



Terms of Business

Investment Services

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Section A

General Terms

The Isle of Man Financial Services Rulebook as defined below requires licence holders to classify their clients as either 'retail' or 'non-retail'. The requirement to classify clients correctly is important as they have different levels of regulatory protections afforded to them.

Capital International Limited has considered the following definitions:

Retail

Any natural person/individual clients not deemed to be a non-retail client.

Non-Retail

Legal entities, corporate, trustee, institutional, and charity clients, professional/sufficiently experienced and sophisticated investors and execution only clients.

1.0 Definitions

- 1.1 In these Terms of Business 'we', 'our' or 'us' means Capital International Limited, a company incorporated in the Isle of Man, which is licensed by the Isle of Man Financial Services Authority and is a member of the London Stock Exchange and whose registered office and principal place of business is Capital House, Circular Road, Douglas, Isle of Man, IM1 1AG, British Isles. 'You' and 'your' means the Client to whom they are addressed. In addition certain words are used with a specific meaning. The meanings of these words are as set out below:
- 1.1.1 Business Day - a weekday, other than a Saturday, on which the London Stock Exchange shall be open for business;
- 1.1.2 Business Hours - 08.00am to 17.30pm GMT/BST on any Business Day or such other hours as may be notified from time to time and normally restricted to the hours that the London Stock Exchange is open for business;
- 1.1.3 CINL - means Capital International (Nominees) Limited, a company incorporated in the Isle of Man whose registered office is Capital House, Circular Road, Douglas, Isle of Man, IM1 1AG. CINL is a wholly owned subsidiary of Capital International Limited.
- 1.1.4 The Rulebook - means the Isle of Man Financial Services Act 2008 Financial Services Rulebook as amended from time to time;
- 1.1.5 Remuneration - means the client agreed remuneration, or commission rates and fees, as published by us or agreed between us and you from time to time;
- (a) Any company in which the licence holder holds more than 20% of the equity shares; or
- (b) A company, other than a subsidiary, over which the licence holder is able to exercise a significant influence, and in which the licence holder's interest is either:
- (i) Effectively that of a partner in a joint venture or consortium; or
- (ii) Both long-term and substantial.
- 1.1.7 Investments - means the investments referred to in Clause 2 headed "Services";
- 1.1.8 IOM - means the Isle of Man, a Crown Dependency of the United Kingdom;
- 1.1.9 Terms of Business - means the Terms of Business of Capital International Limited as set out in this document and as amended from time to time;
- 1.1.10 FSA - means the Isle of Man Financial Services Authority. The address of the FSA is PO Box 58, Finch Hill House, Bucks Road, Douglas, Isle of Man, IM99 1DT;
- 1.1.11 PEP - means Politically Exposed Person: any person including their family and close associates who are entrusted with prominent public functions. These include, but are not limited to being past or present senior political figures in executive, legislative, administrative, military or judicial branches of any Government, including senior figures in Government owned or sponsored corporations, partnerships or trusts, a member of a court of auditors or the board of a central bank or an ambassador, chargé d'affaires or other high ranking officer in a diplomatic service;
- 1.1.12 Eligible Custodian - either CINL or any settlement and custody agent appointed from time to time with or without your agreement and whose details are notified to you;
- 1.1.13 Your Agreement with us - means the Terms of Business, the accompanying Product Application Form(s) and Due Diligence Form, Entity Self Certification Form (as appropriate) duly completed by you and returned to us; our Tariff Sheet, and our Welcome Letter confirming the opening of the Account, together with any other accompanying documentation which may include a Privacy Notice, Risk Warning Notices, Suitability Questionnaires, Form W-8 or Form W-9; and thereafter any subsequent variations agreed between us and you, to include new or additional information provided to us by you, and upon which you expect us to rely or as may be published by us on our website and notified to you from time to time;
- 1.1.14 UK - means the United Kingdom of Great Britain and Northern Ireland;
- 1.1.15 Recognised Bank – means a bank which holds a licence issued by the FSA for deposit taking, or is authorised under the law of another acceptable country or territory to carry on activities corresponding to deposit taking;
- 1.1.16 £ and/or Sterling - means the lawful currency of the United Kingdom.
- #### 2.0 Services
- 2.1 We will provide Discretionary or Execution Only Services in respect of the Investments set out below. We will follow the Investment Guidelines that you have indicated in the Product Application Form, save as may be varied by mutual agreement from time to time. In addition, where available, we provide research materials upon request, and via an Eligible Custodian, Nominee Registration Facilities, Valuation and Safe Custody Services. No advice will be given in respect of an Execution Only Service.

- 2.2 The Investments to which these Terms of Business apply are:
- 2.2.1 Shares in British or Foreign Companies;
 - 2.2.2 Debentures and Loan Stocks, Bonds, Notes, Certificates of Deposit, Commercial Paper or other Debt instruments including Government, Public Agency, Municipal and Corporate Issues;
 - 2.2.3 Warrants to subscribe for investments falling within 2.2.1 and 2.2.2 above;
 - 2.2.4 Depository receipts or other types of instrument relating to investments falling within 2.2.1, 2.2.2 and 2.2.3 above;
 - 2.2.5 Unit Trusts, OEICs, Mutual Funds and similar schemes in the United Kingdom or elsewhere;
 - 2.2.6 Options on investments falling within 2.2.1 and 2.2.2 above, providing the relating transaction has no contingent liability;
 - 2.2.7 Investments which are similar or related to any of the above;
 - 2.2.8 Warrants, Traded Options, Spread-Bets, Contracts for Differences and other Derivative Products provided that you have first completed the appropriate risk warning notice.
- 3.0 Execution Only Service**
- 3.1 Where you choose our Execution Only service, we will not advise you about the merits of a particular transaction and you will not expect to receive such advice.
- 3.2 It should be noted that by undertaking activities on an execution only basis we will prescribe you as a Non-Retail client, and as a consequence this reduces the level of investor protection to you.
- 3.3 Pursuant to Rules 6.17 and 6.42 of the Rulebook Rules 6.32 and 6.37-39 will not apply to you. See Section B of these Terms of Business.
- 3.4 If received within business hours, we will normally execute your orders to buy or sell investments as soon as is practicable after receipt that same business day. If we receive an order or orders outside business hours or with insufficient time to execute them that business day (having regard to the normal market trading hours for the exchange in which the order is to be executed), we will execute them at the earliest practical opportunity on the next business day following the start of normal market trading hours (unless the order is time limited and has expired), although we may not necessarily be able to obtain the opening market price.
- 3.5 You should note that the volatility in price movements and the spread between buying and selling prices may be greater when the market first opens than at other times of day.
- 3.6 Orders may be subject to any price limits or restrictions that you may specify from time to time (hereinafter referred to as your "requirement"). We will use our best endeavours to accommodate your requirements and will notify you if we are unable so to do. Any transaction that we enter into will be subject to the rules and customs of the relevant exchange and/or market. We will use our best endeavours to comply with our obligations of timely execution under the Rulebook.
- 3.7 It is important to note that we will NOT undertake on your behalf the following transactions:
- 3.7.1 The sale of securities which you do not own e.g. short or uncovered bear sales, unless falling within 2.2.8 above;
 - 3.7.2 Writing of options unless falling within 2.2.6 above;
 - 3.7.3 Writing of futures;
 - 3.7.4 Purchase and sale of bullion and coin;
 - 3.7.5 Purchase and sale of commodities;
 - 3.7.6 Purchase and sale of currency for speculative purposes;
 - 3.7.7 Bearer shares.
- 3.8 However, we may provide specialist dealing services upon mutual agreement in writing between us and you.
- 3.9 In the event that you give us instructions in connection with a 'money up front' collective investment or fund or unit trust, you do so on the basis that you understand the risks which this entails and that we shall not be liable to you of responsibility for any loss which may arise from the non-receipt of a contract note until settlement day, or the failure of the entity between placing the trade and the contractual settlement date.
- 3.10 In the event that you do not use our nominee service you warrant that in providing us with instructions to buy or sell an investment you do so on the basis that you have specified the correct settlement market for the investment as held by your external custodian and that you understand the risks that this entail. We shall not be liable to you for responsibility for any loss which may arise from a failure of the transaction to settle and that in the event that the instruction proves to be incorrect in any way, you accept responsibility for all or any loss incurred by us as a consequence and will indemnify us accordingly.
- 3.11 You have the right upon giving reasonable written notice to the Risk & Compliance Director to request details of any relevant educational and professional qualifications and the experience and track record of Capital International Limited or any employee directly engaged in providing services to you.
- 4.0 Discretionary Investment Management Service**
- 4.1 If you so choose we will provide a discretionary investment management service in accordance with the terms set out at Section F hereof
- 5.0 Market Abuse**
- 5.1 Each time you open or close a trade, you represent and warrant to us that:
- 5.1.1 You will not place and have not placed a trade with us relating to a particular company if to do so would result in you, or others with whom you are, or may reasonably be regarded as, acting in concert, having an exposure to that company which is equal to or exceeds the amount of a declarable interest in the relevant company. For this purpose, the level of a declarable interest will be the prevailing level at the material time, set by law, rule or regulation or by the Exchange(s) upon which the company is listed;
 - 5.1.2 You will not place and have not placed a trade with us in connection with a placing, issue, distribution or other analogous event, or an offer, takeover, merger or other analogous event in which you are involved or otherwise interested;
 - 5.1.3 You will not place and have not placed a trade that contravenes any law, rule or regulation against insider dealing or market abuse. For the purposes of this clause you agree that we may proceed on the basis that, when you open or close a trade with us in a company, you may be treated as 'dealing in securities' within the meaning of any law, rule or regulation against market abuse; and
 - 5.1.4 You will not otherwise place and have not placed a trade in circumstances which may be considered to constitute market abuse.
- 6.0 Your Warranty & Obligations**
- 6.1 By signing the Product Application Form you agree that you have read these Terms of Business and any others which specifically relate to the product or service chosen by you and agree to be

- unconditionally bound by them as the same may be amended varied or supplemented from time to time in accordance with your Agreement with us.
- 6.2 Save as otherwise disclosed by you to us, you warrant that you have full and unfettered powers to employ us in accordance with your terms of business and you further warrant and represent to us that your investments are, and for the duration of your terms of business will remain, free from any lien, charge or other encumbrance.
- 6.3 In choosing our nominee services you confirm that we have your authority to engage, pursuant to the Rulebook, CINL and/ or any agent to provide settlement, safe custody, nominee and associated services for you to give instructions to the agent on your behalf and that you agree to be bound by the obligations of that agent as set out in these Terms of Business and any accompanying agent's terms.
- 6.4 You must complete the Product Application Form and supply all documentation and information that we request to meet our account opening procedures and to comply with anti-money laundering and countering the financing of terrorism legislation.
- 6.5 You must inform us immediately in writing of any changes to the details of your personal or financial circumstances as given either in the course of application or at any subsequent date including but not limited to any change of name, address or contact details, and if you are a company, a partnership, a trust or an unincorporated association, any change in your constitution or equivalent or in the composition, identity or addresses of parties connected to your account such as your officers, signatories, owner(s), controllers and beneficiaries as are applicable, and to provide us with documentary evidence of the change on request.
- 6.6 Your account will not be operational until we are satisfied that our legal obligations have been fulfilled. We also reserve the right to request information and documentation regarding any transaction. Further, if we request information from you including documentary evidence pursuant to our legal obligations, we may in our absolute discretion restrict or suspend the operation of your account or the availability of services until we are satisfied that our legal obligations have been fulfilled.
- 6.7 If you have been introduced to us by an intermediary who acts as your financial adviser, you must notify us if that relationship ceases. Further, you acknowledge that where you employ a financial adviser who has introduced you to us and who will manage or advise on your account with us we shall not be responsible for assessing whether or not the product or service associated with your Product Application Form is suitable for you.
- 6.8 You warrant that you will disclose your status as a Politically Exposed Person as defined at the front of this document under 'Definitions'.
- 6.9 You undertake, if so required by us, to maintain a level of cash in your account sufficient to cover the then anticipated next 12 months custody, administration or other fees.
- 6.10 For security purposes, you are required to nominate a suitable password which may be required to operate your account. It is your responsibility to keep the details of this password secure as neither we nor our employees, sub-contractors, agents and delegates shall be liable for any loss suffered due to its unauthorised use.
- 7.0 Right to Refuse to Open an Account; or Accept an Instruction; or Receive New Monies**
- 7.1 We reserve the right to refuse to accept funds for investment, to refuse to accept an instruction, and to refuse to open an account without giving prior written notice and without giving a reason for any such decision.
- 7.2 We reserve the right to refuse to act on instructions which would result in your account going overdrawn unless the overdraft has been authorised in writing in advance by us.
- 7.3 We reserve the right in our absolute discretion, and without being under any obligation to inform you of our reason for doing so, close any trades that you may have open or refuse to accept any instruction or funds for investment in any circumstances where:
- 7.3.1 We have enquired into any transaction for purposes such as, but not limited to, the prevention of fraud or crime and have not received such information or explanation as we consider necessary in the circumstances; or
- 7.3.2 We suspect or have reasonable grounds to suspect that your account is being used in relation to, or in connection with, any improper purpose or any criminal, fraudulent or other similar purpose; or
- 7.3.3 If the instruction or receipt of funds for investment was accepted and effected by us, that transaction could give rise to some liability (civil or criminal) on our part or any employee or associated person of ours; or
- 7.3.4 We have been informed by any court or governmental authority of any jurisdiction that you have, may have, or could have, if such instruction or funds for investment was accepted, funds invested with us that are the proceeds of a crime committed or believed to be committed under the laws of any jurisdiction.
- 7.4 For the purposes of this Clause 7 only, references to "governmental authority" includes any national, state, municipal, local or other government, or any subdivision, agency commission or authority thereof (including any administrative or enforcement body).
- 8.0 CSDR, Events of Default & Closure of Accounts**
- 8.1 The Central Securities Depositories Regulation (CSDR) is part of wider EU regulatory reforms, including the European Market Infrastructure Regulation (EMIR) and Markets in Financial Instruments Directive II (MiFID II), which caused a review of the entire securities and capital markets structure, with a view to improving the functioning and stability of the financial markets. In particular this has resulted in shorter settlement periods, mandatory buy-ins and cash penalties for settlement failures.
- 8.2 An event of default shall be inter alia one or more of the following:
- 8.2.1 a failure by you to deliver either cash or securities when due in respect of any transaction which we are to settle as your agent; or
- 8.2.2 that you do not take all such steps as may reasonably be necessary to secure the due and prompt execution and settlement of such transactions; or
- 8.2.3 a failure by your external custodian to deliver either cash or securities when due in respect of any transaction which we have transacted on your behalf; or
- 8.2.4 a failure by you to correctly identify the correct settlement market in your instruction to enter into a transaction on your behalf; or
- 8.2.5 that your external custodian does not take all such steps as may reasonably be necessary to secure the due and prompt execution and settlement of such transactions.
- 8.3 In the event that we, CINL or an Eligible Custodian suffer an Event of Default as described at 8.2 above, we may without prior

reference to you take one or more of the following actions:

- 8.3.1 Require immediate payment of any amounts you owe us, including any financial penalty imposed by virtue of the mandatory buy-in notice regime;
 - 8.3.2 If the Base Currency of your Account is a currency other than Pounds Sterling, convert any balance to Pounds Sterling;
 - 8.3.3 Cancel, close out, terminate or reverse all or any orders or open trades; and
 - 8.3.4 Sell, charge, pledge or otherwise dispose of any investment held for you at whatever the best price reasonably obtainable and in whatever manner we see fit, in its absolute discretion without being responsible for any loss or diminution in price in the absence of negligence, fraud or wilful default;
 - 8.3.5 Enter into any other transaction or do or not do anything (including application of client money held for you) which would or could have the effect of reducing or eliminating liability under any transaction, position or commitment undertaken for you;
 - 8.3.6 Exercise a right of set-off and apply (having given you reasonable notice) any credit balance on your account and any interest on it, towards the satisfaction of any sum which is due from you to us;
 - 8.3.7 Suspend your Account and refuse to execute any trades or Orders;
 - 8.3.8 Terminate this Agreement;
 - 8.3.9 Require you to charge your investments to us in such manner as may reasonably be required by us in order to protect our position.
- 8.4 Without limiting any right to terminate this Agreement at any time, we may close your account in the following circumstances:
- (a) You fail to pay any amount owed to us on time;
 - (b) Any information supplied by you during the application process or at any other time is found or believed to be misleading or false;
 - (c) Your trading or account activity is of such a size or style that we no longer wish to deal with you;
 - (d) We have reasonable grounds for suspecting the activity on your account may have involved market abuse, money laundering or any criminal activity;
 - (e) We are in an ongoing dispute with you and decide that we are unable to continue to provide services to you; or
 - (f) You are abusive to our staff, which for the avoidance of doubt shall include activity which inter alia includes bullying or the exertion of undue influence or pressure in the exercise of their duties.
- 8.5 Upon giving you notice of our intention to close your account pursuant to in this clause, you will not be permitted to open any new trades and you will only be entitled to make trades or otherwise deal as a client insofar as necessary to close all open trades. We may close any trades remaining open 10 business days after the date on which we give you notice.
- 8.6 In the event of termination under these circumstances we reserve the right to recover from you any costs incurred by us in connection with the transfer of your assets (if any) to a new custodian as reasonably directed by you. If you make no such request we will take steps to re-register your assets into your

name and to transfer your cash to you at our discretion.

