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# Terms of Business

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January 2022

## 1. PURPOSE AND BASIS OF THESE TERMS

- 1.1. These Terms of Business, together with any Schedules and the welcome letter (together referred to as the "**Terms**") apply to all Services (as defined in clause 4) we may carry on with or for you from time to time.
- 1.2. In the event of other agreements and documents between us and you pertaining to specific subject matter, products or Services, such other agreements will be supplemental to and constitute part of these Terms. If and to the extent that these Terms are inconsistent or conflict with any other agreement between us and you, or to the extent that these Terms and any other agreements address the same matters, the terms of that other agreement or document shall prevail in respect of the specific subject matter, products or Services to which that other agreement relates.
- 1.3. In these Terms, "**we**", "**us**", "**our**" and "**Jefferies**" means Jefferies GmbH and its respective branches, officers, employees and directors, and "**you**" and "**your**" means you and/or (as relevant) your Principal(s). "**Affiliates**" mean any subsidiary or parent of Jefferies (as those terms are defined in sections 1159 and 1162 of the Companies Act 2006) and any subsidiary and parent of such company. "**Principal**" means any person or entity on behalf of which you are to enter as agent into transactions with us, and where a person or entity does not constitute a single legal person, means the trustees, individuals or other persons who are the primary representatives of the organization, trust or fund on whose behalf they are dealing.
- 1.4. These Terms are legally binding and shall take effect after receipt by you of the same and upon you beginning or continuing to undertake business with us and/or with your consent otherwise expressed.
- 1.5. These Terms supersede any previous agreement between us relating to the subject matter of these Terms and any previous version(s) of these Terms.

## 2. DEFINITION AND CONSTRUCTION

- 2.1. Definitions are set out in these Terms.
- 2.2. References to clauses are to the clauses of these Terms. Headings are included for convenience only and shall not affect the interpretation of these Terms.
- 2.3. Any reference in any documentation between you and us to an earlier version of these Terms shall, from the date these Terms take effect, be read as a reference to these Terms or the relevant or corresponding part thereof.
- 2.4. References in these Terms to statutes and any other laws, rules or regulations shall be to such statutes, laws, rules or regulations as modified, amended, restated or replaced from time to time.

## 3. CAPACITY

- 3.1. Jefferies GmbH whose registered office is situated at Bockenheimer Landstraße 24, 60323 Frankfurt am Main, Germany is authorised and regulated by the *Bundesanstalt für Finanzdienstleistungsaufsicht* (the "**BaFin**"). BaFin's address is Graurheindorfer Str. 108, 53117 Bonn, Germany and Marie-Curie-Str. 24-28, 60439 Frankfurt am Main, Germany.
- 3.2. For the purposes of the rules and guidance of BaFin from time to time as set out in BaFin's Circulars, Notes and Guidance (the "**BaFin Rules**"), based on the information you provide to us, we will categorise you as either a "**professional client**" or an "**eligible counterparty**" (as such terms are defined in the *Wertpapierhandelsgesetz* "**WpHG**").
- 3.3. The limitations and differences that apply to your regulatory client categorisation are set out in the separate notice we have given you stating your categorisation. You have the right to request that we re-categorise you as a retail client, professional client or an eligible counterparty. We will not be obliged to accept such a request, although we will consider any such request carefully and may discuss it with you. It is your responsibility to ask for a higher level of protection where you deem that you are unable to assess or manage the risks involved with the categorisation notified to you. You will notify us immediately in the event you believe that you are not or have ceased to be a 'professional client' or 'eligible counterparty'.
- 3.4. In providing the Services to you, we may execute transactions as agent on your behalf or deal with you either as principal or as agent for others (including, without limitation, for an Affiliate of ours).
- 3.5. Neither the relationship between you and us nor the Services to be provided by us will give rise to any fiduciary or equitable duty which would oblige either us or our Affiliates to accept responsibilities more extensive than those set out in these Terms or which would prevent either us or our Affiliates from:
  - 3.5.1. acting as principal or as agent for any Affiliate in respect of investments and/or traded products sold or purchased; or

- 3.5.2. advising on, managing, underwriting, arranging or otherwise participating in any issue or proposed issue of securities or other corporate finance matter for any person or entity; or
- 3.5.3. advising on, arranging or managing investments and/or traded products or securities for any person or entity.

#### 4. DESCRIPTION OF SERVICES

- 4.1. We may provide dealing, settlement, clearing and custody services to you in respect of all investments, related instruments and ancillary services including executing orders on your behalf, receiving and transmitting orders, arranging or making arrangements with a view to transactions in investments or related instruments and providing investment research and such other services as we may, in our discretion, agree from time to time (the "**Services**").
- 4.2. The provision by us of the Services will be subject to these Terms and Applicable Law. "**Applicable Law**" means any law, rule, regulation, order, ruling, judicial interpretation or directive (whether or not having the force of law) referred to in these Terms and/or which is applicable to you, us or an Affiliate or any of our agent service providers, any of our or their activities, any transaction, and/or any of the Services provided hereunder, whether in Germany or elsewhere, from time to time, including without limitation: (i) any rule, regulation, requirement, code, notice, guideline, practice note, circular, policy, recommendation or request (whether or not mandatory) made by any regulator and including (without limitation) the BaFin Rules; (ii) the rules, requirements, customs, conventions and practices of any stock exchange, futures exchange, market, Trading Venue, over the counter market, relevant financial market association, clearing house, registration system or depository; and (iii) any statutes, executive orders, directives, or regulations relating to US and EU economic sanctions, as modified, amended, restated or replaced from time to time. "**Trading Venue**" means any regulated market, multi-lateral trading facility ("**MTF**") or organised trading facility ("**OTF**").
- 4.3. We may, if we agree, provide investment research to you but we shall not provide investment advice in the form of personal recommendations and therefore, in relation to transactions you enter into with us, you do so in reliance solely on your own judgement and we make no assessment of the suitability of such transactions for you. We give no warranty as to the performance or profitability of any transaction or investment that you may effect with or through us.
- 4.4. By undertaking business with us, you confirm that you have the necessary experience and knowledge to understand the risks involved in any transaction which we will carry out for or with you. If we have categorized you as a professional client you acknowledge that we do not have to ensure that any such investment service or transaction (or types of transaction or product for which you are categorized as a professional client) is appropriate for you and we may assume that you have all such necessary experience and knowledge. In addition, you acknowledge that you have read and understood the information about the various types of investments (including any risk disclosure and warnings) set out in Schedules 2, 3 and 4.
- 4.5. Where we disclose the target market for a particular product to you it is your responsibility to verify that you fall or your Principal falls within the target market criteria disclosed by us for the product and we will not be responsible for undertaking this assessment for you.
- 4.6. We are authorised by you to do anything which we consider necessary or appropriate either to provide the Services (including but not limited to acting as your agent and delegating our authority as your agent to another), to mitigate any loss incurred in the provision of the Services or to comply with any Applicable Law in relation thereto.
- 4.7. We, or our Affiliates, are not responsible for the provision of any tax, legal or other advice in relation to the Services or any product or financial instrument.

#### 5. ACTING AS INTERMEDIARY

- 5.1. Where you are an agent or otherwise acting on behalf of or for the benefit of a Principal, then, even if you disclose that fact and/or the identity of that Principal to us, we will (save to the extent provided in this clause below) treat you alone as our client for all purposes relating to these Terms, and (subject to Applicable Law) we shall not owe any regulatory obligations to the Principal.
- 5.2. You, as agent for your Principal and on your own behalf, retain full responsibility for making all investment decisions with respect to any Principal.
- 5.3. You undertake and warrant where you enter into and execute a transaction pursuant to these Terms in your capacity as agent for, or on behalf of, a Principal, that:
  - 5.3.1. you are expressly authorised by, or otherwise acting within the scope of the authority you have received from the Principal to enter into that transaction for, or on behalf of, the Principal;
  - 5.3.2. the Principal has full power, authority and legal capacity to (a) enter into the transaction (b) perform all obligations contemplated by these Terms and (c) make the representations and

- warranties set out in clause 16;
- 5.3.3. when performing the transactions and activities contemplated by these Terms, you will procure that the Principal complies with all Applicable Law;
  - 5.3.4. any information you provide or have provided to us in respect of your or the Principal's financial position, domicile or other matter is accurate and not misleading;
  - 5.3.5. in entering into any transaction for, or on behalf of, a Principal, you have no reason to believe that the Principal will not be able to perform any settlement obligations thereunder;
  - 5.3.6. you will procure the performance by the Principal of all obligations and liabilities arising under or by virtue of these Terms; and
  - 5.3.7. you are now and will be at all times in the future in compliance with Applicable Laws concerning the detection of financial crime, prevention of terrorism and anti-money laundering, and, in particular, you (a) have carried out customer due diligence on the Principal in accordance with Applicable Law; (b) consent to our reliance on such customer due diligence for the purposes of German Money Laundry Act (*Geldwäschegesetz*, GWG); and (c) will retain any records resulting from such customer due diligence for a period of at least 5 years from the date of any relevant transactions or the end of your business relationship with the Principal (as applicable) and, where required in order to satisfy our regulatory obligations, you will make available to us (immediately) any records regarding the Principal (and any beneficial owner) which you obtained when carrying out customer due diligence and any other information as we may require.
- 5.4. Where you have notified us of the identity of the Principal to which an instruction relates, the contractual rights and obligations arising under these Terms (other than under this clause 5) in relation to any transaction entered into pursuant to such an instruction shall be rights and obligations between us and the Principal alone. If you do not provide us with actual notice of the Principal account to which an instruction relates, we reserve the right to hold you liable to us as Principal in relation to any transaction entered into pursuant to such instruction.
  - 5.5. You undertake, as agent for each Principal and on your own behalf, to notify us immediately if any two or more Principal accounts relate to the same Principal, in which case we shall administer such accounts as belonging to the same Principal. We shall, subject to these Terms, administer Principal accounts which we reasonably believe relate to two different Principal's separately.
  - 5.6. We shall in respect of each Principal be entitled to set off any amount at any time owing from the relevant Principal account on any account referable to that Principal against any amount owing by us to that Principal or standing to the credit of the relevant Principal on any account which is referable to that Principal and any security, guarantee or indemnity given to us by or in respect of the relevant Principal for any purpose shall extend to any amount owing from that Principal after the exercise of such right.
  - 5.7. Where we exercise any right of set-off, security or lien against a Principal of yours, we will only do so in respect of liabilities due to us by that Principal. We will not use the assets of your Principal in any way whatsoever to meet the liabilities due to us from a different Principal of yours.
  - 5.8. If in relation to any Principal of yours an event of default occurs under clause 17, you undertake to:
    - 5.8.1. promptly disclose the address and identity of such Principal; and
    - 5.8.2. take all reasonable steps to assist us in rectifying such failure including instituting legal proceedings against any underlying Principal of yours.

## 6. INSTRUCTIONS

- 6.1. You authorise us to rely and act upon, and treat as fully authorised and binding upon you, any instruction which purports to have been given by you and which is accepted by us in good faith as having been given by you or on your behalf, without further enquiry on our part as to the genuineness, authority or identity of the person giving or purporting to give such instruction and notwithstanding any communication or notice you may have made or may make to us purporting to limit the persons from whom we may accept instructions. Notwithstanding the foregoing, we may require, and you shall provide, evidence of any such authority provided to any person acting, or purporting to act, for you or on your behalf. You will be responsible for and bound by all contracts, obligations, costs and expenses entered into or incurred by us on your behalf in consequence of or in connection with such instructions.
- 6.2. Any instruction shall be transmitted in such manner as may be specified by us and shall be at your risk. We shall not be responsible or liable in any way for any direct or indirect losses, damages, costs or expenses suffered by you on account of any instruction not being received by us (whether transmitted through an electronic system or not) or not being acted upon. For the avoidance of doubt, you shall not assume that an instruction has been acted upon until you receive the relevant trade confirmation from us. Irrespective of the means of communication used by you for delivery of orders or instructions, we shall not be responsible for and you hereby discharge us from any and all liability whether in contract, tort or otherwise for (i) any errors, ambiguity, inaccuracies, incomplete orders or instructions or any omissions in

any instructions given by you; (ii) any delays in transmission or any systems or service unavailability; (iii) any risks associated with unauthorised interventions, or improper or fraudulent use of such means of communication; and (iv) any other causes beyond our control.

- 6.3. Neither we nor our directors, officers or employees shall be liable for any direct or indirect losses suffered on account of any instruction not being received by us (whether transmitted through an electronic system or not) or not being acted upon. For the avoidance of doubt, transmission of an order to us is not evidence of our receipt or that we have accepted such order and while we may electronically acknowledge an instruction transmitted to us by you through an electronic system, we are under no obligation to act in accordance with such instruction.
- 6.4. Any transaction effected for you and any instruction you give shall be subject to and in accordance with all Applicable Laws and disclosure requirements of any relevant jurisdiction, Trading Venue or regulatory authority which apply in respect of us, you or your investments from time to time. In that respect, you agree to deliver any instructions, money, documents or property deliverable by you under a transaction in accordance with that transaction as modified by any instructions given by us for the purpose of effecting the relevant transaction.
- 6.5. We may at our absolute discretion refuse to accept or act in accordance with any instruction without being under any obligation to give any reason. If we decline an instruction we will (to the extent permitted by Applicable Law) take reasonable steps to notify you promptly of declining such instruction.
- 6.6. We may at any time request an instruction to be confirmed in writing by you and for the original of such confirmation to be provided to us.
- 6.7. In order to comply with Applicable Law and internal compliance policies we may (subject to Applicable Law) in our absolute discretion record, monitor and retain all communications (including email, electronic messaging and facsimile), telephone conversations and other electronic communications with you and will normally record telephone, mobile phone or other mobile handheld electronic communications device based conversations between you and our employees who act in a trading or sales capacity. All instructions received by telephone shall be binding as if received in writing. In accordance with our internal policies and Applicable Law, we will retain such records for a period of five years or – where requested by BaFin – for a period of seven years. The records will be available to you upon request during that period. Where you request such records, we may charge you an administration fee and such fee will be disclosed to you in advance of any related costs being incurred.
- 6.8. Where we agree to allow you to place orders using electronic messaging or routing systems to access your account electronically then the terms of Schedule 6 (Electronic Access Terms) will apply.

