

Terms of Business for Retail Clients

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Introduction

GPB Financial Services Ltd (hereinafter the “GPBFS”) is a Cyprus Company registered by the Registrar of Companies on 24th of February 2009 with register office at Interlink Hermes Plaza, 1st floor, 46 Ayios Athanasios Av.,4102 Limassol, Cyprus and its authorized and regulated by Cyprus Securities and Exchange Commission (hereinafter the “CySEC”) under license number 113/10.

Cyprus Securities and Exchange Commission or CySEC was established in accordance with section 5 of the Cyprus Securities and Exchange Commission (Establishment and Responsibilities) Law of 2001 as a public corporate body, and is responsible for supervise Investment firms. Investment Firms have the obligation to comply at all times with all laws, directives, rules and regulations issued by CySec from time to time.

GPBFS as a regulate Company has to comply at all times with the abovementioned rules and regulations. In addition please be informed that you have to provide us with a list of documents known as “Know your Client” Procedure in order to fulfil our obligations with the rules and regulations governed us. Please note that the soonest you provide us with the required documents the soonest our cooperation will begin.

Below you will find all relevant information covering our between relationship including General Terms of Business Client Categorization Policy, Best Execution Policy, Conflict of Interest Policy, Risk Warnings, Investors Compensation Fund Policy, and MiFID consent Form.

In addition, we would like to inform you that based on the information you have provided us with, we have classified you as a Retail Client.

Categorization as a Retail Client means that you are obliged with higher regulatory protections (please see below Investors Compensation policy).

Please have in mind that the law gives you the right to change categorization either as a professional or as Eligible counterparty by provide to us with a written request stated you are intention to change categorization. In either case you will not entitle to receive any investor’s compensation protection. In case you want to change categorization please find enclosed the relevant form at Appendix B of the present Terms and Conditions.

In the “*MiFID consent form*” we required your consent in regards to the follow issues in order to be able to proceed with our cooperation:

- (1) Your classification as a Retail client
- (2) For execution of your orders outside a Regulated Market or a Multilateral Trading Facility
- (3) For not making your limit orders public in case we do not execute this order immediately under prevailing market conditions.

Therefore, please sing the Form “ MiFID consent and contact details form ” at page 46 and return it to us. The form can be found in Appendix A of the present Terms and conditions.

GPBFS Services-Contact Details

Please note that the official language of GPBFS is either English or Greek language. However the Company offer support to its clients in Russian language as well.

The contact details of GPB are as follows:

Tel: 00357 25 055000

Fax: 00357 25 055101

E-mail: aavgousti@gpbfs.com.cy

Web Site: www.gpbfs.com.cy

GENERAL TERMS OF BUSSINESS

General Terms

1. These terms of business (each a "Term" and collectively the "Terms") and the accompanying cover letter from us to you containing details of your client categorisation as a Retail Client (the "Categorisation Letter") set out the rights and obligations and constitute an agreement between GPB Financial Services Ltd ("GPBFS") and you in relation to the Financial Services and Ancillary Services as defined further bellow to be provided hereunder (the "Agreement"). You should keep a copy of this Agreement for your records. The Agreement, of which these Terms form a part, commenced on the date you have received it.
2. We shall comply strictly with your instructions in respect of all transactions.
3. We may, subject to compliance with applicable law and regulatory provisions and subject further to the terms and conditions of this Agreement, delegate the performance of any or all of our duties hereunder at our sole discretion to any of our Brokers or any company and individual associated or employed by such company.

Authorisation and Compliance

4. You warrant that (save as expressly disclosed to us in writing) you have, and you undertake that you will maintain, all necessary consents, authorisations and approvals to enable you to use and accept the Services on these Terms and to engage in the transactions and carry on the activities in respect of which the Services are provided. You agree that you will comply with all applicable Laws, Directives and Circulars issued by the CySEC and particularly that you will comply with the Prevention and Suspension of Money Laundering Activities Law, as amended from time to time.

Our Services

5. We will provide Services to you in respect of transactions to be executed on a stock exchange in Russia and London or elsewhere, or, where appropriate, we will arrange for the provision of the Services through one of our Brokers. We or one of our Brokers will execute transactions for you in respect of securities traded in Russia, UK and other stock exchanges of which we are a member or over the counter securities markets. We will require your explicit consent prior to executing transactions outside a Regulated Market or Multilateral Trading Facility ("MTF") in any securities which are listed on a Regulated Market. We will arrange for the provision of the Services by our Brokers in respect of transactions to be executed in Russia, UK or the countries.
6. The Investment services provided by us to you hereunder (the "Services") shall consist of:

Financial Services

- (a) Reception and transmission of orders in relation to one or more financial instruments
- (b) Execution of orders on behalf of clients.
- (c) Dealing on own account
- (d) Underwriting of financial instruments and or placing of financial instruments on a firm commitment basis.
- (e) Placing of financial instruments without a firm commitment basis
- (f) Investment Advice

Ancillary Services

- (a) Safekeeping and administration of financial instruments, including custodianship and related services.
- (b) Granting credits or loans to one or more financial instruments, where the firm granting the credit or loan is involved in the transaction
- (c) Advice to undertakings on capital structure, industrial strategy and related matters and advice and services relating to mergers and the purchase of undertakings
- (d) Foreign exchange services where these are connected to the provision of investment services
- (e) Investment research and financial analysis or other forms
- (f) Services related to underwriting

7. The following shall constitute **Financial Instruments** (collectively "Financial Instruments ")

Transferable securities;

Money-market instruments;

Units in collective investment undertakings;

Options, futures, swaps, forward rate agreements and any other derivative contracts relating to securities, currencies, interest rates or yields or other derivative instruments, financial indices or financial measures which may be settled physically or in cash;

Options, futures, swaps, forward rate agreements and any other derivative contracts relating to commodities that must be settled in cash or may be settled in cash at the option of one of the parties (otherwise than by reason of default or other termination event);

Options, futures, swaps and any other derivative contracts relating to commodities that can be physically settled provided that they are traded on a regulated market and/or an MTF;

Options, futures, swaps, forwards and any other derivative contracts relating to commodities, that can be physically settled not otherwise mentioned and not being for commercial purposes, which have the characteristics of other derivative financial instruments, having regard to whether, inter alia, they are cleared and settled through clearing houses or are subject to regular margin calls;

Derivative instruments for the transfer of credit risk;

Financial contracts for differences

Options, futures, swaps, forward rate agreements and any other derivative contracts relating to climatic variables freight rates, emission allowances or inflation rates or other official economic statistics that must be settled in cash or may be settled in cash at option of one of the parties (otherwise than by reason of a default or other or termination or event), as well as any other derivative contracts relating to assets, rights, obligations, indices and measures not otherwise mentioned, which have the characteristics of other derivative financial instruments, having regard to whether, inter alia, they are traded on a regulated market or an MTF, are cleared and settled through recognized clearing houses or are subject to regular margin calls.

The details of the license can be found to the following link:

<http://www.cysec.gov.cy/en-GB/entities/investment-firms/cypriot/37668/>

Basis of dealings

8. The Services are subject to applicable laws, regulations, rules, requirements, customs, practices and guidelines in force in any relevant jurisdiction for the time being where any transaction is carried out (in each case whether or not having the force of law) (together "Applicable Regulations"), including, without limitation, any applicable directive of the European Commission as well as the Investment Services, Activities and Regulated Markets Law 144(I)/2007 and the Circulars and Directives issued by the CySEC from time to time and are in force including the Companies Act, Chapter 113, Investment Services, Activities and Regulated Markets Law 144(I)/2007, Circular on Transaction Reporting, Directive of the Code of Conduct, Law on Insider Dealing and Market Manipulation (Market Abuse) 2005, Directive IF of the Commission for the Capital Requirements of Cypriot Investment Firms, Prevention and Suspension of Money Laundering Activities Law of and we may take all such steps as may be necessary or desirable to comply with such Applicable Regulations. Nothing in the Agreement shall prevent us from taking all such

action as may be required by law or statute or to comply with the regulations of any relevant professional or regulatory body.

9. In accordance with our obligations under Applicable Regulations, we will endeavour to provide you with prompt, fair and expeditious execution for orders you place with us, relative to other orders from our Brokers, our clients or our Broker's or our own proprietary trading interests. In so doing, we will:
 1. accurately record and allocate orders we execute for you; and
 2. carry out comparable orders sequentially and promptly unless the characteristics of the order or prevailing market conditions make this impracticable, or your interests, as our client, require otherwise.
10. Where we provide you with a personal recommendation in respect of a Service, GPBFS will first need to assess the appropriateness of such a recommendation to your particular circumstances (the "**Appropriateness Test**") as further set-out. The Appropriateness Test will extend to instructions relating to orders which we pass to any of our Brokers, in accordance with Applicable Regulations and these Terms.
11. Where we provide you with a personal recommendation in respect of a service, GPBFS will first need to assess the suitability of such a recommendation to your particular circumstances (the "**Suitability Test**") as further set-out. The suitability test will extend to instructions relating to orders which we pass to any of our brokers, in accordance with applicable regulations and these terms.
12. GPBFS will request information from you in order to establish your investment objectives and to assess the need for appropriate restrictions on the type of Financial Instruments you wish to deal in, the nature of the transactions you may instruct us on, to the market on which we may execute your orders (we will require your express consent before proceeding to execute any orders outside a Regulated Market or MTF in any securities which are listed in a Regulated Market, in this regard please refer to the form enclosed accompanying these Terms).

Transaction Reporting

13. We will make transaction reports for all orders we execute on your behalf as part of a Service concerning any Financial Instruments admitted to trading on a Regulated Market within the European Union area or prescribed market and for any over-the-counter derivative the value of which is derived from, or which is otherwise dependent upon, an equity or debt-related Financial Instruments which is admitted to trading on a Regulated Market or on a prescribed market.
14. Where we execute a transaction for you outside a Regulated Market or MTF in respect of a Financial Instrument admitted to trading on a Regulated Market, we will make public the volume and price of such a transactions and the time at which it was concluded, subject to any delays permitted by Applicable Regulations.
15. Any transaction reports in respect of orders we pass for execution to our Broker on your behalf will be made to the appropriate regulatory authority for the location where the trade is executed.

Client Reporting

16. Where we carry out an order for you in the course of a Service, we will promptly provide you with a summary of the execution of the order and (unless the confirmation would contain the same information as a confirmation that is to be promptly despatched to you by another person) send you a trade confirmation notice no later than the first business day following that execution or where we receive confirmation from a third party or Broker, no later than the first business day following our receipt of the confirmation.

Stabilisation

17. We or our Brokers instructed on your behalf may deal for you in Financial Instruments that may have been the subject of stabilisation. Stabilisation is a price supporting process that may take place in the context of new issues. The effect of stabilisation can be to make the market price of the new issue temporarily higher than it would be otherwise. The market price of investments of the same class already in issue, and of other investments whose price affects the price of the new issue may also be affected.

Capacity

18. Each of the parties warrant that they have full power, and have taken all steps necessary, to lawfully enter into and perform this Agreement and undertake that they will maintain in full force and effect all necessary consents, licences, or authorisations of any governmental or regulatory authority or exchange.

