

COWEN

Cowen International Limited

Terms of Business

January 2018

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Registered in England and Wales
Number 5622839

These Terms of Business and any Associated Documents set out the terms on which Cowen International Limited (“CIL”) will provide certain services to you (the “Client”) and as described in more detail below. The term “Associated Document” for these purposes includes any CIL master or other agreements which Cowen may have entered into or may enter into with or on behalf of the Client which govern the terms of particular transactions and any other agreement entered into in relation to a specific transaction. In the event of any conflict between these Terms of Business and any such Associated Documents, the terms of the relevant Associated Document will prevail. The services covered by these Terms of Business are those described in paragraph 3.

The Client’s consent to these Terms of Business and all of its terms and conditions will be deemed to be given when it places its first order with CIL or any Connected Companies, after the date of these Terms of Business, and these Terms of Business will be deemed to be accepted by CIL and any Connected Companies when CIL receives such order. Thereafter, these Terms of Business will be deemed to be renewed with each order placed with, or transaction effected through, CIL and any agreement.

CIL is authorised and regulated by the Financial Conduct Authority (“FCA”). It is subject to certain rules made by the FCA and set out from time to time in its Handbook (the “FCA Rules”).

CIL is also subject to certain European Union rules and regulations, some of which are directly applicable to it, including the Market Abuse Regulation (No 596/2014), “MAR”) and Directive 2014/65/EU on markets in financial instruments (amending Directive 2002/92/EC and Directive 2011/61/EU) (“MiFID”) and the rules of each trading venue on which the Client transacts investment business.

For the purposes of the FCA Rules, the Client will be categorised as a professional client and, although the Client has the right to request a different classification under the Rules, note that CIL is not permitted to act on behalf of retail clients.

CIL is ultimately controlled by Cowen Inc. (f/k/a Cowen Group, Inc.) (together with its other direct and indirect subsidiary companies referred to as “Connected Companies” and each as a “Connected Company”).

1. Capacity and authority

1.1. The Client warrants that it is duly organised under the laws of its jurisdiction of establishment and has and will have full power and capacity (including, where it is acting as trustee of a trust, full power and capacity under the relevant trust deed) to enter into these Terms of Business and any Associated Documents and the transactions contemplated under them and to perform its obligations under those transactions and that by entering into and adhering to these Terms of Business, any Associated Documents and those transactions it will not violate any law, regulation, charter, bylaw or rule applicable to it.

1.2. The Client warrants that it has taken, and will have taken, all necessary corporate and other action to authorise it to enter into these Terms of Business, any Associated Documents and the transactions contemplated under them and to perform its obligations under those transactions.

1.3. The Client undertakes and warrants to CIL that, unless and until the Client notifies CIL to the contrary in writing, the Client will be acting as principal and will not be acting as agent for any other person or entity. When the Client acts as agent the terms of Schedule 1 will apply.

2. Instructions

2.1. Instructions may be given to CIL either by letter, facsimile transmission, electronic mail, telephone, other oral communication or any other form of communication acceptable to CIL. CIL may in good faith rely upon, and the Client shall be bound by, any instructions which purport to originate from a person actually or apparently authorised on behalf of the Client to give such instructions.

2.2. In seeking to implement any instruction or request (including to arrange or effect any transaction under any Associated Documents) on behalf of the Client, CIL will have complete authority as the Client's agent.

2.3. CIL may at any time, and without any liability on its part, refuse to act upon, arrange or otherwise implement any instruction or request or may refuse to effect any transaction without giving any reason, provided that such refusal is notified to the Client promptly. CIL will have no responsibility in relation to any instruction or request that is not actually received by it.

2.4. Any person executing a transaction under these Terms or otherwise may at any time, and without liability on its part, limit the number of open positions which the Client may have at any one time and it may, in its sole discretion, take steps to arrange the close out of any transactions in order to ensure such position limits are maintained.

2.5. CIL may instruct agents (which may be Connected Companies) to effect any transaction on its behalf or on behalf of the Client.

3. Services the firm will provide

3.1. CIL provides the following services in relation to equities, debentures and exchange traded and over-the-counter derivatives (including futures, options and contracts for differences):

- order execution services
- order transmission services; and
- Other services may be provided by CIL as agreed with the Client and, if so agreed, will be covered by these Terms of Business.

3.2. The Client has a complete understanding of all the terms, conditions and risks, whether economic, financial, operational, or otherwise, which relate to these Terms of Business and the order execution services and order transmission services provided under these Terms of Business and is financially and otherwise capable of assuming and willing to assume those risks. A summary of risks is set out in Schedule 2.