9.0 Our Fees

- 9.1 Our commission and other charges for dealing, safe custody and investment management services are set out in our current Tariff Sheets and are subject to review as described therein. Our charges may be shared with a third party including an associated company and if so that will be shown on the relevant contract note or advice sent to you. In addition, we may also charge you for any out of pocket expenses which we or our sub-custodian (Eligible Custodian) may incur in connection with the provision of our respective services under this Agreement, together with interest thereon (see 9.5 below).
 - 9.2 Management fees are calculated in accordance with our agreements with you, and are to include VAT where appropriate. You will be notified by way of an invoice or statement of account on a quarterly basis and fees will be deducted from your account accordingly.
 - 9.3 Cash withdrawals can be made in any major convertible currency. There is a charge for any cash withdrawals which are based on current bank charges but can change with market exchange rates.
 - 9.4 No charges, other than those mentioned above or as stated on the Tariff sheet, will be applied if your transactions are dealt with in accordance with the Terms of Business herein.
 - 9.5 We reserve the right, upon giving not less than 30 days' notice, to amend our charging structure or introduce additional charges or fees from time to time.
 - 9.6 Debit interest may be charged without notice at a rate up to 3% per annum above UK and local base rates as adjusted from time to time in respect of:
 - a) Any account which becomes overdrawn; or
 - b) Any monies which remain outstanding or unpaid in respect of any delay in settlement or non-settlement of a transaction; or
 - c) Any fees or charges due from you in respect of the services provided. If we incur higher interest charges on your behalf with an Eligible Custodian, we reserve the right to recover those interest charges from your account.
 - 9.7 The fees payable by you to us may be supplemental to, or abated by, other remuneration receivable by us in connection with a transaction on your behalf.
 - 9.8 We reserve the right, without notice to you, to effect transactions on your behalf and at your expense for the purpose of reducing fees which are outstanding and due to us.
 - 9.9 In particular, and in respect of certain asset classes we may receive trail commission from time to time. Levels of commission that we receive from counterparties vary. A simple example of its calculation can be illustrated as follows:

Value of Holding: £100,000 Trail Commission Rate: 0.25%

100,000 x 0.25% = £250 per annum in trail commission

Details and a summary of remuneration received by us can be made available upon written request.
 - 9.10 You are able to notify us at any time that you wish to change to a different charging structure and we will apply the new commission rates and safe custody fees from the start of the next quarterly
- ### 9.11 Redemption Credit Account
- 9.12 A redemption credit account ('RCA') allows you to pay initial

adviser and setup charges over a period of time out of your agreed annual management charge. The specific RCA terms will be agreed with you and your adviser.

9.13 If so agreed with you a percentage of your initial investment and/or any subsequent additional lump sum or regular contributions will be allocated to a redemption credit account (RCA) and reflected on your portfolio valuation as such.

9.14 If so agreed with you a percentage of the portfolio's annual charge will be deducted from the RCA until the balance has reduced to zero.

9.15 The RCA will attract no interest and you are not able to withdraw these monies, which are held in support of charges due on your account and are not deemed to be client money. In the event of the closure of your account the value of any monies standing to the credit of the RCA will be forfeited by way of an early redemption charge.

10.0 Dealing on Your Behalf

10.1 In respect of the provision of such services detailed above, we shall not be responsible for any delays or inaccuracies in the transmission of orders or other information or the execution of orders due to any cause whatsoever beyond our reasonable control. We will send you with due despatch a confirmation or contract note in respect of each transaction effected on your behalf. In addition to the provision of paper contracts sent by post, the dispatch of confirmations or contract notes may also be affected by posting on our secure portal if you use this service, by email (if you have agreed to correspondence by way of email), or posting on our website.

10.2 In so far as may be applicable, and on the proviso that we are able to validate your authority to instruct us, we may accept instruction from you using any reasonable means of communication available. We will take a written instruction from you by post, face to face, or over the telephone. In this event, you may be required to provide personal details or provide a password to establish your identity.

10.3 Unless otherwise agreed in writing with you we do not accept time sensitive, action orientated messages or instructions such as transaction orders, cash or fund transfer instructions electronically – that is by way of fax or email. Any email which is sent by you is only deemed to have been received when opened and read by us. Mere delivery to one of our servers is not sufficient to pass liability. If you choose to send an instruction by way of fax or email you should nonetheless ascertain orally that the same has been received.

10.4 Confirmation notes and contract notes, in the absence of manifest error, shall be conclusive and deemed acknowledged by you as correct once you have settled the transaction in the normal course of business and in any event within seven days of despatch, unless:

- We receive from you notice to the contrary;
- We notify you of an error therein;
- In the absence of either of the above, you settle the transaction in the normal course of business.

10.5 We will at all times comply with the Rulebook and, in particular, our services are provided on the basis of the paragraphs 11 to 33 below.

11.0 Capacity in which we Deal

11.1 When we carry out a transaction on your behalf we may be:

11.1.1 Dealing as principal by selling the investment concerned to

you or buying it from you on our own account; or

11.1.2 Matching your transactions with that of another client by acting on that client's behalf as well as yours.

11.2 This will be shown on the relevant contract note or advice. Our obligation to secure for you a best execution price under the Rulebook will not be affected, but we shall not be under an obligation to account to you for any profit or remuneration received by us, as a result of any corresponding transaction.

12.0 Aggregation of Orders

12.1 We may combine your order with our own orders and orders for another client. In combining your order with those of other clients we must reasonably believe that we will obtain a more favourable price than if your order had been executed separately. However, on occasions aggregation may result in your obtaining a less favourable price.

13.0 Conflicts of Interest

13.1 It is possible that we may have an interest, relationship or arrangement that is material to the investment transaction or service concerned. For example we may be involved in a rights issue, a new issue, take-over or similar transaction. Our employees are, however, required to comply with a policy of independence and disregard any such interest when providing the service to you.

13.2 From time to time we may introduce you to an Associated Company. We will not refer you to use the services of another person who is an associate of ours without disclosing that relationship to you.

13.3 In addition, it should be noted that we both provide to and receive from associated companies a range of administrative, back-office and investment services.

13.4 A summary of our Conflicts of Interest policy can be made available upon written request to the Risk & Compliance Director.

14.0 Instructions from Third Parties

14.1 There may be occasions when you wish to authorise a third party to give instructions on your behalf; for example a spouse, an accountant, a lawyer etc. If this is the case we shall require notification in writing detailing the relationship. We will require that person provide a specimen signature together with such other information we may request in order to meet our due diligence requirements as if they were a party to the account. Please note that until the authority has been withdrawn, any action taken by us in accordance with such authority will be binding upon you.

15.0 Restrictions on Types of Investments

15.1 The Product Application Form should list any Investments or types of Investments or geographical area in which you do not wish to participate. For example, tobacco, alcohol or countries that do not conform with the democratic beliefs of the Isle of Man.

16.0 Dealing in Unit Trusts

16.1 Any purchase or sale of Unit Trusts on your behalf may result in remuneration being paid to us by the Unit Trust company. Reference to this will be included in the relevant contract notes and the amount of such remuneration will be available on request.

16.2 You should be aware that firms that advise on unit trusts may either:

- 16.2.1 Represent a product group in which case the adviser will recommend products from the range of those offered by the particular companies represented; or
- 16.2.2 Act as an independent adviser, and as such will recommend products picked from the ranges of all companies that make up the market place.
- 16.3 We will in all cases, other than where you are an Execution Only client and it would not be appropriate so to do, act as an independent adviser on your behalf.

17.0 Valuations & Statements

- 17.1 In the event that we are required to provide you with valuations of your investments (including cash balances), these will be produced not less than once every 6 months unless otherwise agreed with you. Each valuation will show details of the composition of your investments. The value of the investments contained in the valuation will be arrived at using reputable quoted sources by taking closing middle market quotations on the relevant investment exchanges or, if bid and offer prices are not obtainable, then the closing prices or the last traded prices for the close of business, on the relevant valuation date or such other basis as is stated on the valuation from time to time. A statement of account will also be prepared and will show income received from your investments and particulars of each transaction undertaken during the relevant period, including any charges deducted by way of administration fees, remuneration, custody fees or otherwise.
- 17.2 All reporting in respect of your investments is available via our website online/paperless service or by email. Save as provided below, no charge will be made for contracts notes or confirmations, statements of account or valuations. We will not provide paper statements, contract notes or valuations unless you request the same.
- 17.3 Subject to the charges set out in our tariff sheets from time to time we can provide paper valuations or statements on request.

18.0 Short Positions

- 18.1 We undertake that we will not knowingly execute a bargain that would result in you having a short position. The definition of a short position is when an individual contracts to sell investments which they do not own, intending to buy them back in the market at a lower price before delivery.

19.0 Collective Investments

- 19.1 When dealing in Collective Investments (for example, Unit Trusts or OEICS) on your behalf, we are authorised to receive the contract note(s) from the managers concerned and we will issue our own contract note to you. Thus you do not have rights under the Financial Services (Cancellation) Act 1994.

20.0 Obligations as an Underwriter etc.

- 20.1 Please indicate in the space provided on the Product Application Form if we may commit you to underwriting or similar obligations in connection with new issues, rights issues, take-overs or similar transactions, including those in which we are or may have been involved in as a sponsor, financial adviser, underwriter or in some other capacity.

21.0 Involvement with Offering etc.

- 21.1 We may enter into transactions on your behalf under which you will or may buy an Investment where we are, or during the previous 12 months have been, involved in a new issue, take-over or similar transaction concerning the Investment or an Investment which is related to that Investment.

22.0 Takeover Code

- 22.1 Whilst we are a Member Firm of the London Stock Exchange, please note that you are responsible for compliance with all notification requirements under the City Code on Takeovers and Mergers and/or the Companies Acts of England and Wales (and any subsequent amendments thereto) from time to time.

23.0 Non-Readily Realisable Investments

- 23.1 Whilst it is our policy to purchase high quality and relatively liquid Investments there may be occasions, from time to time, when we may purchase investments which are 'not actively traded' or are not traded on or under the rules of a stock exchange or an investment exchange.
- 23.2 The market for such investments may be limited or could become so. It may be difficult to establish a proper market price for such investments or arrange a subsequent sale. We shall disclose this to you when discussing recommendations if we consider the investment concerned falls into this category.
- 23.3 Unless instructed to the contrary we may undertake transactions in Non-Readily Realisable Investments in which the market is limited or could become so, such that they may become difficult to deal in. If we are aware of such a situation arising or likely to arise on an existing holding we would be responsible for bringing this to your attention.

24.0 Stabilisation

- 24.1 We may sometimes make recommendations to you about stabilised investments. Stabilisation is a price supporting process that often takes place in the context of new issues and similar offerings, including rights issues. The effect of stabilisation can be to make the market price of the investment that is the subject of the issue or offering higher than it would otherwise be. Stabilisation may also affect the market price of investments of the same class which are already in issue and of other investments whose price might be affected by the price of the new issue.

25.0 Off-Exchange Transactions

- 25.1 We may deal for you in circumstances in which the relevant deal is not regulated by the rules of any stock exchange or investment exchange (see also the section entitled 'Non-Readily Realisable Investments' of these Terms of Business).

26.0 Custody of Your Investments

- 26.1 Investments purchased through us will be registered in the name of CINL (our Nominee Company) or an Eligible Custodian, or if you so request and where it is feasible to do so in your name. Documents of title relating to Investments belonging to you and in your name may, if so agreed, be held by us.
- 26.2 We are responsible for the acts of CINL to the same extent as if for our own acts, including for the avoidance of doubt, for losses arising from fraud, wilful default or negligence. Should we be instructed by you in writing that investments purchased through us are to be registered in the name of some other person (which must not be us or an associate of ours) whom you shall specify, the consequences of registration carried out in accordance with such instructions are entirely at your risk. The legitimacy of any such registration also remains your responsibility.
- 26.3 Overseas investments will be registered or recorded in either the name of CINL or that of an Eligible Custodian in one or more jurisdictions outside the Isle of Man or UK where, due to legal requirements or the nature of market practice in the jurisdictions concerned, it is in your best interests or it is not feasible to do otherwise. As a consequence of this, such investments will not be segregated from investments belonging to us and therefore

any protection afforded may be reduced should a default occur on the part of the person in whose name the investments are registered or recorded. Please note that investments which are held overseas may be subject to different settlement, legal and regulatory requirements than those which apply within the Isle of Man. We will not be held liable in the event of a default by a custodian including responsibility for losses arising directly from its own fraud, wilful default or negligence.

