

## MARGIN TRADING AGREEMENT - INDIVIDUALS

**Declaration of the Concepts, Procedures, Provisions, Advantages, and Risks of the Purchase of Securities by Margin**

**Concept of Margin Trading**

Margin Trading means the agreement between the securities brokerage company and the Client to whom the Company will provide the necessary funds to pay part of the purchase price of the securities purchased in the name of the Client, in accordance with the Capital Market Law and its Executive Regulations and particularly in accordance with the Ministerial Decree no. 84 to year 2007.

**Procedures For Dealing under Margin Trading System through Hermes Securities Brokerage Company**

- 1) The Client signs a margin trading contract for financing the purchase of securities with Hermes Securities Brokerage Company as well as a custody agreement with EFG Hermes Holding Company (The Custodian).
- 2) Hermes Securities Brokerage Company shall review the Client's request; and shall inform the Client of the ability to start dealing after confirming that all the required data, documents, and approvals are met.
- 3) In the event that the Client wishes to execute a purchase of securities under the margin trading system, he/she shall contact his/her account officer to confirm the amount of available funds for his/her account, and then the Client shall issue the purchase order, taking into account that the rate of indebtedness of the Client should not exceed 50% of the value of securities to be purchased or the securities presented by the Client as collateral, or 80% for government bonds.
- 4) After the purchase, the purchased securities shall be frozen, while monitoring their market prices. The Clients shall bear in his/her account the financing costs, services, administrative expenses, and other agreed upon fees and commissions, where a daily follow-up of the Client's status is conducted.
- 5) In the event that the Client's indebtedness reaches 60% of the market value of the securities as per the closing prices announced by the EGX, or 85% of the value of the government bonds, frozen in favour of Hermes Securities Brokerage Company, the Client shall be notified to decrease his/her indebtedness either through cash payment or by presenting additional collateral within (2) two business days from the date of notification, in order to redress his/her indebtedness to 50% or less with respect to Securities and to 80% or less with respect to government bonds, using any of any of the agreed upon means.
- 6) If the Client does not respond to the abovementioned notification and decrease the percentage of his/her indebtedness, Hermes Securities Brokerage Company shall have the right to pursue the procedures for selling the securities and liquidating the collateral submitted by the Client in order to redress his/her indebtedness to reach the abovementioned ratios. Hermes Securities Brokerage Company shall also be entitled to follow the aforementioned procedures, if the Client's indebtedness reached 70% of the market value of the securities, or 90% of the market value of the government bonds.
- 7) The Client may reduce his/her indebtedness either by cash payments or by providing any of the collaterals stipulated in the contract, and which are put at the disposal of the Company.
- 8) In the event the securities are sold at the request of the Client, the Client shall issue a sale order to his/her account manager through any of the agreed upon means. The Client's order shall be executed and the sum payable to the Client shall be added to his/her account held at Hermes Securities Brokerage Company.

**Benefits and Risks of Margin Trading**

- 1) The Client, who expects an increase in the price of the securities as well as an additional income in the future, or the Client whose current sources of income are sufficient to settle the value of the securities within a specific timeframe or at least to settle the value of the financing costs which are charged to him/her under this system, can purchase securities of a value which is double the sum deposited by him/her, which in turn may lead to increasing his/her profits.
- 2) We would like to inform our Clients that this type of operations includes a high degree of risks as it enables a single Client to purchase securities of a value which is double the amount he/she deposits for the purchase. Accordingly, if the value of the purchased securities depreciates and the Client is unable to provide additional collateral, he/she will have to sell at a loss or the account officer will have to do that on his/her behalf, and consequently significant losses will surely be incurred.
- 3) The Client should not expect to make huge profits through his/her dealings under this system, as this system is characterized with a high degree of risks and unexpected fluctuations, whereby such risks may lead to huge losses, in addition to the high costs and expenses related to the execution of such transactions. Accordingly, this system does not suit Clients who are not willing to bear a high level of risk or Clients who have limited investments. It is worth noting that the same risks that apply on trading of securities in general apply also to the purchase of securities through margin trading system, in addition to a number of other investment risks, most importantly is: the drop of sale price below the purchase price resulting in capital losses borne by the Client. It should be noted also that losses suffered as result of the purchase of securities through the margin trading system may exceed the capital invested in covering the purchase transactions, in addition to the expenses related to the financing of the purchase of securities through the margin trading system. Therefore, dealing through margin trading system requires a good knowledge of the securities traded in the market, in addition to in-depth knowledge of the securities market and trading methods, procedures and systems.
- 4) Hence the Client should be fully aware of the technical rules that are followed for trading in the EGX and he/she should take into consideration that the Company may ask him/her, at any time, to settle part or all the indebtedness resulting from dealing under this system without consideration to the ratio of his/her indebtedness relative to his/her collateral, if the continuity of the Client's indebtedness is to negatively affect the capital adequacy of the Company without any liability attached to the Company.
- 5) The Client should take into account that he/she is not the only one conducting transactions under this system and that there is competition from other Clients and other companies who are having the same objective in making profits.
- 6) The Client should take into account that some technical problems may affect the trading system at the EGX and MCDR or any other failures or emergencies that may hinder the execution of the purchase and/or sale orders in general, and in this case, the Client shall be held fully liable for that, which is considered as part of the risks associated with trading in the market.

