

# Terms of Business

**MUFG Bank, Ltd., London  
Branch and  
MUFG Securities EMEA plc**

**For Professional Clients and Eligible Counterparties**

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**MUFG BANK, LTD., LONDON BRANCH AND  
MUFG SECURITIES EMEA PLC**

**TERMS OF BUSINESS**

These terms of business (the “**Terms of Business**” or the “**Terms**”) and the Services Modules, together with any Schedules and accompanying documents (including the covering letter, or electronic mail, as applicable), as amended from time to time, (together this “**Agreement**”) set out the terms on the basis of which we provide services to you. This Agreement governs each Transaction entered into or outstanding between you and us on or after your receipt of these Terms. Please let us know as soon as possible if there is anything which you do not understand.

References to “we” or “us” shall, unless otherwise specified herein or required by context, mean each of MUFG Bank, Ltd., London Branch and MUFG Securities EMEA plc and any successor thereto with which you transact the business set out in this Agreement. Please refer to your trading documents which should specify which entity you are trading with for any given Transaction. Unless otherwise specified herein or required by context and notwithstanding references to “we” or “us” in these Terms, neither MUFG Bank, Ltd., London Branch nor MUFG Securities EMEA plc shall be liable for the acts or omissions of the other.

**DEFINITIONS**

**Interpretation:** In this Agreement:

“**Affiliated Company**” means, in the case of MUFG Bank, Ltd., London Branch or MUFG Securities EMEA plc, another undertaking in the Mitsubishi UFJ Financial Group, and in relation to you will mean an undertaking in the same group as you, as defined by s.474 of the Companies Act 2006;

“**Applicable Regulations**” means:

- (a) FCA Rules, PRA Rules and any other rules of a relevant regulatory authority;
- (b) the Rules of the relevant Market; and
- (c) all other applicable laws, rules and regulations as in force, from time to time;

“**Associate**” means (in relation to a person (“A”)):

- (a) an Affiliated Company of A;
- (b) an appointed representative of A or of any Affiliated Company of A; or
- (c) any other person whose business or domestic relationship with A or his Affiliated Company might reasonably be expected to give rise to a community of interest between them which may involve a conflict of interest in dealings with third parties;

“**Base Currency**” means Sterling, unless otherwise agreed in writing;

“**Business Day**” means a day (other than a Saturday or Sunday):

- (a) on which in relation to a date for the payment of any sum denominated in (i) any Currency (other than euro), banks generally are open for business in the principal financial centre of the country of such Currency; or (ii) euros, settlement of payments denominated in euros is generally possible in London; and
- (b) on which in relation to a date for the delivery of any property, property of such type is capable of being delivered in satisfaction of obligations incurred in the market in which the obligation to deliver such first property was incurred; and
- (c) for all other purposes, which is not a public holiday in London;

“**Client Money Rules**” means the applicable provisions of the Client Assets Sourcebook in the FCA Rules relating to client money;

“**Credit Support Provider**” means any person who has entered into any guarantee, hypothecation agreement, collateral or security agreement in our favour in respect of your obligations under this Agreement;

“**Currency**” shall be construed so as to include any unit of account;

**“Effective Date”** means 3 January 2018 unless the effective date of MiFID2 in the United Kingdom is postponed beyond 3 January 2018 in which case it shall mean the date MiFID2 is effective or as otherwise notified by us to you in writing;

**“Electronic Service”** means a service provided by us, via an internet service, a wireless access protocol service and/or an electronic order routing system; for example an internet trading service offering clients access to information and trading facilities;

**“EMIR”** means Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories and any delegated or implementing acts made under that Regulation, each as amended or restated from time to time;

**“Equity Securities”** means any security which is a share in a company, or a security equivalent to a share in a company, a partnership or other entity, provided that it is negotiable on a Market, and includes a depository receipt in respect of a share;

**“Event of Default”** means any of the events of default as listed in sub-clauses (a) to (k) of clause 12.1 headed “Events of Default”;

**“FCA”** means The Financial Conduct Authority of the United Kingdom and any successors thereto;

**“FCA Rules”** means the Rules of the FCA as set out in the FCA Handbook and as amended from time-to-time;

**“Force Majeure”** means any event beyond the relevant party’s reasonable control;

**“Market”** means any regulated market, multilateral trading facility or organised trading facility (as such terms are defined in the FCA Rules) or any other third country trading facility determined to be equivalent to a regulated market, multilateral trading facility or organised trading facility pursuant to the relevant provision of MiFID2;

**“MiFID2”** means Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments and Regulation No 600/2014 of the European Parliament and of the Council on markets in financial instruments and any delegated regulations, technical standards, guidelines, questions and answers made under or in relation to such directive and regulation;

**“Netting Transaction”** means a Transaction which is intended to be subject to clause 13 entitled “Netting” (the **“Netting Clause”**) and for such purposes is identified as a “Netting Transaction” by its own terms;

**“PRA”** means the Prudential Regulation Authority of the United Kingdom and any successors thereto;

**“PRA Rules”** means the Rules of the PRA as set out in the PRA Rulebook and as amended from time-to-time;

**“Programme Trade”** means a transaction or series of transactions executed in order to acquire or dispose of all or part of a basket of securities or a portfolio;

**“Research”** means a publication recommending or suggesting an investment strategy, explicitly or implicitly, concerning one or several financial instruments or the issuers of financial instruments, including any opinion as to the present or future value or price of such instruments, intended for distribution channels or for the public, and in relation to which the following conditions are met:

- (a) it is labelled as research or in similar terms, or is otherwise presented as an objective or independent explanation of the matters contained in the recommendation;
- (b) if the recommendation in question were to be made by an investment firm to a client, it would not constitute the provision of a personal recommendation or advice; and
- (c) all other publications aimed as research and produced in a segregated environment and subject to the relevant requirements of the FCA Rules relating to investment research.

**“Rules”** means articles, rules, regulations, procedures and customs, as in force from time to time;

**“Secured Obligations”** means all obligations owed by you to us after the application of any rights of set-off arising under this Agreement or by operation of law;

**“Sterling”** means the official currency of the United Kingdom;

**“Structured Deposits”** means a deposit which is fully repayable at maturity on terms under which interest or a premium will be paid or is at risk, according to a formula involving factors such as:

- (a) an index or combination of indices, excluding variable rate deposits whose return is directly linked to an interest rate index such as Euribor or Libor;
- (b) a financial instrument or combination of financial instruments;
- (c) a commodity or combination of commodities or other physical or non-physical non-fungible assets; or
- (d) a foreign exchange rate or combination of foreign exchange rates;

**“System”** means all computer hardware and software, equipment, network facilities and other resources and facilities needed to enable you to use an Electronic Service;

**“Title Transfer Collateral Arrangement”** means any arrangement where you transfer full ownership of cash or assets to us for the purpose of securing or otherwise covering present or future, actual or contingent or prospective obligations;

**“Transaction”** means:

- (a) a contract made on a Market or pursuant to the Rules of a Market;
- (b) a contract which is subject to the Rules of a Market;
- (c) a contract which would be (but for its term to maturity only) a contract made on, or subject to the Rules of a Market and which, at the appropriate time, is to be submitted for clearing as a contract made on, or subject to the Rules of a Market;
- (d) a contract which is not within the definition of (a) above, but subsequently becomes subject to the Rules of any Market;
- (e) any other transactions (including but not limited to, OTC transactions), which are undertaken pursuant to this Agreement; or
- (f) a transaction which is matched with any transaction within paragraph (a), (b), (c), (d) or (e) of this definition;

in any of cases (a) to (f) above being an option, contract for differences, swap, forward contracts and any other derivative contracts of any kind in relation to any commodity, financial instrument (including any security), Currency, interest rate, index or any combination thereof but for the avoidance of doubt a Transaction shall not include any FX spot or FX forward transaction made for means of payment that is not a derivative contract other than for the purpose of the term “Netting Transaction”;

**General interpretation:** A reference in this Agreement to a “clause”, “Services Module” or “Schedule” shall be construed as a reference to, respectively, a clause, Services Module or Schedule of this Agreement, unless the context requires otherwise. References in this Agreement to any statute or statutory instrument or Applicable Regulations include any modification, amendment, extension or re-enactment thereof. A reference in this Agreement to “document” shall be construed to include any electronic document. References to persons include bodies corporate, unincorporated associations and partnerships/persons, firms, companies, corporations, governments, states or agencies of a state or any associations or partnerships (whether or not having separate legal personality) of two or more of the foregoing. The masculine includes the feminine and the neuter and the singular includes the plural and vice versa as the context admits or requires. Words and phrases defined in the FCA Rules have the same meaning in this Agreement unless expressly defined in this Agreement;

**Schedules and Services Modules:** The clauses contained in the attached Schedules and Services Modules (as amended from time to time) shall apply where relevant. We may from time to time send to you further schedules or services modules in respect of Markets or Transactions. In the event of any conflict between the clauses of any Schedule or Services Module and these Terms of Business, the clauses of the Schedule or Services Module shall prevail. The fact that a clause is specifically included in a Schedule or Services Module in respect of one Market or Transaction shall not preclude a similar clause being expressed or implied in relation to any other Market or Transaction;

**Headings:** Headings are for ease of reference only and do not form part of this Agreement.

## GENERAL TERMS

### INFORMATION

#### 1. **General Information**

1.1 **Information about us:** MUFG Bank, Ltd., London Branch (“**MUFG BANK**”) is authorised and regulated by the Japanese Financial Services Authority (“**JFSA**”), is authorised by the Prudential Regulation Authority, and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of our regulation by the Prudential Regulation Authority are available from us on request. MUFG BANK’s registered office and principal place of business in the UK is Ropemaker Place, 25 Ropemaker Street, London EC2Y 9AN; telephone: +44 (0)20 7577 1000.

MUFG Securities EMEA plc (“**MUS(EMEA)**”), is authorised by the Prudential Regulation Authority and is regulated by the Financial Conduct Authority and the Prudential Regulation Authority. MUS(EMEA)’s registered office and principal place of business is Ropemaker Place, 25 Ropemaker Street, London, EC2Y 9AJ.

For EMIR transaction reporting purposes MUFG BANK’s Legal Entity Identifier (“**LEI**”) is C3GTMMZIHMY46P4OIX74. MUS(EMEA)’s LEI is U7M81AY481YLIOR75625.

The FCA’s registered office is 25 The North Colonnade, London, E14 5HS and the PRA’s registered office is 20 Moorgate, London, EC2R 6DA. Please check their respective websites [www.fca.org.uk](http://www.fca.org.uk) and [www.bankofengland.co.uk/pr/Pages/default.aspx](http://www.bankofengland.co.uk/pr/Pages/default.aspx) for up-to-date contact details before contacting them.

1.2 **Communication:** Communication between us may be in writing (including fax), by email or other electronic means, or orally (including by telephone). Except where otherwise agreed, the language of communication shall be English, and you will receive documents and other information from us in English.

1.3 **Our capacity:** We generally act as principal and not as an agent on your behalf, but from time to time may act as your agent or arranger. If we act as your agent or arranger we will make this clear to you.

1.4 **Your capacity:** Under this Agreement you act as principal and not as an agent (or trustee) on behalf of someone else unless otherwise stated by you. If you are acting as agent or trustee, the Schedules attached hereto in relation to agents or trustees shall apply.

1.5 **Your classification:** For the purposes of the FCA Rules, your classification in all our dealings with you will be an “**Eligible Counterparty**” or a “**Professional Client**” (each as defined in the FCA Rules), as stipulated in the covering letter, or electronic mail (as applicable), that accompanies these Terms.

**Eligible Counterparty:** If you have been classified by us as an Eligible Counterparty, you have the right to request a different client categorisation offering a greater level of regulatory protection. Such request should be made to us in writing. Treatment as a Retail Client is not available.

**Professional Client:** If you have been classified by us as a Professional Client and you request to us in writing categorisation as an Eligible Counterparty and we agree to such categorisation, we would no longer be required by regulatory rules to provide certain protections granted to Professional Clients. The regulatory protections concerned include formal requirements in the following areas: (a) to act in accordance with your best interests; (b) in certain contexts to provide enhanced information to you before providing services; (c) to achieve Best Execution (as defined in clause 6.7 of these Terms) in respect of your orders; (d) to execute orders subject to other constraints as regards timing and handling relative to other clients’ orders.

If you request to be categorised as a “**Retail Client**” (as defined in the FCA Rules) thereby requiring a higher level of regulatory protection we will not provide our services to you.

**Opted up Professional Clients:** We will only serve clients who would naturally be Retail Clients under the FCA Rules (e.g. local public authorities) if we can treat them as Professional

Clients (this is referred to as opting up). We can only opt you up if certain criteria are met and certain procedures followed. We must carry out an adequate assessment of your expertise, experience and knowledge to satisfy ourselves that you are capable of making investment decisions and understanding the risks involved. Professional Clients typically have greater knowledge and experience of investing in financial markets and a higher appetite for risk, and are given a lesser degree of consumer protection under Applicable Regulations. However even if we opt you up we do not assume that you have market knowledge and experience like other non-opted up Professional Clients.

You agree and acknowledge that you are responsible for keeping us informed about any change that could affect your categorisation.

- 1.6 **Scope:** In relation to MUS(EMEA), subject to Applicable Regulations and this Agreement, there shall be no restrictions on the Transactions in respect of which we may deal with you. We provide investment services as described in this Agreement in relation to financial instruments referred to within the meaning of a Transaction and the extended meaning of Transaction in our Services Modules. These include, depending on what we have agreed with you, exchange traded and where relevant OTC options, contracts for differences, forward contracts of any kind in relation to any commodity or other financial instrument (including any debt or equity security), Currency, interest rate, index or any combination thereof. Our investment services may also extend to collective investment schemes and any other derivative contracts not otherwise specified above. We may also, subject to our specific agreement with you, enter into securities financing transactions with you, such as stock loan and repo.

In relation to your trading activity with MUFG BANK, the Transactions shall be limited to OTC options, futures or forward contracts of any kind, Currency, Structured Deposits, interest rate, index or any combination thereof and any other derivative contracts unless we agree otherwise with you.

This Agreement is supplemental to any trading agreements or terms (including, without limitation, ISDA, DRV, FBF, PSA/ICMA, CMOF, TBMA/ICMA, GMRA, or GMSLA master agreements) that we may have entered into or will in the future enter into between ourselves. If we have entered into any such trading agreement or terms with you and in the event of any conflict between the provisions of this Agreement and those of the trading agreement or terms, then the provisions of the trading agreement or terms shall prevail to the extent of the conflict over those of this Agreement.

We do not provide investment advice or portfolio management services.

- 1.7 **Commencement:** This Agreement supersedes any previous general terms of business between you and us on the same subject matter and takes effect:
- (a) where there are existing Transactions or terms of business on the same subject matter in force between you and us on the Effective Date, on the Effective Date; or
  - (b) where there are no existing Transactions nor terms of business on the same subject matter in force between you and us on the Effective Date, the first date we provide a service to you or you place an order, or otherwise agree to enter into a Transaction, with us on or after the Effective Date,

whether or not you have signed and returned it.

- 1.8 **Duty and responsibility:** We are obliged by the Applicable Regulations to comply with certain rules of conduct. However, we assume no greater responsibility or fiduciary duty than that imposed by Applicable Regulations or the express terms of this Agreement.
- 1.9 **Right to cancel:** You should note that you are not entitled to cancel this Agreement (but you can terminate it as set out in clause 15 entitled "Termination without default").

## 2. Applicable Regulations and Market action

- 2.1 **Subject to Applicable Regulations:** This Agreement and all Transactions are subject to Applicable Regulations so that: (i) if there is any conflict between this Agreement and any Applicable Regulations, the latter will prevail; (ii) nothing in this Agreement shall exclude or restrict any obligation which we have to you under Applicable Regulations; (iii) we may take or omit to take any action we consider necessary to ensure compliance with any Applicable

Regulations; (iv) all Applicable Regulations and whatever we do or fail to do in order to comply with them will be binding on you; (v) such actions that we take or fail to take for the purpose of compliance with any Applicable Regulations shall not render us or any of our directors, officers, employees or agents liable; and (vi) you agree to comply with all Applicable Regulations.

- 2.2 **Market action:** If a Market (or intermediate broker or agent, acting at the direction of, or as a result of action taken by, a Market) or regulatory body takes any action which affects a Transaction, then we may take any action which we, in our reasonable discretion, consider desirable to correspond with such action or to mitigate any loss incurred as a result of such action. Any such action shall be binding on you. If a Market or regulatory body makes an enquiry in respect of any of your Transactions, you agree to co-operate with us and to promptly supply information requested in connection with the enquiry.

## ADVICE

### 3. Advice

- 3.1 **Execution only:** We deal on an execution only basis and do not provide personal recommendations (as defined in Applicable Regulations) or advice on the merits, appropriateness or suitability for you of particular Transactions or services, or their taxation consequences.

- 3.2 **Own judgment and suitability:** In asking us for Transaction related information, or where you enter into any Transaction with us, you represent that you have been solely responsible for making your own independent appraisal and investigations into the risks of the Transaction. You represent that you have sufficient knowledge, market sophistication, professional advice and experience to make your own evaluation of the merits and risks of any Transaction. We give you no warranty as to the suitability of the products traded under this Agreement and assume no fiduciary duty in our relations with you.

If you are a Professional Client then we are, under the FCA Rules, entitled to assume that you have the necessary experience and knowledge in order to understand the risks involved in relation to the particular services or Transactions, or types of Transaction or product, for which we have classified you as a Professional Client.

If you are an Eligible Counterparty there is no requirement on us to consider whether any service, product or Transaction is appropriate for you.

We will therefore not conduct an appropriateness assessment on you unless you are a Professional Client that we have opted up.

- 3.3 **Incidental information and Research:** Where we do provide trading recommendations, market commentary or other general advice or information:

- (a) this is incidental to your dealing relationship with us. It is provided solely to enable you to make your own investment decisions and does not amount to a personal recommendation or advice;
- (b) we give no representation, warranty or guarantee as to the accuracy or completeness of such information or as to the tax consequences of any Transaction;
- (c) where information is in the form of a document containing a restriction on the person or category of persons for whom that document is intended or to whom it is distributed, you agree that you will not pass it on contrary to that restriction; and
- (d) you accept that prior to despatch of Research, we may have acted upon it ourselves or made use of the information on which it is based. We do not make representations as to the time of receipt by you and cannot guarantee that you will receive such information at the same time as other clients. Any published Research reports or recommendations may appear in one or more screen information services.

## OUR RELATIONSHIP WITH YOU

### 4. Your information

- 4.1 **Confidentiality:** This confidentiality clause is subject to any other confidentiality provisions agreed between you and us. We will treat all information we hold about you or your account or Transactions as confidential, even when you are no longer a client. You agree, however, that we may disclose this information to any Affiliated Company of ours or any entity in which we or an Affiliated Company has a direct or indirect interest, and that we and they may disclose it: (1) to those who provide services to us or act as our agents; (2) to anyone to whom we transfer or propose to transfer any of our rights or duties under this Agreement; (3) to credit reference agencies or other organisations that help us and others make credit decisions and reduce the incidence of fraud or in the course of carrying out identity, fraud prevention or credit control checks; (4) to regulators and governmental agencies, in any jurisdiction, where requested by such regulator or agency or where we are required to do so by Applicable Regulations, there is a public duty to disclose or our interests require disclosure; (5) to the extent required or permitted under, or made in accordance with or to facilitate compliance with (i) provisions of Applicable Regulations which mandate reporting, retention and/or delivery of information (including but not limited to pursuant to anti-money laundering, sanctions screening, market abuse, portfolio reconciliation, dispute resolution, portfolio compression, mandatory trade execution and mandatory clearing requirements) or (ii) any order, rule or directive which mandates reporting, disclosure, retention and/or delivery of transaction and similar information issued by an authority, body or agency in accordance with which we are required or accustomed to act; (6) to and between our Affiliated Companies or any persons or entities who provide services to Affiliated Companies in connection with the Applicable Regulations and you acknowledge that disclosures made to comply with the Applicable Regulations could result in anonymous transaction and pricing data becoming available to the public; and (7) at your request or with your consent.

You will treat all information you hold about us or Transactions as confidential, even if we no longer have any outstanding Transactions with you. We agree, however, that you may disclose this information to any Affiliated Company of yours and that you may disclose it: (1) to those who provide services to you or act as your agents; (2) to anyone to whom you transfer or propose to transfer any of your rights or duties under this Agreement; (3) to credit reference agencies or other organisations that may help you make credit decisions and reduce the incidence of fraud or in the course of carrying out identity, fraud prevention or credit control checks; (4) to regulators and governmental agencies, in any jurisdiction, where requested by such regulator or agency or where you are required to do so by Applicable Regulations, there is a public duty to disclose or your interests require disclosure; (5) to the extent required or permitted under, or made in accordance with or to facilitate compliance with (i) provisions of Applicable Regulations which mandate reporting, retention and/or delivery of information (including but not limited to pursuant to anti-money laundering, sanctions screening, market abuse, portfolio reconciliation, dispute resolution, portfolio compression, mandatory trade execution and mandatory clearing requirements) or (ii) any order, rule or directive which mandates reporting, disclosure, retention and/or delivery of transaction and similar information issued by an authority, body or agency in accordance with which you are required or accustomed to act; and (6) at our request or with our consent.

- 4.2 **Marketing:** We may analyse and use the information we hold about you to enable us to give you information (by post, telephone, email or other medium, using the contact details you have given us) about products and services offered by us (or by our Affiliated Companies or selected third parties) which we believe may be of interest to you. If you do not wish to receive marketing information, please let us know by contacting us in writing.
- 4.3 **Data Protection:** Before providing us with any information relating to identifiable living individuals in connection with this Agreement you should ensure that those individuals are aware of:
- (a) our identity and contact details;
  - (b) that we may use their information to administer and operate your account, provide you with services pursuant to these Terms of Business, disclose this data to third parties in

so far as it is necessary to provide those services and, from time to time, inform you about other products or services which we believe may be of interest to you;

- (c) that we are entitled to process the individuals' information for the purposes in sub-clause (b) to:
    - (i) comply with legal obligations that we are subject to in relation to reporting transactions to protect against fraud; and
    - (ii) to pursue our legitimate interests in providing you with the required services.
  - (d) that this may involve disclosure of their information as discussed in clause 4.1 above, which may include transfer of their information to any country, including countries outside the European Economic Area ("EEA") which may not have strong data protection laws, but we will ensure that their information is protected and transferred in a manner consistent with how their information will be protected by us in the EEA;
  - (e) that we will keep their information only for as long as necessary for the purpose it has been collected and is processed for or as required under Applicable Regulations; and
  - (f) that they have rights of access to, and correction of, their information which they may exercise by contacting us in writing;
  - (g) that they may lodge a complaint with the Information Commissioner's Office if they are unhappy with the way that we are using their information; and
  - (h) if any data subject does not wish to receive information from us, then they should contact us using the details provided in these Terms.
- 4.4 **Your rights:** You may have rights of access to some or all of the information we hold about you, to have inaccurate information corrected and to tell us that you do not wish to receive marketing information, under data protection law. If you wish to exercise any of these rights, please contact us in writing.
- 4.5 **Additional due diligence:** On occasions we may conduct additional "Know Your Customer" reviews of our customer accounts in order to update our records in compliance with Applicable Regulations. In order to assist with this review we may from time to time request additional documentation from yourselves, the provision of which shall be mandatory. Failure to provide any requested documents may result in us having to give you notice in writing that we are unable to continue the provision of our services to you.
- 4.6 **Reporting:** We will ensure that you receive adequate reports on the services provided by us (including contract notes, confirmations and client asset statements on the basis set out in this Agreement). Where we have had an ongoing relationship in the previous year, we shall provide you with an annual report including information on any investment services we have provided you, the financial instruments entered into, execution venues and all costs and related charges in accordance with our regulatory obligations. We may provide more frequent reports or ad hoc reports on request at our discretion. Where we provide you with an aggregated costs and charges disclosure you may request an itemised breakdown from us. We will provide such breakdown to you where we are required to by Applicable Regulations or otherwise at our discretion. Where permitted under Applicable Regulations we may agree with you a more limited disclosure in relation to costs and charges.
- 4.7 **Provision of information via a website.** We may provide information to you via a website where this is permitted by Applicable Regulations and as agreed between us either in this Agreement or otherwise. We will notify you of the website address when such information is accessible and when such information is revised. Specifically you agree that we may provide the following information to you via a website, where relevant and in accordance with Applicable Regulations:
- (a) terms and conditions in relation to trading;
  - (b) in relation to MUS(EMEA), a summary description of the steps which we take to ensure protection of your client assets, including summary details of any relevant investor compensation or deposit guarantee scheme which applies to the firm by virtue of its activities in a member state of the European Union;

- (c) a description of the conflicts of interest policy maintained by us and, upon request, further details of that conflicts of interest policy;
- (d) any changes to the methods of communication to be used between us, including but not limited to how we receive orders or requests for quotes;
- (e) a general description of the nature and risks of financial instruments;
- (f) in relation to client money and client assets held by MUS(EMEA), and in relation to any assets held in custody, information relating to where your financial instruments or funds may:
  - (i) be held by a third party on our behalf, including where this is held in an omnibus account;
  - (ii) be held by in a non-EEA country including on where your rights and protections are different as a result;
  - (iv) be subject to a lien or set-off rights either in our or a depositary's favour;
  - (v) the obligations and responsibilities of the investment firm with respect to the use of financial instruments for securities financing transactions;
- (g) costs and charges including but not limited to, where relevant, aggregated costs and charges related to the financial instrument, the investment or ancillary service and any third party payments, currency conversion rates and costs and illustrations of costs and charges; and
- (h) details of our order execution policy.

