

Specific Terms and Conditions

Securities Lending

Table of content

Article 1. General provisions.....	1
Article 2. Implementation of the Securities Lending service and terms and conditions applicable to Securities Lending	2
Article 3. Transfer of ownership.....	3
Article 4. Limits and interruptions.....	3
Article 5. Collateral and Collateral Management.....	3
Article 6. Sales, Transfers and Recalls	3
Article 7. Income from Lending, Fees and Taxation.....	4
Article 8. Risks	4
Article 9. Reporting	4
Article 10. Term, Amendment and Termination.....	5
Article 11. Conflicts of Interest.....	5
Article 12. Amendments to the Specific Terms and Conditions.....	5
Appendix I - Risks associated with Securities Lending	6

* Article 1. General provisions

1.1. Scope

These specific terms and conditions for securities lending (hereinafter the "Specific Terms and Conditions") govern the securities lending service (hereinafter the "Service") offered by the Bank to the Customer.

1.2. General Terms and Conditions

Unless stated otherwise in these Specific Terms and Conditions, the terms and conditions are subject to the Bank's General Terms and Conditions, Fees and Interest Rates, which are available on the Bank's website (www.keytradebank.be) under Support - Documents, as well as the Privacy Policy available at www.keytradebank.be. The Customer's attention is drawn in particular to the following clauses of the General Terms and Conditions relating to the conclusion of distance contracts.

In the event of any contradiction between these Specific Terms and Conditions and the General Terms and Conditions, these Specific Terms and Conditions shall prevail with regard to the Service.

1.3. Definitions

All terms not defined in this paragraph have the meaning given to them in the General Terms and Conditions.

"Excluded Shares": shares from OTC (Over The Counter) markets.

"Collateral" has the meaning given to this term in Article 5.1 below.

«Broker»: refers to the investment service provider to whom the Bank makes the Eligible Securities available as part of the Service.

"Borrower" has the meaning given to this term in Article 2.3 below.

"End Borrower" has the meaning given to this term in Article 2.3 below.

"Securities Lending" refers to any transaction by which the Broker lends Eligible Securities to the Borrower who lends them to an End Borrower.

"Eligible Securities" refers to all financial instruments held in the Customer's custody account(s) with the Bank belonging to the following categories: (i) listed shares (excluding Excluded Shares); and (ii) ETFs, and in any case excluding the following categories of financial instruments: (A) bonds; (B) structured products; (C) funds; (D) financial derivative instruments (e.g. options, turbos and warrants); (E) ETNs; and (F) ETCs.

"Securities On Loan" refers to any Eligible Securities that have been loaned from time to time by the Broker to the Borrower.

* **Article 2. Implementation of the Securities Lending service and terms and conditions applicable to Securities Lending**

2.1. The Securities Lending Service is conditional on the Customer's acceptance of these Specific Terms and Conditions.

In the case of an individual account, the signature of the account holder is required. In the case of a joint account, the signatures of all joint holders are required.

The Service will be activated within 2-7 Business Days of receipt of the acceptance and signature of the customer(s).

2.2. The Bank does not offer the Service to the following Customers:

- a. Companies;
- b. Natural persons who, in connection with their business or professional activity, have opened a securities account;
- c. Minors;
- d. Joint ownerships;
- e. Investment clubs;

Furthermore, the Bank does not offer the Service for the following custody accounts:

- f. Blocked custody accounts;
- g. Pledged securities accounts;
- h. "Keyplan" securities accounts;
- i. "Keyprivate" securities accounts;
- j. Custody accounts linked to a pension savings fund».

2.3. The Customer authorises the Bank to use all or part of its Eligible Securities in connection with securities lending transactions (the "Securities Lending") and to make them available to the Broker. The Broker may, in the event of market demand, lend such Eligible Securities to a borrower (the "Borrower"), acting as market intermediary, so that the latter may lend them to one or more end borrowers (each, an "End Borrower").

2.4. The Customer's counterparty shall at all times be the Bank, including when the Securities On Loan have been made available to the Broker and loaned to a Borrower.

