

LHV Broker
Trading Rules
(25.09.20199)

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1. SYSTEM REQUIREMENTS

1.1 System requirements for LHV Broker

SUPPORTED OPERATING SYSTEMS:

Windows XP SP3 (32-bit only), Windows Vista SP1, Windows 2003 SP2, 64 bit version of Windows 7 / 8 / 8.1 / 10

COMPUTER SPECIFICATIONS:

Minimum (not recommended):

CPU: Single core processor.

Free hard disk space: 500 MB

Modem/Internet connection: Dial-up Modem or 3G Wireless modem. Dial-up might present problems when downloading the installations and upgrades

Screen resolution: 1024 x 768

RAM: 2 GB

Recommended for standard users:

CPU: Dual core processor

Free hard disk space: 1 GB

Modem/Internet connection: DSL or cable

Screen resolution: 24", 1920 x 1050

RAM: 8 GB

Recommended for power-users*

CPU: Quad core processor

Internet connection: DSL or Cable 10/1 Mbit/s

Screens: Multiple screens in native screen resolution.

RAM: 8 GB

Hard disk: LHV Broker and Operating System installed on an SSD disk.

**A power user typically uses one of the following:*

Charts with intensive display of multiple instruments, annotations and studies

Multiple full screen charts displayed simultaneously

Multiple charts, position-, order- and watch lists displayed on multiple screens

NETWORK ENVIRONMENT REQUIREMENTS:

LHV Broker communicates with a set of remote servers in order to function properly. As a minimum requirement, in order to fully utilize the trading application, port 80 and port 443 need to be open for HTTP and HTTPS traffic respectively, to several servers. Best performance is achieved if port 1001 is also open for TLS traffic to mitslive.iitech.dk (and mitssimul.iitech.dk if using the Simulation environment).

For users relying on HTTP or HTTPS through a proxy server, the trading application provides the following options:

Auto detect proxy settings (Windows settings)

Use a specific proxy server (application specific settings)

When using a specific proxy server, the application also gives the possibility to specify corresponding server address information and authentication settings for the proxy.

NB: Most users will not need to make any changes to their Network Environment for LHV Broker to run optimally – typically, users behind a corporate firewall could be required to make changes in their network environment.

OTHER REQUIREMENTS

Microsoft Internet Explorer 8 is minimum requirement, Microsoft Internet Explorer 9.0 or newer version is recommended. Also Mozilla Firefox, Google Chrome or Apple Safari can be used. The browser does not need to be configured as your default browser.

In order to view some of the analysis pages incorporated into the LHV Broker, Adobe Acrobat Reader must be installed. Adobe Flash Player 6.0 or later is required to view some elements of the online Help. The latest version of the program can be downloaded from [Adobe](#).

Java virtual machine must be installed to view Instrument Information pages.

1.2 System requirements for LHV Broker GO

LHV Broker GO platform has been tested and is officially supported in the following browsers on the following OSs

Device type	Operating systems	Browsers
PC	Windows 7 Windows 8 Windows 10	IE 11 Firefox 25 Chrome Edge
MAC	OSX 10.6+	Safari (newest) Chrome (newest)
Chromebook	Chrome OS version 44+	Chrome
Linux PC (Ubuntu)	Linux	Chromium FireFox NOT supported

Tablet	iOS8+ (App) iOS7 (Web) Android 4.1+ Windows 8/10	Safari Chrome IE11
Smartphone	iPhone - iOS8+ (App) iPhone - iOS7 (Web) Android 4.1+ Blackberry 10 Windows 8/10	Safari Chrome BB Browser IE 11

Please note that Private Browsing modes are not supported

2. LHV BROKER PLATFORMS

LHV Broker enables customers to trade Forex, Forex Forwards and Options, Spot Gold & Silver, Contract For Differences (CFDs), Index Tracking CFDs, Stocks, Exchange Traded Funds (ETFs), Exchange Traded Commodities (ETCs), Bonds.

- 180+ Forex crosses (incl. Spot Gold/Silver), 8700+ CFDs, 20 Index-tracking CFDs, ETFs, Stocks from 36 exchanges, as well as Forex Options and other derivatives.
- Fully personalized trading environment, complete with prices, market analysis, data and news modules, technical analysis and charting functions.
- Extensive market analysis and streaming news service.
- Advanced technical analysis through charts.

2.1 LHV Broker

LHV Broker is a fully integrated downloadable trading platform. LHV Broker platform provides a variety of information including live streaming news from NewsEdge, prices and analysis, and is fully customizable.

