

## TRADING TERMS FOR SECURITIES TRADING

### 1. Introduction

Calamatta Cuschieri Investment Services Ltd (CC) aims to provide its Clients with the highest level of flexibility when trading Securities, and CC therefore offers a selection of different types of orders. To enable Clients to select the appropriate type of order, the different types of orders are detailed in these Business Terms. CC's General Terms and Conditions and other product or platform-specific conditions also govern the relationship between the Client and CC. Clients are to read this document in conjunction with the terms and conditions document and CC's Best Execution and Conflicts of Interest Policies. Additionally, stock exchange trading is generally subject to the general terms and conditions in force on the relevant stock exchange.

### 2. Definitions

The Business Terms for Securities Trading generally refer to the definitions contained in the General Terms and Conditions. Additionally, the following terms shall, unless the context otherwise requires, have the following meanings, and may be used in the singular or plural as appropriate:

"Automatic Order Routing" shall mean the automatic routing of Client-submitted orders to the stock exchange's trading system;

"Corporate Actions" shall mean a corporate event that may impact the share price of the relevant company. Corporate Actions include share issues, mergers, conversions, share splits, sell-offs and dividends;

"Dividend Reinvestment Rate" shall mean the rate defined by the issuer of Corporate Action at which dividends will be converted into shares;

"Ex-Date" shall mean the effective date of the Corporate Action, the date on which or the date after a security trades, without its previously declared dividend or distribution;

"Instruction Deadline" shall mean the deadline given by CC to the Client for the Client to give its instructions regarding a Corporate Action;

"Pay Date" shall mean the value date of the Corporate Action or the date on which a dividend or bond interest payment is made or scheduled to be made;

"Prevailing Stocks" shall mean the form of stocks prevailing after a merger between two entities;

"Terms" shall mean these Business Terms for Securities Trading;

"Securities" shall mean shares, bonds, financial futures, or other comparable units.

### 3. Risk

The Client is personally liable for the market risk inherent with Securities trading. Moreover, the Client is liable for any investment that CC is requested to perform on behalf of the Client and any subsequent loss resulting thereof. The Client should not base expectations of future returns on any past returns on the relevant Securities.

### 4. Execution of orders

When executing a Client order, CC shall secure the best execution reasonably available given the circumstances, including price, costs, speed, likelihood of execution and settlement, volume, nature and other factors relevant for the execution of the relevant order.

APRIL 2021

The Client may enter a market order via the Trading Platform during the trading hours of the relative Stock Exchange. Orders communicated to CC in a different manner will be handled intra-day provided the order is submitted by the Client before the cut off time listed below (Order Handling and Trading Hours).

Trades are subject to the relative Stock Exchange Member Rules as well as additional other rules laid down by the different Stock Exchanges. For orders submitted by the Client via the Trading Platform information about the choices available will be provided via the Trading Platform.

An order is executed only to the extent that counterparties are available at the relative Stock Exchange. An order may be split into several orders and executed at different prices during the day of trading or the following days. In case an order is split, and filled partially over a period of more than one day, the total trading costs may increase. The reason for such increase is that the minimum fee may be charged more than one time based on the number of days necessary for the total execution of the order.

If an order is submitted outside market hours, it will be processed when the market re-opens. If an order is partially executed at the closing of the market, the remainder of the trade will be executed when the market re-opens.

CC executes the Client's order as soon as possible on the day of receipt, unless otherwise agreed. Under exceptional market conditions, CC reserves the right not to execute a Client order. The Client may be notified telephone or via email if for any reason an order cannot be executed, however it is the clients responsibility to monitor transactions via the trading platform and to contact the CC trading desk if an order has not been executed.

If CC is unable to obtain and deliver the requested Securities, CC may be unable to complete the Client's purchase order. Consequently, the trade will be cancelled unless CC holds the Securities itself or is able to obtain these at usual terms no later than two banking days after the value date in question.