3.3. The Client's consent to these Terms of Business and all of its terms and conditions will be deemed to be given by Client when it places its first order with CIL or any Connected Companies, after the date of these Terms of Business, and these Terms of Business will be deemed to be accepted by CIL and any Connected Companies when CIL receives such order. Thereafter, these Terms of Business will be deemed to be renewed with each order placed with, or transaction effected through, CIL or any Connected Companies.

3.4. The Client may place orders relating to designated investments with an authorised representative of CIL. Such orders will, on the Client's specific instructions, either be introduced to CIL's Connected Company Cowen and Company, LLC a US registered Broker Dealer or other executing brokers agreed with the Client who will execute the transaction or be executed by CIL either as agent or principal. When CIL introduces the Client's business to Cowen and Company, LLC, only the services of CIL are regulated by the FCA. When CIL introduces the Client's business to executing brokers other than Cowen and Company, LLC the services of such executing brokers may or may not be regulated by the FCA. The activities undertaken by the executing broker will, as appropriate, be conducted on Terms of Business agreed directly between the Client and the executing broker. Note that CIL will neither hold nor receive any money or assets belonging to the Client (except CIL's Prime Brokerage Client) and is not authorised by the FCA to do so.

4. Suitability and appropriateness

4.1. Since CIL is neither managing the Client's portfolio nor advising the Client on its investment transactions, the FCA Rules requiring firms to ensure that certain transactions are suitable for the Client's circumstances will be inapplicable.

4.2. Since the Client is a professional client, CIL assumes that it has the necessary experience and knowledge to understand the risks in relation to the services provided under these Terms of Business. CIL will not, therefore, assess under the FCA Rules the appropriateness of any of the Client's proposed transactions.

5. Dealing

5.1. Under Applicable Law, where instruments are admitted to trading on a regulated market or multilateral trading facility in Europe CIL must have your prior express consent before executing orders in those instruments outside such a venue. The Client hereby provides CIL with its consent.

5.2. Under Applicable Law, where CIL handle a limit order for shares admitted to trading on a regulated market in Europe which is not immediately executed under prevailing market conditions, CIL must have your express instructions not to make that order immediately public. The Client hereby provides CIL with its consent. As applicable, this is subject, however, to the applicable rules of the SEC/FINRA/NYSE governing Cowen and Company LLC.

5.3. Under its order execution policy, CIL may execute orders outside of a Regulated Market ("RM"), Multilateral Trading Facility ("MTF") or Organised Trading Facility ("OTF"). The Client expressly consents to CIL executing the Client's orders outside of a RM, MTF or OTF. The Client in providing such express consent agrees that, whenever the Client gives instructions and places an order, CIL shall be entitled in its discretion to select the execution venue for executing the order.

5.4. Where the order is executed by Cowen and Company, LLC, it will be executed in accordance with applicable SEC/FINRA/NYSE regulatory requirements regarding best execution, further details of which are available on request. Where it is executed by a broker authorised by an EEA regulator, we shall obtain a copy of its Order Execution Policy, which also will be available to you on request.

5.5. All sale orders are accepted by CIL on the understanding that you own the investments sold. You are required to advise CIL if any sale order given to CIL is a short sale before the order is accepted by CIL.

6. Best Execution and Aggregation of Orders

6.1. CIL will comply with its Order Execution Policy and, in particular, any applicable obligations regarding Order Execution Policy under the Applicable Law. CIL's Order Execution Policy is provided to Clients prior to placing orders with CIL and is re-distributed from time to time. CIL will notify you of any material changes to its Order Execution Policy. Copies of the Order Execution Policy can be obtained by contacting by the Compliance Officer of CIL.

6.2. The Client's Orders will be executed in accordance with CIL's Order Execution Policy as amended from time to time. By agreeing to be bound by the terms of this Agreement, the Client confirms it has read, agrees and consents to CIL executing Orders in accordance with CIL's Order Execution Policy. CIL will notify the Client of any material changes to the Order Execution Policy but it is the Client's responsibility to check for any other changes to CIL's Order Execution Policy as distributed from time to time CIL to its Clients. The Client is deemed to agree and consent to the Order Execution Policy as in effect from time to time each time the Client gives instructions and places an Order.

6.3. Where CIL or any Connected Company executes a programme trade the Client agrees that CIL will not be obliged to notify the Client whether such Connected Company acts as principal or agent.