Appropriateness and Suitability Test

19. Prior to providing any non-recommended Service to you in certain circumstances involving complex financial instruments, including (but not limited to) certain types of derivatives, non-public securities and illiquid securities, we will be required to ascertain whether a particular Service or transaction is appropriate and suitable for you, (the "Appropriateness Test"). On the basis that you are a Retail Client, we will be required to consider your experience and knowledge and ability to understand the risks involved in relation to those particular Services, transactions or types of Financial Instruments for which we have classified you as a Retail Client, your investment objectives, if you are able financially to bear any related investment risks consistent with his investment objectives. We may require you to disclose further information to us, including but not limited to information relating to your knowledge of a particular Financial Instrument, market and dealing history, in order to discharge our obligation to apply the Appropriateness Test. We will be entitled to rely on any information you provide to us in connection with the Appropriateness Test, unless it is manifestly out of date, inaccurate or incomplete. We will not be responsible for any loss you sustain as a result of any delay to any Service we provide or transaction we carry out on your behalf due to the application of the Appropriateness Test. In the event that we are unable to assess a Service as appropriate for you, including where this is due to a lack of information from you, we will warn you of this in writing. Should you wish to proceed with a Service in relation to which we have warned you issued such a warning, GPBFS may in its absolute discretion consider your instruction on the basis of the surrounding circumstances.
20. GPB FS obtains from clients or potential clients such information as is necessary for the firm to understand the essential facts about the client and to have a reasonable basis for believing, giving due consideration to the nature and extent of the service provided, that the specific transaction to be entered into in the course of providing investment advice service satisfies the following criteria (the "Suitability Test"):
- it meets the investment objectives of the client in question;
 - it is such that the client is able financially to bear any related investment risks consistent with his investment objectives
21. We will notify you if the Service you instruct us to carry out does not require us to apply the Appropriateness or Suitability Test.
22. In the absence of gross negligence or fraud, neither we, nor any person connected with us, including any of our Brokers, nor any of our or their respective directors, employees or agents shall have any responsibility or liability whatsoever for any loss or loss of profit as a result of any advice or opinion which may be given or expressed by us or them to you in good faith concerning any investment or investment transaction.

Advice

23. Any advice given to you by us in respect of Financial Instruments is incidental to the conduct of our business and the Services provided to you by us. Such advice, unless formally provided by us in writing, expressed as intended to be binding and based on full written details from you of all relevant factors, circumstances and purposes, should not serve as the basis for any investment decision made by you or on your behalf and every transaction entered into, maintained or terminated by you shall be based solely upon your own judgement and determination. Whilst any such advice is given in good faith, we make no representation as to the accuracy, completeness, reliability or prudence of any such advice or the information upon which it is based.
24. Advice given to you by us in respect of Financial Instruments, may not be used or relied on you for any purpose other than the Services and such advice and the terms of any engagement letter relating to the Services (including details of our fees in relation thereto) may not be disclosed to any third party (unless you come under a legal obligation to disclose it or you disclose it to another of our advisers in connection with the Services, in either of which cases you will promptly inform us of such disclosure) nor used or relied on by any third party without prior written consent.

Safeguarding and Administration of Assets

25. Where GPBFS agrees to provide you with the Service of safeguarding Financial Instruments on a retail client's behalf, the following information must be disclosed to clients (where applicable):
- GPBFS holds clients assets in custody accounts opened in its name with authorized and regulated custodians
 - GPBFS's responsibility under applicable national law for any acts or omissions of such third party
 - Consequences for the clients of the insolvency or the third party

JP Morgan Chase Bank: The assets which belong to the client will be protected from claims made on the behalf of general creditors of JP Morgan. However, please note that JP Morgan has the right to register the securities in its name and in such case may not be segregate from its own funds. In addition, JP Morgan reserves the right to add, remove or replace, without the prior consent of GPBFS, of any sub-custodian. The above rights is given to JP Morgan by our between contractual agreement, but in every case this does not mean that JP Morgan will not take all the relevant diligence to ensure the clients assets from its owns.

National Settlement Depository , GPB Capital Limited and Gazprombank Moscow: According to the Civil Law of the Russian Federation in case of bankruptcy of the Custodian the financial instruments held on behalf of clients are protected from any claim made on behalf of the creditors of the Depository.

Clearstream ("CBL"):CBL shall not be liable for the acts or omissions or the bankruptcy or insolvency of any of CLB's depositories, sub depositories, custodians, sub custodians or of any other clearance system. If however, a customer suffers any loss or liability as the result of any act or omission of, or the bankruptcy or insolvency of, any entity acting for issuers and in charge of such issuers register, CBL's depositories, sub depositories, custodians, sub custodians or of any other clearance system, CBL's shall take such steps in order to effect recovery as it shall reasonably deem appropriate under all the circumstances.

- Client assets may be held by a third party in an omnibus account but the company internally maintains separation of the assets for each client

- The Company will be opening as many accounts as needed in its internal system which will be used to facilitate your trading activity and needs
- The Company keeps client assets in separate accounts from its own assets
- The Company will on a daily basis will perform reconciliations for client cash and assets and in cases of discrepancies will immediately investigate and take corrective measures. Any movement of the client cash and assets will be recorded in the internal system of the Company in addition to the statements which will be received from the custodians and banks.

GPBFS Clients Cash Accounts:

- GAZPROMBANK Open Joint Stock Company, Moscow, Russia
- JP Morgan Chase Bank N.A
- Gpb Capital Limited
- Clearstream

GPBFS Clients Assets Accounts (Custody):

- National Settlement Depository
- Clearstream
- Where you choose to trade under the Direct Market Access scheme GPBFS will open for you separate accounts (for cash and securities) which will be used only for Direct Market Access trading.
- Where you choose to trade under Direct Market Access trading platform and classic brokerage service you will have different accounts for each type of Brokerage service
- Any cash or securities incoming or outgoing to or from any external accounts will be executed only through your classic brokerage accounts, since the accounts connected with the Direct Market Access trading platform will be connected directly with the relevant market/stock exchange.
- GPBFS will be transferring cash or securities from your accounts designated for trading through Direct Market Access platform to your accounts designated for classic brokerage services based on your instructions. In order to be able to use the Direct Market Access trading platform your accounts connected with the trading platform must have sufficient funds.
- If your classic Brokerage account has the required funds or securities you are required to give to GPBFS the relevant instruction to transfer in your Direct Market Access trading accounts the amount you need to use for trading through the electronic platform.
- a non-EEA state's law may be applicable to the client's account containing client investments or money. Please note that the above accounts are maintained
- summary of steps taken by firm to ensure protection of client's assets or money it holds, including details of relevant compensation scheme
- any security lien /right of set-off etc. GPBFS or a third party depositor may have over the client's assets or money

Confidentiality

26. Information, in any form, given to you by us in respect of Financial Instruments may not be used or relied on by you for any purpose other than the Services and such advice and the terms of any engagement letter relating to the Services (including details of our fees in relation thereto) may not be disclosed to any third party (unless you come under a legal obligation to disclose it or you disclose it to another of your advisers in connection with the Services, in either of which cases you will promptly inform us of such disclosure), nor used or relied on by any third party without our prior written consent.
27. All information which we receive from you concerning your business or affairs and any information or work product generated from such information, which is not in the public domain, which is not available to us on a non-confidential basis, which has not been independently developed by us and which we are not required to disclose by any applicable regulation ("Confidential Information") will be held in confidence by us unless and until such time as you specifically consent to the disclosure of that Confidential Information. For the avoidance of doubt, nothing in this Term will prevent us from disclosing information to the extent required to perform the Services.
28. In addition to any other right or obligation by virtue of which we or any of our Brokers may be entitled or bound by law to disclose information, we or any of our Brokers will be entitled, if requested or required to do so, at our discretion, to disclose any information (including Confidential Information) known to us or any of our Brokers, and/or to produce any documents relating to your business or affairs to any governmental or regulatory agency or authority (whether in Cyprus or elsewhere) including, without limitation, CySEC, and the Securities and Exchange Commission of the Russian Federations and any relevant self-regulatory organisation. In addition, we will, where reasonably practicable, seek to impose a confidentiality requirement in any case where the information is not subject to statutory restrictions on disclosure by the recipient.
29. Neither we nor any of our Brokers will have any duty to disclose to you any information that comes to the notice of us, or such Broker, in the course of carrying on any other business or as a result of or in connection with the provision of services to other persons. You accept that we and any of our Brokers may be prohibited from disclosing or having regard to, or it may be inappropriate for us and any of our Brokers to disclose to you or have regard to, such information even if it relates to you or to the Services.
30. All information, documents and communications in our possession or control relating to the Services or the subject matter of the Services shall be our sole property, save for original contracts, share certificates and other original documents held on your behalf. We shall be permitted to retain a copy of all information, documents and communications between us or sent or received by us in connection with the Services for regulatory and risk management purposes.

Data Protection

31. GPBFS and/or its Brokers may collect from you certain personal information relating to you in connection with the performance of the Services, including, but not limited to, your name and contact details. We will only collect and use such personal information as is necessary in order to provide the Services to you, including any obligation we may have to apply the Appropriateness Test. GPBFS will be data controller (i.e. the party in control of your personal information) in relation to such processing of your personal information.
32. We may arrange for the provision of the Services by our Brokers and disclose your personal information to such parties to carry out the Services. Such Brokers may be based in a country outside the EEA, whose laws may not provide the same level of protection for personal data as in Cyprus. This will include transfers to Brokers in Russia or the countries of the Commonwealth of Independent States. We shall take appropriate steps to ensure that any such Broker will implement measures to protect your personal information.

33. You consent to the use and disclosure of your personal information for the purposes and in the manner described above by us and by our Brokers to whom your personal information is disclosed in accordance with these Terms.

Instructions

34. You hereby appoint and authorise us to execute transactions on your behalf or to arrange for the provision of execution services by any of our Brokers in each case on an execution only basis in respect of Financial Instruments including (inter alia) the reception of orders and their transmission to our Brokers on your behalf. You hereby separately authorise us to act upon orders received from you and our Brokers instructed by us to act upon orders received from us as your agent as aforesaid as though such orders had been given by you directly. All such instructions given to us may be given orally, in writing or by electronic means and must be properly communicated to the person responsible for their reception and transmission in accordance with our normal business practice. We or our Brokers may require you to confirm instructions in writing where deemed necessary and may refuse instructions to arrange any particular transaction.
35. (a) You shall confirm the name of each person authorised to give us instructions on your behalf in writing at the client acceptance stage. You may vary this list by written notice to us. We shall not be bound by any such amendment until we have actually received such written notice. We will be entitled to act upon the oral or written instructions of any person so authorised or anyone who appears to us to be such a person and you will be bound by actions taken by us on the basis of unconfirmed telephone or facsimile instructions which we in good faith believe to have originated from such a person. We are entitled to assume that any instructions, notices, authorisations, commitments or requests (whether in writing or not and however communicated to us) have been properly authorised by you if they are given or purport to be given by an individual or person who is or purports to be and is reasonably believed by us to be authorised by you to give such instructions, notices, authorisations, commitments or requests.
- (b) Both parties shall be free to record all telephone conversations. These records will be and will remain sole property of the relevant party and may be used as evidence.
- (c) Once given, instructions may only be withdrawn or amended with your consent as long as the order has not been executed.
- (d) You will promptly (and within any time limit imposed by us) give any instructions we may request from you in respect of any proposed transaction for or with you. If you do not do so, we or any of our Brokers, in each case, acting in its sole discretion, may take any steps at your cost as they consider appropriate for their protection or for your protection as long as the securities in question are fully fungible.
- (e) Any instructions given to us with a condition described as Good Till Cancel ("GTC") will be deemed authorized for the period of one calendar month after which if a verbal or written reconfirmation of the instruction is not given for the continuation of the instruction, the instruction will be withdrawn.
36. In respect of transactions executed or arranged for you by us, we will send you with due despatch a confirmation note or contract note in respect of each transaction effected for or with you. You may request information from us concerning your order at any time.
37. Confirmation notes and contract notes, in the absence of manifest error, shall be conclusive and deemed acknowledged by you as correct (even if we or any of our Brokers requests but does not receive specific acknowledgement or acceptance from you) unless we or the relevant Broker receive from you notice to

the contrary within (24) twenty four hours from the despatch to you of the confirmation or contract note or we or the relevant Broker notify you of an error therein.

