

PRINCIPLES FOR PROTECTION AND SAFEKEEPING OF THE ASSETS OF CLIENTS

Effective as of 06 April 2009

1. General principles

- 1.1. These Principles for Protection and Safekeeping of the Assets of Clients (hereinafter the **Principles**) describe how AS Redgate Capital (hereinafter the **Company**) has arranged the safekeeping and protection of the securities and money of its clients. Unless otherwise specified in the Principles, a client, for the purposes of the Principles, means a natural or legal person who has entered into a service agreement with the Company.
- 1.2. The Company takes organisational measures to manage the risk of the loss or decrease of the assets of clients, or of the rights related to such assets, as a result of misuse of the assets, fraud, poor administration, inadequate record-keeping or negligence.
- 1.3. The Company conducts, on a regular basis, reconciliations between its internal accounts, information and records and those of any third parties by whom those assets are held.

2. Methods of safekeeping the assets of clients

2.1. Money

- 2.1.1. Since the Company is not a credit institution, the Company is required upon receipt of money from a client to immediately transfer the money to one or more accounts opened with a central bank or a credit institution authorised in the Contracting State or a third country.
- 2.1.2. The Company acts with caution and diligence in the selection of the credit institution or money market fund where the funds are placed and the arrangements for the safekeeping of those funds, as well as in the periodic review thereof. The Company also takes into account the expertise and reliability of such credit institutions to ensure that the rights of clients are protected, and to monitor any legal requirements or market practices related to the safekeeping of the funds of clients that could otherwise adversely affect the rights of clients.
- 2.1.3. The accounting systems and other monitoring systems of the Company must ensure the reliable and continuous monitoring of the money of clients and any changes therein as a whole and separately for each client.

2.2. Securities

- 2.2.1. Local legislation regulating markets in financial instruments and formal rules as well as the rules effective on the market and settlement organisation apply to securities and money held by the client.

- 2.2.2. The Estonian and foreign securities of the clients of the Company are usually held by the clients with a credit institution selected by them and these may be managed in a chain of several levels: credit institutions may, in turn, deposit securities with their sub-depositaries. According to international practice, securities are generally not registered on behalf of clients (except Estonian securities deposited with the Estonian Central Securities Depository); instead, the securities are registered on behalf of the credit institution or sub-depositary of the next level of the chain.

3. Main client groups of the Company

3.1. Clients of service of offering securities or organisation of issues

- 3.1.1. Clients keep their assets with the service provider (account manager) selected by them. In such a case, the Company can only dispose of the client's assets on the basis of the corresponding authorisation of the client if this is necessary in connection with the offering of securities or organisation of an issue. In such a case, the safeguards are limited to the adequate, timely and traceable grant of the rights to the employees inside the Company for the conclusion of transactions on the respective accounts (if this is necessary for the provision of the service).

3.2. Clients of business consultancy services

- 3.2.1. In the case of clients who use business consultancy services, the Company does not need access to the assets of the clients and the principles of protection and safekeeping of assets therefore do not regulate the provision of such services.