## **5. Placement of orders**

CC executes orders by request of the Client. The use by Clients of the Trading Platform when trading Securities provides for swifter Client identification and thus faster processing of Client orders. If the Client submits an order in another manner, including if the Client places the order to CC by telephone, CC manually verifies the basis of the relevant order prior to processing, and this may likely result in an extended processing time. Further, the placing of orders over the telephone may result in higher commission rates being due to CC.

The Client acknowledges that CC is entitled to record any telephone conversation, internet-based communication, and meeting between the Client and CC, and to use any such recording or transcript as evidence to any party, including but not limited to any regulatory authority and/or court of law, which CC in its own discretion deems appropriate or necessary with a view to providing that party with such information concerning any dispute or anticipated dispute between CC and the Client. Technical reasons may however prevent CC from recording a conversation, and recordings or transcripts made by CC will be disposed of in line with standard practice at CC. The Client should therefore not assume that any such recording is readily available.

Any order submitted by the Client via the Trading Platform is only assumed to be received and is considered a valid instruction and/or binding contract between CC and the Client when the relevant

instruction is recorded as executed by CC and confirmed by CC towards the Client by a Trading January 2017 3 Confirmation and/or Account Statement. The Client's transmission, taken separately, does not constitute any binding contract between CC and the Client.

## 6. Transaction types

For various types of Securities CC offers various types of transactions and orders. The transaction and order types are detailed below.

- GTC Order is a conditional request made to the broker (or the system) to keep the order in system until it gets executed or canceled.
- GTD Order is a conditional request made to the broker (or the system) to keep the order in system until it gets executed or till a predetermined date.
- Limit Order is a conditional request made to the broker (or the system) to buy or sell a stock at a particular price or at a better price.
- Market Order is an Order to buy or sell at market is a conditional request made to the broker (or the system) to execute the transactions with the immediate best available price.
- Stop Loss Order is a conditional request made to the broker (or the system) to execute the transactions with the immediate best available price, once the price crosses a predetermined trigger price.
- Stop Limit Order is a conditional request made to the broker (or the system) to execute the transactions with the immediate best available price, once the price crosses a predetermined trigger price but within a predetermined limit price.
- One Cancels Other Order is a conditional request made to the broker (or the system) to execute one of the two orders, which ever meets the required parameter first, and cancel the other.

## 7. Transaction terms

CC readily advises on the individual transaction and order types, however, the decision about the type of execution lies solely with the Client. The individual transaction and order types are characterised by specific features, and the Client should therefore familiarise himself with the features, and consider advantages and disadvantages before opting for a specific type of transaction or order.

CC is entitled to immediately cancel Automatic Order Routing on behalf of Clients in case of extraordinary circumstances.

The Client may not submit orders which are devoid of commercial purpose, which individually or combined aims to affect pricing in the trading system or which aims to delay or prevent access to the trading system for other members.

A Client cannot enter an order into the trading system on conditions fully or partially identical to another unexecuted trade entered into the trading system by the same client.

## 8. Right to act as principal in market orders

If the Client requests a market order CC may choose to act as principal and CC will accordingly become counterparty to the Client. CC may choose to act as principal to trade if CC, as a result thereof, is able to execute the Client's order at a more favourable price or if a more favourable market price cannot be

obtained at the time of trading, the relevant time, quantity and trading conditions taken into consideration. The trading confirmation will confirm whether a trade is made at the stock exchange with CC as counterparty.

## **9. Order handling and trading hours**

Orders for shares are submitted through the platform during the market trading hours are handled immediately and separately. Orders communicated to CC in a different manner will be handled intra-day provided the order is submitted by the Client before 19.00hrs

Execution of orders in bonds are handled during CC trading hours (08:30hrs till 19:30hrs). These orders are placed by the trader with trusted trading counterparties, and at all times best execution obligations apply. Unlike equity markets there is not a continuous two-way market of buyers and sellers whereby a minor change in price by one or the other can result in a trade. Instead, liquidity is provided by dealers or market makers who are dealing over the counter (OTC).

