MARGIN TRANSACTION RULES

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MARGIN TRANSACTIONS RULES

WISDOMPOINT CAPITAL LTD) (the **Company**), the company established under the laws of the Republic of Cyprus (HE 307126), authorized and regulated by the Cyprus Securities and Exchange Commission under license of a Cyprus Company providing investment services, licence number 275/15, dated 30/10/2013, and with registered address: Andrea Zappa 1, Office 9, 4040, Limassol, Cyprus

1. Subject of the Rules

The present Margin Transactions Rules (the **Rules**) are an integral part of the General Rules and Regulations on Services on the Securities Market (the **General Rules**) and establish common procedures for Margin Transactions.

2. Definitions

“Client’s Assets” – if otherwise not specified, shall be defined as the aggregate sum of Client’s Funds and Financial Instruments, available in the Client’s Account with the Company (the **Client’s Account**). Such Financial Instruments shall meet the Company’s requirements and shall be included in the list of Marginable Financial Instruments;

“Amount of Client’s Indebtedness” – the aggregate sum of Client’s obligations to the Company, arising in connection with Margin Transactions.

“Interest” –amount to be paid by the Client to the Company for borrowed Funds and/or Financial Instruments in connection with the conclusion and settling of Margin Transactions, to be calculated as a percentage of the Amount of Client’s Indebtedness (according to the rates established in Company’s Tariffs).

“Client’s Indebtedness to the Company in connection with Margin and Non-covered Transactions” shall hereinafter refer to:

– an obligation to pay the Sum of Compensation and expenses to the Company in connection with conclusion of Margin Transactions of buying Financial Instruments and their settlement (including the settlements of Transactions with Funds provided to the Client by the Company), and/or

– an obligation to return Financial Instruments to the Company in connection with Margin and Non-covered Transactions of selling Financial Instruments (including the settlements of Transactions with Financial Instruments provided to the Client by the Company);

– an obligation to return Funds to the Company in connection with Margin and Non-covered Transactions of Financial Instruments purchase (including the settlements of Transactions with use of Funds provided to the Client by the Company);

– an obligation to pay to the Company an Additional Fee in connection with conclusion of Margin and Non-covered Transactions and Loans granted to the Client;

– an obligation to pay to the Company a sum of money equal to analytical value (hereinafter referred to as **“Analytical Value”**) calculated as the product of Financial Instruments used by the Company for settling Margin and Non-covered Transactions concluded in Client’s interests and declared dividend rates for such Financial Instruments

Explanatory Note. For the purposes of the Rules, in the calculation of the Analytical Value for evaluating the Amount of Client's Indebtedness to the Company the dividends for Financial Instruments are taken into account when the decision on dividend payment is announced by the issuer under the condition that Client's Liability in Financial Instruments existed on the date of compiling the list of shareholders with a right to receive the dividends for corresponding Financial Instruments (record date). The Analytical Value is calculated and the corresponding sum is deducted immediately upon reception of necessary information from the issuer.

"Client's Property" – if otherwise not specified, shall be defined as the total sum of Funds and Financial Instruments on Client's Account with the Company.

"Margin Loan" – a sum of Funds and/or Financial Instruments provided by the Company to the Client for settlements of Margin Transactions.

"Margin Transaction" is a transaction for selling or buying of Financial Instruments on the basis of Client's Instructions when such transaction is not secured with Client's funds or Financial Instruments, including the cases when a transaction is settled with the funds borrowed by the Client.

"Margin Transaction of Buying Financial Instruments" is a transaction involving Financial Instruments when the settlement is performed by the Company with funds credited by the Company to the Client due to insufficiency of Client's Funds for fulfilling the obligation to settle for such Financial Instruments and other Client's obligations to the Company arising in connection with Margin Transaction.

"Margin Transaction of Selling Financial Instruments" is a transaction involving Financial Instruments when the settlement is performed by the Company with Financial Instruments credited by the Company to the Client due to insufficiency of Client's Financial Instruments for fulfilling the obligation to supply the Financial Instruments under transaction.

"Margin Call" (requirement to maintain a margin level) is the notice served by the Company to the Client to transfer additional Assets to Client's Account in connection with the necessity to meet the margin level requirement or at Company's discretion in connection with changing market situation.

