

TERMS AND CONDITIONS OF FOREIGN
EXCHANGE SPOT TRANSACTIONS
AND EXECUTING BY HSBC CONTINENTAL
EUROPE (SPÓŁKA AKCYJNA) ODDZIAŁ W
POLSCE FOREIGN EXCHANGE BUY OR SELL
ORDERS

§1 DEFINITIONS

- 1.1 Settlement Day/Date – a Business Day on which the Transaction is settled, unless earlier date is agreed the second Business Day following the Business Day on which the Transaction was concluded;
- 1.2 Execution Rate – in relation to the Order placed by the Customer – a foreign exchange rate at which the Order was executed,
- 1.3 FX Rate – in relation to the Transaction a rate of exchange of a Base Currency unit or units into the Quote Currency as of the Settlement Day,
- 1.4 Order Rate – the rate indicated by the Customer at which the Order is to be executed,
- 1.5 Transaction Amount – an amount denominated in the Base Currency a purchase or sale of which is the subject of the Transaction,
- 1.6 Order Principal Amount – an amount denominated in the Base Currency indicated by the Customer in the Order,
- 1.7 Currency Pair – the Base Currency and the Quote Currency,
- 1.8 Product Terms and Conditions – these “Terms and Conditions of foreign exchange spot transactions and executing by HSBC Continental Europe (Spółka Akcyjna) Oddział w Polsce foreign currency buy or sell orders”,
- 1.9 Order Validity Time – the date and time (e.g. 02 January 2010, 13:00) until which the Order is valid, if the Bank does not execute the order. The Order Validity Time should elapse between 9:00 and 16:30,
- 1.10 Transaction – an exchange of currencies as of the Settlement Day the subject of which is a purchase or sale of the Transaction Amount denominated in the Base Currency for the Quote Currency at the FX Rate,
- 1.11 Master Agreement – agreement between the Bank and the Customer under which Transactions as per the Product Terms and Conditions may be entered into,
- 1.12 Base Currency – a currency whose unit price is denominated in the Quote Currency,
- 1.13 Quote Currency – a currency in which the price of a unit (or a specific number of units) of the Base Currency is denominated,
- 1.14 Buy Order – an order placed by the Customer with the Bank to buy a specific amount of the Base Currency for the Quote Currency at the Order Rate,
- 1.15 Sell Order – an order placed by the Customer with the Bank to sell a specific amount of the Base Currency for the Quote Currency at the Order Rate,
- 1.16 Spot Rate – a foreign exchange rate at which transactions to buy or sell the currency are executed on the market between banks or credit institutions,
- 1.17 T/P Order – a Buy Order or Sell Order placed in order to achieve profit on the open foreign exchange position, with inbuilt “take profit” function owing to which the Bank will take their best endeavours to execute the Order when the Spot Rate reaches or exceeds T/P Order Rate as adjusted by the Bank’s margin agreed with the Customer,
- 1.18 S/L Order – a Buy Order or Sell Order placed in order to limit a loss on the open foreign exchange position, with inbuilt “stop loss” function owing to which the Bank will take their best endeavours to execute the

Order when the Spot Rate reaches or exceeds S/L Order Rate as adjusted by the Bank's margin agreed with the Customer.

§2 INTRODUCTORY PROVISIONS

- 2.1 These Product Terms and Conditions specify the essence of Transactions, the obligations of the Parties resulting from the entry into Transactions, terms of such Transactions, principles of settlement thereof as well as principles of placing by the Customer and accepting and executing Buy Orders and Sell Orders by the Bank.
- 2.2 Subject to the provisions of the next sentence, the Bank shall enter into Transactions with the Customer at exchange rates from the currently applicable the Table of Foreign Exchange Rates, used for Transactions. In the case of Transactions whose value exceeds 10,000 (ten thousand) US dollars (or the equivalent in other currency), if it is also justified by the volume of Customer turnover, the Parties may agree an FX Rate for Transactions other than the Table of Foreign Exchange Rates.

