

# **GARANTIBANK INTERNATIONAL N.V.**

## **Terms of Business for Professional Clients and Eligible Counterparties**

## Terms of Business for Professional Clients and Eligible Counterparties

### 1. General

- 1.1 These Terms of Business (the "**Terms**") set out the general terms and conditions on which we will conduct business with you.
- 1.2 These Terms supersede any previous terms, conditions or agreements related to the same subject matter between you and us as of the date these Terms (as may be updated from time to time) were communicated to you.
- 1.3 These Terms are also subject to the General Banking Conditions (*Algemene Bankvoorwaarden* (ABV)) available at our corporate website (<https://garantibank.eu/support-pages/mifid-compliance>), as amended from time to time (the "**General Banking Conditions**"). The provisions of the General Banking Conditions apply to all products and services and the entire relationship between you and us.
- 1.4 References to "we" or "us" shall, unless otherwise specified herein or required by context, mean GarantiBank International N.V. or any successor thereto.
- 1.5 References to "you" shall mean the person specified as such in the Client On-boarding Form.
- 1.6 You agree by signing the Client On-boarding Form that these Terms will be binding on you with effect from the Effective Date.
- 1.7 All Transactions are subject to these Terms, any relevant Product Agreement and Applicable Law. In the event of any conflict between these Terms and any Applicable Law, the Applicable Law shall prevail and, to the extent these Terms or any provision thereof, shall be held to be unenforceable or invalid, the relevant provision shall to that extent be given no effect, but these Terms shall in all other respects continue in full force and effect.
- 1.8 All references to these "Terms" shall include each of the annexes attached hereto.
- 1.9 Capitalised terms will have the meanings specified herein, in Annex 1 hereto, and in the relevant Module.

### 2. Information about us

- 2.1 GarantiBank International N.V., are incorporated in the Netherlands and are authorised and regulated by the European Central Bank and De Nederlandsche Bank as a bank under the DFSA and regulated by Autoriteit Financiële Markten ("**AFM**").
- 2.2 Details about the extent of our regulation by the AFM are available from us on request. Our registered office and principal place of business in the Netherlands is Keizersgracht 569-575, 1017 DR Amsterdam; telephone: +31 20 553 9700.
- 2.3 For transaction reporting purposes, our Legal Entity Identifier ("**LEI**") is L35YSDF0IH056VDJ2557.
- 2.4 The AFM's registered office is Vijzelgracht 50, 1017 HS, Amsterdam. Please check their website <https://www.afm.nl/en> for up-to-date contact details before contacting them.
- 2.5 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, Turkish or Dutch, and you will receive documents and other information from us in any of these languages as appropriate.

### 3. Client Classification

- 3.1 For the purposes of the Rules, your classification in all our dealings with you will be Eligible Counterparty or Professional Client. Prior to the start of the Services, we will separately notify you of your classification in writing.
- 3.2 Where we have classified you as a Professional Client, in certain circumstances you may request to be treated as an Eligible Counterparty. You understand that by doing so you will lose some of the protections given to Professional Clients under the Rules. The additional protections given to Professional Clients include, without limitation, a requirement:
- (a) to act in accordance with your best interests;
  - (b) to provide certain information to you before providing Services;
  - (c) not to give or receive inducements;

- (d) to achieve best execution in respect of your orders;
  - (e) to execute orders subject to other constraints as regards timing and handling relative to other clients' orders;
  - (f) to ensure that information we provide is fair, clear and not misleading; and
  - (g) to provide certain reports, confirmations and statements.
- 3.3 If we have classified you as an Eligible Counterparty, we will treat you as such and you will not benefit from the protections given to Professional Clients or Retail Clients under the Rules.
- 3.4 Where we have classified you as an Eligible Counterparty you may at any time and from time to time, request to be treated as a Professional Client (and benefit from the higher level of protection given to such Professional Clients under the Rules). We are not obliged to honour such a request and we may impose conditions on the granting of the request. If you request to be categorised as a Retail Client, thereby requiring a higher level of regulatory protection, we will not be able to provide our Services to you. Treatment as a retail client is not available under these Terms.
- 3.5 Notwithstanding the absence of applicable regulatory rules, we would endeavour to provide a service to you which is effective and commercially reasonable.
- 3.6 We will only serve clients who would naturally be Retail Clients under the Rules if it is possible to treat them as Professional Clients (this is referred to as "opting up", and we categorise such clients as "Elective Professional Clients"). 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 protection under regulatory requirements.
- 3.7 You agree and acknowledge that you are responsible for keeping us informed about any change that could affect your client categorisation for the purposes of the Rules.
- 4. Client representations and warranties**
- 4.1 You represent, warrant and undertake to us on a continuous basis that:
- 4.1.1 you are duly organised and validly existing under the laws of the jurisdiction of your organisation or incorporation;
  - 4.1.2 you have all necessary power, authority and capacity to enter into these Terms and all Transactions and to perform all your obligations in connection with these Terms and all Transactions;
  - 4.1.3 the persons entering into these Terms and each Transaction on your behalf have been duly authorised to do so;
  - 4.1.4 you have all necessary power, authority and capacity to enter into each Product Agreement and to perform all your obligations in connection with each Product Agreement;
  - 4.1.5 you have obtained all necessary authorisations, licences, approvals and consents from any governmental, supervisory or regulatory authority as is required for you to enter into and perform your obligations under these Terms and Transactions;
  - 4.1.6 your entry into these Terms and any Transaction or any Product Agreement and performance of your obligations thereunder shall not be contrary to any Applicable Law, including (but not limited to) any regulations concerning money laundering and economic sanctions programmes applicable to you;
  - 4.1.7 your obligations under these Terms and each Transaction are valid and binding on you, enforceable in accordance with their respective terms, subject to any bankruptcy proceedings or other Applicable Law of mandatory application and applicable principles of equity;
  - 4.1.8 you shall be liable to us as Principal in respect of all Transactions unless you have authority to enter into Transactions on behalf of another person as agent, which you have disclosed to us in writing, and the Transactions you enter into will be for the account of that other person;
  - 4.1.9 you shall provide to us promptly upon request all information related to you, your affiliates and your business as we may require and determine is required to deliver Services to you or to ensure our compliance with Applicable Law;
  - 4.1.10 any information which you provide to us in respect of your financial position or otherwise is true, accurate

and not misleading in any material respect and we are entitled to rely on it without further enquiry;

- 4.1.11 prior to using any Services or entering into a Transaction you will have assessed all relevant risks involved with any Transactions entered into and/or Services provided which may include, without limitation, any, or any combination of the following: credit risk, market risk, liquidity risk, foreign exchange risk, operational risk, insolvency risk, taxation risk and regulatory or legal risk;
- 4.1.12 you have been solely responsible for making your own independent appraisal and investigations into the risks of the Transaction;
- 4.1.13 you have sufficient knowledge, market sophistication, professional advice and experience to make your own evaluation of the merits and risks of any Transaction. We assume no fiduciary duty in our relations with you;
- 4.1.14 except as otherwise agreed by us, you are the sole beneficial owner of all margin you transfer under these Terms, free and clear of any security interest or other encumbrance whatsoever, other than a lien routinely imposed on all securities in a clearing system in which any securities may be held;
- 4.1.15 there is no litigation or legal proceeding on-going, pending or outstanding in relation to you or your affiliates; and
- 4.1.16 no event of default or similar term howsoever described has occurred and is continuing with respect to you under these Terms or any Product Agreement.

## 5. Accounts

- 5.1 We will open one or more Accounts for you upon your request.
- 5.2 Notwithstanding any other authorisations contained in these Terms, you grant us a general authority to debit and credit your Accounts:
  - (a) where necessary to effect or record the settlement of Transactions;
  - (b) for the purposes of settling any fees and charges incurred by you; and
  - (c) otherwise, in accordance with your Instructions.
- 5.3 You are not entitled to overdraw your Accounts without our prior written consent. Where we agree to an overdraft, interest will be payable by you on any overdrawn amount at our then current authorised

overdraft rate or other agreed rate. Where we have not agreed to an overdraft and your Account is overdrawn, interest will be payable by you on any overdrawn amount at our then current unauthorised overdraft rate.

- 5.4 In addition to and without prejudice to any right to close Accounts conferred on us by law, we may close any Account in accordance with Clause 27 below. Upon closure, we shall be immediately released from any further obligation in respect of such Account and we may transfer any balance of a closed Account to any other account held at a third party or otherwise as notified by you to us.
- 5.5 You agree that, where we open a foreign currency account for you, we shall have no responsibility or liability to you for any Losses which may be suffered by you due to any decrease in such funds due to taxes, variations in rates of exchange, unavailability of such funds due to restrictions on convertibility, transferability or realisation of funds or for any other reason outside of our control.

## 6. Provision of Services

- 6.1 Where requested by you, we may provide you with one or more of the following Services:
  - (a) Advisory Services;
  - (b) Execution Services;
  - (c) Custody Services;
  - (d) clear Transactions at Agreed CCPs through a relationship with an Intermediate Clearing Broker; and
  - (e) such other services as we may in our sole and absolute discretion agree to provide,(together, the "**Services**").
- 6.2 We may refuse to provide one or more Services to you from time to time and shall have no obligation to notify you of the reasons for such refusal.
- 6.3 If we agree to provide a particular Service to you, we will provide you with a Product Agreement containing the terms and conditions on which you may use that Service. To the extent there is any inconsistency between these Terms and the terms of a Product Agreement, the Product Agreement shall prevail to the extent of the inconsistency.

- 6.4 We may delegate the performance of any of the Services to any Affiliate or other entity or person as we deem fit.
- 6.5 Notwithstanding Clause 6.4 above, where we provide Services to you, we do so as principal unless otherwise specified in the relevant Module or agreed with you in the relevant Product Agreement.
- 6.6 In relation to any Service or Product Agreement there may be particular risks that are highlighted in the relevant term sheet, offering memorandum or other materials. Although particular risks have been highlighted in such documents, there may be additional risks in relation to such Product Agreement or Service. You should not rely on the highlighted risks as being the only risks in relation to a Product Agreement or Service. Further, unless otherwise specified, any risks highlighted in such documents should not be relied upon as investment advice or as a personal recommendation to invest in any of the products or enter into any of the Services to which they may relate.
- 7. Instructions and Authorised Persons**
- 7.1 Unless we tell you that instructions can only be given in a particular way, you may submit Instructions to us verbally, in writing, by email or other electronic means, by telephone or any other method of communication as agreed between us from time to time, in each case in accordance with the notice details set forth in Clause 24 below. We may record any telephone conversations (including mobile phone conversations) and electronic communication as well as any face-to-face meetings with you with the use of a warning message. Such recordings and minutes are our sole property and you agree that we may use such recordings (including transcripts) for any purpose we deem reasonably desirable to comply with applicable rules, including using it as evidence. Absent contrary evidence, our records will be accepted by you as conclusive evidence of their content.. Unless otherwise agreed, email or other electronic messages in respect of each instruction for general trading will only be accepted if specifically acknowledged by us. You agree that we may deliver copies or transcripts of such recordings to any court, arbitrator, regulatory authority or law enforcement authority. Copies of recordings that we make of conversations with you (by telephone or by electronic communication) will be made and these will be available on request for a period of five years and, where requested by the AFM or any other competent authority, for a period of up to seven years.
- 7.2 Notwithstanding Clause 7.3 below, we are not obliged to act on any instruction unless it has been actually received by us.
- 7.3 We may refuse to act on instructions if we reasonably believe that:
- (a) the instruction is not clear or was not given by an Authorised Person;
  - (b) carrying out the instruction would result in a breach of Applicable Law or internal limits or parameters agreed between you and us in a Product Agreement or otherwise; or
  - (c) carrying out the instruction would be detrimental to us or our Affiliates in any way (as determined by us on our sole discretion).
- 7.4 Where we refuse to act on instructions we will notify you as soon as reasonably practicable, however, we shall not be liable to you for any Losses incurred by you as a result of our failure to do so.
- 7.5 We may establish cut-off times by which instructions must be received by us in order for us to act on instructions on the same day. We will notify you of such cut-off times upon request.
- 7.6 You may request that we cancel, amend or revoke instructions but we are not obliged to do so. We may charge you for the cancellation, revocation or variation of any instructions.
- 7.7 You are responsible for maintaining the list of Authorised Persons and informing us of any changes thereto. We are under no obligation to discover errors or to check the accuracy or authenticity of any instruction and you agree to be bound by any agreement or Transaction entered into as a result of our reliance on your instructions which are, or are purported to be from an Authorised Person.
- 7.8 We will not be liable to you for any Losses resulting from our acting upon instructions which are inaccurate or inauthentic.
- 8. Advisory Services**
- 8.1 Our Advisory Services qualify as non-independent since we may from time to time advise on financial instruments issued or provided by us, our Affiliates or other entities with close links or with other legal or economic relationships.
- 8.2 When we give you advice, we compare a range of financial instruments, the details and risks of which

are provided in the Risk Disclosures available at our corporate website (<https://garantibank.eu/about-us/terms-and-conditions>), and which we consider suitable for you.

