FINANCIAL INSTRUMENTS AND RISKS

I. GENERAL INVESTMENT RISKS

These risks are characterised as general because they are incorporated in the way the capital market functions and, partly, the financial system, while they rise from circumstances which no one can predict or rule out. They are connected to the way the financial system works, the credit institutions, the investment companies (EPEY) and the issuers of financial instruments which are the object of the investment, while they comprise of parameters which affect one or more of these sizes, the changing of which affects the value of an investment. International organisations, the central banks and many other bodies engage in important and systematic efforts to shield the financial system and markets and their protection from such dangers. Despite all of these efforts though the rising of such dangers is not ruled out which can have both a general and a specific character connected that is to particular financial instruments or certain financial bodies. The exposition of dangers/risks which follows is indicatory and is being made to make the understanding of the way the capital market works and the general factors which affect the value and price of an investment, easier.

1. Market risk: It concerns the danger of the price level of the market of the entire or part of the category of assets of the relevant investment product diminishing. The change in prices can indicatory concern the prices of titles which have been invested in, the rising and falling of interest rates, the changing in the prices of merchandise.

The four most common market risk factors are the following:

- Share risk: the danger that the prices of shares change as a result of different factors, a fact which can affect the fulfilling of obligations of the financial bodies.
- Interest rate risk
- Currency risk, which is the danger involved in the changing of currency par.
- Merchandise risk, which concerns the danger of the price of merchandise such as metal or corn changing.

The changing of the share index or other indexes also is a factor which is taken under consideration during the evaluation of the market risk.

2. Credit risk: It concerns the danger of weakness in the fulfilling of obligations of the contracting party like for example the weakness in the payment of dividends or interest etc. This risk is possible to be pre-assessed and restricted through the credit evaluation of the contracting parties. The effect of the credit risk is multiple: it might affect and issuer – and consequently his financial instruments- credit institution or investment company (EPEY) – and, as a result, give a blow to his solvency – etc.

3. Liquidation – settlement risk: It concerns a special form of credit risk and occurs because of the non-smooth fulfilment of the obligations of the contracting parties who are participating in payment systems and settlement of transactions on financial instruments for example, when one of the contracting parties is not delivering the titles which he has sold and is obliged to hand in, or, in relation to buying, when he is not paying the owed title price. In case where the investment concerns products which are the object of negotiation in organised markets, this danger is restricted because of the strict supervision of organised markets. This danger increases in case the investment is made in relation to products outside the stock exchange.

4. Liquidity risk: Liquidity risk is a financial risk and is caused by a possible lack of market liquidity as to one or more financial instruments. It concerns the danger of weakness in the liquidation of assets of the investment on time and in a reasonable price which has as a result losses for the investor because of the instability of prices during the period between the receiving of the order until its execution.

5. Transaction risk: Changes in the currency pars affect the value of an investment which is done in a different currency from the basic currency of the investor, but also the obligations or demands of businesses.

6. Fiduciary risk: This concerns the loss of financial instruments which are being kept on behalf of a client, by a Trustee, because of actions or omissions of the trustee or even because of fraud in case the trustee or any third person where the keeping of financial instruments has been assigned to becomes insolvent. This danger is almost non-existent because the trustee of the mutual fund undergoes through strict supervision rules, while he chooses his sub-trustees on the basis of the same criteria.

7. Dispersion risk: It is the risk taken by an investor who invests all his money in only one financial instrument. When the investor places all his available money in more financial instruments and especially of different characteristics which also have supplementary elements, it is in the opposite side of differentiating risk.

8. Performance risk: It is about the risk relating to the fluctuation of the performance of the assets of the investment. In case of transactions in financial instruments products for example, futures or options from which obligations flow, the obligation to provide a minimum value as security (margin) from the investor is possible. A guarantee by a credit institution for the whole or part of the assets of the investment can also be given.

9. Deflation risk: The course of the General Index of Consumer Prices affects the real value of invested capital and desired performances.