**Benefits and Risks of Margin Trading Continued**

- 7) The Client should take into account that the finding amount made available to him/her for margin-trading is variable and depends on several elements, including the total indebtedness of the Client's related group. Accordingly, the Client must contact his/her account manager to get the funding amount available to him/her on a daily basis and prior to issuing any purchase instructions.
- 8) Some securities may be acceptable as collateral within a specific period, however it may not be acceptable as collateral during another period if they lose any of the standards set out by the Administration of the Stock Exchange and approved by the FRA.
- 9) As a prerequisite to conclude a contract to finance the purchase of securities through margin trading system with Hermes Securities Brokerage Company, the Client acknowledges his/her acquaintance and knowledge with the rules and regulations governing and regulating the trading of securities through margin trading system, which include:
  - (i) Chapter (9) of the Executive Regulations of the Capital Market Law No. 95 for the year 1992 which has been added by the Ministerial Decree No. 84 to year 2007;
  - (ii) The rules and executive procedures for trading of securities through margin trading system issued by the FRA, the EGX, and MCDR regarding settlement and clearing operations for the transactions executed on the Stock Exchange through margin trading system;
  - (iii) The securities permissible for trading through margin trading system.

**Terms and Conditions**

Do you wish Hermes , without obtaining your approval, to cover your debited Margin Account in Hermes (At which Financing costs are calculated) from your credit balances in other Accounts in Hermes with different currencies rather than the debt currency in the following business day from the occurrence of such debt taking into consideration that the transfer from one currency to another will be in accordance to the foreign exchange rates announced by the Central Bank of Egypt in the day of transfer?

Yes , I agree to authorize Hermes to act on my behalf automatically without obtaining my approval

No

**Preamble**

**Whereas:**

- The Company is a securities brokerage firm performing its activities in accordance with the provisions of the laws in force in the Arab Republic of Egypt, and has an extensive experience and a good reputation with Clients in this field. In addition, the Company obtained the approval of the FRA and the EGX to execute trades in securities through margin trading system and to provide financing for the payment of part of the purchase price for securities purchased for the account of its Clients.
- The Client has agreed to open an account to trade in securities with the Company, whereby the Company executes the Client's instructions to purchase or sell securities (referred to hereunder as the "Account Opening Agreement"), and whereas the Client and the Company wishes to develop their relationship acknowledging that this Contract is linked in existence and non-existence to the Account Opening Form that the Client can not enter into this Contract with the Company, unless the Client signed the Account Opening Agreement to open a securities account. The provisions of the Account Opening Agreement shall be complementary and supplementary to this Contract, that the provisions and terms of the Account Opening Agreement signed between the Client and the Company previously referred to shall apply whenever there is no specific provision mentioned in its concern in this Contract.
- The Client is willing to trade in securities through margin trading system by issuing orders to the Company (whether sale or purchase orders) through fax, hand delivery, bloomberg or through the Company's Online Trading Website (provided that the Client executes the relevant Annex including the terms and conditions of internet trading) or by telephone, (provided that such orders are recorded by the Company in accordance with the system approved by the FRA and in accordance with the provisions of this Contract and the Account Opening Agreement concluded between both parties as well as the Capital Market Law and its Executive Regulations and specifically the Ministerial Decree no. 84 for year 2007).
- After the Client has declared that he/she has reviewed the above disclosure form prepared by the Company indicating in it the investment risks to which the Client may be exposed to as a result of trading under the margin trading system and that he/she accepts to bear such investment risks accompanying this system, as well as the Client's declaration that he/she has reviewed the rules and procedures regulating the process of trading in the Capital Market in general and those regulating trading in securities through margin trading system, and the resolutions in amendment thereof, namely the Ministerial Decree No. 84 to year 2007 and the decision of the Prime Minister no. 245 to year 2011, and the rules and procedures issued by the EGX in connection with margin trading and the rules and procedures issued by MCDR in connection with clearance and settlement operations for transactions implemented at the Stock-Exchange under the margin trading system and his/her compliance with them by his/her free, intact and mindful will.
- **THEREFORE**, the will of the parties to this Contract coincided and both parties, having acknowledged their legal capacity to enter into this Contract, have agreed to undertake the following:

**1. Preamble Provision:**

The aforementioned preamble in addition to the Custody Agreement between the Client and EFG Hermes Holding Company (The Custodian), the Brokerage Account Opening Agreement between the Client and the Company, and any addendums to the said agreements are considered integral parts of this Contract, interpreting complementing, and supplementing its provisions and Clauses. Moreover, this Contract is linked in existence and non-existence to both agreements mentioned in this provision.

It is also agreed that the Account Opening Agreement is complementing, and supplementing the provisions of this Contract and that the provisions and terms of the Account Opening Agreement signed between the Client and the Company previously referred to shall apply whenever there is no specific provision mentioned in its concern in this Contract.

**2. Subject Matter:**

- 2.1 Based on the instructions of the Client, the Company shall purchase securities through margin trading system in the name and for the account of the Client. In addition, the Company shall finance part of the purchase price for the securities that the Client wishes to purchase through margin trading system in accordance with the provisions of the Executive Regulations of the Capital Market Law no. 95 for year 1992. Such financing by the Company of part of the purchase price shall be in accordance with the funds allocated by the Client and made available to the Company and in return of the agreed upon commissions, all in accordance with what is set out in this Contract. The Company shall not execute margin trading or intraday by virtue of POA unless the price of the securities purchased through intraday trading system are fully paid up.
- 2.2 The Client irrevocably and unconditionally authorizes and delegates the Company to execute purchase and sale transactions in the name and for the account of the Client and to manage the Client's account whether by conducting sale or purchase transactions. This delegation and an authorization shall be limited to the securities purchased for the account of the Client through margin trading or those securities presented

Client Name

Signature

Account Number

Date

**2. Subject Matter Continued:**

to the Company as collateral and kept in the custody of EFG Hermes Holding Company (The Custodian). This proxy shall only apply in the event that the Client breaches any of his/her commitments/obligations as stated in this Contract. It is agreed that the Client's signature to this Contract is considered an acknowledgment to the aforementioned authorization and delegation and that may not be revoked by the Client for any reason.

