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IMPORTANT

Customers are reminded that options are financial instruments with a high degree of risk and that only experienced investors should consider trading options. Before being allowed to trade options customers must read, understand and approve the documents set out below. This relates to all clauses of the document: «ADDENDUM TO THE GENERAL TERMS AND CONDITIONS OF KEYTRADE BANK NV REGARDING THE TRADE IN OPTIONS», available on the Transaction site, as well as the information to which the Addendum refers, such as the «Overview of the principal characteristics and risks of financial instruments», the Options Manual and these transaction rules. To trade in US options customers must also sign the Option Price Reporting Authority electronic form of subscriber agreement on the Transaction site.

Practical procedures of the service offered by Keytrade Bank N.V. regarding the trade in options on the derivatives market of Euronext (Brussels, Paris and Amsterdam), Eurex and US options. When these transaction rules do not specifically mention a particular market (or exempted market) the description applies to all option markets.

> 1. Type of products

All option contracts are traded, except forward contracts (futures). Depending on the underlying security there are two types of daily (Euronext only), weekly and monthly options:

- Cash-settled options: when exercised the underlying security is not delivered but instead a payment is made of the positive difference (exercise settlement value) between the price of the underlying security at the time of calculation and the exercise price established.
- Physical delivery options: the holder of a long option in this type of contract is entitled to receive (call option) or carry out (put option) a physical delivery of the underlying security.

> 2. Opening times

Customers may consult the various opening times at:

- Euronext: www.euronext.com
- Eurex: www.eurexchange.com
- US Options: Options on www.cboe.com are traded during the standard opening hours of the US markets, i.e. from 3.30pm until 10pm CET.

> 3. Types of option transactions

The trading system of Keytrade Bank for the aforementioned markets allows the following transactions:

- « **Buy opening** » (open position), order to buy an option contract
- « **Sell opening** » (open position), order to sell (write) an option contract. These positions are also called «short options». This type of transaction is NOT possible at EUREX.
- « **Sell closing** » (close position), order to sell a long option in a portfolio.
- « **Buy closing** » (close position), order to buy a short option in a portfolio. This type of transaction is NOT possible at EUREX.

Certain option transactions or strategies for which the customer places an order (in particular short options) require a coverage by margin. As long as the short positions are not closed the trading account of the customer must retain a sufficient margin (cash, underlying financial instruments). This margin obligation will be deducted from the available cash in the trading account. The margin serves to cover a part of the obligations of the customer which may result from a transaction, a position or a chosen strategy in options. The extent of the obligations, and therefore of the margin, depends on, for instance, the volatility of the underlying security and the strike price.

> 4. Procedure for entering orders

Option orders of customers may be entered through the Transaction site of Keytrade Bank or by telephone, in accordance with the provisions of the General Terms and Conditions, which remain fully applicable to the trade in options.

> 5. Characteristics

Each option contract (of the type 'physical delivery options') covers in principle 100 shares of the underlying financial instrument. However there may be differences, so please see the information for each serie. Please note that the number of underlying financial instruments may be adjusted due to certain events. In this way corporate actions (for example a split, reverse split, capital increase or decrease) may result in an adjustment of the number of underlying shares, the strike price or both.

> 6. Drawing up orders

In the trading system of Keytrade Bank market orders can be drawn up in two ways only, both are related to their validity:

- « **Day order** » : in this case the order is exercisable until the last trading session of the day on which it would be passed on to the market concerned by Keytrade Bank. If the order is not exercised within this period, it is automatically cancelled at the end of the session;
- « **Good-Till-Cancelled** » (**GTC**) : in this case the order is exercisable until the latest one calendar year as from the day on which it would be passed on by Keytrade Bank to the market concerned. If the order is not exercised within this period, it is automatically cancelled at the end of this period. When the option series related to the GTC order expires, this GTC order is automatically cancelled after the expiry date. However, the investor may cancel a GTC order at any time before this period has expired.

Provisions regarding the price:

In the trading system of Keytrade Bank orders can be placed depending on their order type:

- « **market order** » : this means without a quote, to be exercised at the best price immediately available;
- « **limit order** » : this means at a maximum price set by the customer when it concerns a purchase order or at a minimum price set by the customer when it concerns a sales order.

The price of limit orders must meet certain conditions to be accepted. For US options, for example, the limit must be a multiple of:

- USD 0.05 if the option is priced between USD 0 and USD 3 or
- USD 0.10 if the option is priced at more than USD 3.

or example, a limit order of USD 2.34 will be rejected but accepted at USD 2.30 or USD 2.35. In the same way a limit order of USD 3.15 will be rejected and accepted at USD 3.10 or USD 3.20. The customer must be aware of the specific conditions and verify after placing the order whether or not the limit has been accepted.