4.8 **Product governance.** If we act as manufacturer or distributor of a product, where you onward distribute that product you shall use reasonable endeavours to ensure that:

- (a) you distribute within any target market we have identified;
- (b) you ascertain the target market and provide the target market to any third party distributors you distribute that product to; and
- (c) your distribution of that product is limited to the target market that we have provided or that you have identified and, where necessary, you will provide us with any relevant information required under Applicable Regulations.

## 5. Conflict of interests and material interests

5.1 **Conflicts management policy.** We have in place a written conflicts management policy. A summary of our conflicts management policy is set out below. We may provide more information on our website or we may provide this to you upon written request.

- (a) We are engaged in a range of regulated activities in the UK in addition to other activities in the UK and elsewhere that we or our Associates undertake. This may give rise to situations where we, under the Applicable Regulations:
  - (i) may have interests, relationships and/or arrangements which conflict with those of you whether in relation to this Agreement or otherwise; and/or
  - (ii) may have other clients whose interests conflict with your interests.
- (b) We have measures and controls in place to identify both potential and actual conflicts of interest. This includes, for example, identifying situations where we are likely to make a financial gain, or avoid a financial loss, at your expense or where we carry out the same business as you. We have identified a wide range of scenarios where a potential conflict of interest may arise, in particular where we or our Associates provide corporate finance business and where we deal on or own account.
- (c) In addition to identifying conflicts, we have procedures to try and prevent conflicts from arising and also to manage conflicts of interests that do arise. This includes segregation of duties for and supervision of staff engaged in different business activities which may also include information barriers (both physical and systems access), maintenance of a restricted list, personal account dealing restrictions applicable to all staff and their connected persons, a gifts, entertainment and inducement policy, relevant training to

staff and a remuneration policy and independent remuneration committees to deal with remuneration that may or does give rise to a conflict of interests.

- (d) Where we do not consider that our measures and controls to manage conflicts (such as those outlined above) are sufficient to manage a conflict, we may:
- (i) choose to disclose specific conflicts to clients and to ask for their informed consent to continue to act, notwithstanding the existence of any such conflict; and/or
  - (ii) decline to act, for example where the group is already acting for another client and we consider that it would be inappropriate for us to undertake business for you and we are not in a position to manage the conflict of interest on a reasonable basis or are precluded from doing so by a legal or regulatory constraint.

## 6. Instructions and basis of dealing

- 6.1 **Placing of instructions:** You may give us instructions in writing (including facsimile), orally (including by telephone) or by other electronic communication received by us that has been transmitted subject to proper test or security procedures (including, for example, Bloomberg) unless we tell you that instructions can only be given in a particular way. If you give instructions by telephone, your conversation will be recorded. Unless otherwise agreed, e-mail or other electronic messages in respect of each instruction for general trading will only be accepted if specifically acknowledged by us. With the exception of telex and SWIFT messages, no settlement instructions will be accepted by e-mail or other electronic means unless otherwise agreed. If any instructions are received by us by telephone, computer or other medium we may ask you to confirm such instructions in writing. We shall be authorised to follow instructions notwithstanding your failure to confirm them in writing. In this Agreement “instructions” and “orders” have the same meaning.
- 6.2 **Authority:** We shall be entitled to act for you upon instructions given or purporting to be given by you or any person authorised on your behalf without further enquiry as to the genuineness, authority or identity of the person giving or purporting to give such instructions.
- 6.3 **Cancellation/withdrawal of instructions:** We can only cancel your instructions if we have not acted upon those instructions. Instructions may only be withdrawn or amended by you with our consent.
- 6.4 **Right not to accept orders:** We may, but shall not be obliged to, accept instructions to enter into a Transaction. If we decline to enter into a proposed Transaction, we shall not be obliged to give a reason but we shall promptly notify you accordingly.
- 6.5 **Control of orders prior to execution:** We have the right (but no obligation) to set limits and/or parameters to control your ability to place orders at our absolute discretion. Such limits and/or parameters may be amended, increased, decreased, removed or added to by us at our absolute discretion and may include (without limitation): (i) controls over maximum order amounts and maximum order sizes; (ii) controls over our total exposure to you; (iii) controls over prices at which orders may be submitted (to include (without limitation) controls over orders which are at a price which differs greatly from the market price at the time the order is submitted to the order book); (iv) controls over the Electronic Services (to include (without limitation) any verification procedures to ensure that any particular order or orders has come from you); or (v) any other limits, parameters or controls which we may be required to implement in accordance with Applicable Regulations.
- 6.6 **Execution of orders for Professional Clients:** In accordance with Applicable Regulations, the provisions of this clause apply solely to clients we classify as Professional Clients. We shall use our reasonable endeavours to execute any order promptly, but in accepting your orders we do not represent or warrant that it will be possible to execute such order or that execution will be possible according to your instructions. We shall carry out an order on your behalf only when the relevant Market is open for dealings, and we shall deal with any instructions received outside Market hours as soon as possible when that relevant Market is next open for business (in accordance with the rules of that Market). Where required, you will agree that we may execute an order on your behalf outside a Market. MUFG BANK only accepts orders on a very limited basis.

- 6.7 **Best Execution:** In accordance with Applicable Regulations, the provisions of this clause apply solely to clients classified as Professional Clients. You confirm that you have read and accepted our order execution policy which we will provide to you separately. We will notify you of any material changes to our order execution policy. We will not notify you of non-material changes to such policy.

We will consider the continued placement of orders by you to constitute your continued consent to our order execution policy as in effect from time to time. Where we execute orders in financial instruments on your behalf, we will take all reasonable steps to obtain the best possible result (“**Best Execution**”) by following our order execution policy, subject to any specific instructions received from you. We consider that we will be executing orders on your behalf where you legitimately rely on us to protect your interests in relation to a transaction. Where we provide you, either on request or on a continuing basis, with a quote for the purchase or sale of a financial instrument or deal with you as a counterpart as principal for our own account we will negotiate the terms of the transaction accordingly. Where you provide us with specific instructions, including specifying the characteristics of a bespoke product, either relating to an order or a particular aspect of an order, we will execute the order in accordance with those instructions. You should be aware that providing specific instructions to us in relation to the execution of a particular order may prevent us from taking steps that we have designed and implemented in the order execution policy to give Best Execution. We will deem orders received via direct market access systems as specific instructions.

- 6.8 **Crossing of orders:** In relation to business conducted with MUS(EMEA), we may arrange for a Transaction to be executed, either in whole or in part, by selling an investment to you from another client, or a client of an Associate of ours, or vice-versa. We shall not give you prior notice if we arrange for a Transaction to be executed in this manner.
- 6.9 **Programme Trades:** The provisions of this clause apply solely to clients classified as Professional Clients. In relation to business conducted with MUS(EMEA), where we accept an order to effect a Programme Trade, you agree that we are not obliged to notify you whether we act as principal or agent. If you would like us to execute a Programme Trade on a Market as your agent, you must give instructions to us to that effect. In such case, we shall take all reasonable steps to obtain Best Execution, subject always to any specific instructions from you. If you do not instruct us to execute the Programme Trade as agent we will execute the Programme Trade as principal subject to Applicable Regulations. Upon request we will provide you with information comparing the execution of your Programme Trade with industry standard benchmarks and/or with any benchmark determined by you. We may execute an own account transaction in any investment included in a Programme Trade. Where you ask us to bid as principal on a Programme Trade that is based on market prices at a designated strike time or on an agreed benchmark, unless otherwise agreed in relation to such Programme Trade, we may at any time following your request for the bid, undertake transactions, including transactions using information provided by you, in the relevant securities or related securities which could have an impact on the strike prices achieved for you in the relevant securities.
- 6.10 **Aggregation of orders:** In relation to business conducted with MUS(EMEA), we may combine your order with our own orders and orders of other clients. By combining your orders with those of other clients we must reasonably believe that this is in the overall best interests of our clients. However, aggregation of orders may work to your disadvantage by resulting in you obtaining a less favourable price in relation to a particular order.
- 6.11 **Confirmations:** We shall send you confirmations in accordance with Applicable Regulations for any Transactions that we have executed on your behalf, by electronic mail to the e-mail address on record for you, or by such other means agreed between you and us. In addition to providing you with confirmations we shall, on your request, provide you with information about the status of your order.

It is your responsibility to inform us of any change to your e-mail address, the non-receipt of a confirmation, or whether any confirmations are incorrect before settlement. Confirmations shall, in the absence of manifest error, be conclusive and binding on you, unless we receive from you objection in writing within five Business Days of despatch to you or we notify you of an error in the confirmation within the same period.

In accordance with Applicable Regulations we will also provide you with post-trade reports for any Transactions that we have executed on your behalf, either with your confirmation or as a

separate document. Such reports will be provided as soon as possible after execution but in any event no later than as required by Applicable Regulations or where relevant following our receipt of a confirmation from a third party. Where you are an Eligible Counterparty we may agree different terms with you in relation to post-trade reports.

**6.12 Performance and settlement:**

- (a) You will promptly deliver any instructions, money, documents or property deliverable by you under a Transaction in accordance with that Transaction as modified by any instructions given by us for the purpose of enabling us to perform our obligations under the relevant matching Transaction on a Market or with an intermediate broker.
- (b) For Transactions with MUS(EMEA) only, in respect of delivery versus payment (“DvP”) Transactions through a commercial settlement system (as defined in the FCA Rules) in circumstances where (X) we are a direct member or participant of the relevant commercial settlement system, or sponsored by such a member or participant, in accordance with the terms and conditions of that commercial settlement system and (Y) the Transaction in question is not being settled by another person on behalf of us through an account held at the relevant commercial settlement system by that other person, you agree that for three Business Days after we make use of our rights under this clause:
  - (i) money need not be treated as client money where we intend for the money connected with the transaction to be due to you, or from you, (as applicable) within one Business Day following the fulfilment of the delivery obligation under the transaction; and
  - (ii) assets need not be treated as Custody Assets where we intend for the assets connected with the transaction to be due to you, or from you, (as applicable) within one Business Day following the fulfilment of the payment obligation under the Transaction.
- (c) In relation to Transactions with MUFG BANK only, all Transactions are settled on an actual settlement basis. We are not obliged to settle transactions or account to you unless and until we (or our settlement agents) have received all necessary documents or money. Where we settle transactions for you, delivery or payment by the counterparty is entirely at your risk. Unless otherwise specifically agreed with you, settlement shall be carried out in accordance with market practice and Applicable Regulations.

**6.13 Intermediate brokers and other agents:** In relation to business conducted with MUS(EMEA), we may, at our sole discretion, arrange for any Transaction to be effected with or through the agency of an intermediate broker, who may be an Associate of ours, and may not be in the United Kingdom. Neither we nor our respective directors, officers, employees or agents will be liable to you for any act or omission of an intermediate broker or agent. No responsibility will be accepted for intermediate brokers or agents selected by you.

**6.14 Position limits:** We may require you to limit the number of open positions which you may have with us at any time and we may in our sole discretion close out any one or more Transactions in order to ensure that such position limits are maintained.

**6.15 Transaction reporting:** Under Applicable Regulations, we may be obliged to make information about certain Transactions public and/or to report them to competent authorities, such as the FCA. You agree and acknowledge that any and all proprietary rights in such Transaction information are owned by us and you waive any duty of confidentiality attaching to the information which we reasonably disclose. If you are an investment firm which is subject to a duty to report transactions to the FCA when transmitting orders to us for execution (either when placing orders in the exercise of discretion or otherwise order placing) then any agreement between us in relation to your delegation of reporting to us will be provided and entered into separately from these Terms of Business. For the purpose of Transaction reporting you must notify us prior to entering into a relevant Transaction whether you are engaging in short selling or not. Where you do not notify us, we are obliged to report that we have been unable to ascertain this from you.

- 6.16 **Best execution reporting:** Under Applicable Regulations we will publish annually information on the top five execution venues we have used in terms of trading volume for classes of financial instruments when executing client orders. We will provide similar information for the top five third parties (i.e. brokers) to which we have routed your orders, where relevant. The Applicable Regulations do not require us to provide this information for counterparties to whom we do not owe a duty of Best Execution. We will provide this information separately for securities financing transactions, such as stock lending. This information will be published on our website in accordance with Applicable Regulations but we may also provide this to you directly.
- 6.17 **Systematic internalisation:** If we act in the capacity of a systematic internaliser and we make public firm quotes in certain Transactions on a Market, in accordance with Applicable Regulations, you agree that we may limit: (i) the number of Transactions that we undertake to enter into with you at the published quote; and (ii) the total number of Transactions that we undertake to enter into with other clients at the published quote. Where we grant access to quotes provided by us in our capacity as a systematic internaliser, and the quoted size is at or below the size specific to the financial instrument, we may enter into a Transaction with any other client to whom the quote is made available, in accordance with Applicable Regulations.

## CHARGES AND PAYMENTS

### 7. Charges and Payments

- 7.1 **Charges:** You shall pay our charges, any taxes imposed by any competent authority on any account opened or Transaction effected by or cleared for you; any fees or other charges imposed by a Market or any clearing organisation; interest on any amount due to us at the rates then charged by us; and any other value added or other applicable taxes of any of the foregoing, including any withholding tax. Any alteration to charges will be notified to you at or before the time of the change. You should be aware of the possibility that other taxes or costs may exist that are not paid through or imposed by us.
- 7.2 **Costs resulting from use of distance means:** In addition to the costs referred to above, additional costs as agreed with you from time to time in writing may be payable by you by virtue of the fact that a contract is entered into via email, telephone, fax or by other electronic means.
- 7.3 **Payments:** All payments to us under this Agreement shall be made in same day funds in a relevant Currency required for settlement of the Transaction to the bank account designated by us for such purposes. All such payments shall be made by you without any deduction or withholding.
- 7.4 **Remuneration and sharing charges:** When we are providing our services under these Terms of Business we are required to comply with the FCA Rules on inducements. This means in summary that we are not permitted to accept or retain any fees, commissions, monetary or non-monetary benefits (each an inducement) paid or provided by a third party in relation to our service to you. We are similarly not allowed to pay or provide any inducement to any third party in relation to the provision of services to you. We can only accept or retain or pay or provide such inducements if they meet certain conditions. The inducement must not impair compliance of our duty to act honestly, fairly and professionally in accordance with the best interest of its clients and it must enhance the quality of the relevant service to you. We must also make disclosures about the inducement to you before we provide the relevant service to you.

Before we provide you with services we will disclose to you information on payments and benefits and this will include a generic description of minor non-monetary benefits. Other non-minor benefits will be priced and disclosed separately. If we cannot ascertain in advance the amount of any payment or benefit to be received or paid, we can disclose to you the method of calculating that amount and we will provide you with information on the exact amount after the payment of the benefit after it has been paid or received. We will also inform you at least once a year on an individual basis about the actual amount of payments or benefits received or paid.

Where permitted by Applicable Regulations, we may receive remuneration from, or share charges with, an Associate or other third party in connection with Transactions. Where such arrangements directly affect the business you undertake with us, we will notify you of the nature and amount of such fees, commissions or benefits, excluding minor non-monetary benefits.

- 7.5 **Default interest:** If you fail to pay us any amount when it is due, we reserve the right to charge you interest (both before and after any judgment) on any such unpaid amount calculated at the rate as reasonably determined by us to be the cost of funding such overdue amount. Interest will accrue on a daily basis and will be due and payable by you as a separate debt.
- 7.6 **Currency indemnity:** If we receive or recover any amount in respect of an obligation of yours in a Currency other than that in which such amount was payable, whether pursuant to a judgment of any court or otherwise, you shall indemnify us and hold us harmless from and against any cost (including costs of conversion) and/or loss suffered by us as a result of receiving such amount in a Currency other than the Currency in which it was due.
- 7.7 **Withholding taxes:** We may deduct or withhold all forms of tax (whether of the United Kingdom or elsewhere in the world whenever imposed) from any payment if obliged to do so under the Applicable Regulations. In accounting for tax or making deductions or withholding of tax, we may estimate the amounts concerned. Any excess of such estimated amount over the final confirmed liability shall be credited or sent to you as quickly as reasonably practicable.

## CLIENT MONEY

### 8. Client money

- 8.1 **Client money:** Money we receive from you in connection with these Terms of Business will be held on the following basis:
- (a) MUFG Bank is an authorised credit institution licensed to conduct deposit business and subject to supervision by the FCA and JFSA. Accordingly, money held in a MUFG BANK account will be held by MUFG BANK as banker, and not as your agent or trustee under the Client Money Rules. As a result, in relation to business with MUFG BANK the Client Money Rules on distribution will not apply and you will not be entitled to share in any distribution which takes place under those rules. You may withdraw any money held by MUFG BANK pursuant to this Agreement at any time, subject to MUFG BANK's normal account withdrawal procedures.
- The remaining clauses in this clause 8 (clause 8.1 sub-clause (b) to clause 8.9) are not applicable to MUFG BANK and do not apply when money is held in a MUFG BANK account.
- (b) MUS(EMEA) is not an authorised credit institution and therefore treats money received from you or held on your behalf in accordance with the Client Money Rules, except where it is permitted not to do so under the FCA Rules including, for example, where money is due and payable to us, where we hold money pursuant to the DvP exemption to the Client Money Rules when processing transactions as set out in clause 6.12(b) and where we agree to take collateral from you in relation to a Transaction you undertake using a Title Transfer Collateral Arrangement.
- 8.2 **Passing client money to third parties:** On your instructions, we may pass client money received from you to a third party (e.g. a market, intermediate broker, OTC counterparty or clearing house) to hold or control in order to effect a Transaction through or with that person or to satisfy your obligation to provide collateral in respect of a Transaction. We have no responsibility for any acts or omissions of any third party to whom we pass client money received from you. The third party to whom we pass client money may hold it in an omnibus account and it may not be possible to separate it from our money, or the third party's money. In the event of the insolvency or any other analogous proceedings in relation to that third party, we will only have an unsecured claim against the third party on behalf of you and our other clients, and **you will be exposed to the risk that the money received by us from the third party is insufficient to satisfy the claims of you and all other clients with claims in respect of the relevant account.**
- 8.3 **Interest:** We shall not pay you interest, or account to you for profits earned, on client money unless otherwise agreed in writing with you.
- 8.4 **Group banks:** Subject to the limits from time to time applicable under the Client Money Rules we may hold your client money with MUFG BANK, which is a bank in the same group as ourselves.

- 8.5 **Overseas banks, intermediate broker, settlement agent or OTC counterparty:** We may hold client money on your behalf outside the EEA. The legal and regulatory regime applying to any such bank or person will be different from that of the United Kingdom and in the event of the insolvency or any other analogous proceedings in relation to that bank or person, your client money may be treated differently from the treatment which would apply if the client money was held with a bank in an account in the United Kingdom. We will not be liable for the insolvency, acts or omissions of any third party referred to in this clause.
- 8.6 **Security interests, liens and rights of set-off.** Clause 9 (Lien on property) sets out information about the existence and terms of security interests, liens and rights of set off we have over your money.
- 8.7 **Unclaimed client money:** You agree that we may cease to treat your money as client money if there has been no movement on your balance for six years (disregarding any payments or receipts of charges, interest or similar items) and we have been unable to contact you having taken reasonable steps in accordance with Applicable Regulations to trace you and return the client money. After such time we may, in our sole discretion, decide to pay away to a registered charity of our choice any client money balances. In such circumstances, we (or another of our Affiliated Companies) will unconditionally undertake to pay you a sum equal to the relevant client money balances paid away in the event that you seek to claim the client money balances.
- 8.8 **Right of application of client money:** Where any obligations owing to us from you are due and payable to us, we may cease to treat as client money so much of the money held on your behalf as equals the amount of those obligations in accordance with the Client Money Rules. You agree that we may apply that money in or towards satisfaction of all or part of those obligations due and payable to us. For the purposes of this clause, any such obligations other than fees and commissions become immediately due and payable, without notice or demand by us, when incurred by you or on your behalf.
- 8.9 **Qualifying Money Market Funds:** You authorise us, where permitted by regulatory rules, to place your client money in a Qualifying Money Market Fund (as defined below). As a result, your client money will not be held by us as trustee and units or shares in the relevant fund will be held in accordance with the regulatory rules relating to the custody of assets. Funds from your client money that are placed in a Qualifying Money Market Fund in this way will not be held in accordance with the Client Money Rules. You must tell us if you no longer want your money held this way.

For the purpose of this clause, "Qualifying Money Market Fund" means a collective investment undertaking authorised under Directive 2009/65/EC of the European Parliament and of the Council relating to undertakings for collective investment in transferable securities, or which is subject to supervision and, if applicable, authorised, by an authority under the national law of the authorising member state of the European Union, and which satisfies the following conditions:

- (a) Its primary investment objective must be to maintain the net asset value of the undertaking either constant at par (net of earnings), or at the value of the investors' initial capital plus earnings; (ii) it must, with a view to achieving that primary investment objective, invest exclusively in high quality money market instruments with a maturity or residual maturity of no more than 397 days, or regular yield adjustments consistent with such a maturity, and with a weighted average maturity of no more than 60 days. It may also achieve this objective by investing on an ancillary basis in deposits with credit institutions; (iii) it must provide liquidity through same day or next day settlement; and
- (b) For the purposes of sub-clause (a)(ii) above, a money market instrument may be considered to be of high quality if the management/investment company performs its own documented assessment of the credit quality of money market instruments that allows it to consider a money market instrument as high quality subject to the following conditions: (i) where one or more credit rating agencies registered and supervised by the European Securities and Markets Authority have provided a rating of the instrument, the management/investment company's internal assessment must have regard to, inter alia, those credit ratings; and (ii) while there can be no mechanistic reliance on such external ratings, a downgrade below the two highest short-term credit ratings by any agency registered and supervised by the European Securities and Markets Authority that has

rated the instrument will lead the manager to undertake a new assessment of the credit quality of the money market instrument to ensure it continues to be of high quality.

## LIEN

### 9. Lien on property

- 9.1 **General lien:** In relation to your Transactions with MUS(EMEA) and not with MUFG BANK, and in addition and without prejudice to any rights to which we may be entitled under this Agreement or any Applicable Regulations, we shall have a general lien on all property held by us or our Associates or our nominees on your behalf until the satisfaction of the Secured Obligations. Further, MUS(EMEA) shall have a general lien in respect of your money that MUS(EMEA) may cease to treat as client money under the Client Money Rules and shall be entitled to apply that money in or towards satisfaction of all or any part of the Secured Obligations which are due and payable to us but unpaid.