2.2 LHV Broker GO

LHV Broker GO is a web-based trading platform for both mobile and desktop devices. LHV Broker GO requires no download or installation, and is accessible behind most firewalls. An LHV Broker GO account also allows integrated access to LHV Broker.

Important: Some features are limited in LHV Broker GO compared to the fully integrated downloadable LHV Broker trading platform.

3. TRADING PRODUCTS

3.1 Forex trading

When investors trade on the Forex market, they always trade a combination of two currencies (a cross or currency pair) in which one currency is bought (long) and the other is sold (short). This means the investor is speculating on the prospect of one of the currencies appreciating in value in relation to the other.

3.1.1 Rates and Conditions

FOREX TRADING HOURS

Forex trading is open via LHV Broker from Monday 05:00 Sydney local time to Friday 17:00 New York local time. Some currency crosses, however, have special trading hours as seen in the table below.

CURRENCY CROSS	TRADING HOURS
RON	08:15 TO 17:00 CET
ILS	07:00 TO 17:00 CET
SAR, AED	07:00 TO 15:00 CET
PRECIOUS METALS (XAU, XAG, XPD, XPT)*	18:00 TO 17:00 EST
RUB	07:00 GMT TO 19:00 GMT **
HRK	07:00 TO 15:00 GMT

* For all Metal crosses special opening hours apply on US national holidays to reflect the trading hours of the underlying futures market.

** In case no liquidity can be obtained in the market, these opening hours might be further reduced on a day-to-day basis.

MAJORS

The next table shows the categorization of currencies for Major Currency Pairs. A Major Currency Pair is one which includes BOTH of any of the currencies listed.

Major Currencies	
AUD	JPY
CAD	NOK
CHF	NZD
EUR	SEK
GBP	USD

MAJORS SPREAD

CROSS	TARGET SPREAD IN PIPS
EURUSD	2
GBPUSD	3
AUDUSD	3
EURCHF	3
EURGBP	3
EURJPY	3,5
GBPJPY	7
USDCAD	4
USDCHF	3
USDJPY	2

The target bid/ask spreads listed are best possible spreads used in normal market conditions. During periods of volatile market conditions spreads may be wider and auto execution limits may be lowered or disabled. For certain categories of customers, the spreads may in general be wider by up to 2 pips. The spreads applicable to a customer's account will be displayed in the LHV Broker under Account -> Trading conditions.

ORDER DRIVEN EXECUTION

LHV Broker uses Order Driven Execution model. This model provides greater breadth of liquidity as trades are executed based on LHV Bank's service provider own liquidity pool as well as access to broader market venues. The client is provided with greater control over the way that their order is traded through user-defined Price Tolerance, with the potential for benefiting from price improvements. An Order Driven Model may result in partial fills, but under normal market conditions a Market IOC order will be filled in full immediately.

FX Spot and FX Forward execution uses by default a Limit IOC (Immediate-or-Cancel) order, providing the user with greater control over the way that order is traded through a pre-defined Price Tolerance.

Price Tolerance on a Limit IOC order defines the minimum (when selling) price differential or the maximum (when buying) price differential that you are comfortable accepting. For FX Spot and FX Forwards, the default is set to 0.01% of the Spot price for all currency pairs, but it is configurable on an individual currency pair level. Your limit IOC order will only be executed if a price can be obtained within your pre-defined price range, with any execution price improvements being passed on to you. This feature allows you to define a price-range where you are comfortable with the order being executed. Depending on the instrument, Price Tolerance is expressed as a distance in pips, ticks or percentage points.

Execution in all other product types is by default a Resting Market order and you may experience positive or negative price movements. Resting orders may further be subject to partial fills.

AUTOEXECUTED TRADES

Major currency trades can be auto-executed for amounts below the auto-execution limit. Auto-executed trades are automatically accepted without intervention from LHV Bank's service provider. For trade sizes over the auto-execute limit and in volatile market conditions, the trade must first be

approved by a dealer which normally takes just a few seconds. Auto-execute limits that can change over the day, depending on the market conditions and available liquidity.

TRADING ON BANDS

Different spreads are provided for different bands. The spread is tightest in the smallest band. For trade amounts above the largest bands prices, will be quoted manually on a request for quote basis (RFQ). Tailored liquidity removes the delay and the need for manual intervention in the major and most commonly traded currency pairs.