10. State risk: This risk relates to the institutional and regulatory framework of the state in which assets of the investment assets in these markets are being invested in. the existence of any possible political or financial instability of the investment state can have negative effects on the investor. Especially when it comes to investments in rising markets losses can occur from the fact that there is no immediate connection resulting in delays in the execution of orders or because of the fact that it is hard for the current prices to be immediately publicised or even because of the different operation terms of these markets. After the request of the client, the company can provide him with specific information in relation to the operation way and the dangers of rising markets.

11. Diminished supervision risk: It is related to the state risk and refers to the fact that in some states the supervision of the provision of investment services in the market as well as of the provision of investment services bodies can be partial and ineffective.

12. Tax risk: In relation to the dangers regarding the taxation of income from investments in financial instruments, as well as any changes in the tax legislation, the client will be notified from his investment advisor regarding the relevant investment product in which he desires to invest in.

If an investment in financial instruments is comprised of more investments in different financial instruments or services, it is possible that the dangers relating to this investment are increased in comparison to the dangers relating to each investment separately. In this case, the client will receive a special analytical update not only on the nature of his investment but also on the dangers connected to it.

13. Systemic risk: the weakness on behalf of a financial institution to fulfil mature obligations can cause the weakness of other financial institutions (including EPEY) or businesses to fulfil their own obligations when those are due. In this way the danger of a domino effect is cause because of the transmission of insolvency, especially in the framework of operation of the payment systems and liquidating transactions on titles in a series of financial institutions. The operating of any investment company (EPEY) in the financial field exposes it to systemic risk which if it escapes can have an effect on its clients.

II. Dangers/risks per category of investment instruments

The Company provides investment services which lead in transactions on the following financial instruments, which involve the following basic dangers:

1. Shares

A share is part of the share capital of a societe anonyme. The shares can be common or privileged, issued or anonymous, with voting rights or not, negotiable in a stock exchange or non negotiable. The share, as a security, embodies the rights of the shareholder which derive from his participation in the societe anonyme. These rights usually correspond to the number of shares owned by the shareholder. Indicatory rights which result from the ownership of shares is the right to dividends from the distributed profits of the company (as long as they can be distributed), as well as they corresponding percentage in the company's property in the case of resolution of the company.

The common share is the most usual type of share and includes all the basic rights of a shareholder, like participation interest in profits, in the issuing of new shares, in the liquidation as well as voting rights in the General Meeting of the company and participation in its management.

The privileged share offers the advantage/privilege against common shares which constitutes the privileged receiving of dividends or privileged rights in liquidation in case the company is resolved but might not have voting rights. According to the course and results of the company, the shareholders can enjoy dividends from any profits of the company and gain benefits from any increase in the internal value of the shares of the said company. The abovementioned though are uncertain facts. The investing in shares can include the dangers indicatory mentioned below:

Market risk: Shares as investment products which can be negotiated in organised markets are subjected to dangers related to offer and demand. On this basis possible decreases in the price of shares which can lead to small or large investment losses must be expected. Of course, as mentioned above the share price depends primarily from the financial situation of the issuing company but there are other unstable factors such as publications, rumours, the creation of an atmosphere in favour or against the issuing company can lead to intense fluctuation in the price of shares.

Credit risk: The investor becomes a shareholder of the issuing company. This means that he/she is not only benefited by the profits but is also burdened by any possible losses. For example the sum but also the distribution of dividends itself depends on whether the company has clear profits as well as by how high these profits are. Also, in case the company goes into bankruptcy the investment sum is lost. But even in the case of liquidation of the company there is the danger of loss as liquidation aims to satisfy creditors and after that, as long as there is something left after liquidation, the shareholders' investment or part of it is returned to them.

Liquidation – negotiation risk: In every case relating to transactions with shares the danger for the contracting party not paying the price of shares or in the opposite case the share titles, must be taken under consideration. As already mentioned generally this danger is diminished in cases of shares which form the object of negotiation in organised markets because of the increased supervision of these markets, it is increased though in cases of transactions outside the stock exchange.

Liquidity risk: This relates to the possibility and the speed of execution of a given liquidity order, so that in the meantime the losses are restricted as much as possible. This risk is increased in case the shares are the object of negotiation in foreign organised markets with which there is no possibility of immediate connection and it is very possible that there are delays in the execution of liquidity orders.

Currency risk: This concerns the price of shares which are the object of negotiation in also foreign organised markets in a different currency. In case of selling shares losses are possible because of the difference in the par.