2.5. As part of the operational functioning of the Service, transactions will be carried out as follows:
The Bank shall make the Customer's Eligible Securities available to the Broker.

Such Eligible Securities will be held in a securities account opened with the Broker, in the Broker's name. This account is a global account (omnibus account), without any segregation by Customer.

In the event of market demand, the Borrower may borrow these Eligible Securities from the Broker in order to lend them to one or more end borrowers. The identity of the End Borrowers is not communicated to the Customer.

The Borrower shall act as a market intermediary and shall be responsible for:

- Matching supply and demand on the securities lending market;
- Setting up and concluding Securities Lending transactions with the End Borrower.

2.6. There is no guarantee that the Eligible Securities made available will actually be borrowed: in fact, the actual lending of securities depends on supply and demand on the securities lending market.

2.7. Where the borrowing request for a given instrument is for less than the total volume of available Eligible Securities, the Borrower will select the securities to be loaned by prioritising those Customers holding the largest volumes for that instrument (from the largest to the smallest).

Example:

For XYZ shares:

Customer A holds 1,000 shares

Customer B holds 500 shares

Customer C holds 500 shares

Total available: 2,000 shares

If the borrowing request relates to 1,000 XYZ shares only:

Customer A: 1,000 shares will be loaned (entire holding)

Customer B: 0 shares loaned

Customer C: 0 shares loaned

If the borrowing request relates to 1,400 XYZ shares:

Customer A: 1,000 shares will be loaned (entire holding)

Customer B: 400 shares will be loaned (out of its 500 shares held) *

Customer C: 0 shares loaned

* The selection of either Customer B and Customer C, holding the same number of shares, is made at random.

*** Article 3. Transfer of ownership**

3.1. During the Securities Lending period, legal ownership of the Securities On Loan is transferred to the Borrower in return for remuneration as specified in Article [7] hereof. During this period, the Customer does not enjoy ownership rights on the Securities On Loan.

3.2. The Customer acknowledges that, during the lending period, it may not exercise the voting rights attached to the Securities on Loan, nor participate in general meetings relating to these financial instruments. To participate in such meetings or to exercise preferential rights (subscriptions, public offers, etc.), the Customer must initiate an opt-out in accordance with Article [10] hereof, at least seven (7) Business Days before the closing date of the registers, and ensure that the financial instruments are recalled and returned before the relevant maturity date.

3.3. The Customer retains economic ownership of the Securities on Loan and remains exposed to changes in their market value.

3.4. For any dividend relating to a Security On Loan, the corresponding Securities On Loan shall be subject to an automatic recall prior to any distribution of a dividend in accordance with Article 6.2(c). The Customer will therefore retain its right to receive the dividends relating to this financial instrument.

*** Article 4. Limits and interruptions**

4.1. The Bank may, at its sole discretion, decide to not lend certain financial instruments, to terminate outstanding Securities Lending, to recall Securities On Loan or to suspend the Service for risk, liquidity, compliance or operational reasons.

*** Article 5. Collateral and Collateral Management**

5.1. In order to cover the obligation to return in equivalent financial instruments, loaned positions are guaranteed by cash held in a segregated account with the Borrower, opened in the Broker's name, equal to at least 105% of the cash value in euros of the Securities On Loan, without any remuneration for the Customer (the "Collateral"). The Collateral shall cover not only Securities Loaned to the Customer but also all securities of the Bank's other Customers loaned by the Broker to the Borrower.

The value of the Securities On Loan and the Collateral is recalculated daily on the basis of official closing prices and exchange rates published by the European Central Bank, and margin calls are made when the Collateral no longer equals 105% of the cash value in euros of the Securities On Loan.

5.2. In the event of default by a counterparty to a Securities Lending Transaction, realisation of the Collateral is used to buy back financial instruments equivalent to the relevant Securities On Loan; the Bank then coordinates the collection and distribution mechanisms in accordance with operational processes.

*** Article 6. Sales, Transfers and Recalls**

6.1. The Customer may sell its Securities on Loan at any time. In the event of a sell order, the Broker initiates a recall of Securities on Loan before the date of settlement-delivery of securities sold.

