corporate bonds that are listed on the US stock exchange.

When opting in, a Client engages IB and gives it express permission to lend the Client's securities to another party. IB will only accept this engagement if the conditions for registration have been met.

IB is not obliged to lend the securities; there is no guarantee that securities will actually be lent. Think, for example, of the situation in which the supply of securities to be lent out is greater than the demand for these securities. IB will always trade fairly and treat Clients' interests equally. Assuming, for example, that two Clients each hold 500 shares in XYZ and that there is demand from a third party to borrow 600 shares, IB will lend 300 shares from each Client to this third party.

Moreover, the Client may not specify which securities IB may or may not lend. IB has complete control over the SYEP and has exclusive authority to determine which securities will and will not be lent, and to terminate the lending of securities at any time.

### **Advantages of lending securities**

Lending securities can supplement the Client's investment strategy, with which additional returns may be realised subject to an acceptable risk.

The fee the Client receives is based on the fact that the Borrower will usually use the securities lent by the Client to stake a Short position. Because this party does not hold the securities involved, it is obliged to borrow similar securities from another party that does hold them (IB). In exchange, the Borrower is willing to pay a fee to IB, which in turn pays a part of that fee to the Lender.

IB is responsible for ensuring that the Client can sell the securities in its portfolio itself at any time. This also applies to securities lent to IB by the Client as Lender.

### **Amount of the fee**

If the Client lends securities, then this Client, as the Lender, receives a fee. The Borrower pays interest on the borrowed securities to IB. IB pays half of this fee to the Lender. The other half withheld by IB is divided proportionately between IB and LYNX for the management and administration of the SYEP.

Party	Share of revenue
Lender	50%
LYNX	25%
IB	25%

The level of this interest is determined based on the supply and demand for securities for short selling. If the supply of securities for short selling is tight, interest rates can rise sharply and may be high on an annual basis. However, if there is an ample supply of securities, the interest revenues are more likely to be negligible.

Furthermore, this interest is adjusted periodically according to the current situation. This means that interest is not constant during the lending period: it fluctuates depending the availability of certain securities.

The interest is calculated not based on the current value of the lent security (*the valuation of a share based on last known closing price*), but based on the value of the cash collateral provided by IB (*102% for US and Canadian shares or 105% for European shares – of the value based on the last known closing price of the shares*). This is made clear in the example below.

The interest is calculated daily and is paid to the Client on the next trading day.

Example:

Let's assume that a Client wishes to lend 100 shares in XYZ, the last known closing price of which was EUR 60.00. The current price is EUR 61.00.

In other words, the current value of the shares is EUR 6,100.00 and the Current Value of the shares is EUR 6,000.00 based on the closing price. Because the price of the shares is in Euros, the amount of the cash collateral that IB furnishes is EUR 6,300.00 (105% of the Current Value).

Let's also assume that the current annual interest rate for lending these securities is 10%.

Taking into account the fact that IB pays half of this interest to the Client, this Client will receive interest in the amount of  $50\% \times \text{EUR } 6,300.00 \times 10\% / 360 \text{ days} = \text{EUR } 0.875$  on the next trading day. The Client should be aware that withholding and dividend taxes may apply to this interest.

#### **Disadvantages and risks of lending securities**

Participating in the SYPE involves the following disadvantages and risks for the Client:

Loss of voting rights:

Because the Client is no longer the legal owner of the securities lent, the Client also loses their voting rights at the general meeting on those securities. After they are lent, the voting rights are vested in the party that has purchased the shares from the Lender.

Possible loss of right of option with corporate actions:

Because the Client is no longer the legal owner of the securities lent, the Client may also lose their right of option with certain corporate actions, such as an optional dividend.

Price risk:

Because the Client is still the beneficial owner of the securities lent, the Client has market exposure and therefore remains liable for losses in connection with the securities lent (for example: price movements and corporate actions).

Possible adverse tax consequences of dividends:

As indicated above, as the Borrower, the Client receives "Payment in Lieu" as dividend. This may have adverse tax consequences depending on the Client's specific situation.

Short Sale:

If the Client purchases a certain security, the Client speculates on the value of this security increasing. When these securities are lent to a third party (the Borrower) so this party can take a Short position, this could negatively impact the price of the security lent (especially for securities with low volumes). There are always conflicting interests between the Client as Lender and the short seller as Borrower. Variable fee – the level is uncertain:

As indicated above, the fee paid is variable and depends on the supply of and demand for a certain security, for example. The fee that a Client may receive at some point in time is not a guarantee for any future fee. If the Client no longer meets the requirements for participating in the SYEP, the Client is no longer entitled to a fee (also see below at "When does participation in the SYEP end?")