State risk: The danger, which concerns possible losses in the price of shares because of the changing of political and financial situations of the state where the investment was made in, and because of the different operation of rising markets, is related to the abovementioned about the share titles which are the object of negotiation in foreign markets.

Tax risk: This is related to the transfer of shares within or outside the stock exchange. In relation to the current tax legislation, according to the kind of shares being transferred every time, you will be informed in each case by your investment advisor.

2. **Bonds**

A bond is a security which embodies the issuer's promise to give money to the beneficiary. This obligation comprises usually of the payment of capital during expiry and of interest during the periods named in the terms of the issuance. The basic characteristics of each bond are: a) its nominal value which is not the same with the negotiation price but is the sum which the issuer must pay during expiry of the bond, b) the interest rate/coupon and c) the expiry of the bond. Bonds can be issued either by governmental bodies (public bonds) or by companies (company bonds). Under this meaning, bonds are a form of state or company borrowing. Bonds are issued in various forms:

a) As non-secured bonds: the owner of the bond has a claim against the issuer like the rest of his creditors.
b) As bonds connected to the security provided in favour of owners of bonds: the claim of the owners of bonds is secured in this case,
    i) By real security in the favour of those which is provided on certain characteristics of the issuer's assets
    ii) by guarantees of third parties
    iii) by assigning claims etc.

Furthermore, the owners of bonds may enjoy additional protection according to special agreements with the issuer or because of their privileged standing against other bond owners or creditors.

c) Low security bonds: In case the issuer goes into bankruptcy the bond owner is satisfied after all other creditors of the issuer –if there are, still, assets- as especially defined in the bonded loan.

d) Convertible or exchangeable bonds which embody conversion rights in shares or other financial instruments or exchange with other financial instruments.

The issuers take the responsibility to pay interest rate which might be:

a) Stable
b) Fluctuating interest rate determined on the basis of a generally well known interest index rate (for example EURIBOR, FIBOR, LIBOR etc).

Special attention must be given to the so called complex bonds, those which interest rate is determined on the basis of complex interest rate indexes coming from product agreements. These indexes, which determine the interest rate on the basis of financial instruments products or other techniques for risk handling or for improving performance, are embodied in this way in the entire structure of the bond. These bonds are included in the category of complex financial instruments and investing in these demands great attention and specialisation. It is emphasised though that the market value of these bonds is materially affected by the dangers incorporated in them which shape the interest rate. It is not recommended therefore to non specialised investors. The interest is paid, usually, in predetermined time intervals (monthly, every 3 months, every 6 months, annually or during the expiry of the bonded loan). Bonds without an interest share (coupon) are also issued. In these bonds the interest is incorporated in the value of the bond. The investors do not collect interest during the bond but obtain the bond with a discount as to its nominal value, which discount corresponds to interest.

<u>Investing in bonds has risks such as:</u>

a) Insolvency risk: The issuer of the bonds might go into insolvency and as a result not to be able to pay its creditors interest or even the capital corresponding to the bonds. Especially when it comes to low security bonds, the investor would need to research the bond’s ranking if he is thinking about investing in it, because as it is exposed, in case the issuer goes into insolvency then the investor might lose his entire investment.

b) Interest rate risk: The bigger the duration of a bonded loan, the weaker is the bonded loan against possible increase in the interest rates in the market, especially in case the interest rate is low. It is emphasised that changes in the interest rate can greatly affect the market price of the bond. For example, in case the interest rates go up, the prices of bonds previously issued with lower interest rate are diminished.

c) Credit risk: The value of the bond is diminished in case the credit of the issuer is diminished.

d) Premature repayment risk: It is possible, for bond issuers to predict in the schedule of the bonded loan the possibility of premature repayment, in case the interest rates fall, in which case the expected profit from the bonds is altered.

e) Market liquidity risk: This risk is important in case the investor wishes to liquefy his/her bond before the expiration date. In this case, the lack of tradability might result in a lower (under circumstances by a lot) nominal value of the bond. It is up to the Client that he, before the entering into any transaction in relation to any bond:

a) to study the annual financial report or according to each case, the financial reports issued every 6 months and the semester financial situations published by the issuer in fulfilling his obligations for the periodical update of the investment public as well as any possible information which might have been published in relation to the bond in which the Client is about to invest in and

b) seek any publications/announcements of important events which the issuer has made for the special briefing of the investment public, mainly through the website of the stock exchange in which the shares are incorporated for negotiation or the website of the issuer himself.