Each time you trade, a reload period begins. After twenty (20) seconds with no new trading activity in the given currency pair, the reload period elapses, full liquidity and normal spreads are available again. If you continue to make consecutive trades in the same currency pair within the reload period, the spreads may widen beyond the fixed spread as your available liquidity is reduced. The target spreads and amounts for the bands applicable to your account will be displayed in your LHV Broker platform under Account -> Trading conditions.

STOP ORDERS

Stop Orders are typically used to limit losses at a certain price level. All Stop orders are triggered on the opposite side of the spread. These orders are typically filled at the stop level adjusted for the spread at the time.

Stop Orders are filled on transparent prices and the majority of orders are filled at the expected level set by the client.

A stop order placed to Buy is treated as a Stop if Bid. A stop order placed to Sell is treated as a Stop if Offer. Stop if Bid orders are typically used to limit losses on short positions. Stop if Offered orders are typically used to limit losses on long positions.

This is to prevent orders from being triggered just because of a temporary large spread (maybe for a split of a second) as opposed to actual buyers and sellers being present in the market.

- Stop if Bid orders to buy are when triggered most often filled at the order level plus the client spread. During volatile markets with price gaps, orders may be slipped to the current market offer price.
- Stop if Offered orders to sell are when triggered most often filled at the stop order level minus the client spread. During volatile markets with price gaps, orders may be slipped to the current market bid price.

LHV Broker partner's order management system has certain client protection mechanisms in place that ensures that the vast majority of orders are filled without any slippage.

MINIMUM TRADE SIZES

Trades cannot be executed below set Minimum Trade Sizes. The minimum trade size for each currency pair is listed in the LHV Broker platform under Account -> Trading Conditions

TICKET FEE

A ticket fee will be applied for trades under the ticket fee threshold. The ticket fee threshold for each currency pair is listed in the LHV Broker platform under Account -> Trading Conditions.

MARGIN REQUIREMENTS

Forex is traded on margin enabling customers to leverage a small margin deposit for a much greater market effect. The margin requirement for each currency pair is listed in the LHV Broker platform under Account -> Trading Conditions.

MARGIN CALLS

Customers must maintain the margins listed in an account at all times. If the funds in the customer's account fall below this margin, customers will be subject to a margin call to either deposit more funds to cover positions or close positions — normally customers will be notified through their trading platform. If the margin situation is not remedied, LHV Bank's service provider may close positions on a customer's behalf.

FOREX POSITIONS HELD UNTIL THEIR VALUE DATE, AND INTEREST ON UNREALISED PROFIT/LOSS

Open Spot Forex positions held at the end of a Trading Day will be rolled over to a new Value Date on a Tom/Next basis. As part of the tom next roll over operation, positions are subject to a swap charge or credit. The Swap Points used are based on a swap feed from a Tier 1 bank with a mark-up corresponding to +/- .45% of daily market overnight interest rates, plus an interest component. The unrealised profits or losses are calculated as the difference between the original traded rate (possibly adjusted for previous Tom/Next rollovers) and the end of day rate of the traded currency cross at 17:00 Eastern Standard Time (New York time).

For currencies subject to special market conditions the rate of the traded currency cross at 08:15 CET will be applied.

3.1.2 Forward Outrights

LHV Bank's service provider offers Forex Forward Outrights for purchase or sale of currencies at a fixed settlement date in the future. Almost the entire range of Forex Spot crosses is available as Forward Outrights with live tradable prices available through LHV Broker platforms for the majority.

Forex Forward Outrights enable customers to take advantage of the interest rate differentials between two currencies, as well as to hedge foreign exchange exposure risks. Forwards Outrights are typically used for Forex trades with settlement dates longer than the fixed two-day settlement date for spot trades.

3.1.3 Gold and Silver

With LHV Broker, Gold spot and Silver spot can be traded versus US dollar, euro, Japanese yen, Australian dollar and Hong Kong dollar. Customers are offered trading of Gold and Silver to leverage small price movements in these market commodities by up to 16 times. With low margin requirements, customers need deposit as little as 6% of the trade value in collateral.

3.2 Forex Options

Forex Options trading is a more advanced type of currency trading available within the LHV Broker platform. Forex Options can be used to facilitate a number of trading strategies on a medium to long-term investment timeline, as well as offering excellent opportunities for hedging spot positions. Forex Options are available for currency crosses and Gold and Silver against the US dollar.