"Non-covered Transaction" is a transaction for selling and buying of Financial Instruments concluded on the basis of Client's Instruction without the necessary Funds and Financial Instruments to secure the execution and to fulfill obligations under such transaction being available in Client's account opened with the Company at the moment of its conclusion.

"List of Liquid Financial Instruments" includes the Financial Instruments meeting Company's requirements.

"Compensation Sum" applies to:

(I) the sum of funds to be paid by the Client to the Company in connection with the conclusion or/and settlements of Margin and Non-covered Transactions,

or

(II) the current market value of Financial Instruments to be returned by the Client to the Company in connection with the conclusion, execution of Margin and Non-covered Transactions; the current market value of Financial Instruments is determined by the Company.

"Sum of Expenses" is the amount of expenses (costs) of the Company in connection with Margin and Non-covered Transactions, other than Compensation Sum.

"Current market value of Financial Instruments" is a calculated value equal to the current market value of Financial Instruments, determined by the Company.

"Actual Margin Level" is a calculated value expressed as percentage and applied by the Company for evaluation of the current ability of the Client to fulfill the obligations to the Company under concluded transactions.

"Financial Instruments on Client's Account with the Company" are Client's Financial Instruments kept on Client's Account with the Company.

Any terms and definitions used in the present Rules but not defined herein shall be interpreted according to the Investment Services Agreement, and the normative acts and provisions of the Applicable Law including but not limited to laws and other legal acts regulating issuance and turnover of Financial Instruments, professional and investment activities in the stock market, forex transactions, and in case such terms and definitions are not defined in the said acts, they shall be interpreted on the basis of general practices acceptable in the stock market.

3. General Provisions

The Company provides the Client with an opportunity to use the facilities described in the Rules when concluding Margin Transactions.

The Client understands and agrees that any credits/loans granted to him hereunder are intraday credits and shall be fully returned by him by the close of business of that day without further notice unless otherwise agreed.

The Client shall perform under and settle all margin trades as set out in the Applicable Regulations and Market Rules and by applicable settlement deadlines. The Client understands that if he fails to comply with the provisions of this clause, the Company shall have the right, in addition to other rights and remedies under the Rules and the General Rules, to immediately change the Client`s margin status to Critical Margin Level.

The following conditions are mandatory for providing the Client with the Services under the present Rules:

– The Client shall have a Client Account opened in the Client's name with the Company on the basis of General Rules;

– The Client shall assume the risks related to Margin Transactions;

– The Company has considered that Margin Transactions are appropriate for the Client.

Client's application for Margin transactions shall be the Client's

instruction to execute a Transaction when the Client does not

have sufficient Funds or appropriate Financial Instruments in

order to secure execution or to execute such transaction.

Instruction for conclusion of Margin Transactions may be given

by the Client in any form, manner, and order envisaged by

General Rules.

4. Conditions of conclusion of Margin Transactions

All Client's funds and Financial Instruments in the Client's accounts with the Company included at the time in the List of Marginable Financial Instruments are used as collateral against the Client's obligations related to Margin Transactions. The Company determines the Marginable Financial Instrument solely at its own discretion without any notification to clients.

Instructions for Margin Transactions are accepted for execution exclusively under the condition that:

– minimal Margin Level is maintained;

– to secure the obligations arisen as a result of a corresponding Margin Transaction, the Client provides the Company with Financial Instruments owned by the Client and/or acquired by the Company for the Client as a result of executing the corresponding Margin Transaction; and/orto secure the obligations arisen as a result of a corresponding Margin Transaction, the Client provides the Company with Funds owned by the Client and/or received for the Client as a result of executing the corresponding Margin Transaction;

– to secure the obligations arisen as a result of a corresponding Margin Transaction, the Client provides the Company with Funds owned by the Client and/or received for the Client as a result of executing the corresponding Margin Transaction;

– the Client provides the Company with a complete set of signed documents stipulated by the Rules.

The following conditions shall serve unconditional grounds for rejecting Instructions for Margin Transaction:

– client's refusal to sign the Declaration of Risks Related to Margin Transactions;

– withdrawal by the Client of the Client's Instruction;

– violation of the requirement in respect to Restrictive Margin Level existing at the moment of Instruction transmission or arising in connection with its execution;

– The Company does not consider that a Margin Trading is appropriate for the Client.

