

Investment Services Information

Security Value, Risk, Debit
Money and Debit Securities

Introduction

In the Investment Services Information, DEGIRO provides the details of the contractual relation that DEGIRO has entered into with you in the Client Agreement and a more detailed explanation of its services and contracts. In this reference work, you can also read about the general and specific risks associated with investing in Financial Instruments. We recommend that you read the Investment Services Information and prepare well for investing, so that you can do this in a responsible manner.

The Investment Services Information is part of the Client Agreement. Clients are expected to be informed of the contents thereof. In the Investment Services Information, capitalised terms have the meaning as defined in the Client Agreement or as defined in the Investment Services Information.

If you have any questions, comments and/or suggestions, please contact the DEGIRO Customer Service Desk. You can find the contact details and availability of the Customer Service Desk on the Website.

Documents

The Investment Services Information consists of the following documents:

- WebTrader
- Profiles
- Investment Funds
- Investment Services
- Orders and Order execution policy
- Corporate actions, expirations and administrative actions
- Fees
- Characteristics and risks of Financial Instruments
- **Security Value, Risk, Debit Money and Debit Securities (this document)**

Investment Services Information

flatex DEGIRO Bank Dutch Branch, trading under the name DEGIRO, is the Dutch branch of flatexDEGIRO Bank AG. flatexDEGIRO Bank AG is primarily supervised by the German financial regulator (BaFin) and registered with DNB in the Netherlands.

The nature and extent of consumer protections may differ from those for firms based in the UK. Details of the Temporary Permissions Regime, which allows EEA-based firms to operate in the UK for a limited period while seeking full authorisation, are available on the Financial Conduct Authority's website.

Security Value, Risk, Debit Money and Debit Securities

1. Introduction

In this chapter, DEGIRO provides an explanation of the terms 'Security Value' and 'Risk' and of the Limits that apply to the services Debit Money and Debit Securities. The exact calculation of the Security Value and Risk and the applicable Limits is complex and dynamic. In this document a simplified and non-exhaustive explanation is given of the main elements of the risk model of DEGIRO.

In this Document DEGIRO addresses the different components that constitute Risk for its Clients and DEGIRO itself. We also consider the influence of Risk on the 'free scope' in Client's Balance and the possibilities regarding the estimation of the influence a transaction will have on the Risk. By using sample portfolios, we inform you step by step about the structure of the Risk and Security Value on differently composed portfolios.

Finally, we also set out the Limits for Debit Money and Debit Securities in relation to the different Profiles available at DEGIRO.

ATTENTION: DEGIRO continually amends its risk models in order to improve and to ensure that our model matches market developments as closely as possible. From a Client's perspective, this means that Security Value and Risk of your Balance are subject to changes that are not related to your transactions or price movements. It is important to note that, as our Client, you must always comply with the Limits and restrictions imposed by DEGIRO, even if an overrun is the result of an adjustment of a calculation method imposed by DEGIRO.

2. Security Value

Security Value is the cumulative (net) value of all long and short positions in money and Financial Instruments within the Balance. DEGIRO determines the Security Value on the basis of the latest known prices of each Financial Instrument. The extent to which Security Value can fluctuate therefore depends heavily on the composition of the Balance.

3. Security Value minus Risk: free scope

The main requirement set by DEGIRO for its Clients is that the Security Value of their Balance must be higher than the Risk. Security Value minus Risk is therefore (in observance of the other Limits and conditions) the free scope within which Clients can trade. However, the free scope does not mean that Financial Instruments can only be bought for this amount. The free scope is influenced by a transaction, which can result in an increase or decrease of Risk. It is even possible that Risk will decrease due to a purchase of Financial Instruments and/or the sale of options and futures, as a result of which the free scope will increase.

4. Risk

4.1 Risk

Every form of investment is inseparably associated with the risk of losses for the investor. Because, as a rule, risk is unknown until it materialises, for DEGIRO and its Clients it is vital to have a system in place to estimate risk as prudentially and precise as possible. DEGIRO uses a risk calculation method for this, in which the theoretical risk of the Balance is calculated 'as a whole'. This is different from the use of the traditional margin calculation, which involves calculating the theoretical risk of each Financial Instrument separately.