6.2. A Securities Lending process will end automatically and the relevant financial instruments will be returned to the Customer's securities account with the Bank in the following circumstances (if applicable, the Securities Lending process will be terminated only in respect of the relevant financial instruments):

- a. The Customer has initiated an opt-out in accordance with Article [10];
- b. The Customer has exercised a call option on financial instruments which are in its possession (covered call) and which are Securities on Loan;
- c. In the event of payment of dividends in accordance with Article 3.4;
- d. In the event of securities transactions relating to the Securities on Loan;
- e. In the event of termination of these Specific Terms and Conditions in accordance with Article [10].

6.3. The Bank shall make commercially reasonable efforts to execute recalls in a timely manner, subject to market constraints and time limits.

6.4. A position comprising Securities On Loan, in whole or in part, may not be transferred to another custody account until such Securities are returned.

The Customer must first initiate an opt-out of the Service in accordance with Article [10], resulting in the immediate issue of a request to recall the Securities On Loan concerned.

As from this request, the relevant Eligible Securities are excluded from the stock of securities that may form the subject of Securities Lending.

The transfer of financial instruments may be executed as soon as the Securities on Loan are actually returned, without the Customer having to wait for full deactivation of the Service.

*** Article 7. Income from Lending, Fees and Taxation**

7.1. The remuneration received by the Bank in respect of Lending Transactions with the Borrower is shared by the Bank with the Customer in equal shares (50/50), after deduction of the fees owed by the Bank to service providers as remuneration for the Securities Lending.

7.2. The Customer receives this remuneration from the moment the Securities on Loan have been borrowed by the Bank to the moment securities equivalent to the Securities on Loan are returned to the Customer.

7.3. Remunerations are calculated daily per loaned position, according to market practices and prevailing rates. The calculation is made according to the following formula:

Daily Remuneration = Market Value of Securities On Loan × Applicable Lending Rate / 360

Where:

Market Value of Securities on Loan: the value of the securities at the day's closing price, converted to euros;

Applicable Lending Rate: annual rate determined according to market conditions, expressed on a gross basis before application of withholding tax and after deduction of operating costs.

7.4. The Customer acknowledges and accepts that the remuneration paid in the form of interest is subject to withholding tax, in application of the tax laws and regulations in force.

7.5. The total remuneration corresponds to the sum of the daily remunerations calculated for each effective loan day, after deduction of the applicable withholding tax. The remuneration is credited to the Customer's custody account with the Bank on a monthly basis.

7.6. The Bank shall not provide the Customer with any tax advice of any kind, and shall not be liable for any tax implications arising from the Service. The Customer is encouraged to seek independent advice from its financial adviser and/or legal counsel regarding the tax implications of the Service.

*** Article 8. Risks**

8.1. The main risks associated with the Service and Securities Lending are described in Appendix I.

*** Article 9. Reporting**

9.1. The Bank shall provide the Customer with a monthly report on the Securities Lending transactions carried out under the Service.

Among other things, this report includes:

- An aggregated overview of all income generated in respect of Securities Lending transactions;
- A breakdown of Securities Lending transactions, including, in particular, for each loan, the securities concerned, the dates of implementation and return, as well as the rate of remuneration applied;
- Income received by the Customer in respect of these transactions, expressed in gross and net amounts.

9.2. The Bank also provides the Customer with a dashboard dedicated to monitoring the activity of the Service. In particular, this dashboard makes it possible to:

- Identify all securities lending transactions at all times, differentiating between open loans and closed loans;
- View a daily level of detail of transactions, including quantities, prices of securities on loan, exchange rates and gross fee rates;
- Benefit from daily data updates;
- Access a summary view of income generated by the Service, including monthly income as well as accumulated income in the income history.

The dashboard can be accessed via the mobile application via a dedicated custody account tab.

*** Article 10. Term, Amendment and Termination**

10.1. These terms and conditions enter into effect on the date the Customer signs up for the Service, and are concluded for an indefinite term.