Orders in collective investment schemes (mutual funds) are transmitted to the respective transfer agent for placement. These schemes have forward pricing which means that these funds only recalculate the net asset value of their mutual fund shares after the market closes each trading day. As a result, mutual fund orders placed cannot be quoted at a previous net asset value price, and must instead be given according to the next computed net asset valuation.

## **10. Trade Counterparties**

We partner up with various counterparties, who adhere to regulatory and high quality standards to reassure CC clients of the swift, accurate and timely execution of orders. We ensure proper functioning in reception/transmission of orders, avoiding conflicts of interest and provide fair and equal treatment of all clients. We ensure timely settlement of all transactions and monitor their best execution and conflicts of interest policies on a regular basis.

## **11. Settlement of securities trades**

Payment and delivery takes place via foreign clearing centres and business partners. Settlement means the payment and delivery related to a Securities trade. Unless otherwise agreed, the settlement date is the third exchange day after the trading day. The settlement day is also the value/interest-rate date. Specific settlement rules and deadlines apply and may change from time to time. The Client may obtain information about these rules and deadlines by contacting CC.

When a Client purchases Securities, the Client only obtains unconditional title of right to the Securities, provided the final payment to CC is made on the settlement date. Until final payment is made, CC reserves the right to the Securities being purchased by the Client. CC also reserves the right of "cleared funds availability" once an order is confirmed, this means that funds are to be deposited and available into the account prior to effecting trades. Clients are to allow 2 business days for fund transfers to show in their respective trading account.

You are responsible for all debits, costs, commissions and losses arising from any actions we must take to liquidate or close transactions. With respect to any transfers effected by CCIS, if you know or suspect that you have received an overpayment of funds or securities, or if you know or suspect that CCIS has not yet

collected from your account a fee you have incurred, you agree to notify CCIS, in writing, as soon as you learn of the overpayment or uncollected fee. You further agree not to remove the overpayment of funds or securities or the uncollected fee from the account, or to return the entire overpayment or uncollected fee to CCIS if it has already been removed from your account. You agree that you are required to return the full amount of the overpayment or uncollected fee to CCIS, notwithstanding any oral representations made by any CCIS representative to the contrary. If you fail to do so, you will become liable to CCIS not only for the amount of the overpayment or uncollected fee, but also for the interest and expenses associated with its recovery.

## **12. Trade confirmations**

CC will make available a trade confirmation to the Client no later than on the exchange day following the execution of the trade or the day after CC's receipt of a third-party confirmation of the trade. The trade confirmation is made available on the Online Trading Platform.

## **13. Trades cancelled by the relative Stock Exchange**

To ensure market integrity or in exceptional circumstances the relative stock exchange may cancel any trade if required.

Exceptional circumstances are defined as any error, which is not subject to any doubt, or an incident caused by a technical or manual mistake at the stock exchange, at any of our counterparties or at the Client, a significant and indisputable violation of legislation or directions or the rules of the relevant Stock Exchange or any technical disruption in trading and/or clearing systems that is beyond of the control of CC.

## **14. Exceptional market conditions**

In exceptional market conditions CC reserves the right not to execute an order. Exceptional market conditions may occur in case of a significant deviation between bid and offer prices, where market prices are unavailable for the relevant Security, or in case of sudden uncertainties in the global market.

## **15. Corporate Actions, some examples**

### **Rights issues**

A rights issue is when an existing stockholder is offered a number of new shares proportional to their holding at a specified price for subscription by a specified date. These new shares may be renounceable (tradable) or non-renounceable.

If the Client is holding a stock where there is a right issue, the Client will receive the rights and have the opportunity to subscribe for new stocks, ignore the rights, or sell the rights, if possible.

In order to prevent renounceable rights from becoming worthless when they expire, CC will, if the Client has not instructed CC by the Instruction Deadline, sell the rights (if possible) on behalf of the Client before

APRIL 2021

the expiry of the rights. The proceeds from a sale of rights will be deducted by the standard commission of the account. If the rights are non-renounceable, they will, if not exercised, be worthless at expiry.