Investment Services Information

flatex DEGIRO Bank Dutch Branch, trading under the name DEGIRO, is the Dutch branch of flatexDEGIRO Bank AG. flatexDEGIRO Bank AG is primarily supervised by the German financial regulator (BaFin) and registered with DNB in the Netherlands.

The nature and extent of consumer protections may differ from those for firms based in the UK. Details of the Temporary Permissions Regime, which allows EEA-based firms to operate in the UK for a limited period while seeking full authorisation, are available on the Financial Conduct Authority's website.

At DEGIRO Risk is considered as an estimate of the loss that could arise within a period of two trading days. This period of two trading days is the term within which DEGIRO would normally intervene if necessary on the basis of its agreements with Clients specified in the Investment Services Agreement. Risk is a calculation based on theoretical (statistical) principles. Risk should not, therefore, be seen as the maximum loss that is possible on the Balance. After all, future developments can only be estimated, not predicted with certainty. Risk is always calculated in the Local Currency of the Personal Page, with positions in Foreign Currencies being converted at the exchange rate at that time.

4.2 Trader, Day Trader

Under Profile Day Trader, a client can enter into additional positions in Financial Instruments during the day, under the condition that these additional positions will be closed again before the end of the day. For a description of Profile Day Trader we refer you to the document **Profiles** in the Investment Services Information. As part of the Balance held under Profile Day Trader must be closed on the same day, calculating Risk on the basis of two trading days would not be suitable. The risk of the intraday part of the Balance is lower: there is no overnight risk. Overnight risk is the risk that Risk increases or Security Value decreases because of things that occur in a period of time (e.g. during the night, the weekend or a holiday) in which intervention by the client or DEGIRO is not possible. For this reason for Profile Day Trader, during the trading day, some elements that are part of Risk are multiplied with a factor. This factor currently is 1/3. This factor is dynamic and can be changed by DEGIRO at any time.

4.3 Main Risk Elements

For the determination of Risk, DEGIRO has categorised the risks that can arise within an investment portfolio. Thereby DEGIRO recognises the following main elements:

- Event risk;
- Net investment category risk;
- Gross investment category risk;
- Net sector risk.

With regard to these different main elements, the main element that creates the highest risk within the Balance determines the calculation of Risk for that Balance. The leveraged products (Turbo's, Sprinters, et cetera) are not included in the calculation of the main elements of Risk. The Risk of these instruments is added as a separate risk surcharge to Risk.

Over and above the amount of Risk calculated on the basis of the above elements, there is an additional risk surcharge, where applicable, for:

- currency risk (this does not apply for the calculation of event risk);
- liquidity risk, option risk;
- Financial Instruments with 100% risk; and
- a possible surcharge in case of a high-risk spread of investments within the portfolio.

An explanation of the elements of which Risk is composed is presented below, starting with the main elements and then the various risk surcharges.

4.3.1 Event risk

Event risk is based on an incidental event, which leads to sharp price movements. This could be for instance an acquisition, fraud, bankruptcy, a class action, etc. DEGIRO determines the potential loss as a result of event risk for each underlying value. As it is not likely that an event risk would occur simultaneously for a number of underlying securities, it is assumed in the calculation that this risk will only arise in relation to the Financial Instruments (including positions in Derivatives) relating to a single underlying value (e.g. a company, index or commodity) within the Balance.

Investment Services Information

flatex DEGIRO Bank Dutch Branch, trading under the name DEGIRO, is the Dutch branch of flatexDEGIRO Bank AG. flatexDEGIRO Bank AG is primarily supervised by the German financial regulator (BaFin) and registered with DNB in the Netherlands. The nature and extent of consumer protections may differ from those for firms based in the UK. Details of the Temporary Permissions Regime, which allows EEA-based firms to operate in the UK for a limited period while seeking full authorisation, are available on the Financial Conduct Authority's website.

The event risk will be determined for each underlying value in the Balance. The event risk of the underlying value with the highest event risk is included in the calculations of Risk.