**2.3** The Client undertakes to pay the Company:

- (i) The consideration for financing costs based on his/her debit balance held by the Company at a minimum annual rate of (5% above the lending rate announced by the Central Bank of Egypt) and at a maximum annual rate of (20% above the lending rate announced by the Central Bank of Egypt), In addition the Client undertakes to pay monthly financing administrative expenses of 0.1 % of the highest debit balance of the Client to be deducted on a monthly basis; and
- (ii) The expenses and commissions for brokerage, Central Depository, the traders' protection fund and any other commissions stated in the Account Opening Form concluded with the Client as well as any commissions or other expenses necessary for the execution of the relevant transaction in the Stock Exchange, in addition to the administrative expenses in connection with the Client's account.

**2.4** It is agreed that the calculation of the Client's debited balance at the Company, which is used as basis for calculating the financing costs, is made based on the Client's margin account which is denominated in the same currency of the Client's indebtedness separately from any other accounts the Client may have with the Company which are denominated in different currencies. Based on the foregoing, the calculation of the Client's debited balance at the Company, which is used as basis for calculating the financing costs, shall not take into consideration any credited balances for the Client in his/her accounts at the Company which are denominated in currencies other than the currency of the Client's indebtedness or any in other accounts of the Client at the Company other than the margin trading accounts.

The Client should also bear in mind that the Company will not cover the Client's margin trading debited account at the Company on which the financing costs are being calculated, from other credited accounts of the Client at the Company which are denominated in currencies other than the currency of the Client's debited account, unless the Client gives explicit instructions to that effect to the Company and through the agreed means of communication. As an exception to the foregoing, the Company is entitled in the following cases (without any obligation on the Company in the regard), at its absolute discretion and without having to refer to the Client, to cover the Client's margin trading debited account at the Company (on which the financing costs are being calculated) from other credited accounts of the Client at the Company which are denominated in currencies other than the currency of the Client's debited account or from any other accounts of the Client at the Company other than the Client's margin trading accounts, all in accordance to the official foreign exchange rates announced by the Central Bank of Egypt at the day of conversion:

- (i) in case the Client breaches any of his/her obligations under this Contract; or
- (ii) if the total indebtedness of the Client exceeds 60% of the market value of the purchased securities or 85% of the market value of the government bonds without rectifying this position within (2) two business days from the date of the Client's receipt of the Company's notification; or if the Client indebtedness reaches 70% of the market value of the purchased securities or 90% of the market value of the government bond; or
- (iii) if it is considered necessary by the Company.

The Client acknowledges his/her acquaintance and final acceptance to the method of calculation of the financing costs on his/her debited balance at the Company according to the abovementioned provisions and that the Client shall not be entitled to object to such method in the present or in the future.

**2.5** The Company shall also be entitled to amend such fees specified in this Contract, commissions and expenses at any time, provided the Company notifies the Client within a week before the amendment becomes effective. The Company shall be entitled to deduct directly from the Client's account fees of collecting cheques drawn on the banks and the transfer fees from the Client's account according to his/her instructions. In addition to the administrative expenses of the Client's account.

The Company is entitled to deduct all the amounts, fees and expenses outstanding to EFG Hermes Holding (The Custodian) according to the Custody Account Agreement between the Client and EFG Hermes Holding (The Custodian) without obtaining the consent of the Client and without notifying the Client prior to deducting such amounts. In addition, the Company is entitled to collect any returns upon Securities on the Client's behalf (including without limitation, dividends, coupons and any returns paid for collaterals held in the Client's margin account with providing the Company the right to collect such dividends, coupons and returns to decrease his/her indebtedness resulted from margin trading), and add them to the Client's Account according to the Custody Account Agreement between the Client and EFG Hermes Holding (The Custodian).

**2.6** It is agreed that it is meant by "the securities subject matter of this contract" in this contract, the securities subject to margin trading or the securities that is presented by the Client as original or additional collaterals in accordance with the terms and conditions of this Contract and the laws and regulations governing trading in securities through margin trading system.

**3. Financing Value**

**3.1** Pursuant to the terms and conditions of this Contract, the Company agreed, upon the request of the Client, to finance a value not exceeding 50% of the value of the securities or a value not exceeding 80% of the value of government bonds purchased for the account of the Client, and provided that no other instructions are issued by the FRA to set other percentages. In any case, the total indebtedness of the client does not exceed 15% or the client and his/her related parties with the company does not exceed 20% of the total funds available at the Company for margin trading, in accordance with what is specified by the FRA.

**3.2** "The related parties " means every associated group of Clients under the actual control of the same natural or juristic persons, or who are linked by an agreement for coordination with respect to voting at the general assembly meetings of the companies or their boards of directors.

**3.3** Based upon this definition, the Client acknowledges that his/her related parties includes each of the following \_\_\_\_\_

**3.4** The Client also undertakes to inform the Company of any related parties that may arise in the future upon the materialization of such affiliation.

