

# STIFEL

## STIFEL NICOLAUS EUROPE LIMITED

### TERMS AND CONDITIONS FOR PROFESSIONAL CLIENTS AND ELIGIBLE COUNTERPARTIES

#### EFFECTIVE AS OF 10 NOVEMBER 2021

The following Terms and Conditions (as amended from time to time) (the “**SNEL Terms**”) apply in relation to Services (as defined in clause 3 below) provided to you by Stifel Nicolaus Europe Limited and, unless otherwise agreed in writing between us, supersede any previous agreement between you and Stifel Nicolaus Europe Limited on the same subject matter.

#### 1 Corporate and Regulatory Status

- 1.1 The full legal name of our company is Stifel Nicolaus Europe Limited (“**SNEL**”). We are incorporated in England and Wales under company number 03719559 and our registered office is 4<sup>th</sup> Floor, 150 Cheapside, London, EC2V 6ET. The address that should be used for all correspondence is 4<sup>th</sup> Floor, 150 Cheapside, London, EC2V 6ET. SNEL is a subsidiary of Stifel Financial Corp., a company incorporated in the United States of America (the “**U.S.**” or “**United States**”).
- 1.2 SNEL is authorised and regulated by the United Kingdom’s Financial Conduct Authority (“**FCA**”) whose address is 12 Endeavour Square, London E20 1JN. SNEL’s FCA Firm Reference Number is 190412. Our investment business with you is subject to the provisions of the Financial Services and Markets Act 2000 or successor legislation (“**FSMA**”) and/or the relevant provisions of the FCA Handbook (“**FCA Rules**”). Without prejudice to FSMA or the FCA Rules, all Transactions (as defined in clause 4.2 below) effected with or by us on your behalf are subject to:
- (a) the rules of a relevant regulatory authority as applicable;
  - (b) the rules and policies of any relevant trading venue, trading platform, clearing house, regulatory or self-regulatory organisation;
  - (c) all other laws, statutes, bylaws, rules, regulations, orders and rulings of all applicable government bodies and regulatory agencies, including but not limited to the Proceeds of Crime Act 2002 (as amended), the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (as amended), Directive 2014/65/EU and Regulation 600/2014/EU on markets in financial instruments and, the delegated directives, regulations, and regulatory and implementing technical standards enacted thereunder (collectively, “**MiFID II**”), the Terrorism Act 2000 (as amended), the Bribery Act 2010 and the Criminal Finances Act 2017; and
  - (d) any trade, financial or other sanctions regime which applies in relation to your business including, without limitation, sanctions and embargos imposed by: (i) the United Nations, European Union, United Kingdom or United States (including regimes administered by the United States Department of the Treasury, the Office of Foreign Assets Control of the United States Department of the Treasury and Her Majesty’s Treasury); and (ii) any other such regime which applies in relation to your business,
- (collectively, as amended or restated from time to time, “**Applicable Regulations**”), and which you undertake to comply with.
- 1.3 If there is any conflict between these SNEL Terms (including the terms of any agreement with a third party pursuant to which a Transaction is executed and/or settled) and any Applicable Regulations, Applicable Regulations shall prevail. SNEL or any clearing broker engaged or appointed by it may take, or omit to take, any action which they consider appropriate to

ensure compliance with any Applicable Regulations which shall be binding on you. Nothing in these SNEL Terms (including the terms of any agreement with a third party pursuant to which a Transaction is executed and/or settled) shall exclude or restrict any obligation which we have to you under Applicable Regulations.

- 1.4 “Stifel Nicolaus Europe Limited” is SNEL's registered name on the FCA’s Financial Services Register. SNEL also uses the following trading names which are also registered on the FCA’s Financial Services Register:
- (e) KBW;
  - (f) KBW Europe;
  - (g) Keefe, Bruyette & Woods;
  - (h) Keefe, Bruyette & Woods Europe;
  - (i) Stifel; and
  - (j) Stifel Europe.
- 1.5 SNEL is also a member of the London Stock Exchange.
- 1.6 For purposes of these SNEL Terms, “we”, “us”, “our” or “SNEL” means Stifel Nicolaus Europe Limited, reference to “Stifel” shall include SNEL, and “you” and “your” means you, the client of SNEL.
- 1.7 These SNEL Terms take effect when you have signed and returned to us a copy of our Consent Letter. If you do not sign and return the Consent Letter, we shall deem you to have provided your consent to these SNEL Terms if you place an order or trade with us on or following 10 May 2021, unless you instruct us otherwise.
- 1.8 In relation to US equities business provided under our marketing name of “Stifel”, we act as an introducing broker to our affiliate company, Stifel, Nicolaus & Company, Incorporated (“**SNC**”), which is registered in the United States as a broker-dealer with the U.S. Securities and Exchange Commission. SNC's registered address is 501 North Broadway, St Louis, MO 63102, United States. An Intercompany and Clearing Agreement between SNEL and SNC sets out the arrangement between the companies, under which SNC has agreed to provide execution, clearing and settlement services to SNEL clients on a fully disclosed basis. SNC is not regulated or authorised by the FCA, but is overseen by the Financial Industry Regulatory Authority, Inc. (“**FINRA**”). The regulatory regime applying to investment business transacted through SNC is different from that of the United Kingdom and some of the rights designed to protect certain investors under FSMA and/or the relevant provisions of the FCA Rules may not apply to business that we transmit to SNC.
- 1.9 All Transactions under these SNEL Terms in “international securities” as that term is defined in the Rules and Recommendations of the International Capital Market Association or any successor entity (“**ICMA**”) shall be subject to ICMA Rules and Recommendations.
- 1.10 References herein, or, unless otherwise stated, in any further client documentation, to the FCA Rules are to the rules and regulations of the FCA for the time being in force. Any words or expressions defined generally in the Conduct of Business Rules of the FCA shall bear the same meanings in client documents, unless otherwise stated. References herein to investment business include related activities governed by the FCA Rules.
- 1.11 References to any law, statute or statutory provision will include any underlying legislation made under any of them and will be construed as references to such statute, underlying provision and/or subordinate legislation as modified, amended, extended, consolidated, re-enacted, successor, and/or replaced and in force from time to time. Where the context so requires, any such references in these SNEL Terms include, without limitation, references to the preservation, continuation of effect, conversion or incorporation of any of them into the law of England and Wales, Scotland and Northern Ireland, whether by the European Union (Withdrawal) Act 2018 (as amended and in force from time to time) or any other legislation relating to the withdrawal of the UK from the EU.

- 2.1 Unless otherwise agreed in writing between us, if you are acting in your own principal capacity or on behalf of any Underlying Client (as defined in clause 22.1 below) when transacting business with us under these SNEL Terms, we will treat you alone (rather than any such Underlying Client, if applicable) as our client for all purposes in relation to the FCA Rules. Therefore, if applicable, you will be responsible for fulfilling any regulatory obligations (including all necessary identification and verification checks for the purposes of complying with statutory and money laundering requirements in respect of any Underlying Client for whom you act).
- 2.2 Where you are a firm or an overseas financial services institution acting as an investment manager, as these terms are used under the FCA Rules (an “**Investment Manager**”), acting as agent on behalf of one or more disclosed Underlying Clients in relation to business conducted pursuant to these SNEL Terms, you shall not be liable as principal to perform any term of any Transaction under these SNEL Terms where you represent to us that the relevant disclosed Underlying Client on whose behalf you are acting shall be liable in respect of all obligations and liabilities to be performed in respect of any Transaction you have entered into on their behalf under these SNEL Terms, save for where you owe us obligations as an agent, including in relation to those representations and warranties that you undertake on your own behalf.
- 2.3 If you are not an Investment Manager, but are acting as agent on behalf of one or more principals in relation to business conducted pursuant to these SNEL Terms, you and each of your Underlying Clients shall be jointly and severally liable in respect of all obligations and liabilities to be performed in respect of any Transaction you have entered into on the relevant Underlying Client’s behalf under these SNEL Terms, and references under these SNEL Terms to any principal on whose behalf you are acting as agent other than as an Investment Manager shall be construed as a reference to both you and your principal jointly and severally.
- 2.4 Under no circumstances shall your relationship with us nor the Services to be provided by us, or any other matter, give rise to any fiduciary or equitable duties on the part of SNEL, Stifel Financial Corp. or any affiliate or subsidiary of Stifel Financial Corp. (each such company, other than SNEL, an “**Associated Company**”) which would prevent or hinder us or any Associated Company in acting in a dual capacity in respect of investments sold or purchased by you.

### 3 Our Services

- 3.1 In relation to a number of different investments (see clause 4 below) we provide the following services (together, the “**Services**”) under these SNEL Terms:
- (a) dealing and execution; and
  - (b) investment research and non-independent research.
- 3.2 We also provide capital raising services for corporate clients, including pre-IPO funding, IPO funding and secondary market capital raising services. In respect of such capital raising activities, these SNEL Terms will not apply and separately negotiated terms relating to the specific capital raising will apply. We will typically treat you as a corporate finance contact for such transactions.
- 3.3 Unless agreed otherwise in writing, any Transaction that we undertake with you will be done on an execution-only basis. When we provide execution-only dealing services, we will not provide investment advice, which means we will not undertake any responsibility to advise you about the suitability of a particular transaction you instruct us to execute for you. You are required to make your own assessment of any Transactions that you are considering and should not rely on any information, proposal or other communication from us.
- 3.4 In providing execution services at your initiative to you where you are a “Professional Client” (as that term is used in the FCA Rules) in relation to listed shares and bonds that do not embed derivatives, authorised asset trust units or other Financial Instruments (as defined in clause 4.1 below) which are also considered non-complex for the purposes of Article 25(4)(a) of MiFID II, you enter into Transactions in reliance on your own judgement and we are not required to assess the appropriateness of the instrument or the service provided or offered to you and, as a result, you will not benefit from the protection of any conduct of business rules that could require us to assess the appropriateness of the product or service for you under Article 25 of MiFID II in relation to such non-complex Financial Instruments.

- 3.5 We may (where agreed) provide you with execution-only services in relation to complex Financial Instruments. In these cases and where we provide you with other non-advised Services, we are required to obtain information from you regarding your knowledge and experience, so as to enable us to make an assessment as to whether the product or service is appropriate for you. However, where you are a per se Professional Client, we will assume that you have the necessary experience and knowledge in order to understand the risks involved in relation to those services and relevant Transactions. We are not required to assess whether any product or service is appropriate for you if you have been categorised as an "Eligible Counterparty" (as that term is used under the FCA Rules).
- 3.6 All correspondence and other papers held by us in relation to any matter undertaken for you shall be our sole property with the exception of original contracts, share certificates and other documents of title held to your order and any documents the return of which you have stipulated on or prior to their despatch.
- 3.7 Where permitted by Applicable Regulations, we may obtain from and keep or pay to third parties any profits, commissions, fees or non-monetary benefits in connection with the Services provided. The amount or basis of any fee, commission or other benefit received by us from such a third party or paid by us to such a third party in connection with the Services with or for you, and the amount or basis of any charges shared with a third party, will be disclosed to you prior to the Services being carried out. Such disclosure may be in summary form only with further details available upon request.
- 3.8 We are not permitted to deal with you unless you have obtained and continue to maintain a valid LEI that pertains to you and, if you are acting on behalf of one or more Underlying Clients, each Underlying Client on whose behalf you are acting.

"LEI" means a validated and issued legal entity identifier, the length and construction of which are compliant with the ISO 17442 standard and which is included in the Global LEI database maintained by the Central Operating Unit appointed by the Legal Entity Identifier Regulatory Oversight Committee.

#### 4 Financial Instruments

- 4.1 We may provide Services in respect of the following Financial Instruments (each a "**Financial Instrument**") as such term is defined under the FCA Rules) and subject always to our right to refuse to accept instructions:
- (a) shares, including preference shares;
  - (b) debenture stock, loan stock, bonds, notes, commercial paper, government, public, agency, municipal or corporate debt instruments;
  - (c) warrants to subscribe for investments falling within categories (a) and (b) above;
  - (d) depository receipts or other types of instruments relating to investments falling within categories (a), (b) and (c) above;
  - (e) units in collective investment schemes;
  - (f) Exchange traded funds ("**ETFs**"); and
  - (g) options, credit default swaps and other selected derivatives.
- 4.2 The above list of investments may be subject to change from time to time. Any material change will be notified to you. A "**Transaction**" means a transaction or trade in, or relating to, any of the Financial Instruments listed in clause 4.1 above or other assets.

#### 5 Basis of Dealing

We shall effect any Transaction with you as your counterparty by filling your orders on a principal basis with the market or against our inventory.

#### 6 Conflicts of Interest

- 6.1 We are committed, to the best of our ability, to identifying, managing and preventing any conflicts of interest that may arise between us, our Associated Companies and a client, or

between our clients. To further that end, we have established a conflicts of interest policy (“**Conflicts Policy**”) (a copy of which is available on our website at <https://www.stifel.com/docs/pdf/disclosures/Europe/SNEL%20COI%20Policy%20Information.pdf>) and for which further details shall be provided on request) and implemented internal procedures to identify and manage conflicts and to prevent potential conflicts from arising.

- 6.2 When we transmit orders to SNC, which is registered in the United States as a broker-dealer with the U.S. Securities and Exchange Commission, and SNC deals in investments for you, we or SNC may have an interest that is material in relation to the transaction or investment concerned. We and SNC may make conflict of interest disclosures when undertaking business with or for you and we may ask you to consent to us acting or continuing to act, notwithstanding the presence of a conflict of interest. If you object to us acting where we have disclosed that we have a conflict, you should notify your usual contact at SNEL in writing. Unless so notified, we will assume that you do not object to our so acting. There may be circumstances when the arrangements that we have put in place with respect to conflicts management are not sufficient to ensure, with reasonable confidence, that the risk of damage to your interests can be prevented. In such circumstances, we reserve the right to cease or decline to act.
- 6.3 We, SNC and our Associated Companies may undertake any activities or any transaction with a third party without further consultation with you, provided that such activities or transaction are compliant with our policies and procedures. We will not be liable to account to you for any benefit received by us, SNC or any of our Associated Companies in compliance with those policies and procedures.

