Appendix No. **6**
to the Client Service Regulations

Brokerage Company “Rioni Capital”
DECLARATION
on Risks Related to Margin Trading

TBILISI
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This Declaration on Risks Related to Investing in the Financial Market (hereinafter – the Declaration) constitutes an appendix to and an integral part of the Client Service Regulations (hereinafter – the Regulations) of the brokerage company "Rioni Capital" (hereinafter – the Company).

The following definitions are used in this Declaration and correspond to **Rioni Capital's** Risk Management Policy and the Client Service Regulations:

A. Temporary Unauthorized Exposure

A temporary positional mismatch arising due to reasons beyond the Client's control: settlement delays T+1/T+2, delays on the part of the custodian, partial execution of transactions, corporate actions, technological failures.
Such a position is subject to normalization after delivery of the asset and does not constitute a Client's violation.

B. Prohibited Unauthorized Exposure

A position arising as a result of the following actions:
- actions of the Client (unauthorized short positions, operations with insufficient collateral);
- personnel errors;
- incorrect / improper orders.

Such a position is prohibited by the Company's internal documents and is subject to automatic closing in accordance with the Risk Management Policy and the Regulations.
The term **"unsecured position"** (insufficiently covered position) used further in the text of the Declaration shall be understood as defined in the above categories.

This Declaration describes the risks related to concluding transactions with insufficient collateral and the emergence of unsecured positions and temporary unsecured positions.

At the same time, this Declaration does not disclose all risks related to concluding transactions with insufficient collateral and the emergence of unsecured and temporary unsecured positions (many of which may not be properly predictable).

The purpose of this Declaration is to warn the Client about possible losses — both actual losses and lost profits — related to concluding such transactions and executing such operations, as well as to provide the Client with a general, but as complete as possible, understanding of the risks arising for the Client in connection with concluding transactions with insufficient collateral and the emergence of unsecured and temporary unsecured positions in the Client's portfolio.

1. The Client confirms, by signing the **General Agreement on Accession to the Client Service Regulations of Rioni Capital**, the fact of full familiarization with the risks related to concluding transactions with insufficient collateral and the emergence of unsecured and temporary unsecured positions, the fact that the Broker has fully explained such risks to the Client, and the Client's full acceptance of such risks.
In addition, by submitting to the Broker an order to execute a transaction and/or operation, as a result of or in connection with which (including, but not limited to, accrual and/or payment of remuneration to the Broker or reimbursement to the Broker of expenses incurred in executing the Client's order) an unsecured or temporary unsecured position in securities or other financial instruments qualifying as securities and/or in cash funds, including foreign currency, may arise in the Client's portfolio, the Client thereby confirms full familiarization with the risks related to concluding transactions with

insufficient collateral and the emergence of unsecured and temporary unsecured positions, the fact that the Broker has fully explained such risks to the Client, and the Client's full acceptance of such risks.

2. When executing transactions with insufficient collateral and upon the emergence of an unsecured position and/or a temporary unsecured position, the Client assumes increased risks, since, in addition to the risks that exist during ordinary trading on the financial market and are described in Appendix No. 1 to the Client Service Regulations of **Rioni Capital** — *"Declaration on Risks Related to Investing in the Financial Market"*, where unsecured and temporary unsecured positions do not arise, the Client additionally bears the following risks:

2.1. The Client bears the risk of unfavorable changes in the value of assets, including assets provided as collateral.
In the event of emergence of a temporary unsecured position caused by settlement delays or infrastructural factors, the Client's risk is limited to changes in the market price of the asset until the moment of actual delivery.
In the event of emergence of a prohibited unsecured position (for example, an unauthorized short position), the Client bears the risk of unlimited losses associated with the necessity to purchase the asset on the market in order to cover the position.

2.2. When executing transactions with insufficient collateral on the securities market and upon the emergence of an unsecured position or a temporary unsecured position, the Client bears additional risks related to changes in securities prices and changes in foreign exchange rates in relation to the base currency of the Client's account.
The Client is obliged to fulfill all obligations arising from transactions with insufficient collateral and from the emergence of unsecured or temporary unsecured positions, regardless of changes in market conditions.
At the same time, the market value of securities and foreign exchange rates may change significantly during the trading day in the course of executing transactions and operations, as a result of which the amount of the Client's losses, including actual losses and lost profits, may significantly exceed the amount of collateral available to the Client to secure fulfillment of its obligations to the Broker.

