

Debit Securities Conditions

DEGIRO



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Debit Securities Conditions

In addition to the Investment Services Agreement, DEGIRO uses the Appendix Debit Securities for its services relating to the uncovered sales of Securities. The Appendix Debit Securities consists of the Acceptance Form Debit Securities and the Debit Securities Conditions. The Appendix Debit Securities forms a single contract together with the Investment Services Agreement.

Article 1. Definitions

The capitalised terms in the Appendix Debit Securities have the meaning as described in the Investment Services Agreement. Further to this, the following definitions apply in the Appendix Debit Securities:

'Uncovered Sell Transaction': a sale transaction in Securities conducted by or for Client, to the extent that Securities of the relevant type and number, with the same custody location, are not administered in the Balance at that time.

Article 2. Contractual relationship

2.1 Acceptance

Before Client has the right to conduct Uncovered Sell Transactions via DEGIRO and thus obtain a debit position in Securities in 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 Securities. DEGIRO may impose additional conditions on Client in that regard.

2.2 Investment Services Information

The Appendix Debit Securities should be read in conjunction with the parts of the Investment Services Information relating to the service Debit Securities.

2.3 Changes

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

Article 3. Debit Securities

In conducting Uncovered Sell Transactions, Client sells Securities that Client does not possess. For the settlement of the Uncovered Sell Transaction, Client borrows the relevant Securities from DEGIRO for a fee. Client must return the borrowed Securities to DEGIRO in due course. Client must therefore conduct a buying transaction in the relevant Securities via DEGIRO for this, at a later stage. If the price has fallen, Client has made a profit. If the price has risen, Client will make a loss.

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 Risk of Debit Securities

Investing with borrowed Securities is not without risk. After all, Client invests with leverage. Client must return the borrowed Securities to DEGIRO in due course. Because in theory, the increase in the price can be unlimited, Client's loss can therefore also be, theoretically, unlimited. Client confirms to be fully aware of the risks associated with Uncovered Sell Transactions in Securities and to accept these risks and that Client will continually ensure that Client is in a position to bear the potential losses. Depending on the personal risk profile of Client, it is therefore advisable to use the Debit Securities facility with caution.

4.3 Knowledge and information

Client declares to be familiar with conducting Uncovered Sell Transactions in Securities and to be aware of the associated risks. Client confirms that Client has studied and understands the 'Debit Securities' section in the document **Investment Services** in the Investment Services Information. Client confirms and accepts that DEGIRO provides its services on an Execution Only basis and will not advise Client.

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 the financial capacity of Client or that are not consistent with the investment objectives or portfolio of Client. Client confirms that Client shall not conduct any transactions in Financial Instruments regarding which Client does not possess sufficient knowledge and insight. Client will monitor the Debit Securities positions closely and will intervene in good time by closing positions or increasing Security Value if this is necessary in order to prevent Limits from being breached.

Article 5. Orders

5.1 Orders

Client may place Orders for Uncovered Sell Transactions in Securities with DEGIRO. Uncovered Sell Transactions are not possible in all Securities. An Order to conduct an Uncovered Sell Transaction is deemed to be a request from Client to DEGIRO to lend the relevant Securities to Client. DEGIRO is not required to execute an Order for an Uncovered Sell Transaction for Client.

5.2 Delivery obligation of DEGIRO

When Client conducts an Uncovered Sell Transaction in Securities via DEGIRO, an obligation arises for DEGIRO to deliver the relevant Securities to the market infrastructure or the (OTC) buying party. DEGIRO will execute Client's Order for an Uncovered Sell Transaction only when DEGIRO has obtained certainty that DEGIRO can meet this delivery obligation, e.g. because DEGIRO has been able to borrow the relevant Securities from a third party in good time.

5.3 Rules and Regulations

From time to time, the supervisory authorities of the financial markets in which DEGIRO provides its services impose restrictions on the conduct of Uncovered Sell Transactions. Client shall ensure to be always aware of these restrictions in good time and shall comply therewith.

5.4 Restrictions

DEGIRO always has the right to restrict or withdraw the possibility of conducting Uncovered Sell Transactions. DEGIRO may impose temporary or permanent restrictions on the types of

Uncovered Sell Transactions that it will accept. DEGIRO shall make efforts to notify Client of such restrictions in good time.