§3 ENTRY INTO TRANSACTIONS

- 3.1 The Customer and the Bank shall enter into Transactions in accordance with the provisions of the Product Terms and Conditions, the General Terms and Conditions and the Master Agreement.
- 3.2 When entering into the Transaction the Parties shall agree on the following terms:
- (a) Currency Pair,
 - (b) Transaction Amount,
 - (c) type of a Transaction executed by the Customer (buy or sell),
 - (d) Settlement Date,
 - (e) FX Rate.
- 3.3 Confirmations referred to in these Product Terms and Conditions shall not require a signature.

§4 TRANSACTION SETTLEMENT

- 4.1 The Customer shall transfer an amount of the currency being sold at the Bank's disposal in the Settlement Account or transfer it to a bank account belonging to the Bank (specified in the Bank's Card) by no later than 15:00 on the Settlement Date and on the Settlement Date the Bank shall transfer the amount of the currency being purchased to the Settlement Account.
- 4.2 If the Customer does not pay the amount of the currency being sold, the Bank shall execute with the Customer a transaction reverse to the originally agreed Transaction, at the FX Rate justified by the current exchange rate applicable on the foreign exchange market.
- 4.3 No Collateral shall be established for the Transaction settlement.

§5 PLACING AND CANCELLING ORDERS

- 5.1 1. When placing an Order, the Customer shall indicate the following factors:
- (a) Currency Pair to which the Order pertains,
 - (b) Order Principal Amount,

- (c) Order type (Buy Order or Sell Order, potentially additionally T/P Order or S/L Order),
- (d) Order Validity Time,
- (e) Execution Rate,

5.2 If for a particular Currency Pair both a T/P Order and an S/L Order is placed, the Customer shall specify whether the execution of one Order shall cancel the other Order.

5.3 In order for the Bank to properly process the Order, the Execution Rate for the S/L Order, at the time of Customer's submission, may not be similar to current foreign exchange market quotations by less than 0.3%.

5.4 The Customer shall have the right to cancel the Order before the Order Validity Time, unless Order has already been executed, except when the difference between foreign exchange market quotations and the Execution Rate is less than 0.2%. Cancellation is valid after confirmation by the Bank.

§6 ORDER EXECUTION

6.1 When executing a T/P Order the Bank shall make their best endeavours to buy or sell for the Customer the Order Principal Amount at the Order Rate, save that:

- (a) a T/P Order to buy a currency for the Customer shall be executed when the Spot Rate is lower than or equal to the T/P Order Rate as adjusted by the Bank's margin agreed with the Customer,
- (b) a T/P Order to sell a currency by the Customer shall be executed when the Spot Rate is higher than or equal to the T/P Order Rate as adjusted by the Bank's margin agreed with the Customer.

6.2 The Bank shall have the right to execute a T/P Order or S/L Order partially.

6.3 When executing an S/L Order the Bank shall make their best endeavours to buy or sell for the Customer the Order Principal Amount at the Order Rate, save that:

- (a) an S/L Order to buy a currency for the Customer shall be executed when the Spot Rate increases above the Order Rate as adjusted by the Bank's margin agreed with the Customer and the Order shall be executed at the first available price, therefore the Execution Rate can be greater than the S/L Order Rate,
- (b) an S/L Order to sell a currency by the Customer shall be executed when the Spot Rate decreases below the Order Rate as adjusted by the Bank's margin agreed with the Customer and the Order shall be executed at the first available price, therefore the Execution Rate can be lower than the S/L Order Rate.

6.4 Following the execution of the Order the Bank shall inform the Customer of the amount of the Base Currency purchased/sold by the Customer, the Execution Rate and the Settlement Date.

6.5 Bank's liability for losses suffered by Customer's assets as a result of Order execution shall be limited to situations where the Bank may be charged with wilful default.

§7 MISCELLANEOUS

7.1 The Bank may amend the Product Terms and Conditions.

7.2 The amended Product Terms and Conditions shall be delivered to Customers with whom the Bank previously entered into Transactions or whose Orders were executed by the Bank.

7.3 The amended Product Terms and Conditions shall become effective on the date set by the Bank, however not earlier than after 14 days from their delivery, unless the Customer terminates the Master Agreement signed with the Bank within 14 days from a receipt of the amended Product Terms and Conditions.

The amended Product Terms and Conditions shall apply to Transactions entered into and Orders placed after the date they became effective.