10.2. The Customer may sign up for and opt out of the Service at any time by following the procedure for activating or deactivating the Service. For joint accounts, the Service can be deactivated at the request of only one of the joint holders, without requiring the agreement of the other joint holders.

10.3. If it has subscribed from the Service, the Customer wishing to sign up again must wait until deactivation has been fully completed before any new subscription.

10.4. The Bank may terminate the Service with regard to the Customer in accordance with the provisions relating to termination in the General Terms and Conditions.

10.5. The closure of the trading account of a Customer or a change in its tax status will result in automatic deactivation of the Service.

10.6. In all cases, activation and deactivation happen within 2 to 7 Business Days.

*** Article 11. Conflicts of Interest**

11.1. The Bank makes every effort to identify, prevent and manage conflicts of interest: this is clarified in our Policy on Conflicts of Interest - Investment Services available on the Bank's website in the Help/Documents/Trading & Investing section.

11.2. The Bank shall inform the Customer of the potential conflict of interest arising from the Borrower's securities selection policy described in Article 2.7.

*** Article 12. Amendments to the Specific Terms and Conditions**

12.1. The Bank may amend these Specific Terms and Conditions at any time subject to prior notice. The amended Specific Terms and Conditions shall enter into force 15 days after this notice or on any other subsequent date indicated by the Bank.

12.2. The Customer has the right to accept or reject the proposed amendments before the date of entry into force. Any Customer failing to advise the Bank of its rejection of the amendments prior to entry into force of the amended Terms and Conditions shall be deemed to have accepted them.

12.3. Any Customer failing to accept the new Specific Terms and Conditions may immediately terminate the Agreement itself, under Article [10] of these Specific Terms and Conditions, up to the date of entry into force of the amended Specific Terms and Conditions.

12.4. Under Article [10] of these Specific Terms and Conditions, up to the date of entry into force of the amended Specific Terms and Conditions, the Bank has the right to bring an end to the Service provided to any Customer who has notified the Bank of its rejection of the amended Specific Terms and Conditions.

* **Appendix I - Risks associated with Securities Lending**

COUNTERPARTY RISK

Counterparty risk is the risk that the party with whom a transaction is concluded, in particular in the context of securities lending, is unable to fulfil its obligations to return securities or make payments due to financial failure, insolvency or the initiation of bankruptcy proceedings. In the context of securities lending, legal ownership of the securities is transferred to the Borrower for the duration of the transaction, and the lender (the Bank), in return, holds a claim for the return of equivalent securities. In order to mitigate this risk, collateral is provided and may be used, in the event of default, to buy back, on the market, securities equivalent to those on loan. However, in the event of default by the End Borrower or the Borrower (the financial intermediary), return may be delayed and income from realisation of collateral may prove insufficient to fully cover exposure, in particular in the event of unfavourable market conditions or increased volatility.

COLLATERAL RISK

Securities lending transactions are accompanied by the provision of collateral to cover the exposure resulting from the claim for return of securities. In order to ensure its effectiveness, the value of the Securities On Loan and Collateral is recalculated daily on the basis of official closing prices and exchange rates published by the European Central Bank. Margin calls are made as soon as the value of the Collateral falls below 105% of the cash value, expressed in euros, of the Securities On Loan. These mechanisms aim to mitigate the risk of loss in the event of counterparty default. However, despite these adjustment and over-collateralisation mechanisms, the presence of collateral does not constitute an absolute guarantee against the risk of loss, in particular in the event of rapid market movements, liquidity tensions or exceptional circumstances likely to affect the value or realisation of the Collateral.

MARKET RISK

Securities lending does not eliminate exposure to the market fluctuations associated with the financial instruments concerned. The Customer remains exposed to changes in the value of the Securities on Loan, which may result in particular, from changes in the financial markets, interest rates, exchange rate fluctuations or economic, political or geopolitical events. In times of high volatility or market tensions, the value of securities may fall significantly and, where applicable, be combined with an increased risk of counterparty default, thereby increasing the overall risk of loss.

OPERATIONAL RISK

The Service may be affected by technical failure, human error or system malfunction, which may lead to delays or errors in the execution of transactions.