

Special Conditions for Forward Transactions



These Special Conditions apply to transactions on options and futures exchanges and to off-exchange forward transactions in foreign currency and precious metals (referred to in the following as »transactions«). They do not apply to off-exchange transactions for which the application of the Master Agreement for Financial Derivatives Transactions, or another master agreement which combines all the transactions documented under it into a single contract, has been agreed. Transactions in which the rights are represented by certificates (e.g. in the case of warrants) are subject to the Special Conditions for Dealings in Securities.

Transactions on options and futures exchanges

1 Execution of the transactions

(1) Transactions in contracts on Eurex Deutschland

The Bank shall execute all orders relating to options and futures contracts admitted to trading on Eurex Deutschland in the capacity of a commission agent¹ in its own name and for the customer's account on Eurex Deutschland. The Bank may also engage another commission agent (intermediate commission agent) to execute the order. When the transaction is effected on Eurex Deutschland (execution transaction), a corresponding transaction shall be simultaneously effected between the customer and the Bank. Any transactions with the customer in contracts which are admitted to trading on Eurex Deutschland shall be governed by the trading and clearing conditions and by the exchange rules of Eurex Deutschland.

(2) Transactions on foreign futures and options exchanges

Orders to conclude transactions on foreign futures and options exchanges shall be executed by the Bank in the capacity of a commission agent in its own name and for the customer's account. The Bank may also engage an intermediate commission agent to conclude the execution transaction. It shall only be liable for the careful selection of the parties entrusted with the execution of the customer's order abroad; should performance be impaired, the Bank shall assign to the customer its claims against the parties involved. Execution transactions in contracts which are traded on foreign futures and options exchanges shall be subject to the legal regulations and business conditions (practices) applicable to such exchanges; they shall be governed, in addition, by the general business conditions of the Bank's counterparty. This shall also apply to the contents and the settlement of the execution transactions, e.g. in respect of their exercise date, the term or margin requirements, and also in respect of the suspension or discontinuance of the settlement of the transactions by the clearing houses

existing at the exchange and by any other parties entrusted by the Bank with the execution of the customer's order.

2 Price of the execution transaction/remuneration/expenses

The Bank shall charge the customer the price of the execution transaction; it shall be entitled to charge its remuneration. Any entitlement by the Bank to reimbursement of expenses shall be governed by the applicable statutory provisions.

3 Selection of the place of execution

If orders can be executed on several exchanges, the Bank shall, in the absence of other instructions, determine the place of execution with due regard to the customer's interests and shall inform the customer without undue delay of the place of execution.

4 Fixing of price limits

The customer may, when placing orders, stipulate to the Bank price limits for the execution transaction (orders with price limits).

5 Period of validity of orders unlimited in time

An order to conclude transactions on futures and options exchanges which has been given without expressly stating the period of validity shall be valid only for the day on which the order has been given.

6 Suspension of trading

If trading in certain contracts is partly or completely suspended at the instigation of the exchange management and if all orders in such contracts are cancelled, all customer orders in the contracts concerned for execution on this exchange shall become void; the Bank shall advise the customer thereof without undue delay.

Off-exchange transactions

7 Trading for own account

(1) Execution of the transactions

In the case of off-exchange transactions in foreign currency and precious metals, the Bank shall conclude the transaction with the customer in the capacity of a dealer in its own name and for its own account.

(2) Price of the transaction

The Bank may determine the price at its reasonable discretion (Section 315 of the German Civil Code)², unless a fixed price has been agreed.

¹ A commission agent is a person who in the regular course of his trade undertakes to buy or sell goods or negotiable instruments in his own name upon the instructions of and for the benefit of another.

² This section of the German Civil Code requires any price determined by the Bank under Section 7(2) of these Special Conditions for Forward Transactions to be determined equitably.



Rules governing exchange and off-exchange transactions

8 Non-execution due to a lack of cover

The Bank shall be entitled not to execute the order if the customer's credit balance or a loan available for forward transactions are not adequate for execution. If the Bank does not execute all or part of the order, it shall advise the customer thereof without undue delay.

9 Collateral

(1) Lien under the General Business Conditions

The securities, chattels and claims of the customer against the Bank subject to the Bank's lien under Section 14 of its General Business Conditions (lien under the General Business Conditions) shall secure in an unrestricted manner any existing and future, including any contingent or unmaturing, claims of the Bank against the customer arising from the transactions. If security has been agreed separately, the Bank's claims shall be secured by this as well, provided that the declaration regarding the purpose of the security also covers the transactions (other security).

(2) Maintenance of sufficient assets as security

The Bank may require the customer to maintain assets at the Bank which, by virtue of the lien under the General Business Conditions and other security, at the same time serve as security for all the Bank's claims arising from the transactions. Security must be provided from time to time in such an amount as the Bank considers necessary according to its assessment of the exposure to interest, exchange rate and price risks (exposure to loss) from transactions with the customer. In the case of a change in the assessment of the risk or in the value of the assets maintained with the Bank, the Bank may at any time demand that the customer shall provide additional assets as security or provide first-time security for as yet unsecured risks within a reasonable period of time, which time period – in view of the peculiar nature of the transactions – may be very short, possibly hours.

(3) Separation or separate accounting of assets

In view of the exposure to loss from the transactions, the Bank may at any time post assets of the customer in separate accounts or separate them otherwise. The Bank's lien under the General Business Conditions on these and any other assets of the customer shall not be affected thereby. All assets shall therefore continue to serve as security both for any claims arising from the transactions and for any other claims arising from the business relationship. The customer may dispose of the separately accounted or otherwise separated assets only with the Bank's consent.