Provision of Information

38. You undertake that you will promptly provide or procure the provision to use of all the information concerning your business and affairs which is relevant for the proper provision of the Services and all such further information as we may reasonably request and that you will promptly correct any information so provided to us if it subsequently appears that any such information was or has become inaccurate or misleading in any respect.
39. You confirm that you have the right to supply such information to us and that the supply of such information by you and its receipt and use by us for the purpose of this Agreement, will not infringe any rights held by any third party, involve the unauthorised use of confidential information belonging to any third party or result in a breach by you or us of any law, regulatory obligation, fiduciary duty owed to any third party, intellectual property rights or agreement.
40. You will ensure that all announcements and documentation published or made or statements made by you or on your behalf in the course of the provision of the Services and relevant thereto will only be made or published after consultation with us.
41. Where you supply information or documentation to us, if it is for publication to Brokers or third parties or for use by us in verifying matter for publication to Brokers or third parties or is or may be material in the context of any transaction or matter connected with the Services, you undertake that (i) such information or documentation when taken as a whole and each statement of fact therein will be true, fair and accurate in all material respects and not misleading, (ii) that every statement of opinion, intention or expectation therein will be honestly held and fairly based and (iii) that there will be no facts not disclosed therein which by their omission make any statement therein misleading. You undertake that, if anything occurs within a reasonable time after passing information to us that renders any statement therein untrue, unfair or misleading, you will promptly notify us and take such steps as we may require correcting such statement. Should you not promptly take such steps, we shall be entitled to take such action as we consider necessary or appropriate, including the publication of any correcting statement, in circumstances in which us or you would or might otherwise infringe any application regulation or incur any liability or penalty.
42. You agree to provide us with or to procure the provision to us of such confirmations and other evidence as we reasonably require in order to satisfy ourselves that any non-real-time communications which constitute financial promotions which we are asked to approve on your behalf or any document or announcement or information issued or to be issued in connection with any matter in respect of which we are advising complies with all applicable regulations.
43. You undertake that you will at all times keep us fully informed of all strategies, developments and discussions relevant to the provision of the Services and that no initiatives relevant to the Services will be taken without prior consultation with ourselves.

Electronic Communications

44. We may wish to communicate electronically with each other. We each recognise the electronic transmission of information cannot be guaranteed to be secure or error free and such information could be intercepted, corrupted, lost or destroyed, arrive late or incomplete or otherwise be adversely affected or unsafe to use. Accordingly unless you notify us otherwise, we shall regard your acceptance of this Agreement as including your authorisation to our communicating with you and third parties on your behalf using electronic means. Each party agrees to use commercially reasonable procedures to check for the then most commonly known viruses before sending information electronically and to take responsibility for ensuring that an electronic communication is not misaddressed. Accordingly each party confirms that it

accepts the risks of electronic communication and will be responsible for protecting its own interests in relation to electronic communications. Subject to the foregoing, no party shall have any liability to any other party on any basis, whether in contract, tort (including negligence), or otherwise, in respect of any error, damage, loss or omission arising from or in connection with the electronic communication of information between the parties or any third party on the other party's behalf.

Payments

45. You will pay to us (or to our order) or the relevant Broker on demand by us or them such sums of money as may be required in or towards clearance of any debit balance on any of your accounts with us or them and any amounts due. We may charge you a commission in relation to transactions executed for your account, and such commission may be deducted at the time of the transaction or invoiced to you separately. Any commission deduction will be shown on the transaction confirmation sent to you. We may receive commissions from our Brokers in relation to transactions executed for your account, in relation to orders which we pass to them on your behalf, in which case we shall disclose the basis for the payment of such commissions prior to agreeing to provide a Service to you and undertake to provide you with further details upon request.
46. All your payments to us or any of our Brokers hereunder shall be made in freely available transferable funds in such currency and to such bank account as the recipient may from time to time specify and without any deduction or withholding. If you are required by law to make any deduction or withholding then you will pay such amount as will result in the recipient receiving an amount equal to the full amount which would have been received had no such deduction or withholding been required.

Soft Commission Agreements

47. We do not have, and do not intend to enter into, any soft commission agreements.

Indemnity

48. You agree with us (on trust and as agent for our Brokers) that:
- (a) you will on demand indemnify us and each of our Brokers (each, an "Indemnified Person") against any and all actions, claims, losses, liabilities (whether joint or several), damages, costs, charges and expenses which we or they may suffer or incur or which may be made or taken against us or them arising under, out of or in connection with the Services or the transaction to which the Services relate including any costs, charges and expenses (including legal fees and time costs of our relevant personnel, which shall be calculated on the basis of our standard time cost rates) involved in investigating, preparing for or defending the relevant claim and/or in establishing its right to be indemnified pursuant to this Term whether or not in connection with pending or threatened litigation in which we or any other Indemnified Person is a party provided that the same shall not have arisen from our or their negligence or willful default or the breach by us of our duties under CySEC, in each case as finally determined by a court or other tribunal of competent jurisdiction from which there is no further appeal;
 - (b) if the Cyprus Inland Revenue or any other taxing authority in any jurisdiction brings into charge to taxation any sum payable under the indemnity contained in this Term then (to the extent that the claim, loss, damage, cost, liability, charge or expense in respect of which the sum is payable is not allowable as a deduction for tax purposes against the sum so payable and in the same accounting period as that in which such sum is brought into charge to taxation) the sum so payable shall be grossed up by such amount as will ensure that after deduction of the taxation so chargeable there shall remain a sum equal to the amount that would otherwise be payable under such indemnity;

- (c) if any sum payable by you under the indemnity contained in this Term is required by law to be paid under any deduction or withholding for or on account of tax, you will, except to the extent that the deduction or withholding gives rise to credit, benefit or saving for the relevant Indemnified Person, pay such additional amount as shall be required to ensure that the net amount received by such Indemnified Person will equal the full amount which would have been received by it had no deduction or withholding for or on account of tax been made;
- (d) we shall have regard to (but not be bound to comply with) any reasonable request which you may make in relation to any relevant action or claim brought or made against us, subject to your indemnifying and securing us against any and all costs, charges and expenses incurred by it in complying with any such request; and
- (e) this indemnity shall be in addition to any rights that we or any Indemnified Person may have at common law or otherwise including, but not limited to, any right of contribution.

Liability

- 49. We will use reasonable skill and care in the provision of the Services.
- 50. On the basis that you are a Retail Client, nothing in these Terms will exclude or restrict any liability or duty we may have to you under the Investment Services, Activities and Regulated Markets Law 144(1)/2007 when supplying you with services which constitute mainstream regulated activities.
- 51. We do not accept any liability or responsibility for any act or omission of any third party (including without limitation, any broker, nominee or custodian in whose name your investments are registered).
- 52. In no circumstances shall we be liable to pay any damages to you for losses arising out of or in any way connected with the provision of information to us by you or your failure to provide information to us either punctually or at all or any fraudulent act, misrepresentation or wilful default on your part.

Legal Proceedings

- 53. Notwithstanding our liability for the acts and omissions of our employees acting in the course of their employment, you agree that you will only commence proceedings arising from or in connection with the provisions of the Services (or any variation or addition thereto) against us, and not against any of our employees personally.

Charges and Commissions

- 54. Our charges, together with any value added tax payable by you, shall be those set out at page 26 and will be effective as from the date of the cover letter accompanying these terms. We may amend this Agreement to change our charges at any time by sending you a written notice and such amendment will be effective 10 days after actual or deemed receipt unless you object in writing.
- 55. We or the Brokers we instruct may share commissions with each other. We will provide you with details of any such commission sharing arrangements upon request.

Custodians and Client Assets

- 56. All securities purchased by us, any of our Brokers instructed by us and requiring registration will be registered in our name for the benefit of you or as you may request, in the name of a custodian appointed by you. Neither we nor any of our Brokers instructed by us will be responsible for supervising any such custodian or have any responsibility in respect of any such custodian's acts or omissions. Note that all

custodians are regulated and authorised entities. Please also note that, in the case of omnibus accounts, separate records per client are held in GPBFS's records.

Disclosure

57. We or any of our Brokers may from time to time be required to disclose to officials of exchanges or clearing houses or to regulatory authorities particulars of you and your dealings with us or them. To the extent permitted by law and if reasonably practicable, we will inform you prior to any disclosure being made.

Termination

58. This Agreement may be terminated by us or by you without penalty at any time and, except as otherwise provided in this Term, shall terminate immediately upon the giving of written notice to terminate by either party to the other party provided that termination:
- (a) shall not affect the rights or liabilities of either of us or any of our Brokers instructed by us in respect of transactions already initiated, including all open contracts, and you will be obliged to pay for such transactions initiated before notice of termination is received by us and a due proportion of any periodic payment for the Services provided hereunder;
 - (b) shall not prejudice any right of any person to all deposits and other sums held by such person and this Agreement shall continue to apply in respect of such transactions; and
 - (c) Shall not terminate or affect any warranties and obligations which the parties hereto have made or have under this Agreement.
59. Automatic termination of the Terms will be enforced if either party or any of their respective Brokers goes into liquidation (except a voluntary liquidation for the purposes of reconstruction or amalgamation) or bankruptcy or makes any arrangement or composition with its creditors or a receiver or an administrator is appointed in respect of any party or any of its assets or any similar event occurs under the laws of domicile, residency or place of incorporation of any party.

Complaints and Disputes

60. All complaints and disputes will be dealt with by the Compliance Officer, and all our employees and staff will be required to co-operate in the investigation of any complaint or dispute.
61. Any complaint or dispute should be notified to us in writing, and sent to the Compliance Officer, together with all details and supporting documents.

62. Changes in terms of business

GPBFS's senior management and compliance function ("**Compliance**") will, on an annual basis, review the terms and if any changes or amendments, will be published to the Company's Website at www.gpbfs.com.cy and it is the client's responsibility to keep it's self-updated by visit the website in a regular basis.

GPBFS will send a notification to the e-mail address provided of the client.

Communications and Notices

63. We will accept communications from you in English. Communications may be made to either party at the address notified to it by the other party in writing for this purpose and will be deemed to have been made or (as the case may be) delivered when despatched (in the case of any communication made by telex or facsimile) or (in the case of any communication made by letter) when left at that address or (as the case

may be) 48 hours after being sent to you at that address by prepaid first class post or, in the case of an address abroad, 7 days after being sent to you at that address by prepaid air mail.

64. You will ensure that at all times we will be able to communicate with you by telephone, telex or facsimile or SWIFT.

Assignment

65. This Agreement shall be for the benefit of and be binding on both parties and our respective successors and assigns, provided that neither party may assign any of their rights and obligations under this Agreement without the other party's prior written consent.

No Waiver of Rights

66. Failure by either party to exercise, or delay by the either party in exercising, any of its respective rights under this Agreement shall not operate as a waiver of such party's rights.

Validity of Agreement

67. If any provision of this agreement is held to be invalid, in whole or in part, such provision shall be deemed not to form part of the agreement. In any event, the enforceability of the remainder of the agreement will not be affected, provided always that if any such deletion substantially affects or alters the commercial basis of these terms, the parties shall negotiate in good faith to amend and modify them as may be necessary or desirable in the circumstances

Force Majeure

68. No party to the Agreement shall be liable for any failure or delay in performing any of its obligations under or pursuant to the Agreement, and any such failure or delay in performing its obligations will not constitute a breach of the Agreement, if such failure or delay is due to any cause whatsoever outside its reasonable control and it shall be entitled to a reasonable extension of the time for performing such obligations as a result of such cause. Events outside a party's reasonable control shall include without limitation: acts of God; any change to the law, order or regulation of a governmental, supranational or regulatory body; currency restrictions, devaluations and fluctuations; any act of terrorism; market conditions affecting the execution or settlement of transactions or the value of assets; failure or breakdown in communications not reasonably within the party's control; and the failure of any relevant stock exchange, securities trading facility or clearing house and shall include any event or circumstance that the party is unable, using reasonable skill and care, to avoid. This clause is without prejudice to your liability to any counterparty or broker for any transaction effected by ACC pursuant to the Agreement.

Law and Jurisdiction

69. This Agreement shall be governed by and construed in accordance with Cyprus law.
70. We both irrevocably agree for our mutual benefit that the courts of Cyprus shall have exclusive jurisdiction to hear and determine any suit, action or proceeding which may arise out of or in connection with this Agreement.

Interpretation

71. In this Agreement:
- (a) unless the context otherwise requires, words importing the singular shall be deemed to include the plural and vice versa;

- (b) headings are for ease of reference only;
- (c) unless otherwise defined, terms used in this Agreement shall have the same meaning as given to them in the Investment Services, Activities and Regulated Markets Law 144(I)/2007;
- (d) references to statutes, statutory instruments, rules or regulations shall be to such statutes, statutory instruments, rules or regulations as amended or replaced from time to time; and
- (e) references to persons are to any persons, firms, companies or corporations or any association or partnership (whether or not having separate legal personality) of two or more of the foregoing.