#### Cash dividends

A cash dividend is the cash payment of a dividend to the shareholder per share held. Cash dividends are booked on Ex-Date reflecting the market price movement. However, the actual value of the payment will be settled on Pay Date.

Cash dividends are credited to the Client's account with any applicable standard withholding taxes deducted.

#### Dividend option

Where a dividend option is per default the cash payment of a dividend to the shareholder per share held, CC will have no option but to distribute this case and therefore, the Client cannot elect to receive dividend by way of issuance of shares in proportion to the cash dividend.

Where a dividend option provides the choice to elect to receive dividend, either in cash payment of a dividend to the shareholder per share held or by way of issuance of shares in proportion to the cash dividend, the option to receive securities is not offered by CC. CC will apply by default the option to receive the cash and distribute the dividend as such. Clients eligible for cash will receive payment on Ex-Date.

#### Stock dividends and bonus issues

In a stock dividend the shareholder is receiving additional shares to those already held in the same security. This means that additional stocks are allocated on Ex-Date for value on Pay Date.

In a bonus issue shareholders will receive additional shares in proportion to the existing holding. Additional stocks are allocated on Ex-Date for value on Pay Date.

#### Stock Splits/Reverse stock splits/Spin offs

A stock split is an increase in an issuer's number of issued share proportional to a reduction in the par value of the existing shares. The holders will receive additional stocks, allocated on Ex-Date, but at a reduced price.

A reverse stock split is a decrease in the number of issued shares proportional to an increase in the par value of the existing shares. The shareholders will see their stock position being reduced, on Ex-Date, but at an increased price.

A spin off means that the shareholders will receive additional shares in a new share in proportion to the existing holding. Additional stocks are allocated on Ex-Date.

#### Tender offers

A tender offer is the offering to the shareholders to sell their shares at a price determined by the tender offer issuer.

#### Merges & Mergers with elections

APRIL 2021

A Merger is the situation where two entities merge into one. Under normal circumstances the shareholders of either entity will be entitled to either:

- i. Receive a cash compensation on Pay Date,
- ii. Receive the Prevailing Stocks on Ex-Date, or
- iii. A proportional combination of cash compensation and the Prevailing Stocks.

If the Client is holding a stock where there is a Merger the Client will be in a position to elect between different options available for the specific Merger, if instruction is given to CC prior to the Instruction Deadline. In the absence of instruction from the Client the default option of the Merger will be applied.

#### Election for non-supported securities

The Client is made aware and acknowledges that in voluntary Corporate Action where the alternative to a cash settlement is the settlement in a Security that is not supported by CC platform, the Client will not have the option to choose but will be given the cash settlement.

#### Special Corporate Action Events

Special and infrequent Corporate Actions that do not fall under the descriptions above may occur. CC will handle such Corporate Actions in the best interest of the Client to the extent that time and operational procedures will allow. Special and specific rules may apply to certain Corporate Actions.

#### 16. Taxes and fees on corporate actions

CC may charge administration and/or other fees related to Corporate Actions. The prevailing trading costs are available on our list of costs and charges available online. Taxes and fees may also occur such as fee on a stock dividend or tax on a merger. When such taxes and fees are charged CC will debit the client's account accordingly

#### 17. Disclaimer

CC shall not be liable to the Client for any failure, hindrance or delay in performing its obligations under the Terms where such failure, hindrance or delay arises directly or indirectly from circumstances January 2017 7 beyond its reasonable control. Such force majeure shall include, without limitation, any technical difficulties such as telecommunications failures or disruptions, the non-availability of CC's website. CC is not liable for any damage caused by an institution, such as a stock exchange, clearing house, or a securities depository.

#### 18. Amendments

CC may amend the Terms & Conditions at any time by updating them on its websites [www.cc.com.mt](http://www.cc.com.mt) and/or [cctrader.com](http://cctrader.com).

#### 19. Governing law

The Terms are subject to and shall be construed in accordance with Maltese legislation as the sole and exclusive governing law.