

# Debit Money Conditions

DEGIRO

## Contents

Article 1. Definitions	3
Article 2. Contractual relationship	3
Article 3. Reporting payment arrears	3
Article 4. Debit Money	3
Article 5. Execution Only	4
Article 6. Risk and Security Value	5
Article 7. Amounts payable on demand	6
Article 8. Security rights, use and lending	6
Article 9. Duration, termination	6

# Debit Money Conditions

For cases in which Client does not hold sufficient money in the relevant currency in the Balance to meet the payment obligations under the Investment Services Agreement, DEGIRO offers the service Debit Money. The service Debit Money allows Client to invest with borrowed money, within the agreed Limits and restrictions. In addition to the Investment Services Agreement, DEGIRO uses the Appendix Debit Money for this service. The Appendix Debit Money consists of the Acceptance Form Debit Money and the Debit Money Conditions. The Appendix Debit Money is part of the Client Agreement.

## Article 1. Definitions

The capitalised terms in the Appendix Debit Money have the meaning as specified in the Investment Services Agreement.

## Article 2. Contractual relationship

### 2.1 Acceptance

Before Client has the right to have a debit balance in money in one or more currencies within the Balance, Client must first be accepted for this service, subject to DEGIRO's internal client acceptance procedures. Acceptance of Client may take place before or after the signature of the Acceptance Form Debit Money. DEGIRO may impose additional conditions on Client in that regard.

### 2.2 Investment Services Information

The Appendix Debit Money should be read in conjunction with the document [Investment Services](#) of the Investment Services Information.

### 2.3 Changes

Under the conditions as agreed in the Investment Services Agreement, DEGIRO may adjust its agreements from time to time. DEGIRO will notify Client of changes. Client can read and download the latest version of the Debit Money Conditions from the Website at any time.

## Article 3. Debit Money

### 3.1 Debit Money

Debit Money is a facility with which Client can continually borrow and repay money, in observance of the conditions and Limits in the Investment Services Agreement. For the details of the Limits, DEGIRO refers Client to the document [Security Value, Risk, Debit Money and Debit Securities](#) in the Investment Services Information. The Balance serves as security for DEGIRO through the lien granted by Client in the Investment Services Agreement. The amounts that can be borrowed as Debit Money are variable and depend on movements in the value of the Balance. Debit Money is an 'automatic' facility. Whenever a payment obligation arises for Client under the Investment Services Agreement in a currency in which Client does not have sufficient balance at that time, DEGIRO will make the relevant amount available to Client in the relevant currency, as Debit Money. Whenever Client transfers money to the Central Account and (except in the case of a transfer Instruction, as described in Article [3.3](#) below) whenever a right to receive money arises for Client, the amount received will automatically lead to a reduction in the use of Debit Money in the relevant currency.



### 3.2 Conditional service

As DEGIRO is an investment firm and not a bank, DEGIRO must keep the money that it receives from its clients secure and may not lend it to its other clients. As such, DEGIRO must borrow the amounts required for the service Debit Money from third parties on the market. For that reason, DEGIRO provides the service Debit Money under the condition that DEGIRO is able to attract the required amounts and currencies from third parties at reasonable conditions.

### 3.3 Instruction for transfer to the Bank Account

If Client issues an Instruction to DEGIRO to transfer more money to the Bank Account than the credit balance in the relevant currency in the Balance, then, that Instruction will be (1) in relation to the excess amount, an Order to buy units in the Money Market Fund in the relevant currency and (2) an Order sell units in that Money Market Fund on the next Trading Day, to the amount of the required transfer. The proceeds of this sale transaction will be credited to the Bank Account.

### 3.4 Foreign Currency

If Client makes use of the service AutoFX, DEGIRO automatically converts Client's payment obligations in Foreign Currencies into payment obligations in the Local Currency. For Foreign Currencies for which Client does not use the service AutoFX, Client's Balance will be debited by the relevant amount in Foreign Currencies. Attention: this means that if Client does not use AutoFX, a debit balance may arise in one or more currencies, while there may be a positive balance in other currencies. This may be an investment strategy that Client wishes to follow, but it does mean that Client pays interest on the different debit balances. If Client opts to switch off Auto FX, it is Client's responsibility to manage the positions in different currencies by buying and selling the currencies that Client requires.