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**4. Contract Duration**

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- 4.1 The duration of this Contract is one Gregorian year starting from the date of signing this Contract, and shall be automatically renewable for similar periods unless either Party informs the other of his/her willingness not to renew the Contract within at least (30) thirty days prior to expiry of the original or the renewed term of the Contract by sending a written notice or through any of the notification means as stated in Clause (10) of this Contract. Upon the expiry or the termination of the aforementioned term, all the outstanding obligations between the Client and the Company must be settled, whereby the Client is not entitled to terminate the Contract without settling his/her debts with the Company and as a prerequisite to the right of termination. In addition, the debt balance owed by the Client to the Company becomes due and payable immediately without having to send a notification or a notice.
- 4.2 Notwithstanding the above, the Company shall be entitled, at any time and without giving reasons, to notify the Client of the suspension – whether temporary or permanent – or the termination of this Contract and consequently demanding the Client to settle his/her debts in full with respect to the original debt and the financing costs, commissions and expenses within (30) thirty days from the date of notifying the Client, by any of the notification means stated in Brokerage Agreement contact.
- 4.3 Also, in the event the Client breaches any of the terms and conditions of this Contract or any of its annexes, this Contract shall be deemed automatically terminated, due and payable immediately. Such termination shall be effective automatically and immediately by the lapse of (3) three business days from the date the Company notifies the Client through any of the methods set out in this Contract of breaching his/her commitments, obligations, or any of the terms and conditions of this contract and without need for any notification, official summons or undertaking any further procedures, including without limitation, obtaining a court order or verdict or an arbitral award
- 4.4 The Client acknowledges that upon the expiry of the aforementioned period without the full payment of the indebtedness owed by him/her to the Company, the Company shall be entitled to sell, on behalf of the Client, all or part of the securities kept in the custody of EFG Hermes Holding (The Custodian) at any price available in the market to settle the Client's outstanding indebtedness in full. It is also agreed that all the rights and authorities of the Company under this Contract shall continue in full force and effect after the expiry of the aforementioned period and notwithstanding the termination or the suspension or the annulment of this Contract, as long as any outstanding indebtedness under this Contract remains due and payable by the Client to the Company; including without limitation, the Company's rights and authorities to manage the Client's accounts, through selling or purchasing of securities, and liquidating the cash or monetary deposits presented by the Client as collaterals, and

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**5. Guarantees Provided by the Client**

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- 5.1 In guarantee and as collateral for the full, punctual and timely repayment of the due and payable value of the debt owed by the Client, including the original debt, interests, commissions, expenses and financing costs – the Client allocates his/her securities which will be kept in the custody of EFG Hermes Holding (The Custodian) (as per the custody agreement) for the Company. The Client also agrees that all the securities kept in his/her account or which were or shall be purchased under this Contract shall be frozen as collateral to settle the Client's accrued debt pursuant to the terms and conditions of this Contract.

Also the Client is under obligation to pay, in advance and in cash, an amount equivalent to at least 50% of the value of the securities or an amount equivalent to at least 20% of the value of the government bonds purchased by the Company on behalf of the Client and pursuant to his/her instructions in accordance with the terms and conditions of this Contract, or any other rate pursuant to the abovementioned Clause 3. Such amounts shall be deposited by the Client in his/her account for that purpose with the custody of EFG Hermes Holding (The Custodian), or to present to the Company any of the following collaterals in the same aforementioned values:

- (i) Unconditional bank letters of guarantee issued in favour of the Company by a local bank operating in Egypt or a branch of a foreign bank operating under the supervision of the Central Bank of Egypt; or
  - (ii) Deposits at local banks operating in Egypt or branches of foreign banks operating under the supervision of the Central Bank of Egypt, provided that they are frozen in favour of the Company and can be liquidated upon the Company's request without need for the Client's approval. The collateral value for those deposits shall be 90% of the deposit's original value.
  - (iii) Securities satisfying the criteria/standards set by the EGX and approved by the FRA, of market value at the date of their valuation of not less than the specified percentages affirmed by FRA (80 % and 100% ) of the value of purchased securities at the time of purchase.
- Any securities not satisfying the aforementioned criteria will be excluded from the calculation of the provided collaterals whether they were submitted as original collaterals or as additional collaterals. The abovementioned terms and conditions shall also apply in case of the depreciation in the market value of the collaterals presented by the Client.
- 5.2 In the event of the increase in Client's indebtedness compared to the market value of the securities beyond the limit specified in the abovementioned Clause (3), the Company may ask the Client to present additional collaterals to be put at the disposal of the Company or to pay such difference in cash. And if the Client does not fulfil such request, he/she will be in breach of his/her obligations under this Contract.

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**6. Management Rights**

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- 6.1 The Client authorizes and delegates the Company to manage his/her accounts with respect to purchasing and selling his/her securities that are purchased through margin trading or that are provided as collateral, in case he/she breaches his/her obligations pursuant to this Contract, or if the Client's indebtedness reaches 70% of the market value of the purchased securities or 90% of the market value of the government bonds.
- 6.2 The Client also acknowledges and declares that he/she is not entitled to dispose in any way of the securities purchased by margin trading or the securities that are provided as collateral, and which will be kept in the custody of EFG Hermes Holding (The Custodian), except with the prior written consent of the Company.

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**7. Financed Securities**

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- 7.1 It is agreed that only the securities that satisfy the standards set out by EGX, approved by the FRA, and accepted by both Parties, shall be the subject matter for purchase under margin trading system. In this regard, the Company shall notify the Client with the securities permitted for purchase by margin and any amendments that may occur thereto, and the Company shall take all the necessary measures in this regard. The Client may issue margin trading instructions to the Company in accordance with the means agreed upon in this Contract. Moreover, it's agreed that the Company has the right to refrain from executing any purchase or financing operation under this system and without any prior notification to the Client in the following cases:

Client Name

Account Number

Signature

Date

## 7. Financed Securities Continued

- (i) in case the capital adequacy of the Company was below the limits mentioned in the Capital Adequacy Standards issued by the FRA ;or
- (ii) If the transaction would lead to the total sums owed to the Company or what is kept as collateral exceed, with respect to a single security, the percentage of % of the Company's funds available for margin trading operations and in accordance with what the FRA specifies in this concern; or
- (iii) If the transaction would lead to the indebtedness of the client to exceed 15% or the client and his/her related parties to exceed the percentage of 20% of the company's funds available for margin trading operations and according to what the FRA specifies in this concern; or
- (iv) The financing amount is not available to the Company.
- (v) If the Client is one of the Insider(s) in the issuer of the security intended to be traded through margin trading or is a substantial shareholder owning 20% or more in the capital of the issuer of the security intended to be traded through margin trading, whether directly or indirectly, through groups or related parties. Insider(s) has the same meaning stipulated in the EGX listing rules and applies on the board of directors of the issuer of the security intended to be traded through margin trading or its holding company, subsidiaries, sister companies or companies under its control or its representatives, spouses or minor children, in addition to any person who has the right to view any of the internal information of the issuer of the security intended to be traded through margin trading and their spouses and minor children.

