

## INTRADAY TRADING ANNEX - INDIVIDUALS

**One Region. One Investment Bank**

Egypt | Jordan | Kuwait | Lebanon | Oman | Qatar | Saudi Arabia | United Arab Emirates



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**Disclosure of Risks Accompanying Intra Day Trading Continued:**

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**(B) Short Selling Risk :**

The borrowing of the investor to securities and selling them in the same session then the tendency of prices to rise during the session leads him/her to sustain immediate losses; especially if he/she purchases these securities in the same session to cover his/her open position. If the investor repurchases the sold Securities in the same session, the transactions are settled through the securities Complex or borrow the securities to complete the settlement process. With the continued tendency of prices to rise from session to another, the losses of the investor who deals by the intra day trading system will increase immediately and repeatedly, until he/she closes his/her open positions by purchasing the borrowed securities.

**(C) Market Risk :**

Under the system of intra day trading, the Client bears the market risk in addition to the credit risk (margin trading and short selling trading). The importance of closing the open positions whether in case of margin trading or short selling trading, raises such risks in light of the fact that there are some kind of risks to which all securities in the market may be exposed during the trading session such as declaring public events, events correlated to macroeconomics or for any other reason that the management of the EGX determines, that matter that may obstruct the Client from resale. Whether such events are positive or negative, they entail severe price fluctuations that contribute to increasing the profits or losses that the Client using this system achieves/sustains.

It is worth mentioning here to the additional risks entailing from the suspension of trading by the Circuit Break limits if the rate of drop or rise in the trading weighted price reaches 10% or 20% which may not enable the investor to close the open positions during the trading session. In such case, the Client shall bear full responsibility; without any liability attaching to The Company, in which case he/she shall not be entitled under any circumstance to claim the Company for anything.

This may maximize the losses if the effect of such events is directed adversely to the open financial positions which are closed in the same session whether by sale or purchase; contrary to the case if the Client creates long positions that are transferred from the Client's owned funds available for investment for a long period of time.

**(D) Communication Risk :**

The Client must take into his/her consideration that there are some risks correlated to intra day trading system such as disruption in the linking lines, power failure or the disconnection of communication lines, and that the Company is not responsible for the technical breakdowns that may occur at the trading system of the EGX or MCDR that may obstruct the execution of the sale and purchase orders in general. In such case, the Client shall be considered fully responsible for the foregoing. This is considered among the risks of trading in the market. The risks related to this system also increase if the investor trades online, in which case there are probabilities of the occurrence of breakdowns in the network during the trading session.

Such events or other unfavorable events may entail the inability of the Client to make an investment decision or the inability to execute his/her orders at the right time during the trading session; the matter that may raise the losses that the trader faces in the intra day trading system.

**(E) Security Risk :**

Dealing in a security by sale or purchase in the same session requires a detailed study of the movement of their trading prices during a specific period that allows studying the levels of their trading prices and learning of the price extent of their movement during the trading session, in addition to the importance of gaining knowledge of their maximum and minimum trading prices during the period of the study.

The trading of the investor in a security by the intra day trading system without a technical study of its trading movement and determining the appropriate time for purchase or sale during the session, taking into consideration the limited number of trading hours and the necessity of making the investment decision quickly in addition to the lack of knowledge of the Client to the above, may lead to maximizing his/her losses, let alone the other risks entailing from substantial events that could be declared by the Company during the trading session with which the investor is assumed to react or by which his/her decision may be influenced. This requires the investor to be fully aware of the trading markets, their strategies, their investment methods and their correlated risks.

**(F) Currency Risk :**

Dealing under the intra day trading system in securities by a currency that is different from the investor's currency may entail the investor to sustain additional losses as a result of a change in the rate of exchange, where the investor may achieve capital profits as a result of the difference between the purchase price and the sale price, but the change in the rate of exchange may lead to the loss of such profits and even sustaining losses at the time of converting into the foreign currency. In case of sustaining losses as a result of trading in the same session, the conversion of the currency may lead to affecting the amount of such losses.

**Intra Day Trading Terms and Conditions:**

From the standpoint of the desire of the Client to trade in securities using the intra day trading system, within the framework of the issuance of the decision of the Board of Directors of the Financial Regulatory Authority (FRA) no. 67/2012 on 8th of October 2012 in connection with the securities' intra day trading system , and after the Client has declared that he/she has perused the above disclosure form prepared by Hermes Securities Brokerage Company (the Company) indicating in the investment risks to which the Client may be exposed at the time of trading under this system and that he/she accepts to bear such investment risks accompanying with the securities' intra day trading system.