Glossary:

Regulated Market: a multilateral system operated and/or managed by a market operator, which brings together or facilitates the bringing together of multiple third-party buying and selling interest in financial instruments- in the system and in accordance with its non-discretionary rules in a way that results in a contract, in respect of the financial instruments admitted to trading under its rules and/or systems and which is authorized and functions regularly in accordance with the provisions of the law.

MTF (Multilateral Trading Facility): a multilateral system operated by an investment firm or market operator, which brings together multiple third-party buying and selling interest in financial instruments- in the system and in accordance with its non-discretionary rules in a way that results in a contract in accordance with the provisions of the law.

EEA (European Economic Area): The EEA comprises of Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Republic of Ireland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, The Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, Switzerland and the UK.

Client Categorization Policy

Introduction:

According to the law 144 (I) 2007 issued by CySEC, the Company have to categorise its clients as Retails, Professionals or Eligible Counterparties, according to their knowledge, experience and financial profile.

Retail Clients:

A retail client is the client who is not a professional client or an Eligible counterparty.

Professional Clients

Professional client is a client who possesses the experience, knowledge and expertise to make its own investment decisions and properly assess the risks that it incurs. In order to be considered a professional client, the client must comply with the following criteria:

A. Categories of client who are considered to be professionals:

For the purposes of the CySEC Law, the following shall be regarded as professionals in relation to all investment services and activities and financial instruments:

1. Entities which are required to be authorized or regulated to operate in the financial markets. The list below should be understood as including all authorized entities carrying out the characteristic activities of the entities mentioned: entities authorized by a member state under a European Community Directive, entities authorized or Regulated by a member state without reference to such Directive, and entities authorized or regulated by a non-Member State:

- (a) Credit institutions;
- (b) IFs;
- (c) Other authorized or regulated financial institutions;
- (d) Insurance undertakings;
- (e) Collective investment schemes and management companies of such schemes;
- (f) Pension funds and management companies of such funds;
- (g) Commodity and commodity derivatives dealers;
- (h) Locals;
- (i) Other institutional investors

2. Large undertakings meeting two of the following size requirements, on a proportional basis:

-balance sheet total at least 20 000 000 euro

-net turnover at least 40 000 000 euro

-own funds at least 2 000 000 euro

3. National and regional governments, public bodies that manage public debt, central banks, international and supranational institutions such as the World Bank, the Internal Monetary Fund, the European Central Bank, the European Investment Bank and other similar international organizations.

4. Other institutional investors whose main activity is to invest in financial instruments, including entities dedicated to the securitization of assets or other financing transactions.

Change of Categorization

The entities mentioned above are considered to be professionals. They must however be allowed to request non-professional treatment and GPBFS may agree to provide a higher level of protection. Where a client of GPBFS is an undertaking referred to above, the GPBFS must inform it prior to any provision of services that, on the basis of the information available to the GPBFS, the client is deemed to be a professional client, and will be treated as such unless the Company and the client agree otherwise. The Company must also inform the customer that he can request a variation of the terms of the agreement in order to secure a higher degree of protection. It is the responsibility of the client, considered to be a professional client, to ask for a higher level of protection when it deems it is unable to properly assess or manage the risks involved.

This higher level of protection will be provided when a client who is considered to be a professional enters into a written agreement with the Company to the effect that it shall not be treated as a professional for the purposes of the applicable conduct of business regime.

Such agreement should specify whether this applies to one or more particular services or transactions, or to one or more types of product or transaction.

B. Clients who may be treated as professionals on request:

1. Identification criteria

Clients other than those mentioned in Part A above, including public sector bodies and private individual investors, may also be allowed to waive some of the protections afforded by the conduct of business rules of IFs. IFs should therefore be allowed to treat any of the above clients as professionals provided the relevant criteria and procedures mentioned below are fulfilled. These clients should not, however, be presumed to possess market knowledge and experience comparable to that of the categories listed in Part A above.

Any such waiver of the protection afforded by the standard conduct of business regime shall be considered valid only if an adequate assessment of the expertise, experience and knowledge of the client, undertaken by the IF, gives reasonable assurance, in light of the nature of the transactions or services envisaged, that the client is capable of making his own investment decisions and understanding the risks involved.

The fitness test applied to managers and directors of entities licensed under European Directives in the financial field could be regarded as an example of the assessment of expertise and knowledge. In the case of small entities, the person subject to the above assessment should be the person authorized to carry out transactions on behalf of the entity.

In the course of the above assessment, as a minimum, two of the following criteria should be satisfied:

- the client has carried out transactions, in significant size, on the relevant market at an average frequency of 10 per quarter over the previous four quarters,
- the size of the client's financial instrument portfolio, defined as including cash deposits and financial instruments exceeds 500 000 euro
- the client works or has worked in the financial sector for at least one year in a professional position, which requires knowledge of the transactions or services envisaged.

2. Procedure:

The clients defined above may waive the benefit of the detailed rules of conduct only where the following procedure is followed:

- they must state in writing to the Company that they wish to be treated as professional clients, either generally or in respect of a particular investment service or transaction, or type of transaction or product,

- the Company must give them a clear written warning of the protections and investor compensation rights they may lose,
- they must state in writing, in a separate document from the contract, that they are aware of the consequences of losing such protections.

Before deciding to accept any request for waiver, IFs must take all reasonable steps to ensure that the client requesting to be treated as a professional client meets the relevant requirements stated in paragraph (1) of Part B above.

However, if clients have already been categorized as professionals under parameters and procedures similar to those above, it is not intended that their relationships with the Company should be affected by any new rules adopted pursuant to this policy.

Eligible Counterparties:

The CySEC recognizes as eligible counterparties the following:

- a. Investment Firms
- b. Credit Institutions
- c. Insurance Companies
- d. UCITS and their management companies
- e. Pension funds and their management companies
- f. Other financial institutions authorized or regulated under Community Legislation or national law of a Member State
- g. Undertakings whose main business consists of dealing for own account in commodities and or commodity derivatives or undertakings which provide investment services and or perform activities consisting exclusively in dealing on own account on markets in financial futures or options or other derivatives markets or which deal for the accounts of other member of those markets
- h. National and regional governments public bodies that manage public dept, central banks, international and supranational institutions such as the world Bank, the Internal Monetary Fund, the European Central Bank, the European Investment Bank and other similar international organisations.
- i. Large undertaking meeting predetermined proportionate requirements, including quantitative thresholds.

Differences between the treatment of professional client, retail client and eligible counterparty

1. Where we treat you as a professional client, some of CySEC rules will cease to apply to us and we will be entitled to take advantage of several lighter provisions. In particular:

- a) you will be given fewer information disclosures with regard to the firm, its services and any costs, commissions, fees and charges
- b) when we assess whether a product or service is appropriate for you, we can assume that you have the necessary level of knowledge and experience to understand the risks involved in it
- c) if we are ever required to assess the Appropriateness of a personal recommendation made to you we can assume that you have the necessary experience and knowledge to understand the risks involved, and can sometimes assume that you are able financially to bear any investment risks consistent with your investment objectives

- d) when providing best execution we are not required to prioritize the overall cost of the transaction as being the most important factor in achieving best execution for you
 - e) we do not need to inform you of material difficulties relevant to the proper carrying out of your order/s promptly
 - f) should we provide you with periodic statements we are not required to provide them as frequently as for retail clients
2. Where we treat you as an eligible counterparty, you will be entitled fewer protections under CySEC rules than you would be entitled to as a professional client. In particular:
- a) we are not required to provide you with best execution when executing your orders
 - b) we are not required to disclose to you information regarding any fees or commissions that we pay or receive
 - c) we not required to assess the appropriateness of a product or a service that we provide to you but can sometimes assume that you have the expertise to choose the most appropriate product or service for yourself
 - d) we are not required to provide you with information about ourselves, our services and the agreements through which we will be remunerated
 - e) we are not required to provide you with risk disclosures on the products or services that you select from us
3. Where we treat you as a Retail client you will be entitled full protections under CySEC rules. In particular:
- a) we are required to provide you with information with regard to our firm and its services, the place of execution of your orders
 - a) we are required to provide you with the best execution, best price and best possible result when executing your orders
 - b) we are required to disclose to you information regarding any fees and commissions that we pay or receive
 - c) we will assess the appropriateness of a product or a service that we provide to you considering your investment objectives, knowledge and experience in the financial market
 - d) we will provide you with risk disclosures on the products and service that you select from us
 - e) we will provide a statement of your account on a monthly basis
 - f) we will provide you coverage from the Investors Compensation Fund

ORDER EXECUTION POLICY

1. INTRODUCTION

- 1.1 The Markets in Financial Instruments Directive (Directive 2004/39/EC) ("**MiFID**") imposes a general obligation on GPBFS, when providing services to clients, to act honestly, fairly and professionally in accordance with the best interests of its clients. More specifically, MiFID requires GPBFS to maintain and operate an order execution policy in respect of orders it executes for its clients in order to ensure it takes reasonable steps to provide the best possible result for its clients.
- 1.2 The purpose of this document is to summarise the factors and processes that GPBFS will apply to meet its order execution obligations and in particular how it will identify and utilise execution factors which it may take into account when executing orders.
- 1.3 This document is not intended to cover all eventualities and all circumstances that may be relevant to a particular order placed with GPBFS. It is designed to serve as appropriate disclosure of the principles underpinning the order execution process that GPBFS will follow for orders which a client instructs it to execute or to pass to other entities for execution.

2 APPLICATION

- 2.1 This policy applies to both Retail and Professional Clients of GPBFS. We are not obliged to provide best execution to you in the following cases:
 - 2.1.1 Where you are classified as an Eligible Counterparty;
 - 2.1.2 Where your order concerns a specific class of Financial Instrument (as defined in paragraph 2.2) in respect of which we have agreed to your request to be treated as an Eligible Counterparty; and
 - 2.1.3 In line with our basic obligation to act in your best interests, where you have given us a specific instruction in relation to your entire order, or any particular aspect of your order, in which case our obligation to provide best execution will be considered to be discharged by virtue of the fact we are following your instruction. While we will not solicit specific instructions from you, we may ask you to express a preference between identified potential execution venues, provided the use of those venues is consistent with this policy. In line with our terms of business, we will not provide you with advice in relation to any orders you propose to place with us. If you provide specific instructions in respect of part of your order only, we will apply this execution policy to the remainder of your order.
- 2.2 Our obligations under this policy relate to relevant MiFID business we conduct in relation to orders for financial instruments listed in Annex I of the MiFID Directive (reproduced for reference at page 5 of the present Terms - "**Financial Instruments**").
- 2.3 GPBFS's relevant MiFID business is to provide execution services, which include classic brokerage services and Direct Market Access service through a trading platform, to transmit and receive orders for execution of Financial Instruments whether or not the relevant Financial Instruments are admitted to trading on a regulated market in an EU member state. A summary of our order execution process is set forth in Schedule 1.
- 2.4 Please note that provided we have obtained the relevant express consent from you, we may execute orders for Financial Instruments that are admitted to trading on a regulated market of an

EU member state (a "**Regulated Market**") or a regulated multilateral trading facility ("**MTF**") outside a Regulated Market or MTF.

- 2.5 We may decline to act for you or accept your instructions in cases where we are unable to manage the risk of providing best execution to you for a specific transaction, e.g. due to unclear instructions, market conditions, or factors beyond our control. In such circumstances we shall inform you prior to accepting any instruction from you that we will be unable to provide best execution and provide you with a summary of the justification for this decision.
- 2.6 You will be deemed to have consented to this policy on the first occasion you instruct GPBFS to execute any transaction in Financial Instruments.
- 2.7 We will regularly monitor and review transactions we execute to verify compliance with this policy and whether or not the best result has been achieved for the client. Monitoring will take place in a manner which is tailored and proportional to the types of orders GPBFS receives for execution.

