

# LHV Trader trading rules

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## 1. How to open an LHV Trader account

In order to use the LHV Trader trading platform, it is necessary to complete a tax residency declaration, fill out the appropriateness test and sign a contract for using the LHV Trader trading platform.

A tax residency declaration for an individual can be completed in the internet bank > INFORMATION AND SETTINGS > Agreements > W-8BEN. If you are opening an account for a corporation, please download the W8BEN-E form and complete it as per instructions. The appropriateness test could be done in the internet bank > INFORMATION AND SETTINGS > Appropriateness test. You can sign a contract in our office or in the internet bank > INFORMATION AND SETTINGS > Agreements > LHV Trader > Conclude agreement.

The next step is to transfer at least USD 2,500 or the corresponding amount in euros into the Trader account, after which the activation process will start for the LHV Trader account, with the user name for the trading system sent by e-mail within 10 business days (15 business days for corporations). To transfer money to/from a Trader account, choose EVERYDAY BANKING > Payments > for Payment type choose "Payment between own accounts" and for destination account choose the Trader account.

LHV Trader grants the customer direct access to the trading venues, which means that the customer is responsible for all the orders transmitted. Transmitting orders directly to the stock market ensures that they will be executed quickly; however, trades could be cancelled in rare cases only when corresponding to the parameters specified in section 6.4 "Request a trade cancellation". Trade cancellation requests are handled on a best efforts basis only. LHV cannot guarantee your request will be processed within the exchange mandated time limits or will be otherwise accepted by the exchange.

### Additional rules for traders

- To start trading, there must be a minimum of USD 2,500 **or the corresponding amount in euros** on the account. To use leverage, there must be at least EUR 2,000 or an equivalent on the account; otherwise leveraged positions will be liquidated automatically.
- Clients who are under 21 years old are not permitted to use margin.
- As LHV Trader is a freestanding trading platform, money transfers will reach the account in one banking day; if the money transfer is done during business hours (between 9.00-17.00 Estonian time), then usually in one hour. The same condition applies for withdrawing funds from the LHV Trader account.
- Traders must always select SMART as their exchange destination, which gives the best quotations from different stock exchanges and ensures the best price available for the customer. When choosing a stock exchange manually, a higher service fee may apply.
- The following types of currency can be transferred into the LHV Trader account: USD, EUR, GBP, CHF, HKD, CAD, AUD, JPY, SEK, RUB, NZD, NOK, HUF, DKK, PLN and CZK.
- Many exchanges charge fees to their members for orders that are cancelled or modified, and LHV charges certain related fees to its customers to cover these exchange fees.
- The Depository Trust Company (DTC) collects custody fees on behalf of ADR agents for ADRs which do not pay periodic dividends. The fees are deducted by DTC in monthly billing and will be passed to accounts, which held the ADR on the record date. ADR fee range is 0.01 to 0.03 USD per share.
- Transactions conducted at the platform are settled according to T+2 rule.

## 2. Recommended System Requirements

	PC Minimum Requirements	PC Recommended	Mac Minimum Requirements	Mac Recommended
Operating System	Windows 8.1 or higher	Windows 10 or higher	Mac OSX 10.11	Mac OS 10.13 or higher
Browser		Internet Explorer 11.0 Firefox 32.0 Chrome 37.0		Safari 7.1 Firefox 32.0 Chrome 37.0
Java	Java 7.0 (1.7.0_40)	Java 7.0 (1.7.0_45)	Java 7.0 (1.7.0_40)	Java 7.0 (1.7.0_45)
Screen Resolution	1024 × 768	Dual Screen, 1280 × 1024	1024 × 768	Dual Screen 1280 × 1024
Processor	Intel i3	Intel i5 or higher	Intel i3	Intel i5 or higher
Memory	4GB Ram (1GB available for LHV Trader)	8GB Ram (2GB available for LHV Trader)	4GB Ram (1GB available for LHV Trader)	8GB Ram (2 GB available for LHV Trader)
Internet Connection	Broadband	Broadband with Backup	Broadband	Broadband with Backup

## 3. Getting started

### 3.1 Log in to Trader

The LHV Trader program can be downloaded from [lhv.ee/trader](http://lhv.ee/trader) or from the online bank, in the section INVESTING > LHV Trader.

After installation, when the login window opens, enter your LHV Trader user name and password and click the “Log in” button. If the fields for data entry are not visible, you need to install Java software on your computer. More detailed information on downloading the software is provided in the log in window. Note: do not close the window after logging in, as it is necessary for running LHV Trader.

#### Information in the log in window

„**Select language**“ – The language selector enables you to choose between English, Russian, Estonian and Lithuanian in order to see the platform in the desired language.

„**Color Palette**“ - The color palette allows you to choose a new color skin for LHV Trader . If you select a palette and want to change it once you have logged in, use Edit > Global Configuration > Display > Style.

„**Settings directory**“ - By default, files are saved in C:\Jts. If you would like to change the location of your LHV Trader settings files, use the Browse button to specify a new directory.

„**Use/store settings on server**“ - This option allows you to save your LHV Trader settings, including market data, pages etc., on our server instead of your local machine. If checked, your workstation will have the same data and look regardless of your login location. If not checked, settings are only saved on the computer you are currently using.

„Use SSL“ - Checking this box option gives additional privacy and integrity to your order information as it travels over the internet. Minor performance impacts may be experienced depending on the capabilities of your PC.

### How to save and restore Page Settings

To save your settings you have set up in the platform go to File > Save settings as > and then choose a file name and location where the settings file of your platform will be saved.

To restore your platform setting including trading pages and tickers you had set up previously, you can select to restore the entire settings file, which includes all trading pages and their tickers. Restoring a page file completely replaces all of your current trading pages with new settings.

#### To restore settings

- On the File menu, select File > Settings Recovery.
- In the Open dialog box, click on the day's file you want to use or choose “Custom” button to use previously saved file to replace the current set of pages and tickers.
- Then click OK. Your current trading pages and tickers will be replaced with those in the file you selected.

### 3.2 Add market data

Before you trade, you'll want to add market data lines for your assets. A market data line represents an individual ticker and displays the product type, order destination, ask and bid prices, and other defining attributes. You can add a market data line by typing a symbol, ISIN code or company name directly into the Contract/Underlying column of the trading screen.

#### To add market data to the trading screen:

- Click in the Contract/Underlying field in an empty row.
- Enter an underlying symbol and press ENTER.
- Select a contract from the list on the trading screen. For instruments that require an expiry, choose a month and year, or select “All” or “More” to open the contract selection box. It's important to note that selecting Smart or Directed in this step affects both market data and default order routing. You can modify the routing destination on a per-order basis using the Destination order field.
- In the Contract Selection box, select a contract(s) and click OK. You can limit the contracts displayed in the right pane by selecting criteria from the Filter section. Choose Smart as the exchange to use SmartRouting.

### 3.3 Create an order

There are many ways to create orders in Trader. This topic shows you how to create and transmit an order directly from a ticker line in the Quote Monitor.

Click the Ask or Bid in a market data line to create an order line directly below the selected ticker.

- Click the Ask to create a Buy order.
- Click the Bid to create a Sell order.

On the Order line, modify the order parameters including Time in Force, Action, Quantity, Price, Order Type or Destination, if needed.

From the column “Type”, it is possible to set the type of the order – market order (MKT), limit order (LMT), stop limit order (STP LMT), relative order (REL), trailing order (TRAIL).

In case of limit and stop orders, the price limit (the column “Lmt. Price”) and the validity term of the order (in the column “Time in Force”) must be set, (DAY) is only one day, (GTC) is good 'til cancelled.

To transmit your order, click the “Transmit” in the Transmit field.

To cancel a working order click the grey “Cancel” button in the Cancel field.

By default, a working order will display on any page that has the ticker. You can modify where you want working orders to be displayed using the Page settings.

All pending orders are listed on the Pending page, so that you can always get an overview of the valid orders.

When using LHV Trader for the first time, the default mode is to trade during regular trading hours, and in order to participate in the primary and secondary market, you need to select Edit > Global Configuration > Presets > and tick the box ‘Allow orders to be activated, triggered or filled outside regular trading of hours (if available)’. When permitting single orders on the primary and secondary market, the box ‘Allow this order to be filled outside of regular trading hours’ must be checked on the order Time in Force bar menu. Please note that not all orders are available outside RTH as long as some orders can work only both RTH and outside RTH (like some futures limit and other orders).

### 3.4 Trades summary

The Trade Log window displays reports for daily executions including those completed during after-hours trading. To see trades click the Trade Log icon on the trading toolbar.

To add or remove columns from the Trades tab:

- Right-click in any column heading and select Layout.
- Check the columns you want to include; uncheck columns you want to hide.

Column name	Description
Action	The action, either Bought or Sold.
Quantity	The number of units in the trade.
Underlying	Underlying symbol.
Comb	If checked, identifies the trade as a combo trade. Use the “+” sign to expand the combo and view individual legs.
Description	The contract description.
Price	Transaction price.
Currency	The currency in which the position is held.
Exchange	The exchange that executed the order.
Date	The execution date.
Time	The execution time.
ID	The order ID.
Order Ref.	The order reference number as defined by the user on the Order Ticket. For basket orders, this field contains the name of the basket to which the order belongs.
Commission	Commission charged on the trade.
Vwap Time	For VWAP orders, the time at which the order executed.
Comment	Displays comments relative to the order.
Account	Identifies the beneficial account number.
Submitter	Identifies the order submitter.

You can view transaction statistics for the last seven calendar days in the Trades window, earlier transaction statistics could be found in the internet bank trading account report. Transaction statistics in the internet bank will appear during the next business day

### 3.5 Quote Monitor

The main information and trading location of LHV Trader is the trading window, composed of the menu bar, trading bar, quick entry section for orders and trading section (with the market data and order information bar).

There is no limit to the number of Quote Monitors you can create in Trader. You can enter as many lines of market data as you want, but at any one time you will only be able to see 100 active market data lines at a time. Use the Quote Monitors to sort your assets by instrument type, exchange, or your own trading system categories. You can navigate through the tabbed pages without the mouse by using the *Ctrl* key along with the *Page Up* and *Page Down* keys.

- To create a new page, click the "+" sign and select Quote Monitor
- To delete a page, click the "x" sign
- To rename a page, right-click the page title and select *Rename Page*.

To add or remove Market Data fields from your Quote Monitor or any tool, hold your mouse over a field until the "Insert" and "Remove" commands appear. If you hover over a Market Data field, the list will display the market data categories; if you hover over an order field, the list of order fields is displayed.

#### Market Data fields example:

Underlying	The underlying symbol for the contract. To toggle between underlying and symbol mode, on the <b>View</b> menu select the desired mode.
Exchange	The market data exchange. If no other exchange is specified for order routing, this exchange is also where the contract will be routed. Select SMART order routing to route directly to the best available market.
Description	Identifies the instrument type and other descriptive contract information.
Position	Your current position in the selected contract.
Avg Price	The average cost of the current position.
P&L	Displays gains or losses. To modify the P&L calculation used, right-click the field and select or deselect <i>Include today's opening position in P&amp;L calculation</i> . NOTE: When the closing price is not available, the average price is used for the P&L calculation. This occurrence is noted by an exclamation point (!) in the P&L field.
Unrealized P&L	Calculates unrealized P&L for stocks, stock options and futures options. Unrealized P&L is calculated using the formula: $(\text{current market price} - \text{average cost/share}) \times \text{total number of shares}$ . The average cost per share is updated in real time. This field is automatically added to the Trading window when the customer takes a position. Once removed it is not automatically added again.
Bid	The best bid price for a contract. This is the best price at which you could currently SELL.
Bid Size	The approximate depth of the current bid.
Ask	The best ask price for a contract. This is the best price at which you could currently BUY.
Ask Size	The approximate depth of the current offer.
Change	How much the current price has risen or declined from the previous day's closing price. If the price has declined, the background is red. If the price has risen, the background is green. To toggle between dollar change and percent change, click the column title.
Change (%)	The percentage that the current price has risen or declined from the previous day's closing price. If the price has declined, the background is red. If the price has risen, the background is green. To toggle between percent change and dollar change, right click the column title and choose Display Value or Display Percentage.

Last	The last price at which the contract traded. A "C" in front of the last price indicates that this is the previous day's closing price. For forex the "midpoint" value is displayed instead of the last.
Last Size	The size of the last contract traded. If the last contract traded is larger than the previous one, the font is green. If it's smaller, the font is red.
High	High price for the day for the selected contract.
Low	Low price for the day for the selected contract.
Volume	Trading volume for the day for the selected contract.

To add or remove Order Management fields from your Quote Monitor, right-click on any field label and select Customize Layout. In the list of Order Management columns, move the desired field from the Available Columns list to display, or from the Shown Columns list to the Available list to hide. You can modify the layout of fields per page, or globally using a page layout that is applied to multiple Quote Monitors. Changes to a page layout are automatically applied to any pages that already use the layout.

#### **Mandatory Columns are always displayed on an order line in the trading window:**

Action	The order action. BUY or SELL.
Type	The order type.
Quantity	The number of units in your order.
Lmt. Price	The limit price for order types to which this price applies, including Limit, Stop Limit, and Relative orders.
Aux. Price	This field reflects the Election price for Stop and Stop Limit orders, and the Offset Amount for Relative and Trailing Stop orders. You can set these auxiliary amounts in the Default Order Settings box.
Basis Points	Used with futures EFPs. The basis point value is equal to the implied interest rate x 100.
Status	The order status. See Guide to System Colors for details.

### **3.6 The Account window**

The Account window lets you monitor every aspect of your account activity. It presents basic account values as the default when you first open the Account window. The account window conveys in real-time the funds you have available for additional trades and current margin projections.

#### **The Account screen is divided into the following sections:**

- Balances, which shows your account balances for securities, commodities and in total. These balances don't include margin requirements.
- Margin Requirements, which shows your initial and maintenance margin requirements based on your current positions. Customers under the Reg T margin model can compare their current margin to their requirements under the Portfolio Margin model by clicking the Try PM icon.
- Available for Trading, which tells you what you have for additional trades and cushion before liquidation, based on your balance information and margin requirements.
- Market Value - Real FX Balance, shows the total value of all positions, sorted by currency.
- FX Portfolio - Virtual FX Position, which shows activity for currency pair trades only. The value in the Position field only reflects trades executed in the FX market. Please note that these do not reflect real-time FX positions, since the non-base currency conversions may also be included.

- Portfolio, which lists all current positions sorted by underlying, and displays the total current market value for each position.

## Balance section

The Balances section shows your account balances for securities, commodities and in total. These balances don't include margin requirements.

To view all Balances values, expand the section using the green plus (+) sign. To customize this view to show only the values you want to see, put a check next to these parameters and click the green minus (-) sign to contract the section.

The following table defines the fields available in the Balances section.

Parameter	Explanation
Net Liquidation Value	Total cash value + stock value + securities options value + bond value + fund value.
Equity with Loan Value	Total cash value + stock value + bond value + fund value + European & Asian options value.
Previous Day Equity with Loan Value	Marginable Equity with Loan Value as of 16:00 ET the previous day.
Reg T Equity with Loan Value	Total cash value + stock value + bond value + fund value + non-U.S. & Canadian securities options value + accrued interest + accrued dividend.
Special Memorandum Account If this values falls below zero at the end of the trading day, positions will be liquidated.	A special account associated with a Reg T Margin account that is maintained for the purpose of applying Federal Regulation T initial margin requirements at the end of the trading day. Max ((EWL - US initial margin requirements)*, (Prior Day SMA +/- change in day's cash +/- US initial margin requirements** for trades made during the day.)) *calculated end of day under US Stock rules, regardless of country of trading. **at the time of the trade
Securities Gross Position Value (GPV)	Equals the sum of the absolute value of all positions except cash, index futures and US treasuries. Value of a position is price * size * multiplier
Cash	Settled cash + sales at the time of trade + futures P&L
Settled Cash	Cash recognized at the time of settlement - purchases at the time of trade - commissions - taxes - fees. Stock Settlement: Trade date + 3 days Options Settlement: Trade date + 1 day
Accrued Interest	Interest that has accumulated but has not been paid or charged.
Dividend Payables	Dividends in Lieu that must be paid by the holder of a short position.

## Margin Requirements section

Use real-time margin monitoring to see your current margin requirements at a glance, and to understand the margin implications of any transaction before you transmit an order.

Margin is calculated at three periods during the day: the market's open, the market's close, and overnight. The Margin Requirements section shows your current margin, projected margin for the next period of margin calculation (Look Ahead) and the Overnight calculation (valid for futures only).

- The Current margin is your real-time requirement right now. If you happen to be viewing this screen at 1:00 AM, your current and overnight margin values for your futures positions will be identical. If you're viewing this screen during trading hours, your current margin requirements for futures will be less than or equal to the overnight requirement.
- The Look Ahead projects what your margin requirements will be at the next margin calculation, based on what you have in your portfolio now. If you're viewing this screen at 2:00 PM, the next calculation will be at the close. If you're viewing this screen at 1:00 AM, the next calculation will be at the open.
- Overnight is the requirement after regular market hours.

To help you stay on top of your margin requirements, we provide pop-up messages and color-coded account information to notify you that you are approaching a serious margin deficiency. Trader will highlight the row whose value is in the distress state. The colors on your account screen tell you the following:

**Yellow** - You have only a 5% cushion above the margin requirement

**Note:** If your account equity moves rapidly from a greater than 5% cushion to a margin violation, your positions may be liquidated without you receiving a yellow warning.