6.4. The Client agrees that it will be responsible for any profit and loss due to fluctuations in exchange rates arising from Transactions which are effected in a foreign currency. Furthermore, the Client agrees that CIL or its Connected Company may use such exchange rate as conclusively determined by CIL or such Connected Company when executing such Transactions.

6.5. The Client agrees that CIL has the right to aggregate one of the Client's Orders with Orders from other customers or CIL's own Orders, if such aggregation of Orders is unlikely to disadvantage the Client and as long as such aggregation is permitted by Applicable Law. Nevertheless, the Client understands that such aggregation may result in the Client being disadvantaged. CIL's policy is to aggregate the Client's Orders when we believe it will result in a favourable execution result for the Client. In either case, including when an Order is partially executed, CIL allocates the fills in an order of priority based on time of receipt of the order.

7. Post-Trade Reporting

7.1. Where CIL decides that it will achieve the best result for the Client's order by executing it in an alternative trading system, CIL may submit trade reports regarding such Transactions to Approved Publication Arrangements ("APAs"). As applicable, CIL will only make public such information when CIL is acting as the seller, unless the buyer is acting as a systematic internaliser, in which case CIL will not make public such information.

7.2. CIL has the sole discretion to determine where any trade should be trade reported for post-trade transparency purposes.

7.3. CIL may agree to allow APAs to use certain data provided by CIL for the purposes of the Client's trade reporting obligations, however if CIL does so the Client undertakes, represents and warrants that the Client is and remains responsible and liable for the submission and accuracy of the data or related reports (including promptly checking and verifying such data, where applicable) and overall compliance with the Client's trade reporting obligations. CIL give no representations or warranties as to the accuracy of such data and neither CIL nor any of CIL's Connected Company s shall be liable for any Losses arising in connection with the accuracy of such data or the failure of, or delays caused by any system, interface or other internal or external technology used for capturing transmission or receipt of such data or the APA services or any act or omission of such APA or any third party. CIL reserves the right to discontinue provision of such data at any time.

8. Transaction Reporting

8.1. To enable CIL to comply with transaction reporting obligations under Applicable Law, the Client agrees to promptly deliver to CIL any information that CIL may from time to time request to enable CIL to complete and submit transaction reports to the FCA. The Client agrees that CIL may provide information about the Client or, where applicable, a principal, and Transactions executed with or for the Client or, where applicable, a principal, to competent authorities in the course of submitting transaction reports and to us it making public relevant details of quotes provided to you and Transactions executed for you in accordance with Applicable Law.

8.2. The Client acknowledges that the Client may be separately required to submit transaction reports regarding certain Transactions. CIL will not submit transaction reports to the FCA on behalf of the Client and CIL will not reference the Client's underlying clients. The Client will be solely responsible for assessing and determining whether the Client is subject to any transaction reporting obligations in relation to any Transaction that is executed by or through CIL, and the Client will be solely responsible for complying with any such transaction reporting obligations that the Client is subject to.

8.3. The Client acknowledges that the disclosures made in the context of CIL's trade or transaction reporting may be made to recipients in a jurisdiction other than CIL's or the Client's, (i) to the extent that applicable non-disclosure, confidentiality, bank secrecy, or other law imposes non-disclosure requirements on Transaction and similar information required or permitted to be disclosed as contemplated herein but permits a Party to waive such requirements by consent, the consent and acknowledgements provided herein shall be your consent for purposes of such law; and (ii) any agreement between CIL and the Client to maintain confidentiality of information contained in these Terms of Business or in any non-disclosure, confidentiality or other agreement shall continue to apply to the extent that such agreement is not inconsistent with the disclosure of information in connection with this provision ; and (iii) nothing herein is intended to limit the scope of any other consent to disclosure separately given by each Party to the other Party.

9. Statements and Confirmations

9.1. CIL may issue an interim confirmation to the Client in respect of transactions arranged or effected on behalf of the Client pursuant to these Terms of Business or any Associated Documents. Such interim confirmation shall be in addition to any confirmation provided by the executing broker (whether in accordance with the FCA Rules or at all).

9.2. Unless otherwise agreed, CIL will promptly provide the Client with confirmations of any transactions executed for Client in accordance with Applicable Law. CIL will send a written confirmation in respect of each transaction executed through CIL, or any Affiliate Company to the Client no later than one business day following the execution of that transaction.