## 9. Execution Services

9.1 If you send us instructions to execute a Transaction, we will do so as principal (unless otherwise specified in the relevant Module or as agreed in the relevant Product Agreement) and you agree to be bound by such Transaction from the moment we accept your instructions in relation to such Transaction.

9.2 We deal on an execution-only basis and do not provide personal recommendations or advice on the merits of particular Transactions or their taxation consequences.

9.3 We are required to obtain your consent to execute your order outside a trading venue (i.e., over the counter ("**OTC**")). A trading venue is currently either a regulated market, a Multilateral Trading Facility ("**MTF**") or an Organised Trading Facility ("**OTF**"). Where we have previously obtained your consent to execute orders outside a trading venue, your existing consent (if any) will not need to change. That consent currently allows us to also execute your order on what will be an OTF.

9.4 Without your consent, we will be restricted to executing your orders solely on regulated markets, MTFs or OTFs and will therefore be unable to access diverse sources of liquidity. This may have a potentially detrimental effect on the quality of execution that we are able to provide to you.

9.5 Where we do provide market commentary or other generic product 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;
- (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.

9.6 Where we execute an order for you, you authorise us to:

- (a) deal for you on those markets and exchanges and through such third parties as we see fit (which may include executing orders outside a regulated market where we reasonably believe that it is your best interests to do so); and
- (b) take steps (which may include refusing to execute an order) which we reasonably believe to comply with market practices or rules or Applicable Law.

9.7 Where we execute an order for you, we will comply with our Order Execution Policy, as available at our corporate website (<https://garantibank.eu/about-us/terms-and-conditions>) and as may be amended from time to time (the "**Order Execution Policy**"). By sending us instructions to execute Transactions pursuant to these Terms, you consent to your orders being handled in accordance with the Order Execution Policy.

9.8 We may aggregate your orders with other orders (including orders for our other customers). Aggregation may result in you obtaining a less favourable price in relation to a particular order.

9.9 We have the right to set limits and/or parameters to control your ability to place orders in our absolute discretion. Such limits and/or parameters may be amended, increased, decreased, removed or added to by us in our absolute discretion and may include (without limitation):

- (a) controls over maximum order amounts and maximum order sizes;
- (b) controls over our total exposure to you;
- (c) 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); or

- (d) any other limits, parameters or controls which we may be required to implement in accordance with Applicable Law.

9.10 We shall send you confirmations in accordance with Applicable Law for any Transactions that we have executed on your behalf, by electronic mail to the email address on record for you, through other electronic means, 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 email 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 the time period designated in the confirmation or we notify you of an error in the confirmation within the same period.

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 Rules 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. This information may be published on our corporate website in accordance with Applicable Law.

9.11 If we act in the capacity of a systematic internaliser and we make public firm quotes in certain Transactions on a Market you agree that we may limit: (i) the number of Transactions that, in accordance with Applicable Law, 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.

9.12 If:

- (a) an Infrastructure gives a direction (including to an Intermediate Clearing Broker or other intermediary) which affects your orders or Transactions or the Services; or
- (b) an Infrastructure, Intermediate Clearing Broker or other intermediary relevant to your orders or Transactions or the Services

becomes insolvent or is suspended from operating,

then we may take any action which we, in our reasonable discretion, consider appropriate to correspond with the direction or event or to mitigate any Loss or other impact to us and/or you incurred or potential Loss or other impact which may be incurred as a result of the action or event. Any such action taken by us is binding on you (including, in relation to any default or insolvency of the Intermediate Clearing Broker, electing to close out, transfer or take advantage of any available arrangements to continue any Agreed CCP Transactions making use of alternative clearing arrangements).

## 10. Payment and Settlement

10.1 Our obligation to settle any Transaction with or for you, is conditional upon receipt by us or our agents or Affiliates (as necessary) on or before the due date for settlement, of all necessary documents, securities, assets or funds due to be delivered by you.

10.2 We may debit your Accounts to pay any amounts due to us, our Affiliates or agents or any other third party as is necessary to settle a Transaction or any fees and charges due to us, in each case, without further consent or instruction from you.

## 11. Reporting

We will ensure that you receive adequate reports on the Services provided by us or by a third party on our behalf (including contract notes, confirmations and client asset statements on the basis set out in these Terms). 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 Transactions 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. You hereby agree with us that we will not provide or require any additional level of detail that is not strictly required by Applicable Law, such as any illustrations or an indication of the currency involved and the applicable conversion rates and costs where any part of the total costs and charges is expressed in foreign currency.

## 12. Fees, charges and interest

12.1 You will pay our fees and charges as separately agreed with you from time to time. We shall provide you in good time with appropriate information with regard to all fees and costs in accordance with Applicable Law. Any alteration to our fees and

charges will be notified to you at or before the time of the change. Notwithstanding the above, we may separately agree with you a limited application of the detailed information requirements on costs and associated charges to the extent permitted by Applicable Law. You should be aware of the possibility that other taxes or costs may exist that are not paid through or imposed by us.

12.2 Our fees and charges will include any applicable commission, value added tax, stamp duty, stamp duty reserve tax, industry levy, brokerage fees, transfer fees, registration fees and all other liabilities, charges, costs and expenses payable in connection with Transactions effected on your behalf.

12.3 All payments due to us in respect of fees and charges incurred under these Terms shall be satisfied by the debiting by us of an amount equal to the amount of such fees and charges from any Cash Account denominated in the relevant currency. Where such fees and charges have been incurred in a currency for which no Cash Account has been opened in that currency, we will convert such amounts into a different currency for which a Cash Account has been opened. Where we make such a conversion, we shall indicate the applicable currency conversion rates and costs.

### **13. Inducements**

13.1 When we are providing Services we are required to comply with the rules relating to inducements that are set out in the Rules. This means 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 Services to you. We are 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 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.

13.2 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 (if any).

13.3 Where permitted by Applicable Law, we may receive remuneration from, or share charges with, an Affiliate 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.

### **14. Margin**

14.1 You acknowledge that we may require such sums or amounts by way of margin from time to time (the "**Margin**").

14.2 You agree to pay us such Margin in accordance with the terms of the relevant Product Agreement and, where relevant, in accordance with the Title Transfer and Collateral Module, or otherwise upon our request in connection with any Transactions.

14.3 You acknowledge that where Margin is in the form of cash, such cash will cease to be your property. Where we agree to accept securities as Margin, you shall transfer such Margin to us with full title guarantee free from any adverse interest (other than a lien routinely imposed in a clearing system in which such securities may be held).

### **15. Cash accounts**

15.1 Any cash you hold in a cash account with us in relation to the Services provided to you shall not be segregated from our own funds. In case of insolvency, you will rank as a general creditor of us and we shall not be liable to account to you for any profits made by our use of such funds.

15.2 Any accounts that you hold with us will be subject to the General Banking Conditions, which provide for a security interest to be granted in our favour over such accounts and provide for set-off rights in our favour.

### **16. Events of default**

16.1 It shall constitute an Event of Default with respect to you if at any time:

- (a) you fail to make any payment or to make to take delivery of any property, including without limitation any payment of Margin, when due under these Terms, any Transaction or any Product Agreement;

- (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, examiner or other similar official (each an "**Insolvency Official**") 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 an Insolvency Official of you or any substantial part of your assets;
  - (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 therefor, 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 are commenced for any execution, 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 fail to comply with or perform any obligation arising pursuant to these Terms or any Transaction or Account;
  - (f) we consider it necessary or desirable, without being under any obligation to provide reasons therefor, for our own protection/any action is taken or event occurs which we consider might have a material adverse effect upon your ability to perform your obligations under these Terms or any Transaction;
  - (g) we determine, in our sole and absolute discretion, that you are in breach of Applicable Law;
  - (h) any representation or warranty made or given or deemed made or given by you pursuant to these Terms 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
  - (i) any event of default, termination event or similar event (howsoever described) occurs with respect to you under any Product Agreement.
- 17. Our rights on default**
- 17.1 Upon the occurrence of an Event of Default we may take such action as we, in our absolute discretion, consider necessary or desirable in the circumstances, including, without limitation:
- (a) enforcing any security interest, whether created pursuant to these Terms or otherwise;
  - (b) appropriating, selling, realising or disposing of any property subject to any security interest;
  - (c) closing out, terminating or liquidating any outstanding Transaction (the "**Close-Out Right**"), or taking any such other action in relation to such Transaction or any of the property subject to any security interest for the purpose of covering, reducing, eliminating or preventing any Loss or exposure of ours under or in respect of any Transaction; and
  - (d) converting funds in one currency into another currency at a rate which we reasonably consider appropriate for the purposes of or in connection with any of the powers conferred in this Clause 17 or by operation of law.
- 17.2 If we choose to exercise our Close-Out Right:

- (a) we may do so by notifying you of a date (the "**Liquidation Date**") for the close out, termination or liquidation of one or more Transactions (the "**Closed Out Transactions**") pursuant to Clause 17.1(c) above;
- (b) upon the occurrence of the Liquidation Date, no further payments or deliveries shall be due and payable in respect of the Closed Out Transactions;
- (c) we shall determine (on, or as soon as reasonably practicable after, the Liquidation Date) in respect of each Closed Out Transaction, the amount of the total Loss (or gain, as the case may be) to us or our Affiliates as a result of the payment and delivery obligations being extinguished pursuant to Clause 17.2(b) above as well as any other amounts that would otherwise have become due and payable in respect of the Closed Out Transactions, but for the occurrence of the Liquidation Date. Any such determination shall be made, at our sole discretion, either in EUR or USD and shall include, if appropriate, any loss of bargain, cost of funding or cost of re-establishing any hedge position;
- (d) we shall treat each cost or loss to us as a positive amount and each gain by us as a negative amount and aggregate all such amounts to produce a single net sum denominated, at our sole discretion, either in EUR or USD owing from us to you, or from you to us (the "**Liquidation Amount**");
- (e) we shall notify you within a reasonable time of the Liquidation Amount; and
- (f) if the Liquidation Amount is owed from you to us, it shall become immediately due and payable promptly upon notification of such amount.
- 17.3 In addition to any of our other rights, we shall have a general lien on all of your property and assets (other than cash) credited to the Accounts.
- 17.4 Our rights under this Clause 17 shall be in addition to any other rights which we may have whether by agreement, operation of law, or otherwise.
- 17.5 You undertake to reimburse us on demand for all Losses which we may suffer in perfecting, maintaining or enforcing any security interest or other rights under this Clause 17.
- 17.6 Where we have entered into one or more Product Agreements with you, the provisions of this Clause 17 shall not apply to any Transaction which is subject to liquidation or termination under the relevant Product Agreement. However, any Liquidation Amount resulting from the exercise of our rights under this Clause 17 may be set-off against any early termination or settlement amount (howsoever described) arising under such other Product Agreement.
- 18. Liability**
- 18.1 Neither we nor our directors, officers, employees, Affiliates or agents shall be liable for any Losses whether arising out of negligence, breach of contract, misrepresentation or otherwise, incurred or suffered by you under these Terms (including any Transaction or where we have declined to enter into a proposed Transaction) unless such Loss is a reasonably foreseeable consequence and arises directly from our or their respective negligence, wilful default or fraud.
- 18.2 In no circumstance, shall we, or our Affiliates be liable to you for:
- (a) Losses suffered by you or any third party for any special damage, or loss of profits or loss of goodwill or loss of business opportunity arising under or in connection with these Terms whether arising out of negligence, breach of contract, misrepresentation or otherwise; or
- (b) Losses arising from any act or omission of any agent or third party who performs Services pursuant to these Terms, except to the extent that such Losses are caused by wilful default, fraud or gross negligence in our selection of such agents or third parties.
- 18.3 We shall not be liable to you for any partial or non-performance of our obligations hereunder, or for any damages arising from events beyond our control, including, without limitation, any breakdown, delay, malfunction or failure of transmission, communication or computer facilities, industrial action, act of terrorism, act of God, acts or regulations of any governmental or supra-national bodies or authorities which interrupt, disorganise or disturb completely or partially the Services provided by us or by a third party on our behalf or otherwise connected to our Services to you.