Counterparty risk:

As stated, IB is the counterparty in any lending transaction within the SYEP. Despite the fact that IB furnishes collateral with a value that is higher than the Current Value of the lent shares, this collateral still could be insufficient to compensate the Lender in the event of IB's bankruptcy. In that event, the lent shares might not be protected by a compensation or guarantee scheme and the Client could suffer a loss.

A waiting period of 90 calendar days:

If the Client decides to stop the SYEP, the Client cannot reactivate the program until a waiting period of 90 calendar days has passed.

#### **How can a Client participate in the SYEP?**

The SYEP is activated when the Client explicitly consents to this in the opening form or via IB's Account Management. If you have any questions, please contact LYNX's customer service.

## When does participation in the SYEP end?

Participation in the SYEP ends when:

- The Client itself, as Lender, submits a request to end participation to IB. The Client may choose to stop the SYEP at any time. The Client can do this through IB's Account Management. The SYEP is effectively stopped on the trading day following the request to terminate participation.
- The Client, as Lender, closes the securities account.

The Client, as Lender, will no longer receive fees for a certain lent position if:

- The Borrower returns the securities borrowed from the Lender to IB.
- The Lender transfers the lent securities to another bank or broker.
- The Lender itself sells the lent securities.
- The Lender writes a call or buys a put option on the lent shares and that option is exercised.
- The Lender purchases additional securities, as a result of which the lent securities are no longer fully financed with the Lender's cash, but use is also made of securities-based credit.

## Summary of useful links:

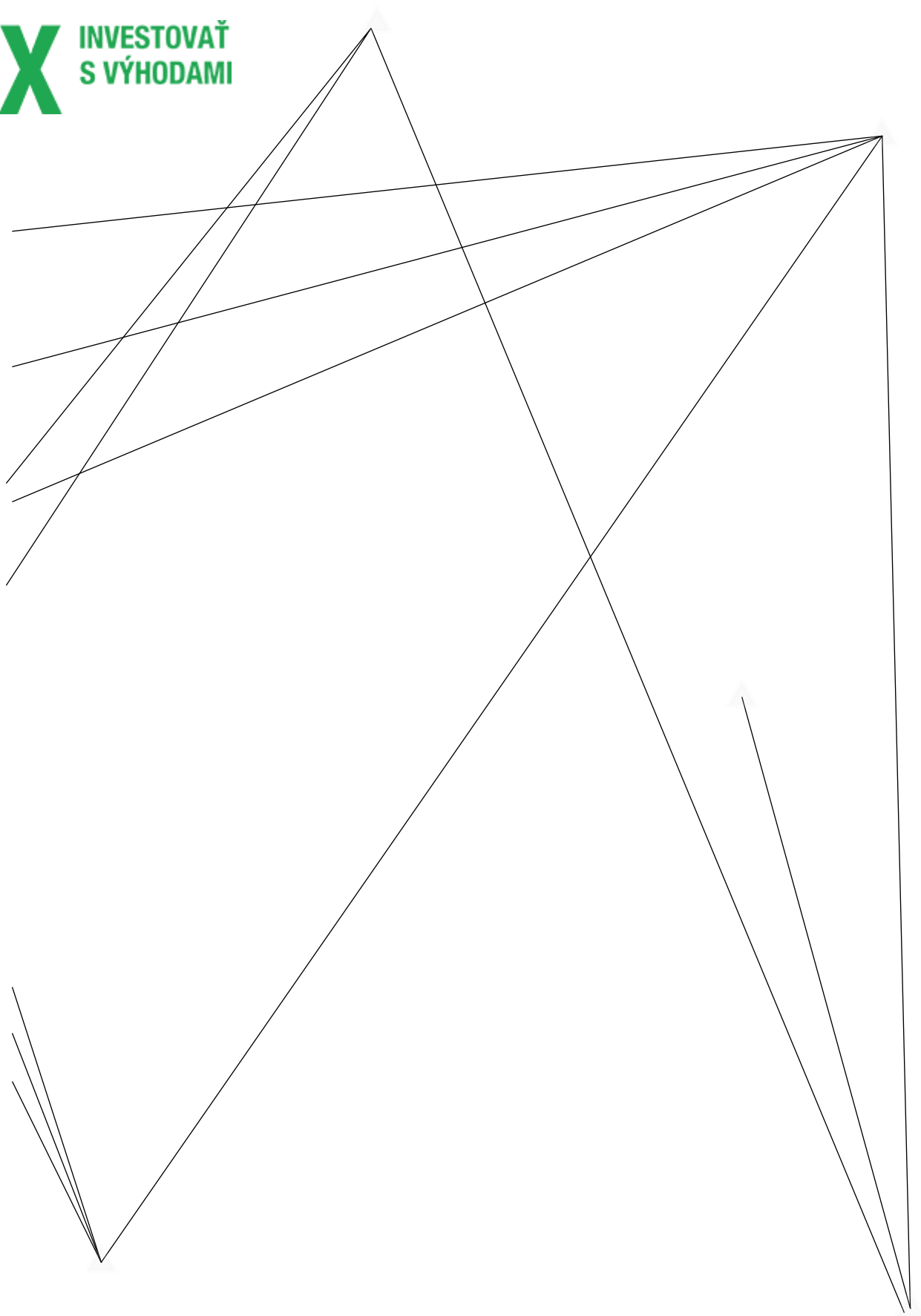
### (i) LYNX Broker Branch Czech Republic (SYEP):