9.3. The Client agrees that CIL may provide confirmations of transactions to the Client by electronic means, unless otherwise has been agreed. The Client agrees that it is responsible for regularly confirming the correctness of electronic confirmations. Confirmations of transactions shall be conclusive and deemed to be accepted unless the Client objects within one business day of receipt.

9.4. CIL shall, on the Client's request, supply information about the status of an order or transaction under Applicable Law.

10. Relationships between Connected Companies and transactions with Connected Companies

10.1. CIL may introduce transactions to, or execute transactions with, brokers in circumstances where it or a Connected Company may have an interest which may conflict with CIL's duty to the Client. CIL will ensure that such transactions are effected on terms that are not materially less favourable than if the conflict had not existed.

10.2. CIL maintains a Conflict of Interest Policy that sets out the types of actual or potential conflicts that may affect CIL's business and provides details on how these are managed. A summary of how such conflicts are managed is set out below:

- establishing arrangements that require information held by a person in the course of carrying on one part of its business (or that of a Connected Company) should be withheld from, or not be used for, persons with or for whom it or a Connected Company acts in the course of carrying on another part of its business; and
- relying on a policy of independence under which employees are required to disregard any material interests or conflict of interest when advising a Client or dealing on behalf of a Client.

A summary of the policies and procedures that CIL has in place for identifying, preventing, minimising and managing conflicts of interest is set out in CIL's Conflicts of Interest policy which is available in Schedule 3.

10.3. Neither CIL nor any Connected Company shall be liable to account to the Client for, or disclose to the Client, any profit, charges, commission or other remuneration arising in respect of transactions with Connected Companies or in which it has a Material Interest except as referred to in paragraphs 3.4 above and 12.2 below.

10.4. The relationship between the Client and CIL will not give rise to any fiduciary or equitable duties on the part of CIL which would prevent or hinder CIL or any Connected Company in providing any service referred to in these Terms of Business or in doing any other business with or for the Client.

11. Research

11.1. CIL or a Connected Company may provide general market commentary (which term shall include non-independent research) and investment research (as defined in MiFID II) to the Client and which is not tailored to the Client's circumstances without informing the Client of its reasons in respect thereof or of the information on which such market commentary or investment research reports is based.

Neither CIL nor any such Connected Company shall be under any obligation to provide on-going advice or information to the Client in relation to any investments mentioned in such materials or to update any investment recommendations contained therein unless otherwise agreed with CIL. Where CIL does provide general market commentary or investment research reports, CIL gives no representation, warranty or guarantee as to their accuracy or completeness or the tax consequences of any transactions.

Unless CIL specifically agrees otherwise in writing with the Client, the Client hereby acknowledges (i) that the provision of such commentary or reports is incidental to the Client's relationship with CIL and not provided with a view to the Client making investment decisions based on such commentary or reports (and notwithstanding any investment recommendation contained therein); (ii) that the information provided to other clients or the public may be different from that given to the Client and; (iii) that such information may not be consistent with CIL's proprietary investments or decisions or those of Connected Companies or their respective directors, employees or agents.

11.2. CIL or a Connected Company may publish general market commentary and investment research (with or without specific investment recommendations) from time to time to all or any of its clients or to its own employees or those of Connected Companies but shall be under no obligation to disclose or take account of such investment research or recommendations when dealing with or for the Client. CIL will ensure that independent investment research produced by CIL is published and distributed to all interested parties simultaneously, but CIL makes no representations as to the time of receipt by the Client of research or recommendations and does not guarantee that the Client will receive such research or recommendations at the same time as it is received by other clients or within any other parts of CIL or any Connected Company. Any such general market commentary and investment research and any investment recommendations may appear in one or more information service.

11.3. CIL will not provide any tax advice and shall not at any time be deemed to be under any duty to such advice.

11.4. Any projections, forecasts or expressions of opinion made in any general market commentary and investment research report are based on assumptions deemed appropriate at the time of publication and no representation is given that these assumptions will continue to be appropriate. The dissemination of any research report does not constitute an offer or a solicitation to buy or sell the investments mentioned therein.

11.5. Neither CIL nor any Connected Company may be held liable for any loss to the Client arising as a result of any investment decision based upon any general market commentary or investment research issued by CIL or any Connected Company. The Client should read and consider carefully any disclosures or disclaimers made in such research and should consider whether it requires independent advice before making any decision in connection thereof.