## **7 Instructions and Confirmations**

- 7.1 Instructions may be given by you either orally via the telephone or in written form, or by means of acceptable electronic services directly or through a third party service provider (“**electronic trading services**”) specified by us, agreed between you and us from time to time, or made available to you. Instructions so sent are transmitted at your risk. Subject to Applicable Regulations, any electronic communication between us shall be as binding as if it were in writing. Orders or instructions given by you via e-mail or other electronic means will constitute evidence of the orders or instructions given. Investment instructions are accepted with actual delivery contemplated. Once we have received your instructions to transact in investments, you have no right to cancel or amend those instructions after the transaction has been completed. Instructions once received by us, may only be cancelled or amended with our consent. We will not be under any obligation to enter into any particular transaction, to accept and to act in accordance with any instruction:
- (a) if we believe, in our absolute discretion, that to do so may be impracticable; or
  - (b) if, in our opinion, to do so would infringe any Applicable Regulations.
- 7.2 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 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 you may have made or may make to us purporting to limit the persons from whom we may accept instructions, unless such limitations have been agreed in writing by us or have been expressly requested by us in writing. 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 assumed by us on your behalf in consequence of or in connection with such instructions.
- 7.3 You shall promptly (and within any time limit imposed by us) give any instructions we may reasonably request from you in respect of any Services provided hereunder. If you do not do so, we may in our sole discretion take any steps at your cost which we consider appropriate for our or for your protection.
- 7.4 If we decline an instruction, we will take reasonable steps to notify you promptly.

- 7.5 To the extent required by Applicable Regulations, contract notes, confirmations and other notices or communications confirming the details of a Transaction will be dispatched or transmitted to you at your address as shown in our records at the end of the trading day on which a Transaction has been executed. We may provide this confirmation in electronic form; you must notify us in writing if you wish to receive confirmations in hard copy rather than electronically.
- 7.6 Confirmations, contract notes and account statements shall, other than in the absence of manifest error, be conclusive and deemed acknowledged by you as correct unless written notice to the contrary is received by us within one business day of receipt if the Transaction is an over-the-counter (“**OTC**”) derivative and otherwise three business days of your receipt or we notify you of an error within the same period.
- 7.7 Where we agree to provide you with direct electronic access to an EEA or UK regulated market, multilateral trading facility or organised trading facility (“**Trading Venue**”), the terms upon which we agree to make that service available will be set out in the Agreement for Electronic Trading and Direct Market Access (or supplement thereto).

## 8 Dealing

- 8.1 You agree to accept partial completion of orders unless it is expressly agreed otherwise. 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.
- 8.2 We may be obliged by Applicable Regulations to make information about certain Transactions public. You agree and acknowledge that any and all proprietary rights in such Transaction information are owned by us and you waive any duty of confidentiality attaching to the information to permit us to disclose that information as required in accordance with Applicable Regulations.
- 8.3 You may inform us of any proposed Transaction in which you intend to sell any security to which you do not have title at the time of such sale.
- 8.4 We and our Associated Companies or settlement agent may be required to comply with specific requirements in relation to short sale executions and we reserve the right to reject short sale orders that cannot be executed in compliance with those rules. We may also reject any other order in our reasonable discretion. If we are required to effect a currency conversion for the purpose of any Transaction, we will do so in a reasonable and prudent manner, having regard to the prevailing rates for freely convertible currencies which exist at the time the conversion is required. We will not be under any obligation to defer any conversion to obtain a more favourable exchange rate.
- 8.5 On your instructions, or where it is market practice to do so, we may arrange for any Transaction to be effected with or through the agency of an intermediate broker or settlement agent, who may be an Associated Company of ours, and may not be in the United Kingdom. If your money is passed to such an intermediate broker, settlement agent or OTC counterparty outside of the United Kingdom, the legal and regulatory regime applying to the intermediate broker, settlement agent, or OTC counterparty may be different to that of the United Kingdom. If that entity defaults, your money may be treated differently to the way it would be treated if it were held in the United Kingdom. We shall exercise due skill, care and diligence in the selection, appointment and periodic review of intermediate brokers and settlement agents, but other than for breach of this obligation, neither we nor our respective directors, officers, employees or agents will be liable to you for any act or omission of such an intermediate broker or settlement agent unless it is an Associated Company.
- 8.6 With respect to trades which are to be given up, when you submit an order, we will endeavour to satisfy that order as follows:
- (a) We will seek quotes to fill that order, which will constitute an offer by us to you.
  - (b) The offer can be accepted by you at which point you can confirm that either:

- (i) the trade is to be settled into your account under these SNEL Terms; or
  - (ii) the trade is to be given-up to a specified give-up broker.
- (c) We may settle the trade into your account under these SNEL Terms if:
- (i) you do not specify a give-up broker prior to our relevant cut-off time; or
  - (ii) the relevant give-up broker does not accept the trade; or
  - (iii) Applicable Regulations require.

## 9 Limit Orders

You instruct us not to make public client limit orders (defined as “a specific instruction to us from you to buy or sell a financial instrument at a specified price limit or better and for a specified size”) in respect of shares admitted to trading on an EEA or UK regulated market or traded on a Trading Venue which are not immediately executed under prevailing market conditions.

## 10 Aggregation of Orders

We may at our own discretion and without further reference to you (unless we have accepted specific instructions in relation to any particular transaction), combine your orders with our own orders, orders of an Associated Company or persons connected with us or orders of other clients. Combining orders may result in you obtaining, on some occasions, a more favourable price and, on others, a less favourable price than if your orders had been executed separately. We will only combine your orders in this way when we reasonably believe that, in so doing, it is unlikely to act against your best interests.

## 11 Order Execution Policy and Best Execution

11.1 In effecting Transactions, we will at all times comply with our Order Execution Policy and in particular will act in your best interests and comply with any applicable obligations regarding best execution under the FCA Rules. You acknowledge that, if specific instructions are given to us in relation to the execution of an order, this may prevent us from following our Order Execution Policy. We will use reasonable endeavours to execute your orders as soon as possible after receipt of the same but will be under no liability for any loss or expense incurred by you as a result of any change in market conditions between the receipt of the order and its execution by us.

11.2 Details of our Order Execution Policy are attached to these SNEL Terms. You hereby confirm that you agree to our Order Execution Policy.

11.3 In particular, you agree that we may execute your orders outside of a UK Trading Venue.

## 12 Market Transparency and Transaction Reporting

### *Post Trade Transparency*

12.1 We shall comply with our post-trade transparency obligations in accordance with Applicable Regulations.

### *Transaction Reporting*

12.2 Where we execute Transactions in Financial Instruments, we shall report details of such Transactions to the FCA in accordance with Applicable Regulations (“**Transaction Reporting**”).

12.3 In order to comply with our Transaction Reporting requirements, you agree to provide to us such information, in a timely manner, relating to you, your agents, employees, Underlying Clients or others as we may reasonably require (“**Counterparty Data**”), as set out below.

12.4 You:

- (a) agree to deliver to us such Counterparty Data as requested for fields 7-12 and 16-21 of Annex I Tables 1 and 2 of Commission Delegated Regulation (EU) 2017/590 of 28 July 2016 supplementing Regulation (EU) No 600/2014 of the European Parliament and of the Council on markets in financial instruments with regard to regulatory technical standards for the reporting of transactions to competent authorities;

- (b) represent to us that such Counterparty Data as you deliver is, at the time of delivery, true, accurate and complete in every material respect;
  - (c) acknowledge that we may rely on the Counterparty Data without investigation, unless and until you inform us otherwise; and
  - (d) undertake to provide us on reasonable notice, with any material changes or updates to the Counterparty Data.
- 12.5 For the purposes of field 62, where applicable, we shall populate our report with 'UNDI', unless you have expressly identified that we should report using the appropriate code of either 'SESH', 'SSEX' or 'SELL'.
- 12.6 In order to comply with your Transaction Reporting requirements, as applicable to MiFID Investment Firms, we will provide, in a timely manner, such information relating to us, our agents, employees or others ("**SNEL Counterparty Data**"), Transaction details and waiver indicators as you may reasonably require, as set out below .
- 12.7 We:
- (a) agree to deliver such SNEL Counterparty Data as requested for fields 7-12 and 16-21;
  - (b) agree to deliver such Transaction details as requested for fields 28-56;
  - (c) agree to deliver such waiver indicators as requested and where applicable for fields 61 and 63-65;
  - (d) represent to you that such SNEL Counterparty Data, Transaction details and waiver indicators as we deliver are, at the time of delivery, true, accurate and complete in every material respect;
  - (e) acknowledge that you may rely on the SNEL Counterparty Data, Transaction details and waiver indicators without investigation, unless and until we inform you otherwise; and
  - (f) undertake to provide you on reasonable notice, with any material changes or updates to the SNEL Counterparty Data, Transaction details or waiver indicators.
- 12.8 We may refuse to enter into, execute, transmit, deal in or otherwise arrange any Transaction where you have not provided such information (and waived or procured the waiver of any confidentiality or data protection/privacy obligations in respect of such information) as we may reasonably require;
- (a) in order for us to comply with any Transaction Reporting requirements in respect of such Transaction; or
  - (b) where our non-receipt of such information (including, without limitation, an applicable legal entity identifier code) would mean that we are prohibited by Applicable Regulation from entering into, executing, transmitting, dealing in or otherwise arranging (as the case may be) such Transaction.
- 12.9 We may refuse to enter into, execute, transmit, deal in or otherwise arrange your Transaction or perform any obligation or Service pursuant to these SNEL Terms where such action or performance would be prohibited, or made impracticable to effect on reasonably commercial terms, by any suspension or removal from trading of Financial Instruments imposed by an applicable regulator pursuant to Applicable Regulations.

## 13 Settlement

- 13.1 Subject to clause 2.2 or clause 2.3, you are solely responsible for the due performance of every Transaction that we enter into with or for you. We will advise you of settlement instructions and agents for each of the respective markets in which we conduct our Services. Upon execution of your orders by us, we will instruct our settlement agent to deliver securities to or pay proceeds to your pre-advised custodian account, on a delivery-versus-payment basis where reasonably practicable. Our obligation to settle any Transaction is conditional upon the receipt by our settlement agent, on or before the due date for settlement, of all necessary documents or funds due to be delivered by you, or on your behalf, by such due date. We shall



have no responsibility, nor shall our settlement agent have any responsibility, for documents or funds which fail to be received or transmitted appropriately, such being at your sole risk. If, on any date, amounts would be otherwise payable in the same currency both by our settlement agent to you and by you to our settlement agent, then both we and you may aggregate the amounts so payable on such date and only the difference between the two aggregate amounts will be paid, by the party owing the larger aggregate amount, and if the aggregate amounts are equal no amounts will be paid.

- 13.2 We, SNC and our settlement agent reserve the right to retain or make deductions from amounts which we owe you in reimbursement of any costs and expenses we incur in exercising our rights should you fail to make any payment due to us or to deliver any securities due to us (or to agents used by us) or to perform any other obligation owed to us. Similarly, if securities or funds are not delivered by you on the appropriate settlement date, you will fully indemnify us, SNC and our settlement agent from and against all liabilities, obligations, losses, damages, penalties, actions, judgements, suits, costs, expenses and disbursements of any kind or nature whatsoever (including costs of enforcement) which may be suffered by, imposed on, incurred by or asserted against us, SNC and our settlement agent as a direct or indirect result of such failure. Furthermore, we may, without prior notice to you, close out, replace or reverse any transaction, enter into any other transaction or take, or refrain from taking, such other action at such time or times and in such manner as, at our sole discretion, we consider necessary or appropriate to cover, reduce or eliminate loss or liability under or in respect of any contracts, positions or commitments. If such actions result in a loss to us, you are liable to make good any such losses.
- 13.3 You may not exercise any right of set-off or counterclaim against amounts due any Associated Company. Unless otherwise specifically agreed with you, settlement of all Transactions effected with or for you must be made in accordance with the usual terms for settlement of the appropriate exchange, market or clearing house where applicable. The settlement date is as noted on the relevant contract note, advice note or confirmation provided by us, SNC or our settlement agent.

#### 14 Default

- 14.1 It is an "Event of Default" if any one or more of the events or circumstances in the following paragraphs (a) to (d) occurs in respect of you or an Underlying Client (the "**Defaulting Party**" as applicable):
- (a) you fail or, an Underlying Client fails, to make payment to us or an Associated Company when due, and this is not remedied within one business day of a request from us or an Associated Company to do so;
  - (b) any representation made by you in respect of yourself or an Underlying Client, under these SNEL Terms is incorrect or misleading in any material respect when made or repeated or deemed to have been made or repeated;
  - (c) you fail, or any Underlying Client fails, to perform when due any other material obligation under these SNEL Terms and this is not remedied within three business days of a request from us or an Associated Company to do so; or
  - (d) you or an Underlying Client (i) has a petition presented for its winding up (that is not stayed within 30 business days), (ii) is subject to an administration or winding up order, (iii) goes into liquidation, (iv) has a receiver appointed over all its assets, or (v) has any analogous order made or proceeding commenced in any country outside the United Kingdom.
- 14.2 If an Event of Default occurs, we and our Associated Companies may cancel, close out, terminate or reverse any open transactions with the Defaulting Party and sell or otherwise dispose of the relevant investments held for the Defaulting Party, at the best price reasonably obtainable in the circumstances and in the manner we see fit exercising reasonable discretion (without being responsible for any loss or diminution in price), and we may enter into any other transaction, or do, or not do, anything which would, or could have the effect of reducing, or eliminating any liability under any transaction, position or commitment undertaken for the Defaulting Party.

- 14.3 Where an Event of Default occurs and you are acting as agent for the Defaulting Party, you will provide us and our Associated Companies with all information and co-operation at your own cost (including, if appropriate, all relevant details pertaining to the identity of the Underlying Client) as we or our Associated Companies reasonably request to enable us and our Associated Companies to exercise any rights against the Underlying Client.
- 14.4 The proceeds of sale of the Defaulting Party's assets (net of costs) will be applied towards the discharge of the Defaulting Party's liabilities owed to us and our Associated Companies and we will account to the Defaulting Party for any balance. If the proceeds of the assets are insufficient to cover the whole of the Defaulting Party's liabilities, the Defaulting Party remains liable for the shortfall.