2.3. The Broker is not entitled to perform actions in relation to the Client's portfolio that may result in the emergence of an unsecured position or an increase in the Client's risk level, including in cases where such actions would result in a decrease in the portfolio value below the Initial Margin (IM) and/or Maintenance Margin (MM) levels established by the Regulations and the Broker's internal policies.
The Broker makes a decision to intervene in the Client's portfolio only where risk management mechanisms provided for by the Regulations and the Risk Management Policy are present.

2.4. The Client bears liquidity risk if the size of the position is significant relative to market volume.
In the case of temporary unsecured positions, such risk is limited to the period prior to actual delivery.
Similarly, the Client should take into account the increased liquidity risk where securities or foreign currency constitute collateral for an unsecured or temporary unsecured position and where closing such an unsecured position may require the sale of a significant volume of securities or foreign currency.
Client orders aimed at limiting losses may not always ensure reduction of losses to the level anticipated by the Client, since, given the prevailing market conditions, execution of such orders at the price specified by the Client may prove impossible.

2.5. The brokerage services agreement provides for a number of operations and transactions that the Broker is entitled to execute, including in cases where the relevant outcome is caused by market, clearing or infrastructural factors rather than by discretionary actions of the Broker. In such cases, such operations and transactions may result in a decrease in the value of the Client's portfolio below the corresponding Initial Margin level or increase the difference between the Initial Margin level and the value of the Client's portfolio, as a result of which the value of the Client's portfolio may fall below the corresponding minimum margin level and lead to the closing of the Client's positions.

2.6. And cause losses to the Client, the responsibility for which rests solely with the Client. The list of liquid instruments and the availability of operations are determined by the Broker taking into account the portfolio Risk Group.
Exclusion of an instrument from such a list may result in restrictions on operations, an increase in margin requirements, or closing of the Client's positions in accordance with the Risk Management Policy and the Regulations, as a result of which:

2.6.1. Exclusion by the Broker of a security from a particular list may result in a decrease in the value of the Client's portfolio below the corresponding Initial Margin level and, accordingly, the inadmissibility for the Broker to accept and execute the Client's order to carry out a transaction or operation that may further reduce the value of the Client's portfolio, which may result in losses for the Client, the responsibility for which rests solely with the Client;

2.6.2. Exclusion by the Broker of a security from a particular list may result in a decrease in the value of the portfolio below the corresponding minimum margin level and, accordingly, closing of the Client's positions by the Broker, which entails negative consequences for the Client, the responsibility for which rests solely with the Client;

2.6.3. Exclusion by the Broker of a security from the list of liquid securities may result in the emergence of an unsecured or temporary unsecured position in a security for which this is not permitted and, as a result, the impossibility for the Client to submit orders to execute any transactions or operations, except for closing such unsecured / temporary unsecured position and/or selling other securities at the Client's expense, as a result of which no unsecured or temporary unsecured position arises in the Client's portfolio; this entails liquidity and price risk for the Client and may result in negative consequences;

2.6.4. Exclusion by the Broker of a security from the list of liquid securities results in the inadmissibility of executing, based on the Client's order, such transactions and operations as may result in the emergence of an unsecured position in such securities, which may lead to negative consequences for the Client, the responsibility for which rests solely with the Client;

2.6.5. Inclusion of securities in the list of liquid securities results in inclusion of the value of such securities in the Client's portfolio and the possibility, based on the Client's order, to execute transactions and operations as a result of which an unsecured or temporary unsecured position in such securities may arise and, accordingly, an increase in the Client's risks, which may lead to negative consequences for the Client, the responsibility for which rests solely with the Client.

2.7. When submitting orders to execute transactions and/or operations that may result in the emergence or increase of unsecured or temporary unsecured positions, as well as when executing such transactions and/or operations, the Client should take into account that the ability to dispose of assets serving as collateral for such transactions and operations is limited. Property (or part thereof) belonging to the Client and as a result of which unsecured or temporary unsecured positions arise or increase constitutes security for fulfillment of the Client's

obligations, and the ability to dispose of such property may be restricted in relation to execution of any transactions and operations.
The amount of collateral is determined in accordance with the procedure established by the agreement and, as a result, the Client may be more limited in the ability to dispose of its property than prior to execution of transactions and operations that resulted in the emergence or increase of unsecured or temporary unsecured positions.

2.8. The Broker has the right to close the Client's positions if the value of the portfolio falls below the Maintenance Margin level or upon the emergence of a prohibited unsecured position. As a rule, forced closing of positions is preceded by sending a Margin Call, except in cases where market conditions or requirements of clearing organizations require immediate intervention.
A temporary unsecured position is closed only to the extent necessary to eliminate the violation. Transactions for closing such positions may be executed by the Broker regardless of prevailing market prices, which may be unfavorable for the Client and, as a result, may cause losses to the Client, responsibility for which rests with the Client, even though after closing the position the price movement of financial instruments may turn favorable for the Client and the Client would have received income if the position had not been closed.
Under an unfavorable combination of circumstances, the amount of such losses may exceed the value of assets held in the Client's account. Responsibility for negative consequences rests solely with the Client.