## REPRESENTATIONS, WARRANTIES AND COVENANTS

### 10. Representations, warranties and covenants

- 10.1 **Representations and warranties:** Where Schedule 1 (Agency Schedule) is applicable, this clause 10 shall be disappplied.
- 10.2 You represent and warrant to us on the date this Agreement comes into effect and as of the date of each Transaction that:
- (a) you have all necessary authority, powers, consents, licences and authorisations and have taken all necessary action to enable you lawfully to enter into and perform this Agreement and such Transaction and to grant the security interests and powers referred to in this Agreement;
  - (b) the persons entering into this Agreement and each Transaction on your behalf have been duly authorised to do so;
  - (c) this Agreement, each Transaction and the obligations created under them both are binding upon you and enforceable against you in accordance with their terms (subject to applicable principles of equity) and do not and will not violate the terms of any regulation, order, charge or agreement by which you are bound;
  - (d) no Event of Default or any event which may become (with the passage of time, the giving of notice, the making of any determination or any combination of the above) an Event of Default (a "**Potential Event of Default**") has occurred and is continuing with respect to you or any Credit Support Provider;
  - (e) you act as principal in entering into this Agreement and each Transaction;
  - (f) any information which you provide or have provided to us in respect of your financial position, domicile or other matters is accurate and not misleading in any material respect;
  - (g) you are financially able and prepared to sustain a total loss of funds resulting from Transactions and trading in such Transactions is a suitable investment vehicle for you; and
  - (h) in relation to your Transactions with or through MUFG BANK, you are entering into Transactions for hedging purposes only and not for speculative purposes.
- 10.3 **Covenants:** You covenant to us that:
- (a) you will at all times obtain and comply, and do all that is necessary to maintain in full force and effect, all authority, powers, consents, licences and authorisations referred to in this clause;
  - (b) you will promptly notify us of the occurrence of any Event of Default or Potential Event of Default with respect to yourself or any Credit Support Provider;
  - (c) you will comply with all Applicable Regulations in relation to this Agreement and any Transaction, so far as they are applicable to you or us;

- (d) you will not send orders or otherwise take any action that could constitute market abuse, including but limited to creating a false impression of the demand or value for a security or sending orders which you have reason to believe are in breach of Applicable Regulations;
- (e) you shall observe the standard of behaviour reasonably expected of a person in your position and not take any step which would cause us to fail to observe the standard of behaviour reasonably expected of a person in our position; and
- (f) upon demand, you will provide us with such information as we may reasonably require to evidence the matters referred to in this clause or to comply with any Applicable Regulations.

## INDEMNITIES AND LIMITATION OF LIABILITY

### 11. Exclusions, limitations and indemnity

- 11.1 **General exclusion:** Neither we nor our directors, officers, employees, or agents shall be liable for any losses, damages, costs or expenses (together "**Loss**"), whether arising out of negligence, misrepresentation or otherwise, incurred or suffered by you under this Agreement (including any Transaction or where we have declined to enter into a proposed Transaction) even if such Loss is a reasonably foreseeable consequence unless such Loss arises directly from our or their respective gross negligence, wilful default or fraud. In no circumstance, shall we have liability for Loss suffered by you or any third party for any special or consequential damage, loss of profits, loss of goodwill or loss of business opportunity arising under or in connection with this Agreement, whether arising out of negligence, breach of contract, misrepresentation or otherwise. Nothing in this Agreement will limit our liability for death or personal injury resulting from our negligence.
- 11.2 **Tax implications:** Without limitation, we do not accept liability for any adverse tax implications of any Transaction whatsoever.
- 11.3 **Changes in market conditions:** Without limitation, we do not accept any liability by reason of any changes in market conditions or any consequent delay as a result thereof before any particular Transaction is effected.
- 11.4 **Limitation of liability:** We shall not be liable to you for any partial or non-performance of our obligations hereunder by reason of any Force Majeure, including without limitation any breakdown, delay, malfunction or failure of transmission, communication or computer facilities, industrial action, act of terrorism, act of God, acts and regulations of any governmental or supra national bodies or authorities or the failure by the relevant intermediate broker or agent, agent or principal of our custodian, sub-custodian, dealer, Market, clearing house or regulatory or self-regulatory organisation, for any reason, to perform its obligations. Nothing in this Agreement will exclude or restrict any duty or liability we may have to you under the regulatory system (as defined in the FCA Rules), which may not be excluded or restricted thereunder.
- 11.5 **Responsibility for orders:** You will be responsible for all orders entered on your behalf via the Electronic Services and you will be fully liable to us for the settlement of any Transaction arising from it.
- 11.6 **Entire agreement:** You acknowledge that you have not relied on or been induced to enter into this Agreement by a representation other than those expressly set out in this Agreement. We will not be liable to you (in equity, contract or tort under the Misrepresentation Act 1967) for a representation that is not set out in this Agreement and that is not fraudulent.
- 11.7 **Indemnity:** Without prejudice to any other provision in these Terms and to the extent permitted by Applicable Regulations, you hereby undertake to ratify all acts that we carry out in the proper performance of the services under these Terms and you agree to hold us harmless from and indemnify us and keep us indemnified against all actions, proceeds, claims, costs, demands and expenses which may be brought against, suffered or incurred by us. You shall pay to us such sums as we may from time to time require in or towards satisfaction of any debit balance on any of your accounts with us and, on a full indemnity basis, any losses, liabilities, costs or expenses (including legal fees), taxes, imposts and levies which we may incur or be subjected to with respect to any of your accounts or any Transaction or any matching Transaction on a Market or with an intermediate broker or as a result of any misrepresentation by you or any

violation by you of your obligations under this Agreement (including any Transaction) or by the enforcement of our rights.

## DEFAULT, NETTING AND TERMINATION

### 12. Events of Default

12.1 **Events of Default.** The following shall each constitute an Event of Default:

- (a) you fail to make any payment when due under this Agreement or to make or take delivery of any property when due under, or to observe or perform any other provision of this Agreement and such failure continues for two Business Days after notice of non-performance has been given by us to the you;
- (b) you commence a voluntary case or other procedure seeking or proposing liquidation, reorganisation, an arrangement or composition, a freeze or moratorium, or other similar relief with respect to you or your debts under any bankruptcy, insolvency, regulatory, supervisory or similar law (including any corporate or other law with potential application to you, if insolvent), or seeking the appointment of a trustee, receiver, liquidator, conservator, administrator, custodian or other similar official (each a “**Custodian**”) of you or any substantial part of your assets, or if you take any corporate action to authorise any of the foregoing, and in the case of a reorganisation, arrangement or composition, we do not consent to the proposals;
- (c) an involuntary case or other procedure is commenced against you seeking or proposing liquidation, reorganisation, an arrangement or composition, a freeze or moratorium, or other similar relief with respect to you or your debts under any bankruptcy, insolvency, regulatory, supervisory or similar law (including any corporate or other law with potential application to you, if insolvent) or seeking the appointment of a Custodian of you or any substantial part of your assets and such involuntary case or other procedure either (a) has not been dismissed within five days of its institution or presentation or (b) has been dismissed within such period but solely on the grounds of an insufficiency of assets to cover the costs of such case or other procedure;
- (d) you are unable to pay your debts as they fall due or are bankrupt or insolvent, as defined under any bankruptcy or insolvency law applicable to you; or any indebtedness of yours is not paid on the due date therefore, or becomes capable at any time of being declared, due and payable under agreements or instruments evidencing such indebtedness before it would otherwise have been due and payable, or any suit, action or other proceedings relating to this Agreement are commenced for any execution, any attachment or garnishment, or distress against, or an encumbrance takes possession of, the whole or any part of your property, undertaking or assets (tangible and intangible);
- (e) you or any Credit Support Provider (or any Custodian acting on behalf of either of you or a Credit Support Provider) disaffirms, disclaims or repudiates any obligation under this Agreement or any guarantee, hypothecation agreement, collateral or security agreement or document, or any other document containing an obligation of a third party, or of you, in favour of us supporting any of your obligations under this Agreement (each a “**Credit Support Document**”);
- (f) any representation or warranty made or given or deemed made or given by you under this Agreement or any Credit Support Document proves to have been false or misleading in any material respect as at the time it was made or given or deemed made or given;
- (g) (i) any Credit Support Provider fails, or you fail to comply with or perform any agreement or obligation to be complied with or performed by you or it in accordance with the applicable Credit Support Document; (ii) any Credit Support Document expires or ceases to be in full force and effect prior to the satisfaction of all your obligations under this Agreement, unless we have agreed in writing that this shall not be an Event of Default; (iii) any representation or warranty made or given or deemed made or given by any Credit Support Provider pursuant to any Credit Support Document proves to have been false or misleading in any material respect as at the time it was made or given or deemed made or given; or (iv) any event referred to in sub-clauses (b) to (d) or (h) of this clause occurs in respect of any Credit Support Provider;

- (h) you are dissolved, or, if your capacity or existence is dependent upon a record in a formal register, the registration is removed or ends, or any procedure is commenced seeking or proposing your dissolution, removal from such a register, or the ending of such a registration;
- (i) where you or your Credit Support Provider is a partnership, any of the events referred to in sub-clauses (b) to (d) or (h) of this clause occurs in respect of one or more of your or its partners;
- (j) you have or we consider it likely that you will violate any Applicable Regulation or good standard of market practice; or
- (k) any event of default (however described) occurs in relation to you under any other agreement between us or between you and an Affiliated Company of ours.

### 13. Netting

- 13.1 **Rights on default:** On the occurrence of an Event of Default, we may exercise our rights under this clause, except that in the case of the occurrence of any Event of Default specified in clause 12.1 sub-clauses (b) or (c) (each a “**Bankruptcy Default**”), the Automatic Termination (as defined hereafter) provision clause 13.3 shall apply.
- 13.2 **Liquidation Date:** Subject to clause 13.3, at any time following the occurrence of an Event of Default, we may, by notice to you, specify a date (the “**Liquidation Date**”) for the termination and liquidation of Transactions in accordance with this clause 13.
- 13.3 **Automatic Termination:** If we have agreed with you in any trading agreements that automatic early termination applies in respect of you, then the date of the occurrence of any Bankruptcy Default under these Terms of Business shall automatically constitute a Liquidation Date (“**Automatic Termination**”), without the need for any notice by us and the provisions of clause 13.4 shall then apply.
- 13.4 **Calculation of Liquidation Amount:** Upon the occurrence of a Liquidation Date:
- (a) neither of us shall be obliged to make any further payments or deliveries under any Netting Transactions which would, but for this clause, have fallen due for performance on or after the Liquidation Date and such obligations shall be satisfied by settlement (whether by payment, set-off or otherwise) of the Liquidation Amount;
  - (b) we shall (on, or as soon as reasonably practicable after, the Liquidation Date) determine (discounting if appropriate), in respect of each Netting Transaction referred to in sub-clause (a) the total cost, loss or, as the case may be, gain, in each case expressed in the Base Currency (and, if appropriate, including any loss of bargain, cost of funding or, without duplication, cost, loss or, as the case may be, gain as a result of the termination, liquidation, obtaining, performing or re-establishing of any hedge or related trading position) as a result of the termination, pursuant to this Agreement, of each payment or delivery which would otherwise have been required to be made under such Netting Transaction (assuming satisfaction of each applicable condition precedent and having due regard, if appropriate, to such market quotations published on, or official settlement prices set by the relevant Market as may be available on, or immediately preceding, the date of calculation); and
  - (c) we shall treat each cost or loss to us, determined as above, as a positive amount and each gain by us, so determined, as a negative amount and aggregate all of such amounts to produce a single, net positive or negative amount, denominated in the Base Currency (the “**Liquidation Amount**”).
- 13.5 **Payer:** If the Liquidation Amount determined pursuant to this clause is a positive amount, you shall pay it to us and if it is a negative amount, we shall pay it to you. We shall notify you of the Liquidation Amount, and by whom it is payable, immediately after the calculation of such amount.
- 13.6 **Other transactions:** Where termination and liquidation occurs in accordance with this clause, we shall also be entitled, at our discretion, to terminate and liquidate, in accordance with the provisions of this clause, any other transactions entered into between us which are then outstanding.

- 13.7 **Payment:** Unless a Liquidation Date has occurred or has been effectively set, we shall not be obliged to make any payment or delivery scheduled to be made by us under a Netting Transaction for as long as an Event of Default or Potential Event of Default with respect to you has occurred and is continuing.
- 13.8 **Base Currency:** For the purposes of any calculation hereunder, we may convert amounts denominated in any other Currency into the Base Currency at such rate prevailing at the time of the calculation as we shall reasonably select.
- 13.9 **Additional rights:** Our rights under this clause shall be in addition to, and not in limitation or exclusion of, any other rights which we may have (whether by agreement, operation of law or otherwise).
- 13.10 **Application of this clause to Netting Transactions:** Except where otherwise agreed this clause applies to each Netting Transaction entered into or outstanding between us on or after the date this Agreement takes effect.
- 13.11 **Single agreement:** This Agreement, the particular terms applicable to each Netting Transaction, and all amendments to any of them shall together constitute a single agreement between us. We both acknowledge that all Netting Transactions entered into on or after the date this Agreement takes effect are entered into in reliance upon the fact that the Agreement and all such terms constitute a single agreement between us.
- 13.12 **Other agreements:** Subject to clause 13.6, the provisions of this clause shall not apply to any Transaction which is subject to liquidation and termination under another agreement. However, any sum resulting from a liquidation and termination under another agreement, may be set-off against the Liquidation Amount.
- 13.13 **Closing out:** Unless otherwise agreed in writing between us, or the Rules of any relevant Market provide otherwise, if we enter into any Transaction with you in order to close-out any existing Transaction between us, then our respective obligations under both such Transactions shall automatically and immediately be terminated upon entering into the second Transaction, except for any settlement payment due from one of us to the other in respect of such close-out.

#### 14. Rights on default

- 14.1 **Default:** On an Event of Default or at any time after we have determined, in our absolute discretion, that you have not performed (or we reasonably believe that you will not be able or willing in the future to perform) any of your obligations to us, in addition to any rights under the above clause 13 we shall be entitled without prior notice to you:
- (a) instead of returning to you investments equivalent to those credited to your account, to pay to you the fair market value of such investments at the time we exercise such right, and/or
  - (b) to sell such of your investments as are in our possession or in the possession of any nominee or third party appointed under or pursuant to this Agreement, in each case as we may in our absolute discretion select and/or upon such terms as we may in our absolute discretion think fit (without being responsible for any Loss or diminution in price) in order to realise funds sufficient to cover any amount due by you hereunder, and/or
  - (c) to close out, replace or reverse any Transaction, buy, sell, borrow or lend or enter into any other Transaction or take, or refrain from taking, such other action at such time or times and in such manner as, at our sole discretion, we consider necessary or appropriate to cover, reduce or eliminate our loss or liability under or in respect of any of your contracts, positions or commitments.

#### 15. Termination without default

- 15.1 **Termination:** Unless required by Applicable Regulations, either party may terminate this Agreement (and the relationship between us) by giving ten Business Days prior written notice of termination to the other. We may terminate this Agreement immediately if you fail to observe or perform any provision of this Agreement, other than in the case of Force Majeure, or in the event of your insolvency.

Upon terminating this Agreement, all amounts payable will become immediately due and payable including (but without limitation):

- (a) all outstanding fees, charges and commissions; and
  - (b) any dealing expenses incurred by terminating this Agreement; and
  - (c) any losses and expenses realised in closing out any transactions or settling or concluding outstanding obligations incurred by us on your behalf.
- 15.2 **Existing rights:** Termination shall not affect then outstanding rights and obligations (in particular relating to clause 11 (under the heading “Indemnities and Limitation of Liability”) and clauses 16 and 17 (under the heading “Miscellaneous, Governing Law and Jurisdiction”) and Transactions which shall continue to be governed by this Agreement and the particular clauses agreed between you and us in relation to such Transactions until all obligations have been fully performed.

## MISCELLANEOUS, GOVERNING LAW AND JURISDICTION

### 16. Miscellaneous

- 16.1 **Amendments:** We have the right to amend the terms of this Agreement. If we make any material change to this Agreement, we will give at least ten Business Days written notice to you. Such amendment will become effective on the date specified in the notice. Where no effective date is specified in the notice, the amendment will take effect ten Business Days from the date of receipt of the notice. If and to the extent that Applicable Regulations are abolished, amended or otherwise altered, we may amend this Agreement accordingly in order to ensure that this Agreement complies with any such changes. Such amendments shall take effect immediately. Any amendment you require must be agreed in writing between us. Unless otherwise agreed, an amendment will not affect any outstanding order or Transaction or any accrued legal rights or obligations.
- 16.2 **Notices:** Unless otherwise agreed, all notices, instructions and other communications to be given by us under this Agreement shall be given to the address or fax number provided by you to us. Likewise, except where otherwise required, all notices to be given to us under this Agreement shall be given in writing to MUFG Bank, Ltd., London Branch or MUFG Securities EMEA plc, as the case may be, attention: Head of Legal Department, Ropemaker Place, 25 Ropemaker Street, London, EC2Y 9AJ.
- (a) Notices made pursuant to this Agreement shall be effective two Business Days after dispatch if dispatched by post.
  - (b) Except as otherwise provided in this Agreement, all advices, confirmations, notices, statements, listing and any other document or correspondence shall be in writing and sent to you by tested telex, authenticated SWIFT, electronic mail or first class pre-paid post and addressed to you at the last address notified to us in writing.
  - (c) Each notice, instruction or other communication to you (except confirmations of trade, statements of account, and calls for collateral) shall be conclusive unless written notice of objection is received by us within five Business Days of the date on which such document was deemed to have been received.
- You will notify us of any change of your address in accordance with this clause.
- 16.3 **Electronic communications:** Subject to Applicable Regulations, any communication between us using electronic signatures shall be binding as if it were in writing. Orders or instructions given to you via e-mail or other electronic means will constitute evidence of the orders or instructions given. Your communications with us will be recorded. A copy of the record will be available on request for a period of five years and, where requested by the FCA or other relevant regulatory authority, for a period of up to seven years.
- 16.4 **Recording of calls and records of meetings:** We may minute face to face meetings and may record or monitor telephone calls and electronic communications for the purposes of training, checking instructions, verifying your identity and ensuring that we are meeting our service standards and requirements under Applicable Regulations. These recordings and minutes may be used as evidence if there is a dispute. Telephone conversations will be recorded without use of a warning tone to ensure that the material terms of the Transaction, and any other material information relating to the Transaction is promptly and accurately recorded. Such records will be our sole property and accepted by you as evidence of the orders or instructions given.

Copies of recordings that we make of conversations with you (by telephone or by electronic communication) will be available on request for a period of five years and, where requested by the FCA or any other competent authority, for a period of up to seven years. You agree that we may charge you such amount as we determine to be a commercially reasonable cost for providing such records.

- 16.5 **Our records:** Our records, unless shown to be wrong, will be evidence of your dealings with us in connection with our services. You will not object to the admission of our records as evidence in any legal proceedings because such records are not originals, are not in writing or are documents produced by a computer. You will not rely on us to comply with your record keeping obligations, although records may be made available to you on request in compliance with Applicable Regulations or otherwise at our absolute discretion.
- 16.6 **Your records:** You agree to keep adequate records in accordance with Applicable Regulations to demonstrate the nature of orders submitted and the time at which such orders are submitted.
- 16.7 **Complaints procedure:** *In relation to business conducted with us, we have internal procedures for handling complaints fairly and promptly. A Summary of our Complaint Handling Procedure can be found here: <https://www.mufgemea.com/governance/legal-and-regulatory/>*

*Hard copies of the complaints procedure can also be provided upon request.*

(a) *In relation to business conducted with MUS(EMEA), you may submit a complaint to us, for example by letter, telephone, e-mail, or in person. Where you submit a formal complaint to us we will send you a written acknowledgment of your complaint within five Business Days of receipt enclosing details of our complaints procedure. Please contact us if you would like further details regarding our complaints procedures.*

(b) *In relation to business conducted with MUFG BANK, if you have any complaint about MUFG BANK's conduct or performance, please email your complaint to [complaints@uk.mufg.jp](mailto:complaints@uk.mufg.jp) where the nature of your complaint will be investigated. We will provide you with further details of our complaints procedure when acknowledging your complaint.*

We will provide you with further details of our complaints procedure when acknowledging your complaint.

- 16.8 **The Financial Services Compensation Scheme.** The Financial Services Compensation Scheme provides compensation cover for eligible claimants (e.g. private individuals) who have lost money as a result of an investment firm going into default. The compensation limit for investment business is displayed on The Financial Services Compensation Scheme's website or can be obtained on request (see website and contact details below). You can get more information from the Financial Services Compensation Scheme, 10th Floor, Beaufort House, 15 St. Botolph Street, London EC3A 7QU or at [www.fscs.org.uk](http://www.fscs.org.uk).

Financial Services Compensation Scheme cover is also available for eligible depositors (e.g. corporates and partnerships) in relation to deposit taking business. This may provide compensation in the event that either a participating bank or building society with which MUS(EMEA) has placed client money or MUFG BANK (which holds your money on deposit with itself) goes into default. The compensation limit for deposit taking business is displayed on The Financial Services Compensation Scheme's website or can be obtained on request (see website and contact details above). Further information will be available to you in MUFG BANK's Information Sheet and Exclusions List which will be sent to you when entering into a new deposit contract with MUFG BANK and thereafter in accordance with Applicable Regulations.

- 16.9 **Third party rights and assignment.** This Agreement shall be for the benefit of and binding upon us both and our respective successors and assigns. You shall not assign, charge or otherwise transfer or purport to assign, charge or otherwise transfer your rights or obligations under this Agreement or any interest in this Agreement, without our prior written consent, and any purported assignment, charge or transfer in violation of this clause shall be void. A person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Act 1999. In relation to client money balances held by MUS(EMEA), you agree that we may transfer to another person, as part of a transfer of business to that person, client money balances, provided that (i) the sums transferred will be held for you by the person to whom they are transferred in accordance with the Client Money Rules; or (ii) if not held in accordance with

(i), we will exercise all due skill, care and diligence in assessing whether the person to whom the client money is transferred will apply adequate measures to protect these sums.

- 16.10 **Joint and several liability:** If you are a partnership, or otherwise comprise more than one person, your liability under this Agreement shall be joint and several. In the event of the death, bankruptcy, winding-up or dissolution of any one or more of such persons, then (but without prejudice to the above or our rights in respect of such person and his successors) the obligations and rights of all other such persons under this Agreement shall continue in full force and effect.
- 16.11 **Rights and remedies:** The rights and remedies provided under this Agreement are cumulative and not exclusive of those provided by Applicable Regulations. We shall be under no obligation to exercise any right or remedy either at all or in a manner or at a time beneficial to you. No failure by us to exercise or delay by us in exercising any of our rights under this Agreement (including any Transaction) or otherwise shall operate as a waiver of those or any other rights or remedies. No single or partial exercise of a right or remedy shall prevent further exercise of that right or remedy or the exercise of another right or remedy.
- 16.12 **Set-off:** Without prejudice to any other rights to which we may be entitled, we may at any time and without notice to you set off any amount (whether actual or contingent, present or future) owed by you to us against any amount (whether actual or contingent, present or future) owed by us to you. For these purposes, we may ascribe a commercially reasonable value to any amount which is contingent or which for any other reason is unascertained.
- 16.13 **Partial invalidity:** If, at any time, any provision of this Agreement is or becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions of this Agreement nor the legality, validity or enforceability of such provision under the law of any other jurisdiction shall in any way be affected or impaired.
- 16.14 **Co-operation for proceedings:** If any action or proceeding is brought by or against us with respect to a third party in relation to this Agreement or arising out of any act or omission by us required or permitted under this Agreement, you agree to co-operate with us to the fullest extent possible in the defence or prosecution of such action or proceeding.