3. Mutual Funds/ OSE

Mutual Funds (M/F) are asset groups which are comprised of cash and movable values, which are under collective management and are kept by a trustee. For each of the elements of these asset groups there is co-ownership of investors. At the same time every investor has an independent ownership right in relation to the independent shares which he has bought. The collective management of the total assets of the mutual funds is being made by the management company always in the interest of the shareholders who mutually share all the profits or losses which might burden the mutual fund.

Investing in Mutual Funds can be two times profitable for the investor. He might collect dividends provided that it is a Mutual Fund which gives dividends. The investor might even benefit by any increase in the assets of the Mutual Funds because of an increase in the value of titles in which the Mutual Funds are investing in the market.

The risk in relation to a mutual fund depends from the structure of its assets, the followed investment strategy and the ability of the manager. Their investment risk therefore depends according to their kind.

Detailed information in relation to the risks relating to the investment in the relevant Mutual Fund can be found in the information document of each Mutual Fund. In every case it must be borne in mind that investing in mutual funds do not offer guaranteed performance and involve a significant risk of losing an important part or the entire original investment.

4. Products

Products are complex and composite financial instruments, whose content varies according to the underlying instruments, those financial instruments or products, the composition and structure of which comprise of the products. A multiple spectrum of underlying instruments can be included in a product, in multiple versions and combinations. This has as a result the existence and possibility of creating an unlimited number of product types. Products are shaped usually in the form of agreements between parties, with which the fulfilment of mutual obligations in one or more future time intervals is agreed. Their value is shaped based on the value of the underlying instruments which might be shares, securities, currency pars, interest rates, merchandise and financial indexes and any combination of those. The basic types of products are futures, options and swaps.

A brief description of the abovementioned product types follows:

<u>Futures</u>
Futures are financial instruments and agreements with which one contracting party promises to buy from the other contracting party and the other contracting party respectively to sell an asset which is mentioned in the future. Agreements often predict that at the expiration date financial instruments will not be delivered and the total price will not be paid but only the difference in price in relation to when the agreement was entered. The prices of futures are usually defined based on the spot rate that of entering into the agreement and that of the expiration date. In relation to this price,

there will be a premium or a discount according to the prediction of the future price in the market. When they are constituted in the framework of organised markets they are named futures. The asset, the underlying product, might be a share, index, merchandise or par.

Usually the investor does not pay the entire investment amount but only a margin amount. Futures expire in certain dates in future and can be negotiated in an organised market (Athens Stock Exchange). Investing in futures can de done because of trading or arbitrage or because of hedging which come from positioning in the market. They are high risk.

Options

Options secure the right of one the parties to buy or sell within a certain deadline the underlying product in a predetermined price, which can be stock options or index options. It is a right and not an obligation of the contracting party. Options are agreements with which the said right is bought. So we have a call option which is bought as an option premium. Instead for the right to buy, a respective agreement may concern a put option. Their basic difference from futures is that in the particular case the buyer becomes the owner of the right and whether he will practice it or not is left in his discretion. On the other hand the seller of the right promises to deliver the underlying product to the buyer if he practices his right within the prescribed time.

A characteristic feature in the case of options is leverage, as the buyer, by only giving a small amount to buy the right, can then get multiple profits by buying or selling the underlying product. Just like futures options are tools in the handling of risks, transactions and balancing profit making. Warrants materially are call options which provide the right to their owner by making his choice to acquire shares or other financial instruments. This right is exercised against the issuer of the said securities. The deadline for exercising the rights is by rule bigger than the deadline for call options and the number that a legal person can issue is restricted. They might be the object of negotiation in or out of organised markets. Just because its about products whose price depends on the price of the underlying products all the abovementioned in relation to the possibility of making high profits apply but also the possibility of great losses, according to the fluctuation of the price of the underlying product. If the right is not exercised within the each time predicted deadline it is possible that will be lost.