- 18.4 Nothing in these Terms shall exclude or limit to an extent prohibited by Applicable Law any duty or liability which we have to you under Applicable Law.
- 19. Indemnity**
- You agree to indemnify and hold harmless any Indemnified Person against any Losses suffered or incurred or otherwise brought or made in connection with or as a result of these Terms, including the entry into a Transaction or the provision of Services to you or your failure to comply with your obligations or representations and warranties hereunder, save to the extent that such Losses arise from any fraud, negligence or wilful default on the part of the Indemnified Person.
- 20. Material interests and conflicts**
- 20.1 We are required to have arrangements in place to manage conflicts of interest between us and our clients and between our clients. We operate in accordance with a conflicts of interest policy that we have put in place for this purpose under which we have identified those situations in which there may be a conflict of interest and, in each case, the steps we have taken to manage that conflict. Where such conflicts are managed to ensure, with reasonable confidence, that risks or damage to your interests will be prevented, we will not be under an obligation to disclose that material interest. If we believe that these methods of managing our conflicts are not sufficient, in particular circumstances to prevent the risk of material damage to your interests, we will disclose such information about the conflict to you in order to allow you to make an informed decision of whether to continue to transact business with us.
- 20.2 A summary of our conflicts of interest policy (as may be amended from time to time) is available at our corporate website (<https://garantibank.eu/about-us/terms-and-conditions>). We will provide you, upon written request, with further details of our conflicts of interest policy.
- 20.3 You accept that we and our Affiliates may have interests which conflict with your interests and may owe duties which conflict with duties which would otherwise be owed to you, and consent to our acting in any manner which we consider appropriate in such cases.
- 20.4 The circumstances in which such a conflict of interest or potential conflict of interest may arise include, without limitation, where we or our Affiliates:
- (a) deal as principal for our, or its own, account by selling to you or buying from you the investment concerned and thereby making a profit (or loss) or take a mark-up or mark-down or credit for our or its own account;
  - (b) act on behalf of you and an Affiliate or a third party client or investor in the same Transaction, and receive commission or other charges from both parties, with the price of the Transaction being different from the bid or offer price;
  - (c) act in relation to investments where any of us is involved in a new issue, rights issues, takeover or similar transactions concerning the investments;
  - (d) execute a Transaction for or with you in circumstances where we have knowledge of other actual or potential transactions in the relevant investment;
  - (e) hold a position in, or trade, deal or make markets in, investments purchased or sold by you; or
  - (f) act as advisor or banker to, or have any other business relationships with, or interest in, the issuer (or any of its associates or advisors) of any investments purchased or sold by you or advise or act as banker to any person in connection with a strategic transaction in relation to such investments, including but not limited to, a merger, acquisition or take-over by or for any such issuer (or associates or advisors).
- 20.5 Except as required by Applicable Law, we shall be under no duty to disclose any interest to you, including any benefit, profit, commission or other remuneration made or received by reason of any Transaction or any matching Transaction.
- 21. Anti-money laundering**
- 21.1 We are required to follow the applicable Anti-Money Laundering (AML) laws and regulations relating to your identification, the identification of your ultimate beneficial owner and, as the case may be, to your underlying customers. If we are not able to verify your identity, the identity of your ultimate beneficial owner or underlying clients, we reserve the right to cease to provide Services to you. We will perform customer due diligence according to our AML Policy that we have put in place for this purpose.
- 21.2 You agree, at the start of our business relationship and at any time during our business relationship, to provide us with any documentation and information

we may request, in order for us to undertake any action to comply with any AML regulation. You also agree that we may disclose such information to any governmental body to enable us to report any suspicious transactions in accordance with the relevant AML regulations.

21.3 You accept and acknowledge that we may delay, block or refuse to provide a Service if we believe on reasonable grounds that providing that Services may be contrary to any AML or other laws in the Netherlands or in any other country, and we will not incur any liability to you or any third party as a result of such delay, blocking or refusal.

## 22. Confidentiality and disclosure

22.1 Information concerning you and your client classification will be held on file at our registered office at Keizersgracht 569-575, 1017 DR Amsterdam, the Netherlands. We may use, store or otherwise process any personal data provided to us under these Terms or otherwise acquired by us. Such personal data may be processed by us for the purpose of providing the Services, managing our relationship or complying with Applicable Law. You consent and where appropriate, ensure your employees' consent, to us processing personal data for these purposes, which may include transmission to and storage by our Affiliates, agents or other third parties who may be incorporated outside the European Union.

22.2 You acknowledge and consent that we may disclose information about you and/or your Transactions:

- (a) where necessary to ensure compliance with Applicable Law, or where requested by a governmental, regulatory or supervisory authority;
- (b) to our agents and Affiliates and delegates and other third parties involved in the execution of Transactions where necessary to enable the provision of Services to you; or
- (c) otherwise, with your consent.

22.3 We, our Affiliates and/or other third parties involved in the execution of Transactions may be obliged to make information about certain Transactions public and/or to report them to competent authorities, such as the AFM. 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 reasonably disclosed. If you are an investment firm which is subject to a duty to report transactions to the AFM 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.

## 23. Data protection

23.1 We will act as a data controller in relation to your personal data.

23.2 To the extent that any consent is needed from, or notice must be given to you in order for either party to comply with its obligations under Data Protection Regulations, you acknowledge that we may not be able to provide you (further) Services unless such consent is obtained or notice given.

23.3 Each of us shall establish and maintain appropriate technical and organisational measures to protect against unauthorised or unlawful processing of the other party's personal data (and the personal data of its customers) and against accidental loss or destruction of, or damage to, such personal data.

23.4 To the extent that we wish to export any personal data of yours, we will do so in accordance with the Data Privacy Regulations. You acknowledge that we may not be able to provide you (further) Services unless you enter into such documentation as we may reasonably require in order to legitimise such a data export.

23.5 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.

23.6 Before providing us with any information relating to identifiable living individuals in connection with these Terms, any Product Agreement, or otherwise 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, 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) above to:

- (i) comply with legal obligations that we are subject to in relation to reporting transactions to protect against fraud;
- (ii) to pursue our legitimate interests in providing you with the required services; and
- (iii) to perform our obligations under a contract.

(d) that this may involve disclosure of their information, 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 Law;

(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 Dutch Data Protection Authority (or any such authority that may take over the roles thereof in time) 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.

## 24. Notices

24.1 Any notice given by you to us under these Terms must be in writing and in English and delivered by registered post or email to the following address:

For the attention of: Global Market Sales

Address: Keizersgracht 569-575 1017DR Amsterdam

E-mail: [gms-institutionalclients@garantibank.eu](mailto:gms-institutionalclients@garantibank.eu) / [gms-individualclients@garantibank.eu](mailto:gms-individualclients@garantibank.eu)

24.2 Any instructions given by you to us under these Terms must be given in accordance with Clause 7.1 and communicated to us via any method of communication that we have notified you is permissible from time to time.

24.3 Any notice given by us to you under these Terms shall be made in accordance with the notice details set out in the Account Opening Form (which may be amended by mutual written agreement from time to time).

## 25. Complaints procedure

We have internal procedures for handling complaints fairly and promptly. You may submit a complaint to us via our corporate website or in accordance with the procedures we may notify to you from time to time. Where you submit a formal complaint to us we will send you a written acknowledgment of your complaint within the period specified in our complaints procedure. Please contact us if you would like further details regarding our complaints procedures.

## 26. Amendment and assignment

26.1 We may amend or supplement these Terms at any time by delivering to you notice of such amended or supplemental terms in accordance with Clause 24 above. Any amendment or supplement which is made to reflect a change of Applicable Law may take effect immediately or otherwise as we may specify. Any other amendment or supplement will, unless we have received your written objection, take effect on the date we specify, which may or may not be on the date we deliver the notice, and unless we specify otherwise, will apply in respect of any Transactions entered into, or Services provided by us or by a third party on our behalf or otherwise connected thereto after that date.

26.2 You may not assign, charge or otherwise transfer, or purport to assign charge or otherwise transfer your rights or obligations under these Terms or any Transaction to any person without our prior written consent, and any purported assignment, charge or transfer in violation of this Clause 26.2 shall be void.

26.3 We may assign our rights under these Terms and any Transaction, to any Affiliate or successor without your consent.

## **27. Termination**

27.1 You may terminate these Terms, any Service or any Product Agreement, or close an Account by giving us 30 calendar days' prior written notice.

27.2 In the absence of an Event of Default, we may terminate these Terms, any Service or any Product Agreement by giving you 30 days' prior written notice; provided that we may terminate or these Terms or Product Agreement, suspend any Service or close any Account, with immediate effect without giving notice, if we reasonably believe that continuing to provide the Services or maintaining the Accounts would:

- (a) expose us or our Affiliates to action, investigation, fine or other negative consequence from any regulatory, governmental or supervisory authority; or
- (b) be prejudicial to, or have adverse consequences for, us or our Affiliates.

27.3 Unless otherwise agreed, any termination of these Terms by you or us will have the effect of terminating all Services and Product Agreements.

27.4 Any termination pursuant to this Clause 27 shall be without prejudice to the completion of Transactions already initiated and will not affect outstanding rights or obligations. Transactions already initiated shall be settled in the normal way except where otherwise provided in these Terms or the relevant Product Agreement.

## **28. Entire agreement**

Except as otherwise stated herein, these Terms supersede any previous written or oral agreement between the parties and contain the entire agreement between the parties relating to the subject matter of these Terms to the exclusion of any terms implied by law which may be excluded by contract. So far as permitted by Applicable Law and except in the case of fraud, you agree and acknowledge that your only rights and remedies in relation to any representation, warranty or undertaking made or given in connection with these Terms shall be for breach of these Terms, to the exclusion of all other rights and remedies (including those arising under law or statute).

## **29. Severability**

If at any time any provision of these Terms 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 these Terms nor the legality, validity or enforceability of such provision under the law of any other jurisdiction shall in any way be affected or impaired.

## **30. Governing law and jurisdiction**

These Terms, all Transactions entered into pursuant to these Terms and any matter arising out of or in connection with these Terms, including any non-contractual matters are governed by and shall be construed in accordance with the laws of the Netherlands. In case of a dispute arising out of or in connection with this Agreement, we shall promptly and in good faith attempt to see a resolution by discussion and negotiation. Any disputes that remain unresolved upon such discussion or negotiation shall be subject to the exclusive jurisdiction of the Amsterdam courts.

## Annex 1

### Definitions

In these Terms, the following words and expressions have the following meanings:

**"Account Opening Form"** means the account opening form completed by you for purposes of the Accounts opening process on or around the date of opening of Accounts;

**"Accounts"** means any and all Cash Accounts and Securities Accounts opened by us or our Affiliates in your name pursuant to these Terms or any Product Agreement in respect of which your cash and/or assets are held;

**"Advisory Services"** means the provision to you of non-independent advice including without limitation personal recommendations as to a proposed Transaction;

**"Affiliates"** means any company in which Banco Bilbao Vizcaya Argentaria, S.A, or any successor or parent company thereto, has a material influence including, without limitation, subsidiaries and joint ventures;

**"Agent"** has the meaning given to it in the Client On-boarding Form, or such other person authorized by you to act in such capacity on your behalf as may be notified to us from time to time;

**"Applicable Law"** means, in each case, all law and regulations applicable in the circumstances, including, without limitation, the Rules and the rules of a relevant Market;

**"Authorised Persons"** means the persons named in the Authorised Persons List (as modified from time to time);

**"Authorised Persons List"** means the list of Authorised Persons as provided during the onboarding process and as may be amended from time to time;

**"Base Currency"** means either United States Dollars ("**USD**") or any other currency, as may be specified by us from time to time;

**"Cash Account"** means any cash account established on our books and records in your name;

**"CCP"** means a central counterparty clearing organisation;

**"Client On-boarding Form"** means the form attached to these Terms as completed by you on or around the date we enter into these Terms with you;

**"Custody Services"** means the arranging for your securities and other assets to be held in safe custody;

**"Data Privacy Regulations"** means EU Data Protection Directive 95/46/EC, the Directive on Privacy and Electronic Communications 2002/58/EC and the data privacy laws applicable in the jurisdiction in which you are based, in each case, as amended supplemented or replaced from time to time including, for the avoidance of doubt, Regulation (EU) 2016/679;

**"DFSA"** means the Dutch Financial Supervision Act (*Wet op het financieel toezicht*), as may be amended from time to time;

**"Dutch MiFID II Rules"** means the DFSA and further rules and regulations thereto relating to the provision of investment services and implementing the MiFID II framework, as may be amended from time to time;