## 17. Governing law and jurisdiction

- 17.1 **Governing law:** A Transaction which is subject to the Rules of a Market shall be governed by the law applicable to it under those Rules. Subject thereto, this Agreement, all Transactions under or pursuant to this Agreement and any matter arising out of or in connection with this Agreement, including non-contractual matters, shall be governed by and construed in accordance with English law.
- 17.2 **Law applicable to relationship prior to the conclusion of the Agreement:** The law applicable to the relationship between you and us prior to the conclusion of this Agreement is English law.
- 17.3 **Jurisdiction:** You and we irrevocably:
- (a) agree that the courts of England shall have jurisdiction to settle any suit, action or other proceedings relating to this Agreement ("**Proceedings**") and irrevocably submits to the jurisdiction of such courts (provided that this shall not prevent either party from bringing an action in the courts of any other jurisdiction); and
  - (b) waive any objection which it may have at any time to the laying of venue of any Proceedings brought in any such court and agrees not to claim that such Proceedings have been brought in an inconvenient forum or that such court does not have jurisdiction over it.
- 17.4 **Waiver of immunity and consent to enforcement:** You irrevocably waive to the fullest extent permitted by applicable law, with respect to yourself and your revenue and assets (irrespective of their use or intended use) all immunity on the grounds of sovereignty or other similar grounds from (i) suit, (ii) jurisdiction of any courts, (iii) relief by way of injunction, order for specific performance or for recovery of property, (iv) attachment of assets (whether before or after judgment) and (v) execution or enforcement of any judgment to which you or your revenues or assets might otherwise be entitled in any Proceedings in the courts of any jurisdiction and

irrevocably agree that you will not claim any immunity in any Proceedings. You consent generally in respect of any Proceedings to the giving of any relief or the issue of any process in connection with such Proceedings, including, without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment which may be made or given in such Proceedings.

- 17.5 **Service of process:** If you are situated outside England and Wales, process by which any Proceedings in England are begun may be served on you by being delivered to the address in England or Wales nominated by you for this purpose. This does not affect our right to serve process in another manner permitted by law.

## SERVICES MODULES

### EQUITIES MODULE

#### 1. Scope

- 1.1 **Transactions:** The clauses in this Equities Module apply to Transactions in Equity Securities with MUS(EMEA). For these purposes, "Transaction" means a transaction relating to an Equity Security under which delivery of an Equity Security is contemplated upon its formation falling within paragraphs (a) to (d) of the definition of "Transaction" at the beginning of this Agreement.
- 1.2 **Netting:** Any Transaction to which this Equities Module applies shall be deemed included in the definition of "Netting Transaction" for the purposes of this Agreement and subject to termination and liquidation under the Netting Clause following an Event of Default.

#### 2. Dealing as Principal

- 2.1 **Execution and capacity:** Save where expressly agreed between you and us to the contrary, every order which we may take is accepted and executed on the basis that we act on our own account as principal and not as agent for you.

#### 3. Trading Procedures

- 3.1 **Our quotes:** You acknowledge that any prices displayed by us are, or may be, indicative only. Therefore in certain market conditions the market price may have moved between the sending and the actual execution of a Transaction. Such movement may be in your favour or against you.
- 3.2 **Cut-off times:** We may establish cut-off times for instructions which may be earlier than the times established by the particular Market and/or any clearing house involved in any Transaction, and you shall have no claims against us arising out of the fact that an order was not placed by you ahead of our cut-off time.
- 3.3 **Corporate Actions:** Where an order is given to us in respect of any Equity Security for which a Corporate Action is imminent we may decline to accept your instructions. We will not accept instructions to deal in any rights arising from Corporate Actions such as options, warrants, rights arising from holdings, or other matters.
- 3.4 **Our duty in respect of Corporate Actions:** Where, in respect of any Equity Securities held by us for your account or deliverable to us for your account, any Corporate Actions occur, we shall not be obliged to undertake any action, even if you specifically instruct us, unless we expressly consent in writing.

#### 4. Limit Orders

- 4.1 **Sufficient funds:** If you instruct us in respect of a Limit Order for the purchase of any Equity Securities, you will ensure that there are sufficient funds in your account to meet that Limit Order. We will not restrict you from subsequently entering further instructions which may result in insufficient funds for a Limit Order to be executed.
- 4.2 **Our role as principal:** Any Limit Order in respect of an Equity Security in which we act as market-maker or otherwise as principal will be given by you on the understanding that:
- (i) the order will not be executed unless and until we bid for the Equity Security at the same or a higher price than that specified in the order (in the case of a sell order) or offer it at the same or a lower price than that specified in the order (in the case of a buy order) with a view to purchasing or selling (as the case may be) the Equity Security concerned in the amount of the order; and
  - (ii) until execution, you may buy the Equity Security (where the order you gave was to buy) at a price equal to or lower than stated in the order, or sell it (where the order was to sell) at a price equal to or higher than that stated in the order. Any such purchase or sale may

be from or to any third party and for our own account or for that of any Affiliated Company.

- 4.3 **Cancellation:** If you wish to cancel a Limit Order before its execution or expiry, subject to Applicable Regulations the order remains valid until you receive a confirmation of cancellation of that order from us.
- 4.4 **Partial fills:** No partial fill of a Limit Order will be executed. We accept no responsibility if the order is not filled.
- 4.5 **Publication:** You expressly instruct us not to immediately make public any Limit Order in respect of shares admitted to trading on a Market which is not immediately executed under prevailing market conditions unless we decide in our discretion to do so. If you are classified as an Eligible Counterparty this instruction will only apply in situations where you are explicitly sending a Limit Order to us for our execution.

## 5. Settlement and ownership

- 5.1 **Purchases:** You shall pay for any Equity Securities purchased for you on or before the settlement date. If, by the time due for settlement of a Transaction (as determined by us), there is insufficient cash in your account to enable us to meet the settlement obligations, we shall not be obliged to settle the Transaction. Where there is insufficient cash in your account and we do proceed to settlement, we may accept delivery of the Equity Securities, charge your account for the payment to satisfy your obligation, sell the Equity Securities at a price we believe to be reasonable, and credit your account with the net proceeds thereof (after deduction of commission and other costs).
- 5.2 **Sales:** You shall make Equity Securities sold by you available for settlement on or before the settlement date. If, by the time due for settlement of a Transaction (as determined by us), there are insufficient Equity Securities held for your account, we shall not be obliged to settle the Transaction. Where there are insufficient Equity Securities in your account and we do proceed to settlement, we may buy the Equity Securities required for delivery at a price we believe to be reasonable, charge your account for the cost thereof, deliver the Equity Securities to satisfy the delivery obligation, and credit your account with the net proceeds thereof (after deduction of commission and other costs).
- 5.3 **Title:** If in any Transaction we deliver Equity Securities or pay money on your behalf, but your obligations in respect of that Transaction are not performed simultaneously with or prior to our own delivery or payment, then we shall not be obliged to credit your account with any Equity Securities or money received by us from any third party until your own obligations to us are fully performed; and any such Equity Securities or money received by us shall be our property not yours.
- 5.4 **Trust:** If in any Transaction we deliver securities or pay money to you or to your order when you are obliged to pay money or transfer securities to us at that time or subsequently, and your obligations are not performed simultaneously with or prior to our obligations, then you shall hold on trust for us any securities or money received from us until your own obligations to us are fully performed.
- 5.5 **Finality:** We shall owe no payment or delivery obligation and shall not be deemed to hold any property belonging to you as a result of settlement of a Transaction until we have received, with finality, the cash or Equity Securities to which you are entitled.
- 5.6 **Contractual settlement:** We may, in our discretion, provisionally credit and debit your account on the due date of settlement as if the Transaction had settled on that date even where, under Applicable Regulations, the Transaction has not settled in your favour or our favour with finality. We may, however, in our absolute discretion reverse any such provisional debits and credits at any time until we receive payment (on sale) or delivery (on purchase) on your behalf with finality. We shall not be liable to you in respect of any income or any other rights relating to the Equity Securities which would have accrued on the monies or investments if settlement had taken place on the contractual settlement date. We may not use a third party's assets to settle a Transaction with you.
- 5.7 **CREST:** Where you instruct us to effect settlement by accepting the transfer of Equity Securities to our nominated CREST account you accept that payment obligations upon

settlement will be dealt with through a settlement bank and that the creation of a settlement bank payment obligation will to the extent of such obligation discharge payment due from us.

- 5.8 **Non-DvP Markets:** In some securities markets, delivery of Equity Securities and payment may not be made simultaneously. In such markets we may make payment or delivery of Equity Securities at such time and in such manner as is in accordance with relevant local law and practice or with the customs prevailing in the relevant market. You shall bear the risk that the counterparty to the Transaction may not pay or perform on time or at all.
- 5.9 **Fails:** We will notify you if settlement of a Transaction fails to take place on the contractual settlement date, whether because of a default by a counterparty to that Transaction or otherwise.
- 5.10 **Aggregation for settlement:** Settlements in respect of executed Transactions may, in our discretion, be netted to the lowest number of movements for each type of Equity Security reasonably possible, subject to Applicable Regulations.
- 5.11 **Relevant Markets and clearing organisations:** Where more than one trading Market is potentially relevant in respect of a Transaction or an Equity Security, it shall be within our discretion to determine the settlement period or other matters relevant to the operation of this Equities Module.

## 6. Stabilisation

- 6.1 **Stabilisation activity:** We may effect Transactions in Equity Securities that may be the subject of stabilisation, a price supporting process that may take place in the context of new issues. The effect of stabilisation can be to make the market price of the new issue temporarily higher than it would otherwise be. We shall owe you no duties in respect of legitimate stabilisation activities which we undertake.

## 7. Transparency

- 7.1 **Trade reporting:** Under Applicable Regulations, we may be obliged to make information about certain Transactions public. You agree and acknowledge that any and all proprietary rights in such Transaction information are owned by us and you waive any duty of confidentiality attaching to the information which we are obliged to disclose.

## 8. Off-market and grey market investment

- 8.1 **Off-market Transactions:** If we sell you any Equity Securities which are not quoted on a Market recognised or designated by the FCA, then, unless we specify a longer period, we shall, to the extent required by law, ensure the availability to you of a reasonable repurchase price for such Equity Securities for three months after the original sale to you. You may find it difficult to sell such Equity Securities after the end of such period due to their nature and possible illiquidity.
- 8.2 **Suspended and grey market investments:** We may enter into Transactions for or with you in:
- (i) an Equity Security whose listing on a Market is suspended, or the listing of or trading in which has been discontinued, or which is subject to a Market announcement suspending or prohibiting trading; or
  - (ii) a grey market investment, which is an Equity Security for which application has been made for listing or admission to trading on a Market where the Equity Security's listing or admission has not yet taken place (otherwise than because the application has been rejected) and the Equity Security is not already listed or admitted to trading on another Market.
- 8.3 **Transparency:** It is possible that there may be insufficient published information on which to base a decision to buy or sell such Equity Securities as referred to in the two preceding clauses.

## 9. Short-selling

- 9.1 **Sales presumed not to be Short Sales:** Unless your instructions specify to the contrary, all sale instructions are accepted by us on the understanding that you own the Equity Securities sold. We shall not accept any instruction for a Short Sale Transaction if no satisfactory

arrangements for making available the relevant Equity Securities for delivery have been agreed with us (which may include your entering into a securities lending arrangement with us or a third party or your agreement to our doing so on your behalf).

- 9.2 **Short Sale instructions:** Upon our acceptance of a Short Sale instruction, we shall record the position as if you had sold the Equity Securities to us as principal. We shall in respect of any Short Sale Transaction effect delivery of the Equity Securities on or before the settlement date. To do so we may borrow Equity Securities from a third party or lend them to you ourselves. Unless you advise us that you have arranged for us to borrow the Equity Securities from a particular lender (in which case we shall, subject to whatever conditions have been previously agreed between us and you, seek to confirm such arrangements), we shall have absolute discretion in the selection of lenders.
- 9.3 **Rolled Transactions:** Where Equity Securities have been borrowed by you or on your behalf to cover settlement obligations, each Short Sale will be closed out upon notice, by you or us, of not less than the standard settlement period for the relevant Market or clearing organisation. When a Short Sale is closed out, you shall deliver or procure delivery of the relevant Equity Securities in accordance with our directions. Notice shall be deemed to have been given by you under this sub-clause, specifying delivery after expiry of such standard settlement period, if an Event of Default occurs or this Agreement is terminated.
- 9.4 **Collateral:** We shall mark all Short Sale positions in your account to market, and at any time the gain or loss shall be calculated as if the date for delivery of the Equity Securities subject to the Short Sale falls immediately after the expiry of the standard settlement period for the relevant Market or clearing organisation. Such gain or loss shall be taken into account in computing your obligation to provide collateral to us.
- 9.5 **Income:** If we are required to pay income in respect of any Equity Securities subject to a Short Sale to any person from which such Equity Securities have been borrowed on your behalf, we shall debit a sum of money from your account equivalent to the amount necessary to enable us to make an equivalent payment to such person in relation to the applicable loan of the Equity Securities together with such expenses or fees as may apply.

## 10. Definitions

- 10.1 **Definitions:** In this Equities Module, the following terms have the following meanings:

**“Corporate Action”** means any step taken by an issuer of Equity Securities with reference to holders of its Equity Securities, and includes: capital reorganisation; capitalisation; change in listing; consolidation; conversion; delisting; de-merger; alteration in ranking; redemption; rights issue; scheme of arrangement; takeover; or any equivalent or analogous step under the law of any relevant jurisdiction.

**“Limit Order”** means an order to buy or sell an Equity Security at its specified price limit or better and for a specified size.

**“Short Sale”** means a Transaction for the sale of equities not owned by you at the time scheduled for settlement of the Transaction.

## FIXED INCOME SECURITIES MODULE

### 1. Scope

- 1.1 **Transactions:** The clauses in this Fixed Income Securities Module apply to Transactions in Fixed Income Securities with MUS(EMEA) or MUFG BANK. For these purposes, "Transaction" means either a transaction relating to a Fixed Income Security or a transaction under which delivery of a Fixed Income Security is contemplated upon its formation.
- 1.2 **Netting:** Any Transaction to which this Fixed Income Securities Module applies shall be deemed included in the definition of "Netting Transaction" for the purposes of this Agreement and subject to termination and liquidation under the Netting Clause following an Event of Default.

### 2. Dealing as principal

- 2.1 **Execution and capacity:** Save where expressly agreed between you and us to the contrary, every order which we may take is accepted and executed on the basis that we act on our own account as principal and not as agent for you.

### 3. Trading arrangements

- 3.1 **Bond market liquidity:** You acknowledge that fixed income instruments may be illiquid and that the market price of any particular instrument may be difficult to ascertain. In agreeing to our order execution policy in respect of your instructions you accept that price will not typically be the primary factor in determining whether Best Execution has been achieved.
- 3.2 **ICMA Rules and Recommendations:** All Transactions in "international securities" as that term is defined in the ICMA Rules and Recommendations of the International Capital Market Association and unless agreed otherwise at the time of trade in non-US debt or convertible instruments shall be subject to such ICMA Rules and Recommendations, which are included within the meaning of "Applicable Regulations" for the purposes of this Fixed Income Securities Module.

### 4. Settlement and ownership

- 4.1 **Purchases:** You shall pay for any Fixed Income Securities purchased for you on or before the settlement date. If, by the time due for settlement of a Transaction (as determined by us), there is insufficient cash in your account to enable us to meet the settlement obligations, we shall not be obliged to settle the Transaction. Where there is insufficient cash in your account and we do proceed to settlement, we may accept delivery of the Fixed Income Securities, charge your account for the payment to satisfy your obligation, sell the Fixed Income Securities at a price we believe to be reasonable, and credit your account with the net proceeds thereof (after deduction of commission and other costs).
- 4.2 **Sales:** You shall make Fixed Income Securities sold by you available for settlement on or before the settlement date. If, by the time due for settlement of a Transaction (as determined by us), there are insufficient Fixed Income Securities held for your account, we shall not be obliged to settle the Transaction. Where there are insufficient Fixed Income Securities in your account and we do proceed to settlement, we may buy the Fixed Income Securities required for delivery at a price we believe to be reasonable, charge your account for the cost thereof, deliver the Fixed Income Securities to satisfy the delivery obligation, and credit your account with the net proceeds thereof (after deduction of commission and other costs).
- 4.3 **Title:** If in any Transaction we deliver Fixed Income Securities or pay money on your behalf, but your obligations in respect of that Transaction are not performed simultaneously with or prior to our own delivery or payment, then we shall not be obliged to credit your account with any Fixed Income Securities or money received by us from any third party until your own obligations to us are fully performed; and any such Fixed Income Securities or money received by us shall be our property not yours.
- 4.4 **Finality:** We shall owe no payment or delivery obligation and shall not be deemed to hold any property belonging to you as a result of settlement of a Transaction until we have received, with finality, the cash or Fixed Income Securities to which you are entitled.

- 4.5 **Non-DvP Markets:** In some securities markets, delivery of Fixed Income Securities and payment may not be made simultaneously. In such markets we may make payment or delivery of Fixed Income Securities at such time and in such manner as is in accordance with relevant local law and practice or with the customs prevailing in the relevant market. You shall bear the risk that the counterparty to the Transaction may not pay or perform on time or at all.
- 4.6 **Fails:** We will notify you if settlement of a Transaction fails to take place on the contractual settlement date, whether because of a default by a counterparty to that Transaction or otherwise.

**Definition**

**“Fixed Income Securities”** means investments within articles 77 to 78 of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 and such other instruments that we shall designate as such from time to time.

## ELECTRONIC TRADING TERMS MODULE

### 1. Electronic trading service

- 1.1 **Scope:** The clauses in this Electronic Trading Terms Module apply to your use of any Electronic Services.
- 1.2 **Access:** Once you have gone through the security procedures associated with an Electronic Service provided by us, you will get access to such service, unless agreed otherwise or stated on our website. Please consult our website or service guide associated with the relevant Electronic Service for more details on operating times. We may change our security procedures at any time and we will tell you of any new procedures that apply to you as soon as possible.
- 1.3 **Restrictions on services provided:** There may be restrictions on the number of Transactions that you can enter into on any one day and also in terms of the total value of those Transactions when using an Electronic Service. You acknowledge that some Markets place restrictions on the types of orders that can be directly transmitted to their electronic trading systems. These types of orders are sometimes described as synthetic orders. The transmission of synthetic orders to the Market is dependent upon the accurate and timely receipt of prices or quotes from the relevant Market or market data provider. You acknowledge that a Market may cancel a synthetic order when upgrading its systems, trading screens may drop the record of such an order, and you enter such orders at your own risk.
- 1.4 **Right Of access:** In respect of any Market to which we allow you to submit orders or receive information or data using the Electronic Services, we may at any time or times, on reasonable notice (which, in certain circumstances, may be immediate) enter (or to instruct our or the Market's subcontractors to enter) your premises and inspect your System to ensure that it complies with the requirements notified by us to you from time to time and that you are using the Electronic Services in accordance with this Agreement and any requirements of any relevant Market or Applicable Regulations.
- 1.5 **Access requirements:** You will be responsible for providing the System to enable you to use an Electronic Service.
- 1.6 **Virus detection:** You will be responsible for the installation and proper use of any virus detection/scanning program we require from time to time.
- 1.7 **Use of information, data and software:** In the event that you receive any data, information or software via an Electronic Service other than that which you are entitled to receive pursuant to this Agreement, you will immediately notify us and will not use, in any way whatsoever, such data, information or software.
- 1.8 **Maintaining standards:** When using an Electronic Service you must:
- (a) ensure that your System is maintained in good order and is suitable for use with such Electronic Service;
  - (b) run such tests and provide such information to us as we shall reasonably consider necessary to establish that your System satisfies the requirements notified by us to you from time to time;
  - (c) carry out virus checks on a regular basis;
  - (d) inform us immediately of any unauthorised access to such Electronic Service or any unauthorised Transaction or instruction which you know of or suspect and, if within your control, cause such unauthorised use to cease; and
  - (e) not at any time leave the terminal from which you have accessed such Electronic Service or let anyone else use the terminal until you have logged off such Electronic Service.
- 1.9 **System defects:** In the event you become aware of a material defect, malfunction or virus in the System or in an Electronic Service, you will immediately notify us of such defect, malfunction or virus and cease all use of such Electronic Service until you have received permission from us to resume use.
- 1.10 **Intellectual Property:** All rights in patents, copyrights, design rights, trade marks and any other intellectual property rights (whether registered or unregistered) relating to the Electronic Services remain vested in us or our licensors. You will not copy, interfere with, tamper with,

alter, amend or modify the Electronic Services or any part or parts thereof unless expressly permitted by us in writing; reverse compile or disassemble the Electronic Services; nor purport to do any of the same or permit any of the same to be done, except in so far as such acts are expressly permitted by law. Any copies of the Electronic Services made in accordance with law are subject to the terms and conditions of this Agreement. You shall ensure that all the licensors' trademarks and copyright and restricted rights notices are reproduced on these copies. You shall maintain an up-to-date written record of the number of copies of the Electronic Services made by you. If we so request, you shall as soon as reasonably practical, provide to us a statement of the number and whereabouts of copies of the Electronic Services.

- 1.11 **Liability and Indemnity:** Without prejudice to any other terms of this Agreement, relating to the limitation of liability and provision of indemnities, the following shall apply to our Electronic Services:
- (a) **System errors:** We shall have no liability to you for damage which you may suffer as a result of transmission errors, technical faults, malfunctions, illegal intervention in network equipment, network overloads, malicious blocking of access by third parties, internet malfunctions, interruptions or other deficiencies on the part of internet service providers. You acknowledge that access to Electronic Services may be limited or unavailable due to such system errors, and that we reserve the right upon notice to suspend access to Electronic Services for this reason.
  - (b) **Delays:** Neither we nor any third party software provider accept any liability in respect of any delays, inaccuracies, errors or omissions in any data provided to you in connection with an Electronic Service.
  - (c) **Viruses from an Electronic Service:** We shall have no liability to you (whether in contract or in tort, including negligence) in the event that any viruses, worms, software bombs or similar items are introduced into your System via an Electronic Service or any software provided by us to you in order to enable you to use such Electronic Service, provided that we have taken reasonable steps to prevent any such introduction.
  - (d) **Viruses from your System:** You will ensure that no computer viruses, worms, software bombs or similar items are introduced into our computer system or network and will indemnify us on demand for any loss that we suffer arising as a result of any such introduction.
  - (e) **Unauthorised use:** We shall not be liable for any Loss, liability or cost whatsoever arising from any unauthorised use of the Electronic Service. You shall on demand indemnify, protect and hold us harmless from and against all losses, liabilities, judgments, Proceedings, claims, damages and costs resulting from or arising out of any act or omission by any person using an Electronic Service by using your designated passwords, whether or not you authorised such use.
  - (f) **Markets:** We shall not be liable for any act taken by or on the instruction of a Market, clearing house or regulatory body.
  - (g) **Direct electronic access:** Where we agree to provide you with direct electronic access to a Market, the terms upon which we agree to make that service available will be set out in a separate agreement between you and us.
- 1.12 **Suspension or permanent withdrawal with notice:** We may suspend or permanently withdraw an Electronic Service, by giving you 10 days' written notice.
- 1.13 **Immediate suspension or permanent withdrawal:** We have the right, unilaterally and with immediate effect, to suspend or withdraw permanently your ability to use any Electronic Service, or any part thereof, without notice, where we consider it necessary or advisable to do so, for example due to your non-compliance with the Applicable Regulations, breach of any provisions of this Agreement, on the occurrence of an Event of Default, network problems, failure of power supply, for maintenance, or to protect you when there has been a breach of security. In addition, the use of an Electronic Service may be terminated automatically, upon the termination (for whatever reason) of (i) any licence granted to us which relates to the Electronic Service; or (ii) this Agreement. The use of an Electronic Service may be terminated immediately if an Electronic Service is withdrawn by any Market or we are required to withdraw the facility to comply with Applicable Regulations.

- 1.14 **Effects of termination:** In the event of a termination of the use of an Electronic Service for any reason, upon request by us, you shall, at our option, return to us or destroy all hardware, software and documentation we may have provided you in connection with such Electronic Service and any copies thereof.

## ORDER ROUTING MODULE

### 1. Applicability

- 1.1 This Order Routing Module supplements and should be read in conjunction with the Electronic Trading Terms Module. It applies to the provision of services and to Transactions made by you via an electronic order routing system.
- 1.2 Where we agree to execute orders sent by you to us or via us to an executing broker who is a member of the relevant market or exchange (whereby we act in a principal capacity effecting back-to-back-transactions upon executing your orders), you have agreed to transmit these orders to us over your own or a third party network for the purpose of sending these orders (hereafter referred to as the “**Network**”). We have no liability to you in relation to this Network.