- 26.4 Investments registered or recorded in the name of a nominee (or Eligible Custodian as outlined above), may be pooled with those of one or more other clients of ours. Accordingly you should note that individual entitlements may not be identifiable by separate certificates, physical documents or equivalent electronic entries on the register.
- 26.5 In the event of an unreconcilable shortfall following any default by the Eligible Custodian responsible for pooled investments, you may not receive your full entitlement and may share in any shortfall pro-rata. We will not be held liable in the event of a default by a custodian. However, we do not disclaim responsibility for losses arising directly from our own fraud, wilful default or negligence.
- 26.6 Because your investments may be held on a pooled basis, additional amounts may arise that would not otherwise have occurred had such investments been registered in your own name (for example, following certain corporate actions). Consequently, you will not be entitled to these additional amounts.
- 26.7 Some companies provide benefits to shareholders relating to the nature of their business. These benefits will not necessarily be available to you automatically, as your stock will be registered in the name of a nominee company. Should you wish to receive these additional benefits, you should discuss your requirements with us.
- 26.8 All instructions regarding the administration of investments held by CINL or an Eligible Custodian on your behalf should be made in writing to us. We do not accept from, or send instructions to, third parties unless a valid power of attorney has been established for this purpose.
- 26.9 Where investments are registered in the name of CINL or an Eligible Custodian, if notice is received by us of events or circumstances such as rights issues, conversions, take-overs or other offers or capital reorganisations, in respect of which rights are exercisable, we will contact you for instructions and in the absence of receipt of instructions from you we will take no action. Should you fail to provide instructions to us by any specific date that is advised we will not be liable to you for the outcome.
- 26.10 On a bi-annual basis, we or an Eligible Custodian will provide you with a statement detailing all investments held on your behalf in safe keeping. This statement will also provide details of any cash balance held for you as client money. The value of any stock held as collateral as identified on the annual statement is calculated using the mid-market closing price at the close of business on the date of the valuation. Holdings are reported on a trade date basis.
- 26.11 Save as may be agreed between us by way of special arrangement we do not in the ordinary course of providing custody facilities facilitate proxy voting at general meetings of companies in which you hold investments.

27.0 Settlement of Transactions

- 27.1 All your investments will be handled in an account administered

by us and you are responsible to us for the settlement of all transactions.

- 27.2 Unless otherwise agreed in writing, your account will be settled on a net basis. If you fail to pay or deliver in good order any documents required by the due date for settlement we may, although we are not obliged to do so, settle the transaction for you. If we do so, may retain any funds due to you and be entitled to offset the liability against those funds.
- 27.3 In addition we may also, without notice to you, effect transactions on your behalf and at your expense for the purpose of reducing or closing out any unsettled position, to the extent that we suffer costs, damages, losses or other expenses as a result of such circumstance.
- 27.4 You agree that all transactions will be due for settlement in accordance with market requirements as shown on the relevant contract note, confirmation letter or advice.
- 27.5 You undertake to procure that we will receive all investments and foreign exchange when due with respect to any transaction which it is to settle on your behalf and that all investments and foreign exchange held by, or transferred to us or CINL will be, and remain free of, any lien, charge or encumbrance.
- 27.6 All payments due to us will be made without set-off, counterclaim or deduction. All investments and foreign exchange held or transferred to us or CINL will be subject to a charge by way of security for your obligations to us, but only in so far as any such settlement obligation remains outstanding.

28.0 Our Responsibility for Loss

- 28.1 Subject to the Rulebook neither we nor our employees, sub-contractors, agents and delegates shall be liable for any loss suffered by you under your Agreement with us unless such loss arises from our or their gross negligence, wilful default, fraud, or from failure to comply with the Rulebook. We do not otherwise accept liability for loss or damage that you may suffer as a result of the provision of services under these Terms of Business. In that connection we also draw your attention to the provisions of the sections entitled 'Your Money (32.0)', 'Custody of Your Investments (26.0)' and 'Force Majeure (48.0)' contained within these Terms of Business.

29.0 Right of Set-Off

- 29.1 Should you have more than one account with us, we will have the right to set-off the debit on one account against the credit on another. In certain circumstances this may entail the sale of an asset or part thereof having previously given you notice of our intention to do so, and if the accounts are expressed in different currencies, they may be converted into Sterling at the prevailing rate of exchange.

30.0 Research

- 30.1 Recommendations and comments contained in our research publications may well be affected by subsequent changes in market conditions, particularly in share prices. Furthermore, not all recommendations are necessarily suitable for all investors and any investment policy must be tailored to suit the circumstances of each individual customer.

31.0 Minimum Investment; Inactive/Dormant Accounts

- 31.1 If you subsequently withdraw money to bring the value of your account below a minimum investment of £1000, we reserve the right to sell any remaining holdings in your account and hold your investment as cash.
- 31.2 We consider an account (with the exception of accounts

managed under discretion) to be dormant or inactive when there have been no open trades on the account for a period of 90 calendar days or more.

31.3 We reserve the right to deactivate your account if it has been dormant or inactive for a period of 12 months or more. Where reasonably practicable we will give you advance notice by email of any deactivation but this may not always be possible and/nor practical.

31.4 In the event you receive a notice of pending deactivation or your account has been deactivated without you receiving notice and you wish it to remain active or be reactivated, please contact our support team by email at the following address: customerservices@capital-iom.com. Any reactivation of your account will be on such terms as we may reasonably require in order to meet our regulatory obligations in the management and provision of services to you.

31.5 We may charge an account maintenance fee in relation to inactive or dormant accounts. Details relating to such charges can be obtained by reference to our current rate sheets.

32.0 Your Money

32.1 We will not at any time hold monies in your name. Any payments of money required in relation to the provision of our services under these Terms of Business will be made directly to us or if agreed to an Eligible Custodian.

32.2 Unless otherwise requested by you, the base and reporting currency of your account with us will be Sterling.

32.3 Any money held by an Eligible Custodian and not otherwise invested will be held in either a client account or a nominee bank account and will be dealt with in accordance with our agreement with the Eligible Custodian but subject to the overriding provisions of the FSA and/or local market rules and regulations in force from time to time on client money.

32.4 We can only hold or deal with your money in accordance with the Rulebook, which among other things requires us to hold such money at a recognised bank, and thereafter in a client bank account or a bank account operated by our nominee company established with statutory trust status.

32.5 Your funds will therefore be segregated from our own funds at a recognised bank, as defined in the Rulebook. The recognised bank may hold such money with other clients' money in a pooled account. This means that client money is held as part of one or more common pools of money as defined by us in accordance with our client money policies, so you do not have a claim against a specific sum in a specific account. Your claim is against a client money pool, as defined by us from time to time.

32.6 Uninvested Money (i.e. money not immediately required to settle a purchase or other transaction) may attract interest in accordance with rates published from time to time and details of which are available on request. Interest, calculated on a daily basis, will be credited every 6 months but sums of less than £20 will not be distributed. We will pay interest gross where it is legally permitted to do so; whether interest is paid gross or net of tax or other deduction will depend upon the tax legislation and rules applicable to your account prevailing at the relevant time. Please also see clause 33.0 to 35.0 below.

32.7 'Uninvested Money' may be managed by us to mitigate credit risk in one or more recognised banks in accordance with 32.4 above. In that regard we shall have full authority at our discretion and without any form of prior reference to you to enter into any kind of transaction or arrangement relating to this pool of Uninvested Money. Uninvested Money may attract debit (negative) interest in line with UK and local interbank lending rates from time to time. Any such negative interest rate will be

charged to your account.

32.8 In certain circumstances we may hold or pass your money to an intermediate broker, settlement agent or "over the counter" (OTC) counterparty located in a jurisdiction outside the Isle of Man or the UK. In these circumstances the legal and regulatory regime applying to such an intermediate broker, settlement agent or OTC counterparty will be different to that of the Isle of Man.

32.9 In the event of a default or failure of that intermediate broker, settlement agent or OTC counterparty, your money may be treated differently to the way in which it would be treated if it were held by an intermediate broker, settlement agent or OTC counterparty in the Isle of Man.

32.10 If you are uncertain as to the implications of the forgoing clauses concerning the use by us of recognised banks, intermediate brokers and settlement agents or OTC counter parties you should consider taking independent legal advice.

33.0 Common Reporting Standard

33.1 In October 2013, the Isle of Man Government signed an agreement with the UK Government and then in December 2013 signed an agreement with the Government of the United States of America to automatically exchange information from Isle of Man Financial Institutions regarding their account holders who are UK tax residents and certain US persons respectively. The Isle of Man legislation giving effect to the terms of these agreements came into operation on 30 June 2014.

33.2 In addition, on 29 October 2014 the Isle of Man Government entered into the OECD Common Reporting Standard (CRS) Multilateral Competent Authority Agreement. The Isle of Man legislation giving effect to the terms of this agreement came into operation on 23 October 2015. The result of CRS reporting is that information regarding account holders of Isle of Man Financial Institutions will be reported to a jurisdiction participating in CRS as a reportable jurisdiction of the Isle of Man, via the Isle of Man Treasury, where there is indication of them being tax resident in that jurisdiction. Reporting in respect of CRS is required to be submitted to the Isle of Man Government by 30 June in each calendar year.

34.0 USA | Foreign Account Tax Compliance Act (FATCA)

34.1 In the course of the provision of services to you we, or our Eligible Custodians, may maintain correspondent accounts in Dollars in the United States of America (US), which are subject to the jurisdiction of the US. The US has enacted a statute, called the Foreign Account Tax Compliance Act, which is designed to ensure that the US recovers all tax due and payable by US Persons. The legalisation has the consequence of also affecting Non-US Persons who choose to invest in US Dollar denominated securities and/or hold US Dollars.

34.2 We fall within the definition of a Foreign Financial Institution in the legislation and as a consequence this places obligations upon us as a withholding agent. We are required to identify persons who are either US Persons or Non-US Persons resident in the US, who are either direct individual clients or indirect (via a Company, a Partnership, a Trust or an Unincorporated Association) clients of ours. You are required to notify us if you are, or become a, "US Person".

34.3 In relevant circumstances we are required to either report on or withhold tax (on what are known as pass through payments) on US source income which includes inter alia bank interest and dividends on equities. In addition if you fail to supply us with the requisite information this may also affect the way in which you are categorised by us and may make you liable to taxation on gross proceeds of sale of equities. The rules are detailed

and if you are in any doubt about this matter, we recommend that you seek independent tax advice from a suitably qualified professional tax advisor in respect of your particular circumstances.

35.0 Taxation Generally

- 35.1 On the basis that clients holding investment accounts with us will be resident for tax purposes in many different countries, no attempt is made by us to summarise the actual taxation consequences for each client. These consequences will vary in accordance with the law and practice currently in force in your country of citizenship, residence, and/or domicile and with your personal circumstances or, in the case of a corporation, its country of incorporation or place of management and control.
- 35.2 Accordingly, you should apprise yourself of, and when appropriate, consult your professional advisers on the possible tax consequences and any exchange control requirements of opening or maintaining an investment account with us under the laws of your country of citizenship, residence or domicile.
- 35.3 In addition, you may be liable for tax on interest or savings income or dividends earned on your investment. Any such tax charge or liability is your sole responsibility and we shall not advise you in respect of such tax or be liable for its payment. We do not give tax advice and actions taken by us in relation to this clause shall not be construed as giving tax advice.
- 35.4 We recommend you seek independent tax advice from a suitably qualified professional tax advisor in respect of your particular circumstances.

36.0 Third Party Payments

- 36.1 A third party payment is a payment (being a non-trade related withdrawal from your account) made to any person or entity other than the person or entity in whose name your account with us is registered.
- 36.2 Third party payments are only permitted where the appropriate sections of the third party payment request form have been completed by you and returned to us with the supporting documentation detailed therein. Additionally, no third party payments will be made except on receipt from you, on each occasion, with written instruction detailing the beneficiary, their full name, address, banking details and the specific purpose of the requested payment.
- 36.3 Where a foreign exchange deal is to result in a payment being made thereafter to a third party, the onus is on you to notify us of the details relating to the requested payment, and to obtain our agreement to make the proposed payment, prior to placing the deal with us.
- 36.4 Neither we nor our associated companies can be deemed liable for any delay or ultimate refusal of a third party payment where all of the requirements were not satisfied. We will only make payments, third party or otherwise, to bank accounts held in certain countries.
- 36.5 It is your responsibility to ascertain that the destination of a payment is eligible.
- 36.6 We reserve the right to refuse any third party payment without explanation.

37.0 Variation & Amendment

- 37.1 We may vary the arrangements contained in these Terms of Business by notice to you at any time, on the basis that the variation will take effect in relation to all orders placed by you after receipt of the notice.

- 37.2 Such notice may be affected in writing or by email (if you have agreed to correspondence by way of email), or by posting on our website/secure portal.
- 37.3 Such variations will become effective on a date specified in the notice and in the case of an amendment or variation which is to your detriment will be not less than 30 days before such variations become effective. No variation will affect any outstanding order or transaction or any legal rights or obligations that may have already arisen.
- 37.4 You are deemed to have consented to any alteration that may be effected to these terms and conditions if we do not receive notification otherwise from you, in writing, within the time that the changes were notified to you and their coming into effect.
- 37.5 You may seek to vary the arrangements contained in these Terms of Business or your Agreement with us by notice in writing to us at any time, on the basis that the proposed variation will take effect in relation to all orders placed by you after receipt of the notice. Such variations, if agreed by us, will become effective on a date to be agreed by us and will last for such period as may be specified by you or in the alternative until rescinded or varied again by notice in writing. No variation will affect any outstanding order, transaction or any legal rights or obligations that may have already arisen.

38.0 Termination

- 38.1 We reserve the right to close your account on giving you 30 days notice without giving any reason for such decision. Further, we reserve the right to terminate your Agreement with us immediately or withdraw access to your account immediately and without giving notice:
- 38.1.1 Pursuant to Clause 8.0 (Events of Default & Closure of Accounts); or
- 38.1.2 In the event that there is evidence of criminal or fraudulent conduct on your part or in the case of bodies, corporate trusts, partnerships or unincorporated associations on the part of any officers or signatories; or
- 38.1.3 Bankruptcy, insolvency or material breach of your Agreement with us.
- 38.2 You may terminate these arrangements by notice in writing with immediate effect. Any such termination pursuant to this clause will not affect any transactions already initiated or any other outstanding rights and obligations, and the terms of your Agreement will continue to apply for so long as you have any outstanding obligations to us.
- 38.3 For greater certainty, the following provisions will continue in full force and effect following termination of this Agreement: Clauses 39 (Successors & Assigns), 41 (Complaints), 42 (Notices), 47 (Indemnity & Liability), 40 (Rights of Third Parties), 50 (Governing Law & Severability), and Section D Clause 7 (Data Protection).

39.0 Successors & Assigns

- 39.1 For purposes of clarity we may at our absolute discretion and in order to ensure continuing compliance with the Rulebook transfer our rights and obligations hereunder to any assigns and successors legally appointed. Your rights and obligations hereunder may not be transferred or assigned to any third party without our prior written agreement although they shall subsist and endure to the benefit of your Successors.

40.0 Rights of Third Parties

- 40.1 A person who is not a party to your Agreement with us (other than a successor in title or a permitted assignee) cannot enforce

or enjoy the benefit of any term of this Agreement under the Contracts (Rights of Third Parties) Act 2001.

41.0 Complaints

41.1 All complaints whether about us or an Eligible Custodian should be directed in the first instance to:

The Risk & Compliance Director,
Capital International Limited,
Capital House,
Circular Road,
Douglas,
Isle of Man,
IM1 1AG.

