

SPECIFIC TERMS - COLLATERAL



Specific Terms - Collateral

The Specific Terms Collateral (ST Collateral) complement the General Terms (GT) between KBC BANK and the Client and will apply if the Client has agreed to provide Collateral in the Adherence form (or in any other document executed between the Client and KBC BANK).

1. Pledge

Any Collateral agreed to by the Client in the Adherence Form (or in any other document executed between the Client and KBC BANK) will take the form of a pledge on cash and Financial Instruments. The Collateral will be transferred to and blocked in an account or sub-account of the Client's Cash Account (such account or sub-account hereinafter the "Pledged Account") or in a Custody account or a sub-account of the Client's Custody Account (such account or sub-account hereinafter the "Pledged Securities Account"), as the case may be, and will be earmarked as a pledge in the books of KBC BANK. The assets in the Pledged Account and the Pledged Securities Account are collectively the "Collateral".

All cash and Financial Instruments credited from time to time to the Pledged (Securities) Account are pledged to KBC BANK as security for all the Client's present and future obligations and liabilities under the Agreement or otherwise arising from its professional relationship with KBC BANK.

2. Corporate actions and other events

The Collateral also comprises:

- i) the Financial Instruments obtained through the exchange, split, reverse split or conversion of the pledged Financial Instruments, or through the exercise of a subscription right;
- ii) all Financial Instruments and cash from optional stock dividends or other rights of the Client; and
- iii) all Financial Instruments the Client obtains as a result of the merger, split, contribution of a business entity or a specific company activity on the part of the issuer of the pledged Financial Instruments.

The Client authorizes KBC BANK to take receipt of all the Financial Instruments and cash described under (i) to (iii) and place them in the Pledged (Securities) Account.

3. Proceeds from pledged Financial Instruments

Any dividends, interest, matured capital or other proceeds of Financial Instruments in the Pledged Securities Account will be collected by KBC BANK and credited to the Pledged Account to form part of the Collateral.

4. Valuation of Collateral and Margin calls

KBC BANK may apply haircuts to the Collateral it determines in line with market practices to calculate the value of the Collateral.

The Collateral must at all times have the value required in the Adherence Form or any changes thereto notified by KBC BANK or in any other document executed between the Client and KBC BANK, failing which the Client shall be required to post sufficient additional cash or Financial Instruments in the Pledged (Securities) Account upon first request by KBC BANK.

5. Management of the Collateral

KBC BANK will at all times have a preferential claim in respect of the current value of the Collateral and will not be obliged to release the Collateral in full or in part as long as the obligations secured by the Collateral have not been finally settled in full.

Until further notice, the Client shall be entitled to:

- i) Use the cash in the Pledged Account to buy Financial Instruments that will be placed in the Pledged Securities Account.
- ii) Sell Financial Instruments that are in the Pledged Securities Account and place the proceeds in the Cash Account or use it to buy Financial Instruments that will be placed in the Pledged Securities Account.
- iii) Exchange Financial Instruments from the Pledged Securities Account for other Financial Instruments of equivalent financial value that will be placed in the Pledged Securities Account.

None of the acts described under (i) to (iii) may in any way prejudice KBC BANK' right of pledge and apart from these acts, no other transfer, payment or arbitrage instructions whatsoever may be given in respect of Collateral.

6. Account statements

KBC BANK will provide the Client with account statements (or other type of reporting) in writing or by electronic means to inform the Client of the movements in the Pledged (Securities) Account. If the Client fails to object to these statements within 1 day, they will constitute the irrefutable proof of its intention to pledge the assets credited to the Pledged (Securities) Account.

7. Other security

The Collateral will supplement and not impair any other security KBC BANK may have, in particular the statutory lien set forth in article 31 of the Law of August 2, 2002 regarding the supervision of the financial sector and the financial services (or any legal provision replacing such article 31 at any given time).

8. Enforcement

When the Client defaults in the performance of any of its obligations under the Agreement, KBC BANK shall be entitled to enforce the Collateral in accordance with the Belgian law on financial collateral of 15 December 2004 (as amended or replaced from time to time). The Client agrees that KBC BANK may alternatively proceed to the appropriation of the Collateral at a price determined in line with best market practices.