### 2. Placing orders

- 2.1 **Acceptance of orders:** We will accept an electronic order from you provided that it:
  - (a) is initiated by a person authorised by you from an Authorised Terminal;
  - (b) is sent by you through the Network;
  - (c) complies with all Applicable Regulations;
  - (d) does not exceed any limits agreed between us.
- 2.2 If you should nevertheless exceed a limit, the Network will automatically reject, and electronically notify you of, the electronic orders above such limit. If you wish to place further orders above the set limits, you shall notify us of your intention in a manner agreed at that time and, where we have agreed accordingly, arrange for their due execution by us, which shall be duly recorded as such for future reference.
- 2.3 You must ensure that you have access to the Network for the purpose of sending orders to us.
- 2.4 We are entitled (but not obliged) to execute any order received by us or via an executing broker in accordance with this clause 2.4 during normal business practice which may include execution by means of electronic access via automated order entry system to the order processing system of various securities Markets. We have no obligation to check:
  - (a) the authority or identity of the individual transmitting the electronic order;
  - (b) that any information in the electronic order is correct; or
  - (c) that the electronic order complies with all Applicable Regulations;
- 2.5 The above notwithstanding, you will, should we request, supply us with a list of those individuals authorised by you to send electronic orders to us. You must ensure that only those individuals listed by you are given details of the user identification to enable them to send electronic orders. If you wish to amend the list, you should notify us in writing.
- 2.6 You acknowledge that we will not be deemed to have received any electronic order from you until we actually send back receipt of it through the Network. The official time of receipt of an electronic order by us shall be the time recorded on the Network whether or not it is during our working hours. We are entitled (but not obliged) to seek clarification on any aspect of such an order and may decline to execute it. We will determine, in our sole discretion, the time of executing and means of fulfilling an electronic order. If we decline to execute an electronic order, we will notify you either orally or on the relevant electronic screen. If you request us to cancel or change an order, we will not, in any event, be required to act on that request if it is not reasonably practicable to do so, for instance, if we or an executing broker has acted on the original order.
- 2.7 We will not be responsible for (i) any error by you in inputting an electronic order, (ii) rejection of such an order by any Authorised Terminal or the Network for any reason whatsoever (whether notified to you or not), (iii) the acts or omissions of any third parties or (iv) any error by any other cause outside our direct control.
- 2.8 You acknowledge that the Network, your access and any order system are supplied by and operated by you or third parties and, therefore, we and our Affiliated Companies are in no way

responsible for, and do not guarantee the performance, availability or reliability, or the results to be achieved by you in your use of, the Network, your access and any order system.

- 2.9 We make no representation or warranty, express or implied, statutory or otherwise as to condition, quality, performance or fitness for purpose as to the Network, your access to the Network or any order system (or the results to be achieved by the use of it) or as to any hardware, software or service provided by a third party in connection with the Network and specifically disclaim any such representation and warranty, including, without limitation, any warranty of originality, satisfactory quality or fitness for a particular purpose, except to the extent that exclusion is permitted by law. By using the Network, your access to the Network or any order system, you agree to assume the entire risk of that use.
- 2.10 We will not have any liability to you or any third party for damages of any kind arising out of your use of or inability to use for any reason whatsoever, the Network, your access or any order system, whether direct, indirect, incidental, special or consequential, loss of data, loss of use, loss of profits or revenues or other economic loss by you or any third party (including, without limitation, any loss as a result of price changes), whether in tort (including, without limitation, actions for infringement, negligence and strict liability), contract or otherwise, whether or not we have been informed of, or otherwise might have anticipated, the possibility of such damages.

### 3. Intellectual property

- 3.1 You acknowledge that where we supply an application, connection, or software to you to facilitate or enable order routing by you:
- (a) all present and future rights conferred by statute, common law or equity in any territory in or in relation to inventions, patents, copyrights, database rights, designs and design rights, circuit layouts, trademarks and trade names, business and domain names, logos, trade secrets, know-how and any other intellectual property rights remain vested in us or our licensors and accordingly the application or software or any part thereof may not be used by anyone other than you without our or our licensors (where relevant) prior written consent; and
  - (b) it may be the subject of export controls and restrictions and you will not re-distribute or re-export without our or our licensors (where relevant) prior written consent.

### 4. Disclosure statement

Electronic trading and order routing systems differ from traditional trading and transactions using an electronic system are subject to the rules and regulations of the relevant exchange. Before you engage in transactions using an electronic system, you should carefully review the rules of the exchange.

### 5. Definitions

- 5.1 “**Authorised Terminal**” means a terminal from which we have agreed you may access a third party Network and send electronic orders to us or an executing broker.

## CUSTODY SERVICES MODULE

### 1. Custody Services

- 1.1 **Appointment of custodian:** You agree that in relation to business carried out with MUS(EMEA) we may act as custodian of your assets which we may from time to time safeguard and administer under this Agreement. MUFG BANK does not typically hold any client assets although this Custody Services Module shall apply to the extent MUFG BANK does hold any client assets from time to time.
- 1.2 **Types of accounts:** We shall open in your name one or more custody accounts recording any shares, stocks, debentures, bonds, securities or other similar property (including evidence of or title to securities and all rights in respect of securities) deposited or transferred by you or on your behalf with or to us or our sub-custodian or collected by us or our sub-custodian for your account (“**Custody Assets**”). We at all times reserve the right to reverse any provisional or erroneous entries (including reversals necessary to reflect adjustments by our sub-custodian to its records as a result of bad deliveries) to the custody accounts with effect back-valued to the date upon which the final or correct entry (or no entry) should have been made. These custody terms do not apply to any commodity or warehouse warrant, and any such property held by us for you does not constitute Custody Assets.

### 2. Arrangements for custody

- 2.1 **Registration:** Custody Assets which are in registrable form may be registered in your name or in the name of a nominee company which is controlled by us, an Affiliated Company or custodians and other third parties with whom assets are deposited by us. You agree that registrable Custody Assets may also be registered in the name of a third party or in our name, but only if the particular Custody Asset is subject to the law or market practice of an overseas jurisdiction and due to the nature of the law or market practice of that overseas jurisdiction, it is in your best interests or is not feasible to do otherwise.
- 2.2 **Unclaimed Custody Assets:** Where we have not received instructions from you, or someone on your behalf, in relation to your Custody Assets balances for a period of twelve years and we have been unable to contact you having taken reasonable steps in accordance with Applicable Regulations to trace you and return the Custody Assets, you agree that we may, in our sole discretion, decide to (i) liquidate any unclaimed Custody Assets at market value, and pay away the proceeds, or (ii) pay away any such unclaimed Custody Assets, in either case to a registered charity of our choice. In such circumstances, we (or another of our Affiliated Companies) will unconditionally undertake to pay you a sum equal to the value of the relevant Custody Assets at the time they were liquidated or paid away in the event that you seek to claim the Custody Assets.

### 3. Sub-custodians

- 3.1 **Use of Third Parties:** We may from time to time delegate to sub-custodians, nominees, agents, depositories, clearing houses and clearing systems inside or outside the United Kingdom and which may include Affiliated Companies (each a “**Third Party**”) any of our duties under these custody terms including (without limitation) the safekeeping of the Custody Assets. We are not generally liable for acts or omissions of any Third Party unless it is our nominee company, our Affiliated Company or our Affiliated Company’s nominee company. Consequently, if the Third Party becomes insolvent, there may be some risk to your Custody Assets.
- 3.2 **Custody Assets held by Third Parties:** Your Custody Assets may be held overseas by a Third Party on our behalf. Furthermore:
- (a) **Your Custody Assets may be held in an omnibus account by the Third Party, and there is a risk that your Custody Assets could be withdrawn or used to meet obligations of other persons, or that the balance of assets held by the Third Party does not reconcile with the quantity which the Third Party is required to hold, and you may not in such circumstances receive your full entitlement of Custody Assets;**
- (b) In some jurisdictions it may not be possible to identify separately the Custody Assets which a Third Party holds for clients from those which it holds for itself or for us, and

there is a risk that your Custody Assets could be withdrawn or used to meet the obligations of the Third Party, or lost altogether if the Third Party becomes insolvent. We will inform you where it is not possible under the relevant law of any jurisdiction for assets held with a Third Party to be separately identifiable from the Third Party's own financial instruments;

- (c) Clause 9 (Lien on Property) of the Terms of Business sets out information about the existence and terms of security interests, liens and rights of set off we have over your cash. We may deposit your Custody Assets with a Third Party (including without limitation a depository) who may have a security interest, lien or right of set-off in relation to those Custody Assets. Where your Custody Assets are held by a Third Party (or any person to whom the holding of your Custody Assets is delegated), and such Third Party or other person has a security interest, lien, right of set-off, or similar rights over your Custody Assets, you are exposed to the risk that such Third Party or other person may exercise such rights over your Custody Assets and reduce the amount of your Custody Assets even where you have not breached any of your obligations under this Agreement.

- 3.3 **Third Parties in Non-EEA states:** We may use a Third Party in a country which is not an EEA state and where the holding and safekeeping of financial instruments is not regulated. We will only do so when the nature of the financial instruments or of the other services provided for you requires them to be deposited with such a Third Party or where we consider that this course of action is consistent with our obligations and services to you.

#### 4. Instructions

- 4.1 **Authorised Persons:** You may provide us with a list of the officers, employees or agents who you have authorised, either alone or with others, to act on your behalf in the giving of Instructions (as defined below) and performance of any other acts, discretions or duties under these custody terms ("**Authorised Person(s)**") together with specimens of their signatures if written instructions are to be given. We shall be entitled to rely upon the continued authority of an Authorised Person for those purposes until we receive written notice from you to the contrary.
- 4.2 **Instructions:** Notwithstanding any other agreement between you and us, we may act upon instructions ("**Instructions**") in respect of the safe custody service provided by us to you under these custody terms from an Authorised Person received by us via telephone, telex, facsimile transmission or other teleprocess or electronic instruction system acceptable to us and transmitted with such testing or authentication as we may specify. Instructions shall continue in full force and effect until cancelled or superseded. If any Instructions are received by us by telephone you shall confirm them before the close of business on the same day by another method acceptable to us. We shall be authorised to follow Instructions notwithstanding your failure to confirm them in writing.
- 4.3 **Acting on Instructions:** We may in our absolute discretion refuse to act on Instructions. If any Instructions are incomplete, unclear, ambiguous, and/or in conflict with others we may in our absolute discretion and without any liability on our part, act upon what we believe in good faith they to be or refuse to act on them until any incompleteness, lack of clarity, ambiguity or conflict has been resolved to our satisfaction. Any Instruction shall be conclusively deemed to be a valid Instruction from you to us if we believe it to be genuine. You are responsible for any loss, claim or expense incurred by us for following or attempting to follow any Instructions.
- 4.4 **Actions not requiring Instructions:** You agree that we may without any further Instructions from you carry out the following actions relating to the Custody Assets:
  - (a) to collect and receive, for your account, any payments (whether income or capital) and distributions in respect of the Custody Assets, and to take any action necessary and proper in connection with them, including (without limitation) the presentation of coupons and other interest items and the endorsement for collection of cheques, drafts and other negotiable instruments and the deduction or withholding of any sum on account of any tax (i) required or which in our view is required to be so deducted or withheld or (ii) for which it is or is in our view liable or accountable by law or practice of any relevant revenue authority of any jurisdiction;

- (b) to execute in your name such ownership and other certificates as may be required to obtain payment in respect of the Custody Assets; and
- (c) to exchange interim or temporary documents of title to Custody Assets for definitive ones.

## 5. Scope of our Responsibility

- 5.1 **Dividends and other income:** We shall as soon as reasonably practicable pay to you all dividends, interest payments or other entitlements accruing to you in relation to the Custody Assets, subject to deductions and the exercise of any of our rights under these custody terms.
- 5.2 **Corporate actions:** Provided we receive the relevant information, we will use reasonable endeavours to notify you of all matters in respect of which you have voting rights and of all calls for redemption, grants or expirations of conversion rights, takeovers, grants or expirations of subscription rights, mergers, offers, consolidations, reorganisations and capitalisations or such other corporate actions or any other administrative or supervisory matters affecting the Custody Assets. Unless otherwise agreed with you in writing, we will not take any action in relation to such matters except in accordance with Instructions.

## 6. Liability

- 6.1 **Limitations of our liability:** We shall only be liable to you for our acts or omissions to the extent expressly provided for under this Agreement.
- 6.2 **Liability for the sub-custodian:** We shall not be liable for the acts, default or insolvency of any sub-custodian, nor for any expense, Loss or damage suffered by or occasioned to you in connection with those acts, default or insolvency in the absence of fraud, negligence or wilful default by us in the initial selection of any sub-custodian. However, we will be liable for any fraud, negligence or wilful default of any nominee controlled by us (or by any of our Affiliated Companies).

## 7. Statements

- 7.1 **Type of statements:** We will prepare monthly statements of account providing details of the Custody Assets and monthly transaction statements providing details of transactions in respect of the Custody Assets.
- 7.2 **Objecting to statements:** You will examine each statement promptly upon receipt and will promptly notify us of any errors or discrepancies therein within 30 days from the date of such statement. A statement shall be deemed correct and conclusive as to the truth and accuracy of its contents if we do not receive your written objection within 30 days from the date of that statement.
- 7.3 **Additional statements:** You are entitled to request at any time a statement of the client money held by us for you under this Agreement in accordance with the Client Money Rules. You agree that for the provision of any such statement we may charge you such amount as we determine to be a commercial cost for providing such statement.
- 7.4 **Online statements:** We will not provide you with a monthly statement of your Custody Assets if we provide an online system through which you can easily access up to date valuations of your portfolio. However if you do not access valuations through any such online system at least once a quarter we will revert to providing you with statements monthly.

## 8. Fees and expenses

- 8.1 Unless otherwise agreed, you agree to pay to us an annual fee and transaction charges together with all expenses incurred by us in connection with the custody services we provide to you at the rates specified by us in writing from time to time.

## 9. Lien

- 9.1 **General lien over Custody Assets:** In addition to any general lien or other rights to which we may be entitled under any applicable law, we shall have a general lien over the Custody Assets until the satisfaction of the Secured Obligations (whether under the terms of this Custody Services Module or otherwise). The lien is a continuing security regardless of any intermediate payment or settlement of account.

9.2 **Realising Custody Assets:** If you fail to pay any sum or liability you owe to us and an Event of Default has occurred and is continuing, we are entitled at any time, without notice to you and without prejudice to any other right or remedy which we may have, to sell all or any of the Custody Assets in such manner and at such price as we may deem expedient without being responsible for any loss and to apply the net proceeds thereof in or towards payment or discharge of any sum or liability as we may think fit. The restrictions contained in Sections 93 and 103 of the Law of Property Act 1925 shall not apply to these custody terms or to any exercise by us of our power of sale.

#### **10. Further assurance**

10.1 You agree to execute such further documents and to take such further steps as we may reasonably require to perfect our security interest over, be registered as owner of or obtain legal title to Custody Assets, secure further liabilities and obligations (whether actual or contingent) owed by you to us, to enable us to exercise our rights.

#### **11. Stock lending**

11.1 We can only engage in stock lending or other securities financing transactions using your Custody Assets if we obtain your express prior consent to this. For this purpose if we agree to engage in stock lending transactions or other securities financing transactions in respect of your Custody Assets, we will enter into a separate written agreement with you setting out the specific terms you consent to (by signing or equivalent) and agree full details of the transactions and associated fees in a separate agreement. That agreement will set out information our obligations and responsibilities, including about the terms on which they will be returned and on the risks involved. It will also set out the basis on which you will make a return from your Custody Assets. We require borrowers of your Custody Assets to provide appropriate collateral and we will monitor this to ensure it is appropriate, including that it is of sufficient value in respect of your Custody Assets loaned.

11.2 We may only engage in stock lending on your behalf using Custody Assets pooled in an omnibus account if you and all other clients who have Custody Assets held that account have given their express prior consent or if we have effective systems and controls in place to ensure that only financial instruments belonging to clients who have given prior express consent have their Custody Assets used. We are required to keep records in relation to the number of financial instruments belonging to each client who has given consent in order to ensure we can correctly allocate any loss.

## FOREIGN EXCHANGE SERVICES MODULE

### 1. Foreign Exchange Services

- 1.1 **Scope:** Foreign exchange products which are subject to MiFID2 are governed by these Terms of Business. Foreign exchange products which are not subject to MiFID2 and are therefore not generally governed by these Terms of Business, such as FX spot and FX forwards for payment purposes which are not derivative contracts, may be governed by other agreements and terms.

## SCHEDULE 1 – AGENCY SCHEDULE

### 1. Application and scope

- 1.1 **Scope:** These terms set out the basis on which we will provide the services referred to in the Agreement to you where you are acting as agent for an Underlying Customer. Where you are acting for your own account the supplemental terms set out in this Agency Schedule shall not apply.
- 1.2 **Notification:** You will notify us before placing any order on behalf of an Underlying Customer that you are acting as agent for that Underlying Customer. Upon request, you shall inform us of the identity, address and any other details which we require in respect of an Underlying Customer to enable us to perform a credit and counterparty risk assessment.
- 1.3 **Instructions:** You may give us instructions in writing (including facsimile) or orally (including by telephone), unless we tell you that instructions can only be given in a particular way. Unless otherwise agreed, e-mail or other electronic messages in respect of each instruction will only be accepted if specifically acknowledged by us. We shall be entitled to act for you upon instructions given or purporting to be given by you or any person authorised on your behalf without further enquiry as to the genuineness, authority or identify of the person giving or purporting to give such instructions.
- 1.4 **Capacity:** Each Transaction will be entered into by you as agent on behalf of your Underlying Customer in accordance with clause 1.5 below. Unless we agree otherwise in writing, we shall treat you alone as our customer and we shall not treat any Underlying Customer as our customer for the purposes of the FCA Rules.
- 1.5 **Nature of counterparties:** You represent, warrant and undertake on your own behalf and as agent for the Underlying Customers that no Underlying Customer will be a state or a separate entity within the meaning of the State Immunity Act 1978 and that a Underlying Customer shall, at the time an instruction is given in respect of it, have the characteristics and conform to any criteria agreed between us from time to time.
- 1.6 **Underlying Customer accounts:** We shall, in respect of each Underlying Customer, establish and maintain one or more separate sub-accounts. You undertake, as agent for the relevant Underlying Customer and on your own behalf, in respect of each instruction given, to specify within two hours of giving an instruction (or such other time as we may reasonably specify) the sub account to which the relevant instruction relates. Until you specify a specific sub account you shall be personally liable, as principal, in respect of the relevant Transaction. You further undertake, as agent for each Underlying Customer and on your own behalf, to notify us immediately if any two or more sub-accounts relate to the same Underlying Customer.
- 1.7 **Separate administration:** We shall, subject to these terms, administer sub accounts which we reasonably believe relate to different Underlying Customers separately, including for the purposes of calculating any collateral requirement. We shall not exercise any power to consolidate accounts or set off amounts owing between sub accounts relating to different Underlying Customers.
- 1.8 **Documentation:** You agree to forward to an Underlying Customer any documentation in relation to such Underlying Customer that we are required to provide under the Applicable Regulations and which we make available to you for that purpose.
- 1.9 **Evidence of Underlying Customers:** In certain circumstances we may require satisfactory evidence of identity, address and other details in respect of each Underlying Customer to enable us to form a credit and Underlying Customer risk assessment in respect of any Transaction.

### 2. Advice

**Limitations:** You, as agent for the Underlying Customers and on your own behalf, retain full responsibility for making all investment decisions with respect to any Underlying Customer. We will not be responsible for judging the merits or suitability of any Transaction to be entered into on behalf of an Underlying Customer. Unless otherwise required under Applicable Regulations, we shall have no responsibility for your or any Underlying Customer's compliance with any laws

or rules governing or affecting your conduct or that of any Underlying Customer, or for your or any Underlying Customer's compliance with any laws or rules governing or affecting Transactions.

### 3. Representations, Warranties and Covenants

3.1 **The Agreement:** Clause 10 of the Terms of Business under the heading "Representations, Warranties and Covenants" shall not apply to you.

3.2 **Representations and warranties:** As agent for each Underlying Customer and on your own behalf, you represent and warrant to us as of the date these terms come into effect and as of the date of each Transaction that:

- (a) you and your Underlying Customer each have all necessary authority, powers, consents, licences and authorisations and have taken all necessary action to enable you lawfully to enter into and perform these terms, the Agreement and each Transaction and to grant the security interests and powers referred to elsewhere in this Agency Schedule and the Agreement, including but not limited to any Title Transfer Collateral Arrangement in relation to securities where applicable;
- (b) the person(s) entering into these terms, the Agreement and each Transaction have been duly authorised to do so;
- (c) these terms, the Agreement, each Transaction and the obligations created under each of them are binding upon, and are enforceable against, you and/or your Underlying Customer (as applicable) in accordance with their terms (subject to applicable principles of equity) and do not and will not violate the terms of any regulation, order, charge or agreement by which you or your Underlying Customer is bound;
- (d) no Event of Default or Potential Event of Default has occurred and is continuing with respect to you or your Underlying Customer;
- (e) each of you and your Underlying Customer is permitted under its constitution and any applicable law or regulation and is financially able to sustain any loss which may result from Transactions, and that entering into Transactions is a suitable investment vehicle for the Underlying Customer;
- (f) the relevant Underlying Customer owns, with full title guarantee, all investments, margin (or collateral) deposited with, transferred to us or charged in our favour, by you acting as agent for your Underlying Customer and such investments, margin (or collateral) are free from any prior mortgage, charge, lien or other encumbrance whatsoever and neither you acting as agent for the relevant Underlying Customer, nor the Underlying Customer itself, will further pledge or charge such investments, margin (or collateral) or grant any lien over them while it is pledged or charged to us except with our prior written consent; and
- (g) any information which you provide or have provided to us in respect of your or your Underlying Customer's financial position, domicile, or other matters is accurate and not misleading in any material respect.

3.3 **Covenants:** You, as agent for each Underlying Customers and on your own behalf, covenant to us that you will:

- (a) ensure at all times that you and your Underlying Customer obtain and comply with the terms of and do all that is necessary to maintain in full force and effect all authority, powers, consents, licences and authorisations referred to above;
- (b) promptly notify us of the occurrence of any Event of Default or Potential Event of Default with respect to yourself or your Underlying Customer;
- (c) provide to us on request such information regarding your and your Underlying Customer's financial or business affairs as we may reasonably require to evidence the authority, powers, consents, licenses and authorisations referred to above or to comply with any Applicable Regulations;
- (d) provide to us on request copies of the relevant sections of your Underlying Customer's constitutive documents relating to its capacity to enter into Transactions and appoint an agent to act on its behalf and that any such extract will, to the best of your knowledge, be

true and accurate in all material respects and you will not omit or withhold any information which would render the information so supplied to be false or inaccurate in any material respect;

- (e) either: (i) execute as agent for your Underlying Customer where you are duly authorised to do so, or, in each other case: (ii) procure that your Underlying Customer executes, as applicable, on our request all such transfers, powers of attorney and other documents as we may require to vest any assets or otherwise grant any security interest or other interest under a Title Transfer Collateral Arrangement (where applicable) in us, our nominee, a purchaser or transferee; and
- (f) immediately notify us if you cease to act for any Underlying Customer or if the basis upon which you act on behalf of an Underlying Customer alters to an extent which would affect this Agreement or any Transaction made thereunder; and immediately notify us in writing if at any time any of the warranties, representations or undertakings in this Agency Schedule are or become or are found to be incorrect or misleading in any respect.

#### **4. Anti-money laundering**

- 4.1 **Anti-money laundering:** You represent, warrant and undertake that you are now and will be at all material times in the future in compliance with all Applicable Regulations concerning money-laundering. We are required to follow the Applicable Regulations concerning money laundering relating to the identification of Underlying Customers unless either of the following clause 4.2 or clause 4.3 applies, and if satisfactory evidence of identity has not been obtained by us within a reasonable time period, we reserve the right to cease to deal with you.
- 4.2 If you are a regulated credit or financial institution in the UK, EU or a non-EU country which is a member of the Financial Action Task Force, we shall deal with you on the understanding that you are complying with regulations concerning money laundering and that evidence of the identification of your Underlying Customer will have been obtained, recorded and is maintained under procedures maintained by you.
- 4.3 If you are a regulated credit or financial institution in a country which is not a member of the Financial Action Task Force, we reserve the right not to deal with you until we have obtained satisfactory evidence of the identification of your Underlying Customer.

