

**Swaps Program -  
“Long-Term Funds Placement”**

This Swaps Program -“**Long-Term Funds Placement**” (further “Program”) forms an integral part of the Freedom Finance Europe Ltd General Terms of Business available at <https://freedomfinance.eu/documents> (“General Terms”), and the relevant Services cannot be provided to the Client unless and until the Client accepts the General Terms. Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the General Terms.

Subject to this Program, the Company may agree to enter into a transaction with the Client following the relevant Client’s order, such as to buy over-the-counter (OTC) Financial Instrument or currency Long-Term Swaps (“Swaps”) as may be formed from time to time offered by the Company including execution and settlement of the Swaps.

## **Overview**

Client accounts are eligible to receive interest on long-settled cash balances in their brokerage accounts by participating in this Program.

Interest is paid to clients based on their choice of a participating Term in the Program upon the settlement within the Company through transactions with Swaps.

The mechanics behind this Program involve buying a Financial instrument or currency with different settlement dates on an Account (s) from which the funds have been allocated to participate in the Program.

The difference in the currency value or Financial Instrument between these dates shall form the interest earned as it described below.

The participating Term in the Program shall be a fixed period of time 3, 6 or 12 months to be selected by the Client.

### **1. How to Participate in the Program**

- 1.1. To participate in the Program, the Client must submit the relevant order on a Company Portal using Electronic Trading Platform, and before submitting such an order, the Client has to choose a participating Term in the Program and relevant to the participating Term certain expected income by filling out available fields within such order in the Member Area of the Platform (further, “Investment Order”).
- 1.2. The Client agreed with the terms and conditions of the current Program by placing the Investment Order.

### **2. Execution of Orders**

- 2.1. The Investment Order shall be executed in accordance with the terms and conditions of the relevant Specification, KID and the General Terms.
- 2.2. The Client understands, acknowledges and agrees that:

- a) execution of any Order cannot be accurately pre-determined or guaranteed and is closely related to the Counterparty's demand for the transaction; and
- b) the Company gives no warranty as to the execution of any Investment Order.

### **3. How is the Income Paid**

- 3.1. Interest for the entire Swap's Term accrues on the day of the relevant Client's Order execution and is payable on the same day to the nontrading restricted Client's subaccount and becomes available to the Client on the Swap expiration day at 10:00 PM Cyprus Time (in EUR or USD).
- 3.2. These relevant Orders may be provided with respect to currency Swaps, Financial Instrument Swaps and shall contain references to the applicable contract specifications available at <https://freedomfinance.eu/documents> ("Specification").
- 3.3. Swap prices are not published but can be seen in the brokerage statement after the execution of a relevant order. However, one Financial Instrument Swap represents one Financial Instrument.
- 3.4. The number of underlying Financial Instruments provided and transferred to the Client Account in exchange for used cash from any Client's accounts for the transaction with the Financial Instrument Swap will be rounded upwards.
- 3.5. The interest rate for the placement of funds is based on the Secured Overnight Financing Rate (SOFR) for USD and the Euribor rate for EUR and it shall vary accordingly. The interest rate for the currently placed funds shall be fixed at the moment of submitting the Investment Order for the entire period of placement of the funds, which was initially selected by the Client.
- 3.6. The interest payable is non-cumulative and will not be calculated daily until the minimal interest amount of 0.01 cents is reached.
- 3.7. Fluctuating the price of an underlying Financial Instrument under the Financial Instrument Swap transaction will not affect the interest accrued on the Swap opening day and payable on the settlement date.

### **4. What does Currency Swap and Financial Instrument Swap mean**

- 4.1. A Financial Instrument Swap is a pair of conversion transactions in which cash flows in one financial instrument is exchanged for those of another financial instrument or cash at a certain future date.

One - with the settlement date T on the Swap opening day (selling Financial Instrument), the second - with the settlement date T + N (buying Financial Instrument).

Where N is participating Term chosen by the Client under this Program and indicated in Investment Order

The profit on the second transaction is the income paid to the Client.

All Swap transactions will be available in the brokerage statement.

The withdrawal of funds before the expiration of the participating Term is subject to the Swaps terms (published in the Specification and KID).

## 5. Cost

This service is provided as a free service, and no commission is charged.

## 6. Counterparties

The counterparties under the transactions according to this Program shall optionally be Freedom Finance Europe Ltd or the Client of Freedom Finance Europe Ltd.