Article 6. Positions

6.1 Income

ATTENTION: If income, such as dividends or interest, is paid for Securities for which Client holds a debit position in the Balance at that time, Client owes the gross amount of this, i.e. before deduction of tax, to DEGIRO.

6.2 Fee

Client owes DEGIRO a fee for the use of the Debit Securities. This fee may depend on the fee that DEGIRO must pay to the third party from whom DEGIRO borrows the Securities. Client can check the fees on the Website at any time in the document Fees in the Investment Services Information.

6.3 Buying transaction

As soon as Client conducts a buying transaction for Securities in which it holds a debit position in the Balance which debit position has been entered into on the same market or on a market that uses the same settlement infrastructure, DEGIRO will automatically use the acquired Securities to settle the balance of the Securities borrowed from DEGIRO by Client.

6.4 Request for return

DEGIRO always has the right to require Client to settle a debit balance in Securities in the Balance by conducting a buying transaction or by delivering the relevant Securities (with the same custody location as the Securities borrowed from DEGIRO) to SPV in the Central Account. If Client does not comply with such a request from DEGIRO within the term set by DEGIRO, DEGIRO has the right to buy the relevant Securities at Client's expense. In the following situations, DEGIRO has this right with immediate effect without need for prior warning to Client:

- a bankruptcy, insolvency, mandatory liquidation, temporary suspension of payment or a comparable arrangement under the laws applicable to Client is requested or pronounced with respect to Client;
- Client dies;
- Client is no longer authorised to dispose of the assets of Client;
- a material part of Client's assets is attached;
- Client is in breach of material obligations pursuant to the Client Agreement.

DEGIRO will notify Client as soon as possible when DEGIRO makes use of this right.

6.5 Note products

Uncovered Sell Transactions as a standard are not allowed for note products such as Turbo's, Speeders and Sprinters. At the request of Client, DEGIRO can make the service Debit Securities available to Client for these products. In that case, the following will apply in addition to and where applicable in deviation from the further text of these conditions. DEGIRO is at any moment, without prior notification to Client, entitled to buy on the market or otherwise, the note products in relation to which Client has a debit balance in order to settle the debit balance of Client. In such case, DEGIRO will be entitled to buy for the account of Client an amount of the relevant note products equal to the debit balance of Client plus 1. DEGIRO will inform Client of this buy-in immediately after it has taken place.

Article 7. Risk and Security Value

7.1 Limits

Positions in a Debit Securities can show strong fluctuations in value. Client confirms to be aware of this. Client confirms that it is Client's responsibility to ensure that the Limits applying to Client are not exceeded. Clients can view the Limits and the way in which they are calculated at any time in the **Security Value, Risk, Debit Money and Debit Securities** document in the Investment Services Information. Client shall treat this responsibility in a prudent manner. Client shall not conduct any transactions if it can reasonably be foreseen that these could lead to the Limits being breached and will monitor the positions in Debit Securities closely on a daily basis and will intervene in good time by closing positions or increasing Security Value in order to prevent Limits from being breached.

7.2 Additional deposit

Investments with borrowed Securities can lead to strong fluctuations in value, related to the own capital contributed by Client. The Limits applying under the Investment Services Agreement can be breached sooner as a result of price movements. Client confirms that, at DEGIRO's earliest request, Client will transfer additional money to the Personal Page if one or more Limits are breached and confirms to dispose of sufficient resources for this purpose.

7.3 Intervention by DEGIRO

DEGIRO reminds Client that DEGIRO may intervene in the event that an agreed Limit is breached, as agreed in the Investment Services Agreement and explained in more detail in the Investment Services Information.

Article 8. 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 Client.

Article 9. Duration, termination

The Appendix Debit Securities is entered into by Parties for an indefinite term. The Appendix Debit Securities may be terminated by either Party at any time. For DEGIRO a notice period of one calendar month will apply. For Client, no notice period will apply and the termination by Client will be effective as per the moment that Client does not have any debit positions in Securities. The Appendix Debit Securities is terminated automatically on termination of the Investment Services Agreement.