### 3.5 Allocation

When Client makes use of Allocation, the following applies:

- In WebTrader, Client can switch on Allocation for a chosen amount and in a chosen currency.
- The Allocation starts at the start of the month after Client has switched on Allocation in WebTrader and continues until the end of the month in which Client has switched off Allocation in WebTrader.
- For Allocation, Client pays the Allocation fee during the term of the Allocation, over the total amount of the Allocation, disregarding the amount actually borrowed by Client in the respective currency. The Allocation fee can be found in the document **Fees** in the Investment Services Information.
- No additional interest will be payable on amounts that are actually borrowed by Client within the Allocation and only the Allocation fee will apply.
- The amount that can actually be borrowed, at all times remains subject to the Limits.

Further information on Allocation can be found in the document **Investment Services** in the Investment Services Information.

### 3.6 Interest

Client owes interest (either in the form of interest over the amount actually borrowed or in the form of the Allocation fee when Client makes use of Allocation) for the use of Debit Money. The interest that DEGIRO charges for the service Debit Money is calculated on the basis of a benchmark plus fixed mark-up per each currency that may be borrowed as Debit Money. Client can check the applicable interest rate at any time in the document **Fees** in the Investment Services Information. Unless a different regulation for a currency is included in the document **Fees**, DEGIRO calculates the interest on the basis of 360 calendar days per year and the current number of days per month. Interest is charged to the Balance on a monthly basis. With the exception of costs of intervention by



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4/7

DEGIRO in case of breach of Limits, DEGIRO does not charge costs for Debit Money other than interest.

In case of a material increase of the costs that DEGIRO incurs in relation to the service Debit Money, DEGIRO will be entitled to increase the interest (including the Allocation fee) that it charges for the service Debit Money. DEGIRO will in that case inform Client as soon as possible through WebTrader or per email.

### **3.7 Statement**

A specified statement of the drawn and received amounts, the outstanding amount and the interest and Allocation fee paid in each currency will always be available for Client on the Personal Page in WebTrader.

## **Article 4. Execution Only**

### **4.1 Execution Only**

Client confirms and accepts that DEGIRO provides its services on an Execution Only basis and, therefore, does not advise Client. Client's Orders are processed automatically by the systems of DEGIRO and are assessed only in terms of the Limits and conditions agreed by the Parties. DEGIRO cannot assess Client's Orders and positions in terms of Client's assets, investment portfolio or investment objectives. Only Client is responsible for the Orders and positions chosen by Client.

### **4.2 Debit Money leverage effect**

By investing with borrowed money, it is possible to invest more, meaning that both loss and profit can be higher. After all, Client invests with leverage. There is a risk that the losses exceed the invested amount, so that instead of investments, a residual debt remains. The higher the amount borrowed in order to invest in relation to the own investments, the more sensitive the portfolio becomes to price movements and the faster losses can lead to liquidation of the entire portfolio. Depending on the risk profile of the Personal Page and the personal situation of Client, it is therefore advisable to use Debit Money limited and with caution.

### **4.3 Knowledge and information**

Client declares to understand the foregoing and to be aware of the risks associated with investing with borrowed money and to be in a position to bear the losses that may result from the investments. Client confirms that Client studied and understands the section 'Debit Money' in the document **Investment Services** in the Investment Services Information.

### **4.4 Duty of care**

Client confirms to DEGIRO that Client shall use the services of DEGIRO prudently and shall ensure not to conduct transactions or take positions that exceed his/her financial capacity or that are not consistent with his/her investment objectives or investment portfolio. Client confirms that Client will only in a careful and limited way make use of Financial Instruments and services regarding which Client does not possess sufficient knowledge and insight. Client will closely monitor the Debit Money amounts and the positions in Financial Instruments financed therewith and will intervene in good time by closing positions or transferring money if this is necessary in order to prevent Limits from being breached.



