Appendix No. **15**
to the Client Service Regulations
Approved by Order No. 01-28
of the Director of **Rioni Capital LLC**
____________________________ Badri Gobechia
dated *11 December* **202**5

# Brokerage Company "Rioni Capital"
# RULES
# for Conducting Margin Transactions

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## Article 1. General Provisions

**1.1.** These Rules for Conducting Margin Transactions (hereinafter – the **"Rules"**) constitute an integral part of the Client Service Regulations of the brokerage company **"Rioni Capital"** (hereinafter – the **"Regulations"**) and determine the procedure for providing Clients with the possibility to conclude transactions using margin loans, including transactions with insufficient collateral and the occurrence of temporarily uncovered positions.

**1.2.** These Rules are developed in accordance with Article 5.11 **"Margin Transactions"** and Article 6 **"Risk Management System"** of the Regulations and shall be applied jointly with the following documents:

- the Regulations;
- the Broker's Risk Management System (RMS);
- the Margin Trading Risk Disclosure (Appendix No. 6 to the Regulations);
- the Broker's Tariffs.

## Article 2. Terms and Definitions

All terms and definitions used in these Rules and not defined herein shall be interpreted in accordance with the Regulations, the Glossary (Appendix No. 16) and the applicable legislation. Additionally, for the purposes of these Rules, the following definitions shall apply:

**Margin Transaction** — a transaction in which the Client uses borrowed funds and/or securities provided by the Broker in accordance with these Rules.

**Marginable Assets** — the Client's assets accepted as collateral for obligations arising within margin transactions in accordance with the list of Eligible Collateral.

**Non-marginable Assets** — assets that are not accepted as collateral for margin transactions.

**Initial Margin (IM)** — the minimum amount of collateral required to open a position.

**Maintenance Margin (MM)** — the minimum level of collateral, below which a Margin Call arises.

**Net Liquidation Value (NLV)** — the net liquidation value of the Client's portfolio, calculated by the risk management system based on data from the CCP and/or an upper-tier broker (prime broker).

**Margin Call** — a demand by the Broker to restore the required level of collateral.

**Margin Close-Out (Forced Liquidation)** — forced closing of the Client's positions for the purpose of restoring margin requirements.

**Risk Tier / Risk Group** — a category of the Client's portfolio that determines the permissible parameters of margin trading.

**Actual Amount of the Client's Indebtedness** — the monetary valuation of the Client's obligations to the Broker, including:

- the value of borrowed funds and/or securities, calculated at the current market price;
- accrued interest;
- other mandatory expenses and commissions.

## Article 3. General Provisions and Client Access

**3.1. Client access to margin transactions**
The Client shall be granted the right to conduct margin transactions only if all conditions provided for in Article 5.11 of the Regulations are simultaneously fulfilled, including:

1. the Client's classification (Retail Client / Informed Client / Professional Client / Eligible Counterparty);
2. successful completion of the appropriateness and suitability assessment;
3. compliance with anti-money laundering and counter-terrorist financing (AML/KYC) requirements;
4. assignment to the Client's portfolio of a risk tier that provides for margin trading;
5. absence of sanctions-related, legal or risk management system–related restrictions;
6. availability of appropriate infrastructure capacity to secure borrowed funds or securities.

The Broker is entitled to refuse to provide a margin loan in the cases provided for in Articles 5.11.4–5.11.8 of the Regulations.

**3.2. Nature of the margin loan**
The margin loan shall be provided to the Client:

- for the period during which the Client has open positions;
- in the amount determined in accordance with the initial margin (IM), maintenance margin (MM) and the requirements of the risk management system;
- in the settlement currency of the relevant transaction.

A margin loan does not constitute a term loan and shall apply only for the duration of the existence of margin positions.

## Article 4. Conditions for Concluding Margin Transactions

**4.1. Collateral**
Only those assets that:

- are included in the list of Eligible Collateral;
- meet liquidity and reliability requirements;
- comply with the requirements of the Broker's risk management system,

shall be accepted as collateral for obligations arising from the Client's margin transactions.

The Broker is entitled to apply collateral value reduction coefficients (haircuts), which are available to the Client in the licensed Personal Account.