## 15 Communications Recording

In accordance with Applicable Regulations, we are required to record telephone conversations and other electronic communications with you or any of your agents which relate to or are intended to lead to the conclusion of a transaction in a financial instrument. Other communications may also be recorded. Controls and security will be maintained over access to recorded tapes at all times. You agree that such records: (i) will be the sole property of SNEL and will be held for five (5) years (or more where required by Applicable Regulations); (ii) shall be conclusive evidence of all such telephone calls; and (iii) may be used as evidence in the event of a dispute. Subject to Applicable Regulations, records will be made available to you on request and will be presented in the language used to provide the Service. Any requests should be made to [snelcompliance@stifel.com](mailto:snelcompliance@stifel.com). We may, if required to do so, also provide such recordings and transcripts to the FCA or other relevant regulatory authority in accordance with Applicable Regulations.

## 16 Research

- 16.1 Whilst all reasonable care is taken by us in preparing research publications, such research publications are prepared from and based upon generally available information which we believe to be reliable but the accuracy of which cannot be guaranteed. All comments and estimates given by us orally or in research publications are statements of SNEL's or an Associated Company's opinion only and no express or implied representation or warranty is given or to be implied that any research publication is accurate, complete or current, and it should not be relied upon as such. Neither we nor any Associated Company accepts any liability whatsoever for any direct or consequential loss arising from the use of its research publications save where a direct loss arises as a result of our own or our Associated Company's negligence, fraud or wilful default.
- 16.2 Research publications may not be reproduced, distributed or published by you for any purpose except with our prior written consent. We reserve all rights to our research publications. SNEL, an Associated Company, or their employees and officers may have a holding (long or short) in an investment that we know will be the subject of a published research recommendation to clients. We may also have an advisory or consulting relationship with a company being reported on. Details of our Conflicts Policy in respect of research are available from our website as set out at clause 6.1 above. Certain additional important disclosures are available here: <https://www.stifel.com/institutional/ImportantDisclosures>.
- 16.3 We make no representations as to the time of receipt by our clients of research and cannot guarantee that you will receive such reports at the same time as other clients.
- 16.4 Subject to clause 16.6, we may from time to time provide you with research materials, as well as written or oral market recommendations and other market and investment analysis (collectively "**research material**"). You hereby acknowledge and understand that research material provided by us to you with respect to your trading activities is solely incidental to the conduct of our business, shall not serve as a primary basis for any decision by you and does not constitute investment advice nor a recommendation to enter into a Transaction unless there is a written agreement between us and you to the contrary. You should read and consider carefully any disclosures or disclaimers made in such research material.
- 16.5 We will not be under any obligation to provide, or continue to provide, any aspect of research materials (or related research services) if, in Stifel's opinion, to do so would infringe any Applicable Regulations. We may terminate our provision of research (or related research services to you) by notice.

- 16.6 You represent and warrant that the receipt of research (or related research services) provided by us (including by any of our Associated Companies) will comply with Applicable Regulations (including, but not limited to, any requirement to ensure that where payments for research are made from a research payment account, they are not linked to the volume or value of transactions executed on behalf of your Underlying Clients). You agree and acknowledge that the supply of and charges for any research (or related research services) shall not be influenced or conditions by levels of payment for execution services.
- 16.7 You agree and acknowledge that you will rely upon your own judgment for all trading decisions and investments or series of investments and that you are not in any way acting in reliance on us or any of our Associated Companies.
- 16.8 Our provision of research (and any related research services) to you may from time to time change if agreed in writing with you.
- 16.9 Where our U.S. group affiliates. provide any research (or any related research services), the provision of such services shall remain subject to the terms set out in Schedule 3.

## **17 Information Barriers**

We operate information barriers, or Chinese Walls (as defined in the FCA Rules). Therefore,

- (a) we will provide our Services to you on the basis of information known to the particular employee(s) responsible for handling your affairs; and
- (b) in providing those Services, neither we nor such employee(s) will be required to have regard to any information (whether published or not and whether or not such information is price-sensitive) which may be known to us, to such employee(s) or to any persons connected with us, but which is confidential to another client.

## **18 Disclosure of Information**

Neither we nor any connected person or Associated Company will be obliged to disclose to you, or in making any decision to execute your orders, to take into consideration any fact, matter or thing:

- (a) if any disclosure of the information would or might be a breach of duty or confidence to any other person; or
- (b) which comes to the notice of an officer, employee or agent of us, any connected person, or an Associated Company and does not come to the actual notice of the individual or individuals making the decision or taking the action in question on your behalf or for you.

Except as imposed by Applicable Regulations or as required by our Conflicts Policy, we shall be under no duty to disclose any interest to you, including any benefit, profit, commission or other remuneration made or received by reason of any transaction or any matching transaction nor to account to you for the same.

## **19 Confidentiality and Personal Data**

- 19.1 Subject to clause 19.3 below, neither party shall, without the prior written consent of the other, use or disclose any information relating to the business, investments, finances or other matters of a confidential nature of the other party except to the extent that such use or disclosure is to an Associated Company or is required by law (including, without limitation, the U.S. Foreign Account Tax Compliance Act) or any regulatory, law enforcement or governmental authority or is reasonably necessary to enable the receiving party to properly perform its obligations under these SNEL Terms (including, in the case of SNEL, disclosures in the categories set out in clause 19.7 below). For the avoidance of doubt, we and our Associated Companies may disclose confidential information if we are required or requested to disclose such information by a relevant regulatory authority or pursuant to any Applicable Regulations.
- 19.2 The obligations under clause 19.1 shall not apply to any confidential information lawfully in a party's possession otherwise than as a result of these SNEL Terms or coming into the public domain otherwise than by breach by any party of its obligations contained in these SNEL Terms.

- 19.3 Neither we nor any Associated Company is obliged to disclose to you or to take into consideration or utilise for your benefit any fact, matter or thing:
- (a) if in our or its opinion, disclosure of the information would or might be a breach of duty or confidence to any other person or render our employees, member officers, representatives and agents liable to criminal or civil proceedings; or
  - (b) which comes to the notice of an officer, employee, member or agent of ours or any Associated Company but does not come to the actual notice of the individual or individuals with whom you are dealing.
- 19.4 You acknowledge that:
- (a) in the course of providing the Services and otherwise in connection with these SNL Terms, we and our Associated Companies may receive, use, store and otherwise process information about your employees, individual agents and representatives and other individuals (“**Data Subjects**”), including without limitation, names, contact details, bank account details and tax identification numbers, which may constitute “**personal data**” under the EU General Data Protection Regulation 2016 (the “**GDPR**”); and
  - (b) for the purposes of applicable data protection and data privacy laws, including the GDPR (and any related Applicable Regulations), we and our Associated Companies are “**controllers**” in relation to these personal data, which has consequences for how we may use, store or otherwise process the personal data.
- 19.5 We and our Associated Companies may process these personal data for the following purposes:
- (a) administering our relationship, providing our services to you and otherwise performing the SNL Terms;
  - (b) credit risk management;
  - (c) marketing products and services to you;
  - (d) carrying out statistical analysis and business reporting;
  - (e) complying with the requirements of Applicable Regulations;
  - (f) preventing fraud and money laundering;
  - (g) enforcing our rights under these SNEL Terms; and
  - (h) responding to government, regulatory or law enforcement enquiries, (together, the “**Permitted Purposes**”).
- 19.6 We and our Associated Companies rely on the following legal bases for processing of these personal data as described below
- (a) that the processing is necessary for compliance with our legal obligations; and/or
  - (b) that the processing is necessary for our legitimate interests in pursuing the Permitted Purposes.
- 19.7 We and our Associated Companies may, for any Permitted Purpose, disclose personal data (i) to any Associated Company of ours, (ii) to any service provider or other person acting on our behalf, (iii) to any person to whom we are permitted to delegate any of our functions under these SNEL Terms, and (iv) to any regulators and law enforcement and governmental agencies, where we are required to do by Applicable Regulations or there is a public duty or legitimate interest for us to make such disclosure, in each case anywhere in the world.
- 19.8 The disclosures referred to in clause 19.7 above may include transfers of personal data outside the UK, including to countries which may not have the benefit of equivalent data protection legislation (and have not been determined by the European Commission or UK government to provide adequate protection for personal data). Transfers within the European Economic Area are assumed already to provide adequate protection. We will only transfer personal data to such countries lawfully, and in particular we will only transfer personal data

to our Associated Companies and service providers in these countries subject to appropriate safeguards, copies of which may be requested by e-mailing [DPO-SNEL@stifel.com](mailto:DPO-SNEL@stifel.com).

- 19.9 Any Data Subject in respect of whom we hold personal data can:
- (a) request a copy of their personal data, usually free of charge, by writing to the Data Protection Officer at our registered office or requesting by e-mail at [DPO-SNEL@stifel.com](mailto:DPO-SNEL@stifel.com). In some circumstances the Data Subject can require us to provide this information in a machine-readable format or transfer this data directly to another controller;
  - (b) raise a complaint in relation to our processing of their personal data with the Information Commissioner's Office ([www.ico.org.uk](http://www.ico.org.uk));
  - (c) object to the processing of their personal data on the legal basis of legitimate interests (as described above);
  - (d) request the erasure of their personal data;
  - (e) request that we rectify inaccuracies in the personal data; or
  - (f) request that we restrict any processing of their personal data only to holding of the data while any disputes with us about the data accuracy or legitimacy of processing have been resolved, or for assistance with establishing, exercising or defending legal claims (where we would otherwise no longer need to retain such data for the Permitted Purposes described above).
- 19.10 We will not keep your personal data in a form in which you are identifiable for longer than is permitted by Applicable Regulations for the Permitted Purposes.
- 19.11 Before providing any personal data to us or any of our Associated Companies in connection with the SNL Terms you will inform the Data Subjects of the disclosure, the categories of data to be disclosed and the information set out in clauses 19.5 to 19.10 and 19.12. You will only provide us with personal data in accordance with all applicable data protection and data privacy laws.
- 19.12 The provisions of this clause 19 shall continue to bind the parties after termination of these SNEL Terms.

## 20 Durable Medium

We may be required from time to time, to provide you with certain information in a "durable medium", pursuant to Applicable Regulations. Such information may include information relating to us and our Services, the nature and risks of certain financial instruments, the holding of client money, costs and associated charges, our Order Execution Policy and Conflicts of Interest Policy. You agree to the provision of such information, where not personally addressed to you and, where permitted by Applicable Regulations, by publication on our website.

## 21 Connected Parties

You will provide us or any of our Associated Companies with such information, as it may reasonably request, in relation to the identity of any company or individual or other legal entity which is in the same group of companies as you or otherwise connected or associated with you.

## 22 Intermediaries

- 22.1 If you are acting as an agent or intermediary on behalf of another person (whether disclosed to us or not) ("**Underlying Client**"), you represent and warrant on a continuing basis that:
- (a) you have the necessary power and authority to enter into these SNEL Terms, give instructions and to enter into Transactions contemplated under these SNEL Terms on behalf of yourself and the Underlying Client, and that any Transactions that you enter into on behalf of an Underlying Client are legal, valid and binding on that Underlying Client;
  - (b) you have complied with all Applicable Regulations and all necessary authorisations (including, without limitation, any regulatory or governmental consents, licences and approvals) to enable you to enter into these SNEL Terms on behalf of yourself and the Underlying Client, and to carry on your business and act on behalf of each Underlying Client in your dealings with us have been expressly obtained and are in full force and effect;

- (c) you are authorised as agent of each Underlying Client to receive all communications, notices and requests for instructions under these SNEL Terms and in relation to any transactions for the account of the Underlying Client, including trading recommendations, risk warnings, confirmations of trades or statements of account;
- (d) you have obtained and will maintain all necessary authorisations and approvals of any governmental or regulatory body required for you to enter into and perform your obligations under these SNEL Terms and all Transactions;
- (e) you are, or are acting on behalf of, the beneficial owner of any securities and on their delivery to us the relevant securities are free of mortgage, charge, pledge, lien, right of set-off or any security;
- (f) you have brought, and will bring, to the attention of the Underlying Client the exclusion of liability and other relevant provisions of these SNEL Terms;
- (g) you will notify SNEL immediately if any two or more Underlying Client accounts relate to the same Underlying Client;
- (g) in entering into any transaction on behalf of the Underlying Client, you have no reason to believe that the Underlying Client will not be able to perform any settlement obligations thereunder, or is subject to any restriction or prohibition from engaging in such transaction with SNEL or any settlement agent or performing its obligations thereunder under any applicable law;
- (h) the Underlying Client can make the representations and warranties set out in clause 30 below as if it were a party to these SNEL Terms;
- (i) you have obtained and will duly renew and maintain one or more LEIs that pertain to you and on behalf of one or more Underlying Client, each Underlying Client on whose behalf you may be acting. You will immediately inform us in writing of any changes to such LEIs and of any new LEIs issued to you or any Underlying Clients on behalf of which you act;
- (j) you have (A) obtained, recorded and independently verified evidence of the identity of the Underlying Client, (B) identified the source(s) of wealth and funds of the Underlying Client, and (C) complied with all other customer information and reporting requirements under applicable law;
- (k) notwithstanding any provision of these SNEL Terms to the contrary, for settlement purposes only, we or the settlement agent may settle directly with the Underlying Client and may take any action to effect the same; and
- (l) you shall provide to us such information regarding you and the Underlying Client as we require to fulfil our obligations under Applicable Regulations.

22.2 If you do not have authority to bind the Underlying Client to these SNEL Terms, you undertake to:

- (a) provide us with full details of such Underlying Client;
- (b) procure that the Underlying Client accepts these SNEL Terms; and
- (c) confirm such acceptance to us.

## **23 Money Laundering Requirements**

23.1 In order to comply with the relevant Applicable Regulations and regulatory guidance on the prevention of money laundering and terrorist financing, we are required to obtain sufficient client and account opening details and information to satisfy ourselves as to the identity of all account applicants. In order to satisfy these requirements, we require the completion of all compliance and account opening formalities, including where we deem necessary, confirmation from third parties (at your expense) of the authenticity of any identification documentation, prior to any order being placed. We also reserve the right to close any account if, within a reasonable period, we are unable to, or are prevented from, obtaining and completing satisfactory client due diligence.

- 23.2 If you act as agent on behalf of an Underlying Client, you represent and warrant to us that you have obtained and recorded evidence of identity of each Underlying Client in accordance with Applicable Regulations. You agree to provide us with such information and written confirmations or assurances in relation to the Underlying Client, as we may reasonably require to comply with Applicable Regulations. We reserve the right to close any account if, within a reasonable period, you do not provide this information.
- 23.3 Where we do decide to close any account because we are unable to obtain or complete satisfactory client due diligence, or because you have failed to provide any such information we have requested in relation to an Underlying Client, we and our Associated Companies accept no liability whatsoever to you or, where applicable, your Underlying Client.