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## Article 5. Limits, Risk and Security Value

### 5.1 Security Value and Debit Money

The use of Debit Money must always be covered by sufficient Security Value. Unlike many other brokers, DEGIRO does not work solely with a percentage whereby e.g. up to 80% of the value of the Securities portfolio can be borrowed, but also uses a risk system that operates with the terms Security Value and Risk, which include Debit Money. For the details of Security Value and Risk, DEGIRO refers Clients to the document [Security Value, Risk, Debit Money and Debit Securities](#) in the Investment Services Information.

### 5.2 Limits

Client confirms that it is Client's responsibility to ensure that the Limits applying for Client with regard to Debit Money are not exceeded. Client shall treat this responsibility in a prudent manner and shall not conduct any transactions if it can reasonably be foreseen that these could lead to the Limits being breached. Investments with borrowed money can show strong fluctuations in value related to the capital contributed by Client. The Limits applying under the Investment Services Agreement can be exceeded sooner as a result of price movements. Limits can also be exceeded through changes in the calculation of Security Value, through adjustment of the applicable Limits by DEGIRO and through the deduction of interest and costs. Client confirms that Client is aware of this. Where required, Client will monitor the Balance daily and will intervene in good time by closing positions or increasing the Security Value in order to prevent Limits from being exceeded.

### 5.3 Intervention by DEGIRO

DEGIRO reminds Client that if the agreed Limits are exceeded, DEGIRO will intervene in the manner and within the terms described in the Investment Services Conditions and explained in more detail in the document [Security Value, Risk, Debit Money and Debit Securities](#) in the Investment Services Information.

## Article 6. Amounts payable on demand

### 6.1 Decrease of Debit Money Limit

In accordance with the [Investment Services Conditions](#), at all times when DEGIRO reasonably deems such necessary, DEGIRO has the right to adjust the Debit Money Limit. If that happens, Client may be required to pay back all or part of the money borrowed under the service Debit Money within a term specified by DEGIRO. DEGIRO will endeavour to inform Client as timely as possible through WebTrader or per email. If DEGIRO reasonably is of the opinion that it is forced to do so under the given circumstances, DEGIRO will be entitled to adjust the Limit with immediate effect.

### 6.2 Payable with immediate effect

The entire amount of Debit Money becomes payable to DEGIRO with immediate effect if one of the following situations arises:

- Client is declared bankrupt or a mandatory liquidation order or a moratorium on payments or equivalent status is granted to Client under the laws applicable to Client;
- Client dies;
- Client is no longer authorised to dispose of the assets of Client;
- (part of) the Balance or a substantial part of Client's assets are attached;
- Client is in breach of material obligations pursuant to the Client Agreement.



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6/7

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### 6.3 Interest

To the extent that Limits are exceeded with Debit Money or to the extent that amounts become payable on demand, the default interest, as specified in the document **Fees** in the Investment Services Information, will apply for that part of Debit Money.

## Article 7. Security to third parties and Lending

Client hereby explicitly agrees that DEGIRO may hold money and Securities of a value that is in reasonable proportion to Client's total use of Debit Money and Debit Securities together with the downward risk of the positions in Derivatives held for the account of Client, through SPV Long Short. On positions held with SPV Long Short, articles 4.5 and 9 of the Investment Services Conditions (security to third parties and Lending) apply, irrespective of the Profile of the Personal Page.

## Article 8. Duration, termination

The Appendix Debit Money is entered into by the Parties for an indefinite term. The Appendix Debit Money may be terminated by either Party at any time in writing. For DEGIRO a notice period of two calendar months will apply. For Client, no notice period will apply but the termination by Client will not be effective until the first moment that Client does not have a debit balance in money. The Appendix Debit Money is terminated automatically on termination of the Investment Services Agreement. On the Appendix Debit Money, the right of termination in accordance with the articles 7:66 sub 1 and 7:67 sub 1 of the Netherlands law civil code does not apply.