## 7. DEALING

- 7.1. The WpHG requires that, where a professional client is legitimately relying on us to protect their interests in relation to pricing or other important elements of a transaction we take all sufficient steps to obtain the best possible result (“**best execution**”) for such clients taking into account various execution factors. Where applicable to our dealings with you, we meet this obligation by executing orders in accordance with our Order Execution Policy, a copy of which is provided to you with these Terms and is also available on our website. You consent to your transactions being handled in accordance with our Order Execution Policy.
- 7.2. You acknowledge that there are many circumstances, particularly in bond markets, where a professional client will not be legitimately relying on Jefferies to protect their interests and that in such circumstances we will not owe the duty of “best execution” outlined in clause 7.1. Further detail about when we owe you a duty of best execution is outlined in our Order Execution Policy.
- 7.3. **Unless we have agreed with you otherwise, we may execute orders (including margined transactions) on your behalf outside a Trading Venue where we reasonably believe this is necessary to achieve best execution and you consent to us executing an order outside a Trading Venue where we reasonably believe it is in your best interests to do so.**
- 7.4. Where applicable, whenever you place an order with us, we shall be entitled at our absolute discretion and without reference to you, to select the venue for executing your order.
- 7.5. **Unless we have agreed with you otherwise, in relation to any limit orders you give in respect of shares admitted to trading, or traded on, a Trading Venue within the EEA which are not immediately executed under prevailing market conditions, you consent to us exercising our discretion as to whether we make public such limit orders.**
- 7.6. Certain events (including corporate actions such as share splits or bonus issues) may cause Trading Venues to cancel unexecuted orders in their order books at the time that such events take effect. Where any such cancelled orders were being worked by us on your behalf, we will consider your related order(s) to also be cancelled and we may refer to you for express renewal of instructions concerning the securities of the relevant issuer.
- 7.7. We may delegate the performance of any of the Services to any of our Affiliates or any third person(s) as

we may see fit. We may also employ such agents as we select on such terms as we consider appropriate. We may, where we consider it appropriate, enter into clearing arrangements with clearing brokers or clearing members of a particular exchange.

- 7.8. We may aggregate your orders with our own orders or orders from other clients and orders of our Affiliates or their clients. We will allocate such orders in accordance with our order allocation policy and the WpHG. Aggregation of orders in this way may on some occasions operate to your advantage, but may on other occasions operate to your disadvantage and in all such cases you accept the impact of such risk in relation to the advantages or disadvantages.
- 7.9. Where we are unable or consider it undesirable or inappropriate to execute your order at once or in a single transaction, we may execute it over such period as we deem appropriate and we may report to you an average price for a series of transactions so executed instead of the actual price of each transaction.
- 7.10. We may undertake a programme trade or trades comprising a single transaction or series of transactions on your behalf. In doing so we may act as principal or agent and upon your request will notify you in which of these capacities we are executing the transaction.
- 7.11. In respect of transactions made between you and us that are designated to be given up to another broker or dealer specified by you, such give up will be effected subject to a separate agreement and the following terms shall also apply:
  - 7.11.1. if such broker or dealer accepts the designation, 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;
  - 7.11.2. if such other broker or dealer declines to accept the designation, 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 cancel such transaction as we may in our absolute discretion determine, whether on the relevant exchange or by private contract or any other feasible method (including taking it over ourselves or transferring it to an Affiliate); and any balance resulting from such liquidation shall be promptly settled between us but without prejudicing our rights under these Terms or otherwise.
- 7.12. Where there is a give-up agreement between you, us and a third party executing broker, 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.
- 7.13. You will not take any action or fail to take any action in circumstances where taking such action or failing to take such action would amount to market abuse, and not knowingly take any step or omit to take any step that would cause us to commit market abuse or fail to observe such proper standards.
- 7.14. To the extent required under Applicable Law, we will make public certain details with respect to quotes provided to you and transactions executed with or for you and we will submit trade reports to third party Approved Publication Agents ("**APAs**"). We may not be required to do this in respect of each transaction and we retain sole discretion to determine where any trade should be trade reported for post trade transparency purposes.
- 7.15. You acknowledge that you may be separately required to submit trade reports regarding certain transactions. You will be solely responsible for assessing and determining whether you are subject to any trade reporting obligations in relation to any transaction that is executed by or through us, and you will be solely responsible for complying with any such trade reporting obligations that you are subject to.
- 7.16. We may agree to allow APAs to use certain data provided by us for the purposes of your trade reporting obligations, however if we do so you undertake, represent and warrant that you are and remain responsible and liable for the submission and accuracy of the data or related reports (including promptly checking and verifying such data, where applicable) and overall compliance with your trade reporting obligations. We give no representations or warranties as to the accuracy of such data and we (or our Affiliates) and each of our (or their) Officers (as defined in clause 18.3 below) shall not be liable for any Losses (as defined in clause 18.2 below) arising in connection with the accuracy of such data or the failure of, or delays caused by any system, interface or other internal or external technology used for capturing transmission or receipt of such data or the APA services or any act or omission of such APA or any third party. We reserve the right to discontinue provision of such data at any time
- 7.17. To enable us to comply with our transaction reporting obligations under Applicable Law, you agree to promptly deliver to us any information that we may from time to time request to enable us to complete and submit transaction reports to the relevant competent authority.
- 7.18. You acknowledge that you may be separately required to submit transaction reports regarding certain transactions. You will be solely responsible for assessing and determining whether you are subject to any transaction reporting obligations in relation to any transaction that is executed by or through us, and you will be solely responsible for complying with any such transaction reporting obligations that you are subject to.

- 7.19. You acknowledge that the disclosures made in the context of our trade or transaction reporting may include information about you (or, where applicable, your Principal or Principals) and you consent to us making such disclosures, which may be made to recipients in a jurisdiction other than ours or yours. Without prejudice to clause 21; (i) to the extent that applicable non-disclosure, confidentiality, bank secrecy, or other law imposes non-disclosure requirements on transaction and similar information required or permitted to be disclosed as contemplated herein but permits a party to waive such requirements by consent, the consent and acknowledgements provided herein shall be your consent for purposes of such law; (ii) any agreement between us and you to maintain confidentiality of information contained in these Terms or in any non-disclosure, confidentiality or other agreement shall continue to apply to the extent that such agreement is not inconsistent with the disclosure of information in connection with this provision; and (iii) nothing herein is intended to limit the scope of any other consent to disclosure separately given by each party to the other party.

## 8. SETTLEMENT

- 8.1. Unless we agree otherwise, you are responsible for the due performance of every transaction which we enter into with or for you and you shall be responsible for any losses we incur as a result of your failure to deliver appropriate settlement instructions to us.
- 8.2. If you have not delivered the appropriate funds or securities to us on the due date for settlement, we reserve the right, as appropriate, to exercise a sell-out of the relevant securities or acquire alternative securities by whatever means we determine in our absolute discretion. Where we do so, our obligation to deliver the securities to you, or pay the purchase price due will cease. You shall be responsible for any losses we incur arising out of your non-performance or any actions we take as a result thereof. Where permitted to do so by Applicable Law, we may effect a net settlement with or for you or on your behalf.
- 8.3. Our obligation to settle any transaction, whether we are acting as principal or agent for you, is conditional upon the receipt by us or our agents on or before the due date for settlement of all necessary documents, securities or money due to be delivered by you or on your behalf including, for the avoidance of doubt, settlement instructions. If, in any transaction we deliver securities to you or to your order at that time or subsequently and, for whatever reason, your obligations are not performed simultaneously with or prior to our obligations, you shall hold on trust for us any such securities or money received from us until your own obligations are fully performed.
- 8.4. This clause 8.4 sets out terms that are intended to ensure compliance with CSDR.
- 8.4.1. Following us notifying you of the execution of a CSDR Transaction, you agree to provide us a written allocation with all the information referred to in Article 2 of the Settlement Discipline RTS, each within the timeframes stipulated in that Article. You agree that where you send us written allocations under this clause 8.4, this also constitutes written confirmation of your acceptance of the terms of the CSDR Transaction.
- 8.4.2. You may provide the written allocation and written confirmation referred to in clause 8.4.1 of these Terms by any communication procedure agreed between you and us.
- 8.4.3. We shall confirm receipt of the written allocation and written confirmation referred to in clause 8.4.3 within the timeframe required under Article 2 of the Settlement Discipline RTS.
- 8.4.4. You shall not be required to provide the written allocation and written confirmation referred to in clause 8.4.1 of these Terms upon execution of a CSDR Transaction where you grant us access to, or otherwise make available to us, on an ongoing basis, the information referred to in Article 2 of the Settlement Discipline RTS.

“**CSDR**” means Regulation (EU) No 909/2014 and the Settlement Discipline RTS as amended from time to time. “**CSDR Transaction**” means any transaction which you undertake with or through us which is within the scope of Article 5(1) CSDR, except where an exemption under Article 2 of the Settlement Discipline RTS applies. “**Settlement Discipline RTS**” means Commission Delegated Regulation (EU) 2018/1229 as amended from time to time.

## 9. CONFIRMATIONS AND STATEMENTS

- 9.1. If you are an eligible counterparty, you agree that we are not required to send you confirmations. If you are a professional client or if we otherwise agree, we will send to you a confirmation(s) in respect of each transaction executed with us within the time required by Applicable Law as amended from time to time. Confirmations posted, electronically transmitted or otherwise sent to you at your last known address in our records will be deemed to have been received by you in accordance with clause 26 of these Terms. You may request information on the status of your order at any time.
- 9.2. If we are holding any client monies and/or Custody Assets (as defined below) for you then we will provide you with a statement detailing the client monies and/or Custody Assets we are holding for you at least on a quarterly basis. In addition, a statement detailing the client monies and/or Custody Assets we are holding for you (if any) will be provided or made available to you on your request and a copy of any previous such

statement will be provided or made available to you within five Business Days following your request. In each case such statement or copy statement will be posted, electronically transmitted or otherwise sent to you at your last known address in our records. A postage and handling fee will be charged for mailing of statements.

- 9.3. You undertake to review any confirmation or account statement which we give you in writing and any such confirmation or statement will be deemed correct, conclusive and binding on you unless we receive notice of error, discrepancy or omission from you in writing within one Business Day prior to the settlement day for the transaction(s). In the absence of any objection by you within this time period, we shall not be liable for any loss or damage with regard to any errors or omissions.
- 9.4. Where you submit an order in an ID Market, you may be required to open one or more accounts with a local broker where required by Applicable Law to effect the transaction(s) and, accordingly, we shall not be liable to you for the execution, settlement and/or the clearing of the transaction(s). The relevant local broker shall execute, settle and clear the transaction directly with you and they will be solely responsible for providing you with a formal trade confirmation unless otherwise agreed. An "**ID Market**" is a market in which a foreign institutional investor is required to have pre-registered and been issued with a local investor identification number to access and effect transactions in the local market either directly or via the relevant local broker.

## 10. MARGIN AND COLLATERAL

- 10.1. You agree to pay us on demand such sums by way of margin in such currencies and in such amounts as we may, in our absolute discretion, require for the purpose of protecting ourselves against loss or risk of loss on present, future or contemplated transactions under these Terms, subject to Applicable law.
- 10.2. Margin shall be provided by or on behalf of you in cash or non-cash collateral acceptable to us as determined by us at our absolute discretion. We reserve the right to vary the amount and type of margin required at our sole discretion.
- 10.3. If the amount of margin held by us is greater than the amount we in our absolute discretion require for the purposes of protecting ourselves against loss or risk of loss on present, future or contemplated transactions governed by these Terms, we will return to you any excess margin in the form of cash, equivalent securities and/ or other collateral as we determine.
- 10.4. On the termination of these Terms in accordance with clause 19 (Termination) and following the application of any margin held by us in satisfaction of your obligations and liabilities to us, if there are no outstanding transactions governed by these Terms and we determine at our sole discretion that we are not at loss or risk of loss on present, future or contemplated transactions under these Terms, we will return to you any remaining margin in the form of cash, equivalent securities and/ or other collateral as we determine.
- 10.5. Unless otherwise agreed between us, all margin provided by you (or on your behalf) to us will be by way of outright transfer of ownership. You thereby understand and agree that, unless otherwise agreed, the margin provided to us will not be subject to the protections conferred by the Client Money Rules and/or Custody Rules (as applicable). You should note the further information set out in Schedule 5 in this regard.
- 10.6. Notwithstanding any other provision contained in these Terms, you are entitled to request at any time and from time to time, that your cash and/or non-cash margin be held or received by us pursuant to the Client Money Rules and/or Custody Rules (as applicable) rather than pursuant to an outright transfer of ownership. We will notify you in writing whether or not we agree to such request but you understand and agree that we are under no obligation to agree to it. Any agreement by us (whether pursuant to your request or otherwise) to hold your cash or non-cash margin pursuant to the Client Money Rules and/or Custody Rules (as applicable) will in all cases be subject to you and us agreeing (i) such amendments to these Terms as we (acting in a commercially reasonable manner) consider necessary to give effect to such an arrangement (ii) the date from which we will hold your cash or non-cash margin pursuant to the Client Money Rules and/or Custody Rules (as applicable).