**4.2. Margin requirements**
The amount of the initial margin (IM) and the maintenance margin (MM) shall be determined by:

- requirements of clearing organizations (CCPs) (including, but not limited to: Eurex, ICE, CME, OCC);
- requirements of the upper-tier broker (prime broker);
- internal models of the Broker's risk management system — in cases where the relevant requirements are not established by clearing organizations.

Margin requirements established by clearing organizations or the prime broker shall prevail over the Broker's internal calculations.

**4.3. Broker's right to refuse execution of a transaction**
The Broker is entitled not to accept or not to execute the Client's instruction if:
1. execution of the transaction would result in violation of initial or maintenance margin requirements;
2. the projected net liquidation value (NLV) of the Client's portfolio indicates a high risk of a Margin Call or Margin Close-Out;
3. there is no possibility to obtain borrowing of the relevant asset from the prime broker or the market;
4. the Client is unavailable through the communication channels established by the Regulations;
5. requirements of the applicable legislation or the regulatory authority are violated.

**4.4. Specific features of margin transactions**
The Client understands and agrees that margin transactions:
- increase both potential profit and potential loss;
- may result in the occurrence of temporarily uncovered or uncovered positions;
- are subject to the impact of high market volatility, reduced liquidity and technical risks.

When conducting margin transactions, the Client is obliged to independently monitor the condition of its portfolio and compliance with margin requirements.

## Article 5. Procedure for Recognition as an Informed Investor

**5.1. Interest for the Use of Borrowed Funds and Securities**
When conducting margin transactions, the Client is obliged to pay interest for the actual use of borrowed funds and/or securities.

Interest shall be accrued:
• on a simple interest basis;
• on a daily basis;
• on the actual amount of the Client's indebtedness;
• in accordance with the Broker's Tariffs.

Accrual of interest shall commence from the date on which the Client's indebtedness arises and shall terminate on the date of its full repayment, including in the event of closing the relevant margin positions.

**5.2. Change of Tariffs**
The amount of interest rates and other expenses shall be determined by the Broker's Tariffs.

The Broker is entitled to change the Tariffs by notifying the Client no later than five (5) calendar days prior to the effective date of such changes.

In exceptional cases where changes in interest rates and/or other expenses are caused by:
- requirements of clearing organizations;
- changes in the terms of the prime broker;
- sharp changes in market or monetary conditions,

such changes may be applied immediately, with subsequent notification of the Client.

**5.3. Additional Expenses**

The Client is obliged to reimburse all expenses related to the conduct of margin transactions, including, but not limited to:

- expenses of clearing organizations and the prime broker;
- expenses related to borrowing and returning securities;
- expenses related to corporate actions;
- expenses related to forced closing of positions (Margin Close-Out).

The above expenses shall be debited from the Client's accounts in accordance with the Regulations and the Broker's Tariffs.

## Article 6. Margin Call: Requirements for Restoration of Collateral

### 6.1. Grounds for Occurrence of a Margin Call

A Margin Call constitutes a demand by the Broker addressed to the Client, which implies restoration of the level of collateral within the framework of margin transactions.

A Margin Call shall be sent to the Client in the event that one of the following circumstances occurs:

1. the net liquidation value (NLV) of the Client's portfolio falls below the level of the maintenance margin (MM);
2. the limits established for the Client's risk tier are exceeded;
3. there exists a foreseeable risk of violation of maintenance margin requirements;
4. an uncovered or temporarily uncovered position has arisen;
5. corporate actions or other events create a risk of violation of margin requirements;
6. clearing organizations or the prime broker require a reduction of positions.

### 6.2. Margin Call Notification

Notification of a Margin Call shall be sent to the Client simultaneously or separately through the following channels:

- via the Client's Personal Account;
- by electronic mail;
- by SMS or Push notification.

The notification shall be deemed received from the moment it is sent, regardless of whether the Client has familiarized itself with its content.

### 6.3. Time Limits for Fulfillment of a Margin Call

Upon receipt of a Margin Call, the Client is obliged to:

- replenish collateral with additional funds and/or assets; and/or
- independently close part of margin positions in order to reduce risk,

no later than 19:00 (Tbilisi time) on the business day following the day on which the Margin Call is sent, unless a shorter time limit is established by the Regulations or the risk management system.