**"Effective Date"** has the meaning given to that term in the Client On-Boarding Form;

**"Eligible Counterparty"** (*in aanmerking komende tegenpartij*) has the meaning given to it in the DFSA;

**"EU MiFID II Regulations"** means all directly applicable EU regulations within the framework of MiFID II, including, but not limited to, the Markets in Financial Instruments Regulation (EU) 600/2014 and delegated regulation (EU) 2017/565, as may be amended from time to time;

**"Event of Default"** means any of the events listed in Clause 16;

**"Exchange Traded Derivatives Service"** means the arranging, broking and execution of Exchange Traded Derivatives on your behalf through one or more third-parties;

**"Exchange Traded Derivative"** means a derivative which is traded on a regulated exchange;

**"Execution Services"** means the execution and settlement of Transactions as described in Clauses 9 and 10, and includes the OTC Derivatives Service and the Exchange Traded Derivatives Service;

**"Indemnified Person"** means us, our agents, Affiliates and the directors, officers, employees, agents and representatives thereof or third parties acting on our behalf;

**"Infrastructure"** means any CCP, settlement system, trading venue or trade repository;

**"Loss"** or **"Losses"** means any loss, cost liability, expense or damage, including, without limitation, legal and other professional fees and expenses;

**"Market"** means any regulated market, multilateral trading facility, or organised trading facility, in each case, as defined in the DFSA;

**"MiFID II"** means the Markets in Financial Instruments Directive (2014/65/EU);

**"OTC Derivative"** means a derivative which is not traded on a regulated exchange, but is entered into on an over-the-counter basis;

**"OTC Derivatives Service"** means dealing as principal and arranging services in respect of OTC Derivatives in relation to a range of underlying assets classes including, without limitation, commodities, foreign exchange and interest rates;

**"Principal"** has the meaning given to it on the Client On-boarding Form;

**"Product Agreement"** means any agreement between you and us or you and our Affiliates setting out the terms on which we will provide one or more of the Services to you, including, without limitation, an ISDA Master Agreement, Exchange Traded Derivatives clearing agreement, custody agreement or electronic services agreement;

**"Professional Client"** has the meaning given to it in the DFSA;

**"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 Rules relating to investment research.

**"Rules"** means the EU MiFID II Regulations and the Dutch MiFID II Rules as may be amended from time to time;

**"Retail Client"** (*niet-professionele belegger*) has the meaning attributed to it in the DFSA;

**"Securities Account"** means any securities accounts maintained by us on our books and records in your name recording securities held by us for you from time to time;

**"Services"** has the meaning given to it in Clause 6.1;

**"Terms"** has the meaning given to it in Clause 1.1; and

**"Transaction"** means any transaction of any kind contemplated or executed by or for you pursuant to these Terms and/or any Product Agreement.

## Annex 2

### Equities Module

#### 1. Scope

**Transactions:** The clauses in this Equities Module apply to Transactions in Equity Securities. For these purposes, "Transaction" means a transaction relating to an Equity Security under which delivery of an Equity Security is contemplated upon its formation.

#### 2. Dealing capacity

**Execution and capacity:** Unless indicated otherwise by us, every order which we may take is accepted and executed on the basis that we act in the capacity as your agent. If we so indicate, we may 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 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 shall follow any instruction given by you in relation to such Corporate Action. If we do not receive any instruction from you, or do not receive an instruction in sufficient time for us to act on such instruction, the outcome of the Corporate Action shall be the default option indicated in the relevant Corporate Action.

#### 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 submitting further instructions which may result in insufficient funds for a Limit Order to be executed.

4.2 **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.

4.3 **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 **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.

5.5 **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.

5.6 **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.

5.7 **Fails:** Unless you instruct us otherwise in respect of a particular Transaction, we will not notify you if the settlement of that Transaction fails to take place on the contractual settlement date, whether because of a default by a counterparty to that Transaction or otherwise.

5.8 **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.

5.9 **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

**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

**Trade reporting:** Under Applicable Regulations, we, our Affiliates and/or other third parties involved in the execution of Transactions 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 must be disclosed.

## 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 AFM, 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:

(a) an Equity Security whose listing on a Market is suspended, or the listing or trading in which has been discontinued, or which is subject to a Market announcement suspending or prohibiting trading; or

(b) 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

**Prohibition on Short Sales:** All sale instructions are accepted by us on the basis that you own the Equity Securities sold on an unencumbered basis.

## 10. Definitions

**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.

**“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.

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

## Annex 3

### Fixed Income Securities Module

#### 1. Scope

**Transactions:** The clauses in this Fixed Income Securities Module apply to Transactions in Fixed Income Securities. 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.

#### 2. Dealing as principal

**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

**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.

#### 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:** Unless you instruct us otherwise in respect of a particular Transaction, we will not notify you if the settlement of that Transaction fails to take place on the contractual settlement date, whether because of a default by a counterparty to that Transaction or otherwise.

#### 5. Definition

"**Fixed Income Securities**" means either: (i) a negotiable bond or other negotiable debt instrument; (ii) any transferable security (as such term is defined in Article 4(1)(44) of MiFID II) that is not an Equity Security (as such term is defined in the Equities Module); or (iii) any other fixed income product that we determine in our discretion (acting reasonably) is to be subject to this Fixed Income Securities Module.

## Annex 4

### Foreign Exchange Services Module

#### 1. Scope

**Transactions:** The clauses in this Module apply to transactions which constitute foreign exchange futures, forwards or swaps (a "Transaction"). For the avoidance of doubt, spot foreign exchange transactions shall not be considered Transactions for the purposes of this Module.

#### 2. Pricing

2.1 **Price quotation:** We act as a broker in relation to Transactions. We will quote prices at which we are prepared to deal with you. Save where:

(a) we exercise any of our rights to close out a Transaction; or

(b) a Transaction closes automatically,

it is your responsibility to decide whether or not you wish to deal at the price quoted by us.

2.2 **Availability of prices:** Each price shall be effective and may be used in a dealing instruction prior to the earlier of its expiration time and the time, if any, at which it is otherwise withdrawn by us. A price may not be used in a dealing instruction after such time. Each price shall be available for use in a dealing instruction for a transaction with a principal amount not to exceed a maximum determined by us. You acknowledge that these prices and maximum amounts may differ from prices and maximum amounts provided to other customers of ours and may be withdrawn or changed without notice. We may in our sole discretion and without prior notice to you immediately cease the provision of prices in some or all currency pairs and for some or all value dates at any time.

2.3 **Market movement:** When we quote a price, market conditions may move between our sending of the quote and the time your order is executed. Such movement may be in your favour or against it. Prices that may be quoted and/or traded upon, from time to time, by other market makers or third parties shall not apply to trades between us and you.

#### 3. Currency Fluctuations

3.1 **Currency conversion in respect of margin:** If you enter into any Transaction we are authorised to convert funds in your account into and from such foreign currency at a rate of exchange determined by us on the basis of the then prevailing market rates. In

3.2 **Indemnity for loss in respect of currency conversion:** This clause is without prejudice to any other indemnity in these Terms. If we receive or recover any amount in respect of any of your obligations in a currency other than that in which such amount was payable, whether pursuant to a judgment of any court or otherwise, you will indemnify us and hold us harmless from and against any cost (including costs of conversion) and loss suffered by us as a result of receiving such amount in a currency other than the currency in which it was due.

#### 4. Physically Settled Transactions

4.1 **Separate currency ledgers for each currency:** Your account may comprise a number of currency ledgers. When you enter into one or more Transactions in a currency other than the Base Currency, we shall create a currency ledger in respect of that currency. Such ledgers are for memorandum purposes only and do not constitute deposits placed with us or obligations owed by you to us. To the extent that we do not have a nostro account denominated in a currency that is the subject of a Transaction, we will not be able to create a currency ledger for that currency and we will not be able to execute that Transaction as a result.

4.2 **Insufficient currency:** We will settle trades in the relevant currency where the account comprises such currency ledger. However, where the currency balance on the relevant currency ledger is insufficient, we may settle trades in any currency for which there is a currency ledger in the account using the then prevailing exchange rate that we are able to obtain in the market for the relevant currency.

4.3 **Authorisation to roll over or offset positions:** In the absence of timely instructions from you, we are authorised, at our absolute discretion, to roll over or offset all or any portion of the currency positions in your accounts or to make or receive delivery on your behalf upon such terms and by such methods deemed reasonable by us in our sole discretion.

4.4 **Settlement of Transactions:** We will not arrange delivery of currencies unless we deem them necessary or if we otherwise agree in writing with you and, accordingly, unless such arrangements have been made by us any currency positions that settle shall do so by credit or debit to your account with us.

4.5 **Currency conversion:** You may direct us to convert any currency ledger balance to the Base Currency at any time and/or we may elect upon written notice to you to automatically convert any currency ledger balance to the Base Currency on a daily basis. When we make any conversions we shall do so using the then prevailing exchange rates that we are able to obtain in the market for the relevant currencies.

4.6 **Accounting and payment in Base Currency:** We will account to you only in the Base Currency and we will pay you profits and you will reimburse us in respect of losses from time to time by making payments in the Base Currency.

## 5. Making Payments

**Payments to be made gross:** All payments that are to be made under these Terms or any Product Agreement shall be made on a gross basis and shall not be net or set-off against any other payments.

## Annex 5

### Futures and Options Module

#### 1. Scope

**Transactions:** The clauses in this Module apply to transactions in futures and options. In this Module, "Transaction" means a derivatives transaction which constitutes a future or an option (as referred to in Annex I, part C under 4 – 10 of MiFID II) and is either traded on a Market or on an over-the-counter ("OTC") basis.

#### 2. Trading Arrangements

2.1 **Exchange-traded trades:** In respect of every Transaction made between us that is subject to the rules of a Market, we shall, unless otherwise agreed in writing in relation to a particular Market, act in the capacity of your agent in respect of any such Transaction with you.

2.2 **OTC trades:** In respect of every Transaction that is made between us on an OTC basis, we shall act in the capacity as principal in respect of that Transaction.

2.3 **Give-up:** In respect of every Transaction made between us and given up to be cleared by another broker or dealer as specified by you:

(a) if such broker or dealer accepts the give-up, we shall (without prejudice to any claim we may have for commission or other payment) upon such acceptance cease to be a party to the Transaction and shall have no obligation to you for its performance;

(b) if such other broker or dealer declines to accept the give-up, we shall be entitled at our option either to confirm the Transaction with you or to liquidate it by such sale, purchase, disposal or other Transaction or cancellation as we may in our discretion determine, whether on the relevant Market or by private contract or any other feasible method (including taking it over ourselves or transferring it to an associate); and any balance resulting from such liquidation shall be promptly settled between us but without prejudicing our rights under these Terms or otherwise.

2.4 **International Uniform Give-up Agreement:** You authorise us to enter into and execute any International Uniform Give-up Agreement on your behalf. Where you and we are party to an International

Uniform Give-up Agreement, in the event of any inconsistency, the provisions of such agreement shall prevail over these Terms.

2.5 **Allocation on delivery or exercise:** In relation to any Transaction that is subject to the rules of a Market, where the relevant Market or intermediate broker does not specify a particular Transaction when making a delivery or exercising an option, we may allocate randomly or in a way which seems to us to be most equitable.

2.6 **Exercise of options:** In relation to any Transaction that is subject to the rules of a Market, you understand that Markets have established exercise cut-off times for the tender of instructions in relation to exercise of options and that options will become worthless in the event that you do not deliver instructions by such expiration time. You also acknowledge that we may establish exercise cut-off times which may be earlier than the exercise cut-off times established by the relevant Market, and you shall have no claims against us arising out of the fact that an option was not exercised, save in circumstances where the option was not exercised as a direct result of our negligent failure to inform you of our own exercise cut-off time in respect of the particular option.

2.7 **Deemed exercise of options:** In relation to any Transaction that is subject to the rules of a Market, where by virtue of Market Rules an option is exercised automatically under a back-to-back Transaction which has been entered into by us on your instructions, the corresponding Transaction to which you and we are both party will be deemed to have been automatically exercised at the same time.

2.8 **Correction of order:** In relation to any Transaction that is subject to the rules of a Market, you understand that Markets may from time to time sanction the making of contracts by us off-exchange in order to satisfy your order, where there has been an error in the execution of your order on-exchange. Where a better price (an improvement) can be obtained, we may seek to secure and offer that improvement to you. Where, in response to your order, we have bought or sold in accordance with the instruction in your order to buy or, as the case may be, to sell but have traded the wrong delivery/expiry month or wrong exercise price of the relevant contract, then we may in accordance with the Rules of any relevant Market offset any loss arising from that trade against any improvement achieved for you in the course of correctly satisfying your order, thus offering you only the net improvement, if any.