## 11. CUSTODY

- 11.1. In accordance with Applicable law on client assets and clients funds, in particular Sec. 84 WpHG and Sec. 10 of the Wertpapierdienstleistungs-Verhaltens- und Organisationsverordnung ("**WpDVerOV**") (the "**Custody Rules**") on title transfer collateral arrangements, any non-cash collateral remitted for your account for the purposes of securing or otherwise covering present or future, actual or contingent or prospective obligations shall be received by us by way of outright transfer of ownership. Accordingly, such non-cash collateral shall not be treated as a custody asset and will not be subject to the protections conferred by the Custody Rules. You should note the further information set out in Schedule 5 in this regard.
- 11.2. If in providing any Services to you hereunder, assets or securities are received or held by us for your account (other than as non-cash collateral), such assets and securities (the "**Custody Assets**") will be held or received by us in accordance the Custody Rules and subject to clause 11.3 below we agree to act as



custodian or to arrange for the Custody Assets to be held in custody. In the event that we agree to hold or receive Custody Assets for you, we shall do so in accordance with the provisions of Schedule 1.

- 11.3. You understand and agree that your assets and/or securities will no longer be treated as client assets once we use your assets or securities to perform and deliver our service to you.

## 12. YOUR MONEY

- 12.1. We are required to comply with Sec. 84 WpHG and Sec. 10 WpDVerOV (the "**Client Money Rules**" and together with the Custody Rules, the "**Client Asset Rules**"). In accordance with the Client Money Rules on title transfer collateral arrangements any cash margin or other monies remitted for your account for the purposes of securing or otherwise covering present or future, actual or contingent or prospective obligations shall be received by us by way of outright transfer of ownership. Accordingly, such monies shall not be treated as client money and will not be subject to the protections conferred by the Client Money Rules.
- 12.2. If in providing any Services to you hereunder, any money is held or received by us for your account (other than as cash collateral), we shall treat it as client money in compliance with the Client Money Rules. Accordingly, (but subject to clause 11.3 above and clauses 12.3 and 12.4 below) we shall: (a) hold such client money in a general client bank account at an approved bank which may be a bank situated in a jurisdiction other than the Germany (including in a jurisdiction outside of the European Economic Area (the "**EEA**")); and (b) where relevant, pass client money to intermediate brokers, settlement agents, clearing houses or over the counter counterparties located in Germany and/or in jurisdictions outside Germany (including in a jurisdiction outside of the EEA). You should note that the legal and regulatory regime applying to any such approved bank, intermediate broker, settlement agent, clearing houses or over the counter counterparty outside of Germany will be different from that of Germany and in the event of a default of such party your money may be treated differently from the position that would apply if the money were held in Germany. You should consider taking independent legal advice if you are concerned about the implications of this.
- 12.3. Where any obligations owing to us from you are due and payable to us, we may, in accordance with the Client Money Rules, cease to treat as client money so much of the money so held as equals the amount of those obligations and you agree that we may apply that money in or towards satisfaction of all or part of those obligations due and payable to us and where applicable clause 17 will apply.
- 12.4. You understand and agree that where permitted by and in accordance with the Client Money Rules and Applicable Law, we are entitled to cease to treat unclaimed balances held on your account as client money.
- 12.5. Unless otherwise agreed in writing, you agree that you are not entitled to and will not receive any interest on the money held by us. Any agreement in respect of interest will at all times be subject to change at our sole discretion.

## 13. CONFLICTS OF INTEREST AND DISCLOSURES

- 13.1. In accordance with the WpHG and our own conflicts of interest policies, we have in place arrangements to identify and prevent or manage conflicts of interest that arise between ourselves or our employees and our clients, and between our different business areas and between our different clients. However, these may not be sufficient in every case to ensure, with reasonable confidence, that the risk of damage to your interests will be prevented. Where we do not consider that the effective organisational and administrative arrangements established under our conflicts of interest policies are sufficient to prevent or manage a particular conflict, so as to ensure, with reasonable confidence, that the risk of damage to your interests will be prevented, we will inform you of the general nature and/or source of the conflict of interest and the steps taken to mitigate those risks so that you can decide how to proceed before we undertake any business for you.
- 13.2. Our Conflicts Policy is available on our website [www.jefferies.com](http://www.jefferies.com). Any changes to this policy will be made available on the website from time to time. Further information on how we manage conflicts of interest is available on request.
- 13.3. In relation to any transaction we execute or arrange with or for you, we may have an interest, relationship, arrangement, or duty which is material or which gives or may give rise to a conflict of interest with your interest(s) in relation to the investment or transaction concerned or investments or assets underlying, derived from or otherwise directly or indirectly related to such investments (a "**material interest**"). We will take all necessary steps to ensure fair treatment for you in relation to any such transactions and will identify and prevent or manage any conflict of interest in accordance with our conflicts of interest policies.
- 13.4. Your attention is drawn to the fact and you acknowledge that we are involved in a full range of services including investment management, corporate finance and securities issuing, trading and investment research (as defined in clause 13.8). As such we may have a material interest or a conflict of interest in the services or transactions we carry out with or for you. We have in place internal policies and procedures

pursuant to our conflicts of interest policies to ensure that our various business areas and companies operate independently of each other and restrict access by the particular employee(s) responsible for handling your affairs to certain areas of information. Such policies and procedures include physical segregation and organisational arrangements designed to ensure that certain information produced or acquired by employees in one part of Jefferies' business is not shared with employees in another part of Jefferies.

- 13.5. Accordingly:
- 13.5.1. we will provide services to you under these Terms on the basis of information actually known to the particular employees responsible for handling your affairs; and
  - 13.5.2. as a result of our relationship with other clients we may in some circumstances be unable to provide Services to you and we shall not be obliged to disclose the reason why or any further information relating thereto.
- 13.6. You agree that we are entitled to provide Services to, or effect transactions with or for you, notwithstanding that we (or our Affiliates) may have a material interest in, or a potential conflict of interest in relation to, the transaction or investment concerned and you consent to our acting in any manner that we would consider appropriate in such cases. A material interest may include but is not limited to circumstances where we (or our Affiliates) may:
- 13.6.1. be dealing as principal for our own account by selling the investment concerned to you or buying it from you, or being a market-maker or otherwise having a holding or dealing position in the investment concerned or an associated investment;
  - 13.6.2. be providing services to another person in relation to an investment in relation to which you are entering into transactions;
  - 13.6.3. be matching your transaction with that of another person by acting on that person's behalf as well as yours where we are acting or seeking to act as agent for (and to receive and retain commission or other charges from) both parties;
  - 13.6.4. have other business relationships, including, but not limited to, investment banking relationships, with the company, or a related entity, in relation to whose securities you are entering into transactions;
  - 13.6.5. be involved as financial adviser, broker, nominated adviser, sponsor, underwriter or otherwise in a new issue, underwriting, rights issue, takeover or similar transaction concerning the investment, or the issuer of the investment or a related investment;
  - 13.6.6. trade (or may have traded) for our own account (or for or on behalf of other clients), have either a long or short position in the investment concerned, or other related investments or otherwise pursue our legitimate business as a market maker or dealer (including entering into an agreement for the underwriting of an issue of financial instruments) in connection with the investment concerned or related or other investments;
  - 13.6.7. execute hedging transactions prior to or following receipt of an order or information concerning a contemplated order or transaction from you or from someone acting on your behalf in order to manage our risk in relation to transactions you are entering into or contemplating, or execute transactions in order to facilitate the dutiful execution of your order or manage our own market maker or dealing activities, all of which may impact on the price you pay or receive in relation to such transactions and any profits generated by such hedging or other transaction may be retained by us without reference to you;
  - 13.6.8. enter into transactions as agent or principal, including for pre-hedging purposes, with a view to executing or facilitating the execution of the proposed transaction(s), based upon information you provide to us and any information held by us regarding your previous trading, when you provide us with the bid information, including when you ask us to provide a quotation for a portfolio trade involving the commitment of our capital or otherwise. Such transactions may impact upon the prices you subsequently obtain when we trade with you or when you trade with other firms;
  - 13.6.9. be (or be an adviser to) the trustee, operator or manager of an investment fund, units in which we are buying from or selling to you or buying or selling on your behalf; or
  - 13.6.10. provide investment research (as defined in clause 13.8).
- 13.7. We shall be entitled to enter into a transaction with or for you or retain your investments or act as your agent or provide any other service notwithstanding any material interest including, but not limited to, those set out in clause 13.6. We may retain, and shall not be under a duty to disclose to you any profit, commission or remuneration arising therefrom without further reference to you to the extent that doing so is permissible under WpHG.
- 13.8. Our policy is to produce investment research materials ("**investment research**"), trading ideas, desk

notes, market commentary or other information and/or non-independent analysis and strategy and other materials ("**desk content**") which are clear, fair and not misleading for our clients. Information on whether or not it is independent will be clear from the investment research itself. The following terms apply in relation to all investment research and desk content:

- 13.8.1. We shall be under no obligation to you to ensure that any information given to you takes account of any investment research or desk content save to the extent otherwise required by Applicable laws.
- 13.8.2. No investment research or desk content shall constitute an offer or an invitation by or on behalf of us to any person to buy or sell any financial instruments.
- 13.8.3. In all cases, you should conduct your own investigation and analysis of any information contained in investment research or desk content before taking or omitting to take any action either in relation to investments or markets.
- 13.8.4. We may from time to time have a long or short position in any of the investments mentioned in any investment research or desk content and may buy or sell those investments.
- 13.8.5. We may from time to time provide corporate finance, investment management, or other services for or solicit or seek to obtain corporate finance, investment management or other business from any entity referred to in any investment research or desk content.
- 13.8.6. All investment research or desk content is provided subject to the terms, notices, disclosures, disclaimers and notices contained therein.

#### 14. FEES, CHARGES AND TAXES

- 14.1. Where applicable, our fees, costs and charges will be calculated on a commission basis and collected from you on each relevant transaction or on such other basis as agreed between us or as notified by us to you from time to time.
- 14.2. Unless otherwise agreed, you shall pay any commissions, brokerage fees, transfer fees, registration fees, any applicable duties and taxes, and all other liabilities, charges, costs and expenses payable in connection with transactions effected or Services provided by us on your behalf.
- 14.3. General information regarding our fees, costs and charges is set out in our Costs and Charges Information Document, a copy of which is available on our website. You may receive additional information in relation to fees, costs and charges applicable to particular products or Services from time to time where this is required by Applicable Law (for example in relation to financial instruments with a derivative component) or if we otherwise consider that this additional information is appropriate, and you may also contact us to request additional information in relation to our fees, costs and charges, if you require this.
- 14.4. You agree that the information, in accordance with the above, provided to you is sufficient and appropriate in relation to the relevant fees, costs and charges and that save as otherwise requested and agreed, you will not be provided with any further information on costs and charges such as information that is only required to be provided to retail clients (as defined in the WpHG) under Applicable Law.
- 14.5. To the extent required by Applicable Law, we will also periodically provide you with appropriate information in relation to the costs and charges you have incurred.
- 14.6. You may request a breakdown of the costs or charges applicable to you at any time.
- 14.7. You shall be responsible for payment of all transaction, transfer and stamp taxes and duties arising out of or in relation to any transactions or in connection with any Service provided under these Terms and where under Applicable Law such taxes and duties are due to be paid or collected by us then you shall on demand pay us an amount equal to such taxes or duties and indemnify us for the same.
- 14.8. Except as otherwise required or determined by Applicable Law or market custom you shall be solely responsible for all filings, tax returns and reports which must be made by you to any relevant authority, whether governmental or otherwise, and for the payment of all taxes (including without limitation any transfer, withholding or value added taxes), imports, levies or duties due from you on any dividends, principal or interest, or any other liability or payment arising out of or in relation to any transactions or in connection with any Service provided under these Terms. Accordingly, you shall at all times remain directly accountable to and liable to the relevant tax authorities for any relevant tax liabilities arising out of any transactions under these Terms or any Services provided by us to you.

#### 15. PAYMENTS AND INTEREST

- 15.1. You agree to pay any amounts due to us by you, in such currencies as we may determine, as they become due regardless of any rights of equity, counterclaim or set-off which you may have against us and free and clear of, and without withholding or deduction for, any taxes of whatsoever nature, unless the same is required by Applicable Law binding on you. You will pay such additional amounts so that the net amounts received by us (after taking account of such withholding or deduction) are equal to such amounts as would

have been received by us had no such taxes been required to be withheld or deducted by you.