#### **5. Discharge**

- 5.1 **Discharge:** Where under any term any payment or other performance (including the delivery of securities or any other property) is due from us, it shall be a discharge of our obligation to make such payment or performance to you notwithstanding that your Underlying Customer shall be interested (whether beneficially or otherwise) in such payment or performance.

#### **6. Netting**

- 6.1 **Events of Default:** References to "Party" in the Netting Clause shall be deemed to be references to you acting on your own behalf and to each Underlying Customer. If any Event of Default occurs in respect of you or your Underlying Customer we shall be entitled to exercise our rights under the Netting Clause in accordance with the following sentences of this term and the expression "defaulting party" shall be construed accordingly. In respect of an Event of Default which occurs in respect of you (as opposed to any Underlying Customer), our rights under the Netting Clause shall apply separately in respect of each sub account. If an Event of Default occurs in respect of an Underlying Customer, our rights under the Netting Clause shall be limited to the relevant sub accounts of that Underlying Customer).

#### **7. Indemnity**

- 7.1 **Indemnification:** Notwithstanding that you may act as agent on behalf of your Underlying Customer, you undertake as principal to indemnify us in respect of any all losses, liabilities, judgments, suits, actions, Proceedings, claims, damages and costs resulting from or arising out of claims raised by any Underlying Customer (together "**Liabilities**") incurred in relation to any Transaction effected by you as agent, except where such Liabilities arise from the default of one or more of your Underlying Customers or the liability is for the payment of settlement proceeds in respect of any Transaction, in which case you agree to provide sufficient details of

such Underlying Customer(s) to us and any other assistance reasonably requested by us, to facilitate our pursuit of any claim against such Underlying Customer.

## **8. Interpretation**

### **8.1 Interpretation of the terms in this Agency Schedule:**

**“Underlying Customer”** means any Underlying Customer agreed by us from time to time on behalf of which you are to enter as agent into Transactions with us; and where an Underlying Customer does not constitute a single legal person, means the trustees, individuals or other persons who are the primary representatives of the organisation, trust or fund on whose behalf they are dealing.

## SCHEDULE 2 – TRUSTEE SCHEDULE

### 1. Scope

1.1 **Application:** This Trustee Schedule supplements the Netting Clause.

### 2. Representations and covenants

2.1 **Additional representations and warranties:** The provisions of clause 10 of the Agreement entitled “Representations, Warranties and Covenants” shall be amended by the deletion of the warranty numbered 10.2(e), and the following provisions shall additionally apply:

- (a) we represent and warrant to you and each of you and each Trustee Party represents and warrants to us as of the date of execution by it of these terms (and, if applicable, as of the date of its accession to and adoption of these terms in accordance with the Trustee Schedule) that: (i) each such person has authority (including in the case of you and each Trustee Party, full power and authority under the terms of the instrument (the “**Trust Deed**”) under which the trust of which you act as trustee for the purposes of this Agreement (the “**Trust**”) is constituted) to enter into this agreement; and (ii) no Event of Default or Potential Event of Default has occurred and is continuing with respect to any such person;
- (b) each of you and each Trustee Party represents to us, as of the date of execution of this Agreement (or, if applicable, as of the date of its accession to and adoption of these terms in accordance with the Trustee Schedule) and as of the date of each Transaction, and warrants that: (i) all of the Trustee Parties appointed in respect of the Trust are bound by this Agreement, and (ii) each Trustee Party has a right to be indemnified out of the assets of the Trust in respect of any obligations undertaken or to be undertaken by it to us under this Agreement or any Transaction; and
- (c) we represent to you as of the date of execution by it of these terms and as of the date of entering into each Transaction governed by these terms, that we act as principal and sole beneficial owner (and not as trustee) in entering into these terms and each and every Transaction governed by these terms.

### 2.2 Additional covenants:

- (a) Without prejudice to the generality of clause 10.3 of the Agreement entitled “Covenants”, each of you and each Trustee Party covenants to us that it will promptly notify us of:
  - (ii) each appointment, death, incapacity, insolvency and retirement of a Trustee Party; and
  - (ii) the winding-up of the Trust under the provisions of the Trust Deed or otherwise.
- (b) Where this Agreement has been executed by one or more Trustee Parties acting or purportedly acting both on your behalf and on behalf of each other Trustee Party holding office as trustee of the Trust at the time of execution, each of such executing Trustee Parties represents and covenants (independently of the effectiveness of the remainder of this agreement) that such Trustee Parties have full power and authority under the terms of the Trust Deed and the general law applicable to trustees to do so, and have the power and authority on behalf of each other Trustee Party to confer the rights constituted under clause 4 below of this Trustee Schedule.
- (c) Each Trustee Party covenants to us, that: (i) it will at all times obtain and comply with the terms of and do all that is necessary to maintain in full force and effect all authorisations, approvals, licences and consents (including all requirements of the Trust Deed and the general law applicable to trustees) required to enable it lawfully to perform its obligations under this agreement; and (ii) it will promptly notify us of the occurrence of any Event of Default or Potential Event of Default with respect to itself.

### 3. Events of Default

3.1 **Events of Default:** The occurrence of any of the following additional events shall constitute an Event of Default to which Automatic Termination under clause 13.3 of this Agreement shall not apply:

- (a) any Trustee Party loses the right to be indemnified out of the assets of the Trust in respect of any obligation undertaken by it under the Agreement or any Transaction or any fact comes to our attention on the basis of which we reasonably believe that such Trustee Party would lose or has lost such right;
- (b) any Trustee Party not bound to this Agreement at the date of its execution who is at any time thereafter appointed as trustee in respect of the Trust fails to accede to and adopt this Agreement, all Transactions then outstanding and all rights and obligations thereunder within three Business Days of such appointment by duly completing, executing and delivering to us the Adoption Form in the form prescribed in this Trustee Schedule or in any other manner acceptable to us;
- (c) any Trustee Party revokes any consent given pursuant to this Trustee Schedule; and
- (d) action is taken which under the terms of the Trust Deed or by operation of law constitutes initiation of winding-up of the Trust.

### 4. New trustees

4.1 **Appointment of new trustees:** You and us and each Trustee Party acknowledges that from time to time new persons may be duly appointed as trustees of the Trust (each person so appointed, a **"New Trustee Party"**) and accordingly, notwithstanding any restriction on assignment or transfer under this Agreement:

- (a) we and each Trustee Party hereby each consent to the accession to and adoption of the terms and obligations hereunder by each and every New Trustee Party from time to time, which accession and adoption shall take effect as a novation of the Agreement and all Transactions then outstanding such that each New Trustee Party may thereafter (as trustee of the Trust and subject to the terms of the Trust Deed) exercise your rights, and shall thereafter be bound by your obligations (including obligations under such Transactions);
- (b) in any case where any Trustee Party so bound immediately before such a novation remains so bound after such novation, that Trustee Party shall be bound thereafter jointly with each New Trustee Party;
- (c) the consent given by virtue of this provision may only be revoked by a Trustee Party by notice in writing to us; and
- (d) the terms of this provision shall take effect as an open offer by us, you and each Trustee Party bound by this agreement at the time of appointment of any New Trustee Party to each and every New Trustee Party to accede to and adopt the terms and obligations under the agreement and all Transactions then outstanding hereunder, which shall be accepted by completion, execution and delivery to us of a letter substantially in the form of the Adoption Form set out in this Trustee Schedule or in any other manner acceptable to us.

### 5. Definitions and interpretation

5.1 **Definitions and interpretation:** In this Trustee Schedule:

- (a) where any such transaction is entered into with us by or on behalf of one or more Trustee Parties purportedly acting on your behalf, "Transaction" includes each such transaction;
- (b) **"Trustee Party"** means, at any time, a person holding office as trustee of the Trust at such time (whether or not a party to this Agreement); and
- (c) a reference to any person as 'it' or otherwise in the neuter gender shall not be construed so as to limit the application of the provision in which the reference appears in relation to any natural or legal person.

5.2 **Application to trustees:** Any reference in this Agreement:

- (a) to the obligations of a Party shall, insofar as it may apply to you, include a reference to the obligations owed by any Trustee Party; and any reference in the Netting Clause of this Agreement to “you”, shall be read as a reference to you or a Trustee Party; and
- (b) to “you”, at any time, includes all persons who have acceded to this Agreement in accordance with this Trustee Schedule, but does not include any person who has been, but is no longer, a Trustee Party and who has been discharged of its obligations hereunder by us in writing.

**Adoption Form**

*Note: To be completed by any Trustee Party appointed to act as trustee of the Trust after the date on which the Terms of Business were first received.*

To: Firm

[Date] .....

Dear Sirs

**Re: The Terms of Business between MUFG Bank, Ltd., London Branch, MUFG Securities EMEA plc and the Trustee(s) of [Name of Trust] dated [•] (the “Terms of Business”)**

[We/I] refer to the Terms of Business. Terms defined in the Terms of Business shall bear the same meaning in this letter.

[We/I] hereby give you notice that [we were/I was] appointed as trustee of the Trust on [date] and that accordingly [we/I] intend to accede as a Trustee Party to the Terms of Business.

[We/I] hereby consent and agree to the Terms of Business and [we/I] adopt and undertake to discharge all obligations thereunder, including all obligations (contingent or actual) outstanding in respect of Transactions entered into on or before the date of this letter.

[We/I] have read and considered the Terms of Business and expressly confirm and affirm all representations and covenants to be made by [us/me] under the Terms of Business.

This letter is intended to be immediately binding upon [us/me] and is accordingly executed and delivered as a deed on the date stated at the head of this letter.

[Where signatory is an individual]

Signed as a Deed by:

Print name:

Witnessed (signature):

Name and Address of witness:

[Where signatory is a company]

Executed as a Deed by [Name of Trustee Party]

Signature (Director):

Print name:

Signature (Director/Secretary):

Print name:

## SCHEDULE 3 – Derivatives Compliance Schedule

### Application and scope

- 1.1 **Scope:** The provisions in this Derivatives Compliance Schedule apply to all derivatives between us and you, subject to clause 1.2 of this Derivatives Compliance Schedule.
- 1.2 **Other agreements:** If you and we entered into an agreement covering in substance the issues contained in this Derivatives Compliance Schedule or you and we both have adhered to the ISDA 2013 EMIR NFC Representation Protocol or the ISDA 2013 EMIR Portfolio Reconciliation, Dispute Resolution and Disclosure Protocol published on the website of the International Swaps and Derivatives Association, Inc., the amendments to any Covered Master Agreement (as defined in the relevant Protocol) effected as a result shall prevail to the extent that they document the substance of the issues covered in this Derivatives Compliance Schedule.
- 1.3 **Agency:** Where a person enters into a Derivative with us as agent for and on behalf of a client, investor, fund, account and/or other principal, the references to "you" in this Derivatives Compliance Schedule shall be interpreted to refer to such principal.

### 2. Representation

- 2.1 **Representation:** We have categorised you and established your Counterparty Type. You have either told us your Counterparty Type or we have told you what we consider your Counterparty Type to be. You represent and warrant on each time you enter into a Derivative and at all times while such Derivative remains outstanding that such Counterparty Type is correct. You must notify us immediately upon becoming aware that this representation has ceased or is likely to cease to be true.

### 3. Confirmation of Uncleared OTC Derivatives

- 3.1 **Confirmation process:** Unless we agree with you otherwise, where we enter into any Uncleared OTC Derivative with you:
- (a) we will send you a confirmation setting out or incorporating by reference or otherwise all the terms of the Transaction as soon as reasonably practicable before the relevant confirmation deadline as set out in clause 3.2 below of this Derivatives Compliance Schedule (the "**Confirmation Deadline**");
  - (b) you must notify us, as soon as possible and in any event by the Confirmation Deadline, if you do not agree to the confirmation, setting out the reasons for your disagreement;
  - (c) you will be deemed to have agreed to the confirmation if we have not received notification of your disagreement by the Confirmation Deadline.
- 3.2 **Confirmation deadlines:** The Confirmation Deadline referred to in clause 3.1 above of this Derivatives Compliance Schedule will be as set out in the table below. Where two Confirmation Deadlines are applicable to you, the earlier Confirmation Deadline shall apply.

Counterparty Type	Confirmation Deadline
FC, NFC+, Non-EEA FC, Non-EEA NFC+, FMIA FC, FMIA NFC+	The end of the first Business Day following the date of execution of the Transaction
NFC-, Non-EEA NFC-, FMIA NFC-	The end of the second Business Day following the date of execution of the Transaction

### 4. Portfolio Reconciliation

- 4.1 **Portfolio Reconciliation Date.** From time to time we will notify you of a schedule of dates as of which portfolio reconciliation is to be carried out with respect to the Uncleared OTC Derivatives outstanding between you and us. Each date so notified is a "**Portfolio Reconciliation Date**".

- 4.2 **Designations.** We will be designated a “**Portfolio Data Sending Entity**” for the purposes of portfolio reconciliation and you will be designated to be a “**Portfolio Data Receiving Entity**”. We or you may change this designation at any time by written agreement between us (such agreement not to be unreasonably delayed and for this purpose the parties agree, without limitation, that it will not be unreasonable for a party to delay agreement where agreement would result in the other party having different designations in respect of such party and one or more Affiliated Companies of such party) and we shall notify you of how clauses 4.4 to 4.6 of this Derivatives Compliance Schedule shall be modified to give effect to the change.
- 4.3 **Reconciliation Frequency.** We will make reasonable endeavours to ensure that we perform a portfolio reconciliation exercise with you as set out in the table below. Where two Confirmation Deadlines are applicable to you, the earlier Confirmation Deadline shall apply.

Counterparty Type	Number of outstanding Uncleared OTC Derivatives between you and us	Reconciliation Frequency
FC, NFC+, Non-EEA FC, Non-EEA NFC+, FMIA FC, FMIA NFC+	50 or fewer	At least one Portfolio Reconciliation Date per quarter
	Between 51 and 499	At least one Portfolio Reconciliation Date per week
	500 or more	Each Business Day will be a Portfolio Reconciliation Date
NFC-, Non-EEA NFC-, FMIA NFC-	100 or fewer	At least one Portfolio Reconciliation Date per calendar year
	more than 100	At least one Portfolio Reconciliation Date per quarter

- 4.4 **Confirmation.** We will endeavour to provide the Portfolio Data not later than the Business Day following each Portfolio Reconciliation Date. On the Business Day following receipt of the Portfolio Data, you must undertake a comparison of the Portfolio Data against your own books and records in order to identify promptly any misunderstandings of key terms.
- 4.5 **Discrepancies.** If you identify one or more discrepancies which you consider, acting reasonably and in good faith, are material to the rights and obligations of the parties, you must notify us in writing as soon as reasonably practicable and we will consult with you in good faith to resolve such discrepancies in a timely fashion for so long as such discrepancies remain outstanding.
- 4.6 **Deemed Affirmation.** If you do not notify us of any discrepancies by 16:00 London time on the fifth Business Day following the date on which we sent the Portfolio Data, you will be deemed to have affirmed such Portfolio Data.
- 4.7 **Delegation.** We may delegate performance of portfolio reconciliation to a third party and you hereby give consent to reconciliation by these means although you may delegate performance of this obligation to a third party if we agree to this in writing.
5. **Dispute resolution**
- 5.1 **Dispute resolution procedure.** You and we agree to use the following procedure to identify and resolve Disputes:
- Either party may identify a Dispute by sending a notice promptly to the other party;
  - On and following the date the Dispute notice is sent under sub-clause (a) above, the parties will consult in good faith to resolve the Dispute in a timely manner, including, without limitation, by exchanging any relevant information and by identifying and using any Agreed Process which can be applied to the subject of the Dispute or, where no such Agreed Process exists or the parties agree that such Agreed Process would be unsuitable, determining and applying a resolution method for the Dispute; and

- (c) With respect to any Dispute that is not resolved within five Business Days, escalate issues internally to appropriately senior members of staff (or equivalent) in addition to actions under (b) above.
- 5.2 **Recording and monitoring.** You and we agree that each party will have internal procedures and processes in place to record and monitor any Dispute for as long as the Dispute remains outstanding.
- 5.3 **Agreed process.** This Derivatives Compliance Schedule and any action or inaction of either party in respect of this Derivatives Compliance Schedule are without prejudice to any rights or obligations the parties may possess in respect of each other under any Agreed Process or other contractual agreement, by operation of law or otherwise. Action or inaction by a party in respect of this Derivatives Compliance Schedule will not be presumed to operate as an exercise or waiver, in whole or part, of any right, power or privilege such party may possess in respect of each other under any Agreed Process or other contractual agreement, by operation of law or otherwise. In particular, but without limitation, (i) any valuation in respect of one or more Derivatives for the purposes of this Derivatives Compliance Schedule will be without prejudice to any other valuation with respect to such Transactions made for collateral, close out, dispute or other purpose; (ii) the parties may seek to identify and resolve issues and discrepancies between themselves before either party delivers notice of a Dispute; and (iii) nothing in this Derivatives Compliance Schedule obliges a party to deliver notice of a Dispute following the identification of any such issue or discrepancy (notwithstanding that such issue or discrepancy may remain unresolved) or limits the rights of the parties to serve notice of a Dispute or otherwise to pursue any dispute resolution process in respect of any such issue or discrepancy.
- 6 **Portfolio Compression**
- 6.1 **Compression.** Where we have 500 or more Uncleared OTC Derivatives outstanding between you and us you agree to regularly, and at least twice a year, analyse the possibility to conduct a portfolio compression exercise. Where such exercise takes place this will be subject to separate agreement between us which shall cover, inter alia, when the compression exercise takes place and becomes legally binding.
7. **Liability**
- 7.1 **No Event of Default and protection of other rights.** Without prejudice to the rights, powers, remedies and privileges provided by law, failure by you or us to take any actions required by or to otherwise comply with this Agreement or any inaccuracy of the representation and warranty regarding confidentiality, in either case, will not constitute an Event of Default in respect of either party or any other event which permits either party to terminate any transaction or agreement between the parties.
8. **Modification of this Derivatives Compliance Schedule**
- 8.1 **Amendments.** We may amend this Derivatives Compliance Schedule at any time by notice to you.
- 8.2 **Notice period.** Subject to clause 8.3, we will give you at least 10 Business Days prior notice before the proposed date of application of any amendments.
- 8.3 **Changes to Applicable Regulations.** We may amend this Derivatives Compliance Schedule with immediate effect and without prior notice if required to do so by Applicable Regulations or where required to do so by a competent authority, or if we consider in our sole discretion that it is necessary to amend this Derivatives Compliance Schedule in order to comply with Applicable Regulations.
9. **Termination and survival**
- 9.1 **Agreement to terminate.** Subject to clause 9.2 of this Derivatives Compliance Schedule, termination of this Derivatives Compliance Schedule must be agreed in writing between you and us. Agreement to terminate will not be unreasonably withheld or denied by either party.
- 9.2 **Effect on existing Derivatives.** Unless otherwise agreed in writing between you and us, this Derivatives Compliance Schedule shall survive in its entirety with respect to any Derivative

entered into between you and us up to the date of termination in accordance with clause 9.1 of this Derivatives Compliance Schedule.

9.3 **Survival.** Termination of this Derivatives Compliance Schedule is without prejudice to any accrued rights and liabilities of the parties. Clauses 7, 9 and 11 of this Derivatives Compliance Schedule shall survive termination of this Derivatives Compliance Schedule.

## 10. Notices

10.1 **Notices from you to us.** Any notices given by you under this Derivatives Compliance Schedule must be made in writing and sent to your regular MUFG BANK contact (in relation to MUFG BANK or your regular MUS(EMEA) contact in relation to MUS(EMEA)).

10.2 **Notices from us to you.** Any notices given by us under this Derivatives Compliance Schedule shall be made to your last-known address for service of notices.

10.3 **Effective date.** Any notice given by you shall be effective only upon actual receipt by us. Any notice given by us shall be effective upon the date of that notice.

## 11. Definitions

11.1 **Definitions and interpretation.** For the purposes of this Derivatives Compliance Schedule:

- (a) "Agreed Process" means any process agreed between the parties in relation to a Dispute other than the procedure set out in clause 5.1 of this Derivatives Compliance Schedule.
- (b) "Counterparty Type" means the type of counterparty we have categorised you as being any of the following: FC, NFC+, NFC-, Non-EEA FC, Non-EEA NFC+, Non-EEA NFC-, FMIA FC, FMIA NFC+ and FMIA NFC-.
- (c) "Derivative" shall have the meaning given to the term "derivative" in EMIR.
- (d) "Dispute" means any dispute regarding the existence, validity, termination or valuation of any Uncleared OTC Derivative subject to this Derivatives Compliance Schedule or in relation to any exchange of collateral in relation to such an Uncleared OTC Derivative.
- (e) "ESMA" means the European Securities Markets Authority.
- (f) "FC" means a financial counterparty as defined in EMIR.
- (g) "FMIA" means the Swiss Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading of 19 June 2015.
- (h) "FMIA FC" means a financial counterparty referred to in Article 93(2) of FMIA.
- (i) "FMIA NFC+" means a non-financial counterparty referred to in Article 93(3) of FMIA which is not a small non-financial counterparty as referred to in Article 98 of FMIA.
- (j) "FMIA NFC-" means a small non-financial counterparty as referred to in Article 93(3) of FMIA which is a small non-financial counterparty as referred to in Article 98 of FMIA.
- (k) "NFC+" means a non-financial counterparty, as defined in EMIR, that is referred to in Article 10 of EMIR.
- (l) "NFC-" means a non-financial counterparty, as defined in EMIR, that is not referred to in Article 10 of EMIR.
- (m) "Non-EEA FC" means an entity established outside the EEA which would have been a financial counterparty if it had been established in the EEA.
- (n) "Non-EEA NFC+" means an entity established outside the EEA which would have been a non-financial counterparty referred to in Article 10 of EMIR if it had been established in the EEA.
- (o) "Non-EEA NFC-" means an entity established outside the EEA which would have been a non-financial counterparty that is not referred to in Article 10 of EMIR if it had been established in the EEA.
- (p) "Portfolio Data" means the key terms of any Uncleared OTC Derivative outstanding between the parties on each Portfolio Reconciliation Date, that identify each particular

contract, including (but not limited to) the valuation attributed to each contract in accordance with Article 11(2) of EMIR.

- (q) "Portfolio Reconciliation Date" has the meaning given in clause 4.1 of this Derivatives Compliance Schedule.
- (r) "Uncleared OTC Derivative" means a Derivative that has been entered into over-the-counter and that has not been cleared by a central counterparty authorised or recognised under EMIR.

11.2 **Capitalised terms.** All capitalised terms in this Derivatives Compliance Schedule which are not otherwise defined in this Derivatives Compliance Schedule shall have the same meaning as under EMIR.

## SCHEDULE 4 – RISK DISCLOSURE STATEMENT

The information set out in this Schedule 4 is provided for your information only, and is not intended to be relied upon as legal, tax or other advice.

### PRODUCT INFORMATION

#### 1 Understanding the risk of Equity Securities

- 1.1 Buying Equity Securities (the most common form of which are shares) means that you will become a member of the issuer company and participate fully in its economic risk. You will be entitled to receive any dividend distributed (if it elects to pay dividends to its shareholders) out of the issues profits made during the reference period. On the other hand, buying debt securities (such as bonds and certificates of deposit) means that you are, in effect, a lender to the company or entity that has issued the securities and are entitled to receive specified periodic interest payments, as well as repayment of the principal at maturity.
- 1.2 Generally, holdings in Equity Securities expose holders to more risk than debt securities since remuneration is tied more closely to the profitability of the issuer. In the event of insolvency (or an equivalent event) of the issuer, your claims for recovery of your equity investment in the issuer will generally be subordinated to the claims of both preferred or secured creditors and ordinary unsecured creditors of the issuer.
- 1.3 Shares have exposure to all the major market risk types. In addition, there is a risk that there could be volatility or problems in the sector that the company is in. If the company is private, i.e. not listed or traded on an exchange, or is listed but only traded infrequently, there may also be liquidity risk, whereby shares could become very difficult to dispose of. If shares have to be sold quickly, you may get back much less than was paid for them.
- 1.4 The price may change quickly and it may go down as well as up. You could lose the entire value of your investment.