Customers are offered trading of Forex Options directly on live streaming prices, without dealer intervention. LHV Bank's service provider offers Over the Counter (OTC) plain vanilla European style Forex Options in well over 40 major currency crosses, traded online through LHV Broker platform. This differs from more restrictive exchange-traded Options with set expiry dates and amounts. Forex Options can be traded whenever the currency markets are open.

The majority of vanilla Options can be executed directly on live price quotes without dealer intervention. For other Options – including exotic currencies and multiple leg Options, the platform offers good price indications with trades quoted by a dealer on request.

LHV Broker supports New York cut Forex Options which expire at 10:00 am New York time. For Options that are 'in the money' at expiry, LHV Bank's service provider automatically exercises the Option and converts it to a spot position.

3.2.1 Rates and Conditions

LHV Bank's customers have direct access to trade Forex Options on live prices without dealer intervention. Except on low-value trades, there are no commissions on trading Forex Options, only the difference in the spread. Since LHV Bank's service provider always quotes both the bid and ask price, the current spread is always visible to the customer.

For trades below the Commission Threshold, a ticket fee of USD 10 is added to the trade. Commission Threshold per currency pair is the same as for Forex Spot, and can be seen in the LHV Broker platform under Account -> Trading conditions.

The spreads on Forex Options may change from option to option depending on several factors such as time to maturity and the volatility of the underlying Forex spot rate (Delta). The full list of indicative spreads can be found within the LHV Broker platform under Account -> Trading Conditions.

EXERCISE PROCEDURE

Forex Options that are 'in the money' are automatically exercised at 10:00 am New York time (New York cut) on the day of expiry where they are converted to a spot position. This spot position is subject to the usual profit/loss if the spot price moves from the exercise price. If you already have an offsetting position at the time of exercise, the exercised position will be netted out on the following day.

Up until one hour before exercise you may choose between receiving the spot position ('spot') or having LHV Bank's service provider automatically exit the spot position at mid-price of the spread at the time of exercise ('cash'). There is no limit to the number of times you may change the exercise method.

FOREX OPTIONS MARGIN REQUIREMENTS

Margin requirements for Forex Option positions take into account changes in volatility, spot price of the underlying asset and open positions (that effectively reduce the risk associated with your Options positions).

The margins for Forex Options are also subject to a volatility factor that may increase the margin requirements. This factor will be more prominent the longer the expiry date for the Forex Option.

MARGIN CALCULATION OVERVIEW

The margin requirement for a Forex Option position consists of two components:

- **Delta Margin** which is related to the exposure to changes in the underlying Forex spot rate
- **Vega Margin** which is related to changes to the exposure in the volatility of the underlying Forex cross.

The calculation for the margin requirement of a Forex Option position is:

$$\text{MARGIN REQUIRED} = \text{DELTA MARGIN} + \text{VEGA MARGIN}$$

CALCULATION OF THE DELTA MARGIN

The Delta of a Forex Option position describes how the value of the Forex Option changes as a result of changes in the underlying Forex spot rate.

The Delta of a Forex Option position multiplied by the notional amount gives the underlying spot exposure of the position (i.e., $\text{DELTA EXPOSURE} = \text{NOTIONAL AMOUNT} * \text{DELTA}$). The spot exposure represents the size of the spot position required to hedge the Forex Option.

The calculation for the Delta Margin requirement of a Forex Option position is:

$$\text{DELTA MARGIN} = \text{DELTA EXPOSURE} * \text{FOREX SPOT MARGIN REQUIREMENT}$$

When calculating the Delta Margin requirement for a new Forex Option position, all of the portfolio's current spot exposures – both open Forex spot positions and Forex Option spot exposures – are considered.

CALCULATION OF THE VEGA MARGIN

The Vega of a Forex Option position describes how the value of the Forex Option position changes as a result of changes in the implied volatility of the underlying Forex cross.

The calculation for the Vega Margin component of a Forex Option position is:

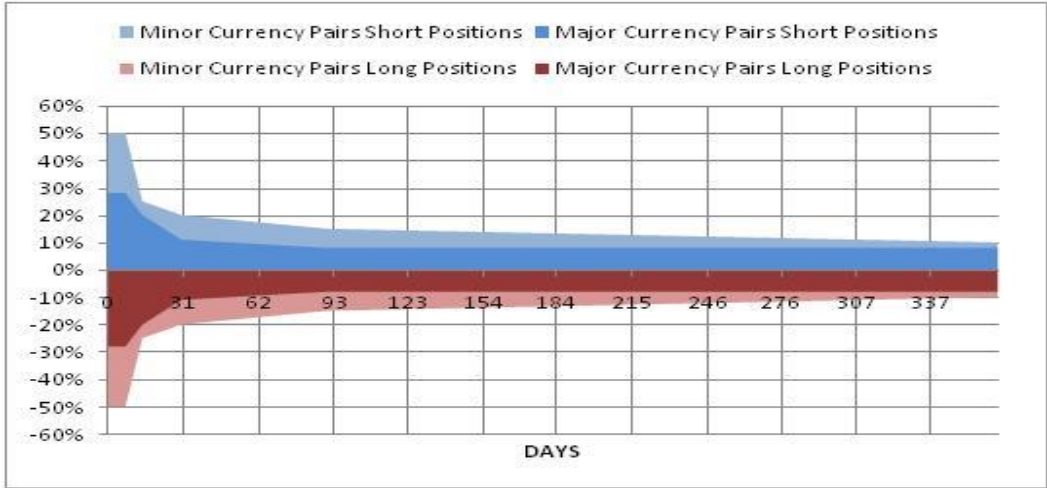
VEGA MARGIN = NOTIONAL AMOUNT * VEGA * IMPLIED VOLATILITY * VOLATILITY FACTOR

Volatility Factors are set per Currency Pair and Expiry Date tenor (see table below). Between these Expiry Date tenors the Volatility Factors are interpolated (see graph below). The Volatility Factors for short dated Expiry Dates are higher than those for long dated Expiry Dates because the volatility of a long-term Forex Option position is relatively less dynamic than a short-term Forex Option position.

When calculating the Vega Margin requirement for a Forex Option position, netting is performed across each Currency Pair for each Expiry Date. Thus, if a customer has both bought and sold Forex Options in the same Currency Pair and for the same Expiry Date, the Vega Margin is calculated as the net of these positions.

The Volatility Factors used in the Vega Margin calculation for major and minor currency pairs are shown below in tabular and graphical form. As noted above, Volatility Factors are interpolated between the expiry date tenors.

Tenor	Days	Major Currency Pairs		Minor Currency Pairs	
		Short Positions	Long Positions	Short Positions	Long Positions
1 week	7	28%	-28%	50%	-50%
2 weeks	14	20%	-20%	25%	-25%
1 month	30	11%	-11%	20%	-20%
3 months	90	8%	-8%	15%	-15%
1 year	365	8%	-8%	10%	-10%



EXCEPTIONS TO MARGIN REQUIREMENTS

If a customer only holds bought Forex Options then no margin is required to hold the Forex Option positions. However, cash is required to pay the premiums for the bought Forex Options. If a customer, in addition to bought options, chooses to trade in margin instruments (spot and sold options) that would change the delta exposure in the existing portfolio, the system uses the Delta Vega margin

methodology on the entire portfolio in the given current cross(es). This would include an option being exercised into a spot trade at expiry. Square positions for Forex Options or Forex spot are not taken into consideration.

3.3 CFDs and Stocks

3.3.1 CFD Rates and Conditions

CFDs are over-the-counter products (except exchange traded CFDs) with a price established by LHV Bank's service provider. CFDs aim to reflect the fair value of the underlying security or index, but the actual bid and ask price may differ slightly from the actual price level.

CFD trading is carried out on live prices on the LHV Broker platforms. Select Trading Conditions page in the trading platform to list the stocks traded as CFDs that LHV Bank's service provider currently offers for trading on that exchange and their associated margins.

CFDs can be short sold and CFD trading allows for investments to be leveraged up to 50 times.

CFD MARGIN RATES

CFDs are offered under a number of margin groups with margin requirements that depend on the Market Capitalization, liquidity and volatility of the stock. Refer to Account -> Trading conditions on the trading platform for specific requirements on a particular CFD. You must maintain funds in your account to cover your CFD exposure at all times.

BORROWING COSTS ON SHORT CFD OVERNIGHT POSITIONS

A borrowing cost will be applied to short CFD positions held overnight. This borrowing cost is dependent on the liquidity of the stocks and may be 0 for high liquidity stocks.

The specific borrowing rate for a stock can be seen "Overnight financing" under "Account > Trading Conditions > CFD Stock/Index Instrument List" in the trading platforms. When selling a CFD, the borrowing cost for holding the position overnight is shown in the Account -> "Trading conditions" in the "Estimated borrowing cost per day" field.

The borrowing rate will be fixed when the position is opened and will be charged on a monthly basis.

CFD FINANCING CREDIT/DEBIT RATES

As CFDs are a margined product, you finance the traded value through an overnight credit/debit charge. When you hold a CFD overnight (i.e. have open CFD positions at close of market 17:00 New York time) your CFD position will consequently be subject to the following credit or debit:

- When you hold a long CFD position, you are subject to a debit calculated on the basis of the relevant Inter-Bank Offer Rate for the currency in which the underlying share is traded (e.g. LIBOR) plus a mark-up (times Actual Days/360 or Actual Days/365).
- When you hold a short CFD position, you receive a credit (*should the relevant Inter-Bank Bid Rate minus the mark-down result in a debit as opposed to a credit, then you will pay the*

finance charge) calculated on the basis of the relevant Inter-Bank Bid Rate for the currency in which the underlying share is traded (e.g. LIBID) minus a mark-down (times Actual Days/360 or Actual Days/365).

The credit/debit is calculated on the total nominal value of the underlying stock(s) at the time the CFD contract is established (whether long or short).

If you open and close a CFD position within one trading day, you are not subject to these credits/debits.

SHORT SELLING CFDs

When short selling a CFD directly on an exchange, the customer will be affected by the rules for the stock market in that country. For example:

- For Australian CFDs, you may experience limitations on the amount of CFDs you can short trade in a single day due to limited borrowing availability in the underlying market.

When short selling CFDs, you can experience forced closure of a position if your CFDs get recalled. The risk is particularly high if the stock becomes hard to borrow due to takeovers, dividends, rights offerings (and other merger and acquisition activities) or increased hedge fund selling of the stock.

Due to the current market conditions a number of financial authorities are announcing rule changes that affect short-selling of physical stocks. These rule changes are put in place to protect the integrity and quality of the securities market and strengthen investor confidence. As a consequence, the changes will affect the short-selling of related CFDs. We recommend that customers read the latest announcement regarding the restrictions in short-selling.

DIVIDENDS ON CFD POSITIONS

Holders of long CFD positions will, when dividends are paid on the underlying share, qualify for a proportional payout. Holders of short CFD positions will have to pay an amount equal to the full (gross) dividend paid on the underlying share. For long CFD positions, a Return Adjustment is subtracted from the Cash Adjustment. The Return Adjustment is designed to mirror the cash-flow from the default withholding tax rate in the relevant market for the underlying dividend payment.

All cash dividends for CFD positions are settled on pay date. Cash dividends are booked on ex-date to reflect the market price movement on the ex-date, but the actual value of the payment is settled on pay date.

Dividends on CFD positions are cash adjustments paid or debited by LHV Bank's service provider and not by the underlying company. Dividends paid on CFDs are not eligible for any preferential withholding tax rates sometimes associated with dividends paid on physical stocks and may therefore differ from the dividends payable on the underlying share.

Each booking will be issued a reference number for the related positions. You can find each booking in the Activity Log in the Account Menu in LHV Broker.

3.3.2 Stock Trading

Customers can trade Stocks online via LHV Broker with 19,000 equities from over 36 of the world's major stock exchanges.

3.3.3 ETFs and ETCs

EXCHANGE TRADED FUNDS

ETFs are passively managed investment funds traded publicly on stock exchanges in the same manner as traditional Stocks. Each ETF tracks an index or benchmark, meaning the objective for an ETF is to replicate the performance of the index or benchmark that it is tracking. ETFs track specific Stock, Bond, commodity or currency indices, some of which have a regional focus, while others have a sector focus.

EXCHANGE TRADED COMMODITIES

Exchange Traded Commodities (ETCs) are similar to ETFs, except they track the performance of an underlying commodity index rather than stock market index. ETCs are also traded in the same manner as Stocks but provide exposure to a range of commodities and commodity indices, which include energy, agriculturals, metals and softs.

ETCs are open-ended securities, like ETFs, and are also asset backed by physical bullion or commodity (Futures) contracts.

Futures contracts expire at certain dates. This means that a customer has to sell the old contract and buy the new contract to maintain exposure towards the underlying commodity. In contrast, an ETC never expires, but rather is a buy and hold instrument. LHV Bank offers access to ETCs provided by a number of companies. A list of tradeable ETC-s can be found in the platform under Account -> Trading conditions.

3.3.4 Rates and Conditions for Securities Trading

LHV Broker enables immediate trades in a number securities. Information about which securities (including quantity) can be traded immediately is available in the trading platform. Immediate trades are performed with LHV Bank's service provider as counterparty.

Immediate trades allow the customer to trade at a current price offered by LHV Bank's service provider. Hence, the customer will know the exact price when submitting an order. This eliminates the risk of price fluctuations – a risk that may be generated by other transaction or order types from the time of submitting an order until its execution, and it ensures complete execution of the order.

A customer cannot enter an order into the trading system on conditions fully or partially identical to another unexecuted trade entered into the trading system by the same customer.

An order can be split into several orders and executed at different prices during the day of trading or the following days. In case an order is split, and filled partially over a period of more than one day, the

total trading costs may increase. The reason for such increase is that the minimum fee may be charged more than one time based on the number of days necessary for the total execution of the order.

3.3.5 Trading Conditions

PARTIAL FILLS

Partial fills may occur on limit orders and the remaining amount stays in the market as a limit order and may be filled within the order duration.

Market orders can be filled at numerous levels, the price paid will be the volume weighted average price of all the fills.

MARKET ORDERS

Certain exchanges do not support market orders. If you place a market order in these markets, LHV Bank's service provider will automatically translate the order to an aggressive limit order within a certain percentage limit "in the money". The Percentage Limit varies between 1% and 4% depending on the exchange and the type of instrument. It is the customer's own responsibility to check if the order is traded in the market after order entry. If you experience or suspect any errors with your order you should contact LHV Bank immediately.

Exchange	
American Stock Exchange (AMEX)	Oslo Stock Exchange (OSE)
Athens Stock Exchange (AT)	OMX Copenhagen (CSE)
Australian Stock Exchange (ASX)	OMX Helsinki (HSE)
London International Exchange (LSE_INTL)	OMX Stockholm (SSE)
London Stock Exchange (LSE_SETS)	Singapore Exchange (SGX-ST)

Some of LHV Bank's service provider's execution brokers may choose to translate market orders on various markets into aggressive limit orders 3% in the money. This is due to their internal compliance and is set to protect customers from "bad fills". LHV Bank will not be responsible for missing fills due to this.

US STOP AND MARKET ORDERS

For US markets, LHV Bank's service provider uses sweep algorithms to add liquidity from more venues than the primary exchange. This implies that orders can be filled before trading commences on the primary exchange.

CFD market orders placed after 09:30 ET will not be filled before the stock is crossed on the primary exchange.

CFD stop orders are triggered on the primary market price feed and follow the routing rules listed above for market orders. As some stops are handled manually delays can sometimes occur.

NORDIC MARKETS

Orders traded in the Nordic markets (*Denmark, Sweden and Norway*) are split into an "Even lot" which will be traded, and a remainder which will be routed to the odd-lot book.

When part of an order is routed to the odd-lot book, limit orders will be filled if possible or left on the book until a fill is possible. A market order will be filled immediately if possible, and will otherwise be cancelled (fill or kill principle).

WARSAW STOCK EXCHANGE

Broker's market orders may be submitted to the exchange only during the continuous trading phase, except when balancing occurs. For any such order to be accepted, at least one opposite limit order must be awaiting execution.

A broker's market order shall be executed at the price of the best opposite buy or, as the case may be, sell order awaiting execution.

Where any market order is partly executed, the unexecuted portion shall become a limit order at the last price.

SEC SECTION 31 FEES FOR US CFD DMA AND SHARES

LHV Bank's service provider passes on to customers the SEC Section 31 fee of \$21.80 per million (0.218BP) on US exchange CFD DMA and stock SELL transactions where customers' orders are entered directly into the underlying market. Regular CFDs are exempt from this charge. Since SEC may make annual or mid-year changes to the fee amount, customers are advised to check the current fee under Account -> Trading conditions in the trading platforms. This fee applies only to US exchanges.

To read more about Section 31 visit: <http://www.sec.gov/answers/sec31.htm>

3.3.6 Corporate actions

RIGHTS ISSUES

On Stock Positions: Customers will receive rights and can choose to sell the rights or subscribe to new shares. If LHV Bank has not received a response from customers by the reply deadline date stipulated by LHV Bank, LHV Bank's service provider will if possible, sell the rights on behalf of the customers before they expire. If the rights are non-tradable, they will lapse and become worthless. The proceeds from the sale will be distributed to the customers, less the standard commission for the account. The reason LHV Bank's service provider carries out this action is to prevent rights from being worthless when they expire.

On CFD Positions: New positions in the original instrument are granted and booked according to the ratio and the price of the underlying rights issue on the Effective Date (Ex-date), with the value date as payment date. No election required.