3 **BEST EXECUTION**

- 3.1 The expression 'best execution' is not defined in MiFID or related legislation or regulations. It may be best described in line with the Committee of European Securities Regulators' guidance (the "**CESR Guidance**") as the requirement for investment firms to take all reasonable steps to obtain the best possible result for their clients, taking into account price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to order execution.
- 3.2 The CESR Guidance describes the best execution requirement to be of a general and overarching nature. On this basis, investment firms are able to apply a certain degree of flexibility in setting relevant parameters for how they propose to achieve best execution for their clients. This document sets out how GPBFS proposes to meet its best execution obligations bearing in mind the nature of its business and of its clients.
- 3.3 Where we execute your order directly in the market/stock exchange the obligation for best execution will not be applicable. Such execution may arise (1) when you give us specific instruction to execute your order directly in the market (2) when you use the Direct Access Market ('DMA') facility we provide to you through which your order is automatically routed into the market/stock exchange for execution. In the above mentioned cases your orders will be executed based on the current markets/stock exchange prices and based on market/stock exchange conditions.

4 **EXECUTION FACTORS AND PROCESS**

- 4.1 The order execution process is designed to provide our clients with the best overall result for executed orders rather than the best result in respect of each trade. A summary of GPBFS's order execution process is included at Schedule 1 for your reference.
- 4.2 Unless you give us specific execution instructions, we will use our discretion to determine the execution factors we should take into account with a view to achieving the best possible result for you. We will seek to tailor the factors that we consider in order to provide best execution for orders, drawing on our investment expertise. The factors we may take into account include, but are not limited to the following:
 - 4.2.1 If you give us a specific instruction to make an OTC transaction with an external counterparty, which is not a part of GPB group, we will require to receive your clearly expressed consent in order to proceed with the execution of the transaction with such external counterparty. Therefore for such instructions "best execution" principle applies with possible constraints.

- 4.2.2 **Price:** which will vary according to factors such as market liquidity, market rules regarding quotations, bids and offers, etc.;
 - 4.2.3 **Costs:** firstly transaction costs, fees, taxes and charges directly referable to the execution of your order that you will pay to any third parties, secondly venue costs. We will not include fees and commissions you pay to GPBFS in determining venue selection;
 - 4.2.4 **Size:** the influence the size of your order may have on the other execution factors, including the type of Financial Instrument and the type instruction, such as the availability of liquidity for large orders;
 - 4.2.5 **Speed of Execution:** the speed with which we are likely to be able to execute your order on the venues available to us, meaning the time between reception of the order by the venue and the time it is allocated;
 - 4.2.6 **Likelihood of execution:** including the relative liquidity of the venues available for execution; and
 - 4.2.7 **Certainty of settlement:** the relative risk that a counterparty for an order may default on its obligation to settle a trade, taking into account venue rules and applicable legislation, trading conventions, identity of counterparty (where disclosed), technical and operational risk affecting delivery, etc.
- 4.3 In considering the application of best execution to your order, we will consider the relative importance of the execution factors by reference to the following criteria in order to provide you with the best result for your order:
- 4.3.1 your characteristics as a client, including your categorisation as a Retail or;
 - 4.3.2 the characteristics of your order;
 - 4.3.3 the characteristics of the Financial Instrument that is the subject of your order; and
 - 4.3.4 the characteristics of the execution venues or entities to which your order can be directed.
 - 4.3.5 In general we will consider the total consideration payable by you as an appropriate concept to deploy in determining how to apply the factors listed above. Total consideration is defined in the CESR Guidance as the price of the Financial Instrument and the costs related to execution, including all expenses incurred by the client which are directly related to the execution of the order, such as execution venue fees, clearing and settlement fees, and any other fees paid to third parties involved in the execution of the order. However for clients we classify as Professional Clients, we will bear in mind that total consideration may not be an appropriate guide for execution in all cases, e.g. speed of execution may take precedence. An indicative list of the factors on which we will place emphasis for trades in particular types of Financial Instruments in which we may deal on your behalf is provided at Schedule 1 for your reference.

5 EXECUTION VENUES

- 5.1 GPBFS has identified execution venues that it believes consistently provide clients with the best possible result for the execution of their orders.
- 5.2 GPBFS offers to clients 2 options of order passing:
 - (i) Via fax, email, telephone (all telephone orders will be recorded) and Bloomberg

(ii) Through the use of Direct Market Access Platform to clients who wish to receive such service.

- 5.3 GPBFS may use for the execution of your orders the following Brokers (as defined in our Terms of Business): Gazprombank, GPB Capital Ltd

GPBFS has arrangements in place that require our Brokers to provide a level of best execution compatible with the best execution requirements under MiFID, although their approach to best execution may vary from this policy.

- 5.4 GPBFS is able to execute orders for you on any of the following venues:

5.4.1 MICEX

5.4.2 RTS

5.4.3 Over the Counter from Own Portfolio

5.4.4 Off exchange by matching client orders

- 5.5 By using the DMA facility your order will be routed automatically for execution in the market/stock exchange. Currently GPBFS offers DMA service only for MICEX stock exchange.

- 5.6 GPBFS will not structure or change its commission in such a way as to discriminate unfairly between execution venues. In particular, GPBFS will keep differences in commissions under review in order to ensure that such payments due from the client are proportional to actual venue costs.

6 **LIMIT ORDERS**

- 6.1 Unless you expressly request us not to do so, if you instruct us with a limit order in respect of shares admitted to trading on a Regulated Market, other than a large scale order, and we do not execute this order immediately under prevailing market conditions, we will take measures to facilitate the earliest possible execution of your order by making your order publicly available to market participants via transmission to a Regulated Market or MTF that operates an order book trading system, or by some other means intended to make the order public and easily executable once market conditions allow.

7 **ORDER ALLOCATION**

- 7.1 In accordance with our obligations under MiFID, we will endeavour to provide you with prompt, fair and expeditious execution for orders you place with us, relative to other orders from our client or proprietary trading interests of, our Brokers. In so doing, we will:

7.1.1 accurately record and allocate orders we execute for you; and

7.1.2 carry out comparable orders sequentially and promptly unless the characteristics of the order or prevailing market conditions make this impracticable, or your interests, as our client, require otherwise.

- 7.2 Without further reference to you, we, or our Brokers may combine your orders with ours or their own orders, with orders of persons connected with us or them, or with orders of other clients without further reference to you. However, we will only combine orders in this manner where it is unlikely that the aggregation of orders and transactions will work overall to your disadvantage.



- 7.3 Any aggregation of your orders may result in you obtaining on some occasions a more favourable price and on others a less favourable price than if your order had been executed separately.
- 7.4 We will aggregate orders in accordance with our internal Order Allocation Policy, which is designed to achieve a fair allocation of aggregated orders and transactions, including how the volume and price of orders determines allocations and the treatment of partial executions.
- 7.5 Where we aggregate your order with one or more other orders and your order is partially executed, we will allocate the related trades in accordance with our internal Order Allocation Policy.
- 7.6 Where your order is to be aggregated with our proprietary orders, or those of our Brokers we will allocate trades to you in priority to our proprietary orders or those of our Brokers, unless we are able to demonstrate on reasonable grounds that we would not have been able to carry out your order on such favourable terms without our aggregation, in which case we will allocate trades proportionally in accordance with our internal Order Allocation Policy.
- 7.7 We or our Brokers may execute your order as a series of transactions at different times and apply the average price to such transactions.
- 7.8 Neither we nor our Brokers will be responsible for any delays or inaccuracies in the transmission of orders or the execution thereof in either case due to any cause whatsoever beyond the reasonable control of such party.
- 7.9 Where GPBFS is acting as your broker, shall not credit the clients' cash accounts with funds received from third party accounts and shall not transfer any clients' funds to any third party accounts.

8 **COMMUNICATIONS**

- 8.1 Should you believe that GPBFS has failed to apply this policy to one of your orders, you may make a written request to us for an explanation of how we applied this policy to the order, including details of how we considered the factors listed in section 5 based on the information available to us at the time of the order.

9 **FEES AND COMMISSIONS**

GPBFS will charge fees in respect of order execution services supplied on the basis set-out below, or as may be otherwise agreed between GPBFS and you from time to time.
GPBFS will charge fees in respect of Investment Advice Services supplied on the basis set out below, or as may be otherwise agreed between GPBFS and you from time to time.

Where we provide other Services to you, such as Corporate Finance Advisory we will set out the terms for our charges in a separate document addressed to you.

The list of our fees and charges below may be amended, upon notice, in accordance with GPBFS's Terms of Business. In case of such amendment we will notify you accordingly.

- **Brokerage commission for orders executed by GPBFS (payable directly to GPBFS):**
 - For trading in securities (Russian equities, bonds, GDR, ADR etc.) – from 0.1 to 0.2% of the amount of the trade.
 - For Selling/Exchange units in collective investment undertakings – 0.01% of amount of the trade.

- Buying units in collective investment undertakings - 0.02% on the amount of the trade*.
- For trading in securities through DMA 0.1% of the amount of trade.

- **Parameters for marginal trading:**
 - Limited margin level-25%
 - Margin call level-20%
 - Liquidation level-15%
 - Discount-15%
 - Leverage-3
 - Fee for marginal position left overnight – 10%p.a (for securities and cash)

- **Investment Advice Commission**
 - For Investment Advice Services **GPBFS will agree with the client a flat fee based on the specifications of the advice requested by the Client.**

- **Annual Custody and Safekeeping fees**

For clients who are actively using Custody and Safekeeping services and have deposited financial instruments and /or cash irrespective of their activity GPBFS will be charging an annual flat fee of 180 USD. The fee will be charged once irrespective of the number of accounts maintained with us.

The fee will be charged once during the last week of the first quarter of the year for existing clients, and for clients who open accounts after the first quarter of the year the fee will be charged during the last week of the first quarter of the following year.

The fee will be automatically deducted from your account without additional instructions required to be sent to us from you. In case of insufficient cash in your accounts with us or the absence of a cash account with us GPBFS will be sending a notification to you to proceed with the relevant payment in the account which GPBFS will indicate to you.

- Additional costs which GPBFS may charge, including any transaction costs, fees, taxes, and other charges, by way of example:
 - registrars' fees
 - depositary fees
 - venue costs
 - any taxes payable
 - 0.03% Interest charges on amounts due and payable as a daily rate

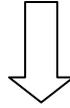
NOTE: the chart included at Schedule 1 is indented as an indicative example of the execution process and factors GPBFS will be likely to follow. This illustration will not bind GPBFS in relation to any different process, methodology, factors or any other information we deploy in endeavouring to achieve best execution for our clients. Please contact GPBFS's Compliance Officer if you require any further information.

*The exact amount of the brokerage commission within specified above range for each transaction will be calculated on discretionary basis taking into account such factors as type of securities, liquidity of securities and volume of transaction.

Schedule 1

A. Summary Order Execution Process

1. Client Order Reception
(Via System Bloomberg or Telephone or fax Order)



2. Order Passed to Trader:
Determination and Application of Relevant Execution Factors Relating to Order:

- Price
- Costs
- Order Size
- Liquidity



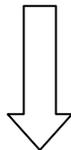
3. Application of Order Allocation Principles to Aggregated Orders



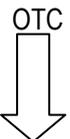
4. Determination of Execution Venue



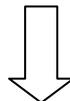
Proprietary Book (GPBFS)



Broker



3. Trade Execution and Recording



4. Confirmation

B. Execution of order receipt through DMA platform

All orders which you will send to us through the DMA platform will be executed in the market/stock exchange. Currently GPBFS offers Direct Market Access for MICEX stock exchange.

INVESTOR COMPENSATION FUND POLICY

GPBFS is a member of the Investor compensation fund.

Therefore, the covered clients in case of insolvency they will be able to be compensated by the Investors compensation fund.