2.9 **Close-out:** In relation to any Transaction that is subject to the rules of a Market, unless otherwise agreed in writing between you and us or where the Rules of a Market provide otherwise, whenever any Transaction is entered into to close out any existing Transaction, then the obligations of each of us under both sets of Transactions shall automatically and immediately be terminated upon entering into the second Transaction, except for any settlement payment due in respect of such closed out Transactions, and any fines and other payments/rights claimed under general indemnities.

### 3. Clearing Services

3.1 **Transaction given up to us for clearing:** Subject to the Rules of any relevant Market, this clause applies where there is a give-up agreement between you, us and a third party executing broker, and the reference number or mnemonic applicable to you is quoted by such executing broker when a Transaction is submitted to us for clearing. In acting as your clearing broker we shall accept a Transaction given up to us for clearing only if we have agreed with you to clear Transactions of such a description and the acceptance thereof would not breach any position or other limits applicable to your account with us. Notwithstanding any provision contained in the relevant give-up agreement, if we accept such Transaction for clearing, such Transaction shall be binding and conclusive on you immediately on its acceptance for clearing by us whether or not the details of such Transaction have previously been confirmed to us by you. We shall not be liable to you for any losses, costs, expenses or damages arising from any discrepancy between details in your instructions to such executing broker and details of Transactions submitted to us for clearing. Any dispute relating to a Transaction given up or attempted to be given up to us for clearing shall be determined under applicable arbitration rules of the relevant Market.

3.2 **Fees paid to executing broker:** Subject to the Rules of any relevant Market, if a give-up agreement between you, us and a third party executing broker provides that the executing broker will invoice us directly for its commissions in relation to the execution of an order, then we shall be entitled to rely on the details specified in any invoice presented to us by such executing broker and, notwithstanding that the amounts specified in the invoice may be incorrect, you shall fully reimburse us for any sum paid to the executing broker in respect of that invoice. We shall have no liability to you for any losses, costs, expenses or damages incurred or suffered by you as a result of an incorrect amount being specified in an invoice.

### 4. Financial Futures Requiring Non-cash Settlement

4.1 **Sales:** You shall make securities deliverable by you available for settlement on or before the settlement date. Where there are insufficient securities in your account and we do proceed to settlement, we may buy the securities required for delivery at a price we believe to be reasonable, charge your account for the cost thereof, deliver the securities to satisfy the delivery obligation, and credit your account with the net proceeds thereof (after deduction of commission and other costs).

4.2 **Settlement Agent:** You will notify us of all relevant details required by us of your settlement agent in respect of Transactions which may be subject to securities delivery obligations. You will procure that your settlement agent enters into such other documentation as may be necessary to ensure that the clearing and settlement of such Transactions takes effect without liability to us.

### 5. Trade Disclosure

**Trade Reporting:** Under Applicable Law, we, our Affiliates and/or other third parties involved in the execution of Transactions may be obliged to make disclosures in respect of certain Transactions. 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 must be disclosed.

## Annex 6

### Agency Module

#### 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 form a credit and counterparty risk assessment.

1.3 **Capacity:** Each Transaction will be entered into by you as agent on behalf of your Underlying Customer in accordance with paragraph 1.4 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 Rules.

1.4 **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 European Convention on State Immunity and that an 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.

1.5 **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.

1.6 **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.

1.7 **Documentation:** You agree to forward to an Underlying Customer any documentation in relation to such Counterparty that we are required to provide under the Rules and which we make available to you for that purpose.

1.8 **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 Law, 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 Terms:** Clause 4 (*Client representations and warranties*) of the Terms 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 in the Title Transfer Securities and Collateral Module and elsewhere in this Agency Schedule and the Agreement;

- (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 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.
- (b) 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 Law;
  - (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; and
  - (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 referred to in the Title Transfer Securities and Collateral Module in us, our nominee, a purchaser or transferee.
  - (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 these Terms or any Transaction made thereunder; and immediately notify us in writing if at any time any of the warranties, representations or undertakings in this Custody Services Module are or become or are found to be incorrect or misleading in any 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

#### 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 Law concerning money-laundering. We are required to determine whether the agent representing the client is authorized to do so and to identify the Underlying Customer and to verify his/her identity, unless either of the following paragraphs 4.2 or 4.3 applies. We will perform customer due diligence according to our AML Policy that we have put in place for this purpose. If we are not able to verify your identity, the identity of Underlying Customers or the ultimate beneficial owner of the Underlying Customers, we reserve the right to cease to provide Services to you and the Underlying Customer.

4.2 If you are a regulated credit or financial institution in the Netherlands, 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 identification of the Underlying Customer and verification of the identity of your Underlying Customer will have been performed, 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 identification of the Underlying Customer and verification of the identity of your Underlying Customer have been performed in a proper and satisfactory manner.

#### 5. **Discharge**

**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**

**Events of Default:** References to "you" in Clause 17 (*Our rights on default*) of the Terms (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. 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**

**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 liabilities, costs, damages and losses (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**

**Interpretation of these terms:** In this Agency Module:

"**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 individuals or other persons who are the primary representatives of the organisation on whose behalf they are dealing.

## Annex 7

### Custody Services

#### 1. Custody Services

1.1 **Appointment of custodian:** You agree that we may act as custodian of your assets which we may from time to time safeguard and administer for your risk and account under these Terms.

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 collected by us 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 **Asset Segregation:** Your Custody Assets held with us in your custody account are held and administered in accordance with the provisions of the Dutch Securities Giro Transactions Act (*Wet giraal effectenverkeer*). As such, your Custody Assets are segregated from our own estate by way of law.

2.2 **Delivery Versus Payment:** Crediting or debiting of the Custody Assets in your custody account held with us takes place exclusively against simultaneous debiting or crediting of the relevant amount to be received or due to your cash account with us (delivery versus payment, DvP).

2.3 **Disposal:** We are only authorized to dispose of your Custody Assets, insofar as this is necessary for the performance of our Services to you.

2.4 **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 time designated by Applicable Law and/or our internal policies (as may be amended from time to time) and we have been unable to contact you having taken reasonable steps in accordance with Applicable Law to trace you and return the Custody Assets, you agree that we may, in our sole discretion, decide to

liquidate any unclaimed Custody Assets at market value, and pay away the proceeds.

#### 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 Netherlands and which may include Affiliates (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, an Affiliate or a nominee of our Affiliate. 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 outside the Netherlands 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; and

(c) 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 these Terms.

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:** Instructions in respect of the safe custody service ("**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 these Terms.

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 Affiliates).

## 7. Statements

7.1 **Type of statements:** We will prepare quarterly statements providing details 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 deposits held by us for you under these Terms. 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 quarterly Custody Assets statement 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 during the preceding quarter we will provide you with Custody Assets statement for that quarter.

## 8. Fees and Expenses

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 and the General Banking Conditions, we shall have a general lien over the Custody Assets until the satisfaction of all liabilities and obligations (whether actual or contingent) owed by you to us (whether under these custody terms 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, 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 248 and 249, Book 3 of the Dutch Civil Code shall not apply to these custody terms or to any exercise by us of our power of sale.

## 10. Further Assurance

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 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 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.

## Annex 8

### Title Transfer and Collateral Module

#### 1. Scope

1.1 **Application:** This Module supplements Clause 17 (*Our rights on default*) of the Terms.

1.2 This Module shall only apply to the extent that we have agreed with you that you will provide collateral to us to secure the full amount of our exposure to you.

#### 2. Transfer and Return Obligations

2.1 **Transfer:** Upon a demand made by us on or promptly following a Valuation Date, if the amount of the Margining Requirement exceeds the Value of the Transferred Margin, then you will Transfer to us such Acceptable Margin having a Value as of the date of Transfer at least equal to the applicable Margin Delivery Amount within 5 Business Days of the date of demand.

2.2 **Return:** Upon a demand made by you on or promptly following a Valuation Date, if the Value of the Transferred Margin exceeds the amount of the Margining Requirement, then we will Transfer to you such Equivalent Margin having a Value as of the date of Transfer as close as practicable to the applicable Margin Return Amount within 5 Business Days of the date of demand.

2.3 **Minimum Transfer:** Prior to the designation of a Liquidation Date, neither we nor you shall be required to make a Transfer of Acceptable Margin unless the Margin Delivery Amount or the Margin Return Amount, as the case may be, is greater than the Minimum Transfer Amount.

2.4 **Redelivery Obligation:** On the earlier of the date of termination of these Terms, or when no obligations are outstanding from you to us, we will also Transfer to you Equivalent Margin having a Value as of the date of Transfer equal to the Margin Return Amount calculated as if the Margining Requirement were then zero.

2.5 **Cash Collateral:** All cash denominated in the Base Currency placed by you with us being treated by us as collateral, shall be deemed to constitute Transferred Margin.

2.6 **Net Obligations:** We shall not be obliged to Transfer Acceptable Margin to you if you have a net exposure to us.

#### 3. Dividends

3.1 **Dividends:** We will treat any cash, securities or other property of the same type, nominal value, description and amount as the relevant Dividends (less any deductions on account of any tax) ("**Equivalent Dividends**") as an addition to the Transferred Margin. "**Dividend**" means all payments and distributions of cash or other property of the same type, nominal value, description and amount as securities comprised in the Transferred Margin which a holder of securities receives on any Business Day.

3.2 **Payment of Dividends:** We will Transfer to you, on the first Business Day after receipt of any Dividend, any Equivalent Dividends, provided that we reasonably consider that to do so would not require a Margin Delivery Amount to be transferred if that Business Day were a Valuation Date.

#### 4. Substitutions

**Substitution:** You may, with our prior written consent, Transfer new Acceptable Margin to us in substitution for Transferred Margin having the same value and of the same amount, as determined by us, as such new Acceptable Margin, whereupon we will Transfer to you Equivalent Margin in respect of the Transferred Margin being substituted.

#### 5. Default

**Default:** If a Liquidation Date is specified or deemed to occur as a result of an Event of Default, the Default Margin Amount as at that date will be deemed to be a gain by us for the purposes of calculating the Liquidation Amount. For this purpose, "**Default Margin Amount**" means the amount, calculated in the Base Currency of the aggregate value as at the relevant Liquidation Date (as determined by us) of the Transferred Margin.

#### 6. Gross up

**Gross-up:** All payments under this Module will be made free of and without withholding or deduction for any taxes, duties, assessments or governmental charges of whatsoever nature imposed, withheld or assessed by any relevant tax authority, unless required by law, in which case the payer shall pay such additional amounts as will result in the receipt by the payee of an amount which it would have received had no deduction or withholding been made.

#### 7. Representations and Transfer of Title

7.1 **Encumbrances:** Each party represents to the other party (which representation will be deemed repeated

as of each date on which a Transfer of Acceptable Margin, Equivalent Margin, Equivalent Dividends or Interest is made) that it is the sole owner or otherwise has the right to Transfer all the aforementioned property, free and clear of any security interest, lien, encumbrance or other restriction.

7.2 **Clean title:** Each party agrees that all right, title and interest in and to any Acceptable Margin, Equivalent Margin, Equivalent Dividends or Interest which it Transfers to the other party shall vest in the recipient free and clear of any security interest, lien, claims, charges, encumbrance or other restriction for the purpose of securing or otherwise covering the Margining Requirement. As full ownership will be transferred to us in respect of the Acceptable Margin, Equivalent Margin, Equivalent Dividends or Interest which you Transfer to us, you will not have a proprietary claim over such Acceptable Margin, Equivalent Margin, Equivalent Dividends or Interest and we can deal with it as our own. Notwithstanding the use of terms such as "Margin" which are used to reflect terminology used in the market for such transactions, nothing in these provisions is intended to create or does create in favour of either party a mortgage, charge, lien, pledge, encumbrance or other security interest in any Acceptable Margin, Equivalent Margin, Equivalent Dividends or Interest Transferred hereunder.

## 8. Calculations and Conversion

8.1 **Calculations and conversion:** All calculations shall be done by us in a commercially reasonable manner. We shall convert any amount not denominated in the Base Currency to the Base Currency at the spot rate available to us in the interbank market as at the time that the relevant calculation is performed for the sale of the Base Currency against a purchase of that currency.

8.2 **Notification:** We will notify you of our calculations not later than the Business Day following the applicable Valuation Date.