## **24 Custody and Client Money and Margin**

- 24.1 Where we hold client money on your behalf we will do so in accordance with Schedule 4.
- 24.2 Unless separately agreed with you, we will not provide you with or arrange for a third party to provide you with custody or safekeeping services in respect of your investments. You must ensure that your custodian enters into arrangements with regard to the provision of the custody services for the investments which may be the subject of our Services and is obliged to comply with our instructions which are given in accordance with these SNEL Terms.
- 24.3 We accept no liability if there is any neglect or default of any person that holds money belonging to you or who is nominee holder of, or who directly or indirectly holds, or is responsible for the safe custody of documents of title or certificates evidencing title to any of your investments, except to the extent of our own negligence, fraud or wilful misconduct in the selection or appointment of that person.

## **25 Third Party Payments**

It is generally not our policy to arrange third party payments, and we reserve the right to refuse to arrange any payments to or from a client account, to or from any unconnected or apparently unrelated parties. In exceptional circumstances where we may agree to arrange a third party payment, we reserve the right to charge for verification searches and will not be held liable whatsoever if compliance practices and procedures delay the arranging of 'third party payments' to or from previously unknown or undisclosed parties.

## **26 Taxation**

We do not provide tax advice and do not hold ourselves out as having professional expertise in such matters. You are solely responsible for obtaining your own independent tax advice and correctly discharge your tax liabilities, wherever falling due. We do not accept any liability in respect of adverse tax consequences which result from transactions undertaken pursuant to these SNEL Terms. While we will take all reasonable care to ensure that we take no action which, to the actual knowledge of the person taking or omitting such action, would prejudice your tax position, you and your professional advisers shall remain responsible for the management of your tax affairs. Further, you shall indemnify and hold us harmless from and against all taxes, imposts, and duties or other levies due or payable in the performance of our duties in respect of your instructions.

## **27 Commissions and Charges**

- 27.1 Commissions and charges will be levied by us at the rate agreed from time to time with your regular contact at SNEL.
- 27.2 You agree that we may provide you with a general description of our costs and charges that may be less detailed than we would be required to provide to you under Applicable Regulations in the absence of such agreement. This clause 27.2 shall not apply with respect to any costs and charges in connection with services that relate to Financial Instruments that embed a derivative.
- 27.3 We may charge a mark-up or mark-down or a commission on the prices of Transactions effected with you. You will pay our charges on such basis and with such frequency as we request. Unless otherwise agreed, our charges will include any applicable value added tax, stamp duty, stamp duty reserve tax, industry levy, brokerage fees, transfer fees, registration fees and all other liabilities, charges, costs and expenses payable in connection with

transactions effected on your behalf. We may share such charges with any of our Associated Companies or agents.

- 27.4 The amount of mark-up or mark-down or commission will be taken into account in the total amount due shown on the contract or advice note issued in respect of the Transaction and will be separately identified where required by the FCA Rules.
- 27.5 You will pay any amount owed to us upon demand in freely transferable, cleared and available same day funds, in the currency and to the accounts which we specify, and without making any set-off, counterclaim, deduction or withholding for any tax.
- 27.6 For the purposes of any calculation, we may convert amounts denominated in any other currency into the Base Currency (being the currency specified by us in writing, or failing any such specification, the lawful currency of the United Kingdom). 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, you shall bear any cost and loss suffered by us as a result of receiving such amount in such currency.
- 27.7 You are not entitled to interest on funds in the hands of SNEL or a settlement agent including, in particular, (without prejudice to the generality of the foregoing) funds received in advance of the due date for settlement or representing dividends or other income received for your account.
- 27.8 If you fail to pay any sum due to us on the date on which it is due and payable, then we reserve the right to charge you interest (which will accrue on a daily basis and be due and payable by you as a separate debt) on such sum from the date of such failure to the date of actual payment at the rate reasonably determined by us to be our cost of funding such overdue amount plus 1% of the total outstanding amount.
- 27.9 Where you are provided with “research” as defined under the FCA Rules by us or any Associated Company, unless otherwise expressly agreed by us in writing, this service is offered to you pursuant to these SNEL Terms and any specific research pricing or research charging agreement entered into with you from time to time. Where you are required under Applicable Regulations to pay for research on an unbundled basis, we will invoice you or arrange for you to make payment for our research services. We may cease to provide research to you at any time for whatever reason. You shall pay any invoices for research services, including any taxes due and payable within 30 business days of the date of the invoice. Any payment for research shall be deemed to be exclusive of any value added tax or any other fees, taxes or other additional amounts unless otherwise expressly agreed by us in writing.

## **28 Complaints**

If you have any complaint about us, you should raise it by letter, telephone, e-mail or in person with our Compliance Officer (details available on the FCA website) who will try to resolve the complaint in accordance with our internal policies for dealing with client complaints (a copy of which is available on request). We will send you a written acknowledgement of your complaint promptly following receipt, enclosing details of our complaints procedures.

## **29 Changes and Notices**

- 29.1 These SNEL Terms, our Conflicts of Interest Policy and Order Execution Policy may be amended by us sending you notice of such amendments in writing or, in respect of only our Conflicts of Interest Policy and/or Order Execution Policy, by posting them on our website. Such amendments shall be effective at the date given by us if needed in order to comply with Applicable Regulations, and otherwise ten business days after first being sent to you or posted on our website (as applicable). Any amendments to these SNEL Terms by you must be made in writing and shall be effective only if agreed to in writing by us. No amendment shall affect any outstanding order or transaction or other legal rights and obligations that may have already arisen prior to the amendment.
- 29.2 Any instructions, notices, requests or other communications to be given by you to us regarding these SNEL Terms shall be sent to the office with which you deal or to the following address: Stifel Nicolaus Europe Limited, 150 Cheapside, London, EC2V 6ET, United Kingdom, or by email to [snelcompliance@stifel.com](mailto:snelcompliance@stifel.com).



- 29.3 Any letter or other document shall be deemed to have been duly served upon you if it is sent by post to the last address notified to us. Any letter or other document sent by post shall be deemed to have been served on the business day following that on which the envelope containing the same was posted.
- 29.4 You will notify us in writing of any change of address or other contact details in accordance with this clause.
- 29.5 You confirm that you have regular access to the Internet and consent to us providing you with information, including updates to SNEL's Order Execution Policy and risk warnings by electronic message or by posting such information on our website.
- 29.6 All written and electronic communications from us to you and from you to us shall be in English.

### **30 Representations and Warranties**

You represent, warrant and undertake to us that:

- (a) you have and will have full power and capacity and have and will have taken all necessary corporate and other action and, in the case of a trustee of a trust, you have and will have full power and capacity under the relevant trust instrument, to enter into and perform your obligations under these SNEL Terms;
- (b) you are not a public sector body, local public authority, municipality or if you are, you have elected and are capable of being treated as an Elective Professional Client in accordance with the FCA Rules or other Applicable Regulations in your jurisdiction and you will notify us immediately of any changes to your status that mean you are no longer capable of being treated as such;
- (c) you are not an individual for the purposes of the Consumer Credit Act 1974;
- (d) you have complied and shall comply with Applicable Regulations and the execution, delivery and performance of these SNEL Terms by you will not violate or conflict with your constitution, and you have obtained and will maintain all necessary authorisations and approvals of any governmental or regulatory body required for you to enter into and perform your obligations under these SNEL Terms and all transactions;
- (e) the terms and conditions contained in these SNEL Terms are and will be your legal, valid and binding obligations;
- (f) if you are represented by an agent in dealing with us, you have duly authorised such agent to act on your behalf for all purposes under these SNEL Terms;
- (g) you shall provide us with such information as we require to fulfil our obligations under Applicable Regulations;
- (h) you will make all payments due pursuant to these SNEL Terms in freely transferable funds and shall deliver full legal and beneficial title to all securities due for delivery pursuant to these SNEL Terms free from any encumbrances (including any mortgages, charges, pledges, liens, rights of set-off or any other security);
- (i) you have obtained and will duly renew and maintain one or more LEIs that pertain to you and, if you are acting on behalf of one or more Underlying Client, each Underlying Client on whose behalf you may be acting. You will immediately inform us in writing of any changes to such LEIs and of any new LEIs issued to you or any Underlying Clients on behalf of which you act;
- (j) where pursuant to these SNEL Terms you acquire securities in an offering that has not been qualified as a public offering in the jurisdiction in which you are located, you do so as a qualified, professional, institutional or similar investor that is eligible to do so under the laws of that jurisdiction pursuant to applicable private placement rules (without any action being required on our part other than that which has been performed and notified to you in writing), and that any resale, sub-participation or re-hypothecation of, or other transaction in relation to, the securities by you will also be effected only in accordance with such rules (but without reliance on any such rule which is based purely on a numerical limit of offerees or purchasers);

- (k) you will not send orders or otherwise take any action that could create a false impression of the demand or value for a security or send orders which you have reason to believe are in breach of Applicable Regulations; and
- (l) you will notify us promptly from time to time of all Financial Instruments in which you are at any time a Systematic Internaliser.

### **31 Limitation of Liability**

- 31.1 Subject to clauses 31.2 and 31.4 below, neither we nor our Associated Companies, nor any of our or their respective directors, officers, employees, agents or delegates, shall be liable for any losses, damages, costs or expenses incurred or suffered by you (or, where applicable, your Underlying Clients) under these SNEL Terms, unless arising primarily and directly from that person's own gross negligence, wilful default or fraud.
- 31.2 Subject to clause 31.4 below, in no event shall we nor our Associated Companies, or any of our or their respective directors, officers, employees, agents or delegates) be liable to you (or, where applicable, any Underlying Client on whose behalf you are acting) for any (direct or indirect) losses of profit, revenue, data, or for any consequential, indirect, or incidental losses, however caused, and regardless of whether this was disclosed by you, or whether it would have been reasonably foreseeable.
- 31.3 Furthermore, without limiting the generality of the foregoing, we reserve the right to decline to execute any Transaction for you for any reason and accept no liability whatsoever for failing to execute any Transaction.
- 31.4 Nothing in these SNEL Terms shall exclude or restrict any liability which cannot be excluded or restricted under English law or Applicable Regulations.

### **32 Force Majeure**

SNEL, the Associated Companies and the settlement agent shall have no liability to you (or, where applicable, your Underlying Clients) in connection with any partial or total non-performance of, or any failure, interruption or delay in the performance of the Services that results from acts, events or circumstances beyond our reasonable control, including, but not limited to, industrial disputes, the suspension of trading by any exchange or clearing house, the imposition, introduction, amendment or change to Applicable Regulations or the breakdown, failure or malfunction of any telecommunications or computer services.

### **33 Indemnity**

If you are acting as principal, you undertake, and otherwise each Underlying Client in respect of the activities of that Underlying Client undertakes, (the party giving the indemnity, the "**Indemnifying Party**") to indemnify and hold harmless (whether before or after the termination of your relationship with us) SNEL, our Associated Companies and each of their directors, officers, employees, agents and delegates (each, an "**Indemnified Person**") on an after tax basis on demand from and against any and all acts, proceedings, claims, demands, liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses and disbursements of any kind or nature whatsoever (including fees and expenses of legal counsel and other professional advisers) (collectively, "**Liabilities**") which may be imposed on, incurred by or assessed against any of the aforementioned persons as a result of their dealings with the Indemnifying Party, including without limitation their entering into any Transaction with or for the Indemnifying Party, or acting upon any instructions received from the Indemnifying Party, except where such Liabilities arise primarily and directly as a result of such Indemnified Person's gross negligence, wilful default or fraud and provided that nothing in this clause 33 shall require the Indemnifying Party to grant an indemnity that would be contrary to English law or Applicable Regulations.

### **34 Limited Recourse**

- 34.1 If you or an Underlying Client is formed as a collective investment scheme having an "umbrella" structure with multiple sub-funds, we agree that the assets of a sub-fund belong exclusively to that sub-fund and shall not be used to discharge directly or indirectly the liabilities of, or claims against, any other person or body, including the collective investment

scheme at the principal “umbrella” level, or any other sub-fund, and are not available for any such purpose.

34.2 If you have two or more sub-funds, these SNEL Terms take effect as if a number of separate agreements had been entered into, each between you, us and the separate sub-fund (in respect of the relevant sub-fund, its “**Separate Agreement**”). You and each sub-fund hereby agree that, where applicable, for the purposes of execution, performance, termination and interpretation, these SNEL Terms are deemed to constitute as many separate and distinct Separate Agreements as there are sub-funds. To the greatest extent permitted by English law and Applicable Regulations, no sub-fund has any liability for the obligations of any other sub-fund under its Separate Agreement.

### **35 Termination**

35.1 You may terminate these SNEL Terms upon written notice being given to our Compliance Department and without penalty. Termination shall be effective upon receipt of such notice. You shall, however, be liable for all obligations fees, costs, charges, expenses and liabilities accrued or incurred under these SNEL Terms that initiated prior to such notice, but are to be completed thereafter. We may terminate these SNEL Terms by written notice given to you.

35.2 Termination shall not affect any legal rights or obligations which may have arisen, including the rights and liabilities of any of the parties in respect of transactions for which there is an outstanding liability.

35.3 In addition, we reserve the right to terminate these arrangements forthwith, where:

- (a) we have been unable to carry out satisfactory client due diligence in accordance with our obligations under Applicable Regulations;
- (b) your client categorisation changes to a "Retail Client" (as defined in MiFID II);
- (c) you become bankrupt, insolvent or unable to pay your debts as they fall due;
- (d) an administrative receiver, receiver or manager or other similar officer is appointed over all or part of your assets; or
- (e) where required or requested to do so by any regulator, law enforcement agency, court or exchange.

35.4 Upon such termination, you must pay all fees, costs, charges, expenses and liabilities accrued or incurred under these SNEL Terms up to the date of termination including any additional expenses or losses reasonably and properly incurred in terminating these SNEL Terms, and, as soon as reasonably practicable after that, we will deliver or cause your investments to be delivered to you or to your order.