41.2 We will endeavour to resolve your complaint as quickly as possible, but in any event, will acknowledge receipt of your letter within 5 business days. The acknowledgement will include a full copy of our internal complaints handling procedure together with that of any Eligible Custodian if appropriate. Upon resolution of your complaint, we will send you a final response letter, which sets out the nature of that resolution and any applicable remedy. If for any reason you are dissatisfied with our final response, please note that you are entitled to refer your complaint to the Financial Ombudsman Service. A leaflet detailing the procedure is provided with our final response. In addition and in so far as your complaint may relate to a regulatory matter, you may also refer a complaint to the FSA.

42.0 Notices

42.1 Notices to be given by you must be sent by post to our registered office marked 'for the attention of the Risk & Compliance Director' and notices to be given by us will be sent by post to the last address you have notified to us for this purpose, and shall in each case be deemed to have been received on the second business day after posting.

42.2 In proving service by post, it shall be sufficient to prove that the notice was correctly addressed full postage paid and posted.

42.3 Notices given by us may be given by one or more of the following: in writing; on or via our website; by an insert or notice with your statement or confirmation of deposit as applicable; by a narrative on your statement or confirmation of deposit as applicable; by post, email or facsimile; or as otherwise specified in the conditions.

42.4 Where we do not hold a current address to use to give you notice of any kind including, but not limited to, notice of changes to the conditions, fees and charges or notice to close your account, or such notice is returned to us undelivered, you agree that we have fulfilled our obligations to give you notice and will be entitled to apply any such changes or to close your account. You agree that we shall not be liable to you for any loss arising from our actions in this regard.

43.0 Additional Provision for Joint Customers Only

43.1 This note applies only where a customer consists of more than one person, e.g. joint accounts, trustees, personal representatives etc:

43.1.1 You shall be liable jointly and severally for the payment of all sums owing to us and for the performance of all obligations undertaken by you or on your behalf under this Agreement.

43.1.2 Unless otherwise authorised, and subject to the provisions of Clause above, we will act upon any instruction given by any one of you and whether verbal written or by email or fax. Accordingly should you wish

to authorise us to act upon instructions given only in writing upon not less than two signatories please complete the relevant part of the Due Diligence Form. Unless and until we receive written notice signed by all Trustees, joint account holders, personal representatives, etc. withdrawing or varying this authority, any action undertaken by us in complying with the instructions given under such authority will be binding upon all parties.

43.1.3 In the event of the death of any joint account holders, Trustees, personal representatives, etc. this Agreement will remain binding on the survivor(s) of you and upon the successors of the deceased parties.

43.1.4 We will only send documentation and payments to the first named at his/her/their address or to such other recipients that you might from time to time authorise.

43.1.5 Where you are the Trustees of a Trust or a personal representative of an estate, you will undertake to give us immediate notice of any change to the Trustees or personal representatives.

43.1.6 If you are Trustees of a Trust, you undertake to supply us with copies of any documents now existing (or hereafter executed) limiting, extending or varying the power of the Trustees or amending the objects of the Trust. Failure to provide us with such copies shall absolve us from any breach of or deviation from the terms or objects of the Trust as amended.

43.1.7 Should you be a personal representative of an estate, this Agreement shall continue in force with you in your capacity as Trustee of the relevant Will Trust following the completion and/or the administration of the estate.

44.0 Arrangements in the Event of Disputes, Death, Divorce, Insolvency & Bankruptcy

44.1 In the event of conflicting claims of any kind concerning the ownership of the funds in your account whether solely or jointly held or a dispute of whatever nature or type arising between joint account holders (where appropriate), including divorce or other marital disputes, we may in our absolute discretion take such steps as it deems necessary pending the resolution of the dispute including, without limitation, cancelling or suspending the present Product Application Form and Mandate and requiring the authority of all joint account holders for all transactions; suspending the use of the account; the taking of legal advice and the making of an application to any court of competent jurisdiction by way of interpleader or similar process. You agree that we shall not be liable for complying with any court order arising out of such process. You agree that we may charge you with the costs incurred by us in taking any such steps to resolve or deal with the dispute or to protect our interests in this regard.

44.2 On the death of a sole account holder who is an individual, his/her personal representatives must inform us as soon as possible and supply us with a copy of the death certificate. We will only accept instructions from the validly appointed executor(s) or administrator(s) of the deceased and we shall be entitled to request satisfactory documentation as to the identity of such persons and the validity of their appointment, such as grant of probate/letters of administration and a death certificate.

44.3 Upon receipt of this notification, all discretionary activity will stop and your account will be suspended, pending instructions from your personal representatives as to how we should dispose of or distribute your investments.

44.4 On the death of a joint account holder who is an individual, the

surviving account holder must inform us as soon as possible. Any cash or assets in a joint account will be payable to the order of the surviving account holder(s), provided we receive satisfactory documentation including a death certificate.

44.5 If you are an individual and you die or are made bankrupt, or if you are a Company, a Partnership, a Trust or an Unincorporated Association and an insolvency event occurs, subject to law we shall settle all payments and instructions already given and shall be entitled to exercise a right of set-off and lien over all of your accounts (including accounts in our name and joint accounts (if appropriate), whether denominated in the same currency or not) to satisfy all outstanding payments and instructions.

44.6 If you are a Company, a Partnership, a Trust or an Unincorporated Association and an insolvency event occurs, then you must inform us as soon as possible. Following receipt of such notice (whether or not received by us pursuant to this paragraph) we will only accept instructions from such persons as we determine (at our discretion) to have authority to instruct us on your behalf and we shall be entitled to request satisfactory documentation as to the identity of such persons and the validity of their appointment.

45.0 USA | Patriot Act

45.1 In the course of the provision of services to you, we or our eligible custodians may maintain correspondent accounts in dollars in the United States of America (US), which are subject to the jurisdiction of the US. The US has enacted a statute, called the USA Patriot Act, which authorises federal authorities to seize funds in such a correspondent account in the US if the US perceives that the correspondent bank is holding the proceeds of crime, whether committed in or through the US, or not, and whether the alleged wrong-doer's account is in dollars or in another currency, so long as the alleged wrong-doer has funds on deposit with the correspondent bank which in turn has funds in the US. If bank funds are frozen, the bank may not defend the forfeiture action against its own funds except to the extent that it has already paid the funds out, which limits the liability of the bank to the value of the funds in the alleged wrong-doer's account, but provides for no defence of the alleged wrongdoer's conduct. What that means for you is as follows:

45.2 You agree that you will not remit funds or transfer assets to us which are the proceeds of crime.

45.3 Notwithstanding the provisions of clauses 45.1 and 45.2 you agree that if any funds are frozen by order of a court of competent jurisdiction in the US as part of a forfeiture proceeding:

45.3.1 You will defend the forfeiture action at your own risk and expense as provided for by US law; or

45.3.2 You will authorise us to pay the frozen funds over to the US Court issuing the freezing order or its designee, at the our discretion. You agree that you are aware that you are forbidden from defending, and will not defend, your interest in such a forfeiture proceeding.

45.4 You further agree that if we are directed to freeze the value of your assets pursuant to the USA Patriot Act by order of a court of competent jurisdiction you will not seek to have us release such frozen funds unless and until there has been a final order releasing the freezing order.

45.5 Notwithstanding the provisions of clauses 45.1 and 45.2, and every other provision of law, to the extent that you lawfully may do so you agree that you will not make any claims against us under the laws of any nation or political entity for release or repayment to you of the value of funds frozen or forfeited

pursuant to the USA Patriot Act prior to the release of such funds.

45.6 Subject to any restrictions imposed by law we agree that if a freezing order or a forfeiture order directly or indirectly connected to your account is served upon us, we will notify you of the existence of such order in timely fashion, pursuant to Clause 42 of these Terms of Business.

46.0 Anti-Bribery, Anti-Tax Evasion and Modern Slavery

46.1 "Applicable Laws" shall for the purposes of this Clause, but not by way of limitation, include the Bribery Act 2013 of the Isle of Man, the Bribery Act 2010 of the United Kingdom and the Foreign Corrupt Practises Act 1977 of the United States of America. The Criminal Finances Act 2017 of the United Kingdom and the Modern Slavery Act 2015 of the United Kingdom together with any similar statute from any other jurisdiction and as any of the same may be amended from time to time.

46.2 Both we and you represent and warrant that:

46.2.1 Each will comply with all Applicable Laws in respect of the performance of its obligations under these Terms of Business including without limitation all Applicable Laws and regulations relating to taxation, exchange controls, customs matters, anti-bribery, anti-corruption, anti-trust, anti-money laundering, modern slavery and human trafficking, trade sanctions, financial sanctions and criminal matters.

46.2.2 Each party and if relevant its directors, employees, workers, contractors, agents, advisors, nominees, assignees and any other service provider ("Associated Persons") will not engage in any activity, practice or conduct which could contravene the Applicable Laws if such activity, practice or conduct had been carried out anywhere in the world, or which could cause the other party to contravene the Applicable Laws.

46.2.3 Each party's responses to the other party's request for due diligence and enquiries, if requested, in connection with the Applicable Laws are complete and accurate.

46.2.4 Neither you nor we, nor if relevant any of each party's officers or employees or an Associated Person who are performing services in connection with these Terms of Business is a foreign public official (as defined by the Bribery Act 2013), that no foreign public official owns a direct or indirect interest in the party or any associated person, and that no foreign public official has any legal or beneficial interest in any payments made by each party.

46.2.5 Each party shall promptly notify the other if, at any time during the term of these Terms of Business, our circumstances, knowledge or awareness change such that each party would not be able to repeat the warranties set out in this clause 46.0 at the relevant time.

47.0 Indemnity & Liability

47.1 You shall indemnify and keep indemnified us (both as a principal and, where relevant, as trustee or agent for our and the Capital International Group's officers, agents and employees) against all:

47.1.1 Actions, suits, proceedings, claims and demands whatsoever and howsoever arising which may be taken instigated or instituted by or against us (or any such person aforesaid); and

47.1.2 Costs, charges, and expenses whatsoever and

howsoever arising which may be incurred or become payable by us (or any such person aforesaid) including but not limited to all legal and other fees and expenses, including experts' fees, whatsoever and howsoever arising in connection with or arising out of inter alia:

- 471.2.1 Any omission of or act done or omitted to be done by you or any agent of yours in breach or potential breach of the terms hereof;
- 471.2.2 Any false information or declaration made to us or any third party;
- 471.2.3 Any act or omission or fraud by you or any agent of yours or by any person obtaining access to your account by using your designated account number, user name or password, whether or not you authorised such access;
- 471.2.4 The taking of legal advice which we consider reasonably necessary to obtain arising from or in connection with the operation of your account or the activities of you or any agent of yours which touch or may touch, concern or relate to the operation of the account.

48.0 Force Majeur

- 48.1 We will not be held liable for any loss incurred by you which arises either wholly or in part as a result of an event or state of affairs which is beyond its control to prevent and the effect of which is beyond its power to avoid in relation to your investments, and which may arise inter alia from delays or changes in market conditions whether before or after any transaction, market fluctuation, currency fluctuation, computer failure, labour dispute, inability to communicate with market makers, or for any other reason and whereby we are either unable to take or refrain from taking or shall not be obliged to take or refrain from taking any action as a consequence thereof.
- 48.2 Unless you instruct us to act only on your written instructions, we will be entitled to act on instructions given to us by any method, whether or not in writing. We may decline to implement any instructions in circumstances where we believe sufficient resources may not be available or for any other reason we

consider appropriate, and we will inform you when this is the case. The issue of the relevant contract note will constitute acknowledgement of the implementation of any instruction given by you.

- 48.3 The value of your investments and income arising there from may decrease as well as increase.

49.0 Telephones

- 49.1 Telephone calls with us may be monitored/recorded to maintain and improve our service, to assist in settling any dispute which may arise between us, and to assist security and staff training. For further information please see our full privacy notice – which can be found on our website.

50.0 Record Retention & Data Protection

- 50.1 In accordance with legal and regulatory requirements, we will retain your records, for a minimum period of 6 years following the termination of any relationship between us.
- 50.2 This period may be extended by force of law, regulatory requirement or agreement amongst us. For further information please see our full privacy notice - which can be found on our website.

51.0 Governing Law & Severability

- 51.1 These Terms of Business shall be construed in accordance with the laws of the Isle of Man and you irrevocably submit to the jurisdiction of the Manx Courts.
- 51.2 If any provision of this Agreement is or becomes invalid or contravenes the Rulebook, the remaining provisions shall not become invalid.

Section B

Non-Retail Customers

1.0 Introduction

- 1.1 Where you have confirmed that you wish to receive an Execution Only service, you will be categorised as a Non-Retail customer. This means that the regulatory protections afforded to you under the Rulebook are less than those offered to retail investors.

2.0 Risk Warnings

- 2.1 We will not be obliged to warn you of the nature of any risks involved in any transactions recommended for you, or provide you with written risk warnings in relation to transactions in derivatives or warrants.

3.0 Suitability

- 3.1 The protections of the Rulebook of giving suitable advice will only apply if you choose our Discretionary Services.

4.0 Packaged Products

- 4.1 We are not required to send you the detailed information available to retail investors when dealing in units in Collective Investment Schemes and Life Products.

5.0 Acceptance & Understanding

- 5.1 It is important that you realise that your signature to the Product Application Form comprises acceptance of these Terms of Business and signifies that you have read these Terms of Business and any accompanying documentation and understood its importance. If there is any aspect that you do not understand or find yourself unable or unwilling to agree to, please contact us as a matter of urgency as we may not be able to offer any advice or deal for you until such time as the relevant documentation is in place.

6.0 Foreign Exchange Transactions

- 6.1 We are obliged to draw your attention to the fact that in carrying out transactions for you on a foreign exchange, your money will be passed to a settlement agent located overseas and, accordingly, your money may be less protected than if it were held in the UK or the Isle of Man.