Please find below, Investors Compensation Policy of our Company:

1. Definitions

- a) **Investors Compensation Fund**: the object of the Fund is to secure the claims of the covered clients against the members of the Fund through the payment of compensation.
- b) **Investors**: shall mean the natural person or legal entity or the union of persons or group of assets devoid of legal personality who are clients of a member of the Fund;
- c) **Covered service**: shall mean the investment services defined in the terms and Conditions of our Company as well as the ancillary services defined in the Terms and Conditions as abovementioned.
- d) **Professional investor**: shall mean the persons specified in the non covered client in Part 7 below.
- e) **Covered client**: shall mean the client of a member of the Fund who is covered by the said Fund for claims against a member of the Fund arising from the covered services which are provided by the said member;
- f) **Member of the Fund**: shall mean a CIF or an IF which participates in the Fund; in our case the GPB Financial Services Ltd is the member of the fund.
- g) **Non-professional investor**: shall mean an investor who is not a professional;
- h) **Non-covered client**: shall bear the meaning attributed thereto in the non covered client in Part 7 below
- i) **Claimant**: shall mean the investor-client of a member of the Fund who submits to the Fund an application for the payment of compensation

2. Preconditions for the initiation of the compensation payment procedure by the Fund.

(1) The Fund initiates the compensation payment procedure when at least one of the preconditions below is fulfilled:

- a) If the member of the Fund submits to the Fund or to the Securities and Exchange Commission a written statement declaring its failure to fulfill its obligations toward its clients.
- b) If the member of the Fund files an application for liquidation in accordance with the provisions of Part V of the Companies Law, or
- c) If the Securities and Exchange Commission has revoked or suspended the member's authorization to provide investment services and ascertains that the member of the Fund is not expected to be in a position to fulfill its obligations toward its clients in the near future, for reasons which do not concern a temporary lack of liquidity which can be dealt with immediately.

3. Procedure relating to the invitation of covered clients to submit applications

Upon issuance of a decision by the Court or by the Securities and Exchange Commission on the commencement of the compensation payment process, the Fund publishes in at least three newspapers of national coverage, an invitation to the covered clients to make their claims against the member of the Fund arising from covered services, designating the procedure for the submission of the relevant applications, the deadline for their submission and their content.

The publication provided for in the newspapers contains at least:

- the name and address of the headquarters of the member of the Fund, to whom the covered client compensation process has been activated through the Fund;
- the deadline for the submission of compensation applications, which cannot be less than five months and greater than nine months from the last publication,
- the mode and address of submission of applications; and
- the address at which investors may be informed about the exact content of the applications to be submitted, and get the relevant form provided by the Fund .

In exceptional cases, the Fund, with a notice subject to the publicity conditions, may extend the deadline for the submission of compensation applications up to three months.

4. Interruption of deadline for submission of applications

In case a covered client, not being its fault, was neither informed about the invitation to submit compensation applications nor in a position to submit within the deadline this application, the deadline provided for submission is interrupted:

- Provided that an interruption of the deadline arises in case of an event of *force majeure*, as long as it has been proved that it prevented the keeping of the deadline for the submission of compensation applications or the collection and submission of the required information.
- Indications that the covered client has an impediment for which he is not responsible and which forms a reason for the interruption of the deadline for the submission of a compensation application include especially -
 - proved absence of the covered client abroad for a period which includes at least half of the deadline for the submission of a timely application;
 - illness confirmed by a doctor that it forms a serious impediment for the submission of an application for a period which includes at least half of the deadline for the submission of a timely application; or
 - stay in a correctional institution for a period which includes at least half of the deadline for the submission of a timely application.

Insofar as the deadline referred to in Part 3 has been interrupted, this deadline starts again from the day the reason of its interruption ceases to exist.

A covered client for whom there exists a reason to interrupt the deadline, may not submit a compensation application after eight months from the expiration of the deadline of Part 3.

Covered client who submits an application late to the Fund for the payment of compensation is obliged to submit, in addition to the information forming the necessary minimum content of the application in accordance with Part 5 below, a solemn declaration stating the reason for which he was not in a position to claim compensation in time attaching the necessary supporting evidence to prove his allegations.

5. Content of compensation applications submitted to the Fund

The compensation applications of covered clients with which they make their claims against a member of the Fund are submitted to the Fund in writing.

The compensation applications must include

- The name of the claimant
- The address, telephone and fax numbers as well as any email address of the claimant
- The client code that the claimant had for the member of the Fund
- The particulars of the covered services agreement between the Fund and the claimant
- The type and amount of the alleged claims of the claimant; and
- The exposition of the particulars from which the alleged claims of the claimant and their amount are derived.

The Fund may ask for more information included in the compensation application, which it communicates with its publication in at least three newspapers of national coverage as well as in the Official Gazette of the Republic, and puts a catalogue with this information at the disposal of investors, at its offices and/or at the offices of the member of the Fund.

6. Fixing of the amount of payable compensation

- a) To ascertain the claims of a claimant against a member of the Fund, as well as any counterclaims of the member of the Fund against the claimant, the books kept and the particulars issued by the member of the Fund as well as the supporting evidence produced by the claimant are taken into consideration.
- b) The amount of the compensation payable to each covered client is calculated in accordance with the legal and contractual terms governing the relation of the covered client with the member of the Fund, subject to the set-off rules applied for the calculation of the claims between the covered client and the member of the Fund.
- c) The valuation of the financial instruments pertaining to the compensation payable to the covered client, is carried out based on their value at the day :
 - of publication of the court ruling or
 - of publication of the decision of the Securities and Exchange Commission
- d) The calculation of the payable compensation derives from the sum of total established claims of the covered client against the member of the Fund, arising from all covered services provided by the member and regardless of the number of accounts, of which it is a beneficiary, the currency and place of provision of these services.

- e) Insofar as the amount of the claim determined under this Regulation exceeds the amount of twenty thousand Euros (€20.000), the claimant receives as compensation only the amount of twenty thousand Euros (€20.000).

7. Non-covered clients

The Fund does not compensate the following investor categories:

- (1) The following categories of institutional and professional investors:
 - (a) IFs -
 - (b) legal entities associated with the member of the Fund and, in general, belonging to the same group of companies,
 - (c) banks,
 - (d) cooperative credit institutions,
 - (e) insurance companies,
 - (f) collective investment organizations in transferable securities and their management companies,
 - (g) social insurance institutions and funds,
 - (h) investors characterized by the member as professionals, upon their request, in accordance with articles 14 and 15 of the Code of Professional Conduct of IFs.
- (2) States and supranational organizations.
- (3) Central, federal, confederate, regional and local administrative authorities.
- (4) Enterprises associated with the member of the Fund,
- (5) Managerial and administrative staff of the member of the Fund.
- (6) Shareholders of the member of the Fund, whose participation directly or indirectly in the capital of the member of the Fund amounts to at least 5% of its share capital, or its partners who are personally liable for the obligations of the member of the Fund, as well as persons responsible for the carrying out of the financial audit of the member of the Fund as provided by the Law, such as its qualified auditors.
- (7) Investors having in enterprises connected with the member of the Fund and, in general, of the group of companies, to which the member of the Fund belongs, positions or duties corresponding to the ones listed in paragraphs (5) and (6).
- (8) Second-degree relatives and spouses of the persons listed in paragraphs (5), (6) and (7), as well as third parties acting for the account of these persons.
- (9) Investors-clients of a member of the Fund responsible for facts pertaining to the member of the Fund that has caused its financial difficulties or has contributed to the worsening of its financial situation or which have profited from these facts.
- (10) Investors in the form of a company, which due to its size, is not allowed to draw a summary balance sheet in accordance with the Companies Law or a corresponding law of a Member State.

RISK WARNINGS

1. INTRODUCTION

The aim of this information document is to provide the investor with a general overview of the most important financial instruments in Russian market and their associated risks.

It is important an investor considering investment in a particular product to refer to the product and risk description in the product-related information materials and/or the securities prospectus.

2. BASIC INVESTMENT RISKS

a. **Market Risk**

Is the risk of losses due to adverse movements in financial market prices or volatilities.

i. Price Risk:

The price of equity securities may rise or fall because of changes in the broad market or changes in a company's financial condition. These price movements may result from factors affecting individual companies, sectors or industries selected by the investor or the securities market as a whole, such as changes in economic or political conditions. Equity securities are subject to "stock market risk" meaning that stock prices in general may decline over short or longer periods of time. When the value of securities goes down, your investment decreases in value.

ii. Currency Risk

Investors are exposed to currency risk when they hold securities denominated in a foreign currency and the underlying exchange rate depreciates. Generally, when the value of the euro rises in value relative to a foreign currency, an investment in that country loses value because that currency is worth fewer euros. Devaluation of a currency by a country's government or banking authority also may have a significant impact on the value of any investments denominated in that currency. Currency markets generally are not as regulated as securities markets.

iii. Interest Rate Risk

The risk that a change in interest rates will adversely affect the value of an investment. *The value of fixed income securities generally moves in the opposite direction of interest rates (decreases when interest rates rise and increases when interest rates fall). The buyer of a fixed income security is exposed to the risk of a change in interest rates in the form of a price loss if the market interest rate rises.*

b. **Liquidity Risk**

A security is considered liquid by the extent to which it is possible for the investor to sell it at any time at fair market value. Sale of liquid securities may not cause noticeable price fluctuations irrespective of the volume. Narrow and illiquid markets can make it difficult to buy or sell securities. The Russian securities markets are substantially smaller, less liquid and more volatile than the securities markets in most developed markets. A few issuers represent a large percentage of market capitalization and trading volume. Due to these factors it may be difficult for the investor to buy or sell some securities because of poor liquidity.

c. Credit Risk

Is the Risk of losses due to the fact that counterparties maybe unwilling or unable to fulfill their contractual obligations due to default. Such defaults could result in losses to an investor. In addition, the credit quality of securities held by the investor may be lowered if an issuer's financial condition changes. Lower credit quality may lead to greater volatility in the price of a security, affect liquidity and make it difficult for the investor to sell the security.

d. Inflation Risk

The risk that the investor will suffer a financial loss as a result of a fall in the value of money (i.e. inflation).

e. Volatility Risk

The higher the volatility of a security, the more extreme is the upward and downward price movements. Investing in higher risk countries entail volatility risk and higher potential of losses.

f. Tax Risk

Tax risk arises because of the uncertainty associated with tax laws. Changes in law may lead to changes in the tax treatment of capital gains and income from securities, in terms of both the amount and nature of taxes.

Double taxation treaties between countries can have positive effects on the capital market prices. However, there is no guarantee that applicable double tax treaties, will remain in place or will not be changed.

g. Settlement and Custody Risks

Settlement risk is the risk that one party could be in the process of paying the counterparty while the counterparty is declaring bankruptcy.

With regard to the foreign custody, the securities are subject to the laws and market practices of the respective country where they are held in custody. If a custodian becomes insolvent the priority of claims is determined by applicable local law.

According to the Civil Law of the Russian Federation in case of bankruptcy of a custodian the assets held on the account name of clients are protected from any claim made on behalf of the creditors of the Depository.

However, in the Russian Federation there is no Central Securities Depository established to manage the clearing, settlement and safekeeping of all securities. Shareholding is recorded by the companies themselves instead of through a central registration system. No certificates representing shareholdings in Russian companies are held by the custodian bank or any of its local correspondents or in a central depository system. All Russian registrars are supervised by the Federal Financial Markets Service (FFMS). As a result of this system it is possible that ownership rights could be lost through fraud or negligence an investor can have limited access to the custody securities or no access at all until the court proceeding have been resolved.

Under United Kingdom's Financial Services Authority rules, companies have to separate client assets from the Company's assets and keep the 'client assets' in segregated accounts with trust status to protect it in the event of insolvency. Therefore, custody risk is eliminated when client's assets are held separately from GPBFS assets at same custodian.

GPB Financial Services Ltd policy ensures that client's accounts are clearly specified in custodian's books as 'underlying clients of GPB FS Ltd' therefore eliminating custodian risk.

h. Political Risks

It is the risk associated with changes in the political environment. Political events may have an impact on the world's capital and foreign exchange markets and create political instability. Examples of such events include changes in the political structure, social unrest, coups, wars and national tensions.