Currently DEGIRO applies an event risk of 50% (upwards and downwards) for shares for which there is sufficient liquidity and of which the issuing institution has sufficient market value. For government bonds, DEGIRO currently uses an event risk of 10%, upwards and downwards, for countries that are sufficiently creditworthy according to the standards applied by DEGIRO. The level of the event risk for each underlying value is regularly evolved, so that interim changes in the level of the event risk can be identified.

4.3.2 Net investment category risk

DEGIRO defines 'investment category' as 'a group of Financial Instruments of a particular type'. This therefore concerns all government bonds, all shares or all perpetuals within the Balance. The idea is that, under normal market conditions, the price movements of all Financial Instruments within an investment category will fall within a more or less equal bandwidth. For each investment category, DEGIRO calculates the net position of that investment category within the Balance, by deducting the value of all short positions from the value of all long positions. DEGIRO has determined a risk percentage for each investment category. For example, a risk percentage of 20 currently applies to the investment category 'shares'. For each investment category, DEGIRO calculates the amount of the net investment category risk by multiplying the net value of each investment category by the risk percentage determined for that investment category. The amount of net investment risk of the investment category with the highest net investment risk, is used for the determination of Risk.

4.3.3 Gross investment category risk

With an equal spread of long and short positions per investment category, the net position of an investment category may be very low, or even zero. The result would then be that the net investment category risk would also be (virtually) zero. For that reason, DEGIRO also calculates a risk related to the gross position of each investment category within the Balance. The gross investment category risk is equal to a risk percentage determined by DEGIRO, multiplied by the cumulative value of the long and short positions for each investment category. So without netting: 10 long and 12 short is a gross position of 22. In this case too, the amount of gross investment category risk of the investment category with the highest amount of gross investment category risk is used for the determination of Risk.

4.3.4 Net sector risk

Another risk that DEGIRO monitors is the spread per sector. The sector in which the issuing institution is active has been determined for all share and bond issues. The value of the long positions minus the short positions is calculated for each individual sector, in order to be able to determine a net position. At present, the risk percentage that applies to the net position per sector is 30. The risk of the sector with the highest risk value is used for the determination of Risk.

4.4 Other Risk elements

In the below a number of additional elements of Risk are presented, which apply to certain Financial Instruments, a certain position size and/or for investments in foreign currency, for which DEGIRO calculates a surcharge to the Risk calculated for the main element.

4.4.1 Currency risk

Risk and Security Value are always calculated in the Local Currency. As a result, with an investment in Financial Instruments listed in a Foreign Currency, an additional risk arises due to movements in the value of the relevant Foreign Currency against the Local Currency. The value (expressed in the Local Currency) of the Foreign Currency investments will rise or fall with every movement in the exchange rate. Currency risk as calculated and determined by DEGIRO is added to the risk amount calculated for the main element of Risk. DEGIRO has determined a risk percentage for each Foreign Currency. For

Investment Services Information

flatex DEGIRO Bank Dutch Branch, trading under the name DEGIRO, is the Dutch branch of flatexDEGIRO Bank AG. flatexDEGIRO Bank AG is primarily supervised by the German financial regulator (BaFin) and registered with DNB in the Netherlands.

The nature and extent of consumer protections may differ from those for firms based in the UK. Details of the Temporary Permissions Regime, which allows EEA-based firms to operate in the UK for a limited period while seeking full authorisation, are available on the Financial Conduct Authority's website.

example, for USD this is currently 6.36% for a Personal Page with EUR as Local Currency. The net value of the positions held in each currency is multiplied by the risk percentage determined by DEGIRO. The currency risk is then the total of the outcome of this calculation for each Foreign Currency.