(4) Security to be provided for transactions on Eurex Deutschland

For any order to conclude transactions on Eurex Deutschland, security must be provided in the minimum amount resulting from the method of calculation applied by Eurex Deutschland.

(5) Interim credits or debits under outstanding transactions

If preliminary gains resulting from the daily valuation of transactions are credited by the Bank – to a separate account, if appropriate – prior to final settlement or closing out of such transactions, the customer may dispose of them only with the Bank's consent. If losses result from such a valuation, the Bank shall debit the customer's account accordingly. The Bank shall inform the customer of the entries at regular intervals. The Bank shall be authorised to debit the customer's current account to balance such debit entries, even if this leads to the customer's account going overdrawn.

10 Consequences of a lack of security; insolvency; claims to settlement of losses

(1) Premature termination and closing out

If the Bank requests additional security and if such security is not provided within the period allowed by the Bank or if the provision of additional security is refused, the Bank may – provided that it has given notice to do so – terminate all or part of the transactions and contractual relationships underlying the open positions without allowing a period of time or close out all or part of the open positions resulting from such transactions by way of an offsetting transaction. The same shall apply if the customer does not comply with his obligation to settle preliminary losses resulting from the daily valuation of the transactions.

(2) Premature termination in the event of insolvency

In the event of insolvency, all the Bank's transactions with the customer and the contractual relationships underlying the transactions concluded for the customer shall terminate without notice. A case of insolvency shall be deemed to exist if an application for the institution of bankruptcy or other insolvency proceedings against the assets of a party is filed and this party has either filed the application itself or is insolvent or otherwise in a position which justifies the institution of such proceedings.

(3) Settlement claims

If the Bank has closed out or terminated transactions pursuant to subsection 1 above or transactions have been terminated due to insolvency pursuant to sub-section 2 above, instead of settlement only claims for non-settlement may be asserted. These claims shall be based on the difference between the agreed prices and the market or stock



exchange prices applying to a transaction with the agreed settlement period on the date of termination or closing out and shall be denominated in each case in euros.

11 Exercise of options by the customer

(1) Latest exercise date

The customer's declaration that he wishes to exercise an option must be received by the Bank not later than on the date it has notified to the customer. Any declaration by the customer that is received by the Bank after such date shall be considered for the next banking day, provided that the option can still be exercised then.

(2) Bringing the exercise date forward in the case of conversion offers or takeover bids

If, when conversion, take-over or purchase offers are made or when such bids are invited, the term of the option is shortened in accordance with market practice, the customer's declaration that he wishes to exercise the option must be received by the Bank by the date stated in the Bank's notice of the shortening of the term.

(3) No particular information duties

Subject to the aforesaid, the Bank shall not be obliged to draw the customer's attention to the imminent expiration of the option and the deadline for his declaration.

12 Exercise of option rights by the Bank vis-à-vis the customer

(1) Conferment of authority upon the Bank

By writing an option (entering into an option writer position), the customer shall irrevocably authorise the Bank, releasing the Bank from the restrictions imposed by Section 181 of the German Civil Code³, to receive on his behalf the Bank's declaration of exercise of the option. The Bank shall inform the customer of the exercise without undue delay.

(2) Withdrawal from the customer's safe custody account; procurement of the underlying items; costs; claim for damages

If a call option written by the customer is exercised, the Bank shall be authorised to purchase for his account any part of the underlying items (securities, foreign currency, precious metals, etc.) that is not available in the customer's safe custody or current account. Should the Bank not be in a position to procure the underlying items by way of purchase by such time as the Bank itself is obliged to make delivery on account of the claim made against it under an option written on behalf of the customer, the Bank shall be authorised to procure the required underlying items in some other way – for example, by way of a security loan –

in order to bridge the period of time during which the delivery problems persist. The cost incurred thereby as well as any further damage caused by the delay shall also be borne by the customer.

13 Allocation of exercised options

The exercised options allocated to the Bank on a random basis shall be distributed by the Bank to its customers who have written such options through a random allocation carried out within the Bank.

14 Settlement of deliverable futures contracts

In the case of futures contracts to be settled through delivery the customer may demand to make or take delivery of the underlying items, provided that he has not closed out the transactions by way of an offsetting transaction. The instruction to the Bank to make or take delivery must be received by the Bank not later than on the date that has been notified therefor by the Bank to the customer. If the Bank has not received timely instructions or the customer has not provided the securities or funds required for delivery by such date, the Bank shall endeavour to close out the futures contract immediately for the customer's account in order to avoid settlement through delivery.

15 Settlement of forward transactions in foreign currency

(1) Duty of cooperation by the customer

In the case of forward transactions in foreign currency, the customer must inform the Bank by a date notified to him (usually two banking days before the due date) that the currency to be procured by him (euros or foreign currency) will be available as agreed on the due date. Such notice shall be unnecessary if the customer has an adequate credit balance on one of his accounts with the Bank on the relevant date pursuant to sentence 1.

(2) Failure to inform the Bank

If the customer fails to inform the Bank in time and if the amount owed in euros or foreign currency is not available on one of the customer's accounts with the Bank on the relevant date pursuant to subsection 1, sentence 1 above, the Bank shall be authorised to purchase – with due regard to the customer's interests – the currency to be delivered by the customer for his account on a foreign exchange or over-the-counter market on the due date or to sell – with due regard to the customer's interests – the currency to be delivered to the customer on a foreign exchange or over-the-counter market on the due date.

³ This section of the German Civil Code prevents an agent from entering into a legal transaction in the name of the person for whom he acts (the 'principal') with himself (on his own account or as agent of a third party), unless permitted by the principal(s). By agreeing to this provision, you authorise the Bank to enter into transactions on your behalf where the Bank is also the other party to the transaction.