As well as the declaration of the Client that he/she has reviewed the rules and procedures regulating the process of trading in the capital market in general and those regulating with the intra day system to trade in securities , and the rules and procedures issued by the Egyptian Stock-Exchange (EGX) in connection with intra day trading and the rules and procedures issued by the Misr for Central Clearing Depository and Registry (MCDR) in connection with clearance and settlement operations for transactions implemented at the EGX under with the intra day system to trade in securities and his/her compliance with them by his/her free, intact and mindful will.

**WHEREAS:**

- the Client has agreed to open an account to trade in securities with the Company, whereby the Company executes the Client's instructions to buy or sell securities;
- the Client and the Company wishes to develop their relationship acknowledging that this Annex is linked in existence and non-existence to the account opening agreement that the Client can not enter into this Annex with the Company unless the Client signed the account opening agreement to open a securities account;  
this Annex is inherently and inseparably a part of the account opening agreement 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 Annex;
- The Company has obtained the approval of the FRA to practice the activity of intra day trading.

**Hence, the Company provides this service to its Clients who desire to trade using this system that allows the purchase and sale of securities in the same session pursuant to the following obligations and standards:**

1. The above preamble shall be considered integral part of this Annex.
2. The Client has agreed for the Company to assume trading in his/her name and for his/her account under the intra day trading system. The Client shall be absolutely prohibited from issuing any sale orders for the securities purchased pursuant to this system except through the Company, and in case of the breach of the Client to such obligation, the Client hereby declares that by signing this Annex, he/she authorizes the Company to obtain the sale price from the other brokerage company which executed the sale transaction in breach to the terms and conditions of this Annex; all without prejudice to the right of The Company in indemnity for any losses that it sustains as a result of the foregoing.
3. The Company shall comply with executing the orders issued thereto by the Client after ensuring that the securities subject matter of the trade mentioned in the order are among the securities admitted for trade using this system, are listed on the EGX and meet the standards laid down by the management of the EGX and ratified by the Authority. Such securities admitted for intra day trading shall be declared by the EGX instantaneously on the trading screens. The Company shall comply with opening an independent account for the Client specifically for intra day trading transactions, so that all his/her transactions pursuant to this system would be sorted from his/her other transactions.
4. Trading pursuant to this system shall only be carried out on securities. The Client shall comply with keeping the value of his/her daily trading transactions pursuant to this system within the limits of 1/10000 (one per ten thousand) of the number of securities listed for the Company on the EGX, which is the rate determined by the FRA. The Authority may amend the said rate in the cases that it deems appropriate. Such amendment shall be binding to the Client as from its validity date.
5. The client may repeatedly place intraday orders on the same stock with the maximum limit during the same session based on selling the full quantity previously purchased
6. The Company shall be entitled to a commission of 0.25 % of the value of the executed transactions according to this system, in addition to other administrative fees. The Client hereby undertakes to meet all obligations correlated and arising from his/her transactions in implementation to this Appendix, and in case of failure to comply with the foregoing, the Company shall be entitled to claim indemnity.
7. The Client may, subject to the approval of the Company, not complete the sale or to purchase of securities during the same session pursuant to this system; together with the settlement of the securities purchased or sold (as the case may be) pursuant to the ordinary method and rules regulating trading and settlement, and will have to meet all his/her obligations arising under the settlement of purchased or sold securities pursuant to the ordinary method and rules regulating trading and settlement . In such case, the Client must express such desire at the time of issuing the purchase or sell order (as the case may be) and shall be compelled to pay the full value of securities purchased prior to settling them or to provide the amount of securities sold prior to settling them. If the Client fails to comply with the foregoing, his/her signature on this Annex shall be considered an authorization by him/her to the Company to sell the purchased securities as soon as they are settled pursuant to the market prices at the time that the Company determines; or to deduct directly from his/her account to purchase the amount of securities at the market price for settlement purposes – as the case may be – to cover his/her position and collect such obligations in addition to incurring any price differentials and any other associated expenses or commissions.