Czech web: <https://www.lynxbroker.cz/stock-yield-enhancement-program/>

Slovak web: <https://www.lynxbroker.sk/klienti/caste-dotazy/prijem-z-drzanych-akcii/>.

Polish web: <https://www.lynxbroker.pl/stock-yield-enhancement-program/>

- (ii) **The specific conditions** IB attaches to participation in the SYEP can be viewed using the link below: [https://gdcdyn.interactivebrokers.com/Universal/servlet/Registration\\_v2.formSampleView?file=SecuritiesLendingDisclosure.html](https://gdcdyn.interactivebrokers.com/Universal/servlet/Registration_v2.formSampleView?file=SecuritiesLendingDisclosure.html)



## Annex no 6: LYNX Client Order Execution Policy

### **Introduction**

LYNX B.V. ("LYNX") is a licensed investment firm providing execution-only services both to retail and professional clients. Clients of LYNX can place orders in financial instruments, amongst others via the LYNX Basic platform. LYNX transmits all client orders that it receives to Interactive Brokers Luxembourg S.A.R.L. (IBLUX) for execution. LYNX does not execute client orders itself.

LYNX is bound to act in the best interest of its clients when it receives and subsequently transmits orders in financial instruments to IBLUX for execution. Also, LYNX is bound to take all necessary measures to achieve the best possible results for its clients. LYNX has in place a Best Execution Policy, which describes the steps LYNX has designed and implemented to ensure ongoing compliance with the obligations mentioned above.

Any conflicts of interest that arise with respect to order transmission will be dealt with according to the LYNX Conflict of Interest Policy.

### **Sufficient steps**

When LYNX receives and transmits orders, LYNX shall take all sufficient steps to obtain the best possible results for its clients. LYNX is required to determine the relative importance of each of the best execution factors. These factors are price, likelihood of execution and settlement, costs, speed, order size, nature of the order and any other consideration relevant to the efficient execution of the order. In determining the relative importance of execution factors, LYNX takes into account the following criteria when transmitting an order to IBLUX:

- order characteristics (including specific instructions) including the categorization of the client;
- the characteristics of the envisaged order;
- characteristics of the financial instrument that are subject to the order; and
- characteristics of the execution venues to which orders can be directed.

For determining the relative importance of the different execution factors, LYNX chooses not to make a distinction between retail and professional clients or the type of financial instrument for which a client submits an order. The relative importance of the execution factors depends on whether an order submitted by the client will be transmitted and executed immediately (due to submitted price will be accepted by the market immediately or due to type of order (Market)) or not.

For orders directly transmitted and executed after submitted by the client, the best possible result is determined in terms of total consideration and the following execution factors are considered more important than the remaining five execution factors set out above:

- the price of the financial instrument; and
- the costs relating to execution.



As detailed above, 'price' and 'cost' will remain two of the key integral factors to execution quality for clients. Total consideration means the sum of the price and the costs incurred by clients and represents the price of the financial instrument and the costs relating to execution. The remaining five execution factors are only considered if the two execution factors mentioned above are strengthened by them, so if they have an extra positive outcome for the client in regards of total consideration.

For orders not directly transmitted and executed after submitted by the client, a third execution factor is considered more important than the remaining four execution factors. Including the two execution factors mentioned for directly executed orders, this means the following execution factors are considered to be the most important:

- the price of the financial instrument;
- the costs relating to execution; and
- the likelihood of execution and settlement.