4.4.2 Liquidity risk

The price of Financial Instruments with a limited daily turnover can easily be influenced by buy and sell orders. This may result in sharp price fluctuations. DEGIRO also includes this risk in the determination of Risk. If a position within the Balance, together with current Orders, is of a size that exceeds a percentage determined by DEGIRO (the liquidity limit) of the average daily turnover in that Financial Instrument on the primary market for that Financial Instrument, this will lead to an extra surcharge to Risk. For long positions, a risk surcharge of 5% currently applies to the liquidity limit of 5% and a risk surcharge of 7% applies to the liquidity limit of 25%. A similar distribution applies to short positions, where, for instance a risk surcharge of 150% applies for the liquidity limit of 2.5% and a risk surcharge of 200% for the liquidity limit of 12.5%.

4.4.3 Financial Instruments with 100% risk weighting

For certain Financial Instruments, DEGIRO has opted to determine Risk as 100% of Security Value. This applies, for example, to leveraged products such as Turbo's, Speeders and equivalent warrants and to products with very limited liquidity. Risk is then equal to Security Value.

4.4.4 Option risk

1. Option valuation system

For determining the risk surcharge that applies to positions in options, DEGIRO uses an option valuation model. With this, it is possible to calculate the value movements of all individual positions in options on the basis of pre-selected scenarios. The option risk is calculated for each underlying value. For each underlying value, all positions in options and futures and the position in the underlying value itself are included in the calculation of the option risk. The option risk is determined on the basis of this compiled position, using scenarios in which both the movements in the underlying value and movements in the implicit volatility are taken into account. The value of an option depends heavily on these two variables, with the implicit volatility showing the degree of uncertainty regarding future fluctuations in the underlying value. The decision to include futures and positions in the underlying value itself in the final determination of the option risk depends on their contribution to the total risk of the Balance. If the total risk of the Balance diminishes by including these positions in futures and in the underlying value in the option risk calculation, this total will be applied. If the total risk of the Balance increases, the position in the underlying value and futures will not be included in the determination of the option risk. After all, the position in the underlying value and futures is already included in amongst others the calculation of the gross and net investment category risk and the sector risk.

2. Risk of deep in and deep out-of-the-money options

In addition to using the standard set of scenarios, DEGIRO also uses extreme scenarios that simulate variations in the underlying value of more than 15%. The option valuation model does this in order to measure the impact of deep in and deep out-of-the-money options within the portfolio in the calculation of the option risk. A deep in or deep out-of-the-money option is an option with an exercise price that differs sharply from the current price of the underlying value. If there are deep in or deep out-of-the-money options in the Balance, these may have a higher weighting in Risk through the application of the extreme scenario.

3. Minimum risk of options

In addition to movements in the price and volatility, there are other risks for options, such as interest and dividend risks. However, the option scenarios do not take these into account. In order to include this risk, DEGIRO calculates a minimum risk for options when an option is written. The amount of this minimum risk is currently set at 0.5% of the underlying value for each written option, respectively 0.2% in case of short term cash settled options.

Investment Services Information

flatex DEGIRO Bank Dutch Branch, trading under the name DEGIRO, is the Dutch branch of flatexDEGIRO Bank AG. flatexDEGIRO Bank AG is primarily supervised by the German financial regulator (BaFin) and registered with DNB in the Netherlands. The nature and extent of consumer protections may differ from those for firms based in the UK. Details of the Temporary Permissions Regime, which allows EEA-based firms to operate in the UK for a limited period while seeking full authorisation, are available on the Financial Conduct Authority's website.

4.4.5 Futures risk

In general, the same as what is described above for options also applies to the calculation of the risk of futures, the main difference being that movements in the implicit volatility play no role with futures. For long and short positions in futures, DEGIRO calculates a risk amount that is added to Risk. This risk amount is a percentage of the underlying value of the future. The percentage is at least 15%. DEGIRO can adjust the percentage when DEGIRO deems this necessary. You can request the current risk percentages from the Customer Service Desk.

4.5 The structure of Risk

The total risk of the Balance could theoretically be the total of the risks described above. As it is highly unlikely that the different risks will all materialise at the same time, DEGIRO calculates Risk on the basis of the main Risk element that has led to the highest outcome, plus the applicable risk surcharges.

Table 1 shows the structure of the portfolio risk (Risk) at DEGIRO.