The Client shall have no right to recourse over the Company in anyway for any of the abovementioned cases.

- 7.2 The Client agreed that the Company may review/access the Client's securities' accounts at any entity, particularly without limitation, MCDR, any custodian, or any other party as specified by the Company to assess the Client's capital adequacy and the extent of his/her commitment to his/her obligations.

## 8. Collateral Redemption

- 8.1 The Client may, at any time under this Contract, settle in cash all or part of the remaining cost of the securities purchased with margin.
- 8.2 The Client is also entitled to redeem excess collaterals presented by him/her to the Company to cover his/her commitments if the Client's indebtedness falls below 50% of the value of the purchased securities or 20% of the purchased government bonds; or to use such excess collaterals in any other purchase transactions at his/her discretion.
- 8.3 The Client may substitute either the securities provided or other collaterals kept with the Company with either other securities and collaterals, provided that any replacement collaterals are accepted by the Company and are not in breach of the governing rules of margin trading system.

## 9. Freezing Effects for the Securities Subject Matter to this Contract

- 9.1 The Client acknowledges that the Company has the right to freeze, for its own interest, any bonus shares, shares of capital increase, or stock split for all securities kept for the Client in the custody of EFG Hermes Holding (The Custodian). The Client also acknowledges the right of the Company to collect the coupons value for all the aforementioned securities when due and to use these proceeds to settle part or all the indebtedness accrued on the Client to the Company, including original debt, interests, commissions and expenses. Moreover, the Client's signature on this Contract is considered as a final delegation and authorization to the Company to undertake aforementioned procedures on the Client's behalf without referring to the Client and without prejudice to the Client's commitment to pay-back his/her accrued debt on time and from his/her own resources.
- 9.2 The Client undertakes to transfer and keep frozen in the custody of EFG Hermes Holding (The Custodian) all securities that he/she will be dealing in under this system (margin trading) or those securities which will be provided as collateral. The Client also guarantees the effectiveness and the validity of this freezing and pledges that he/she will not take any action to prevent or hinder the use of the Company of any of its rights under this Contract or its annexes.
- 9.3 The Client's debt which is due and payable to the Company is indivisible and consequently, each of the securities subject matter of this Contract guarantees the full settlement of the debt and all dues of the Client.

## 10. Client Commitment

- 10.1 The Client undertakes to open an account at the Company and sign all the documents in relation to purchase of securities through margin trading, including the authorization and delegation of the Company to carry out the following:

**First:** Freezing the Client's account and managing the sale of part or all of the securities and bonds of the Client, or liquidating the collaterals/ letters of guarantee, or selling the securities and treasury bills presented as by the Client collaterals for the transactions of margin trading – to be done at the Client expense and under his/her responsibility – without the need to notify the Client prior to initiating any judicial proceeding or proceedings for the sale of securities and bonds. The Company is entitled to carry out the aforementioned procedures in cases where the Client does not pay for the purchased securities or bonds as stated in the Contract, or where the Client is in breach of his/her commitments before the Company. The Company shall use its rights and follow the aforementioned procedures to the extent that enables the Company to cover the uncollateralized indebtedness of the Client and returning the financing amount given by the Company to the percentage stated in the Contract in addition to covering commissions, funding costs and expenses incurred.

It is understood that securities and bonds under this Clause mean the securities purchased by margin or presented as original or additional collaterals pursuant to this Contract.

**Second:** In case the proceeds from the sale or liquidation of the collaterals are not sufficient to cover the Client's indebted account, the Company shall be entitled to full recourse to the Client for payment of the rest of the Client's indebtedness in addition to all consequences incurred by the Company as a result of the Client's non-payment including legal interests at the rate of 7% per annum.

**Third:** The Client hereby gives his/her written consent for the Company and the EGX to access his/her accounts at any authority/entity to verify his/her financial adequacy and his/her ability to fulfil his/her commitments.

**10. Client Commitment Continued**

**Fourth:** The Client approves and undertakes to transfer the securities which are presented as collaterals to the custodian designated by the Company, which is EFG Hermes Holding (The Custodian).

**Fifth:** Unless otherwise is approved in written by the Company, the Client undertakes to keep frozen and to refrain from disposing of (i) the securities purchased by margin as long as their value has not been paid in full; and (ii) the securities presented by the Client as collaterals, which are kept in the custody of EFG Hermes Holding Company (The Custodian).