## 9. Dispute Resolution

9.1 **Disputed valuation:** If you reasonably dispute the calculation of a Margin Delivery Amount or a Margin Return Amount or any Value calculated under this module, then:

- (a) you will notify us not later than the close of business on the Business Day following the date on which the disputed calculation was received by you;

- (b) in the case of a Margin Delivery Amount or a Margin Return Amount, the appropriate party will Transfer the undisputed amount to the other party promptly, notwithstanding the dispute;

- (c) the parties will consult with each other in an attempt to resolve the dispute expeditiously; and

- (d) if they fail to resolve the dispute by the end of the Business Day following the date on which the disputed calculation was received by you then:

- (i) in the case of a dispute concerning the amount of the Margining Requirement, we shall within one Business Day thereafter obtain a quotation from two price sources in the relevant market as to the reasonable amount of the Margining Requirement in respect of the affected Netting Transactions or other matters in dispute, and the arithmetic mean of the quotations so provided shall apply instead of our calculation;

- (ii) in the case of a dispute involving the Value of any Transfer of Acceptable Margin or Equivalent Margin we will recalculate the Value as of the date of Transfer.

9.2 **Re-notification:** The appropriate Party will upon demand following notification by us of any recalculations under this Clause make the appropriate Transfer.

9.3 **Recalculation fee:** We may charge you a fee for recalculations carried out under this Clause.

9.4 **No Event of Default:** The failure by a Party to make a Transfer of any amount which is the subject of a dispute to which this Clause applies will not constitute an Event of Default so long as the procedures set out in this Clause are being carried out.

## 10. Definitions

**Definitions:** In this Module:

"Acceptable Margin" means those items specified below, the valuation of which shall be subject to the haircut set out next to the relevant item:

- (a) cash denominated in the Base Currency – Haircut: 0%;
- (b) cash denominated in a currency other than the Base Currency that is acceptable to us from time to time, subject to a haircut that we may specify from time to time; and
- (c) other non-cash securities acceptable to us from time to time, subject to a haircut that we may specify from time to time,

in each case, provided that where any haircut specified by us is less than the minimum haircut required to be applied to a form of Acceptable Margin in accordance with Applicable Law, the minimum haircut required by Applicable Law shall apply to that form of Acceptable Margin.

**"Equivalent Margin"** means cash and/or securities of the same type, nominal value, currency and amount as Acceptable Margin Transferred hereunder.

**"Margin Delivery Amount"** means with respect to any Valuation Date, the amount by which the Margining Requirement exceeds the Value, as of that date, of the Transferred Margin, adjusted to include any prior Margin Delivery Amount and to exclude any prior Margin Return Amount, the Transfer of which, in either case, has not yet been completed.

**"Margin Return Amount"** means with respect to any Valuation Date, the amount by which the Value as of that date of the Transferred Margin (adjusted to include any prior Margin Delivery Amount and to exclude any prior Margin Return Amount, the Transfer of which, in either case, has not yet been completed) exceeds the Margining Requirement.

**"Margining Requirement"** means, on any day, our requirement in relation to the amount or value of Acceptable Margin to be Transferred by you in relation to your outstanding obligations to us on that day in accordance with our standard practice from time to time.

**"Minimum Transfer Amount"** means 20,000 units of the Base Currency.

**"Transfer"** means, with respect to any Acceptable Margin, Equivalent Margin, Equivalent Dividends or Interest:

- (d) in the case of cash, payment into the recipient's bank account or to another account designated by the recipient;

- (e) in the case of securities that can be delivered by book-entry, the giving of irrevocable transfer instructions to the relevant depository, clearing system or other institution responsible for the books, and/or compliance with any other procedures necessary to enable the recipient to obtain legal and beneficial ownership in the securities; and
- (f) in the case of certificated securities that cannot be delivered by book-entry, delivery in suitable physical form to the recipient accompanied by all certificates and other documents of title, duly executed and stamped stock transfer forms and any other documents necessary to enable the recipient to obtain legal and beneficial ownership in the securities.

**"Transferred Margin"** means the aggregate of all Acceptable Margin that has been Transferred to us hereunder, as reduced from time to time by any Transfer of Equivalent Margin to you under these terms.

**"Valuation Date"** means any Business Day selected by us.

**"Value"** means, for any Valuation Date or other date for which Value is calculated, with respect to:

- (g) cash, the amount expressed in the Base Currency;
- (h) securities for which prices are publicly quoted, an amount expressed in the Base Currency and reasonably determined by us by reference to the closing price of such securities on such trading venue as may be reasonably selected by us;
- (i) other Acceptable Margin or Equivalent Margin, an amount expressed in the Base Currency and reasonably determined by us by reference where reasonably practicable to independent price sources, as reflecting the value of such Acceptable Margin or Equivalent Margin; and
- (j) items that are not Acceptable Margin or Equivalent Margin, zero.

## Annex 9

### Uncollateralized Limit Module

#### 1. Scope

1.1 **Application:** This Module supplements Clause 17 (*Our rights on default*) of the Terms.

1.2 This Module shall only apply to the extent that we have agreed with you that we will accept a certain amount of exposure to you before we require you to provide collateral to us.

#### 2. Transfer and Return Obligations

2.1 **Transfer:** Upon a demand made by us on or promptly following a Valuation Date, if the Total Exposure exceeds the Uncollateralized Limit, then you will Transfer to us Acceptable Margin having a Value as of the date of Transfer at least equal to the excess of the Total Exposure over the Uncollateralized Limit (the "**Margin Delivery Amount**") within 5 Business Days of the date of demand.

2.2 **Return:** Upon a demand made by you on or promptly following a Valuation Date, if the Value of the Transferred Margin is greater than zero and the Total Exposure is less than the Uncollateralized Limit, then we will Transfer to you such Equivalent Margin having a Value of the Transferred Margin (the "**Margin Return Amount**") within 5 Business Days of the date of demand.

2.3 **Minimum Transfer:** Prior to the designation of a Liquidation Date, neither we nor you shall be required to make a Transfer of Acceptable Margin unless the Margin Delivery Amount or the Margin Return Amount, as the case may be, is greater than the Minimum Transfer Amount.

#### 3. Close-out right

3.1 If at any time the Total Exposure exceeds the Risk Threshold, we shall have the right (but not the obligation) to terminate any Transactions necessary to reduce the Total Exposure to less than the Risk Threshold.

3.2 In determining which Transactions to terminate, we shall terminate Transactions in the order we reasonably deem fit.

#### 4. Dividends

4.1 **Dividends:** We will treat any cash, securities or other property of the same type, nominal value, description and amount as the relevant Dividends (less any

deductions on account of any tax) ("**Equivalent Dividends**") as an addition to the Transferred Margin. "**Dividend**" means all payments and distributions of cash or other property of the same type, nominal value, description and amount as securities comprised in the Transferred Margin which a holder of securities receives on any Business Day.

4.2 **Payment of Dividends:** We will Transfer to you, on the first Business Day after receipt of any Dividend, any Equivalent Dividends, provided that we reasonably consider that to do so would not require a Margin Delivery Amount to be transferred if that Business Day were a Valuation Date.

#### 5. Substitutions

**Substitution:** You may, with our prior written consent, Transfer new Acceptable Margin to us in substitution for Transferred Margin having the same value and of the same amount, as determined by us, as such new Acceptable Margin, whereupon we will Transfer to you Equivalent Margin in respect of the Transferred Margin being substituted.

#### 6. Default

**Default:** If a Liquidation Date is specified or deemed to occur as a result of an Event of Default, the Default Margin Amount as at that date will be deemed to be a gain by us for the purposes of calculating the Liquidation Amount. For this purpose, "**Default Margin Amount**" means the amount, calculated in the Base Currency of the aggregate value as at the relevant Liquidation Date (as determined by us) of the Transferred Margin.

#### 7. Gross up

**Gross-up:** All payments under this Module will be made free of and without withholding or deduction for any taxes, duties, assessments or governmental charges of whatsoever nature imposed, withheld or assessed by any relevant tax authority, unless required by law, in which case the payer shall pay such additional amounts as will result in the receipt by the payee of an amount which it would have received had no deduction or withholding been made.

#### 8. Representations and Transfer of Title

8.1 **Encumbrances:** Each party represents to the other party (which representation will be deemed repeated as of each date on which a Transfer of Acceptable Margin is made) that it is the sole owner or otherwise has the right to Transfer all the aforementioned property, free and clear of any security interest, lien, encumbrance or other restriction.

8.2 **Clean title:** Each party agrees that all right, title and interest in and to any Acceptable Margin which it Transfers to the other party shall vest in the recipient free and clear of any security interest, lien, claims, charges, encumbrance or other restriction. As full ownership will be transferred to us in respect of the Acceptable Margin which you Transfer to us, you will not have a proprietary claim over such Acceptable Margin and we can deal with it as our own. Notwithstanding the use of terms such as "Margin" which are used to reflect terminology used in the market for such transactions, nothing in these provisions is intended to create or does create in favour of either party a mortgage, charge, lien, pledge, encumbrance or other security interest in any Acceptable Margin that has been Transferred hereunder.

## 9. Calculations and Conversion

9.1 **Calculations and conversion:** All calculations shall be done by us in a commercially reasonable manner. We shall convert any amount not denominated in the Base Currency to the Base Currency at the spot rate available to us in the interbank market as at the time that the relevant calculation is performed for the sale of the Base Currency against a purchase of that currency.

9.2 **Notification:** We will notify you of our calculations not later than the Business Day following the applicable Valuation Date.

## 10. Dispute Resolution

10.1 **Disputed valuation:** If you reasonably dispute any calculation of a Margin Delivery Amount or a Margin Return Amount or any Value calculated under this Module, then:

- (a) you will notify us not later than the close of business on the Business Day following the date on which the disputed calculation was received by you;
- (b) in the case of a Margin Delivery Amount or a Margin Return Amount, the appropriate party will Transfer the undisputed amount to the other party promptly, notwithstanding the dispute;
- (c) the parties will consult with each other in an attempt to resolve the dispute expeditiously; and
- (d) if they fail to resolve the dispute by the end of the Business Day following the date on

which the disputed calculation was received by you, then:

- (i) in the case of a dispute concerning either a Margin Delivery Amount or a Margin Return Amount, we shall within one Business Day thereafter obtain a quotation from two price sources in the relevant market as to the reasonable amount of the Margin Delivery Amount or Margin Return Amount, as the case may be, in respect of the affected Transactions or other matters in dispute, and the arithmetic mean of the quotations so provided shall apply instead of our calculation; and
- (ii) in the case of a dispute involving the Value of any Transfer of Acceptable Margin we will recalculate the Value as of the date of Transfer.

10.2 **Re-notification:** The appropriate Party will upon demand following notification by us of any recalculations under this Clause make the appropriate Transfer.

10.3 **Recalculation fee:** We may charge you a fee for recalculations carried out under this Clause.

10.4 **No Event of Default:** The failure by a Party to make a Transfer of any amount which is the subject of a dispute to which this Clause applies will not constitute an Event of Default so long as the procedures set out in this Clause are being carried out.

## 11. Definitions

11.1 **Definitions:** In this Module:

"Acceptable Margin" means those items specified below, the valuation of which shall be subject to the haircut set out next to the relevant item:

- (a) cash denominated in the Base Currency – Haircut: 0%;
- (b) cash denominated in a currency other than the Base Currency that is acceptable to us from time to time, subject to a haircut that we may specify from time to time; and

(c) other non-cash securities acceptable to us from time to time, subject to a haircut that we may specify from time to time,

in each case, provided that where any haircut specified by us is less than the minimum haircut required to be applied to a form of Acceptable Margin in accordance with Applicable Law, the minimum haircut required by Applicable Law shall apply to that form of Acceptable Margin.

**"Equivalent Margin"** means cash and/or securities of the same type, nominal value, currency and amount as Acceptable Margin Transferred hereunder.

**"Mark-to-Market Value"** means, in respect of a particular Transaction, an amount denominated in the Base Currency determined by us which represents the mark-to-market value of that Transaction, which shall be a positive amount when we have an exposure to you and a negative amount when you have an exposure to us.

**"Mark-to-Market Exposure"** means an amount denominated in the Base Currency equal to the aggregate Mark-to-Market Value for each Transaction.

**"Minimum Transfer Amount"** means 20,000 units of the Base Currency.

**"Initial Margin"** means a positive amount denominated in the Base Currency determined by us in accordance with our standard practice from time to time that represents the potential future exposure that we may have to you with respect to all Transactions.

**"Risk Threshold"** means an amount denominated in the Base Currency equal to 125 per cent. of the Uncollateralized Limit from time to time.

**"Total Exposure"** means an amount denominated in the Base Currency equal to the sum of the Mark-to-Market Exposure and the Initial Margin.

**"Transfer"** means payment into the recipient's bank account or to another account designated by the recipient.

**"Transferred Margin"** means the aggregate of all Acceptable Margin that has been Transferred to us hereunder, as reduced from time to time by any Transfer of Equivalent Margin to you under these terms.