Table 1 Structure of Risk

Event risk	Net investment category risk	Gross investment category risk	Net sector risk
+ currency risk	+ currency risk	+ currency risk	+ currency risk
+ prod. 100% risk	+ prod. 100% risk	+ prod. 100% risk	+ prod. 100% risk
+ liquidity risk	+ liquidity risk	+ liquidity risk	+ liquidity risk
+ option risk	+ option risk	+ option risk	+ option risk
= A	= B	= C	= D

Risk is the highest value obtained for A, B, C or D.

Risk is therefore not so much determined on the basis of the total risk for specific parts of the Balance, but primarily on the basis of their composition. In this way, DEGIRO explicitly takes account of how the client controls risk through asset allocation. With a spread over different sectors, Risk will be determined on the basis of categories B or D. If the Balance also has interchanging long and short positions, only category D will apply, in which case a low additional risk surcharge of e.g. 7% of the gross investment category will apply. More information on the development of risk is provided below under the heading 'Risk in practice'.

4.6 Risk in practice

With the aim of providing you with an insight into both the structure and the possibilities that the DEGIRO risk model offers you in the composition of a portfolio, we briefly discuss the DEGIRO risk model below on the basis of different sample portfolios. The examples are for a Personal Page denominated in euro, but would apply for other currencies as well.

4.6.1 Undiversified portfolio

A client holds 100 ING Group shares at a price of €10. Due to the lack of diversification of the investments, the event risk will be the determining factor in this type of investment portfolio, as also shown by the table below.

Table 2: Risk calculation for undiversified portfolio

Portfolio	€1,000	ING Group (100 at €10)
Event risk	€500	50% event risk of €1,000

Investment Services Information

flatex DEGIRO Bank Dutch Branch, trading under the name DEGIRO, is the Dutch branch of flatexDEGIRO Bank AG. flatexDEGIRO Bank AG is primarily supervised by the German financial regulator (BaFin) and registered with DNB in the Netherlands.

The nature and extent of consumer protections may differ from those for firms based in the UK. Details of the Temporary Permissions Regime, which allows EEA-based firms to operate in the UK for a limited period while seeking full authorisation, are available on the Financial Conduct Authority's website.

Net investment category risk	€200	20% net risk of €1,000
Net sector risk	€300	30% sector risk of €1,000
Gross investment category risk	€70	7% gross risk of €1,000
Portfolio risk	€500	Risk based on event risk

4.6.2 Investment portfolio with sector risk

A client holds a portfolio of Aegon and ING Bank shares, where the value of the two positions is equal to €800 and €1,000 respectively. This example shows that with an investment of €800 in Aegon, Risk increases only by €40 compared with the above example. The reason for this is that the sector risk now lies higher than the highest event risk within the portfolio. Nevertheless, this remains an undiversified portfolio, for which a risk surcharge of 30% applies.

Table 3: calculation of risk sector for a portfolio

Aegon N.V.	€800	Sector Financials
ING Bank N.V.	€1,000	Sector Financials
Value of Portfolio	€1,800	
Event risk	€500	50% event risk of €1,000 (ING Group NV)
Net investment category risk	€360	20% net risk of €1,800
Net sector risk	€540	30% sector risk of €1,800
Gross investment category risk	€126	7% gross risk of €1,800
Portfolio risk	€540	Risk based on sector risk

4.6.3 Investment portfolio with a net investment category risk

A client's Balance is divided among Aegon, ING Group and RDSA shares with a value of €800, €1,000 and €1,100 respectively. All these shares are listed in euro, as a result of which there is no additional surcharge to the Risk calculation for currency risk. In view of the high liquidity of the shares, there is no liquidity risk. The Balance is more diversified, but is still invested only in the 'shares' investment category. Due to the composition of the portfolio, the net investment category risk is the determining risk factor within the Balance. The table below shows the outcomes of the Risk calculation.