In this case, the likelihood of execution and settlement is also taken into account compared to directly executed orders, since the order is not executed immediately. The remaining four execution factors are only considered if the three execution factors mentioned above are strengthened by them, so if they have an extra positive outcome for the client in regards of total consideration and likelihood of execution and settlement.

### **Financial instruments**

LYNX will apply its Best Execution policy to the following instruments:

- Shares
- Bonds
- Trackers / ETF's
- Options
- Futures
- Turbo's
- (investment) Funds
- CFD's

### **Specific client instructions**

Whenever there is a specific instruction from a client with regard to an order, LYNX will transmit the order following that specific instruction. Clients should be aware that a specific instruction may prevent LYNX from taking the steps it has designed and implemented in its Best Execution Policy to obtain the best possible result for the client in respect of the elements covered by the instruction.

### **Order routing via Interactive Brokers (IB)**

LYNX transmits orders for execution solely to third-party broker IBLUX. LYNX has entered into this cooperation with IBLUX as in LYNX' views, this enables LYNX to meet the best execution requirements in an adequate way.

LYNX is convinced that IBLUX has execution arrangements in place that enable LYNX to comply with its duty to obtain the best possible result for its clients when transmitting orders for execution. More specific, LYNX has chosen IBLUX because of, inter alia, the following factors:

- the order-execution policy of IBLUX;
- execution costs;
- execution speed;
- likelihood of execution;
- market knowledge;
- the connection of IBLUX to third parties (i.e. execution venues and/or other brokers);
- service and other factors that influence the quality of the order execution;
- IBLUX possesses of the required MiFID II license.

### **Monitoring**

Because LYNX remains responsible for obtaining the best possible result for its clients, it closely monitors the order execution arrangements and execution quality actually delivered by IBLUX. In addition, LYNX monitors on a yearly basis in the first calendar quarter the effectiveness of its own Best Execution Policy, and, where appropriate, corrects any deficiencies.

### **Top 5 execution venues**

Every year LYNX will make public, for each class of financial instrument, the top five execution venues IBLUX is using for the execution of orders. This Top 5 is made public on the LYNX website.

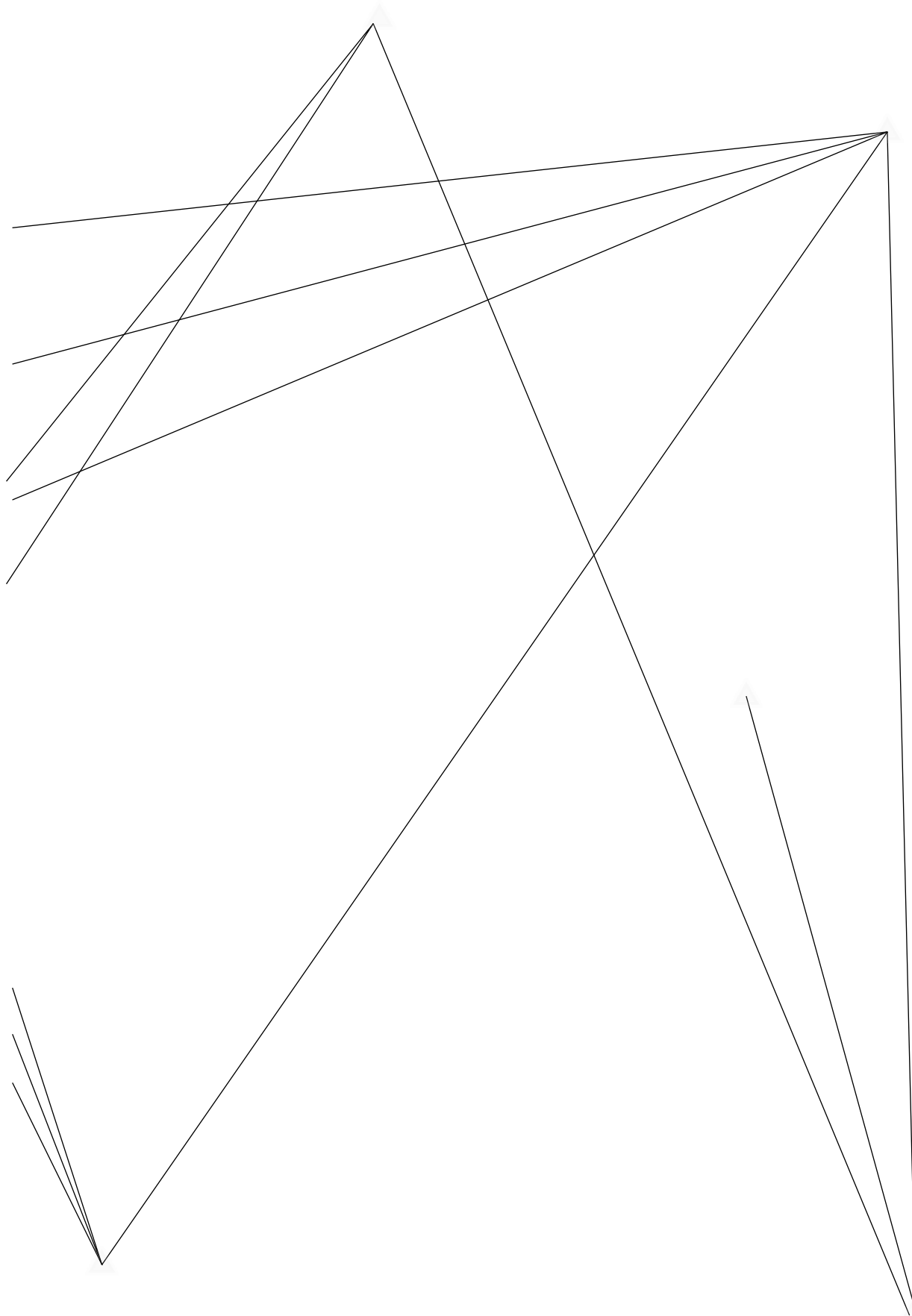
### **Reviewing the arrangements & policy**