## 7. Risks

- 7.1. The Swaps are complex investment products that may not be fitting for all investors. Where a Swap is intended to be distributed to retail investors the manufacturer of such Swap is required under Applicable regulations to publish a short pre-sale disclosure document ("Key Information Document" or "KID") aimed at assisting potential investors with understanding the nature, risks, costs, potential gains and losses of the relevant Swap in comparison with other investments. The key information to be disclosed in the KIDs includes: (i) the nature and features of the Swap, including whether it is possible to lose capital; (ii) the costs and risk profile of the Swap; and (iii) relevant performance information. Where the Company is the manufacturer of a Swap, a KID prepared in respect of such Swap is available at <https://freedomfinance.eu/documents>.
- 7.2. Any investment in the Swaps is subject to a number of risks. Prior to investing in the Swaps, the Client should carefully consider risk factors associated with any investment in the Swaps, the business of the Counterparty and the industry in which it operates together with all other information contained herein, in the relevant KID and in other materials made available at <https://freedomfinance.eu/documents> and/or at the relevant product page at the Electronic Trading Platform, including, but not limited to the risk factors described below. The following is not an exhaustive list or explanation of all risks which the Client may face when making an investment in the Swaps and should be used as guidance only.
- 7.3. The Swaps being uncleared off-exchange OTC derivatives entail a counterparty credit risk, whereby investors are exposed to the inability of the Counterparty to perform its obligations under the relevant Swap. Each Counterparty is exposed to market price risk, interest rate risk, credit risk, liquidity risk, currency risk and capital risk arising from the financial instruments it holds. Each Counterparty's obligations under the Swaps are unsubordinated and unsecured obligations of the Counterparty and will rank pari passu with its other unsubordinated and unsecured obligations.
- 7.4. The Swaps may not be a fitting investment for all investors. Before investing in any Swap the Client shall make its own determination whether any such investment fits its own investment objectives and experience, and any other factors which may be relevant to it in connection with such investment. In particular, the Client should:
- a) have sufficient knowledge and experience to make a meaningful evaluation of the Swaps, the merits and risks of investing in the Swaps and the information contained in the KIDs;

- b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation and the investment(s) it is considering, an investment in the Swaps and the impact the products will have on the Client's overall investment portfolio;
- c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Swaps;
- d) understand thoroughly the contractual documentation governing Swaps, underlying securities and underlying obligations and be familiar with the behaviour of financial markets and of any financial variable which might have an impact on the return on the Swaps; and
- e) be able to evaluate possible scenarios for economic, interest rate and other factors that may affect the Client's investment and its ability to bear the applicable risks.

7.5. The Client shall also consult the Client's own tax adviser as to the tax consequences of investments in the Swaps.

7.6. The Swaps do not represent a claim against any issuer, reference entity, sponsor, manager or other connected person in respect of their underlying assets and the Client will not have any right of recourse under the Swaps to any such issuer, reference entity, sponsor, manager or other connected person. The Swaps are not in any way sponsored, endorsed or promoted by any issuer, reference entity, sponsor, manager or other connected person in respect of any underlying asset and such entities have no obligation to take into account the consequences of their actions on any party to the Swaps.

7.7. The Swaps involve liquidity risk as there is no exchange market on which to close out an open position. It may be impossible to liquidate the existing position and/or to assess the value of the position arising from a Swap.

7.8. The Client understands and agrees that if the Client decides to terminate any Swap before maturity (as specified below) the Client may, under the applicable Swap terms, receive an early termination amount credited back to the Client's Account, but no Interest Amount accrued thereto, in each case less any applicable taxes, fees, commissions, or other costs (including brokerage fees).

7.9. The Client understands and agrees that the Company, each Counterparty and their respective Affiliates play a variety of roles in connection with the manufacturing and distribution of the Swaps. In performing these functions, the economic interests of the Company, each Counterparty and their Affiliates may be misaligned or be potentially adverse to the Client's interests as an investor in the Swap. In addition, business activities of the Company, each Counterparty and their respective Affiliates, including hedging and trading activities, could cause their economic interests to be adverse to the Client's. It is possible that hedging or trading activities of the Company, each Counterparty and their respective Affiliates may result in substantial returns for them while the value of the Swaps goes down.

## **8. Disclosure of Conflict of Interest**

We are a wholly owned subsidiary of Freedom Holding Corp. (FRHC), a public company listed on the Nasdaq stock exchange, and as such, our parent company is a related party.

By accepting this Program, the Client acknowledges and accepts that there may be inherent conflicts of interest when an FRHC stock represents the underlying Financial Instrument.



## **9. WARRANTY**

The Company unreservedly states, affirms, warrants, and guarantees that any loss suffered by the Client due to a default or insolvency of a third party involved in the Swap transaction is subject to full indemnification by the Company towards the Client.