### **36 Third Party Rights**

36.1 The settlement agent and Associated Companies (including each of their Indemnified Persons) may enforce the relevant terms contained in these SNEL Terms and the provisions of the Contracts (Rights of Third Parties) Act 1999, provided always that the settlement agent and Associated Companies, when seeking to enforce such terms, give notice to both you and us. These SNEL Terms may be rescinded or varied without the consent of the settlement agent and Associated Companies.

36.2 Except as provided in this clause, a person who is not a party to these SNEL Terms has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any terms of these SNEL Terms. This shall not affect any rights or remedies of third parties which exist or are available apart from that Act.

### **37 Assignment and Delegation**

37.1 We may assign our rights and delegate the performance of, or transfer, any of our obligations under these SNEL Terms to any Associated Company or such other person as we may think fit. You may not assign your rights under these SNEL Terms without our prior consent.

37.2 We may employ agents or sub-contractors in the performance of our obligations under these SNEL Terms and any provision of services offered by us to you hereunder. Any clearing

organisation, settlement system customarily used to clear trades in the applicable security or transaction, depository, book entry system participant or entity that we employ based upon customary market practice (such as the Federal Reserve Bank or any participant in the Federal Reserve System book-entry system, The Depository Trust Company, the Participants Trust Company, Euroclear and any other similar organisation), shall not be considered our agent or sub-contractor.

### 38 Entire Agreement

Save where we have separately agreed to arrange for custody and safekeeping services for you, these SNEL Terms, as amended from time to time, set out the entire agreement between us and replace all previous Terms and correspondence between you and us in relation to the manner in which we transact regulated activities for and with you. They constitute legally binding terms that will apply to any regulated activities which we carry on with or for you after you receive these SNEL Terms. No alteration will have effect unless issued or agreed by us in writing.

### 39 Severability

Each provision hereof is severable and in the event of any provision becoming invalid, unenforceable or contravening any Applicable Regulations the remaining provisions shall continue to be binding on SNEL, any Associated Company and you. If any invalid, unenforceable or illegal provision would be valid, enforceable or legal if some part of it were deleted, the provision shall apply with whatever modification is necessary to give effect to the commercial intention of the parties. References to the FCA shall include references to any successor body having jurisdiction over any of the matters pertaining to these SNEL Terms.

### 40 Governing Law, Jurisdiction and Service of Process

40.1 **Governing law:** These SNEL Terms and all non-contractual obligations and other matters arising from it or in connection with it shall be governed by and construed in accordance with the laws of England.

40.2 **Jurisdiction:** Each of the parties irrevocably:

- (a) agrees for our benefit that the courts of England shall be jurisdiction to settle any suit, action or other proceeding relating to these SNEL Terms ("**Proceedings**") and irrevocably submits to the jurisdiction of such courts (provided that this shall not prevent us from bringing an action in the courts of any other jurisdiction); and
- (b) waives any objection which it may have at any time to the laying of venue of any Proceedings brought in any such court and agrees not to claim that such Proceedings have been brought in an inconvenient forum or that such court does not have jurisdiction over it.

40.3 **Service of process:** To the extent applicable, if you are situated outside England and Wales, the process by which any Proceedings in England are begun may be served on you by being delivered to any address in England and Wales nominated by you for this purpose. If you fail to nominate an address for this purpose, you hereby agree that if we consider it necessary for you to appoint an agent to receive, for you or on your behalf, service of process in any Proceedings, and we provide a written request to you to appoint such an agent, you will forthwith appoint such an agent with an office in England or Wales. If you fail to appoint such an agent within five business days of our request, then you agree that we may appoint such an agent on your behalf, in your name and at your expense. We shall notify you forthwith of the appointment of any such agent. This does not affect our right to serve process in another manner permitted by law.

### 41 No Waiver

41.1 SNEL and each settlement agent's obligations to you are limited to those set out in these SNEL Terms and SNEL and each settlement agent shall, in particular, not owe any wider duties of a fiduciary nature to you.

41.2 Any failure by us or a settlement agent (whether continued or not) to insist upon strict compliance with any of these terms shall not constitute nor be deemed to constitute a waiver by us or a settlement agent of any of our or their rights or remedies. The rights and remedies conferred upon us or a settlement agent are cumulative and the exercise or waiver of any part

thereof shall not preclude or inhibit the exercise by us or a settlement agent of any other additional rights and remedies.

#### 42 **Waiver of Sovereign Immunity**

To the extent that you act on behalf of a state or are wholly or partially state-owned, you hereby irrevocably and unconditionally:

- 42.1 acknowledge that, in conducting business with us and our Associated Companies, you are acting in a commercial capacity and any transactions entered into under these SNEL Terms are commercial transactions;
- 42.2 agree that if we or our Associated Companies bring proceedings against you or your assets in relation to these SNEL Terms or any associated transactions, you will claim no immunity from those proceedings (including without limitation, suit, attachment prior to judgment, other attachment, the obtaining of judgment, execution or other enforcement) on behalf of yourself or with respect to your assets;
- 42.3 waive any such right of immunity which you or your assets now have or may subsequently acquire; and
- 42.4 consent generally in respect of any such legal proceedings (without limitation) to the giving of any relief, or the issue of any process in connection with those proceedings, including the making, enforcement or execution against any assets whatsoever (irrespective of its use or intended use) of any order or judgment which may be made or given in those proceedings.

#### 43 **Business Days**

A reference in this document to a “business day” means a day on which banks are open for general business in London, including foreign exchange trading, and excluding any day that is a Saturday or a Sunday.

#### 44 **Country Specific Provisions**

##### 44.1 **Canada**

- (a) **International dealer exemption:** If you are subject to Canadian securities laws we will engage in securities Transactions with you only under the “international dealer” exemption in force from time to time under National Instrument 31-103 (“**NI 31-103**”) in the provinces of Alberta, British Columbia, Manitoba, Ontario and Québec, Canada. To qualify for these exemptions we must notify you as follows:
  - (i) We are not registered in the local jurisdiction to provide advice on securities or to trade in securities.
  - (ii) We have our head office and principal place of business in the United Kingdom.
  - (iii) All or substantially all of our assets are situated outside Canada.
  - (iv) There may be difficulty enforcing legal rights against us because of the above.
  - (v) The names and addresses of the process agents we have appointed in each province in Canada are set out below.
- (b) **Deemed Representations by Canadian clients:** If you are subject to Canadian securities laws and you place any order with us, you will be deemed to represent that you are a “permitted client” as defined under applicable Canadian regulations (NI 31-103) as interpreted and amended from time to time. If you do not qualify for treatment as a “permitted client” under Canadian regulations, you must advise us promptly before attempting to place any order with us.

##### 44.2 **Australia**

- (a) **Class Order [CO 03/1099]:** If you are subject to Australian securities laws we will engage in securities transactions with you only under the Class Order (“**CO 03/1099**”) exemption from the requirement to hold an Australian Financial Services Licence issued by the Australian Securities and Investments Commission (“**ASIC**”).

- (b) **Deemed Representations by Australian clients:** If you are subject to Australian securities laws and you place any order with us, you will be deemed to represent that you are a “Sophisticated Investor” or a “Professional Investor” and a “Wholesale Client” as defined under applicable Australian regulations, sections 708(10), 708(11) and 761G of the Corporations Act 2001 (Cth) (the “Act”) respectively, being a person to whom an offer of securities can be made without disclosure under Chapter 6D of the Act, as interpreted and amended from time to time. If you do not qualify for treatment as a “Wholesale Client” under Australian regulations, you must advise us promptly before attempting to place any order with us.

44.3 **Republic of South Africa**

- (a) **Board Notice 103 of 2004:** If you are subject to South African securities laws we will engage in securities transactions with you only under the exemption from section 7(1) of the Financial Advisory and Intermediary Services Act, 2002 granted by Board Notice 103 of 2004 issued by the Financial Services Board (“FSB”).
- (b) **Deemed Representations by South African clients:** If you are subject to South African securities laws and you place any order with us, you will be deemed to represent that you are not:
- (i) a natural person;
  - (ii) a pension fund organisation as defined by the Pensions Funds Act, 1956;
  - (iii) a friendly society as defined by the Friendly Societies Act, 1956; or
  - (iv) a medical scheme as defined in the Medical Schemes Act, 1998.

You further represent that you meet the definition of “client” as set out under Board Notice 103 of 2004. If you do not qualify for treatment as a “client” under the abovementioned exemption, you must advise us promptly before attempting to place any order with us.

44.4 **United States of America**

**Foreign broker-dealer exemptions:** If you are subject to United States securities laws we will engage with you under the “foreign broker-dealer” exemptions provided under SEC Rule 15a6 (“**Rule 15a-6**”) of the Securities Exchange Act of 1934 (as amended from time to time). To the extent you are a “**U.S. Institutional Investor**” or “**Major U.S. Institutional Investor**” (collectively, “**U.S. Based Clients**”) as those terms are defined in Rule 15a-6, you acknowledge and understand that any Transactions which we enter into with you are intermediated in accordance with the terms of Rule 15a-6 by our relevant U.S. registered broker-dealer affiliate, being SNC or Keefe, Bruyette & Woods Inc. respectively.

## Schedule 1

### Client Categorisation

#### 1. Eligible Counterparties

Where we have notified you that we shall treat you as an Eligible Counterparty for the purposes of the FCA Rules, you have the right to request a different client categorisation as a Retail or Professional Client, meaning that certain additional rights and protections will be afforded to you. If you request to be categorised as a Professional Client, we may require you to enter into an updated agreement as a condition to any such recategorisation, in order to reflect (among other things) such additional rights and protections. Similarly, if you request to be categorised as an Eligible Counterparty but would otherwise be categorised as a Professional Client, we will only categorise you as an Eligible Counterparty if we are satisfied in our sole discretion that you meet the relevant criteria in Article 30 of MiFID II. If at any time we are not satisfied that you meet the relevant criteria, we may not be able to provide our services to you. You agree and acknowledge that you are responsible for keeping us informed about any change that could affect your categorisation as an Eligible Counterparty. If you request to be categorised as a Retail Client, we shall not be able to provide our services to you.

#### 2. Professional Clients

Where we have notified you that we shall treat you as a Professional Client for the purposes of the FCA Rules, you have the right to request a different client categorisation. If you request categorisation as an Eligible Counterparty and we agree to such categorisation, we would no longer be required by regulatory rules to provide certain protections granted to Professional Clients. However, notwithstanding the absence of applicable regulatory rules, we would endeavour to provide a service which is overall effective and commercially reasonable. The regulatory protections concerned include formal requirements in the following areas: (a) to act in accordance with your best interests; (b) not to give or receive inducements other than those fees, commissions or non-monetary benefits paid, provided or received in accordance with FCA Rules on inducements; (c) to achieve best execution in respect of your orders; (d) to execute orders subject to other constraints as regards timing and handling relative to other clients' orders; and (e) to ensure that marketing information is clearly identifiable as such. If you request to be categorised as a Retail Client thereby requiring a higher level of regulatory protection we may not be able to provide our services to you. Similarly, if you request to be categorised as a Professional Client but would otherwise be categorised as a Retail Client, we will only categorise you as a Professional Client if we are satisfied in our sole discretion that you meet the relevant criteria of the FCA Rules. If at any time we are not satisfied that you meet the relevant criteria, we may not be able to provide our services to you. You agree and acknowledge that you are responsible for keeping us informed about any change that could affect your categorisation as a Professional Client.

## Schedule 2

### Schedule of Product and Risks Disclosures

#### **PART I: INTRODUCTION**

This Schedule of Product and Service Risk Disclosures is for use by Professional Clients of Stifel Nicolaus Europe Limited only ("**SNEL**") and must not be relied on by anyone else. SNEL also uses the following trading names:

- (a) KBW;
- (b) KBW Europe;
- (c) Keefe, Bruyette & Woods;
- (d) Keefe, Bruyette & Woods Europe;
- (e) Stifel; and
- (f) Stifel Europe.

This Schedule of Product and Service Risk Disclosures cannot disclose all the risks and other significant aspects of the products you may purchase, sell or subscribe for from or through us ("**products**"), but is intended to give you information on and a warning of the risks associated with them so that you are reasonably able to understand the nature and risks of the services and of the specific types of investment being offered and, consequently, to take investment decisions on an informed basis. You should also read any product/transaction specific disclosures that may be included in any product/transaction specific documentation provided to you.

All defined terms used herein shall have the meaning given in the Terms of Business (the "**Terms**"), unless specified otherwise.

You must not rely on the guidance contained in this Schedule of Product and Service Risk Disclosures as investment advice based on your personal circumstances, nor as a recommendation to enter into any of the services or invest in any of the products listed below. Where you are unclear as to the meaning of any of the disclosures or warnings described below, we would strongly recommend that you seek independent legal or financial advice.

You should not deal in these or any other products unless you understand the nature of the contract you are entering into and the extent of your exposure to risk. You should also be satisfied that the product and/or service is suitable for you in light of your circumstances and financial position and, where necessary, you should seek appropriate independent advice in advance of any investment decisions.

Risk factors may occur simultaneously and/or may compound each other resulting in an unpredictable effect on the value of any investment. In any of the situations described below, the use of leverage (which has the effect of magnifying potential positive or negative outcomes) may significantly increase the impact on you of any of the risks described.

All financial products carry a certain degree of risk and even low risk investment strategies contain an element of uncertainty. The types of risk that might be of concern will depend on various matters, including how the instrument is created, structured or drafted. The specific risks of a particular product or transaction will depend upon the terms of the product or transaction and the particular circumstances of, and relationships between, the relevant parties involved in such product or transaction. Different instruments involve different levels of exposure to risk and in deciding whether to trade in such instruments or become involved in any financial products you should be aware of the guidance set out below:

#### **PART II: PRODUCTS AND INVESTMENTS**

Set out below is an outline of the major categories of risk that may be associated with certain generic types of financial instruments, which should be read in conjunction with Parts III and IV.

##### **1. SHARES AND OTHER TYPES OF EQUITY INSTRUMENTS**

###### **1.1 General**

A risk with an equity investment is that the company must both grow in value and, if it elects to pay dividends to its shareholders, make adequate dividend payments, or the share price may fall. If the share price falls, the company, if listed or traded on-exchange, may then find it difficult to raise further capital to finance the business, and the company's performance may deteriorate vis à vis its competitors, leading to



further reductions in the share price. Ultimately the company may become vulnerable to a takeover or may fail.