The review of the Best Execution Policy of LYNX takes place annually in the first quarter of the calendar year and on an event-driven basis, triggered by the following events:

- strategic policy changes; and/or
- changes in market practices (e.g. increase in number of trading venues/ market or an increase/ decrease of liquidity in areas of execution); and/or
- changes in laws and/or regulations; and/or
- approval of new products or services; and/or
- other significant changes that disable LYNX to execute orders in line with this best execution.

### **Client request**

Upon reasonable request, LYNX will provide clients with more information about LYNX' Best Execution Policy.



## Annex no 7: Complaints procedure

In the unlooked-for event that you have a complaint about the services of LYNX, please contact LYNX's Service Desk. This department is responsible for handling complaints. You can submit your complaint to us by e-mail, telephone, post or via our online chat feature. Our contact details:

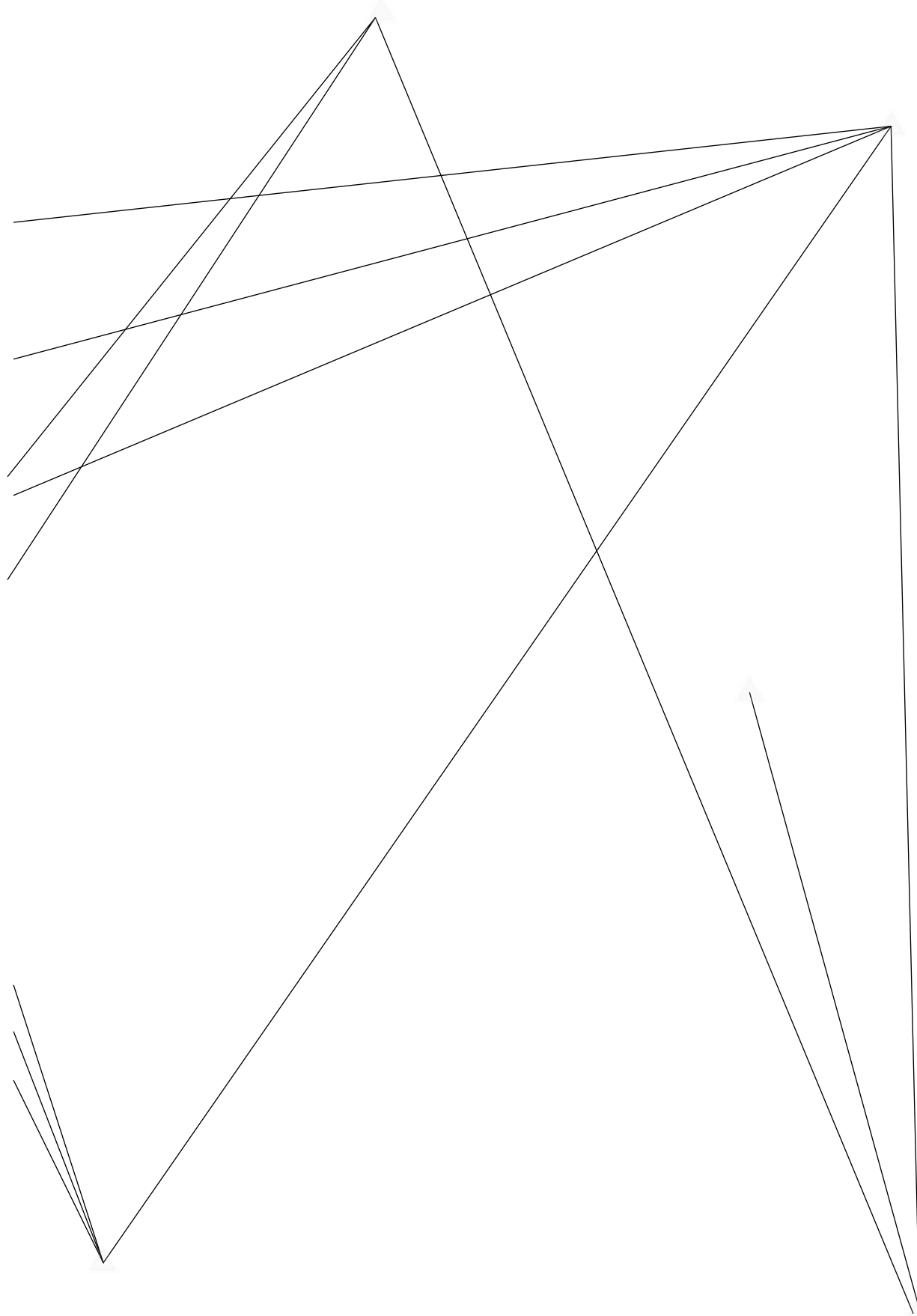
E-mail: [reklamace@lynxbroker.cz](mailto:reklamace@lynxbroker.cz)  
Telephone: +420 234 262 500, 800 877 877 (free of charge)  
Post: LYNX B.V., Branch Czech Republic ("LYNX")  
Service Desk  
Vaclavske namesti 776/10, Nove Mesto, 110 00 Praha 1, Czechia  
Chat: <https://www.lynxbroker.sk/>