- 15.2. Where we to the best of our knowledge and belief consider that we are required by Applicable Law to withhold or deduct any amount for or on account of tax, including under section 1471 to 1474 of the United States Internal Revenue Code of 1986 as amended (FATCA) and under intergovernmental agreements entered into with the United States relating to FATCA, and also with respect to gross amounts which are netted against other payments between us, then we shall be entitled to withhold or deduct and pay to the relevant tax or revenue authority such amount, we shall not be required to indemnify you or gross up such payments and, in the event that we are not able to or do not withhold or deduct any such amount from the relevant payment to you, you shall pay us on demand an amount equal to such tax.
- 15.3. If on any date amounts are payable in the same currency both by us to you and by you to us, we may aggregate the amounts so payable on such date and only the difference between the aggregate amounts will be paid by the party owing the larger amount.
- 15.4. You authorise us to debit any of your accounts, whether held by us or a third party, to pay any amounts due to us pursuant to these Terms.
- 15.5. If you fail to pay any amount when due and payable to us, we reserve the right to charge you interest on any such amount until the date payment is received by us at the effective cost to us of borrowing the due amount in the relevant money markets as determined in our absolute discretion. Interest will accrue on a daily basis and will be due and payable as a separate debt.
- 15.6. If we receive or recover any amount in respect of an obligation of yours in a currency other than that in which such amount was payable, whether pursuant to a judgment of any court or otherwise, you shall indemnify us and hold us harmless from and against any cost (including costs of conversion) and loss suffered by us as a result of receiving such amount in a currency other than the currency in which it was due.
- 15.7. The introduction of and/or substitution of a new currency as the lawful currency of a country shall not have the effect of altering, or discharging, or excusing performance under any provision of these Terms or any transaction hereunder, nor give a party the right unilaterally to alter or terminate these Terms or any transaction hereunder.
- 15.8. All fees, expenses and other amounts payable under the provisions of these Terms are exclusive of any applicable value added, sales, turnover, consumption or similar tax and will be subject to such taxes in addition.

## 16. CLIENT'S WARRANTIES

You hereby represent and warrant (which representations and warranties shall be deemed to be repeated by you on a daily basis during our business relationship) on your own behalf and on behalf of any Principal that:

- 16.1. you have full power and authority to enter into these Terms, each transaction and any other documentation relating thereto, and to perform your obligations thereunder;
- 16.2. you will be liable to us in respect of all obligations and liabilities arising from transactions effected on your instructions;
- 16.3. entering into these Terms or any transaction hereunder will not violate or conflict with any Applicable Law, any provision of any constitutional documents or any charge, trust deed, contract or other instrument or any contractual restrictions applicable to, binding on or affecting you or any of your assets or oblige you to create any lien, security interest or encumbrance;
- 16.4. all governmental, regulatory and other consents that are required to have been obtained by you in relation to your entering into these Terms or any transaction hereunder have been obtained and are in full force and effect and all conditions of any such consents have been complied with;
- 16.5. you will comply with all Applicable Laws and disclosure requirements of any relevant jurisdiction, Trading Venue or regulatory authority which apply in respect of us, our Affiliates, you or your investments from time to time;
- 16.6. you will comply with all Applicable Laws and disclosure requirements relating to taxation in all relevant jurisdictions and you will not engage in or facilitate or undertake any transaction that may involve us or our Affiliates facilitating tax evasion or may place us or our Affiliates in violation of any such Applicable Laws or disclosure requirements;
- 16.7. you will comply with all Applicable Laws and disclosure requirements relating to anti-bribery and corruption, anti-money laundering and financial crime in all relevant jurisdictions and you will not engage in or facilitate or undertake any transaction that may involve us or our Affiliates facilitating bribery, corruption, money laundering or financial crime or may place us or our Affiliates in violation of any such Applicable Laws or disclosure requirements;
- 16.8. you are in compliance with all statutes, executive orders, directives or regulations relating to US and EU

economic sanctions and you will not knowingly undertake any transaction that places us or our Affiliates in violation of such statutes, executive orders, directives or regulations;

- 16.9. the information you have provided to us is complete, accurate and not misleading in any respect and that in the event of any change to such information, you will promptly notify us of the same;
- 16.10. you will promptly give (or procure to be given) to us such information and assistance as we may reasonably require to enable us to assist or achieve compliance with any of the obligations mentioned in clauses 16.3, 16.4, 16.5, 16.6, 16.7 and 16.8 of these Terms;
- 16.11. you are capable of evaluating the merits and risks of any transaction and the fees payable in connection therewith and you understand and accept the terms, conditions, and risks of any transaction and fees. In particular you shall determine, or instruct your own legal or tax advisor to determine, whether any tax planning or tax arrangements you are entering into in connection with any transaction gives rise to any reporting obligations under Council Directive (EU) 201/22 as implemented into local laws (commonly known as "Mandatory Disclosure Regime" or "DAC6") and, where any transaction is reportable, you shall file or instruct a legal or tax advisor to file a report to the extent required under DAC6. If requested and where relevant, you shall also provide us, in writing, the determination you or your tax advisor(s) have made regarding whether any transaction is subject to reporting under DAC6, a summary of the reasoning for that determination and, where relevant, the reporting reference number received from the tax authority upon submission of the DAC6 filing. Notwithstanding anything herein to the contrary, you are authorised to disclose to any tax authority or to any advisor or party otherwise involved in any transaction, all materials of any kind (including tax opinions and other tax analyses) provided to you relating to the tax treatment and structure of any transaction, without us imposing any limitation of any kind provided that such disclosure is on a strictly confidential, non-reliance and need to know basis and you acknowledge and agree that we do not owe any responsibility, liability or duty of care to anyone other than you;
- 16.12. you have implemented and maintain procedures to prevent the criminal facilitation or tax evasion as required for the purposes of the defence set out in all applicable criminal facilitation of tax evasion laws and regulations of England and Wales (including section 45(2) and section 46(3) of the Criminal Finance Act 2017) and any other jurisdiction in which your operations are carried on (the "Prevention of Tax Evasion Procedures") and shall procure that all of your relevant officers, employees or agents and any other persons who are "associated" with you for the purposes of section 44 of the Criminal Finances Act 2017 ("FTP Associates") either:
  - 16.12.1. comply in all material respects with your Prevention of Tax Evasion Procedures; or
  - 16.12.2. implement and maintain procedures to prevent the criminal facilitation of tax evasion which constitute adequate "prevent procedures" as required for the purposes of the defence set out in your Prevention of Tax Evasion Procedures;
- 16.13. you and your officers and so far as you are aware, your FTP Associates, in the course of your respective duties have complied with all applicable criminal facilitation of tax evasion laws and regulations of England and Wales (including the Criminal Finances Act 2017) and any other jurisdiction in which your operations are carried on;
- 16.14. all investments to which these Terms apply are, and will be, so long as these Terms are in force, free from any impediment and are beneficially owned by you or the person or ultimate beneficiary on whose behalf you are acting directly or indirectly;
- 16.15. you, or any individual placing orders with us on your behalf, are not in possession of any price sensitive or inside information which would or may affect your ability to lawfully abide by these Terms or enter into any transaction with us;
- 16.16. you have not relied on any statement made by us in making any decisions as regards transactions in investments under these Terms;
- 16.17. to the extent that we provide you with DMA Services to access the Hong Kong market and transmit orders for Securities and Futures Contracts as defined under Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong (as amended from time to time) through the DMA Service (i) any individuals placing orders on your behalf are proficient in using the DMA Service; (ii) that they understand and have the ability to comply with Hong Kong regulatory requirements; and (iii) you have in place adequate arrangements to monitor orders entered through the DMA Services; and
- 16.18. unless you have notified us otherwise and we have agreed to treat you as such, you are not a public sector body, local public authority, municipality or a private individual investor or if you are, you have elected and are capable of being treated as an elective professional client in accordance with WpHG or other Applicable Law and you will notify us immediately of any changes to your status that mean you are no longer capable of being treated as such.

## 17. EVENTS OF DEFAULT

- 17.1. An "Event of Default" shall occur where:

- 17.1.1. (i) you fail to make any payment due to us or to deliver any securities due to us (or agents used by us); or (ii) you fail to perform any other obligation owed to us; or (iii) any representation or warranty you make to us is false or misleading either under these Terms or under any other agreement between you and us; or (iv) we for any reason whatsoever reasonably deem it necessary or desirable for our protection;
  - 17.1.2. you become unable to pay your debts as they fall due or become insolvent or bankrupt or become the subject of any insolvency, bankruptcy or administration proceedings under any Applicable Law; or
  - 17.1.3. a winding-up resolution is passed or a winding-up or administration order is made in respect of you or a similar petition is filed by or against you or if notice is given of a general meeting of your creditors or any similar event or a receiver, liquidator, administrator or similar official is appointed in respect of you or any of your property under any applicable rules.
- 17.2. On the occurrence of an Event of Default we and/or our Affiliates shall be entitled, without prior notice to you, to take any or all of the following actions:
- 17.2.1. terminate our agreement to provide the Services and treat any or all outstanding transactions between you and us or our Affiliates as having been cancelled or terminated;
  - 17.2.2. sell or charge in any way any or all of the investments or other assets or property which we are holding or control or are entitled to receive on your behalf and to apply the proceeds in or towards satisfaction of any obligation or liability you may have to us (including any contingent or prospective liability);
  - 17.2.3. buy any investment, asset or other property and deliver such investment, asset or other property to any company or entity, or otherwise take any action we see fit in order to close-out any positions or transactions you may hold with us, in whole or in part, or in order to close-out any commitments made or terminate transactions on your behalf;
  - 17.2.4. set off any obligation we owe to you, and/or to apply any cash we hold for your account, against any obligation or liability you may have to us (including any contingent or prospective liability); or
  - 17.2.5. close out, replace or reverse any transaction or position and convert any currency at such rates and times as conclusively determined by us and as is appropriate in order to meet obligations incurred on your behalf or on behalf of your account(s) with us, enter into any other transaction or take, or refrain from taking, such other action at such time or times and in such manner as, at our sole discretion, we consider necessary or appropriate, acting at all times in good faith, to cover, reduce or eliminate our or our Affiliates' loss or liability under or in respect of any contracts, positions or commitments.
- 17.3. On the occurrence of any of the Events of Default you agree to notify us of the same in which the provisions of clause 17.2 shall apply at the time that such notification is received by us.
- 17.4. Without prejudice and in addition to any general lien, right of set-off or power of sale or other similar right which we may be entitled to exercise whether by law or otherwise over any of your investments, monies or other property, your investments, monies and other property shall be subject to a general lien in our (or our Affiliates) favour, insofar as there remain any outstanding amounts due or liabilities (whether actual or contingent) outstanding from you to us or our Affiliates.
- 17.5. The restrictions contained in Sections 93 and 103 of the Law of Property Act 1925 shall not apply to the exercise by us of our rights or our power of sale.

## 18. LIABILITY AND INDEMNITY

- 18.1. We (or our Affiliates) shall not be liable for any default of any counterparty, bank, custodian, sub-custodian or other entity which holds money, investments or other documents of title on your behalf or with or through whom transactions on your behalf are conducted.
- 18.2. We (or our Affiliates) will not be liable for any losses, including, but not limited to, market or trading losses, liabilities, damages, charges, actions, claims or disbursements of any kind or nature whatsoever (including any reasonable legal or other reasonable costs) or any expenses relating to investigating or defending any such demands, charges or claims (together "**Losses**") suffered by you in connection with the Services or your use of the Software or the System (each as defined in Schedule 6) unless such Losses directly arise from our (or our Affiliates') gross negligence, wilful default or fraud.
- 18.3. You shall on demand indemnify and keep us (or our Affiliates) and each of our (or their) directors, officers, partners, employees and agents, and each of their respective heirs, successors and assigns (our "**Officers**") harmless against any cost, tax, expense, damage, loss or liability whatsoever which may be suffered or incurred by us (or our Affiliates) or any of our (or their) Officers as a result of any transaction, action or step taken by us (or our Affiliates) under these Terms (including the costs of enforcing the same) unless, and then only to the extent that, such cost, expense, damage, loss or liability is finally judicially

determined to be fraudulent, in wilful default or grossly negligent on our (or our Affiliates') part or on the part of any of our (or their) Officers. Notwithstanding the foregoing, nothing in these Terms shall exclude or restrict:

- 18.3.1. any obligation that we, our Affiliates, or any of our or their Officers have under the WpHG in relation to you; and
  - 18.3.2. any liability which we, our Affiliates, or any of our or their Officers may incur under the WpHG or other Applicable Law, or any amendment thereof, in respect of a breach of any such obligation.
- 18.4. Neither we, our Affiliates, nor any of our or their Officers shall be liable for any loss arising from any act or omission of any agent or third party who performs Services pursuant to these Terms unless, and then only to the extent that, such loss is finally judicially determined to be fraudulent, in wilful default or grossly negligent on our or our Affiliates' part or on the part of any of our or their Officers.
- 18.5. In no event shall we, our Affiliates, or any of our, or their, Officers be liable for any loss of profits, goodwill, reputation, business opportunity or anticipated saving, or for indirect, consequential or special damages, howsoever arising, whether or not advice of the possibility of such loss or damages was provided.

## 19. TERMINATION

- 19.1. Without prejudice to anything contained in clause 17, you may terminate these Terms at any time by sending us written notice which shall take effect from the date acknowledged by us. We may terminate these Terms by sending you written notice which shall specify the date on which such termination shall take effect.
- 19.2. Termination of these Terms pursuant to clause 19.1 shall be:
- 19.2.1. without prejudice to the completion of any transaction or transactions already initiated and any transaction or all transactions outstanding at the time of termination will be settled and delivery made;
  - 19.2.2. without prejudice to and shall not affect any accrued rights, existing commitments or any contractual provision intended to survive termination; and
  - 19.2.3. without penalty or other additional payment save that you will pay: (i) our outstanding fees and charges; (ii) any expenses incurred by us in the provision of the Services or under these Terms payable by you; (iii) any additional expenses incurred by us as a consequence of termination; and (iv) any losses necessarily realised in settling or concluding outstanding obligations.