Shares have exposure to all the major risk types referred to in Part III below. In addition, there is a risk that there could be volatility or problems in the sector that the company is in. If the company is private, i.e. not listed or traded on an exchange, or is listed but only traded infrequently, there may also be liquidity risk, whereby shares could become very difficult to dispose of.

## 1.2 Ordinary shares

Ordinary shares are issued by limited liability companies as the primary means of raising risk capital. The issuer has no obligation to repay the original cost of the share, or the capital, to the shareholder until the issuer is wound up (in other words, the issuer company ceases to exist). In return for the capital investment in the share, the issuer may make discretionary dividend payments to shareholders which could take the form of cash or additional shares. Ordinary shares usually carry a right to vote at general meetings of the issuer.

There is no guaranteed return on an investment in ordinary shares for the reasons set out in 1.1 above, and in a liquidation of the issuer, ordinary shareholders are amongst the last with a right to repayment of capital and any surplus funds of the issuer, which could lead to a loss of a substantial proportion, or all, of the original investment.

## 1.3 Preference shares

Unlike ordinary shares, preference shares give shareholders the right to a fixed dividend the calculation of which is not based on the success of the issuer company. They therefore tend to be a less risky form of investment than ordinary shares.

Preference shares do not usually give shareholders the right to vote at general meetings of the issuer, but shareholders will have a greater preference to any surplus funds of the issuer than ordinary shareholders, should the issuer go into liquidation. There is still a risk that you may lose all or part of your capital.

## 1.4 Depositary Receipts

Depositary Receipts (ADRs, GDRs, etc.) are negotiable certificates, typically issued by a bank, which represent a specific number of shares in a company, traded on a stock exchange which is local or overseas to the issuer of the receipt. They may facilitate investment in the companies due to the widespread availability of price information, lower transaction costs and timely dividend distributions. The risks involved relate both to the underlying share (see 1.1 – 1.3 above) and to the bank issuing the receipt. In addition, there are important differences between the rights of holders of ADRs and GDRs, (together, "**Depositary Receipts**") and the rights of holders of the shares of the underlying share issuer represented by such Depositary Receipts. The relevant deposit agreement for the Depositary Receipt sets out the rights and responsibilities of the depositary (being the issuer of the Depositary Receipt), the underlying share issuer and holders of the Depositary Receipt which may be different from the rights of holders of the underlying shares. For example, the underlying share issuer may make distributions in respect of its underlying shares that are not passed on to the holders of its Depositary Receipts. Any such differences between the rights of holders of the Depositary Receipts and holders of the underlying shares of the underlying share issuer may be significant and may materially and adversely affect the value of the relevant instruments. Depositary Receipts representing underlying shares in a foreign jurisdiction (in particular an emerging market jurisdiction) also involve risks associated with the securities markets in such jurisdictions, which, along with other factors such as the performance of the underlying shares, could affect the value and liquidity of the Depositary Receipts. As the legal owner of the shares underlying the Depositary Receipts is a bank, in the event that the bank becomes insolvent it is possible that a purchaser of any such Depositary Receipts may lose its rights in respect of the underlying shares.

## 2. WARRANTS

A warrant is a time-limited right to subscribe for shares, debentures, loan stock or government securities and is exercisable against the original issuer of the underlying securities. A relatively small movement in the price of the underlying security could result 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 any of the investment products listed in 1 above or 3 or 4 below which a warrant confers, is invariably limited in time, with the consequence that if the investor fails to exercise this right within the pre-determined time-scale, the investment becomes worthless.

If subscription rights are exercised, the warrant holder may be required to pay to the issuer additional sums (which may be at or near the value of the underlying assets). Exercise of the warrant will give the warrant holder all the rights and risks of ownership of the underlying investment product.

A warrant is potentially subject to all of the major risk types referred to in Part III below, including the risk of the issuer's insolvency.

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.

Some other instruments are also called warrants but are actually options (for example, a right to acquire securities which is exercisable against someone other than the original issuer of the securities, often called a covered warrant). For these instruments, see 6.3 below.

### **3. MONEY-MARKET INSTRUMENTS**

A money-market instrument is a borrowing of cash for a period, generally no longer than six months, but occasionally up to one year, in which the lender takes a deposit from the money markets in order to lend (or advance) it to the borrower. Unlike in an overdraft, the borrower must specify the exact amount and the period for which he wishes to borrow. Like other debt instruments (see 4 below), money-market instruments may be exposed to the major risk types in Part III below, in particular credit and interest rate risk.

### **4. DEBT INSTRUMENTS/BONDS/DEBENTURES**

All debt instruments are potentially exposed to the major risk types in Part III below, in particular credit risk and interest rate risk.

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

Debt securities issued by banks, certain other financial services firms and, in some cases, their parents and other affiliates may be vulnerable to "bail-in" or equivalent measures, where the issuer (or an affiliated bank or firm) undergoes a resolution (or bank rescue) procedure. In a bail-in, a governmental or other regulatory body (known in the EU or UK as a "resolution authority") may require investors' rights under such securities to be written-off in whole or part, or converted into equity. The purpose of such bail-in is to prevent the bank (or other firm) from entering into insolvency proceedings: and will therefore precede formal insolvency. This means that the holders of bank and related debt securities may lose some or all of their investment, where the issuer is in financial difficulty, even outside of an insolvency scenario and absent the technical default of the issuer.

However, depending on the applicable regulatory regime, certain safeguards or exclusions may operate so as to protect, or mitigate the loss to, such investors. For example, under the applicable EU regime (the Bank Recovery and Resolution Directive), secured creditors (including secured bond holders) are protected from bail-in (but only to the extent of the value of the collateral/security) and, in principle, no such creditor should be put in a worse position than they would have been in the event of the formal insolvency of the issuer.

### **5. UNITS IN COLLECTIVE INVESTMENT SCHEMES**

Collective investment schemes and their underlying assets are potentially exposed to all of the major risk types referred to in Part III below, including insolvency risk relating to the issuer of the underlying assets.

There are many different types of collective investment schemes. Generally, a collective investment scheme will involve an arrangement that enables a number of investors to 'pool' their assets and have these professionally managed by an independent manager. Investments may typically include gilts, bonds and quoted equities, but depending on the type of scheme, may go wider into derivatives, real estate or any other asset. There may be risks on the underlying assets held by the scheme and investors are advised, therefore, to check whether the scheme holds a number of different assets, thus spreading its risk. Subject to this, investment in such schemes may reduce risk by spreading the investor's investment more widely than may have been possible if he or she was to invest in the assets directly.

The reduction in risk may be achieved because the wide range of investments held in a collective investment scheme can reduce the effect that a change in the value of any one investment may have on the overall performance of the portfolio. Although, therefore, seen as a way to spread risks, the portfolio price can fall as well as rise and, depending on the investment decisions made, a collective investment scheme may be exposed to many different major risk types.

The valuation of a collective investment scheme is generally controlled by the relevant fund manager or the investment adviser (as the case may be) of the collective investment scheme. Valuations are performed in accordance with the terms and conditions governing the collective investment scheme. Such valuations may be based upon the unaudited financial records of the collective investment scheme and any accounts pertaining thereto. Such valuations may be preliminary calculations of the net asset values of the collective investment schemes and accounts. The collective investment scheme may hold a significant number of investments which are illiquid or otherwise not actively traded and in respect of which reliable prices may be difficult to obtain. In consequence, the relevant fund manager or the investment adviser may vary certain quotations for such investments held by the collective investment scheme in order to reflect its judgement as to the fair value thereof. Therefore, valuations may be subject to subsequent adjustments upward or downward. Uncertainties as to the valuation of the collective investment scheme assets and/or accounts may have an adverse effect on the net asset value of the relevant collective investment scheme where such judgements regarding valuations prove to be incorrect.

A collective investment scheme and any collective investment scheme components in which it may invest may utilise (inter alia) strategies such as short-selling, leverage, securities lending and borrowing, investment in sub-investment grade or non-readily realisable investments, uncovered options transactions, options and futures transactions and foreign exchange transactions and the use of concentrated portfolios, each of which could, in certain circumstances, magnify adverse market developments and losses. Collective investment schemes, and any collective investment scheme components in which it may invest, may make investments in markets that are volatile and/or illiquid and it may be difficult or costly for positions therein to be opened or liquidated. The performance of each collective investment scheme and any collective investment scheme component in which it may invest is dependent on the performance of the collective investment scheme managers in selecting collective investment scheme components and the management of the relevant component in respect of the collective investment scheme components.

In addition, the opportunities to realise an investment in a collective investment scheme is often limited in accordance with the terms and conditions applicable to the scheme and subject to long periods of advance notice (during which the price at which interests may be redeemed may fluctuate or move against you). There may be no secondary market in the collective investment scheme and therefore an investment in such a scheme may be (highly) illiquid.

## **6. DERIVATIVES, INCLUDING OPTIONS, FUTURES, SWAPS, FORWARD RATE AGREEMENTS, DERIVATIVE INSTRUMENTS FOR THE TRANSFER OF CREDIT RISK, FINANCIAL CONTRACTS FOR DIFFERENCES**

The risks set out in 6.1- 6.5 below may arise in connection with all types of derivative contract, whether it is in the form of a listed instrument, an OTC instrument, or a securitised product such as a note or a certificate.

### **6.1 Derivatives Generally**

A derivative is a financial instrument, the value of which is derived from an underlying asset's value. Rather than trade or exchange the asset itself, an agreement is entered into to exchange money, assets or some other value at some future date based on the underlying asset. A premium may also be payable to acquire the derivative instrument.

There are many types of derivative, but options, futures and swaps are among the most common. An investor in derivatives often assumes a high level of risk, and therefore investments in derivatives should be made with caution, especially for less experienced investors or investors with a limited amount of capital to invest.

Derivative instruments have a limited life, and may (unless there is some form of guaranteed return to the amount invested in the product) expire worthless if the underlying asset does not perform as expected. If a derivative transaction is particularly large or if the relevant market is illiquid (as may be the case with many privately negotiated off-exchange derivatives where there is no exchange market on which to close out an open position), it may not be possible to initiate a transaction or liquidate a position at an advantageous price.

On-exchange derivatives are subject, in addition, to the risks of exchange trading generally, including potentially the requirement to provide margin. Off-exchange derivatives may take the form of unlisted transferable securities or bi-lateral "over the counter" contracts ("**OTC**"). Although these forms of derivatives may be traded differently, both arrangements may be subject to credit risk of the issuer (if transferable securities) or the counterparty (if OTCs) and, like any contract, are subject also to the particular terms of the contract (whether a one-off transferable security or OTC, or a master agreement), as well as the risks identified in Part III below. In particular, with an OTC contract, the counterparty may not be bound to "close out" or liquidate this position, and so it may not be possible to terminate a loss-making contract. Off-exchange derivatives are individually negotiated. As the terms of the transactions are not standardised and no centralised pricing source exists (as exists for exchange traded instruments), the transactions may be difficult to value. Different pricing formulas and financial assumptions may yield different values, and different financial institutions may quote different prices for the same transaction. In addition, the value of an off-exchange derivative will vary over time and is affected by many factors, including the remaining time until maturity, the market price, price volatility and prevailing interest rates.

Derivatives can be used for speculative purposes or as hedges to manage other investment or economic risks. In all cases the suitability of the transaction for the particular investor should be very carefully considered.

You are therefore advised to ask about the terms and conditions of the specific derivatives and associated obligations (e.g. the circumstances under which you may become obligated to make or take delivery of an underlying asset and, in respect of options, expiration dates and restrictions on the time for exercise). Under certain circumstances the specifications of outstanding contracts (including the exercise price of an option) may be modified by the exchange or Clearing House to reflect changes in the underlying asset.

Normal pricing relationships between the underlying asset and the derivative may not exist in all cases. This can occur when, for example, the futures contract underlying the option is subject to price limits while the option is not. The absence of an underlying reference price may make it difficult to assess 'fair' value.

The points set out below in relation to different types of derivative are not only applicable specifically to these derivatives but are also applicable more widely to derivatives generally. All derivatives are potentially subject to the major risk types in Part III below, especially market risk, credit risk and any specific sector risks connected with the underlying asset.

## 6.2 **Futures/Forwards/Forward rate agreements**

Transactions in futures or forwards involve the obligation to make, or to take, delivery of the underlying asset of the contract at a future date, or in some cases to settle the position with cash. They carry a high degree of risk. The 'gearing' or 'leverage' often obtainable in futures and forwards trading means that a small deposit or down payment can lead to large losses as well as gains. It also means that a relatively small movement can lead to a proportionately much larger movement in the value of your investment, and this can work against you as well as for you. Futures and forwards transactions have a contingent liability, and you should be aware of the implications of this, in particular margining requirements: these are that, on a daily basis, with all exchange-traded, and most OTC off-exchange, futures and forwards, you will have to pay over in cash losses incurred on a daily basis and if you fail to, the contract may be terminated. See further, 1 and 2 of Part IV below.

## 6.3 **Options**

There are many different types of options with different characteristics subject to the following conditions.

Put option: a put option is an option contract that gives the holder (buyer) of the option the right to sell a certain quantity of an underlying security to the writer of the option at a specified price (the strike price) up to a specified date (the expiration date).

Call option: a call option is an option contract that gives the holder (buyer) the right to buy a certain quantity of an underlying security from the writer of the option, at a specified price (the strike price) up to a specified date (the expiration date).

Buying options: Buying options involves less risk than selling options because, if the price of the underlying asset moves against you, you can simply allow the option to lapse. The maximum loss is limited to the premium, plus any commission or other transaction charges. However, if you buy a call option on a futures

contract and you later exercise the option, you must acquire the future. This will expose you to the risks described under 'futures' and 'contingent liability investment transactions'. 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.

Writing options: If you write an option, the risk involved is considerably greater than buying options. You may be liable for margin to maintain your position (as explained in 6.2 above) and a loss may be sustained well in excess of the premium received. By writing an option, you accept a legal obligation to purchase or sell the underlying asset if the option is exercised against you, however far the market price has moved away from the exercise price.

If you already own the underlying asset which you have contracted to sell (known as 'covered call options') the risk is reduced. If you do not own the underlying asset (known as '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.

Depending on the type of option entered into, there may be increased exposure to market risk (see Part III: Generic Risk types, paragraph 4 – Market Risk below) when compared to other financial products. There are several option styles including (but not limited to) American-, European- and Bermuda-style. An American-style option may be exercised at any time prior to its expiration. A European-style option may only be exercised on a specific date, its expiration date. A Bermuda-style option may be exercised on certain specified dates during the term of the transaction.