If the Service Desk has not handled a claim to your satisfaction, it is important that you inform the Service Desk of this. This department will then escalate the complaint within the LYNX organisation. In that case, the complaint will be handled by LYNX's Compliance department or by another department if the nature of the claim so requires.

You will not be charged any costs with regard to the submission or handling of a complaint.

The Service Desk will confirm the receipt of a complaint within three business days and aims to settle the complaint within four weeks. In some cases, however, it may be necessary for a complaint to be investigated in more detail due to its complexity. If handling the claim takes longer than the aforementioned term of four weeks, LYNX will inform you of this in writing and will keep you informed of the progress of the investigation on a regular basis.

As described in Clause 14 of the Client Agreement, you may present the complaint to the Netherlands Financial Services Complaints Tribunal (KiFID) if you disagree with the handling of your complaint. Additionally, you may institute a claim with the competent court in Amsterdam.





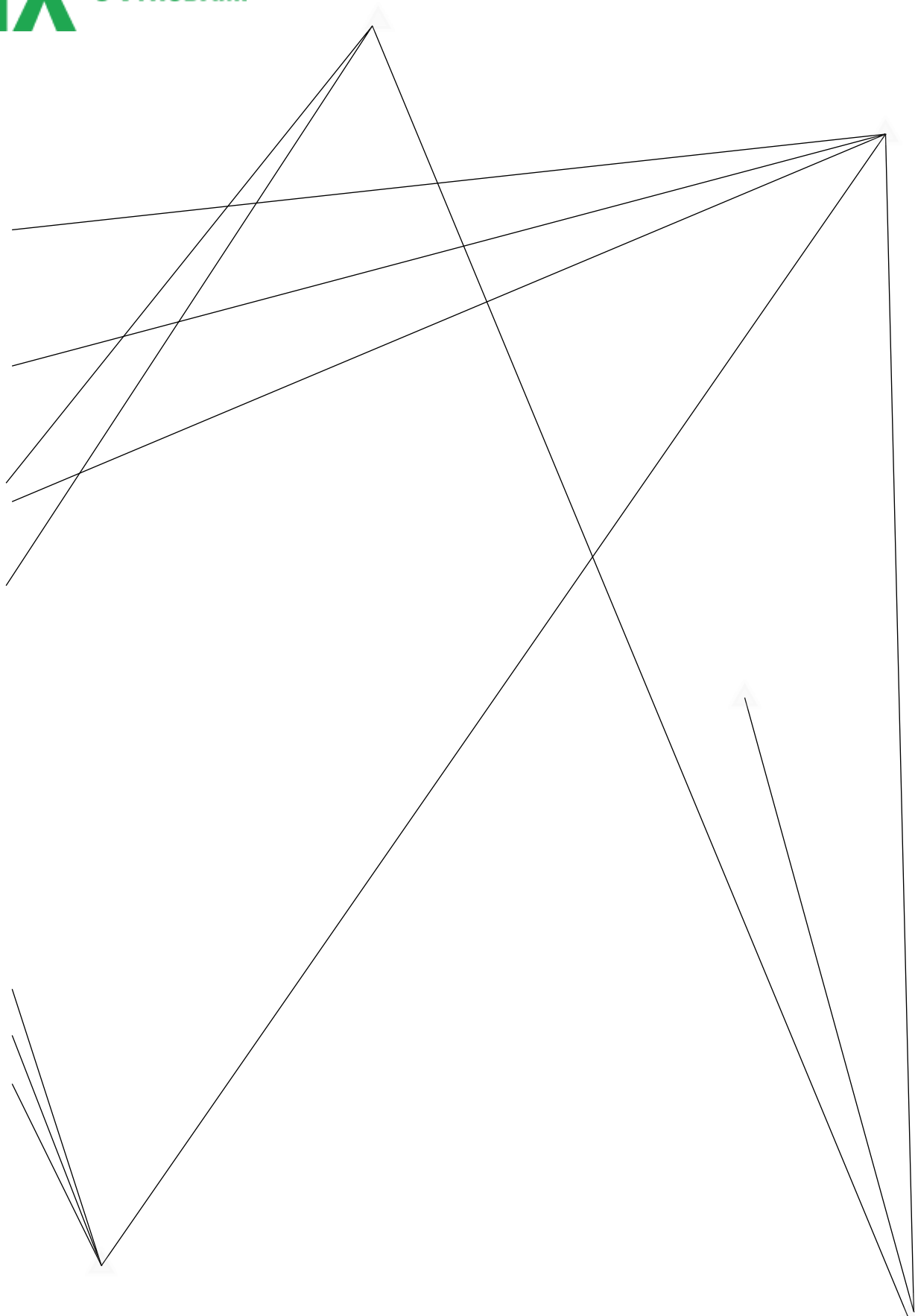
## Annex no 8: Investor Compensation Scheme (ICS)

The Dutch investor compensation scheme (ICS) [in Dutch: beleggerscompensatiestel, or BCS for short] entails that eligible non-professional clients, in case of an investment firm's inability to pay (for example due to bankruptcy), are entitled to payment of their claims – up to EUR 20,000 per client – arising from the investment firm's inability to:

- a. repay funds it owes the client and that are held for the client in connection with the provision of investment services; or
- b. return financial instruments it holds, administers or manages for a client in connection with the provision of investment services.

