

DISCLOSURE POLICY – Extract from the Internal Regulations – version 09.12.2016

5.7. SERVICE DISCLOSURES THAT MUST BE OFFERED TO POTENTIAL AND EXISTING CLIENTS¹

Please note that with reference to the service disclosures mentioned in sections [Section 5.8](#), [Section 5.9](#), and [Section 5.10](#), the information pertinent to the services to be provided shall be included in the Agreement(s) between MK and the client. The client is given a blank copy of the Agreement(s) before the business relationship commences so that the client can peruse all the relevant information in his/ her own time.

All Services²

- 5.7.1 MK's name, address and contact details.
- 5.7.2 The languages in which the retail client may contact MK and receive documentation.
- 5.7.3 The methods of communication with MK, this must include the methods used for sending and receiving orders.
- 5.7.4 A statement that MK is authorised to carry out the services and activities which it provides and CySEC's contact details.
- 5.7.5 The nature and frequency of MK's Service Performance Reports. Service Performance Reports must include the following: The costs associated with the transactions and services undertaken on behalf of MK clients³.
- 5.7.6 A summary description of MK's Conflict of Interest Policy – in accordance with paragraph 23 DI 144-2007-01. Should also be able to readily provide the client with MK's complete Conflicts of Interest Policy.

Portfolio Management Services⁴

- 5.7.7 An appropriate method of evaluation and comparison, such as a benchmark, should be provided so as to enable the potential client to assess MK's performance.
- 5.7.8 Information on the method and frequency of valuation of the financial instruments in clients' portfolios.

¹ Paragraph 9, Directive DI 144-2007-02

² Paragraph 9(1), Directive DI 144-2007-02

³ Section 36(1)(g), Law 144(I)/2007.

⁴ Paragraphs 9(2), 9(3), Directive DI 144-2007-02.

- 5.7.9 Details of any delegation of the discretionary management of all or part of the financial instruments/ funds in the clients' portfolios.
- 5.7.10 A specification of any benchmark against which the performance of the clients' portfolios will be compared.
- 5.7.11 The financial instruments that may be included in the client portfolio and the type of transactions that may be carried out concerning these instruments. Any potential relevant limits should also be disclosed.
- 5.7.12 The portfolio management objectives, the level of risk to be reflected in the manager's discretion and any constraints on that discretion to be disclosed.

The duty of providing potential and existing MK clients with the abovementioned Disclosures shall lie with the head of the Back Office Administration- the BOA. Please see [Section 5.5.](#)

Brokerage Services⁵

In addition to the identification of MK ([Section 5.7.1](#)), the notice will include:

- 5.7.13 The name of the client
- 5.7.14 Trading date & time
- 5.7.15 Type of order
- 5.7.16 Venue identification and instrument identification
- 5.7.17 Buy/sell indicator or the nature of the order, if otherwise
- 5.7.18 The quantity
- 5.7.19 The price, which will give detailed information about prices of individual tranches, if applicable, and requested
- 5.7.20 The total consideration
- 5.7.21 The notice will also include the following information if applicable:
 - The sum of commissions and expenses charged, and if requested, an itemized summary
 - The client responsibilities to settle a transaction, including the time limit for payment or delivery and appropriate account details
 - If MK is the counterparty or a person in MK or a client of MK, unless the order was executed through a trading system with anonymous trading

⁵ Paragraphs 9(2), 9(3), Directive DI 144-2007-02.

1.5 FINANCIAL INSTRUMENT DISCLOSURES THAT MUST BE MADE TO POTENTIAL AND EXISTING CLIENTS⁶

[With reference to the below [please note](#)]

MK must provide all its potential and existing clients with a description of the nature of the specific type of instrument concerned and the risks attached to that specific type of instrument, in sufficient detail to enable the client to reach investment decisions on an informed basis.