12. Charges

12.1. The Client will be responsible for any payment of any brokerage fees, transfer fees, registration fees and all other liabilities, charges, costs and expenses payable or incurred by CIL in connection with transactions arranged or effected on behalf of the Client pursuant to these Terms of Business or any Associated Documents.

12.2. For CIL Prime Clients, in consideration of the services that CIL performs under these Terms of Business, CIL Prime may receive remuneration and fees from, or share fees and charges with, a third party (including any Connected Company or executing broker) on any basis that CIL Prime agrees with such a person. CIL Prime will give the Client details of any such arrangements or of any amount received and shared with such a person at the Client's request.

12.3. Information on costs and charges with respect to services will be provided to Client in writing. Client agrees that CIL may provide it with information on costs and charges via e-mail. Client agrees to a limited application of the detailed requirements set out in Article 50 MiFID II Commission Delegated Regulation and in particular the disapplication of the requirement to provide an illustration showing the cumulative effect of costs on return, the requirement to provide an indication of the currency involved and applicable currency conversion rates and costs.

13. Changes and notices

13.1. These Terms of Business supersede any earlier terms of business provided by CIL to the Client in respect of the same services. The Client is not entitled to assign or transfer its rights hereunder without the prior consent, in writing, of CIL, but these Terms of Business will apply to any successor of the Client or its permitted assignees. CIL may vary, amend or supplement these Terms of Business at any time by giving the Client a written notice setting out the relevant changes. Such changes will become effective on the date specified in such notice which shall not be less than 10 business days from the date of the notice unless this is impractical in the circumstances. The Client may only amend or vary these Terms of Business with the prior written agreement of CIL.

13.2. All notices and other communications should be sent, in the case of CIL, to: Compliance Department, Cowen International Limited, 11th Floor, 1 Snowden Street, London EC2A 2DQ and, in the case of the Client, to its last known address for correspondence. Any notice sent by post shall be deemed to have been served at the time it is received or deemed to be received and in proving the service of the same, it will be sufficient to show, in the case of a letter, that such letter was properly stamped, addressed and placed in the post and, in the case of a fax, that such fax was duly despatched to a current fax number of the addressee, notwithstanding that the original of any letters sent by fax shall separately have been sent by post. All formal notices and other communications between us shall be in the English language.

14. Termination

14.1. The arrangements set out in these Terms of Business may be terminated by either the Client or CIL serving written notice on the other. Such termination will have effect immediately any such notice is received, or deemed to be received in accordance with paragraph 13(2) above.

14.2. Where any Associated Document is terminated, the Terms of Business shall automatically be terminated (subject to sub-paragraph (5) below) in relation to the business covered by the relevant Associated Document.

14.3. Upon termination, all amounts payable by the Client to CIL will become immediately due and payable including, without limitation:

- outstanding fees, charges and commissions;
- any expenses incurred by CIL in terminating these arrangements; and
- any losses and expenses realised in closing out any transactions or settling or concluding outstanding obligations incurred by CIL on the Client's behalf

14.4. Termination of these Terms of Business will not affect any transactions in progress. Any transactions in progress will be completed by CIL as soon as practicable.

14.5. Termination will be without prejudice to any legal rights or obligations which may already have arisen. The provisions of paragraph 16 and 17 will continue to apply notwithstanding any termination of these Terms of Business.

15. Force majeure

15.1. Neither CIL nor any Connected Company nor any of their respective officers, directors, employees or agents shall be liable to the Client in respect of any action or omission by any of them which arises primarily as a result of an event or state of affairs which was beyond the reasonable power of CIL or any Connected Company or any of their respective officers, directors, employees or agents to prevent (including, without limitation, any breakdown or failure of communication or computer facilities, postal or other strikes or similar industrial action or the failure of any relevant exchange, clearing house and/or broker for any reason to perform its obligations).

16. Liability

16.1. CIL is required under MiFID to state that CIL is responsible for ensuring the Client complies with the requirements of MiFID and with the rules of each trading venue on which the Client undertakes transactions with or through CIL. CIL will advise the Client of all such requirements insofar as CIL is reasonably able to do so from the information available to it. However, the Client independently agrees to appraise itself of all such rules and requirements and neither CIL nor any Connected Company nor any of their respective officers, directors, employees or agents shall be liable for any loss, liability or expense suffered or incurred by the Client arising directly or indirectly out of or in connection with the services to which these Terms of Business relate unless such loss, liability or expense arises from its or their respective negligence, willful default or fraud. In no event will CIL or any Connected Company or any of their respective officers, directors, employees or agents be liable for any consequential, indirect or special damage suffered by the Client.