Until the Margin Call is fulfilled, the Broker is entitled to restrict the Client from conducting new operations and to allow only those operations that are aimed at risk reduction.

## Article 7. Margin Close-Out: Forced Closing of Positions

### 7.1. Grounds for Applying Margin Close-Out

Margin Close-Out constitutes the forced closing by the Broker of the Client's margin positions without a separate instruction from the Client.

The Broker shall carry out Margin Close-Out in the cases established by the Regulations, including, but not limited to, if:

1. the level of collateral of the Client's portfolio falls below the Margin Close-Out level;
2. the Client fails to fulfill a Margin Call within the установлен timeframe;
3. an uncovered position has arisen or is maintained;
4. concentration, currency or other risk limits are violated;
5. clearing organizations or the prime broker require immediate reduction of positions;
6. liquidity of a financial instrument has decreased to a critical level;
7. sanction-related, legal or other extraordinary events have occurred;
8. technical or infrastructural disruptions make continuation of standard trading impossible.

**7.2. Client's Unconditional Conditional Instruction**

By acceding to these Rules and the Regulations, the Client grants the Broker an unconditional and irrevocable conditional instruction to:

- close the Client's positions to the extent necessary to restore margin requirements;
- carry out purchase or sale of securities;
- perform currency conversion;
- perform other actions necessary for repayment of the Client's indebtedness and reduction of risk.

The above conditional instruction shall be applied only in the cases determined by the Regulations and these Rules.

**7.3. Procedure for Forced Closing of Positions**

When carrying out Margin Close-Out, the Broker shall close the Client's positions:

- at the price available on the market at the time of closing;
- in case of insufficient liquidity — at the best available price, including through over-the-counter transactions.

The priority of closing positions shall be determined taking into account the following factors:

- the level of risk of the position;
- the amount of margin leverage used;
- liquidity of the financial instrument;
- requirements of clearing organizations and the prime broker.

### 7.4. Client's Obligations after Margin Close-Out

If, after Margin Close-Out, the Client has outstanding uncovered indebtedness, the Client is obliged to repay it no later than the next business day, unless a different term is established by the Regulations.
The obligation to repay the indebtedness shall remain in force regardless of subsequent market movements.

## Article 8. Reporting on Margin Transactions

The Broker shall reflect in the Client's statements all information related to margin transactions, including:

- the Client's margin positions;
- accrued interest and expenses;
- the Client's actual indebtedness;
- movement of collateral;
- operations performed within the framework of Margin Call and Margin Close-Out.

Up-to-date information on the status of the Client's portfolio, margin requirements and risk level shall be available in the Client's Personal Account.

In the event of discrepancies between the data reflected in the statements and the data of trading terminals, priority shall be given to the data calculated by the Broker's risk management system and reflected in the Client's Personal Account.

## Article 9. Client's Risks and Liability When Conducting Margin Transactions

**9.1.** The Client understands and confirms that margin transactions are associated with increased financial risks and may result in significant losses.

**9.2.** The Client acknowledges that losses arising as a result of margin transactions may exceed the amount of the Client's funds and assets owned by the Client and placed with the Broker.

**9.3.** The Client understands that sharp changes in market prices, a decrease in liquidity or other adverse circumstances may result in the sending of a Margin Call or the execution of a Margin Close-Out without the Client's additional consent.

**9.4.** The Client is obliged to independently:
- monitor the condition of its portfolio;
- comply with margin requirements;
- regularly review notifications sent by the Broker.

**9.5.** The Client confirms that it is familiar with and understands the Margin Trading Risk Disclosure (Appendix No. 6 to the Regulations) and accepts all risks described therein.

## Article 10. Final Provisions

**10.1.** These Rules are developed for the purpose of explaining to Clients the procedure and specific features of conducting margin transactions and shall be applied jointly with the Regulations.

**10.2.** With respect to matters that are not directly regulated by these Rules, the Broker shall act in accordance with the Regulations, the risk management system and the applicable legislation.

**10.3.** The Client's consent to these Rules shall be expressed by:
- accession to the brokerage services agreement;
- conducting margin operations using the functionality provided by the Broker.

**10.4.** These Rules shall enter into force from the moment of their publication and shall apply to all margin transactions conducted by the Client that are executed after the effective date.