Special conditions for over-the-counter trading

Baader Bank Aktiengesellschaft
Weihenstephaner Strasse 4
85716 Unterschleissheim
Germany
T 00800 00 222 337*
F +4989 5150 2442
service@baaderbank.de
https://www.baaderbank.de

* Free telephone number from international and national landlines. Costs may be incurred for calls from other networks.

These special conditions apply to the off-exchange buying or selling of financial instruments (hereinafter referred to as „OTC Trading"). OTC Trading is characterized by the fact that the client is given the opportunity to instruct the Bank via his financial services provider to execute his order outside of a stock exchange. The following applies:

1. Specific risk information for over-the-counter trading

In contrast to on-exchange trading, which takes place on a regulated stock exchange and is monitored by a stock exchange supervision, OTC Trading takes place in a non-centralized market. This results in specific risks for OTC Trading compared to exchange trading. These include the following risks in particular:

OTC Trading is subject to the same legal provisions as on-exchange trading. However, there is neither a stock exchange supervision nor do the regulations of a stock exchange trading place apply to transactions in OTC Trading. This entails the risk of lower degree of transparency about the issuers of the tradable financial instruments since they only must provide rudimentary information about their economic situation. The client must therefore expect that any negative information will not be published. Hence, there is a risk that information available paints a picture that is too optimistic compared to the real economic situation of an issuer, so that price developments cannot be reliably identified, and the issuer default risk cannot be assessed to the same extent as within stock exchange trading.

Financial instruments that lack market liquidity are part of OTC Trading. A lack of market liquidity means that there is little or no supply and/or demand for a financial instrument. As a result, the client must reckon being unable to buy or sell financial instruments at the desired time or permanently.

In addition to the risk of insufficient market liquidity described above, pricing that is less transparent than on-exchange trading, e.g. due to the inability to inspect an order book, and poorer comparability of prices means that in OTC Trading the difference between the buying and selling price of a financial instrument („**spread**") can be particularly high. This leads to the risk of being offered a price that is unfavorable to the client.

In OTC Trading, it may be possible to submit the order using the Request-for-Quote procedure. In contrast to the classic order placement, the transaction only comes about with a price request from the client after a multi-stage exchange of price information and explanations between the customer and the Bank (see the following subsection „Request for Quote (RfQ)"). During the period between the price request and the conclusion of the transaction through the acceptance of the client offer by the Bank, the transaction is subject to the risk or market price changes. This means that during this period the client must expect that even after submitting his legally binding offer, any price and market fluctuations could mean that no transaction is concluded at the price on which his offer is based and that he may receive a price offer that he believes is adjusted to market conditions or simply no transaction is made at all.

Furthermore, there is an increased risk of subsequent cancellation of transactions due to mistrades compared to on-exchange trading. Mistrades are transactions that the trading partner has erroneously concluded at a price that differs significantly and obviously from the market price („reference price") at the time the transaction was concluded („mistrade"). In addition to the previously mentioned lower transparency in pricing, this increased risk results from the fact that the mistrade regulations, which are uniform for a stock exchange, do not apply to the transactions in OTC Trading, but rather mistrade regulations, which are structured individually depending on the trading partner, are valid between each trading partner and the Bank. Accordingly, these mistrade regulations between the Bank and the trading partners are also included in the relationship between the Bank and the client (see section „Mistrades regulations").

Before concluding a transaction in OTC Trading, the client should be aware of both the specific risks of trading in financial instruments and make an impact assessment for his individual situation as to whether OTC Trading is suitable for him or not.

The specific risk information given here does not release the client from the obligation to educate himself about the specific risks of OTC Trading and trading in financial instruments in general.

The fact that the Bank offers clients the opportunity to trade over-the-counter does not mean that it recommends OTC Trading to clients.

2. How OTC Trading works

2.1 No entitlement of the client to access OTC Trading

The Bank is entitled, but not obliged, to accept orders for buying and selling of selected financial instruments („**orders**") in OTC Trading from the client. With regard to OTC Trading, the Bank is entitled to adjust it at any time at its own discretion and to suspend it temporarily or permanently. At no time does the customer have a claim against the Bank for access to OTC Trading.