**Orange** - Your margin cushion is depleted and you have a short time to enter into margin-reducing trades before your positions are liquidated. At this point you will not be able to enter into any trades that might decrease your margin.

**Red** - Your positions will shortly start to be liquidated as necessary to bring your account back within the margin limits.

The following table defines the fields available in the Margin Requirements section.

Parameter	Explanation
Reg T Margin	Initial margin requirements calculated under US Regulation T rules.
Current Initial Margin	Initial margin requirement in the base currency of the account. The initial margin requirement is what is required to open a new position.
Post-Expiry Margin @ Open (predicted)	Provides a projected "at expiration" margin value based on the soon-to-expire contracts in your portfolio. Value displays at expiration and are highlighted in red. All other times the value is "0". The projected value in this field includes the anticipated account value including the expiring contract. To see just the projected margin and excess liquidity value for the expiring contract, double click the entry.
Current Maintenance Margin	Maintenance margin requirement in the base currency of the account. This is the value required to maintain your current positions.
Projected Look Ahead Initial Margin	Projected initial margin requirement as of next period's margin change in the base currency of the account.
Projected Look Ahead Maintenance Margin	Projected maintenance margin requirement as of next period's margin change in the base currency of the account.
Projected Overnight Initial Margin	Projected overnight initial margin requirement in the base currency of the account.
Projected Overnight Maintenance Margin	Projected overnight maintenance margin requirement in the base currency of the account.

### Available for Trading

The Available for Trading values show you the state of your account at a glance. Your Available Funds tells you if you can put on a trade. Your Excess Liquidity tells you whether you have sufficient cushion to maintain your current positions, your Buying Power tells you how much you have at your disposal including your equity and LHV's margin.

To view all Available for Trading values, expand the section using the green plus (+) sign. To customize this view to show only the values you want to see, put a check next to these parameters and click the green minus (-) sign to contract the section.

The following table defines the fields available in the Available for Trading section.

Parameter	Explanation
Current Available Funds	This value tells what you have available for trading. Equity with Loan Value - Initial margin.
Current Excess Liquidity	This value shows your margin cushion, before liquidation. Equity with Loan Value - Maintenance margin
Post-Expiry Excess (predicted)	Provides a projected "at expiration" excess liquidity value based on the soon-to-expire contracts in your portfolio. Value displays at expiration and are highlighted in



	red. All other times the value is "0". The projected value in this field includes the anticipated account value including the expiring contract. To see just the projected margin and excess liquidity value for the expiring contract, double click the entry.
Special Memorandum Account	Line of credit created when the market value of securities in a Reg. T account increase in value.
Look Ahead Available Funds	This value reflects your available funds at the next margin change. The next change is displayed in the Look Ahead Next Change field. Equity with loan value - look ahead initial margin.
Look Ahead Excess Liquidity	Equity with loan value - look ahead maintenance margin.
Overnight Available Funds	Same as during regular trading hours.
Overnight Excess Liquidity	Same as during regular trading hours.
Buying Power	<b>Cash Account:</b> Minimum (Equity with Loan Value, Previous Day Equity with Loan Value)-Initial Margin <b>Standard Margin Account:</b> Minimum (Equity with Loan Value, Previous Day Equity with Loan Value) - Initial Margin*4
Leverage	Gross Position Value/Net Liquidation
Look Ahead Next Change	Shows you when the next margin period will begin.
Day Trades Left	Number of day trades still available for 4-day pattern day trader period. If "N/A" is shown instead, the day trades are unlimited.

### Market value – real FX position

The Market Value section shows you total value for all assets sorted by currency.

The following table defines the fields in the Market Value section.

Parameter	Explanation
Currency	Open positions are grouped by currency.
Total Cash	Cash recognized at the time of trade + futures P&L. This value reflects real-time current FX positions, including: <ul style="list-style-type: none"> <li>• Trades executed directly through the FX market</li> <li>• Trades executed as a result of automatic LHV conversions, which occur when you trade a product in a non-base currency,</li> <li>• Trades deliberately executed to close non-base currency positions.</li> </ul>
Settled Cash	Total cash that has settled + futures P&L.
Accrued Interest	Reflects the current month's accrued debit and credit interest to date, updated daily.
Stock	Real-time mark-to-market value of stock.
Options	Real-time mark-to-market value of securities options.
Futures	Real-time change in futures value since last settlement.
FOPs	Real-time mark-to-market value of futures options.
Funds	Current funds balance.
Exchange Rate	The currency exchange rate to the base currency.
Net Liquidation Value	Total cash value + stock value + options value + bond value.
Unrealized P&L	The difference between the current market value of your open positions and the average cost, or Value - Average Cost.

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Realized P&L	Shows your profit on closed positions, which is the difference between your entry execution cost and exit execution cost, or (execution price + commissions to open the position) - (execution price + commissions to close the position).
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### FX Portfolio – Virtual FX Position

This section shows activity only for currency pair trades. The "Position" value may reflect the sum of trades executed in the FX market along with conversions to convert non-base funds into your base currency. Consequently these "virtual" positions do not necessarily reflect your real-time FX positions. For the actual currency balance, check the *Total Cash* field of the Market Value section.

When the FX Portfolio panel is displayed, currency positions will also be displayed in the trading window. To remove currency positions from display, condense the FX Portfolio panel by clicking the arrow to the left of the panel title.

### Portfolio

The Portfolio section shows the current value of each position and allows you to mark any position to be liquidated last in the event of a margin call.

The following table defines the fields in the Portfolio section.

Parameter	Explanation
	Show Zero Position Rows - displays a line for all traded contracts even if the position was closed out.
Contract description	Symbol and description.
Position	Quantity of long/short shares or contracts.
Currency	Currency of the contract.
Market Value	(Position) x (market price).
Market Price	Real-time price of the position.
Average Price	Average cost of stock and securities options opening positions, including commissions. Note: Right click and select Show all values in base currency to have Trader convert all non-base currency position values for display in your base currency. Converted values are displayed in italics for easy identification.
Unrealized P&L	(Market value of positions) - (average cost).
Realized P&L	(Market value of positions since close of period*) - (average cost for these positions). *Cut-off times for determining realized P&L for transactions are as follows: <ul style="list-style-type: none"> <li>• 20:30 ET for securities</li> <li>• Two periods for futures: 17:30 ET and 7:10 ET</li> </ul>
Liquidate Last	Last liquidation "Yes" or "No" tag. If set to "Yes" this position will be put at the end of the queue to liquidate last in the case of margin requirements. To set, use the right-click menu on the desired position. Note: While LHV provides customers the opportunity to pre-request the order of liquidation in the event of a margin deficiency in their account, such requests are not binding on LHV. In the event of a margin deficiency in customer's account, LHV retains the right, in its sole discretion, to determine the assets to be liquidated, the amount of assets liquidated, as well as the order and manner of liquidation.

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## 4. Order management

### 4.1 Order types

To create a order

- Click the Ask price to create a BUY order, or the Bid price to create a SELL order.
- In the Type field select the order type.
- If needed set limit price
- To transmit the order, click the "Transmit" in the Transmit field.

**Market order (MKT)** A market order is an order to buy or sell an asset at the bid or offer price currently available in the marketplace. When you submit a market order, you have no guarantee that the order will execute at any specific price.

**Limit order (LMT)** A limit order is an order to buy or sell a contract ONLY at the specified price or better.

**Stop order (STP)** A Stop order becomes a market order to buy or sell securities or commodities once the specified stop price is attained or penetrated. A Stop order is not guaranteed a specific execution price.

**Stop limit order (STP LMT)** A Stop Limit order is similar to a stop order in that a stop price will activate the order. However, unlike the stop order, which is submitted as a market order when elected, the stop limit order is submitted as a limit order. Use the Lmt Price and Aux. Price fields on the trading screen to enter orders requiring multiple prices or values.

**Trailing stop** A trailing stop sell order sets the initial stop price at a fixed amount below the market price. As the market price rises, the stop price rises by the trailing amount, but if the stock price falls, the stop price remains the same. When the stop price is hit, a market order is submitted. Reverse this for a buy trailing stop order. This strategy may allow an investor to limit the maximum possible loss without limiting possible gain.

**Trailing stop limit** A trailing stop limit order lets you create a trailing stop order that works in conjunction with a dynamically-updating limit order. When the stop order triggers, a limit order is submitted at the last calculated price (instead of a market order which would be submitted with a regular trailing stop order). The Trailing Stop Limit order uses four components: Stop price, Trail amount, Limit price, and Limit Offset.

**Limit if touched** A limit if touched order is designed to buy (or sell) a contract below (or above) the market, at the limit price or better. The Aux. Price value is the trigger to submit the limit order at the specified limit price.

**Market if touched** A market if touched order is designed to buy (or sell) a contract when the market goes below (or above) the current price. The Aux. Price value is the trigger to submit the market order.

**Trailing market if touched** A trailing market if touched is similar to a trailing stop order, except that the sell order sets the initial stop price at a fixed amount above the market price instead of below. As the market price falls, the stop trigger price falls by the user-defined trailing amount, but if the price rises, the stop price remains the same. When the stop trigger is touched, a market order is submitted. Reverse this for a buy trailing market if touched order.

**Trailing limit if touched** A trailing limit if touched is similar to a trailing stop limit order, except that the sell order sets the initial stop price at a fixed amount above the market price instead of below. As the market price falls, the stop trigger price falls by the user-defined trailing amount, but if the price rises, the stop price remains the same. When the stop trigger is touched, a limit order is submitted. Reverse this for a buy trailing limit if touched order.

**Limit-on-close** An LOC (limit-on-close) order will fill at the closing price if that price is at or better than the submitted limit price. Otherwise, the order will be cancelled.

**Market-on-close** An MOC (market-on-close) order will execute as a market order as close to the closing price as possible.

**Market-to-limit** A market-to-limit order is sent in as a market order to execute at the current best price. If the entire order does not immediately execute at the market price, the remainder of the order is re-submitted as a limit order with the limit price set to the price at which the market order portion of the order executed.

### 4.1.1 Trigger method

You can modify the trigger method for Stop, Stop Limit, Trailing Stop and Trailing Stop Limit orders on a per-order basis using the Order Ticket. You can also set the default trigger method for a strategy using the Trigger Method dropdown in the Miscellaneous section of the order.

To change the default Trigger Method

- On the Edit menu, select Global Configuration.
- On the left pane, select Presets.
- In the Miscellaneous section, Trigger Method dropdown list, select the preferred trigger method that will be used for all orders affected by the preset.

Trigger Method	Description
Default	<p>Unless the customer modifies any of these features, the default trigger method for all stocks is the Last method, described below.</p> <p>For US options, the default trigger method is the double bid/ask method, where two consecutive ask price (bid price) values must be less than (greater than) or equal to the trigger price, and the second bid or ask must have greater size if it is at the same price level as the first bid or ask.</p> <p>For Forex contracts (for example EUR/USD currency pair), the default trigger method is bid/ask, where the ask price (bid price) value must be less than (greater than) or equal to the trigger price.</p> <p>For all other contracts, the default trigger method is the Last method, described below.</p>
Last	<p>For a buy (sell) order to be triggered:</p> <ul style="list-style-type: none"> <li>• One last price value must be greater than (less than) or equal to the trigger price; and</li> <li>• The exchange or other market center where the order is to be executed must also publish (and the system must also receive) an ask price equal to or higher than, and a bid price equal to or lower than, the trigger price; and</li> <li>• Last must be within the bid/ask (i.e. <math>\geq \text{bid}</math> and <math>\leq \text{ask}</math>) or within leeway percentage outside the bid/ask (i.e. <math>\geq \text{bid} - 0.5\%</math> of last and <math>\leq \text{ask} + 0.5\%</math> of last). This 0.5% amount of leeway is subject to change at any time without notice.</li> <li>• With the exception of OTCBB- and Pink Sheets-listed stocks, stop and stop-limit order in US stocks will also only be triggered if the primary exchange on which the stock trades is open, is holding regular trading hours, and has a valid bid/ask quote for the stock. Regular trading hours are usually between 9:20 am - 4:00 pm Eastern Time, Monday through Friday for exchange-listed stocks. NOTE: This limitation does not apply to stop or stop-limit orders in futures contracts).</li> </ul>
Double Last	<p>For a buy (sell) order to be triggered:</p> <ul style="list-style-type: none"> <li>• Two consecutive last price values must be greater than (less than) or equal to the trigger price; or</li> <li>• The last price value must be greater than (less than) or equal to the trigger price and the last size must be an increase.</li> </ul>
Bid / Ask	<p>For a buy (sell) order to be triggered:</p> <ul style="list-style-type: none"> <li>• A single bid (ask) price must be greater than (less than) or equal to the trigger price.</li> </ul>
Double Bid / Ask	<p>For a sell order to be triggered:</p> <ul style="list-style-type: none"> <li>• Two consecutive ask prices must be less than or equal to the trigger price; or</li> <li>• One ask price value must be less than or equal to the trigger price and the ask size must be an increase.</li> </ul> <p>For a buy order to be triggered:</p> <ul style="list-style-type: none"> <li>• Two consecutive bid prices must be greater than or equal to the trigger price; or</li> <li>• One bid price value must be greater than or equal to the trigger price and the bid size must be an increase.</li> </ul>

Last or Bid / Ask	For a buy (sell) order to be triggered: <ul style="list-style-type: none"> <li>A single bid (ask) or a single last price must be greater than (less than) or equal to the trigger price.</li> </ul>
Mid-point	For a buy (sell) order to be triggered: <ul style="list-style-type: none"> <li>The midpoint of the bid/ask must be greater than (less than) or equal to the trigger price.</li> </ul>

#### 4.2 Time in force for orders

The time in force for an order defines the length of time over which an order will continue working before it is canceled. We support many time in force selections including those described below.

The selections available for any order are valid based on the combined order type, exchange and product. Not all TIFs are available for all orders.

**DAY** - A Day order is canceled if it does not execute by the close of the trading day. Unless otherwise specified, every order is a Day order.

**GTC** - A Good-Til-Canceled order will continue to work within the system and in the marketplace until it executes or is canceled. GTC orders will be automatically be cancelled under the following conditions:

- If a corporate action on a security results in an exchange or distribution of shares.
- If you do not log in to your Trader account for 90 days.
- At the end of the calendar quarter following the current quarter. For example, an order placed during the third quarter of 2016 will be canceled at the end of the fourth quarter of 2016. If the last day is a non-trading day, the cancellation will occur at the close of the final trading day of that quarter. For example, if the last day of the quarter is Sunday, the orders will be cancelled on the preceding Friday.

Orders submitted to LHV that remain in force for more than one day will not be reduced for dividends. To allow adjustment to your order price on ex-dividend date, consider using a Good-Til-Date/Time (GTD) or Good-after-Time/Date (GAT) order type, or a combination of the two.

For market centers that do not accept "native" GTC orders, the order type is simulated by resubmitting the relevant order each business day upon opening of the market center.

**OPG** - Use OPG (On opening) to send a market-on-open (MOO) or limit-on-open (LOO) order.

**IOC** - Any portion of an Immediate-or-Cancel order that is not filled as soon as it becomes available in the market is canceled.

**GTD** - A Good-Til-Date order will remain working within the system and in the marketplace until it executes or until the close of the market on the date specified. When you select GTD as the time in force, both an Exp. Date and Exp. Time field is displayed on the order management line. Enter the date up until which you want the order to continue to work in the format YYYYMMDD. To set a time, enter the time in the format HH:MM(:SS). If desired, enter a time zone using an accepted three-letter acronym. Note that if you do not enter a specific time zone, the time zone to which your computer is set will be used.

**FOK** - If the entire Fill-or-Kill order does not execute as soon as it becomes available, the entire order is canceled.

**DTC** - A Day 'Til Cancelled order is similar to a day order, but instead of being cancelled and removed from the trading screen at the end of the day, the order is deactivated. This means that the order is cancelled AT THE EXCHANGE but remains on your trading screen to be re-transmitted whenever you click the Transmit button.

**Fill/trigger outside RTH** - When displayed, checking this option allows orders the flexibility to fill (and/or trigger in the case of stop and other trigger orders) both during regular hours and outside of regular trading hours. This option may not be available for particular products that are not listed on an exchange.

**Good After Time** - A "good after time" order is held in the system and sent to the exchange on the date and time you enter.

**Fill or kill** - A time in force for options orders, specifying that the order must execute immediately and in its entirety, or be canceled.

**Auction** - An auction order is submitted at the Calculated Opening Price (COP). If the order doesn't execute, it is resubmitted as a limit order at the COP or best bid/ask.

**MOO (market-on-open)** is a market order executed at the market's open at the market price.

**A LOO (limit-on-open)** order is a limit order executed at the market's open if the opening price is equal to or better than the limit price.

## 4.2 Order status colors

The application uses colored text and backgrounds to convey information about market movement, order destination, and order status. Colors are used on all screens that send and receive data, including the Trading screen, the Market Depth window and the Arbitrage Meter. The meaning of the text colors is consistent throughout the screens. Information on system colors is sorted into the following sections:

Text Colors

Background colors on a Market Data line

Background colors on an Order Management line

Order Status colors


### Text Colors

Colored text on the screen's black background is used to represent up and down movement of price and quantity, and order destination information.

<b>YELLOW</b>	<b>YELLOW</b> indicates no change in size or price.
<b>GREEN</b>	<b>GREEN</b> indicates an upward movement in size or price.
<b>ORANGE</b>	<b>ORANGE</b> (or red) indicates a downward movement in size or price.
<b>PURPLE</b>	For options, the price displayed in <b>PURPLE</b> indicates that the best price is not executing automatically at one or more of the exchanges displayed.
<b>MAGENTA</b>	<b>MAGENTA</b> - For inter-market spread orders, indicates the implied price of the order.
<b>BLUE</b>	<b>LIGHT BLUE</b> indicates that this was the last price at which the contract traded.
<b>Med Blue</b>	<b>MEDIUM BLUE</b> indicates that the quote is not currently tradable.

The page tab text changes color from black to **RED** to indicate that the page displays an asset for which an order has been transmitted.

### Background colors on a Market Data Line

	<b>DARK GRAY</b> across the entire Market Data line indicates that the line is selected.
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The **Change field** line uses a background color to represent up and down market movement.



The Change column identifies the degree and direction of change in the asset's current price from the prior day's closing price. A **RED** background in the Change field indicates that the change for the day is negative.



A **GREEN** background in the Change field indicates that the change for the day is positive.



This **PALE RED** indicates that trading has been halted on the underlying.

Change for the day figures are based on 4 P.M. Eastern Time (ET) prior day closing prices.

### Background colors on an Order Management Line



A **BLUE** background in the Action field indicates a BUY action.



A **RED** background in the Action field indicates a SELL action.



**LIGHT BROWN** across the entire Order Management line indicates that you have modified a working order but have not yet re-transmitted the order.

### Order Status Colors

The color in the Status field of an order management line indicates the status of your order.



**LIGHT GRAY** indicates that you are in the process of creating an order and you have not yet transmitted it.



**LIGHT BLUE** indicates that you have transmitted your order, but have not yet received confirmation that it has been accepted by the order destination.



**PALE PURPLE** indicates that an order has been accepted by the system (simulated orders) or an exchange (native orders) but that currently the order is not working, due to system, exchange or other issues. When the order becomes active, the order status color will change appropriately.



**PURPLE** indicates that the order has been suspended and is awaiting customer action. Component size is larger than the account can support. Please modify the component size or add funds to your account.



**DARK BLUE** indicates that an order has been accepted by the system (simulated orders) or an exchange (native orders) and that this order has yet to be elected. The order status remains DARK BLUE until the election criteria are met. At that time the order is triggered, and the order status color will change appropriately.



**GREEN** indicates that your order has been accepted and is working at the destination. When you display the Shortable market data column, this color indicates that at least 1000 shares are available to sell short.



**DARK GREEN** is used in the Shortable column and indicates that this contract can be sold short but that at the moment there are no shares available for short sale, and that the system is searching for shares.



**LIGHT GREEN** is used by the Blotter to indicate that a ticket has been accepted by the trader.



**PINK** indicates that you have sent a request to cancel the order but have not yet received cancel confirmation from the order destination. At this point, your order is not confirmed canceled. You may still receive an execution while your cancellation request is pending.



**ORANGE** indicates that a cancellation request has been accepted by the system but that currently the request is not being recognized, due to system, exchange or other issues. At this point, your order is not confirmed canceled. You may still receive an execution while your cancellation request is pending.



**RED** indicates that the balance of your order has been confirmed canceled by the system. This could occur unexpectedly when the destination has rejected your order.

In the Shortable column, RED indicates that no shares are available for short sale. Once the order is confirmed canceled, the Order Management line will disappear from your trading screen after 30 seconds.



**MAROON** indicates that an attached simulated order type has been accepted by the system and has yet to be elected. The order is held in the system (and the status remains MAROON) until the election criteria are met. At that time the order is transmitted to the order destination specified and the order status color will change appropriately.

## 5. Margin requirements

### 5.1 Margin introduction

The definition of margin includes three important concepts: the Margin Loan, the Margin Deposit and the Margin Requirement. The Margin Loan is the amount of money that an investor borrows from his broker to buy securities. The Margin Deposit is the amount of equity contributed by the investor toward the purchase of securities in a margin account. The Margin Requirement is the minimum amount that a customer must deposit and it is commonly expressed as a percent of the current market value. The Margin Deposit can be greater than or equal to the Margin Requirement. We can express this as an equation:

$$\text{Margin Loan} + \text{Margin Deposit} = \text{Market Value of Security}$$

$$\text{Margin Deposit} \geq \text{Margin Requirement}$$

Borrowing money to purchase securities is known as "buying on margin". The loan in the account is collateralized by investor's securities and cash. If the value of the stock drops too much, the investor must deposit more cash in his account, or sell a portion of the stock.

The percentage of the purchase price of securities that an investor must pay for is called the initial margin. To buy securities on margin, the investor must first deposit enough cash or eligible securities with a broker to meet the initial margin requirement for that purchase.

Once an investor has started buying a stock on margin, a minimum amount of equity needs to be maintained in the investor's margin account (Maintenance Margin).

When the balance in the margin account falls below the maintenance requirement, the broker can issue a margin call requiring the investor to deposit more cash, or the broker can liquidate the position.



Margin requirements depend on the risk characteristics of individual positions, correlations between various positions in the portfolio, as well as the overall diversification of the portfolio. Some brokers extend more lenient lending conditions than others and lending terms may also vary from one client to the other but brokers must always operate within the parameters of margin requirements set by regulators and exchanges.

Not all securities can be bought on margin. Buying on margin is a double-edged sword that can translate into bigger gains or bigger losses. In volatile markets, investors who borrowed from their brokers may need to provide additional cash if the price of a stock drops too much for those who bought on margin or rallies too much for those who shorted a stock. In such cases, brokers are also allowed to liquidate a position, even without informing the investor. Real-time position monitoring is a crucial tool when buying on margin or shorting a stock.

The following table shows stock margin requirements for initial (at the time of trade), maintenance (when holding positions) time periods.

### 5.1.1 US stocks margin requirements

Initial Margin	Maintenance Margin
<b>Long Positions</b>	
125% * Maintenance Margin	Risk-based margin <sup>[1], [2]</sup>
<b>Short Positions</b>	
Same as for long positions	Same as for long positions
<b>Non-Marginable Long and Short Positions</b>	
100% * Stock Value	Same as Initial Margin

All Margin accounts must have a minimum of EUR 2,000 or an equivalent to trade.

Margin requirements quoted in US dollars may also be satisfied with a Non-US Dollar equivalent.

LHV has additional algorithms which increase the nominal margin for positions that represent a >1% holding of an individual company's shares outstanding, with full margin required for concentrations of  $\geq 9\%$  of a company's shares outstanding (For ETFs, full margin is required for concentrations of  $\geq 5\%$ . Investors should be prepared to meet the increased margin, where holdings are above 1% threshold

[1] The risk-based margin algorithm is based on a stress test that takes into account a number of different market scenarios, as well as the volatility and correlation among positions in a particular portfolio. Margin requirements are generally lower in portfolios that are well diversified, less volatile and that use some form of hedging (e.g., a long stock position and a long put option). The current margin requirements for existing positions, as well as the margin impact of planned transactions are visible in real time in the LHV Trader platform.

[2] For Leveraged ETFs, Minimum(50% \* Leverage Factor, 100%)

### 5.1.2 US stocks and index options margin requirements

Combination Type	Initial/RegT End of Day Margin	Maintenance Margin
Long Call or Put	None	Same as Initial
Short Naked Call	<b>Stock Options<sup>1</sup></b> Call Price + Maximum ((20% <sup>2</sup> * Underlying Price - Out of the Money Amount), (10% * Underlying Price))	Same as Initial
	<b>Index Options<sup>1</sup></b> Call Price + Maximum ((15% <sup>3</sup> * Underlying Price - Out of the Money Amount), (10% * Underlying Price))	
	<b>World Currency Options<sup>1</sup></b> Call Price + Maximum ((4% <sup>2</sup> * Underlying Price - Out of the Money Amount), (0.75% * Underlying Price))	
	<b>Cash Basket Option<sup>1</sup></b> In the Money Amount	
Short Naked Put	<b>Stock Options<sup>1</sup></b> Put Price + Maximum ((20% <sup>2</sup> * Underlying Price - Out of the Money Amount), (10% * Strike Price))	Same as Initial
	<b>Index Options<sup>1</sup></b> Put Price + Maximum ((15% <sup>3</sup> * Underlying Price - Out of the Money Amount), (10% * Strike Price))	
	<b>World Currency Options<sup>1</sup></b> Put Price + Maximum ((4% <sup>2</sup> * Underlying Price - Out of the Money Amount), (0.75% * Underlying Price))	
	<b>Cash Basket Option<sup>1</sup></b> In the Money Amount	
Covered Calls and Puts Short an option with an equity position held to cover full exercise upon assignment of the option contract.	Initial Stock Margin Requirement + In the Money Amount <sup>4</sup>	Initial Stock Margin Requirement + In the Money Amount <sup>4</sup>
Call Spread A long and short position of equal number of calls on the same underlying (and same multiplier) if the long position expires on or after the short position.	Maximum (Strike Long Call - Strike Short Call, 0)	Same as Initial
Put spread A long and short position of equal number of puts on the same underlying (and same multiplier) if the long position expires on or after the short position.	Maximum (Short Put Strike - Long Put Strike, 0)	Same as Initial

<p>Collar</p> <p>Long put and long underlying with short call. Put and call must have same expiration date, same underlying (and same multiplier), and put exercise price must be lower than call exercise price.</p>	<p>Initial Stock Margin Requirement + In the Money Call Amount</p> <p>Equity with Loan Value of Long Stock</p> <p>Minimum (Current Market Value, Call Aggregate Exercise Price)</p>	<p>Minimum (((10% * Put Exercise Price) + Out of the-Money Put Amount), (25% * Call Exercise Price))</p>
<p>Long Call and Put</p> <p>Buy a call and a put.</p>	<p>Margined as two long options.</p>	<p>Same as Initial</p>
<p>Short Call and Put</p> <p>Sell a call and a put.</p>	<p>If Initial Margin Short Put &gt; Initial Short Call, then Initial Margin Short Put + Price Short Call</p> <p>else</p> <p>If Initial Margin Short Call &gt;= Initial Short Put, then Initial Margin Short Call + Price Short Put</p>	<p>Same as Initial</p>
<p>Long Butterfly</p> <p>Two short options of the same series (class, multiplier, strike price, expiration) offset by one long option of the same type (put or call) with a higher strike price and one long option of the same type with a lower strike price. All component options must have the same expiration, same underlying, and intervals between exercise prices must be equal.</p>	<p>None</p>	<p>Same as Initial</p>
<p>Short Butterfly Put</p> <p>Two long put options of the same series offset by one short put option with a higher strike price and one short put option with a lower strike price. All component options must have the same expiration, same underlying, and intervals between exercise prices must be equal.</p>	<p>((Highest Put Options Strike - Middle Put Options Strike) + (Middle Put Options Strike - Lowest Put Option Strike))</p>	<p>Same as Initial</p>
<p>Short Butterfly Call</p> <p>Two long call options of the same series offset by one short call option with a higher strike price and one short call option with a lower strike price. All component options must have the same expiration, same underlying, and intervals between exercise prices must be equal.</p>	<p>((Highest Call Options Strike - Middle Call Options Strike) + (Middle Call Options Strike - Lowest Call Option Strike))</p>	<p>Must maintain initial margin.</p>
<p>Long Box Spread</p> <p>Long call and short put with the same exercise price ("buy side") coupled with a long put and short call with the same exercise price ("sell side"). Buy side exercise price is lower than the sell side exercise price. All component options must have the same expiration, and underlying (multiplier).</p>	<p>None</p>	<p>Same as Initial</p>

Short Box Spread Long call and short put with the same exercise price ("buy side") coupled with a long put and short call with the same exercise price ("sell side"). Buy side exercise price is higher than the sell side exercise price. All component options must have the same expiration, and underlying (multiplier).	American Style Maximum (1.02 x cost to close, Long Call Strike – Short Call Strike)  European Style Long Call Strike - Short Call Strike	Same as Initial
Conversion Long put and long underlying with short call. Put and call must have the same expiration date, underlying (multiplier), and exercise price.	Initial Stock Margin Requirement  Equity with Loan Value of Long Stock Minimum (Current Market Value, Call Aggregate Exercise Price)	10% * Strike Price
Reverse Conversion Long call and short underlying with short put. Put and call must have same expiration date, underlying (multiplier), and exercise price.	In the Money Put Amount + Initial Stock Margin Requirement	In the Money Put Amount + (10% * Strike Price)
Protective Put Long Put and Long Underlying.	Initial Stock Margin Requirement	Minimum (((10% * Put Strike Price) + Put Out of the Money Amount), Long Stock Maintenance Requirement)
Protective Call Long Call and Short Underlying.	Initial Standard Stock Margin Requirement	Minimum (((10% * Call Strike Price) + Call Out of the Money Amount), Short Stock Maintenance Requirement)
Iron Condor Sell a put, buy put, sell a call, buy a call.	Short Put Strike - Long Put Strike	Same as Initial

Specific options with commodity-like behavior, such as VIX Index Options, have special spread rules and, consequently, may be required to meet higher margin requirements than a straightforward US equity option. Clients are urged to use the paper trading account to simulate an options spread in order to check the current margin on such spread.

If a combination of options is put on in such a way that a specific strategy is optimal at that point in time, the strategy may remain in place until the account is revalued even if it does not remain the optimal strategy. A revaluation will occur when there is a position change within that symbol. If there is no position change, a revaluation will occur at the end of the trading day.

1. Minimum charge of USD 2.50 per share of underlying. This minimum does not apply for End of Day Reg T calculation purposes.
2. For Leverage Options, Minimum (20% \* Leverage Factor, 100%).
3. For Leverage Options, Minimum (15% \* Leverage Factor, 100%)
4. For Covered Basket Calls, (short basket call, long component stocks), the margin requirement is for all the component stocks.

### 5.1.3 Futures margin requirements

Futures margin requirements are based on risk-based algorithms. All margin requirements are expressed in the currency of the traded product and can change frequently.

Risk-based margin algorithms define a standard set of market outcome scenarios with a one-day time horizon. A price scanning range is defined for each product by the respective clearing house.

In addition to the exchange scanning ranges, we will consider additional scenarios which incorporate extreme moves in the underlying. Accordingly, we may require margin over and above the exchange-mandated margin on short options in order to

account for the risk inherent in an extreme market move. You can view the current projected margin requirements on a specific option or futures order that you are considering before you submit the order by creating the order in TWS and using the right-click menu to "Check Margin" before you transmit.

Note that for commodities including futures, single-stock futures and futures options, margin is the amount of cash a client must put up as collateral to support a futures contract. For securities, margin is the amount of cash a client borrows.

### Intraday Futures Margin and Futures Options Hours

The following table lists intraday margin requirements and hours for futures and futures options. Each day at 'Intraday End Time' the futures contract will revert back to the full overnight margin requirement until the 'Intraday Start Time' the next day. Margin requirements will always be applied at 100% for spread transactions. If an account holds futures, futures options for US products, or future and index options for European products on the same underlying, intraday margin does not apply.

#### 50% Margin Cut-Off Time

Exchange	Intraday End Time <sup>1</sup>
IDEM	17:35
CDE & NYMEX	15:45
ECBOT & GLOBEX	15:30
DTB	21:45 excluding FGBX & FOAT which end 18:45
SOFFEX	17:15
HFKE	16:00 excluding A50 which ends 15:45
ICEEU	16:15 excluding Z which ends 20:45
IPE	20:45
KSE	14:50
MEFRV	17:15
FTA	FTI 18:15 & MFA 18:00
MONEP	18:00
NSE	15:15
OSE.JPN	14:55 NK225 & NK225M
OSE.JPN	15:00 TOPIX & TOPIXM
SGX	14:10 NK
SGX	13:45 NS
SGX	13:30 TW

[1] The times listed in 'Intraday End Time' columns are shown in local exchange time.

### Maintenance Margin Minimums

Futures:

50 USD /contract

Short Options:

50 USD/contract for 100 delta units

25 USD/contract for 0 delta units

Minimums for deltas between 100 and 0 will be interpolated based on the above schedule. Eurex contracts always assume a delta of 100.

## Initial Margin Minimums

125% of Maintenance Margin

### 5.1.4 US single stock futures margin requirements

Combination description	Initial Margin	Maintenance Margin
Long or Short SSF	20% * SSF Market Value	Same as initial margin.
SSF Spread Long and Short SSF with the same underlying.	Maximum ((5% * long SSF market value), (5% * short SSF value))	Same as initial margin.
Protective SSF Long SSF, short stock.	Short stock margin requirement	5% * Stock Market Value
Covered SSF Short SSF, long stock	Long stock margin requirement	5% * Stock Market Value
Protective Call or Put SSF Short SSF, long call or long SSF, long put	20% * SSF market value	Minimum ((10% * option strike price) + out of the money value, (20% * SSF market value))
Covered Call or Put SSF Long SSF and short call or short SSF and short put	In the money amount + 20% * SSF market value. Proceeds from the short option are applied.	Same as initial margin.
Collar SSF Short call, long SSF, long put Strike (call) > Strike (put)	In the money amount of call + 20% * SSF market value. Proceeds from the short option are applied.	Minimum (In the money amount of call + ((10%*Put Strike price) + out of the money amount of put), (20% * call option strike price))
Conversion SSF Short call, long put, long SSF Strike (call) = Strike (put)	In the money amount of call + 20% * SSF market value. Proceeds from the short option are applied.	In the money amount of call + (10%*call and put strike price)
Reverse Conversion SSF Long call, short put, short SSF Strike (call) = Strike (put)	In the money amount of put + 20% * SSF market value. Proceeds from the short option are applied.	In the money amount of put + (10% * call and put strike price)

### 5.1.5 Forex margin requirements

All assets in each currency are combined to determine a single net asset value in that currency. Separate margin requirement calculations are used when determining the amount of funds available for withdrawal and the amount of funds available for trading. When determining the amount of funds available for withdrawal, the margin for non-base currency assets is determined by taking the margin rate from the following table times the net asset value in the currency. There is no margin for base currency assets.