## 20. CONFIDENTIALITY

- 20.1. We and you will at all times keep confidential and shall not disclose to a third party (other than our Affiliates) any information of a confidential nature or otherwise acquired in connection with these Terms or the Services, except for information which either of us (or our Affiliates) is bound to disclose under compulsion of Applicable Law or by request of regulatory agencies or to our respective professional advisers or, in our case, where disclosure to a third party such as an intermediary or clearing house is necessary in order to facilitate the proper performance of the Services to you.
- 20.2. We shall be under no duty to (i) disclose to you any information in making any decision (ii) take any action in connection with the provision of the Services, or (iii) take into account any information or other matters which come to our notice or the notice of any of our Officers where this would, or we reasonably believe that in doing so would, be a breach of any duty of confidence to any other person.

## 21. DATA PROTECTION

- 21.1. In this clause 21, "**Data Protection Laws**" means the General Data Protection Regulation 2016/679 and any other legislation in force from time to time in Germany relating to either or both privacy or the processing of personal data.
- 21.2. The expressions "controller", "data controller", "personal data" and "process" shall have the meanings ascribed to them in the Data Protection Laws.
- 21.3. For the purposes of the Data Protection Laws, Jefferies will be the data controller in respect of any personal data which you provide to us.
- 21.4. We collect your personal data (which for the purposes of this clause 21 shall include both your personal data and, to the extent applicable, that of your directors, employees, officers, agents, Principals and/or clients) in two ways:
- 21.4.1. *Information you give us.* You may give us personal data about you or your directors, employees, officers, agents, Principals or clients, by filling in forms or by corresponding with us by phone, e-

mail or otherwise. This includes personal data you provide when you onboard with us and request or engage with us in connection with our Services. The personal data you give us may include your, or your directors', employees', officers', agents', Principals' or clients', name(s), address(es), e-mail address(es), phone number(s), financial information, identification documents and personal description(s). You confirm that any personal data you give to us is given lawfully by you in accordance with Data Protection Laws, to the extent applicable.

- 21.4.2. *Information we receive from other sources.* We may obtain information from other sources in order to carry out the activities described below in clauses 21.5.1 and 21.5.4.
- 21.5. We use your personal data for the following purposes:
- 21.5.1. to provide the Services (and this may require that we verify information you provide in the course of your onboarding with us and carry out assessments about you or your directors, employees, officers, agents, Principals or clients), and to carry out our obligations arising from our agreements with you and transactions undertaken with or for you;
- 21.5.2. for internal analysis and research in order to facilitate the provision of the Services to you;
- 21.5.3. to comply with reporting, legal and/or regulatory requirements; and
- 21.5.4. to offer you additional investment products or services (except where you have asked us not to). We may use external third parties to process your personal data on our behalf where necessary to enable us to provide the Services to you, but only for the purposes described above. We may also share your personal data with our Affiliates, but only for the purposes described above.
- 21.6. It is necessary for us to process your personal data in the ways described in clauses 21.5.1 and 21.5.2 above in order for us to perform the Services for you. If we process your personal data in the way described in clause 21.5.3 above, this will be because it is necessary for us to comply with a legal and/or regulatory obligation. We may use your personal data as described in clause 21.5.4 above for our own commercial benefit where this is in our legitimate interests but not if your own interests would override ours (and we will stop doing so if you ask us to).
- 21.7. Your personal data may be stored electronically or in hard copy form. We are committed to ensuring that your personal data is secure. In order to prevent unauthorised access or disclosure we have put in place suitable physical, electronic and managerial procedures to safeguard and secure your personal data in accordance with the Data Protection Laws. We will retain your personal data for as long as you use the Services and then for up to ten years, subject to legal or applicable regulatory requirements.
- 21.8. We, or the third parties with whom we share your personal data, may be located outside the European Economic Area in countries where the data protection laws are not as comprehensive as those that apply within Germany. We will only transfer personal data to a country or territory outside the European Economic Area: (i) where there has been a finding of adequacy in respect of that country or territory (pursuant to the EU Data Protection Directive 95/46/EC); or (ii) where the transfer is made under EU-approved standard contractual clauses to govern the transfer; or (iii) with your consent which you provide when using our Services; or (iv) using another basis to ensure the transfer complies with applicable Data Protection Laws.
- 21.9. We may also disclose your personal data to any purchaser of the whole or part of our business or on any merger or group reorganisation, provided that the personal data will only be used for the purposes set out above.
- 21.10. You have the right to ask for a copy of the personal data which we hold about you, subject to certain exceptions. If any of the personal data which we hold about you is incorrect or out of date, please let us know and we will correct it. You also have the right to erase any personal data we hold about you and/or request that it be ported to another data controller, again, subject to certain exceptions. You acknowledge and agree that, if you exercise any of the rights listed above and, as a result, we no longer have the personal data necessary for our performance of the Services (e.g. contact details, financial information, etc.), we may be required to terminate the Services following such request. If we are no longer able to provide the Services to you following the exercise of your rights, we may exercise our right to terminate these Terms under clause 19.1 with immediate effect. If you would like to exercise any of your rights, or learn more about your rights, please contact: Data Protection Officer, Jefferies GmbH, Bockenheimer Landstraße 24, 60323 Frankfurt am Main, Germany. In accordance with the Data Protection Laws, you also have the right to lodge a complaint with the German regulator for data protection, the Commissioner for Data Protection of Hesse or any other competent data protection supervisory authority in your region. The contact details for doing so are: Der Hessische Beauftragte für Datenschutz und Informationsfreiheit, Postfach 3163, 65021 Wiesbaden. Further information in relation to the processing of personal data by us are set forth in the Privacy Notice which is available on our website



<http://jefferies.com/JefferiesEMEAPrivacyNotice>. Any changes to the Privacy Notice will be made available on the website from time to time.

## 22. UNSOLICITED REAL TIME FINANCIAL PROMOTION

22.1. You consent to us and any of our Affiliates to visit, telephone or otherwise communicate with you on a real time basis, at any time to discuss investments and you acknowledge that you would not consider such a communication as being a breach of any of your rights under the Privacy and Electronic Communications (EC Directive) Regulations 2003.

## 23. ASSIGNMENT AND AMENDMENT

23.1. The obligations under these Terms bind and the rights will be enforceable by, the parties to these Terms and their respective successors, permitted assigns and personal representatives.

23.2. Subject to clause 23.3 below, neither you nor us may novate or assign any of your or our respective rights and/or obligations under these Terms, any corresponding transaction, open position or any contract without the prior written consent of the other.

23.3. You agree that in the event that we consolidate, amalgamate, reorganise or transfer our business to another entity (including to an Affiliate), we may assign any of the rights and obligations under these Terms to such entity and we may transfer client monies held for you (if any) to such entity. We shall give you notice which will specify a date upon which the assignment and/or transfer will become effective. This date will be at least ten (10) Business Days after the date of the notice. Such assignment will have the effect of creating a novated agreement between you and the entity to which such rights or obligations are assigned.

23.4. Any client monies transferred in the circumstances described in clause 23.3 will cease to be held by us in accordance with the Client Money Rules. We will notify you within seven (7) days of your client monies being transferred. If we determine that the entity to which monies are transferred will not hold your money in accordance with the Client Money Rules, we will exercise all due skill, care and diligence in assessing whether the transferee will apply adequate measures to protect your money.

23.5. To the extent required by, or consequential to, any such assignment you agree to enter into further documentation and/or particular terms as we or any assignee may reasonably require solely in order to make or facilitate the action envisaged in clause 23.3 above and to enter into such new arrangement with you concerning the Services under these Terms.

23.6. We may make changes to our Terms, policies and other documentation referred to in these Terms from time to time. We will notify you of any changes to our Terms, Order Execution Policy and execution arrangements, Conflicts Policy, Complaints Policy, Costs and Charges Information Document and any policy or document or Schedule referred to in these Terms by posting updated versions of the applicable documents on [www.jefferies.com](http://www.jefferies.com) and, where there is a material change, by giving you written notice. Any such change will become effective when the updated document is posted on our website or, in respect of material changes, on a date to be specified in the notice which will be at least ten (10) Business Days after the notice is sent to you unless (i) it is impractical to do so or (ii) otherwise required by Applicable Law.

## 24. COMPLAINTS AND ADDRESS FOR NOTICES

If you have a complaint about us, you should raise it in the first instance with your usual contact at Jefferies. If you are not satisfied with the response of your usual Jefferies contact (or if you prefer not to raise the matter with such person) please refer to our Complaints Policy available at [www.jefferies.com](http://www.jefferies.com) for further details of alternative contacts.

## 25. COMPENSATION SCHEME

Business conducted by us under these Terms which is subject to regulation by the BaFin is covered by the Entschädigungseinrichtung der Wertpapierhandelsunternehmen ("EdW") if you are an "eligible claimant". Payments under the EdW are subject to a maximum payment per investor. Further information on the scheme can be obtained from us on request or from the BaFin or the EdW. (<http://www.e-d-w.de/>, Behrenstraße 31, 10117 Berlin, Germany).

## 26. NOTICES, INSTRUCTIONS AND OTHER COMMUNICATIONS

26.1. All correspondence, notices, certificates, statements of account and any other information personally addressed to you ("**Notices**") may be provided to you by whatever means we deem appropriate unless otherwise required by Applicable Law. **You confirm that you are aware that where Applicable Law requires Notices to be provided on a durable medium within the meaning of Directive 2014/65/EU ("Durable Medium"), you may choose to receive these Notices either on paper or on another Durable Medium, and by accepting these Terms you expressly agree to receive**

**these Notices on any Durable Medium we deem appropriate, including those that are in electronic form.** Any Notices from us to you shall be sent to the last mailing address, facsimile number or email address held for you on our records (as applicable). You confirm that you have regular access to the internet and consent to information including, without limitation; information about amendments to our Terms and other documents referred to in these Terms (including the Order Execution Policy, Costs and Charges Information Document, Conflicts Policy and Complaints Policy), information about the nature and risks of investments and other information concerning the Services provided to you which we will post on our website at [www.jefferies.com](http://www.jefferies.com) or such other website as we may from time to time notify to you.

- 26.2. Save for the provisions of clauses 9 and 23.6, all Notices will, in the absence of manifest error, be deemed correct, conclusive and binding on you if not objected to in writing by you within three Business Days of receipt. "**Business Day**" means a day which is not a Saturday or a Sunday and upon which banks are open for business in Frankfurt am Main, Germany.
- 26.3. Any Notice to be made by you to us shall, if sent by letter, be sent to: Legal Department, Jefferies GmbH Bockenheimer Landstraße 24, 60323 Frankfurt am Main, or to such other address as shall from time to time have been notified to you, or if sent by facsimile or e-mail transmission to the number or e-mail address provided by us to you for such purposes.
- 26.4. A written Notice shall be deemed to have been received by you:
- (a) if delivered by hand on a Business Day, on the day of delivery and, if delivered by hand on a day other than a Business Day, on the first Business Day after the day of delivery;
  - (b) if sent by first class post or airmail, on the second Business Day after the day of posting if the address is in the same country as that of the sender and if to a different country on the fourth Business Day;
  - (c) if sent by facsimile or e-mail transmission before 1700 hours (Frankfurt time) on a Business Day, on the day of transmission; and
  - (d) if sent by facsimile or e-mail transmission on a day other than a Business Day or after 1700 hours (Frankfurt time) on a Business Day, on the first Business Day after transmission.
- 26.5. A Notice or communication made or delivered to us will be effective only when actually received by the appropriate department or officer responsible for the relevant subject matter.

## 27. FORCE MAJEURE

Whilst we will endeavour to comply with our obligations in a timely manner, we (or our Affiliates) will incur no liability whatsoever for any partial or non-performance of our (or their) obligations by reason of any cause beyond our reasonable control including but not limited to any communications, systems or computer failure (including, without prejudice to the generality of the foregoing, the failure of any system provided pursuant to the terms of Schedule 6), market default, suspension, failure or closure, or the imposition or change (including a change of interpretation) of any law or governmental or regulatory requirement and we (or our Affiliates) shall not be held liable for any direct or indirect loss you may incur as a result thereof and notwithstanding that you may have notified us (or our Affiliates) of the same.

## 28. MISCELLANEOUS

- 28.1. You acknowledge and agree that in conducting business with us pursuant to these Terms, you do not rely on, and shall have no remedy in respect of, any statement, representation, warranty or understanding (whether negligently or innocently made) of any person other than as expressly set out in these Terms.
- 28.2. Nothing in these Terms (or any of the arrangements contemplated by them) shall be deemed to create a partnership, joint venture or equivalent between you and us.
- 28.3. No failure to exercise or delay in exercising any right or remedy under these Terms shall constitute a waiver thereof and no single or partial exercise of any right or remedy under these Terms shall preclude or restrict any further exercise of such right or remedy. The rights and remedies contained in these Terms are cumulative and not exclusive of any rights and remedies provided by Applicable Law.
- 28.4. If any provision in these Terms shall in whole or in part be held by any court of competent jurisdiction to any extent to be illegal or unenforceable under any enactment or rule of law that provision or part shall to that extent be deemed not to form part of these Terms and the enforceability of the remainder of these Terms shall not be affected thereby.
- 28.5. The parties to these Terms recognise that the liabilities of Jefferies arising under these Terms may be subject to the exercise of Write-down and Conversion Powers by the German resolution authority being the competent authority in this regard for Jefferies. Each party agrees to be bound by the following actions of such resolution authority in relation to such liabilities: reduction of principal or outstanding amount due; conversion; or cancellation.