- 10.2** The Client acknowledges and warrants the accuracy of all information mentioned in this Contract, as well as the information mentioned in the custody agreement with EFG Hermes Holding (The Custodian), and pledges to fulfil all his/her commitments under the aforementioned contracts.
- 10.3** The Client undertakes to maintain the percentage of collaterals provided by him/her to the Company in a way that the value of his/her indebtedness relative to the value of his/her collaterals does not exceed 50% of the market value of the purchased securities through margin trading or 80% for government bonds or any other ratios as clarified in the Clause (3) above. The Client also undertakes to settle in cash or to provide additional collaterals in case the percentage of his/her uncollateralized indebtedness relative to the market value of the securities and/or government bonds purchased through margin exceeds the limits mentioned in this Contract.
- 10.4** It is agreed that the Company has the right to re-evaluate the securities subject matter of this Contract at the end of each business day according to their market value at the closing prices of the EGX, and if it appears that the Client's indebtedness may exceed 60% of the market value with regard to the securities and 85% of the market value with regard the government bonds, the Company has to notify the Client of the decrease in the value of his/her collateral relative to the indebtedness value payable, and the necessity of decreasing this ratio whether by cash payment or by providing additional collaterals. This notification can be done by any of the following means:
- Telephone: the Client shall be deemed to have been properly notified by proving that the Company had contacted him/her at any of the Client's phone numbers stated in Brokerage Agreement contract, even if the Client did not answer.
  - Fax: to the Client's fax number listed in Brokerage Agreement contract.
  - E-mail: to the Client's e-mail address listed in Brokerage Agreement contract.
  - Messages (SMS): to the Client's mobile phone listed in Brokerage Agreement contract.
- 10.5** In case the Client fails to comply within (2) two business days from receiving the Company's notice requesting him/her to pay the rest of the value of the purchased securities or bonds or to cover his/her position; or if the Client's indebtedness reached 70% of the market value of the purchased securities or 90% of the market value of government bonds, the Company shall have the right to sell the securities or the government bonds and liquidate the collaterals provided by the Client at any time, whether by selling them at the EGX or at the London Stock Exchange (with respect to the Global Depository Receipts GDRs), according to the available market price at the time of sale in order for the Company to redress the Client's indebtedness to 50% or less of the market value of securities and 80% or less of the market value of the government bonds. The parties agreed that in the event of selling shares denominated in US dollars at the EGX or at the London Stock Exchange, the Company shall have the right to convert the US dollars resulting from these sales into Egyptian Pounds according to the foreign exchange rates available at any of the banks operating in Egypt on the day of the settlement.
- 10.6** If the Client breaches any of the items mentioned in this Contract or its addendums, or any of the agreements mentioned in Clause (1) above, the First Party shall have the right to sell any of the securities kept EFG Hermes Holding (The Custodian) without having to comply with any provisions or procedures stipulated in any other laws, where the Company shall take immediate selling procedures without the need for sending the Client any additional payment summons. The Company shall also have the right to sell the securities provided by the Client as collateral (2) two business days after notifying the Client through any of the aforementioned means in the event of deterioration in their market prices that may be expected to result in making these collaterals insufficient to cover the Client's indebtedness including the original debt, accrued interests, and commissions.
- 10.7** To protect the rights of the Company in the event that the Client could not be notified by any of these means, the Company shall have the right to sell his/her securities two business days following the attempt to reach the Client, provided that the failure to reach the Client is not caused by the Company.
- 10.8** If any of the securities purchased through margin trading system or those provided as collateral loses any of the standard conditions set by the EGX, the Company shall have the right to ask the Client to substitute these securities with others that are acceptable to the Company. The Company may sell those disqualified collaterals immediately if the Client fails to comply with the Company's request to substitute such collaterals with the securities acceptable to the Company within (3) three business days.
- 10.9** In case the Client breaches any of his/her obligations mentioned in this Contract, the Client shall not have the right to take any legal actions against the Company or EFG Hermes Holding (The Custodian), or to demand any compensation, money, or securities from them through any means on the basis that the Company uses, at any time it may deem appropriate, any of its rights mentioned in this Contract, in particular the Company's rights set out in Clause (4) above, as well as the Company's right to sell the securities held in the Client's name. The foregoing applies even in cases where the value of the securities sold by the Company may have increased or has already increased after the securities had been sold by the Company pursuant to its rights under this Contract.
- The Client should notify the Company once the Client becomes an Insider (as defined in the EGX listing rules) or once owning 20% or more (whether directly or indirectly through groups or related parties) in the capital of the issuer of any securities purchased through margin trading, and in all cases within no more than (2) two business days from the date in which the incident subject of notification takes place.

The Client should, within (2) two business days from the date in which the incident subject of notification takes place according to the above, cover the total indebtedness amount in relation to purchasing the securities issued by the relevant company referred to above whether through:

- providing additional collaterals acceptable to the Company according to clause (5) of this Contract to cover 100% of the securities purchased through margin trading in this company; or
- the full payment of the total amount of securities purchased through margin trading in this company.

If the Client breaches its notification obligation and its obligation to take all the required actions to cover the total indebtedness amount in

Client Name

Signature

Account Number

Date

## 10. Client Commitment Continued

relation to purchasing securities issued by the relevant company according to the above paragraph, the Company shall, based on its full discretionary power and without having to notify or get back to the Client, have the right to take all procedures stipulated in clause (10) of this Contract to settle the total indebtedness amount in relation to purchasing these securities in the relevant company, remove the indebtedness amount from the Client's margin trading account and pay the due indebtedness over the Client in favor of the Company, specifically:

- (a) sale of all or part of the purchased securities through margin trading and other securities and treasury bills and liquidation of all or part of the provided collaterals by the Client;
- (b) withdrawal and deduction from the Client's other accounts held by the Company with the same currency of the Client's indebtedness or with other currencies, according to the exchange rate published by the Central Bank of Egypt (CBE) in the exchange day according to the fourth paragraph of clause (2) of this Contract.

The Client should also notify the Company once the Client becomes an Insider (as defined in the EGX listing rules) or once owning 20% or more (whether directly or indirectly through groups or related parties) in the capital of the issuer of any securities provided by the Client as a collateral for the margin trading account indebtedness, and in all cases within no more than (2) two business days from the date in which the incident subject of notification takes place. During this period, the Client should provide alternative collaterals acceptable to the Company according to clause (5) of this Contract, otherwise the Client will be deemed in breach of its obligations and the Company will have the right to take all procedures stipulated in this Contract to cover the Client's indebtedness.