Section C

Regulated/Licensed Entities

1.0 Anti-Money Laundering & Countering the Financing of Terrorism

- 1.1 You represent and warrant that you comply with and will at all times in the future comply with all or any local regulations relating to money laundering and countering the financing of terrorism (ML/CFT) from time to time. You will furnish us with the name of your Money Laundering Reporting Officer (MLRO) from time to time and acknowledge that if our MLRO is suspicious of any unusual activity within our account he/she may make a report to the Isle of Man Financial Intelligence Unit without reference to you.
- 1.2 In all cases reference to the expression "customer" in this section shall include in the case of entities all or any underlying client, beneficial owner(s), settler controller or protector in respect of nominee accounts, trust or corporate clients.
- 1.3 If you are a Regulated Financial Services Institution in the UK or European Union and we have accorded you Acceptable Applicant status we will deal with you on the understanding that you comply with all EU regulations relating to ML/CFT from time to time.
- 1.4 If you are a regulated Financial Services Institution based or incorporated in Jersey, Guernsey, the Isle of Man or a non-EU country, which is a member of the Financial Action Task Force and we have accorded you Acceptable Applicant status we will deal with you on the understanding that you comply with all local regulations relating to money laundering which are equivalent to all EU regulations relating to ML/CFT from time to time.
- 1.5 In the event that either Clause 1.3 or 1.4 apply to you this means that evidence as to the identity together with evidence as to source of funds / wealth of any customer for whom you act as agent or otherwise, will have been obtained, verified and recorded under procedures maintained by you; further that you will take steps to establish and maintains systems which will keep records of all transaction between all or any of us and the customer; and that such evidence and records will be retained by you for a minimum period of six years from the date of each transaction or the termination of a business relationship.
- 1.6 In the event that we grant you eligible introducer status or we rely on the 'acting on behalf of' concession you agree to do all things which we may reasonably require to enable us to comply with our own obligations. In particular you will:
- 1.6.1 Confirm at the outset that no customers are a PEP or have been assessed as posing a higher risk or in the alternative identify those who are and inform of the additional EDD which you have performed.
- 1.6.2 Supply or make available on request your procedures relating to the matters set out in this Part C and
- 1.6.3 That you agree to and grant us rights to periodically (or if appropriate on a random basis) test your procedures or inspect the documentation obtained as a consequence of those procedures being performed whether by attendance upon your premises or otherwise as we may reasonably see fit
- 1.6.4 At any time immediately on request supply to us information on the identity of your customer, copies of the evidence verifying the identity of that customer and all other due diligence information held by you in respect of your customer in any particular case.
- 1.6.5 You further agree to inform us specifically of each case where
- a) either you are not required or have been unable to verify the identity of a customer or
- b) in the course of the verification process you have discovered that your customer is a PEP or has been assessed by you as posing a higher risk and inform of the additional EDD which you have performed
- c) in the course of business you have identified suspicious activity or other information of a similar nature comes to your attention regarding your customer.
- 1.6.6 Not rely on a third party for evidence of identity or verification of the same
- 1.6.7 Do all such things as we may require of you to enable us to comply with our own obligations in respect of ML / CFT
- 1.7 In all other circumstances we are required to follow the anti-money laundering requirements relating to the identification of our clients or the underlying principals where they act as agent together with evidence as to source of funds/wealth.
- 1.8 You agree to cooperate in the provision of information and understand and acknowledge that in the event that satisfactory evidence is not obtained or produced we reserve the right to terminate either this Agreement in its entirety or any agreement or transaction or series of transactions in respect of all or any specific client(s) introduced by you.
- 1.9 If at any time you are no longer able to comply with these requirements, either because of a change in the law applicable to you, or in the terms of business between you and your customer; or because you have ceased to do business with your customer, or have ceased trading; or for any other reason you must:
- 1.9.1 Notify us that you are no longer able to comply; and
- 1.9.2 As soon as is practicably possible thereafter and at your expense provide us with the records, or copies of the records, which you have maintained pursuant to your obligations hereunder.

Section D

Pershing Securities Limited

1.0 Anti-Money Laundering & Countering the Financing of Terrorism

1.1 Under the Agreement made between Pershing Securities Limited (Pershing) and Capital International Limited relating to the provision of Model 'B' Services (the Pershing Agreement) Pershing provides settlement, safe custody, nominee and associated services for clients of Capital International Limited ('the Clients') who are introduced to it. We have informed Pershing that it is with the Clients' authority and as their agent that we have agreed for Pershing to provide those services under the terms of that agreement. Key points of the Pershing Agreement are as follows:

2.0 Execution & Settlement

2.1 Acceptance of these terms shall constitute the formation of a contract between you and us, and also between you and Pershing, who will provide settlement, safe custody, nominee and associated services entered into through us as your agent. Pershing is regulated by the Financial Conduct Authority (FCA) and is a member of the London Stock Exchange and LIFFE. Pershing is registered in England, company number 2474912, and has its registered office at Royal Liver Building Pier Head Liverpool, L3 1LL.

2.2 You confirm that:

- 2.2.1 We have your authority to engage Pershing to provide settlement, safe custody, nominee and associated services for you;
- 2.2.2 We have your authority to give instructions to Pershing on your behalf;
- 2.2.3 You agree to be bound by the obligations to Pershing as set out below.

3.0 Your Money

3.1 Your money will be held by Pershing as client money, in accordance with the rules of FCA, which among other things, require them to hold your money in a client bank account, established with statutory trust status. Your funds will therefore be segregated from Pershing's own funds at an approved bank, as defined by the FCA. The approved bank may hold such money with other clients' money in a pooled account in the name of Pershing A/C Client. This means that client money is held as part of a common pool of money, so you do not have a claim against a specific sum in a specific account; your claim is against the client money pool in general.

3.2 Client money in a foreign currency may be held in the country of origin, or the Sterling equivalent protected in a UK bank. Money held in the country of origin will be held by an approved bank or depository, even though in a small number of countries, that bank or depository has failed to acknowledge that clients' funds will be afforded trust status, and as such has not accepted that it has no right of set-off or counterclaim against money held in that client account, in respect of any sum owed on any other account of Pershing. The legal and regulatory regime applying to such an approved bank or depository will be different to that of the UK. In the event of a default or failure of that foreign bank or depository, your money may be treated differently to the way in which it would be treated if it were held at an account in the UK.

3.3 In certain circumstances, Pershing may hold your money in a bank outside the UK that does not meet the criteria of an approved bank. These circumstances are governed by strict conditions set out by the FCA. Any client money held for you at non-approved

banks outside the UK must relate only to the settlement of transactions or the distribution of income. Client money will only be held in such banks because it is not possible to use approved banks due to the Applicable Law or market practice. In these circumstances, your money will only be held in such banks for as long as it takes to effect the necessary transactions. Such a bank may have failed to acknowledge that clients' funds will be afforded trust status, and as such has not accepted that it has no right of set-off or counterclaim against money held in that client account, in respect of any sum owed on any other account of Pershing. The legal and regulatory regime applying to such a non-approved bank will be different to that of the United Kingdom. In the event of a default or failure of that foreign bank, your money may be treated differently to the way in which it would be treated if it were held at an account in the UK.

3.4 Pershing is part of The Bank of New York group of companies, and may use a group bank to hold client money on your behalf. In particular, you should note that your money may be held at any branch of The Bank of New York.

3.5 'Uninvested Money' (i.e. money not immediately required to settle an investment transaction) will attract interest at a rate no lower than the bank or depository's minimum deposit rate. Interest, calculated on a daily basis, will be credited every 6 months, but sums of less than £20 will not be distributed. Note: Uninvested Money may attract debit (negative) interest in line with UK and local interbank lending rates from time to time. Any such negative interest rate will be charged to your account.

3.6 We may undertake a transaction for you that involves your money being passed by us or Pershing to any third party in connection with that transaction, including (but not exclusively) an exchange, clearing house, intermediate broker, settlement agent or OTC counterparty located either in the UK, or in a jurisdiction outside the UK. In the event of your money being passed to a third party, including (but not exclusively) an intermediate broker, settlement agent or OTC counterparty, outside of the UK, the legal and regulatory regime applying to the intermediate broker, settlement agent, or OTC counterparty may be different to that of the United Kingdom. In the event of a default of that entity, your money may be treated differently to the way it would be treated if it were held in the United Kingdom.

3.7 In certain circumstances, Pershing may hold client money for you that has been allocated to you but has not been claimed by you. Pershing will cease to treat as client money any unclaimed balances after a period of 6 years. However, this will only occur if Pershing has taken reasonable steps to determine that there has been no movement on the balance during this period (notwithstanding any payments or receipts of charges, interest or similar items). We or Pershing will attempt to contact you at your last known address, and you will be given 28 days from the date of notification of the intention to cease to treat the balance as client money to make a claim. You should note that Pershing undertakes to make good any valid claim against balances that were released from being treated as client money, upon the provision by you of information to evidence the validity of your claim.

4.0 Custody of Your Investments

4.1 Acceptance of these terms provides authority for Pershing to hold your investment in safe custody, to transfer securities from your account to meet sales effected for your account, acceptance of offers, or other matters covered by this Agreement.

- 4.2 UK registered securities which Pershing are holding for you will be held in either their physical possession, or in uncertificated form in CREST and if so, will be registered in the name of Pershing's nominee company in accordance with the rules of the FCA.
- 4.3 Pershing is responsible for the acts of its nominee to the same extent as for its own acts, including, for the avoidance of doubt, for losses arising from fraud, wilful default or negligence.
- 4.4 Should you instruct us in writing that investments purchased through Pershing be registered in the name of some other person (which must not be Pershing or us, or an affiliate of Pershing or us whom you specify), the consequences of registration carried out in accordance with your instructions are entirely your risk. The legitimacy of such registrations also remains your responsibility.
- 4.5 You consent to the fact that overseas investments may be registered or recorded in the name of an eligible custodian or in the name of Pershing in one or more jurisdictions outside of the United Kingdom, where, due to legal requirements or the nature of market practice in the jurisdictions concerned, it is in your best interests, or it is not feasible to do otherwise. As a consequence of this, your investments will not be segregated from investments belonging to Pershing and therefore your protection may be less should a default occur on the part of the person in whose name the investments belonging to you are so recorded. Investments belonging to you which are held overseas may be subject to different settlement, legal and regulatory requirements than those that apply in the United Kingdom. Pershing will not be held liable in the event of a default by a custodian. However, Pershing does not disclaim responsibility for losses arising directly from its own fraud, wilful default or negligence.
- 4.6 Investments registered or recorded in the name of a nominee or custodian (as outlined above) will be pooled with those of one or more of our other clients. Accordingly, your individual entitlements may not be identifiable by separate certificates, physical documents or equivalent electronic entries on the register. In the event of an unreconcilable shortfall following any default of the eligible custodian responsible for pooled investments, you may not receive your full entitlement and may share in that shortfall pro-rata. A further effect of pooling can be that following an allocation or share issue that favours the small investor, your allocation may be less than it otherwise would have been, had your investments been registered in your own name.
- 4.7 Pershing uses a wide range of eligible custodians globally to hold your investments. You should be aware that Pershing may use another company in the group of companies to which Pershing belongs as an eligible custodian.
- 4.8 Please note that your bearer investments may not be held by Pershing, but by a third party. Such third party will be an eligible custodian in accordance with the rules of the FCA. Pershing does not accept responsibility, in the absence of its own fraud, negligence or wilful default, for the safe custody obligations of any third party, but prudence will be exercised in the selection of such agents.
- 4.9 Because your investments are held on a pooled basis, additional amounts may arise that would not otherwise have occurred had such investments been registered in your own name (for example, following certain corporate actions). Consequently, you are not entitled to these additional amounts. Pershing allocates such shares to an account which we administer and may use them to offset against any debits arising on dividends or other corporate events.
- 4.10 Some companies provide benefits to shareholders relating to the nature of their business. These benefits will not necessarily be available to you automatically, as your stock will be registered in the name of a nominee company. Should you wish to receive these additional benefits, you should make the necessary arrangements with your broker.
- 4.11 All instructions regarding the administration of investments held by Pershing on your behalf should be made in writing, to us, for onward transmission to Pershing. We do not accept from, or send instructions to, third parties, unless a valid power of attorney has been established for this purpose.
- 4.12 Pershing will be responsible for claiming and receiving dividends, interest payments and other entitlements accruing. We will be responsible for instructing Pershing to:
- 4.12.1 Exercise conversion and subscription rights;
 - 4.12.2 Deal with takeovers or other offers or capital reorganisations;
 - 4.12.3 Exercise voting rights.
- 4.13 The consequences of a failure on your part to provide instructions to us by the stated time once notification has been given are entirely your own responsibility.
- 4.14 Any fees or costs payable by you in relation to the safe custody service will be notified to you on our current charging schedule.
- ### 5.0 Record Retention
- 5.1 In accordance with legal and regulatory requirements, Pershing will retain your records, for a minimum period of 6 years following the termination of any relationship between us. This period may be extended by force of law, regulatory requirement or agreement amongst us.
- ### 6.0 Default Provisions
- 6.1 Pershing will take a general lien or security interest over your investments held in safe custody, except in relation to any charges relating to the administration or safekeeping of those investments. Therefore, you confirm that in the event of Pershing not receiving either cash or securities when due, in respect of any transaction which we are to settle or execute, or in the event of you or us not taking all such steps as may be necessary to secure the due and prompt execution and settlement of any such transaction, we or Pershing may cancel, close out, terminate or reverse all or any contracts and sell, charge, pledge or otherwise dispose of any Investment held for you at whatever price and in whatever manner we or Pershing see fit in our or its absolute discretion, (without being responsible for any loss or diminution in price), and may enter into any other transaction, or do, or not do anything (including the application of client money to you) which would, or could have the effect of reducing, or eliminating any liability under any transaction, position or commitment undertaken for you. For the avoidance of doubt, any asset held for you can be realised in order to discharge any obligation you have to us or Pershing, including any investment held in safekeeping by Pershing, and investments held in the course of settlement. Should it be necessary to realise any assets as outlined, we or Pershing will give you 3 business days' notice prior to taking such action.
- 6.2 Neither Pershing nor we shall be liable to you in respect of any choice made by Pershing or us in selecting the investments sold. The proceeds of sale (net of costs) will be applied in or towards the discharge of your liabilities and Pershing or us will account to you for any balance. In the event that such proceeds are insufficient to cover the whole of your liabilities, you will remain liable for the balance.
- ### 7.0 Data Protection
- 7.1 In accordance with the Data Protection Act 2019, you are entitled, to a copy of the information Pershing hold about you. In the first instance, you should direct any such request to us. You should let us know if you think any information we hold about you is inaccurate, so that we or Pershing may correct it.
- 7.2 Pershing may use, store or otherwise process personal information provided by you or us in connection with the provision of the services for the purposes of providing the services, administering your account or for purposes ancillary thereto, including, without limitation, for the purposes of credit

enquiries or assessments.

- 7.3 The information Pershing hold about you is confidential and will not be used for any purpose other than in connection with the provision of the services, and where necessary for these purposes, may be disclosed to any company within the group of companies to which Pershing belongs. Information of a confidential nature will be treated as such provided that such information is not already in the public domain. Information of a confidential nature will only be disclosed outside the group of companies to which Pershing belongs, in the following circumstances:
- 7.3.1 Where the law or a regulatory rule permits, or it is in the public interest;
 - 7.3.2 To investigate or prevent fraud or other illegal activity;
 - 7.3.3 To your Broker, their Agents or our Agents in connection with running accounts and services for you; or
 - 7.3.4 At your request or with your consent.
- 7.4 Please be advised that, by signing this Agreement, you will be consenting to the transmittal of your data outside of the EU/EEA.
- 7.5 In accordance with the Record Retention Statement above, you will not be at liberty to request the destruction or deletion of any record pertaining to yourself unless we or Pershing are required to do so by force of law or other regulatory requirement.

8.0 Amendment

- 8.1 Pershing reserves the right to alter these Terms and Conditions at any time, upon giving 10 business days' notice in advance. You are deemed to have consented to any alteration that may be effected to these terms and conditions if we do not receive notification otherwise from you, in writing, within the time that the changes were notified to you and their coming into effect.
- 8.2 A copy of the Pershing Agreement is available for inspection at the offices of Capital International Limited. In signing the Terms of Business of Capital International Limited, each client will be deemed to have accepted the obligations as contained in the Pershing Agreement and it is therefore important that all clients understand the terms and conditions upon which Pershing provides those services.

Section E

Capital Liquidity Account

1.0 Services

- 1.1 We will provide full discretionary cash management services in respect of monies held on your Capital Liquidity Account (CLA) from time to time together with interest paid thereon. For the purposes of this Agreement it is not contemplated that there will be the writing of options or doing business in futures, contracts for differences or other types of margined transaction, or the participation in the underwriting of securities.
- 1.2 For the avoidance of doubt and for the purposes of this Agreement, the services do not include or provide for any measure of portfolio performance by reference to any specific measure; nor shall we enter into any stock borrowing or lending arrangements with your investments and in the event that we were to consider that either hedging or borrowing were to be suitable for your portfolio, such activity would only be undertaken after we had notified you of the same together with any associated risks and obtained your approval before we enter into the transaction.

2.0 Discretionary Clients

- 2.1 You acknowledge that your money will be pooled with that of other clients invested in the Treasury Pool and that we will undertake to manage the Treasury Pool on a Discretionary basis.
- 2.2 The Treasury Pool is a portfolio of cash being the combined total of all CLA monies and interest that is pooled and managed on a Discretionary basis in accordance with these Terms of Business.
- 2.3 We shall have full authority at our discretion and without any form of prior reference to you to enter into any kind of transaction or arrangement relating to the Treasury Pool.
- 2.4 We will at all times comply with the Rulebook and, in particular, our services are provided on the basis of the following paragraphs.

3.0 Interest

- 3.1 Unless otherwise agreed between us, interest will be calculated on a daily basis and applied to your account monthly in arrears. The interest rate applied will be that as is published by CIL from time to time. These published rates are available upon request.

4.0 Valuations & Statements

- 4.1 All reporting in respect of your investments will be available via our website online/paperless service or by email. Save as provided below no charge will be made for contracts notes or confirmations, statements of account or valuations. We will not provide paper statements or valuations unless you request the same.
- 4.2 Subject to the charges set out in our rate sheets from time to time we can provide the following paper reports on request:

- a) Monthly valuations of your investments (including cash balances). Each valuation will show details of the composition of your investments. The value of the investments contained in the valuation will be arrived at using reputable quoted sources by taking closing middle market quotations on the relevant investment exchanges or, if bid and offer prices are not obtainable, then the closing prices or the last traded prices for the close of business, on the relevant valuation date or such other basis as is stated on the valuation from time to time.
- b) A statement of account can also be prepared and will show income received from your investments and particulars of each transaction undertaken during the relevant period, including any charges deducted by way of management fees.

5.0 Our Fees

- 5.1 There are no management fees or dealing fees applicable to this account. Any withdrawal by way of BACS payment will be free of charge.

6.0 Credit Risk

- 6.1 The CLA is an Investment account (not a bank account) and your monies will remain ring-fenced within a nominee company structure. As a result your CLA account is not exposed to the balance sheet of CIL and should CIL cease to operate for whatever reason, your monies will remain fully protected.
- 6.2 In the event that one or more of the investments held within the Treasury Pool defaults on its contractual obligations and/or is subject to a credit event, as defined by standard industry practice, a default notice will be issued to all active CLA accounts and the full value of the defaulted security will be written down against the combined balance of all CLA accounts on a pro-rata basis.
- 6.3 Where an amount is recoverable from a defaulted security, the recovered amount will be re-credited to the relevant CLA accounts on the same pro-rata basis. A default is deemed to have occurred at the moment a public notice of the event is released and/or is reported on the Bloomberg market information service.

Section F

Discretionary Investment Management Service

1.0 Discretionary Services

- 1.1 We will undertake to manage on your behalf on a Discretionary basis, the portfolio of cash and investments belonging to yourselves as reported by us.
- 1.2 Subject to any instruction that you should give us, we shall have full authority at our discretion and without any form of prior reference to you to enter into any kind of transaction or arrangement for your account in or relating to investments of the type listed under the section headed services above.
- 1.3 Should we consider it to be in your best interest to enter into a transaction for you which carries risks which are significantly greater than, or different from, those normally undertaken for you, we will notify you and gain your approval before we enter into the transaction.
- 1.4 Management fees will be deducted from the base currency dealing account, unless other instructions are agreed in advance.
- 1.5 For the avoidance of doubt and for the purposes of this Agreement, the services do not include or provide for any measure of portfolio performance by reference to any specific measure, unless the same shall have been agreed with you in writing. Nor shall we enter into any stock borrowing or lending arrangements with your investments, and in the event that we were to consider that either hedging or borrowing were to be suitable for your portfolio, such activity would only be undertaken after we had notified you of the same together with any associated risks. We would obtain your approval before we enter into the transaction.

2.0 Your Investment Mandate:

- 2.1 We will manage your portfolio in accordance with an investment mandate, agreed with you and updated from time to time. We may help you to define your investment mandate through the assessment of you specific investment requirements and attitude to risk. This will be confirmed to you in our investment proposal. It is your responsibility to review our investment proposal and confirm your approval to proceed.
- 2.2 Experienced, professional and institutional clients who have, or may reasonably be expected to have, sufficient knowledge or experience to understand the risks associated with their investment portfolio may define their own investment mandate, which constitutes a summary of your investment requirements and attitude to risk. CIL will not separately assess your underlying requirements and we will consider only the suitability of the proposed investment strategy to meet the investment mandate specified by you.
- 2.3 We may rely upon any investment mandate that has been specified for you by any 3rd party Professional Investment Adviser that you have appointed to advise you. We will not separately assess your underlying requirements and we will consider only the suitability of the proposed investment strategy

to meet the investment mandate specified by your 3rd party investment adviser.

3.0 Suitability

We will assess the suitability of any discretionary investment management service provided by us in accordance with our suitability policy which is available on request.

- 3.1 Where we have assessed your investment requirements and attitude to risk directly, we will write to you with a summary of those requirements and our recommendations for an investment mandate and strategy that is suitable for you. We may charge a suitability fee that is agreed with you where we assess and advise you on your specific investment requirements and attitude to risk.
- 3.2 Where your investment mandate has been specified either directly by you, as an experienced investor, or by a 3rd Party Professional Investment Adviser appointed by you, we will only consider the suitability of our discretionary investment services in relation to the investment mandate specified. We will not separately assess or consider the appropriateness of that investment mandate to your individual circumstances and you acknowledge that we may rely upon your specified investment mandate as a summary of your investment requirements and attitude to risk.

4.0 Limited Advice:

- 4.1 In preparing our investment recommendations we will considered your requirements from an investment perspective only.
- 4.2 CIL will only provide you with advice in relation to a discretionary managed investment portfolio.
- 4.3 We will not give you ad hoc investment advice on individual investments or in relation to general financial planning matters such as taxation, insurance policies, mortgages and pension schemes. We will not assess your requirements in relation to these matters and, as a consequence, our advice will be considered to be Limited Advice as defined by the Rule Book.
- 4.4 Our advice is limited to the consideration of your investment requirements and attitude to risk as set out in our investment proposal, or as summarised in the investment mandate specified by you or your duly appointed 3rd party adviser.

Section G

Kinesis - Rules

Introduction

These Kinesis Rules (“the Rules”) detail the rules, terms and operating practises that apply to the provision of Kinesis services to you. Please take time to study these Rules carefully and satisfy yourself that the service is appropriate for you and that you understand fully the financial commitments that you are entering into.

These Rules are effective as of 1st May 2019 and supersede all previous versions of the Rules.

Definitions

Certain words are used with a specific meaning. These words and their meanings are set out in the glossary detailed at the end of this document.

1.0 The Kinesis Service

- 1.1 Capital Financial Markets Limited (“CFM”) is a provider of principal dealing services including the provision and issue of contracts for difference (“CFD”) and spread bet contracts (“SBC”) in a variety of forms including traditional CFDs and SBCs, asset backed contracts, defined-return contracts, limited liability contracts, option contracts, futures contracts and combinations thereof.
- 1.2 The risks attendant to each contract vary substantially and participants should take time to understand the particular characteristics of each specific contract. For example leveraged short CFDs are likely to present a very high level of risk, whereas certain asset-backed, defined-return and limited liability contracts are structured with notably low levels of risk. The majority of contracts are unleveraged long contracts that mirror as closely as possible the risk associated with the underlying referenced asset or index.
- 1.3 We will deal with you on an Execution Only basis at all times. Each transaction with you will be on a principal basis and your counterparty will be CFM. CFM will not provide you with any advice on the merits or suitability of you entering into any contract.
- 1.4 From time to time we may provide you with generic or factual information in relation to Kinesis services and the nature and detail of the various Kinesis contracts that we offer.

2.0 What is a Kinesis Contract?

- 2.1 A Kinesis Contract is a binding financial contract between CFM, the ‘issuer’, and the customer, the ‘participant’, to pay or to be paid on a future date a specific monetary amount calculated by reference to the movement in the level or price of an agreed reference entity.
- 2.2 The key characteristics of a Kinesis Contract include:
 - 2.2.1 Type of Contract
Including CFD, Spread Bet, Option, Future, Limited Liability.
 - 2.2.2 Reference Entity
Including Market Indices, Special Reference Indices, Specific Securities, Funds, Binary indices.
 - 2.2.3 Direction
Long / Short
Bid Basis (Value of 1 point): Typically £1
 - 2.2.4 Amount or Stake
The contract quantity. £-per-point for a Spread Bet.
Units or share quantity for CFDs.
 - 2.2.5 Expiry Date (if applicable)

Traditional CFDs are open ended. However, Spread Bets, Options and Futures all have a fixed expiry date.

- 2.2.6 Kinesis Credit Requirement
Minimum cash requirement to be reserved, typically expressed as a percentage of the notional equivalent exposure.
- 2.2.7 Leverage
A function of the Kinesis Credit Requirement (KCR), where Implied Leverage = 100% / KCR%.

100% KCR is equivalent to 0% leverage and is typical for bespoke contracts.

10% KCR is equivalent to 10x leverage.
- 2.2.8 NEX
Notional Equivalent Exposure is the approximate amount that would need to be invested in the underlying reference entity to achieve the equivalent financial outcome. The NEX can help to quantify the effective risk of a Kinesis contract in terms that are more intuitive.
- 2.2.9 MPL
The Maximum Potential Loss is the worst case outcome. This may vary from a limited MPL on a long option to a potentially unlimited MPL on a leveraged short CFD.

3.0 Instructions

- 3.1 The persons authorised to give us instruction on your behalf shall be those notified in writing by you to us, for example on your Application Form, and may be varied by written notice to us. We shall not be bound by such variation until we have actually received such written notice.
- 3.2 We shall be entitled to act upon the oral, electronic or written instructions of any persons authorised by you or any person that we may reasonably believe to be you or a person authorised by you.
- 3.3 Instructions sent via the internet, email, or in writing will only be deemed to have been received and shall only then constitute a valid instruction from you when such instruction has been received by an appropriate person and recorded as executed by us.
- 3.4 We shall not be liable for any loss, expense, cost or liability (including consequential loss) suffered or incurred by you and you shall indemnify us and keep us indemnified against all losses which we may suffer as a result of, but not limited to:
 - 3.4.1 our not receiving instructions or our receiving corrupted or delayed instructions for any reason;
 - 3.4.2 for any inaccuracy or error in your instructions; or
 - 3.4.3 for acting on any instruction which is or we reasonably believe is from you or a person authorised by you.

We may defer acting upon your instructions until it is, in our reasonable opinion, practicable to do so and we shall not be liable for any losses resulting from such deferral.

4.0 Pricing

- 4.1 The price that we quote (“Our Price”) indicates the price at which we are prepared to deal with you and it is your responsibility to decide whether or not you wish to deal at that price, unless:
- 4.1.1 we exercise any of our rights to close a Kinesis Contract;
 - 4.1.2 a Kinesis Contract closes automatically as a result of a stop loss or limit being breached; or
 - 4.1.3 you give us a prior instruction to execute a transaction (for example to roll a Kinesis Contract or to execute on a future date or price).
- 4.2 Ordinarily, we will quote a two-way price confirming both “Our Bid” and “Our Offer” prices. Our Bid is the price at which we are prepared to close a long position (or open a short position) and Our Offer is the price at which we are prepared to open a long position (or close a short position). Our Offer may also be referred to as the buy price and Our Bid may be referred to as the sell price.
- 4.3 The difference between Our Bid and Our Offer price is the “Spread”. The spread may vary depending on a range of factors including but not limited to:
- 4.3.1 the volatility and risk of the underlying Reference Entity;
 - 4.3.2 the availability and liquidity of the underlying Reference Entity;
 - 4.3.3 the size of the transaction;
 - 4.3.4 the time to expiry;
 - 4.3.5 the cost of hedging the underlying exposure; and
 - 4.3.6 the “cost of carry” or financing cost associated with providing leveraged exposure.
- 4.4 When determining the spread on Our Price, CFM is required and committed to treat its customers fairly and the spread will be a reasonable reflection of the expertise and service provided, the associated costs and the various risks to which CFM is exposed in providing that service.
- 4.5 Although we will endeavour to provide two-way pricing, we are not obliged to do so and from time to time we may refuse to quote a price or to only quote a one way price. This may occur in a variety of circumstances including but not limited to:
- 4.5.1 where there is no active price for the underlying Reference Entity;
 - 4.5.2 where exchange restrictions may apply to the underlying Reference Entity;
 - 4.5.3 where the market in the underlying Reference Entity is distorted, abnormal or ineffective;
 - 4.5.4 where we are unable to adequately manage our risk exposure; or
 - 4.5.5 where there is limited or no liquidity in the underlying Reference Entity.
- 4.6 Where the price and availability of an underlying Reference Entity is only determined periodically, we may not be able to confirm Our Price immediately. We may, at our discretion, accept orders on a delayed pricing basis. In such circumstances we will confirm the basis on which the price will be determined when we accept your instruction.
- 4.7 Kinesis Contracts with CFM are not transacted on a recognised or designated investment exchange and, accordingly, they may expose you to greater risks than exchange transactions. If you wish to close a position at an earlier time than its expiry date, you will have to close it with CFM and at the price that CFM is willing to quote.