Due to the strong volatility of the prices of the options it is possible that orders are exercised at the market price, which may be a price which is far removed from the price applicable at the time the order was registered. By placing limit orders the customer is protecting his portfolio against volatility. Execution of an order is always dependent on the presence of a sufficient counterparty.

> 7. Exercising/assigning options before the expiry date

7.1 LONG POSITION

Exercising options bought by the customer (long position) before the expiry date is not possible within the framework of the service offered by Keytrade Bank.

7.2 SHORT POSITION

The counterparty exercises his right. The customer will be assigned and must deliver (call option) or purchase (put option) the underlying security.

The clearing organisation informs Keytrade Bank of the total number of contracts assigned. Keytrade Bank subsequently assigns the customers required to fulfil their obligations.

When a customer is assigned, Keytrade Bank will draw up a transaction (including the costs for an assignment) for the underlying security at the strike price.

- If the customer has a shortfall in underlying security the Keytrade Bank system will buy the exact amount to cover the shortfall of the customer as soon as possible following the assignment through a market order on behalf and at the risk of the customer.
- If an assignment of written put options results in a (cash) shortfall in the trading account, the Keytrade Bank system will sell the exact amount to cover the shortfall as soon as possible following the assignment through a market order on behalf and at the risk of the customer.

Despite any action taken by Keytrade Bank on behalf and at the risk of the customer, the customer remains at all times responsible for his position. The customer is hereby made aware of the fact that, depending on the market conditions, he is taking the risk of a substantial potential loss.

The costs of an assignment differ from the standard transaction costs (see section 9

> 8. Expiry date: what should be done on the expiry date of the options?

8.1 LONG POSITION

Option contracts always have a fixed expiry date (in principle the third Friday of the month for monthly options or each Friday for weekly options). After this expiry date the option loses its value. Therefore, the option must be sold or exercised at the latest on its expiry date, on the understanding that it can be exercised only upon expiry.

In the week prior to the expiry date of the options, Keytrade Bank will ensure, as far as possible, that the customer is informed by email on the state of the options which have nearly reached their expiry date. This email does not relieve the customer of his responsibility to verify the state of his options and their expiry date. Keytrade Bank cannot be held liable if the customer does not receive an email due to technical problems, an incorrect email address or the lack of an email address, or any other reason beyond the control of Keytrade Bank.

1. Closing before the expiry date by the customer

The customer may close the long position himself. In view of the increased activity on the expiry date it is advisable to close a position in good time before the closing time of the market.

NB: Long positions are included in the auto-sell function as standard (see item 2. «Closing through the auto-sell function» below). If the customer wishes to close positions himself, he must deactivate this auto-sell function via the Transaction site. The auto-sell function is automatically deactivated for pending (limit) orders.

2. Closing through the auto-sell function

On the expiry date the auto-sell function automatically activates closing transactions for all open long positions, irrespective of whether these positions are in-the-money, at-the-money or out-of-the-money. This takes place at a pre-determined time depending on the market. At Eurex and Euronext Brussels, Paris and Amsterdam long positions are set at 2pm CET and a closing transaction is immediately drawn up by way of a market order (at the market price). At US option markets this is done at 5pm CET. The customer is able to deactivate the auto-sell function for each option series via the Transaction site until the actual auto-sell time. The auto-sell function does not guarantee that the long position will be closed as it may be that:

- there was no counterparty to close the long position through the auto-sell market order;
- the customer held a long position for which he had registered a closing transaction prior to the auto-sell (a pending order automatically deactivates the auto-sell function);
- the customer has deactivated the auto-sell and did not close the position himself;
- the customer opened a long position on the last trading day after the auto-sell time (i.e. after 2pm CET at Eurex and Euronext, and after 5pm at US option markets). In this case the customer is responsible for closing the option on the same day before the end of the listing, otherwise the option will become null and void OR will be exercised automatically (see item 3. «Exercise according to the market rule» below).

3. Exercise according to the market rule

When there are still in-the-money long options open when the option market concerned is closing, Keytrade Bank will exercise these on behalf and at the risk of the customer in accordance with the applicable market rules. The automatic exercise only applies to in-the-money options, even when this is for only one (euro)cent (share options) or one basis point (index). At Keytrade Bank it is not possible to keep in-the-money options out of the automatic exercise. At-the-money options or out-of-the-money options will not be exercised. The customer is responsible for maintaining sufficient liquidity (for a call option or put option) or underlying security (for a put option) in his trading account.

If an exercise results in:

- a shortfall in the underlying security, the Keytrade Bank system will buy the exact amount to cover the shortfall on the trading day following the expiry date through a market order (at the market price) on behalf and at the risk of the customer;
- a (cash) shortfall in your trading account, the Keytrade Bank system will sell the exact amount to cover the cash shortfall as soon as possible following the expiry date through a market order on behalf and at the risk of the customer.

An exercise may result in the initiation of the shortfall procedure in the event that a negative available cash balance occurs at the end of the trading day..

The customer is hereby made aware of the fact that, depending on the market conditions, he is taking the risk of a substantial potential loss if the options are exercised in accordance with the market rules.

8.2 SHORT POSITION

The customer has the option to:

1. close the position before the expiry date

NB: In view of the increased activity on the expiry date it is advisable to close positions in good time before the closing time of the market.

2. leave the short position open

In which case two things may happen:

- The counterparty does not exercise his right to buy or sell. The position becomes null and void and disappears from the portfolio of the customer on the first trading day following the expiry date.
- The counterparty exercises his right. The customer will be assigned and must deliver (call option) or purchase (put option) the underlying security.

When a customer is assigned, Keytrade Bank will draw up a transaction (including the costs for an assignment) for the underlying security at the strike price.

- If the customer has a shortfall in his underlying security the Keytrade Bank system will buy the exact amount to cover the shortfall of the customer as soon as possible following the assignment through a market order on behalf and at the risk of the customer.
- If an assignment of written put options results in a (cash) shortfall in the trading account, the Keytrade Bank system will sell the exact amount to cover the shortfall as soon as possible following the assignment through a market order on behalf and at the risk of the customer.

Despite any action taken by Keytrade Bank on behalf and at the risk of the customer, the customer remains at all times responsible for his position. The customer is hereby made aware of the fact that, depending on the market conditions, he is taking the risk of a substantial potential loss.

The costs of an assignment differ from the standard transaction costs (see section 9).

Closing a short position is not a guarantee that the customer is assigned as the assignment takes place on the same day and Keytrade Bank is not informed by the clearing organisation until the following day. This is also the date on which Keytrade Bank assigns the customer required to fulfil his obligations under the written options. The customer accepts that he may be assigned at any time, even when he has closed his position, and the consequences thereof.

> 9. Rates

The rates applicable are set out in the «Tariffs» brochure.

> 10. Value date

If the customer wishes to use the return of an executed sell order, he must take into account the value date of the cash made available.

Value dates for each market :

| | |
|---------------------------------------|--|
| Canadian markets | D+2 |
| Eurex | D+1 |
| Euronext (Brussels, Amsterdam, Paris) | D+2 |
| European options | D+1 |
| Funds | D+3 (the value date is however determined by the issuer) |
| London stock exchange | D+2 |
| Madrid | D+3 |
| Milan | D+2 |
| Bonds | D+3 |
| OMX (Helsinki, Stockholm, Copenhagen) | D+2 |
| US market | D+2 |
| US Options | D+1 |
| Xetra (Frankfurt) | D+2 |
| Switzerland | D+2 |
| Currency exchange | D+1 |

> 11. Miscellaneous

The customer acknowledges the risks inherent in the trade in options and that he has read the practical procedures and risks of the trade in options described on the sites www.euronext.com, www.eurexchange.com and www.cboe.com.

Customers are made aware that Keytrade Bank does not necessarily offer all the services and functions set out in the information of the markets mentioned. Subject to this, in the event of a contradiction between these practical procedures and the information of the markets concerned, our terms and conditions will prevail.

When the customer does not understand or has doubts about the rules and operating rules of these markets, the customer should request further information from Keytrade Bank. In the event of any differences between the various language versions, the Dutch version will prevail.

In any case, the service offered by Keytrade Bank and the execution of the orders with regard to options remain subject to the rules of the market concerned and Keytrade Bank will only act as an intermediary on behalf of its customers.

We would like to draw the attention, in particular, to Article 70 of the General Terms and Conditions «Financial information»: «The website grants access to the prices of financial instruments (available in real-time to non-professional users registered for this service in accordance with the procedures set out or with a delay of approximately 20 minutes in all other cases) as well as to other financial information, such as information about companies or financial instruments, current issues, etc. For this the Bank engages the most reliable and reputable providers of such information. All this information is however provided to the Bank by third parties, in particular certain prices of the markets concerned and MTFs themselves. For this reason the customer explicitly accepts that the Bank cannot guarantee the correctness of this information and that it cannot be held liable for damage resulting from errors contained in this information (in particular the execution of transactions based on erroneous prices or the non-execution of transactions based on erroneous prices) or from the non-provision of this information (and therefore in particular the loss of chances or opportunities). If price indications are provided in a currency other than the quotation currency of the financial instrument concerned, they are provided purely for information purposes. It is the customer's responsibility to verify in which currency the financial instrument is quoted and to take into account the exchange rate risks which may result from a quotation in a currency other than the euro.

On the Transaction site all option prices are shown with a delay of 15 minutes as standard. It is recommended having real-time prices available when trading in options. Customers can activate the real-time prices for the markets concerned in the menu «Your preferences»/»Site preferences»/»Prices» on the Transaction site.