**10.10** The Client acknowledges the right of the Company to sell the securities purchased for him/her under the margin trading system or those provided as collaterals (in case of decrease in their value or breaching his/her commitments or any terms of this Contract) by any of the aforementioned means according to the possibility of selling in the Stock Exchange, which includes but not limited to, selling the securities according to the date of their purchase, or the date of presenting and accepting them as collaterals, in a way that selling is done starting with the last securities purchased by the Client under the margin trading system or those presented as collateral, followed by the preceding ones and so forth, until the position of the Client is settled. The Client acknowledges that he/ she may not object on what the Company's choice with respect of selling the securities of the Client pursuant to this Contract. In addition, the Client is not entitled to request to retain specific securities and request the sale of other securities, even if there is a specific interest for the Client in doing so.

## 11. Company's Commitments

- 11.1** To exert due care of a reasonably cautious person in executing this Contract and assessing the capability of the Client to fulfil his/her commitments, and re-assessing the status of the Client as deemed necessary and at least once every (12) twelve months.
- 11.2** The Company is under no obligation to undertake any purchase transactions by margin trading unless the Client deposits in cash the agreed percentage of the purchase price, provided that it is not less than 50% of the value of securities and 20% of the value of government bonds, or otherwise presenting the collaterals agreed upon to execute the purchase instructions by margin trading.
- 11.3** The Company notifies MCDR of any transactions done by margin trading on the day of executing the transaction, in order to freeze the securities purchased by margin trading in the Client's account with the custodian for the benefit of the Company, whereby no trading may take place with regards to such securities except through the Company.
- 11.4** Enabling the FRA and the EGX to access all data and documents related to transactions made by margin trading.
- 11.5** Holding independent books and accounts in an automatized and secured way to record transactions made by margin trading.
- 11.6** Providing the Client with a statement clarifying the concept and regulations of margin trading, its procedures, benefits and risks, and have it sent to the Client annually.
- 11.7** Sending monthly account statements to the Client, clarifying the value of expenses, commissions, financing charges, indebtedness, in addition to collaterals provided by the Client. The collaterals' details in those monthly account statements shall reflect market value and cash value for securities and bonds, as well as the letters of guarantee presented by the Client and retained or liquidated for his/her account.
- 11.8** The Company is entitled to assess the purchased securities by margin trading subject matter of this Contract and to re-assess them on a daily basis.
- 11.9** The Company shall send a copy of this Contract to the custodian to whom all securities subject matter of this Contract shall be transferred, which EFG Hermes Holding (The Custodian).

## 12. Company's Rights

In case of breach by the Client to the terms and conditions of this contract, or the rules of margin trading stated in the executive regulations of the Capital Market Law no. 95 for 1992 and its complementary decrees, the Company is entitled to the following:

- 12.1** The Company shall re-assess the purchased securities by margin trading at the end of each day according to their market value. In case the Client's indebtedness, as a result of the decrease in market value of such securities, exceeded 60% of the market value of the purchased securities according to the announced closing price of the EGX, or exceeded 85% of the government bonds frozen in favour of the Company, the Client is notified, through any of the means agreed upon in Brokerage Agreement contract, to decrease the aforementioned percentages either by making cash payment or by presenting additional collaterals within (2) two business days, to redress the percentage of his/her indebtedness to 50% of the market value of the purchased securities and to 80% of the government bonds.
- 12.2** The account manager and/or the Company shall be entitled to execute sale transactions on securities and to liquidate the collaterals presented by the Client in this regard in order to redress the Client's indebtedness to 50% or less of the market value for the purchased securities through margin trading or 80% or less of the market value of the government bonds in the following cases:
  - failure of the Client to decrease his/her indebtedness within (2) two business days from the date of being notified and requested to do so by the Company; or
  - if the Client's indebtedness has reaches 70% of the market value for securities or 90% of the market value for government bonds.
- 12.3** To take the necessary measures, after notifying the Client thereof, for disposing of the securities purchased by margin trading or presented as collaterals in case such securities lose any of the conditions/standards set out for admitting those securities for margin trading.
- 12.4** Collecting value of coupons for any securities and receiving free shares or shares resulting from share splits or any other rights related to securities subject matter of this Contract, for the purpose of settling any outstanding amounts on the Client.



**12. Company's Rights Continued:**

12.5 Executing any transactions on securities subject of this contract including sale, purchase, mortgage or other transactions to secure the Company's rights vis-à-vis the Client according to the governing rules, .

In addition, in order for the Company to carry out its commitments towards the Client and official authorities according to this Contract, the Company shall be entitled to the following:

- (a) Receive fees, commissions and other receivables by virtue of this Contract and in consideration for executing its commitments hereunder. The Client undertakes to indemnify the Company for any damages or losses it may incur as a result of carrying out its commitments under this Contract; and
- (b) Request any additional data from the Client (according to Anti Money Laundering Law no. 80 to year 2002 and its executive regulations) in order to identify the identity of real beneficiaries from transactions executed by the Client and the sources of his/her invested money including receiving written statements from the Client on sources of this money.

**13. General Provisions**

13.1 Any recommendations made by the Company are based upon the information available and for the purpose of serving the Client and shall not be considered a guarantee for the value of the securities and their future performance, as price fluctuations may lead to profit or loss without any liability on the Company. Also the Company is not responsible for the transactions cancelled or reversed by the EGX or the FRA.

13.2 The Company has the right, according to its sole discretion and without referring to the Client, to transfer cash and/or securities in the Client's accounts at the Company in the following cases:

- where the Client fails to decrease the percentages of his/her indebtedness to the aforementioned thresholds after (2) two business days from the date of being notified and requested by the Company to do so; or
- if the indebtedness of the Client reaches 70% of the market value of securities purchased through margin trading or 90% of the market value of government bonds.