For the purpose of the above, "Write-down and Conversion Powers" means the powers referred to in article 59(2) and in points (e) to (i) of article 63(1) of Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014, as implemented under the German Recovery and Resolution Act (*Sanierungs- und Abwicklungsgesetz*) (as amended from time to time).

## 29. GOVERNING LAW AND RIGHTS OF THIRD PARTIES

- 29.1. You and we agree that these Terms (and any non-contractual obligations, disputes or claims arising out of or in connection with them) shall be governed by and construed in accordance with the laws of England and the parties irrevocably submit to the exclusive jurisdiction of the English courts.
- 29.2. You irrevocably waive, with respect to yourself and your revenues and assets, all immunity on the grounds of sovereignty or similar grounds in respect of your obligations under these Terms.
- 29.3. Where you do not have a permanent place of business in England, you agree to appoint and keep appointed an agent for the service of process and to notify us of the identity of such agent.
- 29.4. Any Affiliate of ours can rely on and enforce the provisions of these Terms and rely on any exclusion or limitation of liability contained herein as if references to "we" or "us" were references to such Affiliate. Save for our Affiliates, no person who is not a party to these Terms may enforce any of their provisions or rely on any exclusion or limitation of liability contained herein, whether under the Contracts (Rights of Third Parties) Act 1999 or otherwise.
- 29.5. The rights of the parties to vary these Terms are not subject to the consent of any other person.

## Schedule 1

### CUSTODY

1. Custody Assets will be held or received by us in accordance with the Custody Rules and we agree to act as custodian or to arrange for such Custody Assets to be held in custody. Where we do so, we will open, or cause to be opened, such accounts as are required to safeguard adequately your ownership rights in those securities and other assets in the event of our insolvency, and to minimise the chance of loss or diminution of those assets.
2. You hereby authorise us to register or arrange the registration of Custody Assets in any name permitted by the Custody Rules. Normally, your Custody Assets will be held in your name or in the name of an eligible nominee. However, where we are prevented from holding your Custody Assets in your name or in the name of an eligible nominee, we may, where permitted by and in accordance with the Custody Rules, register or record your Custody Assets in the name of a third party (including, without limitation, a custodian). In the event we are prevented from holding your Custody Assets in the name of a third party, we may, where permitted by and in accordance with the Custody Rules, register or record your Custody Assets in our name. If Custody Assets are held in our name or that of a third party, the Custody Assets may not be segregated from our assets or those of the third party and, in the event of a default by us or the third party, may not be as well protected from any claims by our or their creditors.
3. If we deposit your Custody Assets with a person in a non-EEA jurisdiction, such Custody Assets shall be subject to the law of that jurisdiction and your rights in relation to those assets may differ accordingly.
4. We will not deposit your Custody Assets with a person in a non-EEA jurisdiction which does not regulate custody activities unless (i) the nature of the financial instrument requires it to be deposited in such a jurisdiction; or (ii) we receive a prior written instruction from you, in which case the consequences of so doing are entirely at your own risk.
5. We are responsible for the acts of any nominee company controlled by us or any of our Affiliates to the same extent as for our own acts.
6. Investments registered or recorded in the name of a nominee will be pooled with those of one or more of our other clients. In the event of an irrecoverable shortfall following any default or failure by the custodian responsible for pooled investments, you may not receive your full entitlement and may share in that shortfall pro rata to your original share of the assets in the pool. When corporate events (such as partial redemptions) affect some but not all of the investments held in a pooled account, we will allocate the investments so affected to particular clients in such fair and equitable manner as we consider appropriate (which may without limitation involve pro rata allocation or an impartial lottery).
7. We will claim all amounts of any dividends, interest, payments or analogous sums to which you may be entitled in relation to Custody Assets and of which we are notified, but we shall not be responsible for claiming any entitlement or benefit you may have under any applicable taxation treaty or arrangement. Unless otherwise agreed with you we shall not be responsible for notifying you of any voting rights or other powers or rights arising or exercisable in respect of any Custody Asset or for exercising or taking any actions in respect of the same.
8. In the event that income in the form of dividends is declared but not paid with respect to any securities recorded as being held as Custody Assets, we may, in our sole discretion, provisionally treat as your money an amount equal to the income notwithstanding that we have not actually received such amount. You understand and agree that if, for any reason, we fail to actually receive the income, we may, at any time in our sole discretion stop treating it as your money.
9. Where we appoint a custodian to hold Custody Assets it may be any of our Affiliates that is so appointed.
10. In the event that we identify a discrepancy as a result of, or that reveals, a shortfall with respect to your Custody Assets, and we determine that the Client Asset Rules require us to do so, we will, until such time as the relevant discrepancy is resolved, hold for you an amount of our own assets and/or money in accordance with the Client Asset Rules and these Terms to cover the value of such shortfall.
11. In relation to any custody services and Custody Assets, the provision of this Schedule 1 will apply in addition and without prejudice to the Terms, provided however that in the case of conflict between the Terms and this Schedule, the terms of this Schedule shall prevail in relation to the specific matters described herein.

## Schedule 2

### RISK WARNINGS AND FURTHER DISCLOSURES

Clients should note that there are significant risks inherent in investing in certain financial instruments and in certain markets. Investment in derivatives, futures, options and warrants may expose clients to risks which are different to those investors might expect when they invest in equities. Similarly, investment in shares issued by issuers in emerging markets (by which we mean those that have an underdeveloped infrastructure or which are less economically or politically stable as markets in developed countries) involves risks not typically associated with equities investment in well developed markets. Investment in any of the foregoing kinds of financial instruments is generally appropriate for sophisticated investors who understand and are able to bear the risks involved. Among such risks, is the risk of losing the entire value of an investment or (in the case of certain derivative and other transactions) the risk of being exposed to liability over and above the initial investment. We set out below some specific risks and considerations for investors in relation to financial instruments of the type referred to above. This information is not intended to constitute a comprehensive statement of all the risks to which investors might be exposed and there may be others that exist now or which may arise in the future.

#### Stabilisation

You may enter transactions in newly issued securities in respect of which we are the stabilisation manager and the price of which may have been influenced by measures taken to stabilise it. 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. The BaFin and Applicable Law allows stabilisation in order to help counter the fact that when a new issue comes onto the market for the first time, the price can sometimes drop for a time before buyers are found.

As long as the stabilisation manager follows BaFin rules and Applicable Law, it is entitled to buy back the 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.

The stabilisation rules:

- limit the period when a stabilisation manager may stabilise a new issue;
- fix the price at which the issue may be stabilised (in the case of shares and warrants, but not bonds); and
- require disclosure of the fact that a stabilisation manager may be stabilising but not that it is actually doing so.

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.

#### Foreign Currency and Exchange Rates

Foreign markets will involve different risks from the UK markets. In some cases the risks will be greater. Investments in foreign securities may expose investors to the risk of exchange rate fluctuation and investors who deposit collateral denominated in one currency may be subject to margin calls in circumstances where the obligations secured by such collateral are denominated in another currency (in addition to the risk of margin calls for fluctuations in relative values). Some currencies are not freely convertible and restrictions may be placed on the conversion and/or repatriation of investors' funds including any profits or dividends.

The 'gearing' or 'leverage' often obtainable in foreign currency ("fx") 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. Some fx transactions have a contingent liability which means that you may be liable for margin to maintain your position and a loss may be sustained well in excess of the premium received.

You may sustain a total loss of any margin you deposit with us 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.

Our insolvency or default, or that of any other dealers involved with your fx 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.

#### Taxation

The tax treatment of any investment is determined by the specific circumstances of each client. Taxation may change during the lifetime of an investment. This may result in unanticipated tax liabilities. You should take tax advice in order to be aware of the potential liabilities before making an investment. If your circumstances change or you are uncertain of how an investment might affect your own tax position you should seek professional advice.

#### Emerging Markets

Investors should be aware that there may be potential risks posed by volatile political, legal and commercial conditions in emerging markets which may affect the value of or result in the loss of investments. The quality and reliability of official data published by governments and their agencies in emerging markets might not be equivalent to that available in developed markets. In addition, the absence of developed securities markets as well as potentially underdeveloped banking and telecommunications systems in such countries may give rise to greater custody, settlement, clearing and registration risks. Foreign investment in issuers in emerging markets may be restricted – sometimes such restrictions may not be published and investors may not be readily made aware of them. In such circumstances, there may be restrictions on repatriation of capital or an investment may have to be scaled down to comply with local foreign ownership restrictions.

## Bonds

A bond is a loan to a company, government or a local authority. Generally, interest is paid to you as the lender and the amount of the loan is repaid at the end of the term.

When you buy or subscribe for bonds, you become a creditor of the issuer of the bonds. The issuer might be a government or a corporate business or it may be an entity that has been formed specifically for the purposes of issuing the bonds (this is normally the case where the bonds pass through to investors the cash flows generated by specific assets, such as corporate loans, residential mortgages or credit card receivables).

Bonds have a nominal value. This is the sum that will be returned to investors when the bond matures at the end of its term. However, because bonds are traded on the bond market, the price you pay for a bond may be more or less than the nominal value. There are several reasons why the price might vary from the nominal value, for example:

- If a bond is issued with a fixed interest rate of, say, 8% and general interest rates then fall well below 8%, then 8% will look like a good yield and the market price of the bond will tend to rise above the nominal value.
- The reverse is also true. If interest rates rise, the fixed rate of a particular bond might become less attractive and its price could fall below the nominal value.
- Ratings agencies might take the view that a particular company's bond no longer qualifies for a high rating – perhaps the company is not doing as well as it was when the bond was issued. If this happens then the market price of the bond might fall. On the other hand, the company's rating may be improved leading to a price rise.
- The inflation rate might start to creep up and the interest rate on some bonds might start to look less attractive compared with other investments.

The risks associated with investing in bonds include:

- Interest rate risk – the risk that bond prices will fall as interest rates rise. By buying a bond, the bondholder has committed to receiving a fixed rate of return for a fixed period. Should the market interest rate rise from the date of the bond's purchase, the bond's price will fall accordingly. The bond will then be trading at a discount to reflect the lower return that an investor will make on the bond.
- Market interest rates are a function of several factors such as the demand for, and supply of, money in the economy, the inflation rate, the stage that the business cycle is in as well as the government's monetary and fiscal policies.
- Call risk – the risk that a bond will be called by its issuer. Callable bonds have call provisions, which allow the bond issuer to purchase the bond back from the bondholders and retire the issue. This is usually done when interest rates have fallen substantially since the issue date. Call provisions allow the issuer to retire the old, high-rate bonds and sell low-rate bonds in a bid to lower debt costs.
- Default risk – the risk that the bond's issuer will be unable to pay the contractual interest or principal on the bond in a timely manner, or at all. Credit ratings services such as Moody's, Standard & Poor's and Fitch give credit ratings to bond issues, which helps to give investors an idea of how likely it is that a payment default will occur.
- Inflation risk – the risk that the rate of price increases in the economy deteriorates the returns associated with the bond. This has the greatest effect on fixed-rate bonds, which have a set interest rate from inception. For example, if an investor purchases a 5% fixed-rate bond and then inflation rises to 10% a year, the bondholder will lose money on the investment because the purchasing power of the proceeds has been greatly diminished. The interest rates of floating-rate bonds are adjusted periodically to match inflation rates, limiting investors' exposure to inflation risk.

Bonds can be bought and sold in the market (like shares) and their price can vary from day to day. A rise or fall in the market price of a bond does not affect what you would get back if you hold the bond until it matures. You will only get back the nominal value of the bond (plus any coupon payment to which you've been entitled during your ownership of the bond), irrespective of what you paid for it.

For some bonds there may be a restricted market and it may be more difficult to deal in them or obtain reliable information about their value (and it may therefore be difficult to establish a proper market in them for the purposes of making a subsequent sale).

Some bonds generate a return that is linked to the performance of a real or notional pool of underlying assets. In such circumstances, the return you receive will depend upon the performance of the underlying pool. Many structured products take the form of bonds (see below for further details of the risks associated with structured products).

As a bondholder you could lose some or (in extreme cases) all of the money that you have invested in the bonds that you hold.

## Warrants

A warrant is a time-limited right to subscribe for shares or bonds at a particular price and is exercisable against the issuer of the warrants. The issuer of the warrants might be either the original issuer of the underlying securities or a third party issuer that has set aside a pool of the underlying securities to cover its obligations under the warrants (these are called covered warrants).

Generally, the success of investing in warrants depends primarily on how the underlying asset performs during the life of the warrant. The price of the warrants will therefore be affected by the risk factors that can affect the price of the underlying securities to which the warrant relates. 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.

The right to subscribe for underlying securities conferred by a warrant is invariably limited in time with the consequence that if the investor fails to exercise this right within the predetermined time-scale then the investment becomes worthless. The price of a warrant may reflect the value attributed to the life of the warrant.

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.

Transactions in off-exchange warrants may involve greater risk than dealing in exchange-traded warrants because there is no exchange 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.