Table 4: calculation on the basis of the net investment category position

Aegon N.V.	€800	Sector Financials
ING Bank N.V.	€1,000	Sector Financials
RDSA	€1,100	Sector Energy
Value of Portfolio	€2,900	
Event risk	€550	50% event risk of €1,100 (RDSA)
Net investment category risk	€580	20% net risk of €2,900
Net sector risk	€540	30% sector risk of €1,800
Gross investment category risk	€203	7% gross risk of €2,900
Portfolio risk	€580	Risk based on net investment category

Investment Services Information

flatex DEGIRO Bank Dutch Branch, trading under the name DEGIRO, is the Dutch branch of flatexDEGIRO Bank AG. flatexDEGIRO Bank AG is primarily supervised by the German financial regulator (BaFin) and registered with DNB in the Netherlands. The nature and extent of consumer protections may differ from those for firms based in the UK. Details of the Temporary Permissions Regime, which allows EEA-based firms to operate in the UK for a limited period while seeking full authorisation, are available on the Financial Conduct Authority's website.

4.6.4 Investment portfolio with currency risk

In this example, the investment is diversified, but only within the 'shares' investment category. As a result, the net investment category risk is the determining factor.

In addition, in this example, part of the shares within the Balance are held in GBP. There is therefore a currency risk. The currency risk in this example is determined as 6.36% of the value of the Foreign Currency in euro. Assuming an asset value of GBP 950 and a GBP/EUR exchange rate of 1.2, this therefore leads to a currency risk of €72.

Note: if this had been a debit position in BP shares, the currency risk outcome would also have been €72.

It makes no difference whether the position in Foreign Currency is positive or negative.

Table 5: calculation of currency risk

Aegon N.V.	€800	Sector Financials
ING Group N.V.	€1,000	Sector Financials
BP	GBP 950	Sector Energy (GBP/EUR = 1.2)
Value of Portfolio	€2,940	
Event risk	€570	50% event risk of €1,140 (BP)
Net investment category risk	€580	20% net risk of €2,900
Net sector risk	€540	30% sector risk of €1,800
Gross investment category risk	€203	7% gross risk of €2,900
Currency risk	€72	GBP 950 * 6,36% * GBP/EUR
Portfolio risk	€652	Risk based partly on the currency risk

4.6.5 Investment portfolio long – short strategy

A client holds a portfolio according to a long-short strategy. The purpose of this strategy is to make use of potential under- or over valuation of shares, for example within a particular sector. The table below shows the Balance, which shows that the total value of the portfolio turns out at zero. After all, with a long-short strategy, no investment is needed apart from the requirements that DEGIRO imposes for Risk and Security Value.

Table 6: investment portfolio according to long short strategy

Aegon	+ €1,000	- €1,000	ING Group
Societe Generale	+ €1,100	- €1,100	BNP Paribas
RDSA	+ € 900	- € 900	Total
Ahold	+ €1,000	- €1,000	Carrefour
Value long	+ €4,000	- €4,000	Value short

Investment Services Information

flatex DEGIRO Bank Dutch Branch, trading under the name DEGIRO, is the Dutch branch of flatexDEGIRO Bank AG. flatexDEGIRO Bank AG is primarily supervised by the German financial regulator (BaFin) and registered with DNB in the Netherlands.

The nature and extent of consumer protections may differ from those for firms based in the UK. Details of the Temporary Permissions Regime, which allows EEA-based firms to operate in the UK for a limited period while seeking full authorisation, are available on the Financial Conduct Authority's website.

Risk of the above portfolio will be based on the gross investment category, as this exceeds the net sector risk and the net investment category risk. For the calculation of the gross investment category risk, a risk of 7% applies to the investment category 'shares'. The total gross position of the above portfolio turns out at €8,000, as a result of which Risk is €560.

Table 7: risk calculation of the long-short strategy

value of Portfolio	€0	
Gross value of Balance	€8,000	
Event risk	€540	50% event risk of €1,100 (Soc. Gen. or BNP)
Net investment category risk	€0	20% net risk of €0
Net sector risk	€0	30% sector risk of €0
Gross investment category risk	€560	7% gross risk of €8,000
Portfolio risk	€560	Risk based on gross investment category risk

4.6.6 Investment portfolio with options

The following example assumes option positions with the AEX as the underlying value.