Notwithstanding the aforesaid the Company hereby notifies the Client, and the Client agrees with the following:

(i) Whereas, the performance by the Company of Margin Transactions may result in arising and incremental of credit or/and market risks borne by the Company, the Company exclusively at its own discretion and without any sanctions against the Company has a right to refuse the execution of Client's Instruction for Margin Transaction, suspend its execution, close open Margin position, and

(ii) Provided that granting Funds and Financial Instruments for Margin Transactions depends on actual availability of the Funds and Financial Instruments in the market and at Company's disposal, the Company, exclusively at its own discretion and without any sanctions against the Company, makes decision whether to provide clients with Margin Trading or not.

The Company grants Funds and Financial Instruments for Margin Trading for an account of Brokers to which the Client`s order transmitted for execution by crediting an omnibus account opened by the Company with this Broker.

From the moment of concluding a Margin Transaction, the Client has Indebtedness to the Company and in this connection the Client hereby undertakes the following obligations and risks:

– throughout the entire period of Indebtedness, the Client shall maintain a Margin Level in line with the Rules, which for the purposes of the Rules implies an unconditional right of the Company to reject in full or in part the Client's Instructions to withdraw (transfer) assets from Client's Account if as the result of its execution, the Margin Level requirement is not satisfied;

– to follow the Rules and Company requirements in case of violating the Margin Level requirements;

– to bear and accept a risk of possible refusal of the Company to execute Client's Instruction for Margin Transactions, or possible suspending of its execution, and the risk of actual or possible losses arising from such refusal or suspending;

– to bear and accept a risk of possible refusal of the Company to provide the Client with loan (Funds or Financial Instruments) in connection with conclusion or/and execution of Margin Transactions and risk of actual or possible losses arising from such refusal.

For the term of Client's Indebtedness, the Company has a right to reject Client's Instructions to withdraw Funds from Client's Account with the Company.

Explanatory Note. For the purposes of the Rules, the Company establishes the following normative Margin Level values (parameters).

– Restrictive Margin Level is a minimal required Margin Level for Margin Transactions and other transactions reducing the Margin Level.

– Margin Call Level is a Margin Level at which the Company has a right to require the Client to transfer additional Funds to Client's Account with the Company.

– Critical Margin Level is a Margin Level providing for the procedure of selling Client's Financial Instruments or buying Financial Instruments using Client's Funds for the purpose of settling a part of Client's Indebtedness before the Company.

– For the purpose of managing arising risks, the Company calculates the Actual Margin Level (AML) according to the following formula

$$AML = \frac{CC + CSV - CSV^{*} - CL}{CC + CSV} \times 100\%$$

where:

CC is the sum of Client's Funds on Client's Account with the Company,

CSV is the current market value of Client's Financial Instruments accepted by the Company as collateral against the Client's Indebtedness on Client's Account with the Company, CSV* is the current market value of Client's Financial Instruments borrowed by the Client for settling Margin Transactions,

CL is Client's Indebtedness to the Company as the result of Margin Transactions concluded by the Company.

Unilaterally and exclusively at its own discretion, the Company determines normative Margin values (parameters).

If the Applicable Legislation provides for any requirements pertaining to Margin Level values (parameters) and/or the order of their determination, the Company establishes normative Margin Level values (parameters) according to such requirements.

5. Interest and Sum of Expenses

The Client having Indebtedness to the Company undertakes to pay Interest to the Company for using borrowed Financial Instruments and Funds, and a Sum of Expenses related to Margin Transaction settlements. Payment of Interest in connection with Margin Transactions shall be performed on the basis of interest rates for its calculating, specified in Company's Tariffs being an appendix to General Rules and as amended from time to time. The Company unilaterally without the prior consent of the Client adopts new and makes changes/amendments to current Tariffs and informs the Client regarding it not later than 10 (Ten) calendar days before the respective changes/new Tariffs come into force and become applicable to the Client(s).

6. Settlements with the Client when concluding Margin Transactions

If the Actual Margin Level reduced to Margin Call Level, the Company sends the Client a request to transfer additional funds (sufficient for increasing the Margin Level to Restrictive Level) to Client's Account (hereinafter referred to as Margin Call). The Margin Call shall be sent to the Client:

– by authorized and indicated in the Client Questionnaire e-mail;

– within the framework of electronic trading system;

– by certified postal service.

Before 5 p.m. Cyprus time of the following Business Day, the Client shall execute the Margin Call of the Company.