LYNX is an investment firm with a licence from the AFM. The ICS therefore applies to LYNX as such. However, LYNX does not hold any funds or financial instruments for clients. After all, as described in Clause 1 of the Client Agreement, the investment services it provides are limited to receiving and transmitting orders and having one or more securities accounts opened in the name, and at the risk and expense, of a client with and/or via IB. For these reasons, you will in principle not have any claims against LYNX as described above at (a) and (b) to which the Dutch investor compensation scheme applies.

The investor compensation rules that apply to IB will also apply to the extent that IB holds funds and/or financial instruments of yours. For more information about the ICS applicable to IB, please refer to the website of the local supervisory authority in Luxembourg <http://www.cssf.lu/>



## Disclosure Statement (Client)

# Summary LYNX Conflict of Interest Policy

### Introduction

Under the Markets in Financial Instruments Directive (“MiFID”), LYNX B.V. (LYNX) is required to maintain and operate effective organisational and administrative arrangements with a view to taking all reasonable steps to identify, monitor and manage (potential) conflicts of interest. The nature of the financial services market is such that (potential) conflicts of interest can sometimes develop. It is impossible to rule out conflicts of interest.

LYNX has put in place a Conflicts of Interest Policy to safeguard its clients’ interest. In accordance with its obligations to its clients, LYNX seeks to ensure that its clients are properly notified where there is or could be (potential) conflicts of interest. All clients of LYNX must be treated fairly and the interests of clients should at all times take precedent over the interests of LYNX, its employees or the group which LYNX belongs to. The protection of our clients’ interests is our number one concern.