Each warrant is a contract between the warrant issuer and the holder. You are therefore exposed to the risk that the issuer will not perform its obligations under the warrant.

Issuers of warrants sometimes reserve the right to nominate an extraordinary event which may result in the early expiry of a warrant series. The types of events which may be nominated as an extraordinary event are set out in the terms of issue of a warrant series.

Examples of extraordinary events include suspension in trading of the underlying security, the de-listing of the underlying company and a takeover of the underlying company. As a consequence of an extraordinary event the warrant's expiry date may be brought forward, or the warrant may lapse with any intrinsic payment provided to the holder.

## Futures

Transactions in futures 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 performance of a futures contract depends primarily on how the underlying asset performs during the life of the contract. The value of the future can therefore be affected by any of the risk factors that can affect the price of the underlying asset to which the futures contract relates. The "gearing" or "leverage" often obtainable in futures 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 investors as well as for you.

Futures transactions have a contingent liability which means that you may be liable for margin to maintain your position and a loss may be sustained well in excess of the premium received. By entering into a futures contract, you accept a legal obligation to purchase or sell the underlying asset, however far the market price has moved away from the agreed price.

You may sustain a total loss of any margin you deposit with us 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.

Our insolvency or default, or that of any other brokers involved with your futures 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.

Futures may be executed on an investment exchange or on an OTC basis. While some OTC markets are highly liquid, transactions in OTC derivatives may involve greater risk than investing in on-exchange derivatives because there is no exchange market on which to close out an open position. It may be impossible to liquidate an existing position, to assess the value of the position arising from an OTC transaction or to assess the exposure to risk. Bid prices 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.

## Options

An option gives the buyer of the option the right (but not the obligation) to acquire an underlying security or other asset at a price that has already been agreed or that is determinable in accordance with pre-agreed mechanism. There are many different types of options with different characteristics subject to the following conditions.

**Buying options:** Buying options involves less risk than selling options because, if the price of the underlying asset moves against you, investors can simply allow the option to lapse. The maximum loss is limited to the premium, plus any commission or other transaction charges. However, if investors buy a call option on a futures contract and investors later exercise the option, they will acquire the future. This will expose investors to the risks described under "futures" and "contingent liability investment transactions".

**Writing options:** If investors write an option, the risk involved is considerably greater than buying options. Investors may be liable for margin to maintain their position and a loss may be sustained well in excess of the premium received. By writing an option, investors accept a legal obligation to purchase or sell the underlying asset if the option is exercised against them 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.

**Traditional options:** Certain London Stock Exchange member firms under special exchange 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 exchange 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.

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.

The performance of an option that you have written depends primarily on how the underlying asset performs during the life of the option. The value of the option can therefore be affected by any risk factors that can affect the price of the underlying asset to which the option relates. A relatively small movement in the price of the underlying asset can result in a disproportionately large movement, unfavourable or favourable, in the value of the option. The prices of options can therefore be volatile.

If you write options, you may sustain a total loss of any margin you deposit with us 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.

Even if a written option 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

Our insolvency or default, or that of any other brokers involved with your option 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 many exchanges, the performance of a transaction by the relevant broker is 'guaranteed' by the exchange or clearing house. However, this guarantee is unlikely in most circumstances to cover you, the customer, and may not protect you if the broker or another party defaults on its obligations to you. On request, we can explain the extent of any protection provided to you under the clearing guarantee applicable to any on-exchange derivatives in which you are dealing. There is no clearing house for traditional options, nor normally for OTC instruments.

Options may be executed on an investment exchange or on an OTC basis. While some OTC markets are highly liquid, transactions in OTC derivatives may involve greater risk than investing in on-exchange derivatives because there is no exchange market on which to close out an open position. It may be impossible to liquidate an existing position, to assess the value of the position arising from an OTC transaction or to assess the exposure to risk. Bid prices 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.

### **Contracts for Differences ("CFD")**

Futures and options contracts can also be referred to as contracts 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, spread bets and rolling spot foreign exchange contracts. However, unlike other futures and options, these contracts can only be settled in cash. Investing in a contract for differences carries the same risk as investing in a future or an option and investors should be aware of these as set out above.

The 'gearing' or 'leverage' often obtainable in CFD 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. CFD transactions have a contingent liability which means that you may be liable for margin to maintain your position and a loss may be sustained well in excess of the premium received.

You may sustain a total loss of any margin you deposit with us 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.

Our insolvency or default, or that of any other brokers involved with your CFD 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 many exchanges, the performance of a transaction by the relevant broker is 'guaranteed' by the exchange or clearing house. However, this guarantee is unlikely in most circumstances to cover you, the customer, and may not protect you if the broker or another party defaults on its obligations to you. On request, we can explain the extent of any protection provided to you under the clearing guarantee applicable to any on-exchange derivatives in which you are dealing. There is no clearing house for most CFDs as they are executed on an OTC basis.

CFD transactions may be executed on an investment exchange or on an OTC basis. While some OTC markets are highly liquid, transactions in OTC derivatives may involve greater risk than investing in on-exchange derivatives because there is no exchange market on which to close out an open position. It may be impossible to liquidate an existing position, to assess the value of the position arising from an OTC transaction or to assess the exposure to risk. Bid prices 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.

### **Structured Products**

Structured Products are products structured to fulfil a particular trading or market objective. A structured product may combine the features of two or more financial instruments (for example a bond and a derivative). Derivatives often constitute an integral part of a structured product. The product may involve an element of leverage and so a relatively small movement in the value of the relevant underlying asset or index may have a significant effect on the value of the structured product.

Structured products are generally not traded on regulated markets and you take the risk on the counterparty issuing the structure. There is typically no recognised market for these investments and it may, therefore, be difficult for you to deal in the investment or to obtain reliable information about its value or the extent of the risks to which it is exposed.

Some structured products include an element of capital protection – however, you should bear in mind that this is not a guarantee that the amount invested will be returned in all circumstances. The capital protection offered is typically subject to the investment being held until maturity and to the creditworthiness of the issuer.

We or an Affiliate may be the issuer of (or may be involved in the design of) structured products that you purchase.

Structured products are often high risk investments and you could lose some or all of the money that you have invested in them.

Further details of the specific risks associated with particular structured products may be made available to you at the time that you invest in them.

### **Contingent Liability Investment Transactions**

Contingent liability investment transactions, which are margined, may require you to make a series of payments apart from any initial payment or premium.

If you trade in futures, contracts for differences or sell options, you may sustain a total loss of the margin you deposit 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. 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.

### **Limited Liability Transactions**

The extent of your loss on a limited liability transaction will be limited to an amount agreed by you before you enter into the transaction. 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 equivalent to the amount agreed is substantial.

**Collateral**

If you deposit collateral as security with us for transactions you enter into, the way in which it will be treated will vary according to the type of transaction and where it is traded. There could be significant differences in the treatment of your collateral, depending on whether you are trading on a recognised or designated investment exchange, with the rules of that exchange (and any associated clearing house) applying, or trading off-exchange. Collateral may lose its identity as your property once dealings on your behalf are undertaken, particularly where you transfer the title to such collateral and 'right to use' provisions apply. Even if your dealings should ultimately prove profitable, you may not get back the same assets which you deposited, and may have to accept payment in cash.

### Schedule 3

#### ELECTRONIC TRADING AND ORDER ROUTING SYSTEMS FIA DISCLOSURE STATEMENT

Electronic trading and order routing systems differ from traditional open outcry pit trading and manual order routing methods. Transactions using an electronic system are subject to the rules and regulations of the exchange(s) <sup>1</sup> offering the system and/or listing the contract. Before you engage in transactions using an electronic system, you should carefully review the rules and regulations of the exchange(s) offering the system and/or listing contracts you intend to trade.

#### DIFFERENCES AMONG ELECTRONIC TRADING SYSTEMS

Trading or routing orders through electronic systems varies widely among the different electronic systems. You should consult the rules and regulations of the exchange offering the electronic system and/or listing the contract traded or order routed to understand, among other things, in the case of trading systems, the system's order matching procedure, opening and closing procedures and prices, error trade policies and trading limitations or requirements; and in the case of all systems, qualifications for access and grounds for termination and limitations on the types of orders that may be entered into the system. Each of these matters may present different risk factors with respect to trading on or using a particular system. Each system may also present risks related to system access, varying response times, and security. In the case of internet-based systems, there may be additional types of risks related to system access, varying response times and security, as well as risks related to service providers and the receipt and monitoring of electronic mail.

#### RISKS ASSOCIATED WITH SYSTEM FAILURE

Trading through an electronic trading or order routing system exposes you to risks associated with system or component failure. In the event of system or component failure, it is possible that, for a certain time period, you may not be able to enter new orders, execute existing orders, or modify or cancel orders that were previously entered. System or component failure may also result in loss of orders or order priority.

#### SIMULTANEOUS OPEN OUTCRY PIT AND ELECTRONIC TRADING

Some contracts offered on an electronic trading system may be traded electronically and through open outcry during the same trading hours. You should review the rules and regulations of the exchange offering the system and/or listing the contract to determine how orders that do not designate a particular process will be executed.

#### LIMITATION OF LIABILITY

Exchanges offering an electronic trading or order routing system and/or listing the contract may have adopted rules to limit their liability, the liability of FCMs, and software and communication system vendors and the amount of damages you may collect for system failure and delays. These limitations of liability provisions vary among the exchanges. You should consult the rules and regulations of the relevant exchange(s) in order to understand these liability limitations.

<sup>1</sup> Each exchange's relevant rules are available upon request from the industry professional with whom you have an account. Some relevant rules also are available on the exchange's internet home page.

## Schedule 4

## ICE FUTURES EUROPE RULE 1.25 RISK DISCLOSURES

These disclosures are provided for information purposes only. The statements are not exhaustive and do not provide all the information that potential users and Members may need to make any decision in relation to using the Exchange or entering into a Contract.

- (a) Potential users of all Contracts should be aware and Members should be mindful when marketing to clients, of the following: The value of investments may go down as well as up; Past performance is not necessarily a reliable indicator of future performance; Parties to Contracts may not get back their original investment and could make losses greater than their initial investment or collateral; Exchange price movements can have a positive or negative impact on the value of Contracts; There are various risks relating to trading derivatives, such as interest rate risk, credit risk, market risk, leverage risk, tax risk and political risk. If in any doubt, seek professional advice; Neither the Exchange nor the Clearing House provides any professional advice; Various Contract Rules and Administrative Procedures contain particular risk disclaimers for historic reasons, but potential users of all Contracts should be aware, and Members should be mindful when granting permission(s) to clients to access the Exchange or when offering the Exchange's products to clients, that the absence of a risk disclaimer in a Contract Rule or Administrative Procedure should not be interpreted as indicating that there is no particular risk in relation to the relevant Contract.
- (b) Potential users of all Contracts must familiarise themselves with and Members should be mindful, when marketing to clients of, the following:
- (i) the relevant Contract Terms and Administrative Procedures (including Contract Terms and Administrative Procedures of the underlying Futures Contract where they are users or potential users of Options Contracts);
  - (ii) the Regulations, Grading and Warehousekeeping Procedures, Grainstorekeeper Procedures, notices posted on the Market, Clearing House Rules, Clearing House circulars, Clearing House procedures, Index (as defined in the relevant Contract Rule) rules and procedures and Index construction, compilation, calculation and dissemination procedures, as applicable, and any other relevant materials in respect of a particular Contract;
  - (iii) the mechanism by the Exchange or any third party (such as a stock exchange for security-based products) to determine any EDSP (as defined in the relevant Contract Rule) or price which is used as the reference price for an EDSP or to settle a Contract; relevant stock exchanges for security-based products may have alternative arrangements for determining such price in certain circumstances, e.g. due to insufficient liquidity during a closing auction and these alternative arrangements may tend to be applied more frequently to certain securities than to others; and
  - (iv) the controls operating in the cash market during the relevant period (for example, for security-based products, the parameters set by the London Stock Exchange for use in the intra-day auction for each of the constituent stocks which determine whether there will be price monitoring and/or market order extensions), where applicable.
- (a) Potential users of all Contracts must consider and Members should be mindful when marketing to clients of, the risks of holding positions into the expiry of a Contract. Persons holding open positions during any notice period or at expiry will be subjected to delivery obligations in relation to the relevant underlying asset or Contract, or settlement obligations. In particular, such persons should consider their exposure to potentially unfavourable price movements in the expiry and whether to take steps to neutralise such exposure; for example, taking into account that there may be relatively limited liquidity provision, whether to "roll" or close positions prior to expiry.
- (b) Potential users of all Contracts must assess for themselves or take professional advice in relation to, and Members should be mindful when marketing to clients of, the risks inherent in any investment, and in particular those having possible impact on a Contract's pricing or value, including:
- (i) Possible influences on price formation in the underlying securities, cash or physical markets which might affect market movements, the EDSP (as defined in the relevant Contract) or any reference price used for settling the Contract, particularly prior to expiry or any end of day trading. Prices may be affected by information disclosures, news, world events or the trends in other markets.
  - (ii) Trading activity may be affected by the activity of particular market participants who are seeking to obtain price convergence between the EDSP (as defined in the relevant Contract Rule) and prices in securities, cash or physical markets. Such participants might typically seek to achieve this by unwinding their securities, cash or physical positions during the EDSP period at prices which will, in turn, be used to determine the final EDSP. A consequence of this concentrated activity might be that the final EDSP differs from price of any underlying immediately prior to the commencement of the EDSP period, and, in particular, for security-based products, the security's price or Index (as defined in the relevant Contract Rule) figure immediately following that period.
  - (iii) For security-based products, the Index (as defined in the relevant Contract Rule) figure used to calculate the final EDSP (as defined in the relevant Contract Rule) may differ from the Index level(s) implicit (since the Index is not calculated on a real-time basis) from the prices of relevant stocks during the immediately preceding period for security-based products, whether or not there is a relevant listing authority (UK or otherwise) which imposes obligations in relation to certain aspects of corporate behaviour or disclosure.