CASH DIVIDENDS

On Stock positions: Cash dividends are booked on the Ex-date reflecting the market price movement on the Ex-date, but the actual value of the payment will be settled on the Pay Date. Dividend payments from stock positions will be credited to the customer's account with any applicable standard withholding taxes deducted. LHV Broker does not currently support or offer preferential withholding tax rates that may be available due to residency or legal status.

On CFD Positions: Cash adjustments are booked on the Ex-date reflecting the market price movement on the Ex-date, but the actual value of the payment will be settled on the Pay Date.

Dividends on index trackers: When any underlying stock that is part of an Index CFD goes ex-dividend, the Index CFD will be price adjusted to reflect this dividend. The weighted proportion of the applicable dividend within the Index CFD will be credited to the customer's account for long positions and debited for short.

DEPOSITARY RECEIPT FEES

It is standard practice for US depositary receipts to charge an annual administration fee depending on the issuing depositary bank. Typically the fee is deducted when dividend payments are made, however, in case the depositary receipt does not pay a dividend or did not include the custodial fee in their dividend events, the fee will be administered through fee-only events.

The dividend fee is stipulated in the Deposit Agreement between the depositary bank and the company based upon industry standards. The Deposit Agreement is filed with the SEC and is readily accessible by the public.

The fee per depositary receipt is not dependent on the total amount of dividend being paid but the amount of shares held.

STOCK DIVIDENDS

On Stock positions: Additional stocks are allocated on the Ex-date for value on the Pay Date.

On CFD Positions: CFDs are allocated on the Ex-date for value on Pay Date. Customers with short positions will be debited and customers with long positions credited.

OPTIONAL DIVIDENDS

On Stock Positions: The default payment form is cash. However, customers can elect to receive stocks. The stocks will be allocated once the reinvestment rate is confirmed for the value Pay Date.

On CFD Positions: Cash adjustments are booked on the Ex-date reflecting the market price movement on the Ex-date, but the actual value of the payment will be settled on the Pay Date.

BONUS ISSUES

On Stock positions: Stocks are allocated on the Ex-date.

On CFD Positions: CFDs are allocated on the Ex-date. Customers with short positions will be debited and customers with long positions credited.

TENDER OFFERS

On Stock Positions: Customers will have the possibility to tender.

On CFD Positions: Customers will not be given a choice to tender.

MERGERS & MERGERS WITH ELECTIONS

On Stock Positions: For mandatory mergers, customers are paid cash or new stocks on the Ex-date. For mergers with elections, customers have the possibility to elect prior to the deadline.

On CFD Positions: For mandatory mergers, customers are paid cash or new CFDs on the Ex-date. Customers will not have the possibility to vote on mergers with elections. The default term will be elected on behalf of the customer. Customers with short positions will be debited and customers with long positions credited.

STOCK SPLITS / REVERSE STOCK SPLITS / SPIN OFFS

On Stock Positions: Stocks are allocated on the Ex-date.

On CFD Positions: CFDs are allocated on the Ex-date. Customers with short positions will be debited and customers with long positions credited.

SPECIAL CORPORATE ACTION EVENTS

Special and infrequent Corporate Actions that do not come under the descriptions above may occur. LHV Bank's service provider will handle such Corporate Actions in the best interest of the customer to the extent that time and operational procedures will allow.

TAXES AND FEES ON CORPORATE ACTIONS

Taxes and fees may also occur on other corporate action other than cash dividends such as fee on a stock dividend or tax on a merger. When such taxes and fees occur, LHV Bank will debit the customer's account accordingly.

4. GENERAL INFORMATION

4.1 Passwords

To use LHV Broker or LHV Broker GO, the customer must log in using the password provided by LHV Bank. If the customer fails to enter the password correctly five times in a row, the access to the trading platform will be blocked and the customer must contact LHV Bank to obtain a new password.

4.2 Fees

By default, customers have access to delayed market data on the equities exchanges on which they are enabled to trade. To receive real-time market data for stock, CFD or trading, customers will have to subscribe to the individual exchanges. Customers will incur monthly subscription fees for the data they elect to receive in real-time. Similarly, customers will need to subscribe to News services they wish to receive.

An Online Subscription Tool is available in the trading platform. In the tool, customers will find a list of available exchanges and news services alongside the applicable monthly fees.

LHV Broker uses BATS and BATS Europe as the market data provider.

4.3 Conversion of profit and losses

Currency conversions of trading costs as well as profits and losses from trading activities are done using the prevailing close rate as of 17:00 New York time, plus/minus 0.5%.