13.3 In case there is more than one account held in the Client's name at the Company, the Company shall be entitled, according to its sole discretion and without referring to the Client, to transfer moneys from the Client's credited accounts to cover any debited accounts of the Client which are denominated in a different currency in accordance with the foreign exchange rates announced by the Central Bank of Egypt (CBE) or the foreign exchange rates available at any of the banks operating in Egypt on the day of conversion and transfer. The Company shall also be entitled, according to its sole discretion and without referring to the Client, to transfer cash and/or securities from and to the Client's different accounts held by the Company to cover any debited accounts of the Client or to purchase securities if the Company deems a necessity to do so.

13.4 The Client acknowledges that the Company's registers, records, and accounts are proof of the amounts payable or that to be paid by him/her under this Contract and that the Client shall not have the right to dispute such records and accounts for any reason whatsoever, whether now or in the future.

13.5 The Client acknowledges his/her awareness of all the risks involved with purchasing securities through margin trading, and declares that he/she had received a statement explaining the concept of margin trading as well as all the procedures, benefits, risks, and the substantial rules thereof.

13.6 The Client declares that he/she is the original owner and the sole beneficiary of opening this account and all sources of his/her moneys are legitimate. The Client shall comply with furnishing the Company with any additional data that it may be requested of him/her to determine the sources of his/her funds invested in purchasing securities pursuant to the provisions of Anti Money Laundering Law no. 80 to year 2002, its executive regulations, the decision of the Minister of Economy and Foreign Trade no. 620/2001, the decision of the Board of Directors of the Authority no. 4/2003 and all their amendments and pursuant to any future amendments of such laws and decrees as well as the form prepared by the FRA in application to the principle "Know Your Client". The Client also declares that he/she is responsible for all liabilities and legal consequences in case anything otherwise is discovered. The Client shall also be under obligation to periodically update his/her KYC form and information as requested by the Company, in order to comply with its obligations under the aforementioned regulations and the EGX membership rules. The Client acknowledges and understands that failure to comply with this obligation shall be considered a breach of this Contract and will entitle Hermes to suspend his/her account as it may deem necessary without prejudice to its right to claim indemnity as applicable.

13.7 The addresses and data listed in Brokerage Agreement contract are considered the elected domiciles for its parties to which all correspondences and notifications in connection with Brokerage Agreement contract shall be directed. The Client shall comply to inform the Company in writing of any amendments with any of the data listed in this Contract, provided that such change shall not become effective vis-a-vis the Company until receiving this notification from the Client. The Client also declares that if he/she did not object about any of the account statements sent to him/her by the Company within (15) fifteen days from the date of being sent by the Company, it shall be considered a final approval from him/her to the balances shown in these statements. The Client also states that in case that he/she did not receive the account statement within (15) fifteen days from the date set for sending it, to ask the Company for it within the following week, and if it was not demanded within that period, he/she shall have no right to object to not receiving it. A copy of the Company's letters and notifications are considered proof of sending and to what is contained in these statements.

13.8 This Contract is subject to the provisions of the Capital Market Law no. 95 for year 1992, its Executive Regulations, Chapter 9 of the executive regulations of the Capital Market Law issued by virtue of the ministerial decree no. 84 for year 2007, its and executive decisions, as well as all

Client Name

Account Number

Signature

Date

**13. General Provisions Continued**

the provisions of other related and competent laws and the Trade Law no. 17 for year 1999. All are deemed an integral part of this contract.

**13.9** Any notification sent by the Company to the Client at the address listed at the beginning of Brokerage Agreement contract shall be valid and effective. The Client states that he/she has reviewed all items in this Contract, a total of (15) fifteen clauses, and that there has been no deletions or crossing out in the body of the Contract.

**13.10** The Client authorizes the Company to inquire about his/her credit rating through any credit rating agency that is authorized appropriately by the Central Bank of Egypt. The Client also authorizes the Company to disclose to the said agencies any information related to the Client's debit balances in case the Client exceeded the indebtedness limits as set out in the Laws, Executive Regulations and the executive decisions regarding margin trading and failed to redress his/her indebtedness for a period of (90) ninety calendar days. The Client also authorizes the Company to deduct an amount of thirty Egyptian pounds from his/her account as inquiry service fee for each inquiry made.

**13.11** The Client's rights and obligations under this Contract may not be assigned by the Client, in whole or in part, without the prior written consent of the Company. The Company may assign this Contract or any of its rights or obligations under this Contract to any affiliate or to any successor company (whether by merger, consolidation or otherwise) at any time without obtaining the consent of the Client. The rights and obligations of the Company shall inure to the benefit of the Company' successors and assignees whether by merger, consolidation or otherwise, and shall be binding upon the executors, administrators, successors and assignees of the Client.

**14. Amendments**

The Company retains the right to modify or amend this Contract and/or add any additional terms and provisions without reference to the Client provided that such changes are not in contravention with applicable laws and the Client would be informed with such changes in advance and Any notices sent or delivered to the address indicated at the forefront of the Brokerage Agreement Contract shall be considered correct and productive of their effects. Notwithstanding the foregoing, it is agreed that in case changes occurred to the Applicable Market Rules in connection with any of the provisions of this Contract and where such changes require amending this Contract or any of its Annexes/Schedules, the Company shall be entitled at any time to effect such necessary changes immediately without prior notification and the Client shall be responsible for the implementation thereof without any liability attached to the Company.

**15. Jurisdiction**

Disputes between the Company and the Client shall be settled through the same means as agreed in the original agreement (Brokerage Agreement Contract). The dispute resolution terms and conditions set out in Brokerage Agreement Contract shall be incorporated by reference into this clause and shall constitute an integral part of this Contract.

Hermes Securities Brokerage (First Party)

Signature:

Date:

Client name (Second Party)

Account number

Signature:

Date:

