

Guide to Transactions in Financial Instruments



Transactions which require the investor to enter into the Agreement for Securities Account/Brokerage Services

Transaction name	Transaction description	Risk profile, leverage, investment loss risk, price fluctuation, restrictions on available market, potential liabilities, margin processes	Execution venue, settlement procedures	Direct costs and associated expenses	Payments received by the bank for distribution of investment funds
<p>Open-Ended Investment Funds</p>	<p>An investment fund (mutual fund) represents a professionally managed collective investment scheme that pools money from a number of investors, seeking profit from appreciation of the investment under the selected investment strategy. The fund assets are invested in various financial instruments and bank deposits depending on the fund's investment policy set out in the prospectus of each fund.</p> <p>Investment funds can be classified by their investment target:</p> <ul style="list-style-type: none"> • money market funds; • bond funds; • equity funds. <p>Funds can also have their investments focused on a specific sector or industry.</p> <p>By investing in investment funds, the investor acquires ownership of securities – fund units – the quantity of which depends on the amount of investment.</p>	<p>Those who buy fund units are exposed to the risk that their investment value may fall in value in part or at the extent of the entire sum invested.</p> <p>The degree of risk associated with the investment fund varies depending on the fund's investment policy. By risk level, they can be ranked as follows, with less risky listed first:</p> <ul style="list-style-type: none"> • money market funds; • investment grade bond funds; • high yield bond funds; • balanced funds; • funds of funds; • equity funds; • sector equity funds. <p>The risk profile of each fund is described in the prospectus of the relevant fund. The prospectuses of funds distributed by Swedbank AS (Swedbank) are published on Swedbank's Internet Banking site in section "Investments, savings, pensions" / All funds" in the information shown under the name of the fund.</p>	<p>Transactions in investment fund units are conducted over-the-counter. Settlements are made in the client's accounts with Swedbank. To find out the exact procedure of settlements for a specific fund's units, the investor should see the provisions of the prospectus of the fund in question prior to undertaking a transaction. Settlements for a customer's transaction in funds units are normally completed within a couple of days (depending on the settlements procedure in place with the fund in question) after establishing the purchase and sales price of funds units.</p> <p>The purchase and sales prices of fund units are established according to prospectus of the respective fund. In submitting an order for purchasing or selling funds units, investors should take account of the fact that the price at which units are purchased or sold is normally established one or two business days after the order is submitted (depending on the settlements procedure in place with the fund in question). The unit price is subject to change every business day, therefore prices at which orders are executed may differ from the price of the unit published at the time the order was given.</p> <p>The number of fund units purchased is calculated by dividing the transaction</p>	<p>Direct costs:</p> <ul style="list-style-type: none"> • fund unit purchase price, commission fees and investment management company's costs included in the fund unit's price and not payable separately, the size of which is described in the prospectus of the relevant fund; • fees charged by the bank according to the bank's price list: <ul style="list-style-type: none"> – fund unit purchase fee; – fund unit sales fee; – fund unit exchange fee; • securities account maintenance fee if there are any fund units in the account. • fees potentially charged by the investment fund's management company (if such are provided for in the prospectus): <ul style="list-style-type: none"> – fund unit purchase fee; – fund unit sales fee; – fund unit exchange fee. <p>An additional transaction fee may apply in the events provided for in the bank's price list.</p> <p>Associated costs are incurred by fees for:</p>	<p>There is a possibility of the bank receiving, from the investment fund management company, a fee for distribution of funds at up to 70% of the fund management fee.</p> <p>Customers can contact the bank for information on payments received by the bank from investment fund management companies.</p>

			amount specified in the order by the price of one fund unit. If the fund units are not divisible, the number of fund units purchased is rounded down to the whole number and the difference between the transaction amount specified in the order and the value of the executed order is returned to the customer's current account.	<ul style="list-style-type: none"> – opening and maintenance of cash and securities accounts; – currency exchange; – other operations with accounts. Associated costs are payable according to the price list of the bank.	
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Transactions which require the Agreement for Securities Account/Brokerage Services

Transaction name	Transaction description	Risk profile, leverage, investment loss risk, price fluctuation, restrictions on available market, potential liabilities, margin processes	Execution venue, settlement procedures	Direct costs and associated expenses
Real Estate Funds	Real estate funds represent a professionally managed collective investment scheme that pools money from a number of investors, seeking maximum profit under the selected investment strategy. The fund assets are invested in various real estate development projects. As a general rule, these funds are closed-ended and of limited duration.	<p>Those who buy real estate fund units are exposed to risk that the investment may fall in value. The degree of risk varies depending on the fund's investment policy. Investors in closed-ended funds should be aware of the liquidity risk as the fund is typically under no obligation to redeem fund units before the pay-out date agreed in advance.</p> <p>The risk profile of each fund is described in the prospectus of the fund of choice. The prospectuses of funds that are in public circulation and registered in Latvia are published in Swedbank Internet banking site in section Investor/Funds under the relevant fund.</p>	<p>Transactions in investment fund units are conducted over-the-counter.</p> <p>Settlements are made in client's accounts with Swedbank.</p>	<p>Direct costs – fund unit purchase and sale fees, securities account maintenance fee if there is a positive balance of units on the account, which are collected by the bank and/or by the investment management company based on the prospectus of the relevant fund.</p> <p>Associated costs – a fee for securities account opening, currency exchange and other account operations as per official price list of the bank.</p> <p>Indirect costs – fees and investment management company's expenses covered by the price of fund units and not payable separately, the size of which is described in the prospectus of the relevant fund.</p>
Exchange-Traded Funds (ETFs)	The investment structure of exchange-traded funds typically replicate a certain market index. These funds are traded as shares.	<p>Those who buy ETFs are exposed to the risk that the investment may fall in value. The degree of risk varies depending on the index the fund is linked to.</p> <p>The sellers of exchange-traded fund units should be aware of missed income if the price of units sold continues to rise. This should not be treated as a risk of loss.</p>	<p>Transactions in exchange-traded fund units are conducted in stock exchanges.</p> <p>Settlements are made in client's accounts with Swedbank.</p>	<p>Direct costs – the fund unit purchase price, as well as purchase and sale fees determined according to the shares price list for business customers at http://www.swedbank.lv/eng/cenas/cenradis-u.php?nr=2-5 or private customers at http://www.swedbank.lv/eng/cenas/cenradis.php?nr=4-1.</p> <p>Where the securities trade currency is other than LVL, the transaction fee will be</p>

				<p>charged in the relevant trade currency at the bank's exchange rate.</p> <p>Associated costs – cash and securities account maintenance, money and unit transfers and other account operations as per price list http://www.swedbank.lv/eng/cenas/cenradis-u.php?nr=2-5 and http://www.swedbank.lv/eng/cenas/cenradis-u.php?nr=1-1 for business customers, as well as http://www.swedbank.lv/eng/cenas/cenradis.php?nr=4-1 and http://www.swedbank.lv/eng/cenas/cenradis.php?nr=1-1 for private customers.</p> <p>Indirect costs – fees and investment management company's expenses, the extent of which is described in the prospectus of the relevant fund.</p>
<p>Stocks (shares, equities)</p>	<p>A stock means a share of the company's equity capital. There are different types of stocks (voting stock, non-voting stock, preferred stock, equity reserve, etc.) The parameters of specific stock issues is the responsibility of the issuer.</p> <p>Clients can purchase or sell stock via bank.</p> <p>In some cases the bank can receive a sales commission for share issue placement of up to 10% of the stock value. In each particular case it is disclosed to the investor in the distribution information.</p>	<p>Those who buy stock are exposed to the risk that their investment may fall in value in part or at the extent of the entire sum invested.</p> <p>Those who sell stock should be aware of missed income if the price of the stock sold continues to rise. This should not be treated as a risk of loss.</p>	<p>Transactions are conducted in stock exchanges.</p> <p>In some cases, unlisted stock may be available for purchase.</p> <p>Settlements are made in client's accounts with Swedbank.</p>	<p>Direct costs – the stock purchase price, as well as purchase and sale fees determined according to the price list for business customers at http://www.swedbank.lv/eng/cenas/cenradis-u.php?nr=2-5 or private customers at http://www.swedbank.lv/eng/cenas/cenradis.php?nr=4-1.</p> <p>Fees are charged for executed or partially executed transactions only. Where the securities trade currency is other than LVL, the transaction fee will be charged in the relevant trade currency at the bank's exchange rate.</p> <p>Associated costs – cash and securities account maintenance, money and stock transfers and other account operations as per price list http://www.swedbank.lv/eng/cenas/cenradis-u.php?nr=2-5 and http://www.swedbank.lv/eng/cenas/cenradis-u.php?nr=1-1 for business customers, as well as</p>

				http://www.swedbank.lv/eng/cenas/cenradis.php?nr=4-1 and http://www.swedbank.lv/eng/cenas/cenradis.php?nr=1-1 for private customers.
Debt securities	Debt securities represent defined and marketable debt commitments, where the issuer of the debt security borrows and the buyer lends money. Maturity period, interest rate, collateral and other essential parameters of debt securities are published by the issuer in the prospectus or are agreed by the issuer with the buyer individually. In some cases the bank can receive a sales commission for debt securities issue placement of up to 10% of the debt securities value. In each particular case it is disclosed upon distribution of securities.	Those who buy debt securities are exposed to the risk that their investment may fall in value in part or at the extent of the entire sum invested. Those who sell debt securities should be aware of missed income if the price of the security sold continues to rise, however, this should not be treated as a risk of loss.	The bank offers both exchange traded and over-the-counter traded debt securities. One security may have one or several stock exchanges. Settlements are made in client's accounts with Swedbank.	Direct costs – the debt security purchase price, as well as purchase and sale fees determined according to the price list for business customers at http://www.swedbank.lv/eng/cenas/cenradis-u.php?nr=2-5 or private customers at http://www.swedbank.lv/eng/cenas/cenradis.php?nr=4-1 , or as agreed. Associated costs – cash and securities account maintenance, money and securities transfers and other account operations as per price list http://www.swedbank.lv/eng/cenas/cenradis-u.php?nr=1-1 for business customers and http://www.swedbank.lv/eng/cenas/cenradis.php?nr=1-1 for private customers.
	Extract from the price list: Direct transactions in Riga Stock Exchange Buying Latvian treasury bills and bonds in auction – up to LVL 100,000 Buying Latvian treasury bills and bonds in auction – in excess of LVL 100,000 Taking part in auctions organized by Riga Stock Exchange			As agreed 0.20% of the par value 0.15% of the par value As agreed
Transaction which require the Agreement for Financial Market Transactions				
Foreign exchange spot	A currency exchange transaction at a rate fixed at the time of transaction, in which settlements are made until the end of the second banking day following the transaction closing date.		The transaction is done over-the-counter. Settlements are made in client's accounts with Swedbank.	The transaction has no direct costs – the foreign exchange price is reflected in the exchange rate. Associated costs – account maintenance, transfers and other account operations as per price list http://www.swedbank.lv/eng/cenas/cenradis-u.php?nr=1-1 for business customers and http://www.swedbank.lv/eng/cenas/cenradis.php?nr=1-1 for private customers.
Foreign exchange forward	A currency exchange transaction where settlements take place on a specified future date at the rate	The market value of foreign exchange forwards may fluctuate as long as until maturity, as it is determined on the basis of currency rates and interest rates involved in	The transaction is done over-the-counter.	The transaction has no direct costs – the foreign exchange price is reflected in the exchange rate.

	<p>of exchange agreed between the bank and the client at the time of transaction. 3 business days is the minimum period in forward transactions. If the currency is exchanged 2 or less business days after the transaction, it will not be treated as a foreign exchange forward, but instead a regular foreign exchange transaction. The maximum period is not limited, but normally will not exceed 1 – 2 years.</p>	<p>the transaction.</p> <p>The need for collateral will be considered in each case individually. The amount of collateral depends on the maturity period and the currencies involved in the transaction, normally 2 – 10% of the transaction amount. For longterm transactions and selected currencies – up to 15%.</p> <p>Liquidity risk. If the transaction is backed by a pledge over cash, securities or other financial instruments, there may be cases where the client will be required to provide an additional collateral to continue the transaction.</p> <p>The risk of loss of the collateral in part or in whole. Where the client is unable to provide an additional collateral and market value of the foreign exchange forward is negative for the client, the bank may use the current collateral to close the client's position.</p>	<p>Settlements are made in client's accounts with Swedbank.</p>	<p>Associated costs – account maintenance, transfers and other account operations as per price list http://www.swedbank.lv/eng/cenas/cenradis-u.php?nr=1-1 for business customers and http://www.swedbank.lv/eng/cenas/cenradis.php?nr=1-1 for private customers.</p>
Foreign exchange swap	<p>Forex swaps consist of two opposite foreign exchange transactions: spot and forward. Both settlements dates and exchange rates are fixed at the time of entering into the transaction.</p>	<p>The value of forex swaps fluctuates but less so than the forward foreign exchange transactions, as it only depends on changes in the interest rates of currencies involved in the transaction, and not the exchange rates.</p> <p>The need for collateral will be considered in each case individually. The amount of collateral depends on the maturity period and the currencies involved in the transaction, normally 2 – 10% of the transaction amount. For long-term transactions and selected currencies – up to 15%.</p> <p>Liquidity risk. If the transaction is backed by a pledge over cash, securities or other financial instruments, there may be cases where the client will be required to provide an additional collateral to continue the transaction.</p> <p>The risk of loss of the collateral in part or in whole. Where the client is unable to provide an additional collateral and market value of the foreign exchange swap is negative for the client, the bank may use the current collateral to close the client's position.</p>	<p>The transaction is done over-the-counter.</p> <p>Settlements are made in client's accounts with Swedbank.</p>	<p>The transaction has no direct costs – the foreign exchange price is reflected in the exchange rate.</p> <p>Associated costs – account maintenance, transfers and other account operations as per price list http://www.swedbank.lv/eng/cenas/cenradis-u.php?nr=1-1 for business customers and http://www.swedbank.lv/eng/cenas/cenradis.php?nr=1-1 for private customers.</p>
Interest rate swap	<p>An interest rate swap means an arrangement between the bank and the client to exchange, over a certain period of time, periodic interest payments from a certain</p>	<p>The value of the transaction depends on interest rate fluctuations in the relevant currency. The longer the period of transaction, the more the market value fluctuates.</p> <p>The need for collateral will be considered in each case</p>	<p>The transaction is done over-the-counter.</p> <p>Settlements are</p>	<p>The transaction has no direct costs – the price is reflected in interest rates.</p> <p>Associated costs – account maintenance, transfers and other account operations as</p>

	<p>principal amount in one currency.</p> <p>Interest rates can be either floating (e.g. 6M EURIBOR) or fixed. The principal amount of the transaction is constant or may be amortized according to a schedule.</p> <p>The simplest form of the transaction is a simultaneous exchange of a floating rate loan for a fixed rate loan or vice versa.</p>	<p>individually. The amount of collateral depends on the maturity period, normally 3 – 10% of the transaction amount.</p> <p>Liquidity risk. If the transaction is backed by a pledge over cash, securities or other financial instruments, there may be cases where the client will be required to provide an additional collateral to continue the transaction.</p> <p>The risk of loss of the collateral in part or in whole. Where the client is unable to provide an additional collateral and market value of the interest rate swap is negative for the client, the bank may use the current collateral to close the client's position.</p>	<p>made in client's accounts with Swedbank.</p>	<p>per price list http://www.swedbank.lv/eng/cenas/cenradis-u.php?nr=1-1 for business customers and http://www.swedbank.lv/eng/cenas/cenradis.php?nr=1-1 for private customers.</p>
Foreign exchange and interest rate swap	<p>FX and interest rate swap means an arrangement between the bank and the client to exchange, over a certain period of time, periodic interest payments from a certain principal amount. The principals in different currencies maybe exchanged at the start or end of the transaction.</p> <p>Interest rates in each currency can be either floating (e.g. 6M EURIBOR) or fixed. The principal amount of the transaction is constant or may be amortized according to a schedule.</p> <p>The simplest form of the transaction is an exchange between counterparties of loans in 2 different currencies and with different rates.</p>	<p>The value of the transaction depends on interest rate fluctuations in the relevant currency. The longer the period of transaction, the more the value fluctuates.</p> <p>The need for collateral will be considered in each case individually. The amount of collateral depends on the maturity period and the currencies involved in the transaction, normally 2 – 10% of the transaction amount. For long-term transactions and selected currencies – up to 15%.</p> <p>Liquidity risk. If the transaction is backed by a pledge over cash, securities or other financial instruments, there may be cases where the client will be required to provide an additional collateral to continue the transaction.</p> <p>The risk of loss of the collateral in part or in whole. Where the client is unable to provide an additional collateral and market value of the FX and interest rate swap is negative for the client, the bank may use the current collateral to close the client's position.</p>	<p>The transaction is done over-the-counter.</p> <p>Settlements are made in client's accounts with Swedbank.</p>	<p>The transaction has no direct costs – the price is reflected in interest rates.</p> <p>Associated costs – account maintenance, transfers and other account operations as per price list http://www.swedbank.lv/eng/cenas/cenradis-u.php?nr=1-1 for business customers and http://www.swedbank.lv/eng/cenas/cenradis.php?nr=1-1 for private customers.</p>
Foreign exchange option	<p>FX options are contracts where the owner has the right but is not under an obligation to buy or sell the base currency at a certain price on a certain future date.</p> <p>The seller of the option has an obligation to sell, upon the buyer's request, the base currency to the buyer at a pre-</p>	<p>The buyer of the FX option will not incur any loss as a result of exchange rate fluctuations, however, there is a risk of not earning any profit. The option premium here and thereafter is treated as a cost, not an investment. The option premium depends on:</p> <ul style="list-style-type: none"> • the expiration date • FX market rate at the time of entering into the transaction • exchange rate volatility 	<p>The transaction is done over-the-counter.</p> <p>Settlements are made in client's accounts with Swedbank.</p>	<p>The seller of the option has no direct costs.</p> <p>The option buyer's direct costs are the option premium paid at the time of entering into the transaction.</p> <p>Associated costs – account maintenance, transfers and other account operations as per price list http://www.swedbank.lv/eng/cenas/cenradis</p>

	<p>agreed exchange rate.</p> <p>The terms of the transaction are agreed at the time of entering into the transaction. The rights and obligations of the counterparties expire upon maturity of the option.</p> <p>The option premium means the payment for the rights that the option gives its buyer.</p>	<ul style="list-style-type: none"> the exchange rate, at which the buyer wants to buy the currency interest rates in both currencies. <p>The seller of FX option risks to incur unlimited loss, which can exceed the premium received, consequently, the bank can require a collateral.</p> <p>The need for collateral will be considered in each case individually. The amount of collateral depends on the maturity period and the currencies involved in the transaction, normally 2 – 10% of the transaction amount. For long-term transactions and selected currencies – up to 15%.</p> <p>Liquidity risk. If the transaction is backed by a pledge over cash, securities or other financial instruments, there may be cases where the client will be required to provide an additional collateral to continue the transaction.</p> <p>The risk of loss of the collateral in part or in whole. Where the client is unable to provide an additional collateral and market value of the foreign exchange option is negative for the client, the bank may use the current collateral to close the client's position.</p>		<p>-u.php?nr=1-1 for business customers and http://www.swedbank.lv/eng/cenas/cenradis.php?nr=1-1 for private customers.</p>
<p>Options and securities</p>	<p>Securities options are contracts where the owner has the right but is not under an obligation to buy or sell the underlying security at a certain price on a certain date or before that date.</p> <p>The seller of the option, in turn, has an obligation to sell, upon the buyer's request, the underlying security to the option buyer at a pre-agreed price.</p> <p>The rights and obligations of the counterparties expire upon maturity of the option.</p>	<p>The buyer of the securities option risks incurring loss as a result of fluctuations in the securities price, and there is a risk of not earning any profit. The option premium is treated as a cost and, as a minimum, depends on:</p> <ul style="list-style-type: none"> the expiration date the securities price at the time of entering into the transaction securities price volatility the price, at which the buyer wants to buy the securities interest rates of the currency in which the security is issued. <p>The seller of securities option risks to incur unlimited loss, which can exceed the premium received, consequently, the bank can require a collateral.</p> <p>The amount of collateral depends on the maturity period and the currencies involved in the transaction, normally 3 – 6% of the transaction amount.</p>	<p>The transaction is done over-the-counter.</p> <p>Settlements are made in client's accounts with Swedbank.</p>	<p>The seller of the option has no direct costs. The option buyer's direct costs are the option premium paid at the time of entering into the transaction.</p> <p>Associated costs – account maintenance, transfers and other account operations as per price list http://www.swedbank.lv/eng/cenas/cenradis-u.php?nr=1-1 for business customers and http://www.swedbank.lv/eng/cenas/cenradis.php?nr=1-1 for private customers.</p>

		<p>Liquidity risk. If the transaction is backed by a pledge over cash, securities or other financial instruments, there may be cases where the client will be required to provide an additional collateral to continue the transaction.</p> <p>The risk of loss of the collateral in part or in whole. Where the client is unable to provide an additional collateral and market value of the securities option is negative for the client, the bank may use the current collateral to close the client's position.</p>		
Interest rate option	<p>The interest rate option gives the buyer the right, but not an obligation to pay or to receive a certain fixed interest rate on a specific date or on several dates in the future.</p> <p>The seller of the option has an obligation to reimburse, upon the buyer's request, for the difference between the agreed market rate (e.g. 6M EURIBOR) and the fixed interest rate.</p> <p>Interest rates are calculated on a certain principal amount, which may amortise according to a schedule.</p>	<p>The buyer of the option does not risk to incur loss, however, risks not to earn any profit. The option premium is treated as a cost and, as a minimum, depends on:</p> <ul style="list-style-type: none"> • the expiration date • principal amortization schedule • interest rates at the time of entering into the transaction • interest rate volatility • the fixed interest rate level for the option. <p>The seller of an option risks to incur an unlimited loss, which can exceed the premium received, consequently, the bank can require a collateral.</p> <p>The amount of collateral depends on the maturity period and currency, normally 3 – 6% of the transaction amount.</p> <p>Liquidity risk. If the transaction is backed by a pledge over cash, securities or other financial instruments, there may be cases where the client will be required to provide an additional collateral to continue the transaction.</p> <p>The risk of loss of the collateral in part or in whole. Where the client is unable to provide an additional collateral and market value of the interest rate option is negative for the client, the bank may use the current collateral to close the client's position.</p>	<p>The transaction is done over-the-counter.</p> <p>Settlements are made in client's accounts with Swedbank.</p>	<p>The seller of the option has no direct costs.</p> <p>The option buyer's direct costs are the option premium paid at the time of entering into the transaction.</p> <p>Associated costs – account maintenance, transfers and other account operations as per price list http://www.swedbank.lv/eng/cenas/cenradis-u.php?nr=1-1 for business customers and http://www.swedbank.lv/eng/cenas/cenradis.php?nr=1-1 for private customers.</p>
Swaption	<p>Swaption (swap option) is a contract giving the buyer the right but not imposing an obligation to enter into an interest rate swap on a specified future date on terms agreed at the time of entering into the option.</p>	<p>The buyer of the option does not risk to incur loss, however, risks not to earn any profit. The option premium is treated as a cost and, as a minimum, depends on:</p> <ul style="list-style-type: none"> • the option expiration date • interest rates at the time of entering into the transaction • interest rate volatility 	<p>The transaction is done over-the-counter.</p> <p>Settlements are made in client's accounts with</p>	<p>The seller of the option has no direct costs.</p> <p>The option buyer's direct costs are the option premium paid at the time of entering into the transaction.</p> <p>Associated costs – account maintenance,</p>

		<ul style="list-style-type: none"> the terms of the interest rate swap (fixed rate, amortization schedule, period). <p>The seller of the option risks to lose a part of, the whole of or more than the premium received, consequently, the bank can require a collateral.</p> <p>The amount of collateral depends on the maturity period and currency, normally 3 – 6% of the transaction amount.</p> <p>Liquidity risk. If the transaction is backed by a pledge over cash, securities or other financial instruments, there may be cases where the client will be required to provide an additional collateral to continue the transaction.</p> <p>The risk of loss of the collateral in part or in whole. Where the client is unable to provide an additional collateral and market value of the swaption is negative for the client, the bank may use the current collateral to close the client's position.</p>	Swedbank.	<p>transfers and other account operations as per price list http://www.swedbank.lv/eng/cenas/cenradis-u.php?nr=1-1 for business customers and http://www.swedbank.lv/eng/cenas/cenradis.php?nr=1-1 for private customers.</p>
Exchange traded futures	<p>A futures contract is an agreement for the purchase of an underlying asset (stocks, bonds, commodities, etc.) on a certain future date. Futures contracts are standardized and traded on the exchange. Changes in futures price are directly related to changes in the prices of the underlying assets.</p>	<p>The value of the transaction fluctuates, but depends on changes in the price of underlying assets. The need for collateral will be considered in each case individually.</p> <p>The amount of collateral depends on the maturity period and the underlying assets involved in the transaction. For short-term deals, 15-20% (30% for stocks) of the amount of the transaction. For transactions lasting more than 1 year – 50%.</p> <p>Liquidity risk. If the transaction is backed by a pledge over cash, securities or other financial instruments, there may be cases where the client will be required to provide an additional collateral to continue the transaction.</p> <p>The risk of loss of the collateral in part or in whole. Where the client is unable to provide an additional collateral and the market value of the futures contract is negative for the client, the bank may use the current collateral to close the client's position.</p>	<p>Futures are traded on the exchange.</p> <p>Settlements are made in client's accounts with Swedbank.</p>	<p>Direct costs – USD 15 or EUR 15 fee per contract, or 'as agreed' in special cases. The fee is payable in the currency of the futures contract. The client can acquire the relevant currency from Swedbank at its published exchanged rates https://ib.swedbank.lv/private/d2d/payments/rates/currency.</p> <p>Associated costs – account maintenance, transfers and other account operations as per price list http://www.swedbank.lv/eng/cenas/cenradis-u.php?nr=1-1 for business customers and http://www.swedbank.lv/eng/cenas/cenradis.php?nr=1-1 for private customers.</p>
Structured notes and other complex financial instruments	<p>Agreed by and between the bank and the client in each case individually.</p>			

<p>Margin Trading</p>	<p>A foreign exchange transaction with collateral (Margin Trading) is a transaction entered into by the customer for the purpose of profiting from foreign exchange rate fluctuations, and where settlement is made for the loss or profit amounts derived from netting only, as calculated upon closing of open currency position with an opposite transaction.</p> <p>Before entering into the transaction, the customer makes a deposit with the bank as a collateral for execution of the transaction. The minimum amount of such collateral and of transaction is determined by the bank.</p>	<p>When a currency position is opened with a currency exchange transaction, its market value may fluctuate until an opposite transaction is entered into, i.e., closing the position for profit or loss fixing.</p> <p>The amount of collateral depends on currencies involved, normally 6 – 7% of the transaction amount, for some currencies being up to 20%.</p> <p>Liquidity risk. If the transaction is backed by a pledge over cash, securities or other financial instruments, there may be cases where the client will be required to provide additional collateral to continue the transaction.</p> <p>There is a risk of losing the collateral in part or in whole. Where the client is unable to provide additional collateral and the market value of the open currency position is negative for the client, the bank may use the current collateral to close the client's position.</p>	<p>The transaction is done over-the-counter.</p> <p>Settlements are made in client's accounts with Swedbank.</p>	<p>The transaction has no separate direct costs if the currency position is opened and closed with one and the same settlement date – the price of the currency exchange is reflected in the exchange rates.</p> <p>The associated costs include the provision of collateral deposit, account maintenance, transfers and other account operations by the customer as per "Account opening, servicing, maintenance" price list for corporate customers or the price list for retail customers.</p> <p>If the opened currency position is not closed or is closed with a settlement date other than that of the original transaction, then moving the settlement date of the original currency position with a currency swap transaction creates additional direct costs.</p>
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