The following are the margin requirements for each currency:

Currency	Leverage Rate
USD, CAD	40:1
EUR, JPY, AUD	33:1
SEK, NOK, NZD	30:1
CHF	25:1
GBP, HUF, ILS, PLN, SGD, ZAR	20:1
MXN	16:1
CZK, HKD, KRW	10:1
CNH	8.3:1
DKK	6.7:1
RUB	5:1

When determining the amount of funds available for trading purposes, margin is required only on negative net liquidation values. The margin requirement is calculated as follows:

- Determine the base currency equivalent of the net liquidation values in the account.
- Determine the haircut (margin requirement) rate for each currency pair.
- Determine the largest negative currency balance
- Sort the haircut rates from smallest to highest.
- Starting with the positive net liquidation base-currency equivalent with the lowest haircut rate, calculate the margin requirement on that portion which may be used to offset the negative net liquidation value Repeat step 5 until all negative net liquidation values have been covered.

## 5.2 Margin calculations

LHV applies margin calculations to Reg T Margin accounts as follows:

1. At the time of a trade
2. In real-time throughout the trading day
3. At the end of the trading day
4. Overnight

### At the time of a trade

#### Initial Minimum Equity Requirement

You are required to have a minimum of \$2,000 or USD equivalent of securities equity with loan value or commodities net liquidation value to open a new position. If you do not meet this initial requirement, you will be unable to open a new position in your Reg T Margin account.

#### Time of Trade Initial Margin Calculation

Upon submission of an order, a check is made against real-time available funds. If available funds, after the order request, would be greater than or equal to zero, the order is accepted; if available funds would be negative, the order is rejected.

#### Available Funds > 0

**(Available Funds = Securities Equity with Loan Value - Initial Margin Requirement)**

#### Time of Trade Position Leverage Check

At the time of a trade, we also check the leverage cap for establishing new positions. The leverage limitation is a house margin requirement that limits the risk associated with the close-out of large positions held on margin. We perform the following calculation to ensure that the Gross Position Value is not more than 30 times the Net Liquidation Value minus the futures options value.

**Securities Gross Position Value <= 30 \* (Net Liquidation Value - Futures Options Value)**

If the result of this calculation is true, then you have not exceeded the leverage cap for establishing new positions. If the trade would put your account over the leverage cap (that is, the calculation is not true), then the order will not be accepted.

### Real-Time Margin Calculations

Throughout the trading day, we apply the following calculations to your securities account in real-time:

- Real-Time Maintenance Margin Calculation
- Real-Time Position Leverage Check
- Real-Time Cash Leverage Check
- Decreased Marginability Calculations
- Real-Time SMA Calculation
- Soft Edge Margining

#### Real-Time Maintenance Margin Calculation

LHV's Real-Time Maintenance Margin calculation is described below. The maintenance margin used in these calculations is LHV's maintenance margin requirement. In the calculations below, "Excess Liquidity" refers to excess maintenance margin equity.

**Excess Liquidity  $\geq 0$**

**(Excess Liquidity = Securities Equity with Loan Value - Maintenance Margin Requirement)**

#### Real-Time Gross Position Leverage Check

There is a real-time check on overall position leverage to ensure that the Gross Position Value is not more than 50 times the Net Liquidation Value minus the futures options value. The leverage limitation is a house margin requirement that limits the risk associated with the close-out of large positions held on margin. The calculation can be expressed as:

**Securities Gross Position Value  $\leq 50 * (\text{Net Liquidation Value} - \text{Futures Options Value})$**

If the result of this calculation is not true, positions may be liquidated to reduce the Gross Position Leverage.

#### Real-Time Cash Leverage Check

An additional leverage check on cash is made to ensure that the total FX settlement value is no more than 250 times the Net Liquidation Value as follows:

**Total Settlement Value of All FX Trades  $\leq 250 * (\text{Net Liquidation Value})$**

If the result of this calculation is not true, account liquidation may occur.

#### Decreased Marginability Calculations

We reduce the marginability of stocks for accounts holding concentrated positions relative to the shares outstanding (SHO) of a company. For Reg T securities accounts, this algorithm increases the margin requirement for stock positions exceeding 1% of the published SHO from its default to 100% (in other words, decreases the amount of money that can be borrowed against a stock position toward zero). At 5% concentration, positions have a 100% margin requirement.

Large bond positions relative to the issue size may trigger an increase in the margin requirement. The review of bond marginability is done periodically to consider redemptions and calls, as well as other factors, which may affect the remaining liquidity of the particular bond instrument. Less liquid bonds are given less favorable margin treatment.

#### Soft Edge Margining

We will automatically liquidate when an account falls below the minimum margin requirement. However, to allow a customer the ability to manage risk prior to a liquidation, we calculate Soft Edge Margin (SEM) during the trading day. From the start



of the trading day until 15 minutes before the close of the trading day, Soft Edge Margin allows for an account's margin deficit to be within a specified percentage of the account's Net Liquidation Value, currently 10%. When SEM ends, the full maintenance requirement must be met. When SEM is not applicable, the account must meet 100% of maintenance margin.

**Soft Edge Margin start time of a contract is the latest of:**

- the market open, the latest open time if listed on multiple exchanges;
- or the start of liquidation hours, which are based on trading currency, asset category, exchange and product.

**Soft Edge Margin end time of a contract is the earliest of:**

- 15 minutes before market close, the earliest close time if listed on multiple exchanges;
- or 15 minutes before the end of liquidation hours;
- or the start of Reg T enforcement time.

If an account falls below the minimum maintenance margin, it will not be automatically liquidated until it falls below the Soft Edge Margin. This allows a customer's account to be in margin violation for a short period of time. Soft Edge Margin is not displayed in Trader Workstation. Once the account falls below SEM however, it is then required to meet full maintenance margin.

**Please note that we reserve the right to restrict soft edge access on any given day, and may eliminate SEM completely in times of heightened volatility.**

## SMA and End of Day Calculations

### Real-Time SMA

On a real-time basis, we check the balance of a special account associated with your Reg T Margin account called the Special Memorandum Account (SMA). We calculate a running balance of your SMA throughout the trading day, then enforce Regulation T initial margin requirements at the end of the trading day. No cash withdrawal will be allowed that causes SMA to go negative on a real-time basis.

### End of Day SMA

As described above, we calculate SMA in real time throughout the trading day, but we enforce Regulation T initial margin requirements (typically 50% for stocks or 100% for nonmarginable securities) at the end of the trading day. Whenever you have a position change on a trading day, we check the balance of your SMA at the end of the US trading day (15:50-17:20 ET), to ensure that it is greater than or equal to zero.

We use the following calculation to check your SMA balance in real time and apply Regulation T initial margin requirements to securities that can be purchased on margin. Note that this is the same SMA calculation that is used throughout the trading day. In the first calculation, "today's trades initial margin requirements" are added for SELL orders and subtracted for BUY orders, and are based on US Regulation T Initial Margin requirements.

**SMA = ((Prior Day SMA +/- Change in Day's Cash +/- Today's Trades Initial Margin Requirements)**

**or**

**(Equity with Loan Value - Reg T Margin)) whichever is greater**

If the SMA balance at the end of the trading day is negative, your account is subject to liquidation.

## SMA Rules

SMA is calculated based on the following rules:

- Cash deposits are credited to SMA.
- Cash withdrawals are debited from SMA.
- Dividends are credited to SMA.
- Universal transfers are treated the same way cash deposits and withdrawals are treated.