**"Uncollateralized Limit"** means any amount or currency as we may notify you from time to time, which represents the nominal amount of

uncollateralized credit exposure that we will accept with respect to you.

**"Valuation Date"** means any Business Day selected by us.

**"Value"** means, for any Valuation Date or other date for which Value is calculated, with respect to cash, the amount of such case expressed in the Base Currency.

## Annex 10

### Order Routing Module

#### 1. Applicability

1.1 This Order Routing Module supplements and should be read in conjunction with the Electronic Trading Terms Module (where applicable). 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 network, a third party network or an Electronic Service (as defined in the Electronic Trading Terms Module) for the purpose of sending these orders (hereafter referred to as the "**Network**"). We have no liability to you in relation to a 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 Law;
- (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 Law;

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 Affiliates 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

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

**“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.

## Annex 11

### Electronic Trading Module

#### 6. Electronic trading service

6.1 **Scope:** This Electronic Trading Terms Module clause applies to your use of any Electronic Services.

6.2 **Access:** Once you have gone through the security procedures associated with an Electronic Service provided by us or by a third party on our behalf or otherwise connected to our Electronic Services provided to you, you will get access to such service, unless agreed otherwise or stated on our website. 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.

6.3 **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.

6.4 **Disclosures and third parties:** In connection with Clause 22.2 (*Confidentiality and disclosure*) of the Terms, when using an Electronic Service you must provide complete and correct information about you, upon request by us or any third party providing Electronic Services on our behalf or otherwise connected to our Electronic Services to you. If necessary, you must enter into an agreement or execute any other documentation with any third party providing Electronic Services on our behalf or otherwise connected to our Electronic Services to you, for purposes of providing the Electronic Service and ensure that all information in such agreement is complete and correct at all times.

6.5 **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 these Terms and any requirements of any relevant Market or Applicable Law.

6.6 **Access requirements:** You will be responsible for providing the System to enable you to use an Electronic Service.

6.7 **Virus detection:** You will be responsible for the installation and proper use of any virus detection/scanning program we require from time to time.

6.8 **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 these Terms, you will immediately notify us and will not use, in any way whatsoever, such data, information or software.

6.9 **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; and

(f) if applicable, use an unique login to ensure correct count of users and never share your passwords with anyone else.

6.10 **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.

6.11 **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 these Terms. 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.

6.12 **Liability and Indemnity:** Without prejudice to any other terms of these Terms, relating to the limitation of liability and provision of indemnities, the following clauses 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, or any third party providing Electronic Services on our behalf or otherwise connected to our Electronic Services to you, accept any liability in respect of any delays, inaccuracies, errors or omissions in any data (including, without limitation, any misquotes) 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 or by a third party on our behalf or otherwise connected to our Electronic Services 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, judgements, suits, actions, 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, regulatory body or any third party providing Electronic Services on our behalf or otherwise connected to our Electronic Services to you.

(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.

6.13 **Suspension or permanent withdrawal with notice:** We may suspend or permanently withdraw an Electronic Service, by giving you 10 days' written notice.

6.14 **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 Law, breach of any provisions of these Terms, 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) these Terms. The use of an Electronic Service may be terminated immediately if an Electronic Service is withdrawn by any Market, or a third party providing the Electronic Services on our behalf, or if we are required to withdraw the facility to comply with Applicable Law.

6.15 **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.

## 7. Definitions

**“Electronic Service”** means a service provided by us or by a third party on our behalf, via an internet/online service, a wireless access protocol service and/or an electronic order routing system; for example an internet/online trading service offering clients access to information and trading facilities through a website, mobile application or other digital platform; and

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

## Annex 12

### Indirect Clearing

#### 1. Scope and definitions

1.1 We may, in our discretion, provide clearing services to you in respect of Agreed IC CCPs through a relationship with an Intermediate Clearing Broker. You acknowledge and agree that we will only be able to provide the indirect clearing services described in this Annex to you on the basis that we will only be able to hold CM/Firm IC Transactions through a net omnibus segregated account held at the Intermediate Clearing Broker. We will therefore be unable to offer you an individually segregated client account.

1.2 Any of our rights, discretions or obligations in this Annex shall apply to us solely in our capacity as a direct client in relation to Agreed IC CCPs where we are providing related indirect clearing services to you.

1.3 Any of your rights, discretions or obligations in this Annex shall apply to you solely where you are acting as the recipient of the services described in paragraph 1.1 of this Annex.

1.4 Capitalised terms used but not defined in this Annex shall have the following meaning :

**"Agreed CCP"** means any central counterparty clearing organisation agreed between you and us to be an Agreed CCP from time to time;

**"Agreed CCP Service"** means any central counterparty clearing service which: (i) is accessed by us through an Intermediate Clearing Broker; and (ii) relates to an account at an Agreed CCP or, where there are sub-accounts at the Agreed CCP, a sub-account at the Agreed CCP;

**"Agreed IC CCP"** means each Agreed CCP established in the EU or any other Agreed CCP that is agreed between you and us from time to time to be an Agreed IC CCP for the purposes of this Annex;

**"CM/Firm Clearing Agreement"** means the agreement between us and an Intermediate Clearing Broker pursuant to which related CM/Firm IC Transactions are entered into by us and the Intermediate Clearing Broker;

**"CM/Firm IC Transactions"** means transactions between a clearing member of an Agreed IC CCP and us relating to indirect clearing services provided by us to you;

**"DC Trigger Event"** means the termination of CM/Firm IC Transactions under a CM/Firm Clearing Agreement as a result of an event of default (howsoever described) in respect of us;

**"IC Cleared Transaction Set"** means all Transactions which relate to CM/Firm IC Transactions (i) that have terminated and (ii) in respect of which a separate Liquidation Amount (or other equivalent amount) is required to be determined under the CM/Firm Clearing Agreement;

**"IC Cleared Set Termination Amount"** has the meaning given to it in paragraph 4.3 of this Annex;

**"Indirect Clearing Transactions"** means any transaction between you and any of your clients which relates to a Transaction cleared on an Agreed IC CCP;

**"Intermediate Clearing Broker"** means an entity used by us to provide clearing services in relation to an Agreed CCP; and

**"Relevant Collateral Value"** means, in respect of Transactions in an IC Cleared Transaction Set and any date on which an IC Cleared Set Termination Amount is determined, the value (without applying any "haircut" but otherwise as determined in accordance with these Terms) of all collateral that:

- (a) is attributable to such Transactions;
- (b) has been transferred by one party to the other in accordance with these Terms and has not been returned at the time of such termination or otherwise applied or reduced in accordance with these Terms; and
- (c) is not beneficially owned by, or subject to any encumbrances or any other interest of, the transferring party or of any third person ("**Title Transfer Collateral**").

1.5 References in this Schedule to the EU shall be construed to include the UK to the extent that, following withdrawal of the UK from the EU, the UK continues to apply substantially the same rules relating to the provision of indirect clearing services as the EU rules which became applicable on 3 January 2018 and references to Agreed IC CCPs shall be construed accordingly.

#### 2. Clearing of Transactions

2.1 Where we do not act as a general clearing member in respect of a transaction, but access an Agreed CCP indirectly through an Intermediate Clearing Broker, a

Transaction will arise between the Firm and the Client (any such Transaction being an "**Agreed CCP Transaction**") immediately when an equivalent transaction (a "**Firm/ICB Transaction**") arises between us and the Intermediate Clearing Broker (which may include a case where, under Applicable Law, we have rights directly exercisable against the Agreed CCP).

2.2 The terms of an Agreed CCP Transaction referred to in paragraph 2.1 above will be identical to those of the related Firm/ICB Transaction, except that:

- (a) each Agreed CCP Transaction will be governed by, and be subject to, these Terms; and
- (b) under each Agreed CCP Transaction, we will take the opposite position to the position it has under the related Firm/ICB Transaction.
- (c) the Transaction referred to in paragraph 2.1 above will replace any related, pre-existing transaction between us and you

2.3 **Rejected transactions:** If an Agreed CCP or Intermediate Clearing Broker does not accept a transaction for clearing, we will notify you promptly and we will have no obligation under these Terms or otherwise (and, in particular, no obligation in respect of any Loss which may arise as a result of any interval before notification of non-acceptance is made) to you in respect of the transaction. We may take any step to terminate such a transaction which is still subsisting after the moment of non-acceptance.

2.4 **Relationship with Infrastructures:** We may notify any Infrastructure of the position limits or position management controls applicable to your trading, regardless of whether we act as general clearing member of the relevant Infrastructure.

### 3. Settlement of Transactions

Where due in accordance with the terms of any Transaction, and you have not agreed with us to roll the Transaction, you will make available to us all requisite securities, commodities, money, documents or other property deliverable by you under a Transaction so as to enable us to perform our obligations under the relevant Firm/ICB Transaction in a timely manner and, in any event, by any deadline notified by us.

### 4. Termination and Netting

4.1 Upon the occurrence of a DC Trigger Event, the Transactions in the IC Cleared Transaction Set(s) corresponding to the terminated CM/Firm IC Transactions will automatically terminate and, following the termination, no further payments or deliveries in respect of those Transactions or the related Title Transfer Collateral or any interest, howsoever described, on those payment obligations will be required to be made, and an amount equal to the IC Cleared Set Termination Amount will instead be payable in relation to the relevant IC Cleared Transaction Set following the termination.

4.2 We will determine any IC Cleared Set Termination Amount as soon as reasonably practicable after the occurrence of the DC Trigger Event and we will promptly notify you in writing of that amount and whether it is payable by you or us. If the IC Cleared Set Termination Amount is positive, it will be due from you to us, and if it is negative, the absolute value of the IC Cleared Set Termination Amount will be due from us to you. The relevant IC Cleared Set Termination Amount will be payable in the Base Currency or, if applicable, in the currency of the close-out, termination or other settlement amount payable in relation to the related CM/Firm IC Transactions under the CM/Firm Clearing Agreement, and it will be paid:

- (a) if payable by you, on the first Business Day after delivery of the notification of the amount payable; or
- (b) if payable by us, on the first Business Day after the Firm has received payment in full in respect of the CM/Firm IC Transactions.

4.3 "**IC Cleared Set Termination Amount**" means, in respect of an IC Cleared Transaction Set, an amount equal to the sum, without duplication, of:

- (a) an amount (which may be positive or negative or zero) equal to the aggregate values upon termination of all Transactions in the relevant IC Cleared Transaction Set, determined in a commercially reasonable manner and which is based on the values of the related CM/Firm IC Transactions under the CM/Firm Clearing Agreement. If the amount relating to the relevant Transaction(s) is owed to us, the value determined in respect of those Transaction(s) under this paragraph will be assigned a positive sign, and if the amount relating to the relevant Transaction(s) is

owed to you, the value determined in respect of those Transaction(s) under this sub-paragraph will be assigned a negative sign;

- (b) any amount which became payable in respect of any Transaction in the relevant IC Cleared Transaction Set, or which would have become payable but for a condition precedent not being satisfied in respect of any such Transaction, prior to the termination of such transaction but which remains unpaid at the time of such termination, together with accrued, unpaid interest;
- (c) the Relevant Collateral Value relating to the IC Cleared Transaction Set; and
- (d) any other amount attributable under these Terms to the Transactions in the relevant IC Cleared Transaction Set which was payable but unpaid at the time of termination and is not otherwise included in paragraphs 2.3(a), 2.3(b) and 2.3(c) above, together with accrued, unpaid interest.

4.4 When determining any IC Cleared Set Termination Amount:

- (a) the IC Cleared Set Termination Amount is subject to adjustment in accordance with paragraphs 2.4(c) and 2.7;
- (b) any amounts referred to in paragraphs 2.3(b), 2.3(c) and 2.3(d) above shall be assigned a positive sign if they are owed by you to us and a negative sign if they are owed by us to you (and, for these purposes and in relation to the determination of the Relevant Collateral Value, amounts which represent Title Transfer Collateral that has not been returned to a transferor shall be considered to be owed by the transferee to that transferor); and
- (c) to the extent the relevant CM/Firm IC Transactions have been transferred (ported) from us to a replacement firm together with the entirety of the associated Title Transfer Collateral (if any), the value of the corresponding Transaction(s) and the associated margin or collateral taken into account in determining a Relevant Collateral Value will both be zero for the purpose of determining an IC Cleared Set Termination Amount. If any Firm/CCP

Transaction(s) are transferred (ported) but with only a proportion of the associated collateral or margin, then for the purpose of determining an IC Cleared Set Termination Amount the Relevant Collateral Value will be increased by the value, as at the date of transfer, of the collateral or margin so transferred.

4.5 Any of our or your outstanding obligations to return or transfer Title Transfer Collateral is extinguished to the extent that its value has been taken into account in determining an IC Cleared Set Termination Amount.