If you buy an American-style call option and the relevant market price of the underlying asset never rises above the strike price on the option (or if you fail to exercise the option while such condition exists), the option will expire unexercised and you will have lost the premium you paid for the option. Similarly, if you buy an American-style put option and the relevant market price for the underlying asset does not fall below the option strike price (or if you fail to exercise the option while such condition exists), the option will not be exercised and you will have lost the premium you paid for the put option.

Purchasing European-style or Bermuda-style options may carry additional market risk since the option could be "in-the-money" for part or substantially all of the holding period but not on the exercise date(s). A call option is "in-the-money" if the strike price is lower than the relevant market price for the underlying asset. A put option is "in-the-money" if the strike price is higher than the relevant market price for the underlying asset.

It is even possible for the holder of an exercised, "in-the-money" option to lose money on an option transaction. Such a situation exists whenever the value received under the option fails to exceed the purchaser's costs of entering into the option transaction (the premium and any other costs and expenses).

If you are a potential writer of an option, you should consider how the type of option affects the timing of your potential payment and delivery obligations thereunder. As the writer of a European-style option, the timing of any payment and delivery obligations is predictable. Absent early termination, no settlements will be necessary prior to the expiration date. As the writer of an American-style option, however, you must be certain that you are prepared to satisfy your potential payment and delivery obligations at any time during the exercise period (possibly quite soon following the sale of the option).

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.

#### 6.4 **Contracts for differences**

Certain derivatives are referred to as contracts for differences. These can be options and futures on the FTSE 100 index or any other index of an exchange, as well as equity, currency and interest rate swaps, amongst others. However, unlike other futures and options (which may, depending on their terms, be settled in cash or by delivery of the underlying asset), these contracts can only be settled in cash. Investing in a contract for differences carries the same risks as investing in a future or an option as referred to in 6.2 and 6.3 above. Transactions in contracts for differences may also have a contingent liability.

## 6.5 Swaps

A swap agreement is a derivative where two counterparties exchange one stream of cash flows against another stream, calculated by reference to an "underlying" (such as securities' indices, bonds currencies, interest rates or commodities, or more intangible items).

A swap agreement may also be combined with an option. Such an option may be structured in two different ways. On the one hand, "swaptions" are transactions that give the purchaser of the swaption the right, against payment of a premium, to exercise or not to exercise, until the agreed maturity date, its right to enter into a pre-agreed swap agreement. On the other hand, "caps", "floors" and "collars" enable a party, against payment or receipt of a premium, to protect itself against, or to take an exposure on, the variation on the value or level of an underlying.

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

The swap market has grown substantially in recent years, with a large number of banks and investment banking firms acting both as principals and as agents utilising standardised swap documentation to cover swaps trading over a broad range of underlying assets. As a result, the swap market for certain underlying assets has become more liquid but there can be no assurance that a liquid secondary market will exist at any specified time for any particular swap.

## 7. STRUCTURED PRODUCTS

Structured products, designed to fulfil a particular trading or market objective, may combine the features of two or more financial instruments such as a bond and a derivative, with derivatives tending to constitute an integral part of structured products. Structured products may involve an element of leverage, so a relatively small movement in the value of the relevant underlying asset or index can have a significant effect on the value of a structured product. Structured products are often high risk investments and investors can face the risk of losing some or all of the money invested in them.

Structured products are generally not traded on regulated markets, with investors taking the risk taken on the counterparty issuing the structure. In the absence of a recognised market for structured products, it can be difficult for investors to obtain reliable information about the value of their investments and the extent of the risks to which they are exposed; the lack of a recognised market and the customised nature of structured products may also negatively affect the liquidity of the structured product.

Further information about the specific risks associated with particular structured products may be made available to you at the time of your investment.

## 8. FOREIGN EXCHANGE TRADING

Engaging in foreign exchange ("fx") trading (buying one currency in exchange for another) exposes investors to the risk of adverse changes in exchange rates. Exchange rates can be volatile and are driven by a variety of factors relating to the economies of the territories whose currencies are being traded.

The "gearing" or "leverage" often obtainable in fx trading means that a small deposit or down payment can lead to large losses as well as gains. Some fx transactions have a contingent liability, which means that investors may be liable for margin to maintain their position and losses may be sustained well in excess of the premium received. Investors may sustain a total loss of any margin they deposit to establish or maintain a position. If the market moves against an investor, it may be called upon to pay substantial additional margin at short notice to maintain the position. If an investor fails to do so within the time required, its position may be liquidated at a loss and it will be responsible for the resulting deficit.

SNEL's 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.

## **PART III: GENERIC RISK TYPES**

### **1. GENERAL**

The price or value of an investment will depend on fluctuations in the financial markets outside of anyone's control. Past performance is no indicator of future performance.

The nature and extent of investment risks varies between countries and from investment to investment. These investment risks will vary with, amongst other things, the type of investment being made, including how the financial products have been created or their terms drafted, the needs and objectives of particular investors, the manner in which a particular investment is made or offered, sold or traded, the location or domicile of the issuer, the diversification or concentration in a portfolio (e.g. the amount invested in any one currency, security, country or issuer), the complexity of the transaction and the use of leverage.

The risk types set out below could have an impact on each type of investment:

### **2. LIQUIDITY**

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

### **3. CREDIT RISK**

Credit risk is the risk of loss caused by borrowers, bond obligors, guarantors, or counterparties failing to fulfil their obligations or the risk of such parties' credit quality deteriorating. Exposure to the credit risk of one or more reference entities is particularly relevant to any credit linked product such as credit linked notes, and the potential losses which may be sustained, and the frequency and likelihood of such losses occurring, when investing in credit links products may be substantially greater than when investing in an obligation of the reference entity itself.

### **4. MARKET RISK**

#### **4.1 General**

The price of investments goes up and down depending on market supply and demand, investor perception and the prices of any underlying or allied investments or, indeed, sector, political and economic factors. These can be totally unpredictable.

#### **4.2 Overseas markets**

Any overseas investment or investment with an overseas element can be subject to the risks of overseas markets which may involve different risks from those of the home market of the investor. In some cases the risks will be greater. The potential for profit or loss from transactions on foreign markets or in overseas denominated contracts will be affected by fluctuations in overseas exchange rates.

#### **4.3 Emerging Markets**

Price volatility in emerging markets, in particular, can be extreme. Price discrepancies, low trading volumes and wide pricing spreads can be common and unpredictable movements in the market not uncommon. Additionally, as news about a country becomes available, the financial markets may react with dramatic upswings and/or downswings in prices during a very short period of time. Emerging markets generally lack the level of transparency, liquidity, efficiency, market infrastructure, legal certainty and regulation found in more developed markets. For example, these markets might not have regulations governing market or price manipulation and insider trading or other provisions designed to "level the playing field" with respect to the availability of information and the use or misuse thereof in such markets. They may also be affected by sector, economic and political risk. It may be difficult to employ certain risk and legal uncertainty

management practices for emerging markets investments, such as forward currency exchange contracts or derivatives. The impact of the imposition or removal of foreign exchange controls at any time should be considered, as well as potential difficulties in repatriation of assets. The risks associated with nationalisation or expropriation of assets, the imposition of confiscatory or punitive taxation, restrictions on investments by foreigners in an emerging market, sanctions, war and revolution should also be considered.

#### **5. CLEARING HOUSE PROTECTIONS/SETTLEMENT RISK**

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

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

#### **6. INSOLVENCY**

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

#### **7. CURRENCY RISK**

In respect of any foreign exchange transactions and transactions in derivatives and securities that are denominated in a currency other than that in which your account is denominated, a movement in exchange rates may have a favourable or an unfavourable effect on the gain or loss achieved on such transactions.

The weakening of a country's currency relative to a benchmark currency or the currency of your portfolio will negatively affect the value of an investment denominated in that currency. Currency valuations are linked to a host of economic, social and political factors and can fluctuate greatly, even during intra-day trading. Some countries have foreign exchange controls which may include the suspension of the ability to exchange or transfer currency, or the devaluation of the currency. Hedging can increase or decrease the exposure to any one currency, but may not eliminate completely exposure to changing currency values.

#### **8. INTEREST RATE RISK**

Interest rates can rise as well as fall. A risk with interest rates is that the relative value of a security, especially a bond, will worsen due to an interest rate increase. This could impact negatively on other products. There are additional interest rate related risks in relation to floating rate instruments and fixed rate instruments; interest income on floating rate instruments cannot be anticipated. Due to varying interest income, investors are not able to determine a definite yield of floating rate instruments at the time they purchase them, so that their return on investment cannot be compared with that of investments having longer fixed interest periods. If the terms and conditions of the relevant instruments provide for frequent interest payment dates, investors are exposed to the reinvestment risk if market interest rates decline. That is, investors may reinvest the interest income paid to them only at the relevant lower interest rates then prevailing.

Changes in market interest rates have a substantially stronger impact on the prices of zero coupon bonds than on the prices of ordinary bonds because the discounted issue prices are substantially below par. If market interest rates increase, zero coupon bonds can suffer higher price losses than other bonds having the same maturity and credit rating.

#### **9. REGULATORY/LEGAL RISK**

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



Returns on all, and particularly new, investments are at risk from regulatory or legal actions and changes which can, amongst other issues, alter the profit potential of an investment. Legal changes could even have the effect that a previously acceptable investment becomes illegal. Changes to related issues such as tax may also occur and could have a large impact on profitability. Such risk is unpredictable and can depend on numerous political, economic and other factors.

For this reason, this risk is greater in emerging markets but does apply everywhere. In emerging markets, there is generally less government supervision and regulation of business and industry practices, stock exchanges and over-the-counter markets.

The type of laws and regulations with which investors are familiar in the UK may not exist in some places, and where they do, may be subject to inconsistent or arbitrary application or interpretation and may be changed with retroactive effect. Both the independence of judicial systems and their immunity from economic, political or nationalistic influences remain largely untested in many countries. Judges and courts in many countries are generally inexperienced in the areas of business and corporate law. Companies are exposed to the risk that legislatures will revise established law solely in response to economic or political pressure or popular discontent. There is no guarantee that an overseas investor would obtain a satisfactory remedy in local courts in case of a breach of local laws or regulations or a dispute over ownership of assets. An investor may also encounter difficulties in pursuing legal remedies or in obtaining and enforcing judgments in overseas courts.

#### **10. OPERATIONAL RISK**

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

#### **11. CONFLICTS**

In the ordinary course of their respective businesses, SNEL and any of its Associated Companies, will be subject to various actual and potential conflicts of interest which may operate against your interests.

### **PART IV: TRANSACTION AND SERVICE RISKS**

#### **1. CONTINGENT LIABILITY INVESTMENT TRANSACTIONS**

Contingent liability investment transactions, which are margined, require you to make a series of payments against the purchase price, instead of paying the whole purchase price immediately.

If you trade in futures, contracts for differences or sell options, you may sustain a total loss of the margin you deposit with your firm to establish or maintain a position. If the market moves against you, you may be called upon to pay substantial additional margin at short notice to maintain the position. If you fail to do so within the time required, your position may be liquidated at a loss and you must 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.

#### **2. COLLATERAL**

- 2.1 If you deposit collateral as security with a firm, the way in which it will be treated will vary according to the type of transaction and where it is traded and the terms of any product contract you have entered into with us. There could be significant differences in the treatment of your collateral, depending on whether you are trading on a regulated market (see 4 below), with the rules of that exchange (and the associated clearing house) applying, or trading on another exchange or, indeed, off-exchange. Deposited collateral may lose its identity as your property once dealings on your behalf are undertaken. 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. You should ascertain from the firm how your collateral will be dealt with.

#### **3. SHORT SALES**

Selling "short" means to sell financial instruments that you do not own at the time of the sale. The seller has an obligation to deliver the product sold at the settlement date which will generally be a few days later than the trade date, so he will either go into the market to buy the relevant financial instruments for

delivery or he will "borrow" the relevant financial instruments under a stock lending arrangement (for further detail on this see 11 below).

Short selling is a technique used by investors who want to try to profit from the falling price of a financial instrument. If the price of the financial instrument drops after the investor has sold short (in other words at the time when he is buying or borrowing the relevant financial instruments for delivery), the investor will make a profit. If however the price of the financial instrument rises after the investor has sold short, the investor will have automatically made a loss, and the loss has the potential to get bigger and bigger if the price of the financial instrument continues to rise before the investor has gone into the market to buy or borrow the financial instrument to settle the short sale.

#### **4. OFF-EXCHANGE TRANSACTIONS**

FCA has categorised certain exchanges as recognised or designated investment exchanges. A list of these exchanges can be found on the FCA website. Transactions which are traded elsewhere may be exposed to substantially greater risks.

#### **5. LIMITED LIABILITY TRANSACTIONS**

Before entering into a limited liability transaction, you should obtain from the firm a formal written statement confirming that the extent of your loss liability on each transaction will be limited to an amount agreed by you before you enter into the transaction.

The amount you can lose in limited liability transactions will be less than in other margined transactions, which have no predetermined loss limit. Nevertheless, even though the extent of loss will be subject to the agreed limit, you may sustain the loss in a relatively short time. Your loss may be limited, but the risk of sustaining a total loss to the amount agreed is substantial.

#### **6. COMMISSIONS/TRANSACTION COSTS**

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

When products are purchased or sold, several types of incidental costs (including transaction fees and commissions) are incurred in addition to the current price of the security. These incidental costs may significantly reduce or even exclude the profit potential of the products. For instance, credit institutions as a rule charge their clients for own commissions which are either fixed minimum commissions or pro-rata commissions depending on the order value. To the extent that additional domestic or foreign parties are involved in the execution of an order, including but not limited to domestic dealers or brokers in foreign markets, you must take into account that you may also be charged for the brokerage fees, commissions and other fees and expenses of such parties (third party costs).

In addition to such costs directly related to the purchase of products (direct costs), you must also take into account any follow-up costs (such as custody fees). You should inform yourself about any additional costs incurred in connection with the purchase, custody or sale of an investment before investing. The effect of transaction costs (for example on a new issue of securities) may result in the issue price of such securities falling below the market value when trading starts.