- Trades are netted on a per contract per day basis.
  - Realized P&L, i.e. day trading P&L are posted to SMA.
  - Commission and tax are debited from SMA.
  - All trades (one per contract) are posted to the portfolio at the end of the trading day, if RegTMargin of the portfolio increases, the increased amount is debited from SMA, if RegTMargin of the portfolio decreases, the decreased amount is credited to SMA. The current price of the underlying, if needed, is used in this calculation.
  - Option sales proceeds are credited to SMA.
  - Premiums for options purchased are debited from SMA.
  - The change to SMA resulting from trades is effectively the change in RegTEquity minus the change in RegTMargin.
- Universal transfers are treated the same way cash deposits and withdrawals are treated.
- Market appreciation: If RegTExcess of a margin account is greater than SMA at the close (normally 16:00 US/Eastern), SMA is set to equal to RegTExcess. Note that SMA balance will never decrease because of market movements.  $\text{RegTExcess} = 0$  or  $(\text{RegTEquity} - \text{RegTMargin})$ , whichever is greater.
- Currency trades do not affect SMA.
- Fees, such as order cancellation fee, market data fee, etc. do not affect SMA.
- Exercises and assignments (EA) are reported to the credit manager when we receive reports from clearing houses. They will be treated as trades on that day. For example, on expiration, we receive EA notices on the weekend; these trades have Friday as trade date in the clearing system, but they will be treated as Monday's trade for SMA purposes by the credit manager. Exercise requests do not change SMA. DVP transactions are treated as trades.

### Overnight margin calculations

Stocks and futures have additional margin requirements when held overnight. Futures margin requirements are determined by each exchange and can change frequently. LHV applies overnight initial and maintenance requirements to futures as required by each exchange.

### How to Determine the Last Stock Price Before We Begin to Liquidate the Position?

Use the following series of calculations to determine the last stock price of a position before we begin to liquidate that position. Note that this calculation applies only to single stock positions.

$$(\text{Cash Borrowed} / \# \text{ of shares}) / (1 - \text{margin rate}) = \text{Last Price Before Liquidation}$$

### How Much Stock Do We Liquidate?

We calculate the amount of Excess Liquidity (margin excess) in your Reg T Margin account in real time. If your Excess Liquidity balance is less than zero, we will liquidate positions in your account to bring the Excess Liquidity balance up to at least zero.

You can use the following calculation to determine how much stock equity we will liquidate in your Reg T Margin account to bring your Excess Liquidity balance back to zero. Note that this calculation applies only to stocks.

$$\text{Liquidation Amount} = \text{Excess Liquidity Deficit} * 4$$

## 6. Important information

### 6.1 Trade FX

You can trade domestic and foreign securities and currencies from that same account.

To trade FX from the trading window:

- Add a market data line using the traded currency symbol.
- Select the instrument type Forex, and choose the trading currency.

## Example

If you want to buy/sell a specific amount of GBP, set up the market data line by entering the symbol GBP (as the transaction currency) and selecting Forex as the instrument type. In the Contract Selection box, choose USD as the Currency (settlement currency) from the list in the right pane. You will then receive the quote GBP.USD, with the Bid: 1.6433 Ask: 1.6434. This means that GBP 1 = USD 1.64XX

To buy GBP 10,000, click on the ask and enter 10,000 as the quantity of GBP that you wish to buy. You will pay \$1.6434 for each GBP. Thus, you will pay \$16,434.

To sell GBP 10,000, click on the bid and enter 10,000 as the quantity of GBP that you wish to sell. You will receive \$1.6433 for each GBP. Thus, you will receive \$16,433.

## 6.2 Corporate actions

From the investor viewpoint, "a corporate action occurs when changes are made to the capital structure or financial position of an issuer of a security that affect any of the securities it has issued," as defined by the Depository Trust & Clearing Corporation, 2003.

The owner of the security either voluntarily or involuntarily participates in the reorganization of a company. Among the most common corporate events are stock splits, reverse splits, mergers, rights offerings, name change, and spin-offs. Due to the effect on share prices and cost basis, each event results in different implications and rules for cost basis adjustments.

If a corporate action on a security results in an exchange or distribution of shares good til cancel order will be automatically cancelled.

The sale of the subscription rights can be entered from LHV Trader's system, in case of any issues please contact the customer support. Voluntary corporate events should be reported to customer support; the last chance to participate in a voluntary corporate event is reporting it by e-mail the 2 days before the end of the event, noting the symbol and amount of and the activity with the security (subscription, resale, conversion).

## 6.3 Closing an account

Complete the following steps to close your account at LHV:

### Liquidate or Transfer Positions

Accounts with positions cannot be closed. You must either liquidate, or transfer all positions to another account. Please contact LHV for transfer instructions.

### Convert Foreign Currencies

Closing withdrawals may be made in several currencies. You can also convert any foreign currency you may hold back to your account's base currency.

### Close Account

**Send request to LHV to close Your Trader account:** [info@lhv.ee](mailto:info@lhv.ee) Your account will be closed at same month if you send closing request before 15-th date, if after, account will be closed in the middle of the next month after monthly fees are withheld. After that time, your account will be closed permanently.

If all funds are withdrawn from the LHV Trader account, the information fee will continue to be debited from the account. The account will be closed 30 days after all funds are withdrawn from the account.

## 6.4 Request a trade cancellation

You can bust a trade contacting LHV by telephone. In order a trade to be cancelled it has to correspond with certain criteria and cancellation can also include additional charges. Trade cancellation requests are handled on a best efforts basis only. LHV cannot guarantee your request will be processed within the exchange mandated time limits or will be otherwise accepted by the exchange. After you inform us of problem or erroneous trades, we will report these trades to the appropriate exchange on a best efforts basis. Please note that this is a time-sensitive process. Most exchanges have very short time periods (as little as 8 minutes), during which they will accept a request for cancellation. In addition to uncertainties in response speed, trade cancellation requests initiated by telephone are prone to delays identifying the correct account and transactions.

Guidelines for erroneous Trades vary by market. LHV advises customers to familiarize with criteria used on specific exchanges. **General criteria:**

Shares under \$25:

Outside regular trading hours - < 20% of the market price

Regular trading hours - < 10% of the market price

Shares from \$25.01 to-\$50:

Outside regular trading hours - < 10% of the market price

Regular trading hours - < 5% of the market price

Shares over \$50

Outside regular trading hours - < 6% of the market price

Regular trading hours - < 3% of the market price

The order of the party who conducted a more favorable transaction (purchased for a low price or sold at a high price) is cancelled without notification of the client.

Exchanges and market centers often impose a fee for trade cancellation requests in addition to fees charged by LHV. Customers are also encouraged to familiarize themselves with all fees associated with cancellation requests prior to initiating a request.

## 6.5 Exposure fee for high risk accounts

LHV imposes a daily "Exposure Fee" on a small minority of customer accounts that have a very high worst-case loss risk exposure. This is to protect LHV and its customers from those accounts that have very risky positions that currently satisfy exchange margin requirements, but nonetheless could suffer excessive losses in the event of a significant market move (for example, accounts with high exposure to short option positions).

Exposure Fees only apply to a small minority of customer accounts with unusually risky positions. Most accounts are not subject to the fees. The fee is not a higher margin requirement. It is a fee to be deducted from affected accounts to compensate LHV for the risk in servicing such accounts. Please note that the exposure fee is not insurance against losses in your account and you will remain liable to LHV for any debt or deficit in your account even if you have paid exposure fees.

Each day, as part of its risk management policy, LHV simulates profit-loss scenarios for client portfolios based on hypothetical market movements of certain magnitudes ("Exposure Analysis"). The scenarios examined may exceed the parameters used by various exchanges for determination of minimum margin requirements.

As part of this daily process, LHV will calculate an Exposure Fee to be charged to high-risk accounts based on the potential exposure the account represents to LHV in the event of a major loss. Under the Exposure Analysis conducted by LHV, if an account would lose so much value that its equity would be eliminated and it would then additionally have an unsecured debt to LHV (i.e., negative equity), this would represent an Exposure to the firm (since LHV is legally obligated to guarantee its customers' performance to the clearinghouse even if the customer has no remaining equity).

The Exposure Fee will be calculated for all calendar days and charged to the account at the end of the following trading day. Please note the following:

LHV will calculate the Exposure Fee in its own discretion and using its own proprietary algorithms (which are subject to change without notice) to determine the exposure that an account poses to the firm.

The Exposure Fee may change each day based on market movements, changes in the account's portfolio, or changes in the formulas and algorithms LHV utilizes to determine the riskiness of the account.

The Exposure Fee will be deducted from affected accounts on a daily basis. You should keep excess capital in your account to cover the fee if your account will be affected. If deduction of the fee causes a margin deficiency, the account will be subject to liquidation of positions as specified in the LHV Customer Agreement.

The Exposure Fee is judged separately account by account. If you have multiple accounts with offsetting risk exposures, you might combine them in order to reduce or avoid the Exposure Fee.

If you wish to avoid being charged an Exposure Fee, please consider the following:

Adding additional capital will improve the risk profile of your account and may reduce or eliminate the Exposure Fee;

Reducing the exposure in your account by repurchasing short positions in options may also reduce or eliminate the Exposure Fee. LHV has found that short positions in low-priced options generate the largest exposures relative to capital. You can use the Risk Navigator to simulate the effects of changes in your portfolio.