3. RUSSIAN FINANCIAL INSTRUMENTS AVAILABLE FOR FOREIGN INVESTORS AND THEIR RELATED RISKS

a. Equities

Investing in Russian securities is considered to be highly risky investment because it involves significant risks and special considerations not typically associated with investing in the securities markets of other most developed countries. The main risks to be considered are volatility risk, market risk and custody risk.

b. Fixed Income

Fixed income instruments are affected by particular risks such as credit risk, the risk of changes in interest rates, inflation risk, liquidity risk, fiscal/monetary risks and other specific risks associated with individual types of bond.

i. Government Bonds

The performance of this type of bonds lies on the ability of the government to collect or impose taxes, the economic growth and prospects of the country and political developments which can have serious economic consequences and affect a country's ability to pay. The main types of government bonds are the GKO/OFZ (Government bonds T-Bills /Floating Rate Government bonds). These bonds are issued by the Russian Government in RUB and in USD and have maturities of 1-5 years (floating coupon bonds) or 1-30 years (fixed coupon bonds). Bond titles are kept with National Depository Center, an authorized depository for these securities. Foreign investors can trade Federal Loan Bonds (OFZ) only through authorized dealers directly on MICEX, i.e. Gazprombank OJSC.

ii. Corporate Bonds

These are bonds issued by companies in industry and trade. Performance of this type of bond lies on the issuer's ability to raise adequate cash flow to pay its obligations. A corporate debt obligation may be secured i.e in the form of collateral which is pledged to ensure repayment of the debt or unsecured i.e. without collateral.

Russian corporate bonds are issued with a maturity of 2-5 years and are RUB denominated securities with fixed coupon. They are traded on MICEX and RTS.

iii. Eurobonds

Is a bond issued and traded outside the country whose currency it is denominated in, and outside the regulations of a single country; usually a bond issued by a non-European company for sale in Europe

also called global bond. The Russian Ministry of Finance issues fixed coupon Eurobonds of the Russian Federation denominated in USD with a maturity of 3-28 years.

c. Derivatives

Derivative instruments exist on the Russian Financial Market. Interest rate, currency, index derivatives are traded on MICEX.

i. Call/Put options

Options are instruments that give their holder the right (but not the obligation) to buy or sell an asset at a specified price until a specified expiration date.

Options to buy a stock are call options and options to sell a stock are put options. The buyer of the option pays a premium to the seller for entering the option contract. Transactions with options are considered to be more complex than transactions with equities and bonds.

Adequate market expertise is required from the investor's site before entering into any transactions with options. As hedging instruments, options are bought to decrease exposure to certain types of market price movers of the investor's position. By hedging a position it does not mean that the risk is minimized or eliminated. Options can be used for hedging or speculating.

ii. Interest Rate Swaps

Companies use interest rate swaps to alter their interest rate exposure. A company paying floating interest rate can obtain fixed rate exposure by entering into a swap. Therefore, the company can enter a swap in which they receive floating rate and pay the fixed rate. Lenders of long-term debt bear both interest and credit risk. Credit risk is mostly held by the long-term bondholders since the firm could go bankrupt. Potential credit risk is largest during the middle period of the swap's life because at the beginning of a swap's life we assume that involved counterparties have performed sufficient current credit analysis on one another in order to enter into agreement. At the end of the swap's life the credit risk is diminished because most of the risk has been amortized through periodic payment process.

iii. Currency Swaps

Currency swaps are used to hedge currency risk. With currency swaps investors can change the currency to which they have exposure. Currency swaps have their greatest credit risk between the midpoint and the end of the life of the swap.

iv. Credit Default Swap

Is a contract in which a protection buyer pays a premium, periodic or upfront to the protection seller, in exchange for a protection against a credit event experienced by a reference entity.

The Credit Default Swap contract does not eliminate completely the credit risk, it decreases exposure to the reference entity credit risk and takes new exposure to the seller of the Contract. If there is a high correlation between the default risk of the reference entity and the CDS seller, this credit protection becomes less valuable furthermore if the protection seller fails to pay then the protection becomes worthless.

d. Alternative Investments

Alternative investments are usually indirect investments with risk and return characteristics different from the conventional investments i.e stocks and bonds. The main characteristics of alternative investments are the limited liquidity, high due diligence costs, diversification benefits and performance appraisal difficulty.

i. Commodities

Commodities markets are characterized by high volatility. On a stand-alone perspective commodities are considered a high risk investment. If commodities form part of portfolio of stocks and bonds they offer risk diversification benefits due to their low correlation with stocks and bonds. Also, commodities in the portfolio serve as inflation hedge, offsetting the losses to bonds which usually lose value during periods of unexpected inflation.

Commodities are traded on RTS on the FORTS section.

e. Direct Market Access System (DMA)

Direct Market Access (DMA) refers to platforms sponsored by brokers that permit buy-side investors to directly access equities, fixed income, futures, and exchange markets, clearing via the broker. An individual can enter their limit orders directly into the market via the order book.

The order book is a two column listing of those wanting to buy at a specific (limit) price and no higher, in the other column a list of those that want to sell at a specific price and no lower. The columns are both arranged on a price/time priority basis, the highest price someone will pay for a stock will be at the top of the buy column and the lowest price someone is prepared to sell is at the top of the sell column. The order book is populated by limit orders placed by private investors, institutions and market makers.

All orders on the order book are stable and orders away from the market price may be there to profit from volatility in the stock when it would be possible to buy cheaply or sell at a high price.

The major risks associated with transacting through DMA system are the following:

- System risks. Possible failure of the system, unintentional disconnection from the exchange network may delay execution process and create uncertainty about the status of working orders.
- Erroneous transactions,
- Risk of trading in front of the order. For example if a large size purchase order is posted in the limit order book, other individuals may take long positions in the security in the hope of realizing a profit by selling the stock at a higher price.
- Execution uncertainty. There is uncertainty of whether any trades will be made on the specified prices posted by the individual in the limit order book.

GPB Financial Services Ltd is responsible for all orders submitted by or through it to the order book and has controls in place to help prevent erroneous orders from being submitted. One of these controls is to require a certain level of expertise from its customers. Customers should read and familiarize themselves with all above risk warnings.

The table below lists the risks that are perceived to exist or may potentially exist for specific Russian and other financial instruments. The list is not exhaustive and the risks assigned are for indicative purposes.

	RISK CATEGORIES										
RUSSIAN FINANCIAL INSTRUMENTS	Price Risk	Liquidity Risk	Currency Risk	Interest Rate Risk	Credit Risk	Volatility Risk	Tax Risk	Political Risk	Settlement and Custody Risk	Inflation Risk	Level of Complexity
Equities	●●● ¹	Depends on the issuer	Depends on the currency invested	●	●	●●●	●●	●●	●●●	●	●
Government Bonds	●	●●	Depends on the currency invested	●●	●●	●●	●●	●●	●●●	●●	●
Corporate Bonds	●	●●	Depends on the currency invested	●●	●●●	●●	●●	●●	●●●	●●	●
Eurobond	●	●●	Depends on the currency invested	●●	●●	●●	●●	●●	●●●	●●	●
Call/Put options	Depends on the hedge strategy	●●	Depends on the currency invested	●	●	●	●	●●	●	●	●●
Interest Rate Swaps	●	●	Depends on the currency invested	●	●●	●	●	●●	●	●	●●
Credit Default Swaps	●	●	Depends on the currency invested	●	●	●	●	●●	●	●	●●
Currency Swaps	●	●	N/A	●	●●	●	●	●●	●	●	●●
Direct Market Access (Electronic Trade System)	●●●	Depends on the volume trading	Depends on the currency invested	●	●	●●●	●●	●●	●●●	●	●

¹ Risk Level
 Low risk: ●
 Medium Risk: ●●
 High Risk: ●●●



Disclaimer

The information contained in this document is for information purposes only and of a general nature. Under no circumstances should it be considered as an advice, offer or solicitation of an offer to buy or sell securities or other financial instruments and it cannot be relied on to as a representation of any specific transaction.

CONFLICT OF INTEREST

1. INTRODUCTION

1.1 Pursuant to the Markets in Financial Instruments Directive (Directive 2004/39/EC) ("**MiFID**") GPBFS is required to maintain and operate effective organisational and administrative arrangements with a view to taking all reasonable steps to identify, prevent, manage and/or disclose conflicts of interest.

1.2 GPBFS has adopted a conflicts of interest policy which:

1.2.1 identifies circumstances which may give rise to conflicts of interest including a material risk of damage to clients' interests; and

1.2.2 sets out mechanisms and systems to be adopted by GPBFS in managing these conflicts.

2. IDENTIFIED CONFLICTS OF INTEREST

2.1 Under MiFID, a conflict of interest will arise where there is a conflict:

2.1.1 between the interests of a firm, certain persons connected to it or a member of the firm's group and a duty owed to a client; or

2.1.2 between the differing interests of two or more of a firm's clients, to each of whom the firm owes a duty, where the conflict of interest might damage or adversely affect either of their respective interests.

2.1.3 the firm or that person is likely to make a financial gain, or avoid a financial loss, at the expense of the client;

2.1.4 the firm or that person has an interest in the outcome of a service provided to the client or of a transaction carried out on behalf of the client, which is distinct from the client's interest in that outcome;

2.1.5 the firm or that person has a financial or other incentive to favour the interest of another client or group of clients over the interests of the client;

2.1.6 the firm or that person carries on the same business as the client;

2.1.7 the firm or that person receives or will receive from a person other than the client an inducement in relation to a service provided to the client, in the form of monies, goods or services, other than the standard commission or fee for that service.

2.2 GPBFS has identified the following main types of conflict of interest applicable to them:

2.2.1 Acting for own account when dealing with a client;

2.2.2 Conflicts in agency dealings;

2.2.3 Conflicts in dealing in any capacity;

- 2.2.4 Conflicts in relation to research;
 - 2.2.5 Conflicts associated with holding confidential information;
 - 2.2.6 Conflicts in corporate finance and capital markets;
 - 2.2.7 Conflicts arising out of the group structure;
 - 2.2.8 Conflicts arising out of the charges for fees and commissions;
 - 2.2.9 Conflicts arising in relation to the giving or receipt of inducements;
 - 2.2.10 Conflicts arising from personal account dealing; and
 - 2.2.11 Conflicts arising from the aggregation of client orders
- 2.3 A record of the kinds of services and activities carried out by or on behalf of the GPBFS in which a conflict of interest entailing a material risk of damage to the interests of one or more clients has arisen, or may arise, is maintained and regularly updated.

3. PROCEDURES AND MEASURES ADOPTED TO MANAGE CONFLICTS

GPBFS adopt such of the following procedures and measures as it considers necessary and appropriate to ensure that, in relation to each identified conflict, GPBFS acts with the requisite degree of independence and that the identified conflict does not give rise to a material risk of damage to the interests of its clients.

3.1 Confidential information and Chinese walls

GPBFS' employees are under a general duty to respect the confidentiality of client information and not pass it on or use it inappropriately. In certain particularly sensitive areas, GPBFS has adopted more specific procedures (commonly known as "Chinese walls") to prevent or control the exchange of information between relevant persons engaged in activities involving a risk of conflict of interest where the exchange of that information may harm the interests of one or more clients.

GPBFS has implemented Chinese walls around the following business areas:

- Corporate Finance;
- Brokerage; and
- Proprietary trading

Where appropriate, GPBFS will also put in place Chinese walls between them and the business areas of other group companies that produce investment research.

Persons located within a Chinese wall are prohibited from inappropriately passing information to those outside the wall, except with the approval of GPBFS's Compliance Officer where it is appropriate to the service being provided to the client. Persons located outside a Chinese wall are not permitted access to information held within the Chinese wall, except in appropriate cases.

On occasion, it may be appropriate for a person who is normally on the public side of the Chinese wall to cross to the private side (for example, a salesperson or analyst taken over a Corporate Finance Chinese wall to advise on a take-over or new issue). As a result of becoming subject to the Chinese wall, such person may be unable to continue to perform his normal functions.

3.2 Separate supervision

Where appropriate, persons whose principal functions involve carrying out activities on behalf of, or providing services to, clients whose interests may conflict, or who otherwise represent different interests that may conflict, including those of the firm, may be subject to separate supervision.