2.9. Submission by the Client of a separate order to close positions is not required; a conditional order provided for by the Regulations applies.
A decrease in the value of the Client's portfolio below the corresponding minimum margin level, which in cases provided for by the agreement leads to closing of positions, may be caused, inter alia, but not limited to:

- unfavorable price changes, including sharp fluctuations in market prices;
- requirements of regulatory acts;
- exclusion by the Broker of securities from the list of securities accepted as collateral;
- changes in risk rate values calculated by the clearing organization or applied by the Broker due to increased volatility of the relevant securities;
- failure by the Client to deposit additional funds within a short period, which proved insufficient to bring collateral into compliance with the requirements of regulatory acts and the agreement.

2.10. In the event of temporary absence of asset delivery (**Temporary Unauthorized Exposure**), the Broker has the right to carry out roll-over or hedging operations if this is necessary to protect the Client and to comply with the requirements of the CCP / prime broker.

2.11. Execution of roll-over transactions and transactions for closing positions may result in additional expenses for the Client related to execution of such transactions and may exceed the Client's income and/or lead to the Client's inability to exercise rights that the Client would have had if the securities had not been disposed of through roll-over transactions, including, but not limited to, the right to receive dividends, interest and/or other distributions on securities, pre-emptive rights, including the right to acquire securities of additional issues, as well as the right to participate in the management of a legal entity — the issuer of securities, which constitute the subject of roll-over transactions.

3. The emergence of a temporary unsecured position does not depend on the Client's statements regarding its intention to execute or not to execute transactions and operations that may result in the emergence of an unsecured or temporary unsecured position in the Client's portfolio and may arise as a result of settlement delays.
The emergence of a prohibited unsecured position depends on the Client's actions or errors in order processing and is regulated by the Risk Management Policy.

4. Restrictions provided for by the agreement on execution of transactions and operations that may result in the emergence or increase of unsecured or temporary unsecured positions, including restrictions related to the maximum permissible deviation of the transaction price that results in an unsecured position, requirements for inclusion of securities in the relevant lists independently determined by the Broker, or the existence of risk rates of the clearing organization disclosed on the Internet and applied when clearing with the participation of a central counterparty or calculated by the clearing organization, may result in additional losses for the Client (actual losses, lost profit), full responsibility for which rests solely with the Client.

5. The risk of possible losses, both actual losses and lost profit, as well as the risk of other adverse consequences for the Client related to the Broker's acceptance and execution of the Client's orders, the Broker's refusal to accept and/or execute the Client's orders, execution of transactions and/or operations as a result of or in connection with which an unsecured or temporary unsecured position may arise in the Client's portfolio, as well as the Broker's refusal to accept and/or execute the Client's orders on other grounds provided for by the agreement, rests solely with the Client.

6. The risk of possible losses, both actual losses and lost profit, as well as the risk of other adverse consequences for the Client related to:

- classification of a security as an illiquid security, inclusion or exclusion of securities from the lists according to which an unsecured position may arise or from the lists of securities accepted as collateral;
- the emergence of an unsecured and/or temporary unsecured position, unfavorable changes for the Client in the value of the portfolio, as well as in the corresponding values of Initial Margin (IM), Maintenance Margin (MM) and/or Margin Close-Out levels established by the Regulations of **Rioni Capital** and the Risk Management Policy;
- unfavorable changes in securities prices and foreign exchange rates for the Client;
- delayed receipt or non-receipt by the Client of material information, rests solely with the Client.

7. Restrictions on the Client's operations are determined by the Risk Group applied to the portfolio. Operations that result in the emergence of a prohibited unsecured position are inadmissible. The Client is obliged to monitor risk parameters and comply with testing requirements provided for by the normative acts of the National Bank of Georgia (NBG) and the Regulations.

Everything stated above is not intended to force the Client to refuse execution of transactions and operations that result in the emergence of open or temporarily open positions, but is intended to assist the Client in understanding the risks of such transactions and operations, the emergence of open or temporarily open positions, determining the Client's acceptance of such risks, assessing the Client's financial objectives and capabilities, and responsibly approaching the decision to choose an investment strategy and the terms of the agreement concluded between the Client and Rioni Capital. The Client must ensure that the above information is clear and, if necessary, obtain clarification from the Company or from a consultant specializing in the relevant matters.