Notwithstanding the above mentioned the Company, exclusively at its own discretion, has a right to request from the Client to execute the Margin Call before the end of the current Business Day.

The Company has a right to abstain from accepting the incoming Instructions for execution or suspend execution of the accepted Instructions until the Client transfers Additional Assets or issues an order to provide such Assets, or sends the Company an Instruction to receive such Assets on behalf of the Client to Client's Account with the Company.

The Client undertakes to transfer to the Company the interest/coupons (income on Financial Instruments), other distribution of profits of the Financial Instruments to which the Client was entitled to after conclusion of the Margin/Noncovered Transaction on selling the Financial Instruments credited by the Company to the Client for the period from the moment of conclusion respective Transaction until the Client's Indebtedness is paid off by the Client in full, irrespective of whether he received such interest/coupon payment or distribution or not, and, if applicable, after deduction of any taxes and duties, established for such class of Financial Instruments as the case may be. Thereupon the Client hereby empowers the Company to withhold interest/coupon income (income on Financial Instruments) and other distributions on Financial Instruments due to the Company and to directly debit the respective amount/sum of interests/distribution on Financial Instruments from the Client's account (opened with the Company) and credit the said amounts/sum to the Company's account; and in case of insufficient amount of funds the Client shall pay the respective amount of funds due to the Company no later than 3 (Three) Banking Day following the receipt of the Company's notice sent by e-mail or by fax, or delivered to the Client by hand; and the Client hereby asks the Company to treat the aforesaid as the Client's instruction issued on the term of present Rules and General Rules.

7. The Client debt's repayment

Funds and Financial Instruments transferred to the Client are primarily used for paying off Margin loans.

Client's Indebtedness to the Company shall be set-off in full by payment of the Amount of Client's Indebtedness or return of Financial Instruments, compensation of the Sum of Expenses related to Margin Transaction, payment of the Interest and the entire sum of money equal to the calculated Analytical Value.

Client’s Indebtedness in Funds shall be offset by transfer of Funds to Client’s Funds Account or entering funds from the realization (selling) of Financial Instruments.

Client’s Indebtedness in Financial Instruments shall be offset in full or in part by transfer of the same quality of Financial Instruments (Issuer, kind / category, type, state registration number of the issue) and the same amount (used by the Company for settling a Margin Transaction to the Client’s Account with the Company.

If the Margin Level is reduced to Critical and the Margin Call is not executed, the Company sells the Financial Instruments belonging to the Client and serves as collateral, or buys Financial Instruments using the Client’s Funds serving as collateral in the amount sufficient for offsetting Client’s Indebtedness towards the Company.

The Actual Margin Level after settlement of a part of Client’s Indebtedness to the Company shall at least be equal to the Restrictive Margin Level or, in case it is impossible to increase the Margin Level to Restrictive Margin Level, to a minimal values exceeding the Margin Call Level to which the Margin Level can be restored in case Client’s Financial Instruments are sold or appropriate Financial Instruments are purchased with Client’s Funds.

As a general rule the Company performs trading and nontrading operations with Client’s Financial Instruments to pay off Client’s Indebtedness for the purpose of recovering the required Margin Level on the basis of Instructions issued by Client’s Authorized Person according to the Rules, including those which are expressed in the present Rules.

The Company has a right to determine independently the Financial Instruments from the List of Marginable Financial Instruments used as collateral to be sold for the purpose of covering the Client’s Indebtedness/partial Indebtedness.

To acquire Financial Instruments returnable to the Client, the Company has a right to sell other l Financial Instruments placed as collateral.

As a general rule, the sufficient and required quantity of Client’s Financial Instruments shall be sold in order to cover the Client’s Indebtedness towards the Company

Explanatory Note. If internal rules of Trade Organizer or Stock Exchange selected by the Company as a place for selling Client’s Financial Instruments stipulate for trading by lots or in the amounts that are multiple to a minimal standard lot set by the internal rules of Trade Organizer or Stock Exchange, the Financial Instruments can be sold in the amount exceeding that which is required for setting off Client’s Indebtedness towards the Company.

The Funds obtained as the result of selling Client’s Financial Instruments is credited on Client’s Account with the Company in the order stipulated by the Custody Service Agreement on the next day after the Transaction is concluded. The Funds for settling Client’s Indebtedness to the Company is debited on the Client’s Account with the Company and credited on the Company’s Account with a credit organization. Any remaining Funds left after such settlement are credited on Client’s Account with the Company.