**Intra Day Trading Terms and Conditions Continued:**

8. The Client's daily transactions pursuant to this system shall be within the limits of the amount deposited by him/her in his/her account for this purpose which must not be less than ..... the Company hereby agrees to execute the Client's orders pursuant to this system at a value that is higher than the amount deposited by him/her in his/her account, at a maximum of .....% pursuant to the financial solvency of the Client which shall be determined by the Company.
9. The Client hereby approves for the Company to settle the transactions carried out in relation to securities pursuant to this system in the same day through credit or debit to his/her account allocated for this purpose. If the value of the Client's obligations exceeds the value of his/her account, he/she shall be obligated to cover this difference by no later than the start of the following trading session. If he/she fails to do so, his/her signature on this Annex shall be considered authorization by him/her to the Company to cover such difference on his/her behalf from any of his/her other accounts held with the Company or any of its sister companies, or to sell on his/her behalf any other securities that he/she owns; all without prejudice to the right of the Company to request indemnity. In all such cases, the Company may not allow the Client to trade pursuant to this system afterwards.
10. In case the Client does not purchase all or part of the quantity of securities previously sold in the same session, the Client shall bear all obligations correlated to providing the quantity of securities not purchased for the purposes of settlement, in addition to incurring the price differences and other related expenses and commissions. It shall be imperative upon the Client to meet such obligations immediately.
11. In case the Client does not sell all or part of the quantity of securities previously purchased in the same session, such unsold securities shall become the property of the Client and the Client shall bear all the obligations arising therefrom and it shall be imperative upon the Client to meet all his/her obligations immediately. In case the Client does not meet his/her obligations in a timely manner, the Client acknowledges approving the Company's disposal of all or part of such securities to cover his/her position and collect such obligations.
12. It is agreed upon that the Client hereby authorizes the Company to sell the securities previously purchased in the same session pursuant to this system before the end of the trading session according to the market prices and at the time that it determines, in the following cases :

(i)If the Client fails to determine the sale price; or (ii)If the sale price determined by the Client was not achieved before the end of the session by 45 minutes.

Noting that the Company shall not sell the securities in the previous cases, unless the cash balance of the Client is not sufficient to cover the full value of the purchased securities for purposes of settlement pursuant to the ordinary method. Otherwise the Client shall be responsible for giving an explicit order for sale in the same session if he/she desires so in the aforementioned cases despite having sufficient cash balance for settlement pursuant to the ordinary method.

13. It is also agreed upon that the Client hereby authorizes the Company to purchase the securities previously sold in the same session pursuant to this system before the end of the session according to the market prices and at the time that it determines, in the following cases :
- (i)If the Client fails to determine the purchase price; or (ii)If the purchase price determined by the Client was not achieved before the end of the session by 45 minutes.

Noting that the Company shall not purchase the securities in the previous cases, unless the securities balance in the Client's account does not allow covering the full value of the securities sold. Otherwise, the Client shall be responsible for giving an explicit order for securities purchase in the same session if he/she desires so in the aforementioned cases despite having securities balance in his/her account sufficient for settlement pursuant to the ordinary method.

14. If the Client has more than one account with the Company in different currencies, the Company shall be entitled to cover the debit account by deduction from his/her other credit account held in another currency without referring to the Client and in accordance with the official foreign exchange rates announced by the Central Bank of Egypt on the day of conversion. In addition, the Company shall be entitled to transfer securities and/or cash to and from the Client's accounts held with the Company, as it deems appropriate at its sole discretion and without referring to the Client, to cover any indebtedness of the Client or for the purchase of securities.
15. The signature of the Client on this Annex shall be considered declaration on his/her part that he/she is fully knowledgeable and aware of all risks accompanying this kind of transactions and the extent thereof, in addition to the rules and regulations governing trading in securities market in general and as well as the regulation of the intraday trading as set forth in the preamble of this Annex.
16. In the event of the Client trading under the intraday trading system through the internet, this Contract shall be deemed as an annex to both the account opening agreement for trading in securities listed in the EGX with the brokerage company and to the online trading contract.
17. In case any changes occurred to the relevant laws, regulations or practices of the relevant market in connection with any of the provisions of this Annex and where such changes require amending of this Annex, the Company shall be entitled at any time to effect such necessary changes immediately and the Client shall be responsible for the implementation thereof without any liability on the Company.
18. Disputes between the Company and the Client shall be settled through the same means as agreed in the original agreement (account opening agreement).

Client Name \_\_\_\_\_  
 Account Number \_\_\_\_\_

Signature \_\_\_\_\_  
 Date \_\_\_\_\_