5.0 Opening a Position

- 5.1 You may open a new position at any time during trading hours by giving us instructions to buy or sell a particular Kinesis Contract. When you do so you are offering to enter into a Kinesis Contract with us at Our Price which will be binding on you notwithstanding that by opening the position you may have exceeded any credit or other limit applicable to you or in respect of your dealings with us.
- 5.2 Before opening a position you should assess the risk associated with the contract and the level of exposure that is appropriate for your requirements. To assess the effective exposure to which a particular contract is subject, it may be helpful to consider the notional equivalent exposure that the contract implies. The notional equivalent exposure is the approximate amount that would need to be invested in the underlying Reference Entity to achieve the equivalent financial outcome.
- 5.3 The notional equivalent exposure can be approximated as follows:
$$\text{NEX} = \text{Opening Price/Basis} \times \text{Quantity}.$$
- 5.4 The NEX can help to quantify the effective risk of a Kinesis Contract in terms that are more intuitively understandable. We recommend that customers should always consider their NEX when dealing in Kinesis Contracts.
- 5.5 Please note that long and short contracts on different Reference Entities may actually increase rather than decrease the total risk. When calculating the total NEX of a Kinesis account, customers should always add the individual components regardless of direction.
- 5.6 You may also wish to consider the Maximum Potential Loss (“MPL”) of the position. In particular you should consider that some positions, including short positions, may expose you to potentially unlimited losses.
- 5.7 The details of the Kinesis Contract between us will be confirmed to you in a contract note that will be sent to your email address as soon as possible after the price of the transaction is known.
- ### 6.0 Kinesis Credit Amounts
- 6.1 On opening a position, you and CFM are committed to an unknown future financial settlement. To ensure that you have sufficient means to cover any potential future loss from the Kinesis Contract, CFM requires you to pay a certain amount of money to CFM, which will be reflected as a credit in your Kinesis Account. The minimum amount required is referred to as the Kinesis Credit Requirement and will depend on the type of Kinesis Contract, Reference Entity, the means by which CFM endeavours to hedge its position and the general policies of CFM.
- 6.2 You agree to pay to CFM the Kinesis Credit Requirement amounts that may apply to any Kinesis Contract you enter into with us.
- 6.3 You acknowledge and agree that the Kinesis Credit Requirement due on each position may vary and, for the avoidance of doubt, may exceed any initial payments made and the initial Kinesis Credit Requirements that apply to a particular contract. You agree to pay any additional Kinesis Credit Requirement amounts that may become due on demand.
- 6.4 CFM agrees to repay on request your Kinesis Credit balance, subject to:
- 6.4.1 the deduction of the Kinesis Credit Requirement or any open Kinesis Contract;
 - 6.4.2 the deduction of any Kinesis losses that may have been incurred; and
 - 6.4.3 the settlement terms detailed below.

6.5 You agree and acknowledge that full title and ownership of all Kinesis Credit amounts paid or due has been passed by you to us for the purpose of securing or otherwise covering your present or future, actual, contingent or prospective obligations under these rules, and that such amounts do not constitute, and shall not at any time be deemed to constitute, client money for the purposes of the FSA Rulebook, and that no interest will be payable to you.

7.0 CFM Hedging Account

7.1 All Kinesis Credit amounts received by us will be transferred into a segregated hedging account, the purpose of which is to secure or otherwise cover our present or future, actual, contingent or prospective obligations to you under these rules.

7.2 For the avoidance of doubt, CFM may direct the activities of the hedging account as it sees fit. Such activities will predominantly involve the hedging of net Kinesis Contract exposures.

7.3 Should the assets of the hedging account become insufficient to meet in full CFM's net Kinesis Contract obligations at any time then within a reasonable period CFM will contact all customers with an open Kinesis Contract to notify of the potential shortfall and the action CFM is taking to rectify this.

7.4 In the unlikely event that the CFM hedging account is subject to a loss due to the default of one or more underlying banking counterparties, CFM will apportion any such loss on a pro-rata basis across all open Kinesis accounts in proportion to the value of each account.

7.5 In the unlikely event of a liquidation of CFM, the hedging account may be used to unwind CFM's Kinesis Contract obligations to customers who will rank as general creditors of CFM.

8.0 Closing an Open Position

8.1 Open positions may be closed at any time during trading hours, subject to the specific terms of the contract and underlying reference entity to which it relates. It is not ordinarily necessary to hold an open position until expiry. Kinesis Contracts may be closed prior to expiry by simply entering into a closing contract with CFM.

8.2 CFM will quote a closing price on which it is prepared to deal and it is your responsibility to decide whether or not you wish to deal at that price.

8.3 If you decide to close the contract, the winnings, profits or losses will be calculated based on the difference between the closing and the average opening prices.

8.4 Settlement will be due from the date of the closing transaction and not the Kinesis Contract expiry.

8.5 Any outstanding Kinesis Credit balance reserved in relation to the closed position will be released in full and retained on your account pending your further instruction. Surplus Kinesis Credit balances are available to secure new positions or to be withdrawn.

9.0 Expiry

9.1 Some contracts including spread bets, options and futures have a fixed expiry date at which time the Kinesis Contract will expire and any winnings, profits or losses will be calculated by reference to our closing bid price on that date.

9.2 If we are unable to determine a closing bid price on the expiry date, the contract winnings, profits or losses will be calculated by reference to our next available bid price.

9.3 Asset-backed contracts and vanilla contracts for difference will not normally have an expiry date. Kinesis Contracts without an expiry date continue until they are closed either by you or by CFM, in accordance with our rights under these rules.

10.0 Rolling an Open Position

10.1 Where continued exposure to an underlying Reference Entity is required on a position that has an expiry date, it may be beneficial to "Roll" the Kinesis Contract in advance of the stated expiry date.

10.2 Rolling a Kinesis Contract involves entering into a closing Kinesis Contract (closing the original Kinesis Contract) and opening a new Kinesis Contract simultaneously. The new opening Kinesis Contract will have a longer expiry date thereby maintaining exposure to the underlying Reference Entity.

10.3 The price of the new opening Kinesis Contract may be different from that of the closing Kinesis Contract or the current market price, due to the forward pricing nature of the new opening Kinesis Contract. The scale of the forward price differential will depend on a number of factors including:

10.3.1 the time to expiry - typically, the longer the contract the greater the forward pricing differential;

10.3.2 the degree of implied leverage - typically, the greater the implied leverage the greater the forward pricing differential due to the cost associated with providing leverage; and

10.3.3 supply and demand factors and any forward pricing levels for the underlying Reference Entity.

11.0 Auto-Roll

11.1 Notwithstanding our rights to refuse to enter into any transaction, and at our absolute discretion, all Kinesis Contracts will be automatically rolled prior to expiry unless you specifically instruct that the position be closed. In the event that CFM is unable to close a position at expiry we will roll the position at the last available price.

12.0 Underlying Reference Entities

12.1 The winnings, profits or losses achieved on any contract are dependent on the price movement or performance of the underlying Reference Entity to which the Kinesis Contract refers.

12.2 It is critical, therefore, that you take time to study and understand the exact nature of any Reference Entity to which a Kinesis Contract refers. In particular you should note:

12.2.1 the particulars of each Kinesis Contract;

12.2.2 the particulars of each Reference Entity;

12.2.3 the operating memorandum of any special reference index;

12.2.4 any differences that may exist between the specific Reference Entity and any similarly named instruments with which you may be more familiar;

12.2.5 forward priced Reference Entities (such as forward currencies or stock futures);

12.2.6 optionality and/or binary nature of certain Reference Entities;

12.2.7 the expiry time and date;

12.2.8 Kinesis Credit Requirements;

12.2.9 constituents and make up of any index based Reference Entities;

12.2.10 the underlying strategy and any related costs associated with a special or managed Reference Entity;

12.2.11 any specific terms or conditions that may apply to a particular Reference Entity;

- 12.2.12 any restrictions or notice periods that may apply in relation to closing the position.
- 12.3 Full details of all Kinesis Contracts and Reference Entities are available on request. If you are in any doubt as to the nature of the Kinesis Contract you are contemplating, then you should seek advice from your professional adviser.
- 13.0 Settlement**
- 13.1 When a position expires or is closed a settlement amount will be due to be paid either by CFM to you, or by you to CFM reflecting the respective winnings, profits or losses on the transaction. Subject to any special provisions that may be detailed for a particular contract or underlying Reference Entity, the settlement amount is calculated as follows:
- Settlement = (Average Closing Price - Average Opening Price) / Basis x Amount x Direction
- 13.2 Amounts due to be paid by you will be deducted automatically from your Kinesis Credit balance. Any excess due to be paid by you will be due and payable on the contract date.
- 13.3 Ordinarily, amounts due to be paid by CFM to you will be credited to your account on the contract date. In certain circumstances, CFM reserves the right to delay settlement where CFM is in turn subject to a delay in settlement of an underlying hedging activity that we may have entered into to facilitate the contract.
- 13.4 In such circumstances CFM will provide settlement at the earliest opportunity.
- 14.0 Limited Liability Contracts**
- 14.1 At our absolute discretion we may offer Limited Liability Contracts. All Limited Liability Contracts are designed to limit your maximum potential loss to the initial Kinesis Credit Requirement paid on opening the position.
- 14.2 In addition a Limited Liability Contract may specify a maximum potential loss to which the contract is subject, being less than the initial Kinesis Credit Requirement. The stated maximum potential loss may apply over a specific fixed or rolling time period.
- 14.3 Limited Liability Contracts are a useful means of managing your risk exposure and limiting your potential losses, particularly where short positions are being considered. Limited Liability Contracts are not available for all positions.
- 14.4 Limited Liability Contracts may not protect you in circumstances where a Force Majeure event is deemed to have occurred, and they remain subject to the counterparty risk of the Issuer.
- 15.0 Short Positions**
- 15.1 We may, at our discretion, allow customers to enter into 'short' contracts. The decision to allow this may depend on a number of factors including but not limited to:
- 15.1.1 our ability to effectively hedge the position;
- 15.1.2 the cost of financing the position, if any;
- 15.1.3 market conditions and liquidity;
- 15.1.4 stock specific events and or restrictions; or
- 15.1.5 knowledge, experience or rationale of the customer to enter into a short bet.
- 15.2 Short positions can result in potentially unlimited losses and are therefore significantly higher risk than an equivalent long position. For the avoidance of doubt, losses can exceed any Kinesis Credit amounts initially received and may require substantial additional funding to your account, which you are contractually committed to make.
- 15.3 You should consider carefully your circumstances, experience and overall risk exposure before engaging in any short contracts.
- 16.0 At Market Stop-Loss Orders**
- 16.1 We may, at our discretion, offer stop-loss limits on some contracts. Should the price of the underlying Reference Entity touch the stop-loss limit, then an order will automatically be entered to close-out the position 'at market', meaning at the best available price. Therefore, it is very possible that the close-out price will be different to the price at which the limit was actually placed. This difference may be more significant when trading in contracts referencing illiquid securities or indices, or in the event that specific news is released outside of market hours.
- 17.0 Guaranteed Stop-Loss Orders**
- 17.1 We may, at our discretion, offer guaranteed stop-loss limits on some Kinesis Contracts. A limit placed on this basis is guaranteed to execute at the specified level. There is an additional cost associated with this service, which will be factored into the price of the guaranteed stop-loss contract.
- 18.0 Dividends & Corporate Actions**
- 18.1 The treatment of dividends and corporate actions depends on whether the Kinesis Contract has an expiry date.
- 18.2 For Kinesis Contracts with a fixed expiry date, the price quoted is inclusive of any expected dividends and/or associated funding costs. Typically, if the underlying Reference Entity is expected to pay a dividend during the life of the Kinesis Contract we will quote an ex-dividend price at the point of dealing. It is for you to determine whether you are willing to deal at the price quoted. You will not be entitled to any dividend or payment associated with the underlying Reference Entity, other than the winnings, profit or loss that is achieved as a result of the price movements of the Kinesis Contract.
- 18.3 For Kinesis Contracts with no expiry date, the opening price quoted is exclusive of any dividends and/or associated funding costs. Dividends accruing in relation to the underlying Reference Entity and any funding costs will be credited and debited directly to your account on the last working day of each month, or when the position is closed. Where a Reference Entity accrues income within the price of the Reference Entity, then no equivalent dividend amount will be paid on Kinesis Contracts linked to that Reference Entity.
- 18.4 In the event that an underlying Reference Entity is subject to an adjustment as a result of a corporate action that materially but artificially impacts the price of the Reference Entity, then we will make proportionate and appropriate changes to reasonably reflect that action by way of an amendment to the terms of the Kinesis Contract. This may include:
- 18.4.1 a proportionate change to the strike price of the Kinesis Contract;
- 18.4.2 the issue of new or additional Kinesis Contracts; or
- 18.4.3 whatever other action may be appropriate. This action may be taken retrospectively.

19.0 Funding Costs

- 19.1 Funding costs do not apply to Kinesis Contracts with a fixed expiry date, where any financing cost is factored into Our Price. Funding costs apply to Kinesis Contracts incorporating implied leverage, or where the Kinesis Credit Requirement is less than 100%. The funding cost reflects the cost of financing the full exposure of the position. Any funding costs accrue daily and are deducted either monthly, or when a Kinesis Contract is closed.
- 19.2 Subject to any special provisions that may be detailed for a particular Kinesis Contract or underlying Reference Entity, the funding cost is calculated as follows:
$$\frac{(\text{Notional Equivalent Exposure} - \text{Kinesis Credit Requirement}) \times \text{Funding rate} \times \text{days}}{365}$$
- 19.3 The funding rate may vary and is available on request. Amounts due to be paid by you will be deducted automatically from your Kinesis Credit balance. Any excess due to be paid by you will be due and payable on demand.
- 19.4 Short positions with implied leverage may result in funding payments to you based on our credit funding rate.

20.0 Contract Size

- 20.1 Unless otherwise specified by us from time to time, all Kinesis Contracts are subject to a minimum size. The minimum size depends on the nature of the underlying Reference Entity and the basis of quotation. Minimum Kinesis Contract sizes are detailed from time to time on our Reference Entity information sheets, which are available on request.
- 20.2 From time to time we may also impose a maximum Kinesis Contract size or price adjustment for large contracts reflecting our ability and cost associated with hedging the underlying exposure.

21.0 Taxes

- 21.1 We do not withhold any sums for tax purposes in relation to the activity on your Kinesis account. You are responsible for all taxes that may arise in relation to your trades.
- 21.2 Participants should always seek advice from a Financial Adviser or Tax Specialist to determine the suitability of any financial service to your specific circumstances. Winnings from betting are typically not subject to taxation in the Isle of Man.
- 21.3 Winnings from betting, including spread betting, are typically free from Capital Gains Tax in the UK. In addition, no income arises from a spread bet and any winnings are ordinarily not subject to income tax. Participants should note that betting losses cannot be offset against other CGT gains.
- 21.4 Spread betting may not be appropriate or tax efficient for all potential participants.
- 21.5 Profits from Contracts for Difference are typically not subject to taxation in the Isle of Man.
- 21.6 Profits and losses from Contracts for Difference are typically subject to Capital Gains Tax in the UK. Losses on CFDs can typically be offset against other CGT gains. Any income arising from a Contract for Difference may be subject to income tax in your country of residence.
- 21.7 Spread bets and CFDs are typically exempt from UK stamp duty.
- 21.8 Tax laws can change at any time, and it is your sole responsibility to ensure that you are aware of your personal tax situation at all times. We are not and will not be responsible for relaying any changes to the law that may impact your specific circumstances.

22.0 Transactions in Other Currencies

- 22.1 A client may open a Kinesis Contract where the underlying currency differs from the client's own base currency. CFM, at its own discretion, may allow a client to fund their credit account in their selected base currency. However, the client must be aware that fluctuations in the exchange rate between the two currencies may result in the need for an additional credit requirement. Any winnings, profits or losses will be converted at the prevailing exchange rate and credited to or debited from the client's account as required.
- 22.2 The client agrees to indemnify CFM against any losses incurred as a result of betting across currencies.