If the Funds obtained as the result of selling the Financial Instruments are not sufficient for covering in full Client’s Indebtedness to the Company and there are no other Financial Instruments which the Company has a right to sell, before the end of the Business Day following the day when notice was served by the Company , the Client shall transfer to the Company the remaining part of Client’s Indebtedness and/or deliver Financial Instruments to the account in the Authorized Organization indicated by the Company.

When performing transactions and operations with Client’s Asset aimed at paying off Client’s Indebtedness, the Company reserves a right to collect from the Client in addition to any fees, charges or levies stipulated by the present Rules a fee for the provision of investment services and compensation of expenses related to execution of the Instructions issued by Client’s Authorized Person in addition to the Rules, in the amount and according to the order stipulated by General Rules.

If the Actual Margin Level reaches the Restrictive Level, the Company shall refuse to accept and execute any Client’s Instructions, except for those aimed to increase the Margin Level (in this case all previous Instructions accepted for execution including Instructions for Margin Transaction shall become invalid).

Notwithstanding the aforesaid the Company and the Client hereby agree that for the purposes of the Rules and for ensuring its interests in Margin Transactions executed in Client’s interests, the Company has a right:

– Exclusively at the Company's own discretion to require the Client to pay off Indebtedness in full or in part regardless of the Actual Margin Level;

– to dispose Client's Funds available in Client's account(s) with the Company for the purpose of acquiring Financial Instruments to settle the Client's Indebtedness before the Company;

– to sell Client's Financial Instruments available in Client's account(s) with the Company for the purpose of settling Client's Indebtedness before the Company.

8. Presentation of the Client's debt in reports

Information on all Transactions including Margin Transactions and Transactions aimed to pay off Client's Indebtedness to the Company in the accounting period, and the amount of Interest for use of Financial Instruments and Funds in Margin Transactions is included by the Company in reports and statements of account provided to the Client according to General Rules.

9. Risks and liability of the Client on Margin Transactions

Client accepts, that investment into Financial instruments is connected to certain risks, and the responsibility cannot be borne by the Broker, as it is out of the Broker's control, and possibility to foresee and prevent effect of those risks, are limited. These risks are related also with the instable political and economical situation in Russian Federation, imperfection of the legislation of Russian Federation. Due to the above, the Client shall evaluate the possibility of his investments on his own, and the Broker will do his best to help the Client to reduce possible risks of investments according to the present Rules.

Margin transactions risk – is risk, related to possibility of loss during the margin transactions. Relatively insignificant change of market conjuncture can render proportionally more significant impact on Client's funds, has been contributed or will be contributed: and may work both ways – in favor or against of the Client. To support his position, the Client may suffer from loss of all his assets on the investment account of the Client, and any other additional funds of the Client on his bank account. In case of change in the market conjuncture against the Client's interests, or increasing of the margin level, to support the Client's position, it may require the payment of additional significant funds during the short term. In case of unfulfillment by the Client the requirement on contribution of additional funds in certain terms, the Client's position can be liquidated with loss to the Client, and only the Client shall be responsible for any related deficit.

During proceeding of the Margin Transactions additional types of risks may arise:

1. Failure or partial failure risk during proceeding of Instruction on Margin Transaction on the discretion of Company
2. During proceeds of the Margin Transactions, the Client bears the risk of price increase on securities, transferred to the Client. The Client is obliged to return securities independently from change of its value. The current market price can significantly exceed its costs during its initial sale
3. During proceeds the margin transactions, the Client bears the price risk on assets, purchased with his own funds, and also on assets, which are collateral of Client's liabilities for the Company. The size of assets under the risk of adverse price change is higher, than during the simple trading. Respectively, losses can occur on a large scale as compared to trading with the Client's own funds.
4. The Client is obliged to keep an adequate level of collateral of his obligations to the Company, which can result in the need to conclude transactions on purchase/sale, independently from the current level of market prices and the following realization of risks of loss of revenue, risk of loss of investing funds or risks of loss, exceeding the investing funds.
5. During the adverse price changes for the Client, to support the level of margin, in cases, provided by the Rules, the Client's position can be liquidated, which may effect on revenue loss risk, risk of loss of investing funds or risks of loss, exceeding the investing funds realization.

Client's Prior Consent

By signing of the General Rules the Client agrees and fully accepts all conditions of the present Rules.