Swaps

Swaps are agreements for the exchange of money flows between the contracting parties, in specific time periods in the future and under specific terms. Underlying values can be shares, indexes, interest rates etc.

Contracts for Differences

Contracts for differences are entered between two parties, the buyer (long party) and the seller (short party). In the framework of the contract for differences, each of the contracting parties has the obligation to pay the other the difference in the fluctuation of price of the financial instrument (for example a specific share) which is used by the parties as an underlying product. Consequently, the seller takes the responsibility to pay the buyer the (positive) difference between the current value of the financial instrument in the market and its value when the agreement was entered into. If the difference is negative then the buyer must pay the difference to the seller.

Product risks

Financial instrument products have special technical characteristics while the transactions in them involve an increased danger in diminishing or loosing the original investment capital or its multiplication. The main risks regarding transactions in relation to financial instruments products are briefly described below:

a. Product risk

i) Futures: Leverage

Transacting in futures involves a high level of risk because of the phenomenon of leverage or gearing. Their characteristic is that by investing a certain amount results might be achieved which, in the securities market, would otherwise be achieved with multiple amounts. Provided that the security sum (insurance margin) required to be paid by the Client in order that he participates in a future opening a 'spot' is small in comparison to the total value of the future, a small change in the value of the future will analogically have a greater effect in the capital that has been invested (in the form of security) or will be demanded in order to be invested and other capital for the keeping of the spot. Especially, in case there is a negative change in the value of the future, the Client must pay an additional sum (insurance margin) so, that his spot is not closed and all of the invested capital is gone. Furthermore, it is possible that a greater security (higher insurance margin) is defined by the Central Contracting party or the relevant liquidator/negotiator in the market of products as a condition for open spots to be available. In this case the Client must pay the extra amount so that his spot is not closed and he misses the entire invested amount. If the Client does not fulfil these obligations within the prescribed time, his spot is closed and he is responsible for the fulfilment of all of his obligations coming from the liquidation of transactions which he has entered into in products. This means that he can loose not only the invested amount –and lose in this way the expectation of profit, if in the future things in the market are reversed and at the end of the future the spot he has taken is profitable to him- but that he can be forced to pay also extra amounts to cover his damage. The Client's Orders which aim in restriction possible losses like the stop-limit order or the stop-loss order is possible to be proved ineffective because of the market conditions which will not allow their execution. Straddle or strangle strategies might involve the same risk with simple 'buy' or 'sell' spots.

ii) Options: Differentiation of risk

Transactions in options involve a high level of risk which is in every case linking the forms of rights. Special attention is given to the 'call' and 'put' rights as well as the distinction between the 'american type' rights whose exercise is allowed anytime within the determined deadline and 'european' rights whose exercise is allowed anytime only during the expiration date of the specific deadline. In order to evaluate the profitability of a certain spot, the general fees and commissions burdening the relevant transactions and the price of rights which has been paid to the seller must all be calculated.

The buyer of the Option has the possibility to practice his Option or leave it to expire. In case the Options are exercised, they are liquidated either in money or by the physical delivery (on the serving rights)/delivery (on the calling rights) of the subject value of the rights. If the subject value is a Future, the buyer will obtain, if he practices the rights, a spot in a Future with all relevant obligations in relation to the paying or fulfilling the insurance margin and the daily or final settlement of this spot, therefore the abovementioned under i) apply. In case the option expires without it being exercised, the Client must suffer the entire loss of the invested capital, which comprises of the price of the Option, general fees and commissions.

The seller of an Option is exposed to a greater risk than the buyer. While the Price being paid to the seller of the Option is specific, the size of the loss that the seller might go through is much greater than that sum. More specifically, in the case of a negative change in the value of the Option the seller must complete the required insurance margin. Furthermore, in case the central contracting party or the respective liquidator and settler of the products market a higher insurance margin, the seller must pay the extra amount. If the seller does not fulfil these obligations within the prescribed time, the Company or the Central Contracting Party or the Liquidator/Settler close the spot of the Client/seller who is responsible for the fulfilment of any possible additional obligations flowing from the liquidation of these transactions.