#### 2 Ordinary shares

- 2.1 Ordinary shares are issued by limited liability companies as the primary means of raising risk capital. The issuer has no obligation to repay the original cost of the share, or the capital, to the shareholder until the issuer is wound up (in other words, the issuer company ceases to exist). In return for the capital investment in the share, the issuer may make discretionary dividend payments to shareholders which could take the form of cash or additional shares.
- 2.2 Ordinary shares usually carry a right to vote at general meetings of the issuer. There is no guaranteed return on an investment in ordinary shares, and in a liquidation of the issuer, ordinary shareholders are amongst the last with a right to repayment of capital and any surplus funds of the issuer, which could lead to a loss of a substantial proportion, or all, of the original investment.

#### 3 Preference shares

- 3.1 Unlike ordinary shares, preference shares give shareholders the right to a fixed dividend the calculation of which is not based on the success of the issuer company. They therefore tend to be a less risky form of investment than ordinary shares. Preference shares do not usually give shareholders the right to vote at general meetings of the issuer, but shareholders will have a greater preference to any surplus funds of the issuer than ordinary shareholders, should the issuer go into liquidation.

#### 4 Depositary Receipts

- 4.1 Depositary Receipts (ADRs, GDRs, etc.) are negotiable certificates, typically issued by a bank, which represent a specific number of shares in a company, traded on a stock exchange which is local or overseas to the issuer of the receipt. They may facilitate investment in the companies due to the widespread availability of price information, lower transaction costs and timely dividend distributions. The risks involved relate both to the underlying share and to the bank issuing the receipt. In addition, there are important differences between the rights of holders of ADRs and GDRs, (together, "**Depositary Receipts**") and the rights of holders of the shares of the underlying share issuer represented by such Depositary Receipts.

- 4.2 The relevant deposit agreement for the Depositary Receipt sets out the rights and responsibilities of the depositary (being the issuer of the Depositary Receipt), the underlying share issuer and holders of the Depositary Receipt which may be different from the rights of holders of the underlying shares. For example, the underlying share issuer may make distributions in respect of its underlying shares that are not passed on to the holders of its Depositary Receipts. Any such differences between the rights of holders of the Depositary Receipts and holders of the underlying shares of the underlying share issuer may be significant and may materially and adversely affect the value of the relevant instruments. Depositary Receipts representing underlying shares in a foreign jurisdiction (in particular an emerging market jurisdiction) also involve risks associated with the securities markets in such jurisdictions.

## 5 Penny shares

- 5.1 There is an extra risk of losing money when shares are bought in some smaller companies, including penny shares. There is a big difference between the buying price and the selling price of these shares. If they have to be sold immediately, you may get back much less than you paid for them. The price may change quickly and it may go down as well as up.

## 6 Understanding the Risk of derivative products

- 6.1 You should not deal in derivative products unless you understand the nature of the contract you are entering into and the extent of your exposure to risk. You should also be satisfied that the contract is suitable for you in the light of your circumstances and financial position.
- 6.2 Although forwards and options can be utilised for the management of investment risk, some of these products are unsuitable for many investors. Derivative products will not always act in the same way. Relationships with us may differ depending on the product and style of the transaction, and clearing houses may not always owe you a direct commitment. Different products involve different levels of exposure to risk and in deciding whether to trade in such products you should be aware of the following points.
- 6.3 You should be aware that the product information contained in this Schedule 4 is not necessarily a comprehensive description of all aspects of the product.
- 6.4 A derivative is a financial instrument, the value of which is derived from an underlying asset's value. Rather than trade or exchange the asset itself, an agreement is entered into to exchange money, assets or some other value at some future date based on the underlying asset. A premium may also be payable to acquire the derivative instrument.
- 6.5 There are many types of derivative, but options, futures and swaps are among the most common. An investor in derivatives often assumes a high level of risk, and therefore investments in derivatives should be made with caution, especially for less experienced investors or investors with a limited amount of capital to invest.
- 6.6 If a derivative transaction is particularly large or if the relevant market is illiquid (as may be the case with many privately negotiated off-exchange derivatives), it may not be possible to initiate a transaction or liquidate a position at an advantageous price.
- 6.7 On-exchange derivatives are subject, in addition, to the risks of exchange trading generally, including potentially the requirement to provide margin. Off-exchange derivatives may take the form of unlisted transferable securities or bi-lateral "**over-the-counter**" contracts ("**OTC**"). Although these forms of derivatives may be traded differently, both arrangements may be subject to credit risk of the Issuer (if transferable securities) or the counterparty (if OTCs) and, like any contract, are subject also to the particular terms of the contract (whether a one-off transferable security or OTC, or a master agreement), as well as the risks identified in Part III below. In particular, with an OTC contract, the counterparty may not be bound to "**close out**" or liquidate this position, and so it may not be possible to terminate a loss-making contract. Off-exchange derivatives are individually negotiated. As the terms of the transactions are not standardised and no centralised pricing source exists (as exists for exchange traded instruments), the transactions may be difficult to value. Different pricing formulas and financial assumptions may yield different values, and different financial institutions may quote different prices for the same transaction. In addition, the value of an off-exchange derivative will vary

over time and is affected by many factors, including the remaining time until maturity, the market price, price volatility and prevailing interest rates.

- 6.8 Derivatives can be used for speculative purposes or as hedges to manage other investment or economic risks. In all cases the suitability of the transaction for the particular investor should be very carefully considered.
- 6.9 You are therefore advised to ask about the terms and conditions of the specific derivatives and associated obligations (e.g. the circumstances under which you may become obligated to make or take delivery of an underlying asset and, in respect of options, expiration dates and restrictions on the time for exercise). Under certain circumstances the specifications of outstanding contracts (including the exercise price of an option) may be modified by the exchange or clearing house to reflect changes in the underlying asset. Normal pricing relationships between the underlying asset and the derivative may not exist in all cases. This can occur when, for example, the futures contract underlying the option is subject to price limits while the option is not. The absence of an underlying reference price may make it difficult to assess 'fair' value.
- 6.10 The points set out below in relation to different types of derivative are not only applicable specifically to these derivatives but are also applicable more widely to derivatives generally. All derivatives are potentially subject to the major risk types set out below from clause 30 of this Risk Disclosure Statement Schedule onwards, especially market risk, credit risk and any specific sector risks connected with the underlying asset.

## 7 Futures, forwards and forward rate agreements

- 7.1 Transactions in futures or forwards involve the obligation to make, or to take, delivery of the underlying asset of the contract at a future date, or in some cases to settle the position with cash. They carry a high degree of risk. The 'gearing' or 'leverage' often obtainable in futures and forwards trading means that a small deposit or down payment can lead to large losses as well as gains. It also means that a relatively small movement can lead to a proportionately much larger movement in the value of your investment, and this can work against you as well as for you.
- 7.2 Futures and forwards transactions have a contingent liability, and you should be aware of the implications of this, in particular margining requirements: these are that, on a daily basis, with all exchange-traded, and most OTC off-exchange, futures and forwards, you will have to pay over in cash losses incurred on a daily basis and if you fail to, the contract may be terminated.

## 8 Options

- 8.1 There are many different types of options with different characteristics subject to the following conditions.
- (a) **Buying options:** Buying options involves less risk than selling options because, if the price of the underlying asset moves against you, you can simply allow the option to lapse. The maximum loss is limited to the premium, plus any commission or other transaction charges. However, if you buy a call option on a futures contract and you later exercise the option, you will acquire the future. This will expose you to the risks described under 'futures' and 'contingent liability investment transactions'.
- (b) **Writing options:** If you write an option, the risk involved is considerably greater than buying options. You may be liable for margin to maintain your position and a loss may be sustained well in excess of the premium received. By writing an option, you accept a legal obligation to purchase or sell the underlying asset if the option is exercised against you, however far the market price has moved away from the exercise price. If you already own the underlying asset which you have contracted to sell (when the options will be known as 'covered call options') the risk is reduced. If you do not own the underlying asset ('uncovered call options') the risk can be unlimited. Only experienced persons should contemplate writing uncovered options, and then only after securing full details of the applicable conditions and potential risk exposure.
- (c) **Traditional options:** Certain London Stock Exchange ("LSE") member firms under special LSE rules write a particular type of option called a 'traditional option'. These may involve greater risk than other options. Two-way prices are not usually quoted and there

is no access to a market via a Market on which to close out an open position or to effect an equal and opposite transaction to reverse an open position. It may be difficult to assess its value or for the seller of such an option to manage his exposure to risk.

- 8.2 Certain options Markets operate on a margined basis, under which buyers do not pay the full premium on their option at the time they purchase it. In this situation you may subsequently be called upon to pay margin on the option up to the level of your premium. If you fail to do so as required, your position may be closed or liquidated in the same way as a futures position.
- 8.3 Depending on the type of option entered into, there may be increased exposure to market risk when compared to other financial products. There are several option styles including (but not limited to) American-, European- and Bermuda-style. An American-style option may be exercised at any time prior to its expiration. A European-style option may only be exercised on a specific date, its expiration date. A Bermuda-style option may be exercised on certain specified dates during the term of the transaction.
- 8.4 If you buy an American-style call option and the relevant market price of the underlying asset never rises above the strike price on the option (or if you fail to exercise the option while such condition exists), the option will expire unexercised and you will have lost the premium you paid for the option. Similarly, if you buy an American-style put option and the relevant market price for the underlying asset does not fall below the option strike price (or if you fail to exercise the option while such condition exists), the option will not be exercised and you will have lost the premium you paid for the put option.
- 8.5 Purchasing European-style or Bermuda-style options may carry additional market risk since the option could be **"in-the-money"** for part or substantially all of the holding period but not on the exercise date(s). A call option is **"in-the-money"** if the strike price is lower than the relevant market price for the underlying asset. A put option is **"in-the-money"** if the strike price is higher than the relevant market price for the underlying asset.
- 8.6 It is even possible for the holder of an exercised, **"in-the-money"** option to lose money on an option transaction. Such a situation exists whenever the value received under the option fails to exceed the purchaser's costs of entering into the option transaction (the premium and any other costs and expenses).
- 8.7 If you are a potential writer of an option, you should consider how the type of option affects the timing of your potential payment and delivery obligations thereunder. As the writer of a European-style option, the timing of any payment and delivery is predictable. Absent early termination, no settlements will be necessary prior to the expiration date. As the writer of an American-style option, however, you must be certain that you are prepared to satisfy your potential payment and delivery obligations at any time during the exercise period (possibly quite soon following the sale of the option)..

## 9 Contracts for differences

- 9.1 Futures and options contracts can also be referred to as a contract for differences. These can be options and futures on the FTSE 100 index or any other index, as well as currency and interest rate swaps. However, unlike other futures and options, these contracts can only be settled in cash. Investing in a contract for differences carries the same risks as investing in a future or an option. Transactions in contracts for differences may also have a contingent liability and you should be aware of the implications of this.

## 10 Swaps

- 10.1 A swap agreement is a derivative where two counterparties exchange one stream of cash flows against another stream, calculated by reference to an **"underlying"** (such as securities' indices, bonds currencies, interest rates or commodities, or more intangible items).
- 10.2 A swap agreement may also be combined with an option. Such an option may be structured in two different ways. On the one hand, **"swaptions"** are transactions that give the purchaser of the swaption the right, against payment of a premium, to exercise or not to exercise, until the agreed maturity date, its right to enter into a preagreed swap agreement. On the other hand, **"caps"**, **"floors"** and **"collars"** enable a party, against payment or receipt of a premium, to protect itself against, or to take an exposure on, the variation on the value or level of an underlying.

- 10.3 A major risk of off-exchange derivatives, (including swaps) is known as counterparty risk, whereby a party is exposed to the inability of its counterparty to perform its obligations under the relevant Financial Instrument. For example if a party, A, wants a fixed interest rate loan and so swaps a variable rate loan with another party, B, thereby swapping payments, this will synthetically create a fixed rate for A. However, if B goes insolvent, A will lose its fixed rate and will be paying a variable rate again. If interest rates have gone up a lot, it is possible that A will struggle to repay.

## **11 Break costs**

- 11.1 If you enter into an OTC contract with us and decide to close out the Transaction before its scheduled termination date, you may have to pay breakage costs. These will be calculated by reference to prevailing market conditions on the basis of current market levels and market expectations of future performance and future obligations under the Transaction and may include associated costs, such as credit charges, our cost of funding, and any costs incurred by us in terminating any related financial instrument or trading position. Please note that such break costs may be substantial.

## **12 Securitised derivatives**

- 12.1 These instruments may give you a right to acquire or sell one or more types of investment which is normally exercisable against someone other than the issuer of that investment, or they may give you rights under a contract for differences which allow for speculation on fluctuations in the value of the property of any description or an index, such as the FTSE 100 index. In both cases, the investment or property may be referred to as the “**underlying instrument**”.
- 12.2 These instruments often involve a high degree of gearing or leverage, so that a relatively small movement in the price of the underlying investment results in a much larger movement, unfavourable or favourable, in the price of the instrument. The price of these instruments can therefore be volatile.
- 12.3 These instruments have a limited life, and may (unless there is some form of guaranteed return of the amount you are investing in the product) expire worthless if the underlying instrument does not perform as expected.
- 12.4 You should only buy this product if you are prepared to sustain a substantial loss of the money you have invested plus any commission or other transaction charges.
- 12.5 You should consider carefully whether or not this product is suitable for you in light of your circumstances and financial position, and if in any doubt please seek professional advice.

## **13 Combined instruments**

- 13.1 Any combined instruments, such as a bond with a warrant attached, is exposed to the risk of both those products and so combined products may contain a risk which is greater than those of its components generally, although certain combined instruments may contain risk mitigation features, such as principal protected instruments.

## **14 Baskets**

- 14.1 The value of a basket of products (such as shares, indices etc.) may be affected by the number and quality of reference assets included in such basket. Generally, the value of a basket that includes reference assets from a number of reference asset issuers or indices will be less affected by changes in the value of any particular reference asset included therein than a basket that includes fewer reference assets, or that gives greater weight to some reference assets included therein. In addition, if the reference assets included in basket are concentrated in a particular industry, the value of such a basket will be more affected by the economic, financial and other factors affecting that industry than if the reference assets included in the basket are in various industries that are affected by different economic, financial or other factors or are affected by such factors in different ways.

## **15 Liquidity**

- 15.1 The liquidity of an instrument is directly affected by the supply and demand for that instrument and also indirectly by other factors, including market disruptions (for example a disruption on the relevant exchange) or infrastructure issues, such as a lack of sophistication or disruption in

the securities settlement process. Under certain trading conditions it may be difficult or impossible to liquidate or acquire a position. This may occur, for example, at times of rapid price movement if the price rises or falls to such an extent that under the rules of the relevant exchange trading is suspended or restricted. Placing a stop-loss order will not necessarily limit your losses to intended amounts, but market conditions may make it impossible to execute such an order at the stipulated price. In addition, unless the contract terms so provide, a party may not have to accept early termination of a contract or buy back or redeem the relevant product and there may therefore be zero liquidity in the product. In other cases, early termination, realisation or redemption may result in you receiving substantially less than you paid for the product or, in some cases, nothing at all.

## **16 Contingent liability Transactions**

- 16.1 Contingent liability Transactions, which are margined, require you to make a series of payments against the purchase price, instead of paying the whole purchase price immediately.
- 16.2 If you trade in futures, contracts for differences or sell options you may sustain a total loss of the margin you deposit with your firm to establish or maintain a position. If the market moves against you, you may be called upon to pay substantial additional margin at short notice to maintain the position. If you fail to do so within the time required, your position may be liquidated at a loss and you will be responsible for the resulting deficit.
- 16.3 Even if a Transaction is not margined, it may still carry an obligation to make further payments in certain circumstances over and above any amount paid when you entered the contract.

## **17 Limited liability Transactions**

- 17.1 Before entering into a limited liability Transaction, you should obtain from your firm, or the firm with whom you are dealing, a formal written statement confirming that the extent of your loss liability on each Transaction will be limited to an amount agreed by you before you enter into the Transaction.
- 17.2 The amount you can lose in limited liability Transactions will be less than in other margined Transactions, which have no predetermined loss limit. Nevertheless, even though the extent of loss will be subject to the agreed limit, you may sustain the loss in a relatively short time. Your loss may be limited, but the risk of sustaining a total loss to the amount agreed is substantial.

## **18 Suspensions of trading**

- 18.1 Under certain trading conditions it may be difficult or impossible to liquidate a position. This may occur, for example, at times of rapid price movement if the price rises or falls in one trading session to such an extent that under the rules of the relevant Market trading is suspended or restricted or if the systems of the relevant Market cannot function for any reason. Placing a stop-loss order will not necessarily limit your losses to the intended amounts, because market conditions may make it impossible to execute such an order at the stipulated price.

## **19 Clearing house protections**

- 19.1 On many Markets, the performance of a Transaction by your firm (or third party with whom he is dealing on your behalf) is 'guaranteed' by the Market or clearing house. However, this guarantee is unlikely in most circumstances to cover you, the client, and may not protect you if your firm or another party defaults on its obligations to you. Not all Markets act in the same way.

## **20 Insolvency**

- 20.1 Your firm's insolvency or default, or that of any other brokers involved with your transaction, may lead to positions being liquidated or closed out without your consent. In certain circumstances, you may not get back the actual assets which you lodged as collateral and you may have to accept any available payments in cash. On request, your firm must provide an explanation of the extent to which it will accept liability for any insolvency of, or default by, other firms involved with your Transactions.

## **21 Warrants**

- 21.1 A warrant is a time-limited right to subscribe for shares, debentures, loan stock or government securities and is exercisable against the original issuer of the underlying securities. Warrants often involve a high degree of gearing, so that a relatively small movement in the price of the underlying security results in a disproportionately large movement, unfavourable or favourable, in the price of the warrant. The prices of warrants can therefore be volatile.
- 21.2 It is essential for anyone who is considering purchasing warrants to understand that the right to subscribe which a warrant confers is invariably limited in time with the consequence that if the investor fails to exercise this right within the pre-determined timescale then the investment becomes worthless.
- 21.3 You should not buy a warrant unless you are prepared to sustain a total loss of the money you have invested plus any commission or other transaction charges.
- 21.4 Transactions in off-Market warrants may involve greater risk than dealing in Market traded warrants because there is no access to a market through which to liquidate your position, or to assess the value of the warrant or the exposure to risk. Bid and offer prices need not be quoted, and even where they are, they will be established by dealers in these instruments and consequently it may be difficult to establish what is a fair price.

## **22 Money-market instrument**

- 22.1 A money-market instrument is a borrowing of cash for a period, generally no longer than six months, but occasionally up to one year, in which the lender takes a deposit from the money markets in order to lend (or advance) it to the borrower. Unlike in an overdraft, the borrower must specify the exact amount and the period for which he wishes to borrow. Like other debt instruments, money-market instruments may be exposed to the major risk types in set out below from clause 30 of this Risk Disclosure Statement Schedule onwards, in particular credit and interest rate risk.

## **23 Debt instruments, bonds and debentures**

- 23.1 All debt instruments are potentially exposed to the market risk types, in particular credit risk and interest rate risk. Debt securities may be subject to the risk of the issuer's inability to meet principal and /or interest payments on the obligation and may also be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer, general market liquidity, and other economic factors, amongst other issues. When interest rates rise, the value of corporate debt securities can be expected to decline. Fixed-rate transferable debt securities with longer maturities/lower coupons tend to be more sensitive to interest rate movements than those with shorter maturities/higher coupons.

## **24 Collective investment schemes**

- 24.1 Collective investment schemes and their underlying assets are potentially exposed to all of the market risk types.
- 24.2 There are many different types of collective investment schemes. Generally, a collective investment scheme will involve an arrangement that enables a number of investors to 'pool' their assets and have these professionally managed by an independent manager. Investments may typically include gilts, bonds and quoted equities, but depending on the type of scheme, may go wider into derivatives, real estate or any other asset. There may be risks on the underlying assets held by the scheme and investors are advised, therefore, to check whether the scheme holds a number of different assets, thus spreading its risk. Subject to this, investment in such schemes may reduce risk by spreading the investor's investment more widely than may have been possible if he or she was to invest in the assets directly.
- 24.3 The reduction in risk may be achieved because the wide range of investments held in a collective investment scheme can reduce the effect that a change in the value of any one investment may have on the overall performance of the portfolio. Although, therefore, seen as a way to spread risks, the portfolio price can fall as well as rise and, depending on the investment decisions made, a collective investment scheme may be exposed to many different major risk types.

- 24.4 The valuation of a collective investment scheme is generally controlled by the relevant fund manager or the investment adviser (as the case may be) of the collective investment scheme.
- 24.5 Valuations are performed in accordance with the terms and conditions governing the collective investment scheme. Such valuations may be based upon the unaudited financial records of the collective investment scheme and any accounts pertaining thereto. Such valuations may be preliminary calculations of the net asset values of the collective investment schemes and accounts. The collective investment scheme may hold a significant number of investments which are illiquid or otherwise not actively traded and in respect of which reliable prices may be difficult to obtain. In consequence, the relevant fund manager or the investment adviser may vary certain quotations for such investments held by the collective investment scheme in order to reflect its judgment as to the fair value thereof. Therefore, valuations may be subject to subsequent adjustments upward or downward. Uncertainties as to the valuation of the collective investment scheme assets and/or accounts may have an adverse effect on the net asset value of the relevant collective investment scheme where such judgments regarding valuations prove to be incorrect.
- 24.6 A collective investment scheme and any collective investment scheme components in which it may invest may utilise (inter alia) strategies such as short-selling, leverage, securities lending and borrowing, investment in sub-investment grade or non-readily realisable investments, uncovered options transactions, options and futures transactions and foreign exchange transactions and the use of concentrated portfolios, each of which could, in certain circumstances, magnify adverse market developments and losses. Collective investment schemes, and any collective investment scheme components in which it may invest, may make investments in markets that are volatile and/or illiquid and it may be difficult or costly for positions therein to be opened or liquidated. The performance of each collective investment scheme and any collective investment scheme component in which it may invest is dependent on the performance of the collective investment scheme managers in selecting collective investment scheme components and the management of the relevant component in respect of the collective investment scheme components.
- 24.7 In addition, the opportunities to realise an investment in a collective investment scheme is often limited in accordance with the terms and conditions applicable to the scheme and subject to long periods of advance notice (during which the price at which interests may be redeemed may fluctuate or move against you). There may be no secondary market in the collective investment scheme and therefore an investment in such a scheme may be (highly) illiquid.

## **25 Alternative investments**

- 25.1 Hedge funds and other private investment fund investments ("**alternative investments**") may involve complex tax and legal considerations and can give rise to considerable risks.
- 25.2 Although often in the form of collective investment schemes, alternative investments are often not subject to the same regulatory requirements or oversight as traditional collective investment schemes. Sponsors or managers of alternative investments may also not be registered with any government agency or regulatory authority. Investors in alternative investments may also have limited rights with respect to their investment interest, including limited voting rights and participation in the management of the alternative investment.
- 25.3 Alternative investments often engage in leverage and other speculative investment practices, which involve a high degree of risk. Such practices may increase the volatility of performance and the risk of investment loss, including the loss of the entire amount that is invested. Interests in alternative investments are often highly illiquid as there is no public market for such interests and are often only transferable with consent. The illiquid nature of such investments can mean interests can be difficult to value and can render transfer (particularly within a required timeframe) difficult. Alternative investments may themselves invest in instruments that may be highly illiquid and difficult to value. Alternative investments may also not be required to provide you with periodic pricing or valuation information. Again, this may limit your ability to redeem or transfer your investment or delay receipt of redemption proceeds. It should be noted that alternative investments may impose significant fees and charges, including management fees that are based upon a percentage of the realised and unrealised gains or management fees that are set at a fixed percentage of assets under management regardless of performance returns.

## 26 Exchange traded funds

- 26.1 Exchange traded funds ("**ETFs**") are closed-ended collective investment schemes, traded as shares on stock exchanges, and typically replicate a stock market index, market sector, commodity or basket of assets. As such, they generally combine the flexibility and tradability of a share with the diversification of a collective investment scheme.
- 26.2 Where you purchase ETFs, you will be exposed to similar risks as detailed in respect of equity securities and collective investment schemes.

## 27 Deposited cash and property

- 27.1 You should familiarise yourself with the protections accorded to you in respect of money or other property you deposit for domestic and foreign transactions, particularly in the event of a firm insolvency or bankruptcy. The extent to which you may recover your money or property may be governed by specific legislation or local rules. In some jurisdictions, property, which had been specifically identifiable as your own, will be pro-rated in the same manner as cash for purposes of distribution in the event of a shortfall.

## 28 Structured capital-at-risk products

- 28.1 These products are designed to provide you with an agreed level of income or growth over a specified investment period. The return of the capital you initially invested may be linked to the performance of an index, a "**basket**" of selected stocks or other factors. If the product has performed within specified limits, you will be repaid the capital you initially invested but if not, you could lose some or all of your initial capital. Investing in these products can put the capital you initially invested at risk. These products are not 100% protected.
- 28.2 The range of products may include those where the return is linked to an index or indices, a basket of securities or other specified factors which relate to one or more of the following: equity or debt securities, interest rates, currency exchange rates or commodities. Some of the products include an element of principal protection, at a level which is stated at the time of the initial investment, so that on maturity of the investment you are assured of the return, at a minimum, of the stated proportion of your initial capital invested (subject always to the credit of the issuer of the product). In respect of some products which include an element of principal protection, the return of the stated proportion of your initial capital invested may depend on a pre-agreed level of performance being achieved or the product being held to maturity. If the performance is not attained or the product is not held to maturity the element of principal protection will not apply. Different products involve different levels of exposure to risk (and reward) and in deciding whether to trade in such products you should be aware of the following points.
- (a) There is no guarantee that all of the initial capital invested by you will be returned to you on maturity of the investment. You may therefore get back a lesser amount than you originally invested.
  - (b) These investments may involve a degree of gearing or leverage, so that a relatively small movement in the relevant index/indices, basket or other specified factor(s) results in a disproportionately large movement, unfavourable or favourable, in the amount paid out to you on maturity of the investment.
  - (c) Investments linked to the performance of an index do not include an allowance for any return or reinvestment of dividend income from the underlying constituents of the index.
  - (d) If you decide to redeem or sell the investment before its stated maturity, you may not gain the maximum benefit of the investment and may receive a poor return or less than the initial capital invested. Early redemption penalties may be applicable in some circumstances.
  - (e) The initial capital you invest may be placed into high risk investments such as non-investment grade bonds/instruments linked to commodities or indices on commodities.
  - (f) The stated rate of growth or income in relation to an investment may depend on specified conditions being met, including the performance of the relevant index/indices, basket of selected stocks or other specified factor(s).

- (g) You should not deal in these investments unless you are prepared to sustain a loss of the money you have invested (a loss which may be total or may be partial as specified in the relevant terms and conditions) plus any commission or other transaction charges.

## **29 Stock lending and repos**

- 29.1 The term repo refers to a sale and repurchase transaction. The effect of lending (or repo'ing) securities to a third party is to transfer title to them to the borrower (or repo purchaser) for the period that they are lent (or repo'ed). At the end of the period, subject to default of the borrower (or repo purchaser), the lender (or repo seller) receives back securities of the same issuer and type. The borrower's (or repo purchaser's) obligation to transfer equivalent securities is secured against collateral (which is usually transferred by a title transfer mechanism pursuant to market standard agreements). There is, accordingly, credit risk. Lending (or repo'ing) securities may affect your tax position. We do not provide tax or legal advice.
- 29.2 As a result of lending securities you will cease to be the owner of them, although you will have the right to reacquire at a future date equivalent securities (or in certain circumstances their cash value or the proceeds of redemption). However, except to the extent that you have received collateral, your right to the return of securities is subject to the risk of insolvency or other non-performance by the borrower. Since you are not the owner during the period securities are lent out, you will not have voting rights nor will you directly receive dividends or other corporate actions although you will normally be entitled to a payment from the borrower equivalent to the dividend you would otherwise have received and the borrower will be required to account for you for the benefit of corporate actions. Full details will be contained in any stock lending agreement you enter into and the above description is subject to the terms of any such document.

## **OTHER INFORMATION APPLICABLE TO SEVERAL PRODUCTS**

### **30 Title Transfer Collateral Arrangements**

- 30.1 Where you provide cash collateral to us under a Title Transfer Collateral Arrangement:
  - (a) you will not have a proprietary claim over such cash (even where we act as your agent);
  - (b) you will have an unsecured contractual claim against us for repayment of an equivalent amount subject to the terms of any relevant agreement;
  - (c) such cash will not be held by us in accordance with the Client Money Rules (and, among other things, will not be segregated from our assets or held subject to a trust);
  - (d) in the event of our insolvency, you will have an unsecured claim against us in respect of such cash and you may not recover the full value thereof; and
  - (e) you will not be entitled to receive any interest that may have otherwise been payable in respect of such cash (subject to any contractual rights that you may have otherwise agreed with us to the contrary).
- 30.2 Where you provide assets to us under a Title Transfer Collateral Arrangement:
  - (a) you will have, and any proprietary or other rights that you may have had (where relevant) in those assets as client assets will be replaced by, an unsecured contractual claim for delivery of equivalent assets subject to the terms of any relevant agreement;
  - (b) such assets will not be held by us in accordance with the FCA Rules on safe custody assets (and, among other things, will not be segregated from our assets or held subject to a trust);
  - (c) you will not be entitled to exercise any voting, consent or similar rights attached to the assets (subject to any contractual rights that you may have otherwise agreed with us to direct us to exercise voting, consent or similar rights);
  - (d) you will not be entitled to receive a manufactured distribution (subject to any equivalent rights contractually agreed with us); and
  - (e) the provision of assets to us under a Title Transfer Collateral Arrangement, the receipt by you of manufactured distributions and the delivery by us to you of equivalent assets may

give rise to tax consequences that differ from the tax consequences that would have otherwise applied in relation to the holding by you (or by us for your account) of, and the receipt of distributions or other monies or assets delivered pursuant to, those assets.

- 30.3 You may request that we terminate an arrangement relating to the transfer of full ownership of your money or assets to us. We have absolute and sole discretion as to whether we agree to such a request.

### **31 Foreign markets**

- 31.1 Foreign markets will involve different risks from the UK markets. In some cases the risks will be greater. On written request, we will provide an explanation of the relevant risks and protections (if any) which will operate in any foreign markets, including the extent to which we will accept liability for any default of a foreign firm through whom we deal. The potential for profit or loss from transactions on foreign markets or in foreign denominated contracts will be affected by fluctuations in foreign exchange rates. Such transactions may also be affected by exchange controls that could prevent or delay performance.

### **32 Emerging markets risks**

- 32.1 The securities markets of emerging countries are in the early stages of their development and many of them generally lack the levels of transparency, liquidity, efficiency and regulation characteristic of the more developed markets. In some of these markets, standard practices, market customs and usages have yet to evolve and be readily identifiable as such by market participants. The credit rating of local financial institutions may not be high and there is often limited trust in such institutions. Government supervision of securities markets, investment intermediaries and of quoted companies may be considerably less well developed than in many countries with well-established markets and, in some cases, effectively non-existent. Many regulations are unclear in their scope and effect, and there may be a greater risk than in more developed countries of activities conducted in good faith on the basis of professional advice subsequently being regarded as not in compliance with fiscal, currency control, securities, corporate or other Applicable Regulations. In addition, where a system of regulation is present, it may lack any, or any adequate, mechanism to enforce compliance by participants. The valuation of both enterprises and securities in some of these countries has sometimes proved problematic in the absence of efficient secondary markets. In particular, the illiquidity of the markets in general or of particular securities in some of these countries may make it difficult to determine an accurate valuation for a particular security or whether such security could actually be sold at such a price. In addition, due to historic difficulties in acquiring securities in certain of these countries, depository receipts or derivatives relating to certain of such securities have been created which may not be fungible with each other or the securities underlying or relating to such depository receipts or derivatives. This might lead to such depository receipts or derivatives trading at substantial premiums or discounts to the underlying or related securities.
- 32.2 Many emerging countries lack a strong infrastructure. Telecommunications generally are poor, and banks and other financial systems are not always well developed, well-regulated or well integrated. These countries may also have considerable external debt, which could affect the proper functioning of their economies with a corresponding adverse impact on the performance of their markets. Tax regimes may be subject to the risk of a sudden imposition of arbitrary or onerous taxes, which could adversely affect foreign investors.
- 32.3 Businesses in these countries may have a limited history operating in market conditions. Accordingly, when compared to companies in more developed markets, such businesses may be characterised by a lack of management who are experienced in market conditions and a limited capital base with which to develop their operations.
- 32.4 The political systems in the majority of emerging countries have been the subject of substantial and positive reforms. The relative infancy of some of these political systems may mean that they are more vulnerable in the face of popular dissatisfaction with reform, political or diplomatic developments, or social, ethnic or religious instability. Such developments, if they were to occur, could in turn lead to a reversal of some or all of the democratic reforms, a backlash against foreign investment and, in a worst case scenario in some countries, a return to a centralised planned economy and state ownership of assets. This could involve the compulsory nationalisation or expropriation of foreign-owned assets without adequate

compensation, or the restructuring of particular industry sectors in a way which could adversely affect private investors in such sectors.

- 32.5 Foreign investment in emerging countries is in some cases restricted. Some of these countries have non-convertible currencies and the value of investments may be affected by fluctuations in available currency rates and exchange control regulations (which could change at any time). The repatriation of investors' funds and profits may therefore be restricted or difficult and could involve significant cost. Moreover, considerable delays may occur in the transfer of funds within, and with repatriation of monies out of, these countries.
- 32.6 In some countries the tax position is complex and subject to more frequent change than in western countries. It may not be possible to reclaim tax even where this is theoretically possible due to practical and timing issues.
- 32.7 Many emerging countries do not yet have a legal system comparable to those of more developed countries. Legal reforms may not always correspond to market developments, resulting in ambiguities and inconsistencies which increase the risk of investing in these countries. Legislation to safeguard the rights of private ownership and control as well as establishing intellectual property concepts may not yet be in place, and there is risk of conflicting rules and regulations. Laws and regulations governing investment in securities markets may not exist or may be subject to inconsistent or arbitrary interpretation or application. The independence of the judicial systems, and their susceptibility to economic, political or nationalistic influences, remains largely untested. It may be impossible to predict whether a foreign investor would obtain effective redress in the local courts in respect of a breach of local laws or regulations, or in an ownership dispute.
- 32.8 The concepts of ownership of and procedures for the transfer of securities in emerging countries may differ radically from those in more developed markets. In some markets, for example, the term "DvP" (delivery versus payment) does not imply that securities and cash move at the same time. Registration of shares may not be subject to standardised procedures or to a centralised system, and may be effected on an ad hoc basis. The concept of nominee ownership is undeveloped and, in some cases, not recognised at all. As a result, registration can be administratively cumbersome and time consuming, leading to delays in settling trades, ownership disputes and constraints on trading. The realisation of rights of ownership, for example the exercise of shareholders' rights, cannot be assumed. Moreover, in some markets the risk of conflicts of interest on the part of those responsible for the conduct of the registration procedures, and the risk of fraud (for example, in connection with physical certificates) or of a registrar refusing to effect registration without justification (or of a registrar deleting a registration once it has occurred, with a consequential total loss of investment) is higher in many cases than in more developed markets.
- 32.9 Rules in emerging countries regarding ownership and corporate governance of domestic companies (for example, limiting the ability of management to effect transactions with affiliates or to sell or otherwise dispose of their company's assets) may not exist or may confer little practical protection on minority shareholders. Disclosure and reporting requirements are in many cases less than in more developed countries and may be non-existent or rudimentary. Anti-dilution protection may also be very limited. Redress for violations of shareholder rights may be difficult in the absence of a system of derivative or class action litigation.
- 32.10 Accounting, auditing and financial reporting standards in many emerging countries are not yet equivalent to those applicable in more developed countries and in some of these countries are of virtually no assistance to an investor. The availability, quality and reliability of corporate information (including official data) is likely to be lower than that in respect of investments in more developed markets.

### **33 Clearing house protections and settlement risk**

- 33.1 On many exchanges, the performance of a transaction may be "guaranteed" by the exchange or clearing house. However, this guarantee is usually in favour of the exchange or clearing house member and cannot be enforced by the client who may, therefore, be subject to the credit and insolvency risks of the firm through whom the transaction was executed. There is, typically, no clearing house for off-exchange OTC instruments which are not traded under the rules of an exchange (although unlisted transferable securities may be cleared through a clearing house).

- 33.2 Settlement risk is the risk that a counterparty does not deliver the security (or its value) in accordance with the agreed terms after the other counterparty has already fulfilled its part of the agreement to so deliver. Settlement risk increases where different legs of the transaction settle in different time zones or in different settlement systems where netting is not possible. This risk is particularly acute in foreign exchange transactions and currency swap transactions.

#### **34 Insolvency**

- 34.1 The insolvency or default of the firm with whom you are dealing, or of any brokers involved with your transaction, may lead to positions being liquidated or closed out without your consent or, indeed, investments not being returned to you. There is also insolvency risk in relation to the investment itself, for example of the company that issued a bond or of the counterparty to off-exchange derivatives (where the risk relates to the derivative itself and to any collateral or margin held by the counterparty).

#### **35 Currency risk**

- 35.1 In respect of any foreign exchange transactions and transactions in derivatives and securities that are denominated in a currency other than that in which your account is denominated, a movement in exchange rates may have a favourable or an unfavourable effect on the gain or loss achieved on such transactions.
- 35.2 The weakening of a country's currency relative to a benchmark currency or the currency of your portfolio will negatively affect the value of an investment denominated in that currency. Currency valuations are linked to a host of economic, social and political factors and can fluctuate greatly, even during intra-day trading. Some countries have foreign exchange controls which may include the suspension of the ability to exchange or transfer currency, or the devaluation of the currency. Hedging can increase or decrease the exposure to any one currency, but may not eliminate completely exposure to changing currency values.

#### **36 Interest rate risk**

- 36.1 Interest rates can rise as well as fall. A risk with interest rates is that the relative value of a security, especially a bond, will worsen due to an interest rate increase. This could impact negatively on other products. There are additional interest rate related risks in relation to floating rate instruments and fixed rate instruments; interest income on floating rate instruments cannot be anticipated. Due to varying interest income, investors are not able to determine a definite yield of floating rate instruments at the time they purchase them, so that their return on investment cannot be compared with that of investments having longer fixed interest periods. If the terms and conditions of the relevant instruments provide for frequent interest payment dates, investors are exposed to the reinvestment risk if market interest rates decline. That is, investors may reinvest the interest income paid to them only at the relevant lower interest rates then prevailing.
- 36.2 Changes in market interest rates have a substantially stronger impact on the prices of zero coupon bonds than on the prices of ordinary bonds because the discounted issue prices are substantially below par. If market interest rates increase, zero coupon bonds can suffer higher price losses than other bonds having the same maturity and credit rating.

#### **37 Commodity risk**

- 37.1 The prices of commodities may be volatile, and, for example, may fluctuate substantially if natural disasters or catastrophes, such as hurricanes, fires or earthquakes, affect the supply or production of such commodities. The prices of commodities may also fluctuate substantially if conflict or war affects the supply or production of such commodities. If any interest and/or the redemption amount payable in respect of any product is linked to the price of a commodity, any change in the price of such commodity may result in the reduction of the amount of interest and/or the redemption amount payable. The reduction in the amount payable on the redemption of an investment may result, in some cases, in you receiving a smaller sum on redemption of a product than the amount originally invested in such product.

### **38 Regulatory, legal and structural risk**

- 38.1 All investments could be exposed to regulatory, legal or structural risk.
- 38.2 Returns on all, and particularly new, investments are at risk from regulatory or legal actions and changes which can, amongst other issues, alter the profit potential of an investment. Legal changes could even have the effect that a previously acceptable investment becomes illegal. Changes to related issues such as tax may also occur and could have a large impact on profitability. Such risk is unpredictable and can depend on numerous political, economic and other factors. For this reason, this risk is greater in emerging markets but does apply everywhere. In emerging markets, there is generally less government supervision and regulation of business and industry practices, stock exchanges and over-the-counter markets.
- 38.3 The type of laws and regulations with which investors are familiar in the EEA may not exist in some places, and where they do, may be subject to inconsistent or arbitrary application or interpretation and may be changed with retroactive effect. Both the independence of judicial systems and their immunity from economic, political or nationalistic influences remain largely untested in many countries. Judges and courts in many countries are generally inexperienced in the areas of business and corporate law. Companies are exposed to the risk that legislatures will revise established law solely in response to economic or political pressure or popular discontent. There is no guarantee that an overseas investor would obtain a satisfactory remedy in local courts in case of a breach of local laws or regulations or a dispute over ownership of assets. An investor may also encounter difficulties in pursuing legal remedies or in obtaining and enforcing judgments in overseas courts.
- 38.4 In the case of many products, there will be no legal or beneficial interest in the obligations or securities of the underlying reference entity but rather an investor will have a contractual relationship with the counterparty only and its rights will therefore be limited to contractual remedies against the counterparty in accordance with the terms of the relevant product.
- 38.5 In all cases the legal terms and conditions of a product may contain provisions which could operate against your interests. For example, they may permit early redemption or termination at a time which is unfavourable to you, or they may give wide discretion to the issuer of securities to revise the terms applicable to securities. In other cases there may be limits on the amounts in relation to which rights attaching to securities may be exercised and in the event that you hold too many (or too few) securities, your interests may be prejudiced and should scrutinise these carefully. In some cases, the exercise of rights by others may impact on your investment. For example, a product such as a bond or note may contain provisions for calling meetings of holders of those bonds or notes to consider matters affecting their interests generally (including yours) and may permit defined majorities to bind all holders, including holders who did not attend and vote at the relevant meeting and holders who voted in a manner contrary to the majority. Further, in some cases amendments may be made to the terms and conditions of bonds or notes without the consent of any of the holders in circumstances set out in general conditions attaching to such bonds or notes.

### **39 Operational risk**

- 39.1 Operational risk, such as breakdowns or malfunctioning of essential systems and controls, including IT systems, can impact on all financial products. Business risk, especially the risk that the business is run incompetently or poorly, could also impact on shareholders of, or investors in, such a business. Personnel and organisational changes can severely affect such risks and, in general, operational risk may not be apparent from outside the organisation.

### **40 Short sales**

- 40.1 Selling “**short**” means to sell financial instruments that you do not own at the time of the sale. The seller has an obligation to deliver the product sold at the settlement date which will generally be a few days later than the trade date, so he will either go into the market to buy the relevant financial instruments for delivery or he will “**borrow**” the relevant financial instruments under a stock lending arrangement.
- 40.2 Short selling is a technique used by investors who want to try to profit from the falling price of a financial instrument. If the price of the financial instrument drops after the investor has sold short (in other words at the time when he is buying or borrowing the relevant financial instruments for delivery), the investor will make a profit. If however the price of the financial

instrument rises after the investor has sold short, the investor will have automatically made a loss, and the loss has the potential to get bigger and bigger if the price of the financial instrument continues to rise before the investor has gone into the market to buy or borrow the financial instrument to settle the short sale.

- 40.3 Before you begin to trade, you should obtain details of all commissions and other charges for which you must be liable.

#### **41 Commissions and transaction costs**

- 41.1 When products are purchased or sold, several types of incidental costs (including transaction fees and commissions) are incurred in addition to the current price of the security. These incidental costs may significantly reduce or even exclude the profit potential of the products. For instance, credit institutions as a rule charge their clients for own commissions which are either fixed minimum commissions or pro-rata commissions depending on the order value. To the extent that additional domestic or foreign parties are involved in the execution of an order, including but not limited to domestic dealers or brokers in foreign markets, you must take into account that you may also be charged for the brokerage fees, commissions and other fees and expenses of such parties (third party costs).
- 41.2 In addition to such costs directly related to the purchase of products (direct costs), you must also take into account any follow-up costs (such as custody fees). You should inform yourself about any additional costs incurred in connection with the purchase, custody or sale of an investment before investing. The effect of transaction costs (for example on a new issue of securities) may result in the issue price of such securities falling below the market value when trading starts.

#### **42 Suspensions of trading and grey market investments:**

- 42.1 Under certain trading conditions it may be difficult or impossible to liquidate a position. This may occur, for example, at times of rapid price movement if the price rises or falls in one trading session to such an extent that under the rules of the relevant exchange trading is suspended or restricted. Placing a stop-loss order will not necessarily limit your losses to the intended amounts, because market conditions may make it impossible to execute such an order at the stipulated price.
- 42.2 Transactions may be entered into in:
- (a) a security whose listing on an exchange is suspended, or the listing of or dealings in which have been discontinued, or which is subject to an exchange announcement suspending or prohibiting dealings; or
  - (b) a grey market security, which is a security for which application has been made for listing or admission to dealings on an exchange where the security's listing or admission has not yet taken place (otherwise than because the application has been rejected) and the security is not already listed or admitted to dealings on another exchange.
- 42.3 There may be insufficient published information on which to base a decision to buy or sell such securities.

#### **43 Stabilisation**

- 43.1 Transactions may be carried out in securities where the price may have been influenced by measures taken to stabilise it.
- 43.2 Stabilisation enables the market price of a security to be maintained artificially during the period when a new issue of securities is sold to the public. Stabilisation may affect not only the price of the new issue but also the price of other securities relating to it. Regulations allow stabilisation in order to help counter the fact that, when a new issue comes on to the market for the first time, the price can sometimes drop for a time before buyers are found.
- 43.3 Stabilisation is carried out by a 'stabilisation manager' (normally the firm chiefly responsible for bringing a new issue to market). As long as the stabilising manager follows a strict set of rules, he is entitled to buy back securities that were previously sold to investors or allotted to institutions which have decided not to keep them. The effect of this may be to keep the price at a higher level than it would otherwise be during the period of stabilisation.

- 43.4 Stabilisation measures:
- (a) limit the period when a stabilising manager may stabilise a new issue;
  - (b) fix the price at which he may stabilise (in the case of shares and warrants but not bonds); and
  - (c) require him to disclose that he may be stabilising but not that he is actually doing so.
- 43.5 The fact that a new issue or a related security is being stabilised should not be taken as any indication of the level of interest from investors, nor of the price at which they are prepared to buy the securities.

#### **44 Non-readily realisable investments**

- 44.1 Both exchange listed and traded and off-exchange investments may be non-readily realisable. These are investments in which the market is limited or could become so. Accordingly, it may be difficult to assess their market value and/or to liquidate your position.

#### **45 Strategies**

- 45.1 Particular investment strategies will carry their own particular risks. For example, certain strategies, such as 'spread' position or a 'straddle', may be as risky as a simple 'long' or 'short' position.

#### **46 General information**

- 46.1 Your firm may not deal directly in the relevant Market but may act through one or more brokers or intermediaries. In such cases, your positions may be affected by the performance of those third parties in addition to the performance of your firm. In addition, settlement of such transactions may not be effected via the Market itself but may be effected on the books of your firm or of a broker or intermediary if such transactions can be crossed with equal but opposite orders of another participant transacting through the same firm, broker or intermediary. Your rights in such circumstances differ from those you would enjoy if your transaction was effected in the Market.
- 46.2 The price and liquidity of any investment depends upon the availability and value of the underlying asset, which can be affected by a number of extrinsic factors including, but not limited to, political, environmental and technical. Such factors can also affect the ability to settle or perform on time or at all.
- 46.3 Any payments made or received in relation to any investment may be subject to tax and you should seek professional advice in this respect.
- 46.4 Where you are unable to transfer a particular instrument which you hold, to exit your commitment under that instrument, you may have to offset your position by either buying back a short position or selling a long position. Such an offsetting transaction may have to be over the counter and the terms of such a contract may not match entirely those of the initial instrument. For example, the price of such a contract may be more or less than you received or paid for the sale or purchase of the initial instrument.