In the case of the AEX index as the underlying value, the scenario takes account of a movement in the implicit volatility equal to 15% for options valid for more than 1 year. Because the value of the options does not fluctuate on a one-to-one basis in line with the AEX index, the option assessment model calculates the potential profit or loss for each individual option position for each movement in the AEX index and each movement in the implicit volatility. The total profit and/or loss position for each option position will show the total effect for each individual scenario. The scenario in which the impact has the highest possible negative outcome will be used as surcharge to Risk. The overview below shows the calculation of the option risk using the different outcomes for each scenario with an AEX position of 400. Imagine the following option portfolio here. long 1 AEX C430 Jun 2016 at €19.02 per contract

- short 1 AEX C410 Dec 2015 at €20.81 per contract
- short 1 AEX P390 Dec 2015 at €34.74 per contract
- long 1 AEX P 370 Jun 2016 at €29.51 per contract

Table 8: calculation of the option risk of AEX index option portfolio

AEX index (400) volatiliteit	15%		10%		5%		0%		-5%		-10%		-15%	
	+	-	+	-	+	-	+	-	+	-	+	-	+	-
AEX C430 jun2016	3,740	2,741	2,513	1,478	1,423	400	482	-477	-303	-1,149	-933	-1,628	-1,414	-1,940
AEX C410 dec2015	-3,293	-2,079	-2,238	-1,050	-1,308	-192	-510	493	155	1,011	690	1,379	1,103	1,621
AEX P390 dec2015	1,571	2,437	1,018	1,961	338	1,321	-487	487	-1,468	-558	-2,612	-1,817	-3,919	-3,279
AEX P370 jun2016	-899	-2,075	-412	-1,697	174	-1,188	870	-523	1,690	324	2,645	1,369	3,740	2,614
Margin	1,120	1,025	882	693	626	340	355	-19	74	-371	-211	-698	-491	-984

The total option risk of this investment portfolio turns out at €984. This arises from the scenario in which the index falls by 15% and the implicit volatility also diminishes by 15% (the + or - change in the volatility in each column is equal to the movement in the index in that column). In particular, the short put 390 December 2015 shows a loss of €3,279 which is partly hedged by the long put 370 June 2016. The overview clearly shows that all elements of the option portfolio are involved in the calculation of the option risk and that the different positions can hedge each other. The option valuation model can therefore weight different strategies together for the actual Risk and assess strategies with more than two separate positions.

Investment Services Information

flatex DEGIRO Bank Dutch Branch, trading under the name DEGIRO, is the Dutch branch of flatexDEGIRO Bank AG. flatexDEGIRO Bank AG is primarily supervised by the German financial regulator (BaFin) and registered with DNB in the Netherlands.

The nature and extent of consumer protections may differ from those for firms based in the UK. Details of the Temporary Permissions Regime, which allows EEA-based firms to operate in the UK for a limited period while seeking full authorisation, are available on the Financial Conduct Authority's website.

5. Debit Money and Debit Securities

At DEGIRO, clients can partially choose for themselves the Profile within which they wish to invest. For each Profile separate Limits apply, within which clients can make use of Debit Money and Debit Securities. Debit Money and the Debit Securities are part of Security Value and Risk, and the use of Debit Money and Debit Securities is limited by the requirement that Security Value must always be higher than Risk. In addition, the following restrictions apply to Debit Money and Debit Securities:

5.1 Profile Active

The client can use Debit Money up to the amount equal to 33% of the value of the shares, investment funds and bonds within the Balance. With this, DEGIRO finances the purchase of Securities up to a maximum of 50% of the amount invested by the client.

The client can make use of Debit Securities up to 50% of Security Value.

5.2 Profile Trader

The client can make use of Debit Money up to the value of the sum of 70% of the value of shares and investment funds plus 80% of the value of the bonds within the Balance.

For the Profile Trader, no separate Limit applies to Debit Securities. In this Profile, Debit Securities is limited by the general requirement that Security Value must always be higher than Risk.

5.3 Profile Day Trader

For this Profile, the requirements and Limits of Debit Money and Debit Securities are equal to those of Profile Trader.