Furthermore, the seller is exposed to the risk of exercising the option by the buyer. The loss risk of the seller of an option can be unlimited if he does not act accordingly for its reversion and coverage.

iii) Short selling

In the case of the Client of selling financial instrument he does not have but is obliged to have them in his disposal at the negotiation date of the transaction (for example deadline sale) in order to be delivered, the risk of the Client is unlimited. This can, indicatory, happen in case the price of the financial instrument rises in which case the Client is exposed to a significant risk since he is obliged to buy the said financial instruments which he has to deliver in any price which has been formed at the required delivery time.

iv) Contracts for Differences: Leverage

The Contracts for Differences involve a high level of risk because of leverage. The characteristic of these contracts, just like futures or options, is that by investing a particular amount, results might be achieved which would only be achieved in the products market with multiple sums. Provided that the insurance margin required to be paid by the Client in order that he participates in a Contract for Differences is small when compared to the total value of the contract will analogically have a much greater effect in the capital which has been invested (in the form of security). This means the Client might lose not only the invested sum but that he might be obliged to pay extra amounts in order to cover his obligations to the contracting party.

b. Market risks

The financial circumstances in the products market (for example existence or lacking of liquidity) and the operation rules of this market (for example security locks for the smooth operation: temporary termination of meetings, suspending the product negotiation, product deleting) might damage or make the entering into effective product transaction impossible increasing the risk of losing the invested capital.

c. Products market diversion from the buying of underlying instruments

The prices of financial instrument products do not necessarily correspond to the prices of underlying instruments. The diversion might be due to the consequences (for example demand) or the operation rules (for example price limit) of the products market or the underlying instruments market.

d. Improper risk reversion danger

This is the case when the Client by entering into transactions in products aims to reverse the danger of transactions in underlying instruments, the spot though in products is imperfectly connected to the spot in underlying instruments (for example in case of a Future in FTSE the Client does not have spots in all shares which comprise of the FTSEA and their analogous participation in them).

e. Cash or property deposit risk

The binding of cash or movable assets might involve a credit risk in case the trustee does not completely fulfil his obligations either when those become expired or at a later stage.

f. Legal risk

Includes the risk of amendments. It is emphasised that the satisfaction of claims and the satisfaction of the Client's rights in contracts on financial instruments products also depends on the rules of law which are in force in the Payment System and Liquidation/Settlement of Transactions of the market which the transactions are entered into in products and from which rules the claims and rights of the Client are depended on, especially in the case of insolvency of a member of the abovementioned system. It is emphasised the foreign legislation, especially of states which are not members of the European Union, which governs transactions in products, might offer less protection to the Client than those offered by the law of European Union member states. Furthermore, a possible amendment of the rules which govern the obligations of the contracting parties in the financial instruments products market (for example conditions for the entering into transactions, terms and liquidation procedure and settlement of transactions, insurance margin increase) can affect the interests of the Client. The abovementioned factors can expose the invested capital of the Client to additional risks.

g. Currency risk

It is emphasised that the profit or loss coming from transactions in financial instruments products priced in currency (regardless of whether they form the object of negotiation in the local or foreign market) will be affected by the changing in the pars, when there is a need to transform the value of the product from a currency to another and especially in the currency in which the assets of the Client are valued.

h. Replacement cost risk

This is the case when the Clients' contracting party is not in a position to fulfil his already expired obligations. In this case, the Client will be obliged to open a new spot in the price which will be shaped in the relevant market (replacement value) on which an add-on sum will be added depending on the time which is left until the expiration of the product.

i.General risks

In every case, general risks must be assessed together.

j. Liquidation – settlement risk

Because products frequently involve the obligation to buy and sell on a certain date in future a certain asset, the danger of the contracting party's weakness to fulfil his obligation must be taken under consideration.