In particular the description of the Risks shall include where relevant to the particular type of financial instrument, client categorisation and knowledge, the following information:

- 5.8.1 The risks associated with the financial instrument in question, including an explanation of leverage and its effects. Also, the risk of losing the entire investment.
- 5.8.2 The volatility of the price of the specific instrument and any limitations on the available market for such an instrument.
- 5.8.3 The fact that the client might assume, as a result of transactions in such instruments, financial commitments and other additional obligations, including contingent liabilities, additional to the cost of acquiring the instruments.
- 5.8.4 Any margin requirements or similar obligations relating to certain financial instruments.
- 5.8.5 Where MK provides a client/ potential client with information as to a financial instrument which is subject to a current offer to the public and a prospectus has been published, MK must inform the client where they may find that prospectus.
- 5.8.6 Where a financial instrument is composed of two or more financial instruments or services and this increases the financial instrument's risks, MK must provide a description of the components of the instrument and the way in which their interaction increases the risk.
- 5.8.7 Where financial instruments that incorporate a third party guarantee are offered, guarantee information should be made available to the client/ potential client. Thus the client/ potential client is enabled to make a fair assessment of the guarantee.

1.6 FINANCIAL INSTRUMENTS/ FUND'S HOLDING DISCLOSURES THAT MUST BE MADE TO POTENTIAL AND EXISTING CLIENTS⁷

- 5.9.1 MK must make certain disclosures to its potential clients and existing clients where it is to or does hold financial instruments or funds on behalf of them. Such disclosures will include the following:
- 5.9.2 MK must inform the client where the financial instrument or funds of that client are held by a third party on behalf of MK and state its responsibility for any acts or omissions of the third party and the consequences for the client of the insolvency of the third party.
- 5.9.3 Where financial instruments or funds of clients are held in the same account by a third party, MK shall inform the clients of this fact and shall provide a prominent warning of the resulting risks.

⁶ Paragraph 10, Directive DI 144-2007-02

⁷ Paragraph 11, Directive DI 144-2007-02

- 5.9.4 MK must inform the client where it is not possible for financial instruments or funds held by a third party to be separately identifiable from the proprietary financial instruments or funds of that third party or MK and shall provide a prominent warning of the resulting risks.
- 5.9.5 MK must inform the client where accounts that contain financial instruments or funds belonging to the client are or will be the subject of the law or a jurisdiction other than that of a Member State and must indicate that the rights of the client relating to those financial instruments or funds may differ accordingly.
- 5.9.6 MK shall inform the client about the existence and the terms of any security interest or lien which MK has or may have over the client's financial instruments or funds, or any right of set-off it holds in relation to those instruments or funds. Where applicable, MK shall also inform the client of the fact that a depository may have a security interest, or right of set-off in relation to those instruments or funds.
- 5.9.7 MK, before entering into securities financing transactions in relation to financial instruments held by it on behalf of a client, or before otherwise using such financial instruments for its own account or the account of another client, shall in good time before the use of those instruments provide the client, in a durable medium, with clear, full and accurate information on the obligations and responsibilities of MK with respect to the use of those financial instruments, including the terms for their restitution, and on the risks involved.

Please see [Section 5.12](#) below for the provisions MK has in place regarding client funds and instruments.

1.7 INFORMATION COSTS & CHARGES DISCLOSURES THAT MUST BE MADE TO POTENTIAL AND EXISTING CLIENTS⁸

[With reference to the below [please note](#)]

MK must provide its potential clients/ clients with the following information regarding costs and associated charges:

- 5.10.1 MK must provide the client with the total price of the investment/ ancillary service and financial instrument, which the client will have to pay to receive those services/ instruments. This must include all related taxes/ fees/ commissions/ charges/ expenses, and all taxes payable via MK. If it is not possible to provide the client with an exact price, then the client should be provided with the calculation basis. Thus the client is able to verify the price.
- 5.10.2 Where the abovementioned total price includes a reference to payment in a foreign currency, then the applicable currency conversion rate and costs must be included. This is included as an attachment to the invoice that is sent out to the client.
- 5.10.3 The commissions charged by MK must be calculated separately.
- 5.10.4 A notice should be included to inform the client that there is a possibility that other costs, including taxes, related to the financial instruments/ services' transactions, may arise which are not covered by MK.
- 5.10.5 Payment arrangements.

⁸ Section 12, Directive DI 144-2007-02

5.10.6 Clients should be informed that MK does not charge interest on their accounts, unless there is a specific agreement that states otherwise.