3.3 Remuneration policy

GPBFS's remuneration policies seek to ensure the removal of any direct link between the remuneration of relevant persons principally engaged in one activity and the remuneration of, or revenues generated by, different relevant persons principally engaged in another activity, where a conflict of interest may arise in relation to those activities. [Remuneration (including bonuses) may, however, be calculated by reference to the profitability of (i) the department or other business unit for which the employee works or (ii) the GPBFS group as a whole.]

3.4 Inappropriate influence

GPBFS has adopted a general policy that no employee may exert or threaten to exert inappropriate influence over another employee whether or not that other person works within the same business area.

3.5 Segregation of function

Where appropriate, GPBFS takes steps to prevent and control the simultaneous or sequential involvement of a relevant person in separate investment or ancillary services or activities where such involvement may impair the proper management of conflicts of interest.

3.6 Gifts, entertainment and inducements

Employees are prohibited from offering, giving, soliciting or accepting an inducement, gift or benefit if it is likely to materially conflict with any duty that the employee or GPBFS owe to its clients. Relevant inducements include inducements received by GPBFS or their employees from clients and third parties as well as inducements given by GPBFS or its employees to the other GPBFS's employees, clients and third parties.

3.7 Independence

GPBFS adopted a policy of independence which authorises and requires GPBFS and its employees carrying on investment business to act in the best interests of the client at all times and to ignore any conflicting interest of GPBFS or of the relevant employees to the extent that the same would conflict with such duty to the client.

3.8 Personal account dealing policy

All employees of GPBFS are subject to a personal account dealing policy, which imposes certain restrictions, approval procedures and reporting requirements in relation to personal account dealing. The personal account dealing policy requires employees to disclose all personal dealing and in some cases receive prior approval for personal account transactions. Employees are required to avoid any personal account transactions that may place them in conflict with the interests of either clients or GPBFS.

3.9 Restricted lists

Where GPBFS is providing services to a particular person (e.g. a proposed acquirer of a company) or in relation to a particular person (e.g. the company proposed to be acquired), it may be appropriate that dealings in securities issued by one or more of such persons be restricted.

GPBFS maintains a restricted list. The restricted list provides the mechanism to communicate and apply any restrictions that may relate to certain business activities.

Except where GPBFS receives an unsolicited agency order in securities on the restricted list, no member of staff may, either for the firm's account, a client's account or their own personal account deal in any security for the time being included in the restricted list.

3.10 Investment research

GPBFS takes steps to manage potential conflicts of interest in connection with the preparation and distribution of investment research which currently its outsourced to Gazprombank, by the following measures in relation to the financial analysts involved in the production of the investment research and other relevant persons whose responsibilities or business interests may conflict with the interests of the persons to whom the investment research is disseminated.

a) Information Barriers

GPB FS has in place Chinese Walls procedures and other information barriers to regulate unauthorized flow of information between and within business areas of GPB Financial Services and Gazprombank and within both business areas, of both GPB Financial Services Ltd and Gazprombank, including GPBFS's own business, and Gazprombank, including investment banking business.

b) Reporting lines and Remuneration

- Research analysts report to and are supervised by the Head of Research who in turn reports to the General Manager and the Board of Directors of GPB Financial Services Ltd.
- Research analysts, whose responsibility is to assess and analyse investments or its issuer, neither report to nor are supervised by any employee who is remunerated on the basis of sales or trading performance.
- In cases when the Head of research additionally performs the role of research analyst, any issues or matters arising from this element of his responsibility would be directed to the General Manager and Compliance officer of GPB Financial Services Ltd
- The research analysts' remuneration as well as of the Head of Research is not linked to any specific transactions or recommendations, but is based upon their personal performance and the general profitability of GPB Financial Services Ltd.

c) Editorial Control and Approval of Research

The research reports are produced by Gazprombank Moscow for GPG Financial Services Ltd.

Editing control for research in relation to the technical content and conclusions rests with the research analyst preparing the report. The Head of Research of GPB Financial Services Ltd reviews the research as well and gives his final approval for the publication of the research. The purpose of this review is to make sure that the research report is clear, fair not misleading, there is clarity in the content, the appropriate format is used and the relevant disclosures and disclaimers are in place.

d) Method, Timing and Dissemination of Research

Research reports are distributed through third party information systems, like Thomson Reuters and Capital IQ. No other method of distribution or communication of research is permitted without the permission of the Head of Research and the Board of Directors of the company.

The members of the investment research team like analysts are not permitted to disclose information about the timing or content of forthcoming research reports or disclose or receive material non-public information.

e) Investments in Subject companies

It is possible that GPB Financial services may have a proprietary position resulting from client facilitation activities/investment in a subject company; in such case GPB Financial Services Ltd will disclose this position of interest according to CySEC rules and its internal policy, on the body of the investment research.

f) Contacts between research team, Gazprombank and GPB Financial Services Ltd

In order to avoid any actual or perceived conflict of interest which could undermine the independence of the research analysts and their research it is prohibited during the period of preparation of research to contact the employees of the trading department of Gazprombank as well as of GPB Financial Services Ltd, except in limited cases and subject to the fulfilment of certain conditions, including the research analyst involved to obtain prior authorization for such contact from the Head of Research.

Any such approval shall be granted after taking into consideration the reasons of the request and after ensuring that the discussions which may take place do not involve the passing of confidential or non-public, price sensitive information to the research analyst and/or give rise to any actual or potential conflict of interest.

In case that GPB Financial Services Ltd or Gazprombank have a public role in an investment banking transaction or either of them had recently an interest or an investment banking relationship with a subject company, then a specific disclosure of this interest should be made on the body of the research. Research analysts should not be involved in activities in any way which may suggest representation of the interests of Gazprombank, GPB Financial Services Ltd or of a client. Any such activity it is possible to appear to be inconsistent with the provision of independent and objective investment research.

It is not appropriate for a research analyst to be involved in investment related operations for specific investment transactions or participate in any client marketing events, in case the employee is participating in a marketing promotion of a client is not permitted to make any presentation or be actively involved.

Employees of the departments of financial analysis, and other relevant persons involved in the production of the investment research are not allowed to accept inducements from those with a material interest in the subject-matter of the investment research, and under no circumstances they should act in favor of an issuer by providing positive research materials.

The research analysts are obliged to report to the Compliance Officer any inducements/gift/benefit which they received no later than the end of the next business day. The Compliance Officer will take the decision whether the acceptance of the inducement is allowed or not. In case the Compliance Officer does not approve the inducement then the employee following the instructions of the Compliance Officer has to return it back to its source.

Any inducement over EURO 200 or equivalent will be registered in the Register of Gifts and Inducements maintained by the Compliance Officer of the company. GPB Financial Services Ltd undertakes the responsibility to provide a client with a summary of an inducement (nature and amount) relating to a service offered to him by the person who accepted the inducement upon approval of the Compliance Officer. Upon a request of the client the company will be able to provide further details relating with the said inducements

Non-research personnel must never attempt to influence the content of an investment research report or the activities of research personnel for the purposes of obtaining or retaining the business of Gazprombank or GPB Financial Services Ltd. If any employee becomes aware of any such attempt to influence an investment research report or research-related activities, the incident must be immediately reported to the Compliance Officer and the Head of Research for further investigation.

g) Personal transactions dealings

Relevant persons and their affiliates who are engaged in the preparation of investment research and analysis, participation in IPO operations, and any other persons involved or who have access to information relating to the research are not allowed to engage in any personal transactions with financial instruments related to the research. Relevant persons or any other employee of the company are prohibited from using inside information, either for their benefit, or for the benefit of any of their affiliates or through providing advice to any person to proceed with any transactions related to the financial instruments for which a relevant person or employee of the company has inside information

i) Outside Business Interests/Activities

Conflicts could also arise where a research analyst of Gazprombank or GPB Financial Services Ltd has a personal involvement in a subject company. In order to avoid any perception that research analysts are influenced by their interests outside Gazprombank and GPB Financial Services Ltd, it is required that prior permission to engage in any outside business activity is required by the Board of GPB Financial Services Ltd. Such permission will be given by the Board after considering all possible conflicts that may arise and how and if they could be monitored appropriately. In case a member of the research analysts team has already an interest to a company which is subject of the Research the employee will be excluded from the team and will be given other duties or tasks by the Head of Research for a specific period of time which are not in conflict or endanger the independence of the research. The employee will be also assigned to work from a completely different location than the one that the research team is working to.

3.11 Disclosure

Where the organisational or administrative arrangements made by GPBFS to manage conflicts of interest are not sufficient to ensure, with reasonable confidence, that risks of damage to client interests will be prevented, GPBFS will clearly disclose the general nature and/or sources of conflicts of interest to the client before undertaking business on its behalf.

Disclosure to clients will be made in a durable medium and include sufficient detail, taking into account the nature of the client, to enable that client to take an informed decision with respect to the service in the context of which the conflict of interest arises.

3.12 Declining to act

GPBFS may decline to act where it believes that there is no other practicable way of ensuring that the client would be treated fairly.

APPENDIX A

MIFID CONSENT AND CONTACT DETAILS FORM

Please provide us with valid contact details

PROVISION OF INFORMATION IN A DURABLE MEDIUM FORM

I hereby declare that I wish to be provided with information in the following durable medium form:

In this e-mail address:

In this fax number:

In this postal address:

b) Please indicate your consent to the bellow statements

Your consent for your classification as a Retail client

Your consent for not making public your limit orders in case these are not executed immediately under the prevailing market conditions except if you send us your order through the electronic trading platform

Your consent for us to use our discretion in executing your orders outside a Regulated Market or a Multilateral Trading Facility

Please note that you are required to provide us with the requested information in order for us to be able to provide you with our services

I the undersigned, I had read the terms and conditions of GPBFS and I agree and accept them.

Company name:

Individual Client's Name (if applicable):

Signature:

Position:

Name:

Date:

Please sing and return this form either by:

- a. Email: aavgousti@gpbfs.com.cy, or
- b. Postal address: Interlink Hermes Plaza, 1st Floor,46 Ayios Athanasios Av. 4102 Limassol,Cyprus
- c. Fax number: +375 25 055101

APENDIX B

RE- CATEGORIZATION FORM FROM RETAIL TO PROFESSIONAL CLIENT

If you wish to be re-categorized please note that you have to fulfill at least two out of the three criteria given below. Please indicate which of the criteria you satisfy and provide us with the relevant supporting documents to evidence the fulfillment of each of the criteria.

For an individual client

You have been working in the financial sector for at least a year in a professional position, and you have the required knowledge for the pursue of the relevant transactions or services envisaged.

For a corporate legal entity client

The person authorized by the legal entity to carry out transactions has been working in the financial sector for at least a year in a professional position, and has the required knowledge for the pursue of the relevant transactions or services envisaged.

you have carried out transactions, in significant size, on the relevant market and average frequency of 10 per quarter over the previous four quarters,

the size of your financial instrument portfolio, defined as including cash deposits and financial instruments exceeds 500 000 euro

Result of successful re-categorization

Re-categorizing you as a Professional client results in the loss of certain of the protections provided to Retail clients:

- You will lose the benefit of compensation under the Investor Compensation Scheme (Please refer to Terms of Business for more details)
- when providing best execution we are not required to prioritize the overall cost of the transaction as being the most important factor in achieving best execution for you
- if we are ever required to assess the Appropriateness of a personal recommendation made to you we can assume that you have the necessary experience and knowledge to understand the risks involved, and can sometimes assume that you are able financially to bear any investment risks consistent with your investment objectives
- when we assess whether a product or service is appropriate for you , we can assume that you have the necessary level of knowledge and experience to understand the risks involved in it
- you will be given fewer information disclosures with regard to the firm, its services and any costs, commissions, fees and charges

You must consider that your re-categorization as a Professional client will cover all range of financial instruments, Complex and non-Complex. Please make sure that you possess the relevant knowledge and experience before proceeding with investments in Complex Financial instruments. In case you do not possess the knowledge and experience we advise you to refrain from such investments.

You accept and ready to manage the risk resulting from losing the above mentioned protections

Name: _____ Date _____

Position: _____ Company: _____