V. Risks related to investment and ancillary services

1. **Meaning of investment and ancillary services**

A. <u>The definitions which concern relations with retail clients are provided</u>

a) Receiving and transmission of orders: Comprises of the receiving and transmission of orders on behalf of the clients for the drawing up of transactions in financial instruments.
b) Executing orders on behalf of clients: Comprises of the entering into agreements for the buying/acquirement or selling/disposing one or more financial instruments on behalf of the clients.
c) Negotiating for own account: Comprises of the negotiation of an investment company (EPEY) with its capitals in one or more financial instruments for the drawing into transactions in relation to them.
d) Portfolio management: Comprises of the management in the discretion of the investment company (EPEY) of clients' portfolios in the framework of their order which includes one or more financial instruments.
e) Provision of investment advice: Comprises of the provision of personal advice to a client either after his application or by an initiative of the investment company (EPEY) as to one or more transactions concerning financial instruments.
f) The safe keeping and administrative management of financial instruments on the clients' behalf including the provision of fiduciary services and the provision of relevant services like money management or provided securities.
g) The provision of credit or loans to an investor for the drawing of a transaction in one or more financial instruments, in which the investment company (EPEY) intervenes, which provides the credit or loan. The buying of financial instruments with price credit involves high risks of decreasing or loosing the original invested capital, as well as the provided credit the Client invests money which exceeds the capital which he himself pays through the Company. Also, the Client may be urgently asked to pay additional sums for margin calls and if the Client does not have the required amount the liquidation of his spots will be considered necessary. He is exposed therefore to a greater danger than the one which he would have been exposed to if he bought financial instruments without credit. These dangers might be located, amongst others, indicatory, to the changes in the market conditions, in the credit risk of the contracting parties, in the liquidity risk in the stock exchange market etc. The Client's attention is emphasised therefore in the need to have satisfactory experience and realise the operation of the credit financial instruments market, as well as the possibility of the understandable risks every time in order to receive credits for the drawing up of transactions in financial instruments.

B. <u>General Investment Risks happen to exist during the provision of these services either in a bigger or smaller degree</u>

2. Appropriateness and suitability testing of the provided services and financial instruments of the Client which are the object of his transactions with his characteristics.

The client is asked to inform the Company as to his knowledge and experience which he possesses in the field of investments, completing and sending the Company the attached questionnaire. This information is necessary in order for the Company to be in a position to best serve the Client's interests in the framework of the services provided to him in relation to his financial instruments which are the object of investment of the Client, taking under special consideration the complexity and risks they might possess. The Company places weight on the credibility of the information which is being provided during the provision of services to its Client. If the Client has already completed a relevant questionnaire, the Company takes it under consideration but recommends that the Client completes the one attached to the present as well.

The Company draws the attention of the Client to the fact that it will not evaluate the elements which concern his experience and knowledge provided that

a) the Company provides the Client with the service with the initiative of the Client and
b) the service exclusively comprises of the execution of orders or the receiving and further transmission for execution of the Client's orders with non complex financial instruments as an object.

Such are:

a) Shares introduced for negotiation in an organised market or respective market of a third country, certificates of their deposition, stock exchange instruments, bonds or other forms of titled debt (with the exception of bonds or other forms of titled debt demands which products embody) and OSEKA shares.
b) Financial instruments which are not included in the category of movable assets of the case. Financial instruments are not escorted by real or possible financial obligation of the Client which exceeds the cost of their acquirement.
c) Substantial information on the characteristics of the financial instrument which is the object of the investment is publicised and available to the public and this information can be immediately understood by the Client in order that he solidly decides as to whether he will enter into a transaction with the particular financial instrument as the object.

In case 2.2 the compatibility of the service being provided to the Client or the financial instrument which is the object of the transaction in relation to his characteristics (knowledge level of investment matters, education, experience etc) is not assessed. As a consequence, in these cases the Client is not provided with the protection flowing from the rules of professional conduct as to the appropriateness testing of the services and financial instruments in relation to its characteristics.

In case the Company provides investment advice or manages the portfolio of the Client, the Client is called to inform the Company as to its investment goals and his financial situation by completing the attached questionnaire. This information is necessary for the company to reasonably believe that some transactions it recommends in the framework of portfolio management or the provision of investment advice are suitable for the Client. The Client counts on the credibility of the information being provided during the provision of its services to the Client. If the Client has already completed a relevant questionnaire, the Company takes that under consideration but also recommends that the Client also completes the attached questionnaire because if even one information from those requested in the attached questionnaire is not known to the Company, the Company will then not be allowed to provide the Client with investment services or portfolio management.