23.0 Right to Set-off

- 23.1 If your Kinesis account shows an available credit balance, you may request us to send you a cheque or effect a payment to you by alternative means in respect of such amount. However, we may at our discretion elect to withhold any payment requested (in whole or in part) due to you if:
- 23.1.1 your open Kinesis Contracts are showing notional losses; and/or
- 23.1.2 we are of the view (acting reasonably) that funds may be required to meet future Kinesis Credit Requirements or to cover losses on open Kinesis Contracts due to underlying market conditions; and/or
- 23.1.3 you have any contingent liability to us or to any of our associates in respect of any other account or relationship you have with us or our associates; and/or
- 23.1.4 we reasonably determine that there is an unresolved dispute between us in connection with these Rules or any related Kinesis Contract.
- 23.2 We shall notify you as soon as reasonably practicable if we decide to take such action.
- 23.3 In addition we may, at any time at our discretion and without notice to you, set-off any credit balance on your account or any other sums due to you against any debit balances or other sums due to us.
- 23.4 If we exercise the right to set-off and it is shown that the amounts due to us exceed the amounts due to you, we will give you notice of this and you agree immediately to pay such excess to us.

24.0 Errors

- 24.1 It is possible that errors may occur in the prices quoted by us. In such circumstances, neither party will be bound by any Kinesis Contract which purports to have been made (whether or not confirmed by us) at a price which was, or ought reasonably to have been known by the other party to be materially incorrect at the time of dealing.
- 24.2 Except in the case of fraud, we do not accept any liability for any loss or damage suffered by you as a result of your reliance upon a price which you knew, or ought reasonably to have known, to be materially incorrect.
- 24.3 In the event that the price of an underlying Reference Entity is incorrect and subsequently amended where we have relied upon that price in determining Our Price, we may make appropriate corrective amendments to Our Price and adjust any affected contracts accordingly.

25.0 Indemnity & Limitation of Liability

- 25.1 You shall indemnify us and keep us indemnified in respect of all liabilities, costs, claims, damages and expenses of any nature whatsoever which we suffer or incur as a direct or indirect result of any breach by you of your obligations under these rules, or of us exercising our rights under these rules, unless and to the extent such liabilities, costs, claims, damages and expenses are suffered or incurred as a result of our gross negligence or wilful default.
- 25.2 We accept no liability to you for any type of losses, damages, costs or expenses whatsoever, whether direct, indirect or consequential, including loss of profits or loss of opportunity except in the case of fraud or gross negligence.
- 25.3 This indemnity shall survive termination of your Agreement with us.

26.0 Default

- 26.1 We may, in our absolute discretion and without prior notice to you, close any or all of your open Kinesis Contracts, in whole or in part, place stop-loss limits on your account, exercise our rights to set-off under these rules, close your account, refuse to accept any further trades from you and/or terminate these rules if:
- 26.1.1 you fail to meet any payment requirements demanded in accordance with these rules;
- 26.1.2 you do not perform your obligations to us under these rules;
- 26.1.3 we reasonably believe that you may not be in a position to meet all of your obligations under these rules; or
- 26.1.4 any regulation or law so requires.

27.0 Force Majeure

- 27.1 We may, in our reasonable opinion, determine that an emergency or exceptional market condition exists (a "Force Majeure Event"), including but not limited to:
- 27.1.1 where we are, in our opinion, unable to maintain an orderly market in respect of any one or more of the instruments against which we issue Kinesis Contracts;
- 27.1.2 the suspension, closure, liquidation or abandonment of any underlying market or instrument;
- 27.1.3 the imposition of limits or special or unusual terms in the underlying markets or instruments;
- 27.1.4 the excessive movement, volatility or loss of liquidity in the underlying markets or instruments; or
- 27.1.5 where we reasonably anticipate that any of the above circumstances are about to occur.
- 27.2 If we determine that a Force Majeure Event exists we may take one or more of the following steps:
- 27.2.1 alter normal trading times;
- 27.2.2 alter Kinesis Credit Requirement amounts;
- 27.2.3 amend or vary these rules and any transaction contemplated by these rules insofar as it is impractical or impossible for us to comply with our obligations to you;

- 27.2.4 close any or all open Kinesis Contracts, cancel instructions and stop-losses, limit or other orders as we deem to be appropriate in the circumstances; or
- 27.2.5 take or omit to take all such other actions as we deem to be reasonably appropriate in the circumstances, having regard to our position, your position and the position of other customers.
- 27.3 We will inform you as soon as reasonably practicable if we determine that a Force Majeure Event exists.

28.0 Changes to the Rules

- 28.1 We reserve the right to make changes to our Kinesis Rules at any time and without prior notification.
- 28.2 The Rules will clearly specify the date from which they became valid. It is your responsibility to ensure you are familiar with the current Rules.

Section H

Kinesis - Risk and Disclosure Statement - Derivatives

1.0 Derivatives | General Disclosures

- 1.0.1 This notice is provided to you as a retail investor in compliance with the Rulebook issued by the Financial Services Authority. Retail investors are afforded greater protection under those Rules than those classed as professional investors, and you should ensure that your Licenceholder tells you what this protection is.
- 1.0.2 In the interests of transparency we may also provide this notice to Execution Only and non-retail clients. If you are unsure if you are treated as a retail, Execution Only or non-retail client please refer to the Welcome Letter issued to you when you opened your account or contact Capital International Group.
- 1.0.3 This notice does not disclose all of the risks and other significant aspects of derivatives products such as Futures, Options and Contracts for Differences. Nor does it attempt to define all the relevant terms used, and you should ensure that any terms which you do not understand are fully explained to you before completing this risk disclosure statement. You should not deal in derivatives unless you understand the nature of any such contracts that you may be entering into or which may be entered into on your behalf, and the extent of your exposure to risk. You should also be satisfied that such contracts are suitable for you in the light of your circumstances and financial position.
- 1.0.4 Whilst derivatives can in certain circumstances be used for the management of investment risk, some such investments are unsuitable for many investors. Further, strategies intended to reduce risk may be impossible to complete in some market conditions, and so the intended level of protection will not be obtained. You should establish whether this will be a possibility. Your Investment Management Agreement should make it clear whether your Licenceholder may use derivatives on your behalf for speculative purposes, or whether they may only be used to effect an investment strategy of reducing risk.
- 1.0.5 Certain strategies using a combination of instruments, such as those described as “spreads” or “straddles”, may be as risky as, or more risky than, simple “long” or “short” positions. Investors may not only lose their entire capital, but be liable to pay much more. Different instruments involve different levels of exposure to risk. Before engaging in any Kinesis Contract you should consider carefully whether it is suitable for you and you should be aware of the following.
- 1.1 Futures
- Transactions in Futures involve the obligation to make, or to take, delivery of the underlying asset of the contract at a future date, or in some cases to settle your position with cash. They carry a high degree of risk. The “gearing” or “leverage” often obtainable in futures trading means that a small deposit or down payment can lead to large losses as well as gains. It also means that a relatively small market 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 transactions have a contingent liability, and you should be aware of the

implications of this, in particular the margining requirements, which are set out in paragraph 1.6.

1.2 Options

There are many different types of options with different characteristics subject to different conditions. You should ensure that these characteristics are appropriate to your circumstances. You should also be aware of the relevant expiry dates after which the right attached to your options can no longer be exercised.

1.2.1 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 remuneration or other transaction charges. However, if you buy a call option on a Future Contract and you later exercise the option, you will acquire the Future. This will expose you to the risks described under “Futures” and “Contingent Liability Transactions”.

1.2.2 Writing Options

If you write an option, the risk involved is considerably greater than buying options. You may be liable for margin to maintain your position and a loss may be sustained well in excess of any 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 for 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.

1.2.3 Traditional Options

A particular type of option called “traditional option” is written by certain London Stock Exchange firms under special exchange rules. 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 opening position or to effect an equal and opposite transaction to reverse an open position. It may be difficult to assess its value or for the seller of such an option to manage his exposure to risk.

1.2.3.1 Certain options markets operate on a margined basis, under which buyers do not pay the full premium on the option at the time they purchased it. In this situation you may subsequently be called upon to pay margin on the option up to the level of your premium. If you fail to do so as required, your position may be closed or liquidated in the same way as a futures position.

1.3 Contracts for Differences

Futures and options contracts can also be referred to as a Contract for Differences. These can be options and futures on the FTSE 100 index or any other index as well as currency and interest rate swaps. However, unlike other futures and options, these contracts can only be settled in cash. Investing in a

Contract for Difference carries the same risks as investing in a future or an option and you should be aware of these as set out in paragraphs 1.1 and 1.2 respectively. Transactions in Contracts for Differences may also have a contingent liability and you should be aware of the implications of this as set out in the paragraph 1.6.

1.4 Off-Exchange Transactions in Derivatives

It may not always be apparent whether or not a particular derivative is effected on or off-exchange. Your Licenceholder must make it clear to you if you are entering into an off-exchange derivative transaction, and may only enter into off-exchange transactions which have a contingent liability (see paragraph (6) with your express permission.

1.4.1 While some off-exchange markets are highly liquid, transactions in off-exchange or “non-transferable” derivatives may involve greater risk than investing in on-exchange derivatives because there is no exchange market on which to close out an open position. It may not be possible to liquidate an existing position, to assess the value of the position arising from an off exchange transaction or to assess the exposure to risk. Bid and offer prices need not be quoted, and even where they are, they will be established by dealers in these instruments and consequently it may be difficult to establish what is a fair price.

1.4.2 Unless otherwise stated, the counterparty for all Kinesis Contracts will be Capital Financial Markets Limited, a subsidiary of Capital International Limited. Bets are not transacted on a recognised or designated investment exchange and, accordingly, they may expose you to greater risks than exchange transactions. If you wish to close a position at an earlier time than its maturity date, you will have to close it at the price that the counterparty is willing to quote. The spread between buying and selling prices may vary and there is no guarantee as to the spread at the time of trading.

1.5 Foreign Markets

Foreign markets will involve different risks from UK markets. In some cases the risks will be greater, and moreover timely and accurate information may be harder to obtain. On request, your Licenceholder must provide an explanation of the relevant risks and protections (if any) which will operate in any relevant foreign markets, including the extent to which he will accept liability for any default of a foreign broker through whom he deals. The potential for profit or loss from transactions on foreign markets or in foreign currency denominated contracts will be affected by fluctuations in exchange rates, which may more than wipe out any profits made through the underlying investment.

1.6 Contingent Liability Transactions

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

1.6.2 If you trade in futures, Contracts for Differences or sell options you may sustain a total loss of the margin you deposit with your broker to establish or maintain a position. If the market moves against you, you may be called upon to pay substantial additional margin at short notice to maintain the position. If you fail to do so within the time required, your position may be liquidated at a loss and you will be liable for any resulting deficit. In the event any margin payment is not made within time you

remain liable for any deficit.

1.6.3 Even if a transaction is not margined, it may still carry an obligation to make further payments in certain circumstances over and above any amount paid when you entered the contract.

1.6.4 Except in specific circumstances under Financial Services Authority (Stockbrokers) Regulatory Code, your broker may only carry out margined or other contingent liability transactions with or for you if they are traded on or under the rules of a recognised or designated investment exchange. Contingent liability transactions which are not traded on or under the rules of a recognised or designated investment exchange may expose you to substantially greater risks.

1.7 Collateral

If you deposit collateral as security with your broker, the way in which it will be treated will vary according to the type of transaction and where it is traded. There could be significant differences in the treatment of your collateral depending on whether you are trading on a recognised or designated investment exchange (and associated clearing house), applying, or trading 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 your broker how your collateral will be dealt with.

1.8 Charges

Before you begin to trade, your Licenceholder should explain to you in writing details of all remunerations and other charges for which you will be liable. If any charges are not expressed in money terms (but, for example, as a percentage of the contract value), this should include a clear written explanation, including appropriate examples to establish what such charges are likely to mean in specific money terms. In the case of futures, when remuneration is charged as a percentage, it will normally be as a percentage of the total contract value and not simply as a percentage of your initial payment.

1.9 Suspensions of Trading

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

1.10 Clearing House Protections

On many exchanges, the performance of a transaction by your Licenceholder (or the third party with whom they are dealing on your behalf) is “guaranteed” by the exchange or its clearing house. However, this guarantee is unlikely in most circumstances to cover you, the retail investor, and may not protect you if the Licenceholder or another party defaults on its obligations to you. On request, your Licenceholder must explain any protection provided to you under the clearing agreement applicable to any on-exchange derivatives in which you are dealing. There is no clearing house for traditional options, nor normally for off-exchange instruments which are not traded on or under the rules of a recognised or designated investment exchange.

1.11 Insolvency

The Rulebook provides for the segregation of Client Money and Clients Investments from the “own funds” of a Licenceholder acting on behalf of clients. Nonetheless, your Licenceholder’s insolvency or default, or that of any broker involved with your transaction, may lead to positions being liquidated or closed out without your consent. In certain circumstances, you may not get back the actual assets which you lodged as collateral and you may have to accept any available payment in cash (which may not cover the sum in full). On request, your Licenceholder must provide an explanation of the extent to which they will accept liability for any insolvency of, or default by, any brokers involved with your transactions.

2.0 Kinesis | Risk Disclosure

2.1 Kinesis Contracts

2.1.1 Kinesis Contracts can involve a high degree of “gearing” or “leverage”. The level of gearing is dependent on the initial financial requirements applicable to a contract. Contracts that require an initial payment of 100% of the overall contract exposure carry no gearing, whereas a contract that requires an initial payment of 25% of the overall contract exposure implies gearing of 4x the amount paid.

2.1.2 Customers should consider carefully the level of gearing (if any) that is suitable for them. High levels of gearing have the effect of significantly magnifying price movements such that a relatively small movement in the underlying market can have a disproportionately dramatic effect on your trade.

2.1.3 If the underlying market movement is in your favour, you may achieve a good profit, but an equally small adverse market movement can not only quickly result in the loss of your entire deposit, but may also expose you to a large additional loss. You may be called upon to deposit substantial additional credit amounts, at short notice, to maintain your position. If you do not provide such additional funds within the time required, your position may be closed at a loss and you will be liable for any resulting deficit.

2.2 Short Positions

2.2.1 You should consider carefully your circumstances, experience and overall risk exposure before engaging in any short contracts.

2.2.2 Short positions can result in potentially unlimited losses and are therefore significantly higher risk than an equivalent long position. For the avoidance of doubt, losses can exceed the initial amounts paid and may require substantial additional funding to your account, which you are contractually committed to pay.

2.3 Contract Credit Requirements

The credit requirement for individual contracts may change at short notice due to circumstances that are beyond our control. Nevertheless, any additional credit requirements will still need to be funded within the time required. We will normally try and give 48 hours notice of the required time, but in exceptional circumstances where there is a significant price movement in an individual contract, this might be for same day value.

2.4 Stop-Loss Limits

A stop-loss limit order can help to limit potential losses and bring peace of mind. A stop-loss order allows you to set a price which if breached will trigger a sell order (for long positions) or a buy order (for short positions) to close your current position. These closing orders will be dealt ‘at best price’. This may mean that the order is executed at less than your stop-loss price in the case of a long position or more than the stop-loss price in the case of a short position.

2.5 Advice

Unless you are a market professional or experienced investor, you should always seek professional advice before engaging in any contract. From time to time we may provide you with factual market information, or information in relation to a transaction about which you have enquired, as to transaction procedures, any potential risks involved and how those risks may be minimised. Such information should not be considered to be advice or any form of recommendation by us.

2.6 Regulation

Derivative and spread bet contracts are not subject to approval in the Isle of Man and are not protected by any statutory compensation arrangements in the event of failure of one or more contracts.

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