4.6 Any of our or your outstanding obligations referred to in paragraph 2.3(b) or 2.3(d) is extinguished to the extent that its value has been taken into account in determining an IC Cleared Set Termination Amount.

4.7 You will notify us promptly after becoming aware that you have been paid an amount or received credit or any asset (or will be paid or receive credit or any asset) directly from an Agreed IC CCP or Intermediate Clearing Broker in connection with one or more Transactions. If any such amount, credit or asset has not otherwise been taken into account in the determination of what is due between you and us under these Terms, then we will make any adjustment as we determine appropriate in order to reflect that payment or receipt. For these purposes:

- (a) the relevant adjustment may include an obligation on you to pay to us any amount (i) received by you from an Agreed IC CCP or Intermediate Clearing Broker and/or (ii) corresponding to the value of an asset received by you from an Agreed IC CCP or Intermediate Clearing Broker, that exceeds the amount due to you from us in respect of Transactions relating to the relevant Agreed IC CCP under these Terms; and
- (b) when making any adjustment, we may take into account the value of an asset received by you at the time that the Agreed IC CCP or Intermediate Clearing Broker determines that the asset is to be transferred to you (irrespective of when the asset is actually received by you).

**5. Provision of Indirect Clearing Services**

5.1 Unless otherwise agreed with us, you agree not to enter into Indirect Clearing Transactions.

5.2 You may request a change in the type of client account in our books and records and in the accounts with the Agreed IC CCP used to clear Transactions

and related margin. We are only obliged to make that change subject to you agreeing any further contractual arrangements that may be required and meeting any of our other requirements that may apply in order for us to facilitate any change in that indirect client account election.

## 6. Information

6.1 You acknowledge that:

- (a) we are obliged, following the occurrence of an event of default in respect of us, to provide the Intermediate Clearing Broker immediately upon request with such information as the Intermediate Clearing Broker requires in connection with our provision of indirect clearing services to you (including, as a minimum, any information it requires to comply with Applicable Law). This may include information about, or relating to, you; and
- (b) we are obliged to provide a copy of these Terms to the Intermediate Clearing Broker which may be redacted to omit commercial terms and to show only aspects relevant to the indirect clearing service.

6.2 Notwithstanding any other term of these Terms, you consent to disclosure of any information and data referred to in this paragraph by us or our Affiliates to our/their agents and service providers, including the relevant Intermediate Clearing Broker or Agreed IC CCP, or by any such persons to the relevant Intermediate Clearing Broker or Agreed IC CCP.

## 7. Relationship with Intermediate Clearing Broker

7.1 You acknowledge that upon the occurrence of a default with respect to us, the Intermediate Clearing Broker may communicate with you directly.

7.2 Notwithstanding anything in these Terms or any prior agreement between us and you, in relation to Transactions ("**EU Indirect Clearing Transactions**") which we clear on an Agreed IC CCP by entering into related CM/Firm IC Transactions, you acknowledge and agree in favour of that clearing member as follows:

- (a) you acknowledge that the clearing member is not a party to these Terms;
- (b) in relation to EU Indirect Clearing Transactions which relate to CM/Firm IC Transactions held through a gross omnibus segregated account (as may be the case

from time to time), you acknowledge that in the event of a default with respect to us and subject to the satisfaction of certain conditions, the clearing member may:

- (i) transfer the transaction(s) it has with us which are related to those EU Indirect Clearing Transactions to a replacement clearing firm ("**porting**"); or
- (ii) close-out and/or otherwise liquidate related transactions which the clearing member has entered into with us and liquidate associated margin (without reference to you), and return any balance to you directly (a "**leapfrog**"); or
- (iii) if porting or leapfrog is not successful, return the balance owed to us (if any) for your account;

(c) you acknowledge that the clearing member may set its own requirements which will need to be satisfied in order for the clearing member to be able to facilitate porting or leapfrog and whether the clearing member may port or leapfrog is to be determined in its sole discretion. The clearing member's conditions to porting may include:

- (i) notice and other required information having been given to clearing member prior to any cut-off time established by the clearing member;
- (ii) the arrangement being in compliance with applicable law and legally effective;
- (iii) the clearing member being able to transact with the replacement clearing firm in accordance with its own internal requirements; and
- (iv) the clearing member being indemnified and held harmless by you to its satisfaction;

(d) in relation to EU Indirect Clearing Transactions which relate to CM/Firm IC Transactions held through a basic omnibus segregated account, you acknowledge that:

- (i) in the event of a default with respect to us, the clearing member may (without reference to you) take steps to close-out and/or otherwise liquidate transactions related to EU Indirect Clearing Transactions which the clearing member has entered into with us alongside other transactions of other clients in the same basic omnibus segregated account, and liquidate and apply margin associated with the account to the extent it has been provided to it;
  - (ii) in such circumstances the clearing member will be obliged to return the balance owed to us (if any) in your account; and
  - (iii) the clearing member shall do so in a timeframe it determines and in accordance with its own processes and procedures; and
- (e) you acknowledge and agree that the clearing member is liable to us only and that the clearing member shall have no liability whatsoever to you or any other person including, without limitation, for carrying out the procedures referred to in paragraphs (b), (c) and (d) above.

8.3 If we exercise any of our powers under paragraph 8.2 of this Annex to terminate or close out any Transactions, we shall be entitled to determine the resultant amount (if any) owed by us or you in relation to those Transactions. You agree that, for these purposes, we are entitled to take into account any Losses realised in closing out any Firm/ICB Transactions or settling or concluding outstanding obligations incurred by us on your behalf.

## 8. Voluntary termination

8.1 Either we or you may terminate any Agreed CCP Service for no reason by giving 5 Business Days' written notice of termination to the other or we may terminate immediately on notice following an Event of Default. Without prejudice to our powers in paragraph 8.2 of this Annex, termination of any Agreed CCP Service shall not automatically cause the Transactions relating to that Agreed CCP Service to terminate.

8.2 If an Agreed CCP Service terminates in accordance with paragraph 8.1 of this Annex, we will be entitled in respect of any Transactions related to such terminated Agreed CCP Service without prior notice to you to:

- (a) close out, replace or reverse any Transaction, buy, sell, borrow or lend or enter into any other transaction (or combination of transactions) or contract, open any new positions, or take, or refrain

## Annex 13

### Risk Disclosures<sup>1</sup>

The information set out in this Annex 13 is provided for your information only, and is not intended to be relied upon as legal, tax or other advice.

#### 1. PRODUCT INFORMATION

##### 1.1 Understanding the risk of Equity Securities

1.1.1 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 issuer's 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.

1.1.2 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.

1.1.3 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.

1.1.4 The price may change quickly and it may go down as well as up. You could lose the entire value of your investment.

##### 1.2 Ordinary shares

1.2.1 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.

1.2.2 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.

##### 1.3 Preference shares

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.

##### 1.4 Depositary Receipts

1.4.1 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 in a foreign country 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.

<sup>1</sup> Article 48 DR and Article 24(4) MiFID II.

- 1.4.2 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.
- 1.5 **Penny shares**
- 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.
- 1.6 **Understanding the Risk of derivative products**
- 1.6.1 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.
- 1.6.2 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.
- 1.6.3 You should be aware that the product information contained in this Annex 13 is not necessarily a comprehensive description of all aspects of the product.
- 1.6.4 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.
- 1.6.5 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.
- 1.6.6 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.
- 1.6.7 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 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.
- 1.6.8 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.
- 1.6.9 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.

1.6.10 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 paragraph 1.30 of these Risk Disclosures onwards, especially market risk, credit risk and any specific sector risks connected with the underlying asset.

## 1.7 Futures, forwards and forward rate agreements

1.7.1 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.

1.7.2 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.

## 1.8 Options

1.8.1 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.

1.8.2 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.

1.8.3 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.

1.8.4 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.

1.8.5 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.

1.8.6 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).

1.8.7 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).

## 1.9 Dual Currency Deposits (DCD)

1.9.1 A DCD transaction is a structured tailored product combining a deposit with the sale of a currency option.

1.9.2 You sell to the Bank the right to buy or sell a certain foreign currency at a certain maturity by taking the risk of receiving the deposit in another foreign currency, aiming to increase deposit yield through premium earnings. The yield depends on a number of variables including: currency pair, maturity (tailored), interest rate and volatility of currencies.

1.9.3 If the option realizes on maturity, there is also a risk of losing from the deposited principal.

## 1.10 Contracts for differences

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.

## 1.11 Swaps

1.11.1 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).

1.11.2 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.

1.11.3 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.

## 1.12 Break costs

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.

## 1.13 Securitised derivatives

1.13.1 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”.

1.13.2 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.

1.13.3 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.

1.13.4 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.

1.13.5 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.

## 1.14 Combined instruments

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.

## 1.15 Baskets

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.

## 1.16 Liquidity

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.

## 1.17 Contingent liability Transactions

1.17.1 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.

1.17.2 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.

1.17.3 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.

### 1.18 **Limited liability Transactions**

1.18.1 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.

1.18.2 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.

### 1.19 **Suspensions of trading**

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.

### 1.20 **Clearing house protections**

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.

### 1.21 **Insolvency**

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.

### 1.22 **Warrants**

1.22.1 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.

1.22.2 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.

1.22.3 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.

1.22.4 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.

### 1.23 **Money-market instrument**

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 paragraph 1.30 of these Risk Disclosures onwards, in particular credit and interest rate risk.

## 1.24 Debt instruments, bonds and debentures

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. For investments in debt instruments issued by banks, it is important to note the risks of a possible bail-in as a result of recovery and resolution rules. Resolution authorities may decide on a bail-in when resolving a bank that is failing or likely to fail. Consequently the bank must partly or entirely suspend interest and redemption payments on bonds and structured products or even have to cancel them altogether, or that these investment products will be converted into equity. 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.

## 1.25 Collective investment schemes

1.25.1 Collective investment schemes and their underlying assets are potentially exposed to all of the market risk types.

1.25.2 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.

1.25.3 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.

1.25.4 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.

1.25.5 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.

1.25.6 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.

1.25.7 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.

## 1.26 **Alternative investments**

1.26.1 Hedge funds and other private investment fund investments ("**alternative investments**") may involve complex tax and legal considerations and can give rise to considerable risks.

1.26.2 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.

1.26.3 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.

## 1.27 **Exchange traded funds**

1.27.1 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.

1.27.2 Where you purchase ETFs, you will be exposed to similar risks as detailed in respect of equity securities and collective investment schemes.

## 1.28 **Deposited cash and property**

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.

## 1.29 **Structured capital-at-risk products**

1.29.1 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.

1.29.2 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 noninvestment 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.

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

### **1.30 Title Transfer Collateral Arrangements**

1.30.1 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 segregated from our own assets;
- (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).

1.30.2 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 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.

1.30.3 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.

### 1.31 Foreign markets

Foreign markets will involve different risks from the Dutch 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.

### 1.32 Emerging markets risks

1.32.1 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 Law. 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.

1.32.2 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.

1.32.3 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.

1.32.4 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.

1.32.5 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.

1.32.6 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.

1.32.7 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.

1.32.8 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.

1.32.9 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.

1.32.10 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.

### 1.33 Clearing house protections and settlement risk

1.33.1 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).

1.33.2 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.

#### 1.34 **Insolvency**

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).

#### 1.35 **Currency risk**

1.35.1 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.

1.35.2 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.

#### 1.36 **Interest rate risk**

1.36.1 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.

1.36.2 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.

#### 1.37 **Commodity risk**

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.

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

1.38.1 All investments could be exposed to regulatory, legal or structural risk.

1.38.2 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.

1.38.3 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 investor from a foreign country 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 courts in jurisdictions in another country.

1.38.4 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.

1.38.5 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.

### 1.39 **Operational risk**

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.

### 1.40 **Short sales**

1.40.1 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.

1.40.2 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.

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

### 1.41 **Commissions and transaction costs**

1.41.1 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).

1.41.2 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.

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

1.42.1 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.

1.42.2 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.

1.42.3 There may be insufficient published information on which to base a decision to buy or sell such securities.

#### 1.43 **Stabilisation**

1.43.1 Transactions may be carried out in securities where the price may have been influenced by measures taken to stabilise it.

1.43.2 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.

1.43.3 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.

1.43.4 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.

1.43.5 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.

#### 1.44 **Non-readily realisable investments**

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.

#### 1.45 **Strategies**

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.

#### 1.46 **General information**

1.46.1 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.

- 1.46.2 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.
- 1.46.3 Any payments made or received in relation to any investment may be subject to tax and you should seek professional advice in this respect.
- 1.46.4 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.