6. Procedure on breach of a Limit

6.1 Exceeding Limits

During a trading day, DEGIRO continually monitors your compliance with the Limits that apply to you. If a Limit is found to have been breached, DEGIRO will start the procedure for breach of Limits and will notify you of the type and amount of the breach. DEGIRO charges costs for this. These costs are specified in the document **Fees** in the Investment Services Information.

The breach occurs at a particular moment in time. It is therefore possible that after receiving the notice, you find out that the breach has been eliminated through price movements. In that case, you are requested to notify us of this by sending an e-mail to risk@degiro.nl. After verification of your notice, DEGIRO will terminate the procedure still in progress for you. If a Limit is then again breached, DEGIRO will start the procedure described above again.

The notice from DEGIRO states the date and time by which you must eliminate the breach. If the breach is not cured or otherwise solved by the time specified by DEGIRO, then DEGIRO will be authorised to close positions in order to eliminate the excess. DEGIRO charges costs for this. These costs are specified in the document **Fees** in the Investment Services Information. DEGIRO is not liable for damages resulting from the intervention by DEGIRO.

In case you invest with Derivatives, Debit Money and/or Debit Securities it is important to remain continually aware of Security Value, Risk and the use of Debit Money and Debit Securities in your portfolio and to make timely adjustments to avoid intervention by DEGIRO. Depending on the Limit that is threatened to be breached, you can make adjustments by reducing positions in Debit Securities or in Derivatives (with which you reduce your Risk), by transferring money (in this way you increase Security Value and reduce the use of Debit Money where applicable). If you transfer money, take account of the duration of the transfer and provide for some margin. After all, it is possible that when the transferred

Investment Services Information

flatex DEGIRO Bank Dutch Branch, trading under the name DEGIRO, is the Dutch branch of flatexDEGIRO Bank AG. flatexDEGIRO Bank AG is primarily supervised by the German financial regulator (BaFin) and registered with DNB in the Netherlands. The nature and extent of consumer protections may differ from those for firms based in the UK. Details of the Temporary Permissions Regime, which allows EEA-based firms to operate in the UK for a limited period while seeking full authorisation, are available on the Financial Conduct Authority's website.

amount arrives in your Balance, it will still prove to be insufficient due to changing market circumstances, as a result of which the procedure for breach of Limits will remain in effect. We also draw your attention to the fact that, in view of the short term that DEGIRO applies when risk Limits are exceeded, it is advisable to take immediate action. In the case of a transfer of money, you can notify DEGIRO of this by sending an e-mail to risk@degiro.nl, in which you attach a printscreen of the approved transfer to your Balance. This image must show the amount, your name and the transfer date. Depending on the type of Limit and the amount by which it is breached, DEGIRO may consider deferring intervention for a short time following receipt of proof of a transfer.

6.2 Direct intervention by DEGIRO

If Risk becomes equal to or higher than 125% of the Security Value, DEGIRO will inform you about this breach as soon as possible after DEGIRO has become aware of the breach. Unless Risk has decreased to below Security Value due to your actions or fluctuation of the market, DEGIRO will be authorised to sell or close positions in the Balance or enter into positions for your account after one hour has passed after having informed you about the breach, in order to eliminate the deficit. As soon as Risk becomes higher than 135% of Security Value, DEGIRO will be entitled to take such action, immediately and without prior warning. You are responsible for your investments. DEGIRO intervenes in order to prevent your Balance from becoming negative. For intervention in your positions, DEGIRO charges costs. These are specified in the document Fees in the Investment Services Information.

Investment Services Information

flatex DEGIRO Bank Dutch Branch, trading under the name DEGIRO, is the Dutch branch of flatexDEGIRO Bank AG. flatexDEGIRO Bank AG is primarily supervised by the German financial regulator (BaFin) and registered with DNB in the Netherlands.

The nature and extent of consumer protections may differ from those for firms based in the UK. Details of the Temporary Permissions Regime, which allows EEA-based firms to operate in the UK for a limited period while seeking full authorisation, are available on the Financial Conduct Authority's website.