This is a summary of our Conflicts of Interest Policy. More detailed information is obtainable on request from retail clients<sup>3</sup>.

### About LYNX

LYNX is an online broker, headquartered in The Netherlands and present in three EU countries by means of a branch office. LYNX is furthermore passporting into another five EU countries as well as Switzerland. LYNX has one fully owned subsidiary in the Netherlands, TradersOnly B.V. LYNX is receiving and transmitting orders exclusively to either of the following Interactive Brokers entities: Interactive Brokers Luxembourg SARL. In some countries, LYNX is furthermore intermediating in IB’s Stock Yield Enhancement Program and IB’s margin lending product and provides investment recommendations to its clients.

### What are conflicts of interest?

Our Conflicts of Interest Policy defines (potential) conflicts of interest as:

- Conflicts of interest between LYNX and you. For example, if we are providing a service to you and, beyond that, we have a material interest, relationship or arrangement in the transaction or product or service. The decisive factor here is whether we make a profit or avoid a loss to your disadvantage;
- Conflicts of interest between our clients if we are acting for you and for another client and these two interests conflict materially.

### How are conflicts managed?

LYNX maintains a Conflicts of Interest Policy appropriate to the size of our firm and the nature, scale and complexity of our business. As part of our Conflicts of Interest policy, we maintain a number of internal policies which our employees are obliged to comply with. To prevent conflicts of interest we have, among other things, taken the following measures:

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<sup>3</sup> A retail client means a consumer, retail investor, customer of LYNX or proxy holder.

## *Code of Conduct*

We have established a LYNX Code of Conduct through which we try to prevent from getting into a conflict of interest. This means, among other things, that our team members are required to report outside interests and appointments to ensure they do not conflict with their duties to LYNX and its clients. Our staff is furthermore subject to restrictions on the offering and receipt of gifts and entertainment to or from clients and other business counterparties. LYNX also has specific policies and procedures on when and how employees are permitted to undertake personal account transactions.

## *Segregation of duties*

LYNX has implemented procedures and controls and segregations of duties appropriate for its business profile. Staff are segregated operationally, such that they report to functional managers.

## *Confidentiality*

All our employees as well as external consultants and contractors must sign a confidentiality undertaking prior to commencing work for us.

## *Remuneration*

We also monitor the way in which our staff are remunerated, in accordance with the LYNX remuneration policy, in order to ensure that remuneration structures do not conflict between our staff and LYNX's clients' best interests.

## *Inducements*

We carefully consider the payment or receipt of fees or commissions (or other non-monetary benefits) between LYNX and (advisory) firms we might engage in our services offering to ensure that they are not an inducement (and therefore do not create potential conflicts of interest).

## *Training and awareness*

All our employees are trained to recognise, prevent and where necessary properly handle (potential) conflicts of interest.

## *Reporting of (potential) conflicts of interest*

Each employee is required to report (potential) conflicts of interest to the Compliance function in order to receive clearance prior to taking any action. We have a reporting tool for this purpose. When we receive a report, we start an investigation and if it turns out there is a (potential) conflict of interest we:

- Will inform all relevant stakeholders;
- May decide to take additional (temporary) measures;
- Evaluate whether we should take (additional) measures to prevent similar conflicts in the future;
- May decide to refuse or discontinue our services to a customer.

The Compliance department of LYNX maintains a Conflict of Interest Register recording all potential conflicts of interest. This is maintained for a period of five years.

## **Disclosure of conflicts to our clients**

On occasion we may need to disclose specific conflicts of interest where we feel our internal arrangements are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of one of our clients will be prevented. We will clearly disclose the general nature and/or sources of conflicts of interest to a client before undertaking the relevant business for that client.

We will, however, always seek to manage conflicts internally in accordance with our conflicts of interest policy and shall only disclose specific conflicts to our clients as a last resort.

## Review of our Conflicts of Interest Policy

We will monitor the effectiveness of our Conflicts of Interest Policy to identify and, where appropriate, correct any deficiencies. Furthermore, the policy is fully reviewed at least on an annual basis to ensure the record of conflicts is up to date and relevant and the appropriate mitigating controls are in place. The review is reported to the Board of Directors of LYNX. We shall notify our clients of any material changes to our Conflicts of Interest Policy.

## Further information

If you are a retail client and require any further details on our Conflicts of Interest policy, please contact the Compliance function at LYNX (email: [compliance@lynx.nl](mailto:compliance@lynx.nl) or [compliance@lynxbroker.cz](mailto:compliance@lynxbroker.cz)).