2.2 Client's explicit consent to execute trade in OTC Trading; absence of explicit consent

The execution of the transactions in OTC Trading requires the explicit consent of the client. The client regularly agrees to this through his application to open a securities account with the associated clearing account. If there is no explicit consent from the client, the forwarding of the order to a trading partner is not permitted within the framework of the execution principles and the transaction is forwarded to the next stock exchange or multilateral trading venue. The customer gives his explicit consent to this by choosing the trading partner.

2.3 Financial commission business

The client instructs the Bank via his securities service provider to conclude the transaction in his own name for his account („financial commission business").

2.4 Order types OTC Trading

2.4.1 Market and limit orders

In general, depending on the trading partner, the same order types are available as in stock exchange trading („**market and limit orders**"). A market order means the customer places that order at the currently best possible price for a specific quantity of financial instruments. It is carried out without further ado. With limit orders, the customer specifies a minimum price (sell) and maximum price (buy), i.e. a price limit. The limit order will only be executed if the price limit specified by the customer is reached. Therefore, the client must regularly check whether an order has been executed or is still open for execution.

2.4.2 Request for Quote (RfQ)

In addition to these classic order types, it is possible in OTC Trading to initiate the buying or selling of financial instruments by requesting a quote („**Request for Quote**", „**RfQ**"). Upon request, the client is shown a price for the requested quantity of the financial instrument via the frontend of their securities service provider. The display of the price is not legally binding at this point in time and is merely an invitation to the client to submit a legally binding offer for the displayed price within a varying time window. There is no obligation for the Bank or trading partner to accept an offer. If the client does not submit an offer within the time window, the request for quote expires.

2.5 Exclusion of investment advice

The Bank does not provide investment advice. The Bank only executes orders as a pure execution transaction („execution only") or as a non-advisory transaction.

3. Mistrade regulations

While in on-exchange trading the stock exchange supervision („Handelsüberwachungsstelle“) of the respective stock exchange decides about mistrades on the basis of mistrade regulations that apply uniformly to the stock exchange, separate mistrade regulations apply in off-exchange trading that have been contractually agreed between the Bank and each trading partner. The current mistrade regulations between the Bank and the respective trading partner can be viewed at the following link: www.baaderbank.de/Kundenservice/Formularcenter/Kundeninformationen-198. According to the „Conditions governing the execution orders“ agreed between customer and Bank, these regulations are included in the mistrade regulations agreed there between Bank and client.

4. Availability OTC Trading

The availabilty of trading depends on the valid times of the respective trading partner. The client can view these at the following link:

https://www.baaderbank.de/Kundenservice/Formularcenter/Kundeninformationen-198

The Bank and the trading partner are not obliged to ensure uninterrupted trading.

If trading is interrupted or suspended, the client hereby consents to the Bank cancelling all orders not yet executed at that time. The Bank is not liable for any resulting damage. The trading partner as well as the Bank can adapt, modify, develop, completely or permanently suspend OTC Trading at any time.

The Bank is entitled, particularly in the event of abuse of OTC Trading, to block the client temporarily or permanently from OTC Trading.

If OTC Trading is not possible for technical reasons, the client can route his orders to buy or sell financial instruments via stock exchange, provided that the financial instrument can be traded on a stock exchange.

5. Behavior in the event of insolvency of one of the trading partners

In the event of the insolvency of a trading partner, all transactions and contractual relationships between the Bank and the client in which the trading partner concerned is involved come to an end. The client hereby consents to the termination of these business and contractual relationships. A case of insolvency occurs when insolvency proceedings are applied for the assets of an off-exchange trading partner.

6. Liability

The Bank is only liable for the careful selection of these involved in the execution of the client order. Should claims arise against the trading partner due to disruptions in performance in favor of the Bank, these may be assigned to the client.

7. Law governing execution transaction

The necessary transactions for the execution of the customer order are subject to German law, the General Terms and Conditions and any conditions agreed with the trading partner.

This also applies to the processing, type, and content of the execution transaction. Furthermore, this applies regardless of whether the trading partners are based in the Federal Republic of Germany or not.