## Schedule 5

### INFORMATION STATEMENT IN ACCORDANCE WITH ARTICLE 15 OF THE SECURITIES FINANCING TRANSACTIONS REGULATION

This Information Statement is provided for information purposes only and does not amend or supersede the express terms of any Transaction, Collateral Arrangement or any rights or obligations you may have under applicable law, create any rights or obligations, or otherwise affect your or our liabilities and obligations.

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#### 1. Introduction

You have received this Information Statement because you have entered into or may hereafter enter into one or more title transfer collateral arrangements or security collateral arrangements containing a right of use (together, "**Collateral Arrangements**") with us.

This Information Statement has been prepared to comply with Article 15 of the Securities Financing Transactions Regulation by informing you of the general risks and consequences that may be involved in consenting to a right of use of collateral provided under a security collateral arrangement or of concluding a title transfer collateral arrangement ("**Re-use Risks and Consequences**"). The information required to be provided to you pursuant to Article 15 of the Securities Financing Transactions Regulation relates only to Re-use Risks and Consequences, and so this Information Statement does not address any other risks or consequences that may arise as a result of your particular circumstances or as a result of the terms of particular Transactions.

This Information Statement is not intended to be, and should not be relied upon as, legal, financial, tax, accounting or other advice. Unless otherwise expressly agreed in writing, we are not providing you with any such legal, financial, tax, accounting or other advice and you should consult your own advisors for advice on consenting to a right of use of collateral provided under a security collateral arrangement or on concluding a title transfer collateral arrangement, including the impact on your business and the requirements of, and results of, entering into any Transaction.

We have set out below at the end of this Information Statement an indicative (but not exhaustive) list of types of agreements that may constitute Collateral Arrangements.

In this Information Statement:

- "we", "our", "ours" and "us" refer to the provider of this Information Statement that may conduct Transactions with you (or, where we are acting on behalf of another person, including where that person is an affiliate, that person);
- "you", "your" and "yours" refer to each of the persons to which this Information Statement is delivered or addressed in connection with entering into, continuing, executing or agreeing upon the terms of Transactions with us (or, where you are acting on behalf of other persons, each of those persons);
- "right of use" means any right we have to use, in our own name and on our own account or the account of another counterparty, financial instruments received by us by way of collateral under a security collateral arrangement between you and us;
- "Securities Financing Transactions Regulation" means Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012 (as amended from time to time);
- "Transaction" means a transaction entered into, executed or agreed between you and us under which you agree to provide financial instruments as collateral, either under a security collateral arrangement or under a title transfer collateral arrangement;
- "financial instruments", "security collateral arrangement" and "title transfer collateral arrangement" have the meaning given to those terms in the Securities Financing Transactions Regulation. These are set out below for reference.

Defined terms for the purposes of the Securities Financing Transactions Regulation:

**"financial instrument"** means the instruments set out in Section C of Annex I to Directive 2014/65/EU on markets in financial instruments, and includes without limitation:

- Transferable securities;
- Money-market instruments;
- Units in collective investment undertakings.

**"title transfer collateral arrangement"** means an arrangement, including repurchase agreements, under which a collateral provider transfers full ownership of financial collateral to a collateral taker for the purpose of securing or otherwise covering the performance of relevant financial obligations.

**"security collateral arrangement"** means an arrangement under which a collateral provider provides financial collateral by way of security in favour of, or to, a collateral taker, and where the full ownership of the financial collateral remains with the collateral provider when the security right is established.

## 2. Re-use Risks and Consequences

- a) Where you provide financial instruments to us under a title transfer collateral arrangement or if we exercise a right of use in relation to any financial instruments that you have provided to us by way of collateral under a security collateral arrangement containing a right of use, we draw your attention to the following Re-use Risks and Consequences:
- i. your rights, including any proprietary rights that you may have had, in those financial instruments will be replaced by an unsecured contractual claim for delivery of equivalent financial instruments subject to the terms of the relevant Collateral Arrangement;
  - ii. those financial instruments will not be held by us in accordance with client asset rules, and, if they had benefited from any client asset protection rights, those protection rights will not apply (for example, the financial instruments will not be segregated from our assets and will not be held subject to a trust);
  - iii. in the event of our insolvency or default under the relevant agreement your claim against us for delivery of equivalent financial instruments will not be secured and will be subject to the terms of the relevant Collateral Arrangement and applicable law and, accordingly, you may not receive such equivalent financial instruments or recover the full value of the financial instruments (although your exposure may be reduced to the extent that you have liabilities to us which can be set off or netted against or discharged by reference to our obligation to deliver equivalent financial instruments to you);
  - iv. in the event that a resolution authority exercises its powers under any relevant resolution regime in relation to us any rights you may have to take any action against us, such as to terminate our agreement, may be subject to a stay by the relevant resolution authority and:
    - a) your claim for delivery of equivalent financial instruments may be reduced (in part or in full) or converted into equity; or
    - b) a transfer of assets or liabilities may result in your claim on us, or our claim on you, being transferred to different entities

although you may be protected to the extent that the exercise of resolution powers is restricted by the availability of set-off or netting rights;
  - v. as a result of your ceasing to have a proprietary interest in those financial instruments you will not be entitled to exercise any voting, consent or similar rights attached to the financial instruments, and even if we have agreed to exercise voting, consent or similar rights attached to any equivalent financial instruments in accordance with your instructions or the relevant Collateral Arrangement entitles you to notify us that the equivalent financial instruments to be delivered by us to you should reflect your instructions with respect to the subject matter of such vote, consent or exercise of rights, in the event that we do not hold and are not able to readily obtain equivalent financial instruments, we may not be able to comply (subject to any other solution that may have been agreed between the parties);
  - vi. in the event that we are not able to readily obtain equivalent financial instruments to deliver to you at the time required: you may be unable to fulfil your settlement obligations under a hedging or other transaction you have entered into in relation to those financial instruments; a counterparty, exchange or other person may exercise a right to buy-in the relevant financial instruments; and you may be unable to exercise rights or take other action in relation to those financial instruments;
  - vii. subject to any express agreement between you and us, we will have no obligation to inform you of any corporate events or actions in relation to those financial instruments;
  - viii. you will not be entitled to receive any dividends, coupon or other payments, interests or rights (including securities or property accruing or offered at any time) payable in relation to those financial instruments, although the express written terms of the relevant Collateral Arrangement or Transaction may provide for you to receive or be credited with a payment by reference to such dividend, coupon or other payment (a "manufactured payment");
  - ix. the provision of title transfer collateral to us, our exercise of a right of use in respect of any financial collateral provided to us by you and the delivery by us to you of equivalent financial instruments 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 those financial instruments;
  - x. where you receive or are credited with a manufactured payment, your tax treatment may differ from your tax treatment in respect of the original dividend, coupon or other payment in relation to those financial instruments.
- b. Where we provide you with clearing services (whether directly as a clearing member or otherwise), we draw your attention to the following additional Re-use Risks and Consequences:
- i. if we are declared to be in default by an EU central counterparty ("EU CCP") the EU CCP will try to transfer ("port") your transactions and assets to another clearing broker or, if this cannot be achieved, the EU CCP will terminate your transactions;
  - ii. in the event that other parties in the clearing structure default (e.g., a central counterparty, a custodian, settlement agent or any clearing broker that we may instruct) you may not receive all of your assets back and your rights may differ depending on the law of the country in which the party is incorporated (which may not necessarily be English law) and the specific protections that that party has put in place;
  - iii. in some cases a central counterparty may benefit from legislation which protects actions it may take under its default rules in relation to a defaulting clearing member (e.g., to port transactions and related assets) from being challenged under relevant insolvency law.

### 3. Examples of the types of agreements to which this Information Statement applies.

We have set out below examples of the types of agreements to which this Information Statement applies. These examples are for illustrative purposes only and should not be relied upon as a legal determination of the characterisation of each agreement. The fact that an agreement is grouped with Title Transfer Collateral Agreements below does not preclude its characterisation as a Security Collateral Arrangement with a right of use.

#### Title Transfer Collateral Arrangement

Such arrangements may include without limitation:

- Overseas Securities Lender's Agreement
- Global Master Securities Lending Agreement
- Global Master Repurchase Agreement
- An ISDA Master Agreement incorporating an English Law ISDA Credit Support Annex
- An ISDA/FIA Client Cleared OTC Derivatives Addendum which provides for title transfer collateral arrangements and in particular where entered into in connection with an English law governed ISDA Master Agreement which includes the English law CSA Collateral Terms as set out in Appendix 1 thereto, or when entered into in connection with a relevant FIA client clearing agreement
- Master Gilt Edged Stock Lending Agreement
- Master Equity and Fixed Interest Stock Lending Agreement
- Prime brokerage agreements which provide for title transfer collateral arrangements
- FIA client clearing agreements for exchange traded and other cleared derivatives which provide for title transfer collateral arrangements
- FIA Clearing Module which provides for title transfer collateral arrangements
- Any bespoke agreements granting security by way of transfer of title to the secured party

#### Security Collateral Arrangement containing a right of use

Such arrangements may include without limitation:

- An ISDA Master Agreement incorporating a New York Law ISDA Credit Support Annex
- An ISDA/FIA Client Cleared OTC Derivatives Addendum which provides for security collateral arrangements and in particular where entered into in connection a New York law governed ISDA Master Agreement including the New York law CSA Collateral Terms as set out in Appendix 2 thereto, or when entered into in connection with a relevant FIA client clearing agreement
- An ISDA Master Agreement in respect of which an English Law ISDA Credit Support Deed incorporating a right of use is a credit support document
- Prime brokerage agreements which provide for the creation of security over financial instruments
- FIA client clearing agreements for exchange traded and other cleared derivatives which provide for a creation of security over financial instruments
- FIA Clearing Module which provides for a creation of security over financial instruments
- Security arrangements in relation to margin loan documentation and associated custody agreements
- Any bespoke security agreements creating security in respect of financial instruments with rehypothecation rights or a right of use over the financial instruments in favour of the secured party

## Schedule 6

### ELECTRONIC ACCESS TERMS

1. Subject to this Schedule 6, you are permitted to transmit and receive information, positions, indications of interest and orders for the purchase and sale of securities or related information to Jefferies through FIX transmission, a web based interface, through electronic order transmission software, or through other methods established and made available by Jefferies including, but not limited to, algorithmic trading, algorithmic re-route and programme trading from time to time (the "**System**").
2. You agree to restrict access to the System to your employees and agents, to refrain from disclosing the passwords or access codes to any third party, and to refrain from allowing anyone other than your authorized employees or agents access to the System ("**Permitted Users**"), without our prior consent.
3. You confirm that to the extent the System permits the entry of orders, all trades entered by persons using passwords or access codes issued to you shall be your sole responsibility and you agree to settle any such transactions in the ordinary course of business.
4. You agree to properly supervise all Permitted Users pursuant to applicable exchange laws, rules, regulations or member rules.
5. You acknowledge that in connection with your use of the System, users may be required to download and execute certain software, or may receive physical media or an electronic transmission containing such software (the "**Software**"). We hereby grant you a non-exclusive, non-transferable, limited term license to use the Software during the term of these Terms solely for the purposes described in these Terms. You acknowledge by entering into these Terms, that you do not obtain any ownership interest in the System or the Software, and that your ability to use the System and Software may be terminated at any time as described herein.
6. You shall not and shall not permit any third party to copy, modify, alter, print, list, de-compile, disassemble or otherwise seek to reverse engineer the Software whether in whole or in part or to attach, integrate with, or repackage access to the System or otherwise connect the Software to any hardware or software without our prior written consent, which may be given or withheld in its sole discretion. You understand and agrees that the license granted herein does not include a right to reverse-engineer, disassemble, dissect, duplicate or modify the Software or System, or the right to integrate the Software with or into any other software or system.
7. Order Execution. Jefferies' obligations with respect to the execution, confirmation and settlement of electronically transmitted orders actually received by Jefferies shall be the same as would otherwise be applicable if the orders had been transmitted via telephone. Claims based on orders actually received by Jefferies under this paragraph shall not be subject to the limitations of liability and disclaimers set forth in this Schedule but shall be governed by the Terms entered into between the parties.
8. Limitation of Liability. Other than in cases based on the negligence or willful misconduct of Jefferies, Jefferies shall have no liability to you for any inability of Jefferies to receive your orders or to transmit information to you, whether about order execution or any related messages for any reason whatsoever, including, without limitation:
  - 8.1. A failure, malfunction, delay, or interruption of service in any hardware or software;
  - 8.2. A failure, malfunction, delay, or interruption of telecommunications service;
  - 8.3. An error by the Client in inputting the order;
  - 8.4. An error on receiving the order by Jefferies;
  - 8.5. Rejection of any order for any reason whatsoever;
  - 8.6. The acts or omissions of third parties; or
  - 8.7. Any other cause.
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