#### **7. SUSPENSIONS OF TRADING AND GREY MARKET INVESTMENTS**

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

Transactions may not be entered into in:

- (a) A security whose listing on an exchange is suspended, or the listing of or dealings in which have been discontinued, or which is subject to an exchange announcement suspending or prohibiting dealings; or
- (b) A grey market security, which is a security for which application has been made for listing or admission to dealings on an exchange where the security's listing or admission has not yet taken place (otherwise than because the application has been rejected) and the security is not already listed or admitted to dealings on another exchange.

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

## 8. CASH AND PROPERTY

You should familiarise yourself with the protections accorded to you in respect of money or other property you deposit for domestic and foreign transactions, particularly in the event of a firm insolvency or bankruptcy.

Where we hold money for you as Client Money (as defined in Schedule 4), your Client Money may be held by a third party on our behalf, including banks, OTC counterparties, settlement agents, intermediate brokers, Exchanges, Clearing Systems, sub-custodians, CSDs, depositories, agents and nominees (each a "**Third Party**"). Except as specifically provided in the Terms, SNEL will not be liable for any acts or omissions of any Third Party.

Where your Client Money is held overseas, there may be different legal and regulatory requirements from those applying in the UK and your rights may differ from those you would have in the UK.

In the event of insolvency or default of a Third Party, you may not recover all of your Client Money. In some jurisdictions compensation schemes may offer protections in connection with investments to certain types of claimants in the event that they suffer a financial loss as a consequence of a person being unable to meet its liabilities. The protections available may be different from the protections afforded to clients under the UK's Financial Services Compensation Scheme and the compensation schemes may also have different rules governing qualification for compensation, limits to the level of protection provided and procedures and time limits for making claims for compensation. In some cases overseas compensation schemes may prioritise local investors over non-local investors.

We will, where possible, direct that your Client Money that is deposited with a Third Party is identifiable separately from our property and from those belonging to that Third Party (for instance, by differently titled accounts or other equivalent measures that achieve the same level of protection). However, in some jurisdictions it may not be possible under national law for your property to be separately identifiable from our assets or those of the Third Party. In these circumstances, there is a risk that your Client Money could be withdrawn or used to meet the obligations of the Third Party or lost altogether if the Third Party fails. On our failure (i.e. the appointment of a liquidator, receiver or administrator, or trustee in bankruptcy, or any equivalent procedure in any relevant jurisdiction), your Client Money may not be protected from claims made on behalf of our general creditors, the Third Party may challenge your rights to any Client Money and you may need to share in a shortfall.

Money or property held by us as collateral for your current or future, actual prospective or contingent obligations cease to be your assets and you will no longer have a proprietary claim over them. Such property will not be subject to the protections accorded to Client Money or held subject to the rules of the FCA's Client Assets Sourcebook or of another applicable regulator in safe custody (where they are financial instruments). The money or property become our assets and we can deal with them in our own right.

## 9. STABILISATION

Transactions may be carried out in securities where the price 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. Regulations allow stabilisation in order to help counter the fact that, when a new issue comes on to the market for the first time, the price can sometimes drop for a time before buyers are found.

Stabilisation is carried out by a 'stabilisation manager' (normally the firm chiefly responsible for bringing a new issue to market). As long as the stabilising manager follows a strict set of rules, he is entitled to buy back securities that were previously sold to investors or allotted to institutions which have decided not to keep them. The effect of this may be to keep the price at a higher level than it would otherwise be during the period of stabilisation.

The Stabilisation Rules:

- (a) Limit the period when a stabilising manager may stabilise a new issue;
- (b) Fix the price at which he may stabilise (in the case of shares and warrants but not bonds); and
- (c) Require him to disclose that he may be stabilising but not that he is actually doing so.

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.

**10. NON-READILY REALISABLE INVESTMENTS**

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

**11. STOCK LENDING/REPOS**

The effect of lending (or 'repo'ing') securities to a third party is to transfer title to them to the borrower (or repo purchaser) for the period that they are lent (or 'repo'ed'). At the end of the period, subject to default of the borrower (or 'repo' purchaser), the lender (or 'repo' seller) receives back securities of the same issuer and type. The borrower's (or 'repo' purchaser's) obligation to transfer equivalent securities is secured against collateral (which is usually transferred by a title transfer mechanism pursuant to market standard agreements). There is, accordingly, credit risk. Lending (or 'repo'ing') securities may affect your tax position.

**12. STRATEGIES**

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

**Part V: EMERGING MARKET INVESTMENT RISKS**

**1. Poor enforcement of securities trading rules**

Emerging markets may be less rigorous than developed markets in prosecuting insider trading and market manipulation. This may lead to market inefficiencies, causing securities prices to fail to reflect their intrinsic value, particularly if trading is heavily influenced by those holding privileged information. Emerging markets can also be subject of excessive speculation, pushing prices away from fair levels.

**2. Lack of liquidity**

Emerging markets securities are generally less liquid to trade than those of developed economies. This low liquidity results an increased level of price uncertainty and may lead to higher trading costs. Investors who try to sell stocks in an illiquid market face substantial risks that their orders will not be filled at the current price, and those orders are more likely to go through at an unfavourable level.

**3. Settlement Risk**

Emerging markets typically have less developed securities settlement systems. Settlements of transactions might not operate through a central clearing house that provides assured settlement, meaning that you are exposed to the credit risk of the counterparty to your transaction. You may suffer delays in receipt of securities, as a consequence of which if you sell securities that you anticipate receiving but have yet to receive, you risk being unable to settle your transactions and so may be bought in on a failed transaction or suffer settlement penalties.

**4. Custodian risks**

For a holding of emerging market securities, a local custodian is typically required. Such a custodian may have weaker systems and controls to ensure that the securities are properly segregated and isolated from the risks of custodian bankruptcy and the risk of fraudulent transfer than would be the case in a developed market.

**5. Legal risks**

Emerging markets may be lacking in legal institutions, making access to justice slow and unreliable. This may make contracts difficult to enforce, weaken legal rights to assets, and make processes such as bankruptcy slower and produce lower recoveries. Well-connected locals may be able to influence judicial outcomes, adding to the difficulty of foreign parties in enforcing legal rights.

**6. Poor corporate governance**

Emerging markets may have fewer rules and less regulatory oversight of the management of companies. This increases the risk that the companies are managed for the benefit of connected insiders rather than the interests of investors as a whole.

#### **7. Lack of transparency**

Information about emerging markets investments may be less readily available than for developed markets and may be less reliable. Information about the investment may be subject to less analysis from research teams of investment firms, meaning that incorrect or market-sensitive information may get less scrutiny than that of equivalent entities in developed markets. Financial statements may be of lower quality and subject to lower standards of auditing.

#### **8. Currency exchange conversion risk**

If an emerging market country is suffering from capital flight, it may impose or increase restrictions on the ability of foreign investors to convert local currency into hard currency. This may make it impractical to repatriate the proceeds of an investment, which could be stranded in the country for an indefinite period. A further risk is that a dual exchange rate is imposed, with a better rate available for some local entities than for foreign investors, depressing returns.

#### **9. Political risk**

Emerging markets are often susceptible to political interference. This may take various forms, including pressure on companies to take actions that are against the interests of investors, imposition of punitive taxes, and, at the extreme, nationalisation with little or no compensation. Further, if the political environment is unstable, this may lower investment returns and worsen the creditworthiness of local firms.

### Schedule 3

#### **NOTIFICATION OF RESEARCH SERVICES PROVIDED BY STIFEL, NICOLAUS & COMPANY, INCORPORATED OR KEEFE, BRUYETTE & WOODS, INC.**

##### **WHEREAS:**

- (A) Stifel, Nicolaus & Company, Incorporated (“**SNC**”) is a U.S. broker-dealer registered with, and regulated by, the SEC (SEC#: 1447) and a member of FINRA (CRD#: 793). Keefe, Bruyette & Woods, Inc. (“**KBW Inc.**”) is a U.S. broker-dealer registered with, and regulated by, the SEC (SEC#: 10888) and a member of FINRA (CRD#: 481)
- (B) SNC or KBW Inc. may provide certain research services to you, subject to reasonable usage, reasonable access to research analysts and to the extent reasonably practicable, pursuant to these SNEL Terms, which may supplement or replace other agreements between you and SNC or KBW Inc. respectively, or provisions in such other agreements (the “**SNC Research Services**” and the “**KBW Inc. Research Services**”, respectively.)
- (C) SNC wishes to notify you of the additional terms upon which SNC Research Services will be provided by SNC to you.
- (D) KBW Inc. wishes to notify you of the additional terms upon which KBW Inc. Research Services will be provide by KBW Inc. to you.

##### **Definitions**

“**Applicable Regulations**” shall mean for the purposes of this Schedule 3 (i) the applicable laws, rules, regulations and no-action letters of each relevant U.S. and non-U.S. regulatory authority; (ii) the applicable U.S. and non-U.S. rules and policies of any relevant exchange, trading venue, trading platform, clearing house, regulatory or self-regulatory organisation; and (iii) all other applicable U.S. and non-U.S. laws, statutes, bylaws, rules, regulations, orders and rulings of all relevant government bodies and regulatory agencies.

“**FINRA**” means the U.S. Financial Industry Regulatory Authority;

“**Research Services**” means the SNC Research Services or KBW Inc. Research Services, respectively, all of which shall be subject to reasonable usage, reasonable access and to the extent reasonably practicable;

“**SEC**” means the U.S. Securities and Exchange Commission.

You acknowledge and agree that:

1. SNC or KBW Inc. (as the case may be) will provide the Research Services in accordance with the terms and conditions set out in these SNEL Terms and to the extent permitted by Applicable Regulations. You shall use the Research Services in connection with your provision of investment advisory and management services; and
2. The provision of SNC Research Services or KBW Inc. Research Services (as the case may be) alone shall terminate with immediate effect upon the withdrawal of the Response of the SEC Chief Counsel's Office, Division of Investment Management dated October 26, 2017 (as amended and supplemented from time to time) to the Securities Industry and Financial Markets Association, or other change in Applicable Regulations having substantially the same effect. The termination of SNC Research Services or KBW Research Services Inc. (as the case may be) does not affect a party's accrued rights and obligations at the date of such termination. For the avoidance of doubt, the termination of SNC Research Services or KBW Inc. Research Services shall not terminate any other provision of service under these SNEL Terms, unless otherwise agreed in writing by both parties.

## Schedule 4

### CLIENT MONEY SERVICES

#### 1 **Client Money**

To the extent that money (“**Client Money**”) is received by us from you or held by us on your behalf, we will treat money by us on your behalf in accordance with the FCA’s client money rules contained in the FCA Handbook of Rules and Guidance (“**Client Money Rules**”).

#### 2 **Deposit with EEA or non-EEA bank, or holding money with other permitted third parties**

2.1 Subject to the provisions in this Schedule 4, we will deposit money received from you with:

2.1.1 a central bank,

2.1.2 a credit institution incorporated in an EEA state; or

2.1.3 a bank authorised in a non-EEA state.

2.2 We may allow another third party (for example, a clearing house or intermediate broker) to hold Client Money in order to effect one or more Transactions through or with that person or to satisfy your obligation to provide collateral in respect of a Transaction.

2.3 We may hold Client Money held for you with any bank or other third party in an omnibus account.

2.4 We have no responsibility or liability for:

2.4.1 any acts or omissions of any bank, credit institution or other third party with which we hold money received from you; or

2.4.2 any bank, credit institution or other third party in the event of the insolvency or analogous proceedings in relation to the relevant entity.

In the event described in paragraph 2.4.2 above, we will only have an unsecured claim against the third party on behalf of you and our other clients, and you will be exposed to the risk that the money received by us from the third party is insufficient to satisfy the claims of you and other clients in respect of the relevant account with that third party.

#### 3 **Transfer of Client Money where Client Money Rules cease to apply**

Where we transfer money held for you out of the relevant Client Money account to a third party on your instructions (other than where the transfer is to another Client Money account of ours), this will involve a transfer of full ownership of the money to that third party, in which case you will no longer have a proprietary claim to that money and the transferee may deal with it in its own right.

#### 4 **Interest**

No interest shall be payable to you in respect of Client Money held by us on your behalf.

#### 5 **Overseas banks, intermediate broker, settlement agent or OTC counterparty**

We may hold Client Money on your behalf with a bank or other person outside the EEA. The legal and regulatory regime applying to any such bank or person will be different from that of the United Kingdom and, in the event of the insolvency or any other analogous proceedings in relation to that bank or person, your money may be treated differently from the treatment which would apply if the money was held with a bank or other person in an appropriate account in the United Kingdom.

#### 6 **Depository's lien**

We may deposit your money with a depository who may have a security interest, lien or right of set-off in relation to that money in certain circumstances to the extent permitted by the FCA Rules.

**7 Right of application of Client Money**

7.1 In accordance with the Client Money Rules:

- 7.1.1 we may cease to treat as Client Money an amount of the Client Money held by us for you that is equal to the amount of any obligations due and payable by you to us;
- 7.1.2 we may apply that money in or towards satisfaction of those obligations of you; and
- 7.1.3 any such obligations of you become immediately due and payable by you to us, without notice or demand by us, when incurred by you or on your behalf.

**8 Additional security**

As a continuing security for the payment and discharge of any obligations owed by you to us, you grant to us, with full title guarantee, a first fixed security interest in all right, title and interest you have in respect of money that we hold for you as Client Money in accordance with the Client Money Rules. We may enforce that security interest by applying that Client Money in or towards satisfaction of all or any part of the obligations of you which are due and payable to us but unpaid.

**9 Unclaimed Client Money**

9.1 We may, in its sole discretion, decide to pay to a registered charity of its choice any money that we hold for you as Client Money, and in that case we will cease to treat that money as Client Money, if:

- 9.1.1 there has been no movement on your balance for six years (other than any payments or receipts of charges, interest or similar items); and
- 9.1.2 we have been unable to contact you having taken reasonable steps in accordance with the Client Money Rules to trace you and return the money.

9.2 In the circumstances set out in paragraph 9.1 above, we unconditionally undertakes to pay you (or ensure that a member of its group unconditionally undertakes to pay you) a sum equal to the relevant Client Money balance paid to charity if you seek to claim the Client Money balance in future.

**10 Statements**

You may request at any time a statement of the Client Money held by us for you under this Agreement in accordance with the Client Money Rules. We may charge a commercial fee for providing such a statement.