16.2. If any action or proceeding is brought by or against CIL or a Connected Company or any of their respective officers, directors, employees or agents against or by a third party in relation to any transaction for the Client's account or otherwise carried out on the Client's instructions under these Terms of Business, the Client agrees to co-operate with CIL to the fullest extent possible in the defence or prosecution of such action or proceeding.

16.3. Nothing in these Terms of Business shall be taken to exclude or restrict any duty or liability to the Client which CIL has under the Financial Services and Markets Act 2000 ("FSMA") or under the regulatory system (as defined in the FCA Rules).

17. Indemnity

17.1. The Client undertakes to indemnify CIL and any Connected Company and their respective officers, directors, employees and agents against any liabilities, costs, losses, claims and expenses which any of them may suffer or incur directly or indirectly in the course of or as a result of anything done or omitted to be done for the purpose of carrying out any transaction for the Client's account or otherwise acting on the Client's instructions under these Terms of Business (including any breach of the rules or requirements of trading venues where CIL or any such Connected Company, officer, director, employee or agent is merely executing orders from the Client), and which are not primarily attributable to the negligence, wilful default or fraud on the part of CIL or a Connected Company or any of their respective officers, directors, employees or agents.

18. Applicable laws and regulations and reporting

18.1. Regulated activities governed by these Terms of Business are subject to the provisions of the FSMA and the FCA Rules. In the event of any conflict between the FSMA and/or the FCA Rules and these Terms of Business the FSMA and/or the FCA Rules shall prevail. Without prejudice to the FSMA and the FCA Rules, all transactions will be subject to:

- the laws, practices, customs, rules and regulations of any exchange, market or clearing house (in the United Kingdom or overseas) on or through which the relevant transaction takes place; and
- all applicable national laws and regulations to which such exchange, market or clearing house is subject.

18.2. The Client should note that CIL may be required by law or the FCA Rules or by the rules and regulations of other relevant regulatory authorities, exchanges, markets or clearing houses to perform or refrain from certain acts or report or disclose details of transactions effected with or for the Client or any other matters. In particular, disclosure and reporting obligations may arise under the Money Laundering Regulations 2007 (and related legislation or any successor legislation). The Client hereby authorises CIL or any Connected Company, without prior reference to the Client, to do or refrain from such acts, and consents to any such reporting or disclosure.

18.3. If at any time any statute in England or elsewhere or any rule or regulation of any exchange, market or clearing house which is binding on CIL or its agent shall be changed so as to be inconsistent with any of the provisions of these Terms of Business then such terms as shall be so affected shall be deemed modified by such new statute, rule or regulation but none of the other provisions hereof shall be in any way affected and shall continue in full force and effect.

18.4. The Client undertakes that, when entering into and performing the transactions contemplated under these Terms of Business or any Associated Documents, it will comply with (and will not do or refrain from doing any act or thing which could permit the FCA to impose any penalty on it under) the FSMA and any other applicable law, with the FCA Rules and with the rules and regulations other relevant regulatory authorities, exchanges, markets or clearing houses.

18.5. The Client undertakes and warrants that it will observe the standard of behaviour reasonably expected of persons in the Client's position and will not take any step which would cause CIL to fail to observe the standard of behaviour reasonably expected of persons in CIL's position in relation to the market.

19. Money laundering

19.1. The Client acknowledges that, in order to comply with legal and regulatory requirements, CIL may require evidence of the identity of the Client and, where the Client is acting as agent for another person, of that other person. If the Client does not provide CIL with satisfactory evidence of identity, CIL may not be able to continue to deal with the Client.

19.2. If the Client is a regulated financial services institution based or incorporated in a non-EU country which is a member of the Financial Action Task Force, and the Client is or will be dealing in its own name as agent for its own client(s), the Client confirms that, in accordance with the laws of the jurisdiction in which it is organised, designed to combat money laundering, evidence of the identification of any underlying clients for whom the Client acts as agent will have been obtained and recorded and will be retained until further notice and that such information will be produced to CIL on request.

20. Recording of telephone conversations

In order to comply with Applicable Law and internal compliance policies, CIL may in its absolute discretion record, monitor and retain all communications, including email, facsimile, telephone conversations and other Communications with the Client and will normally record telephone, mobile phone or other mobile handheld Communications device based conversations between the Client and CIL's employees who act in a trading or sales capacity. All instructions received by telephone shall be binding as if received in writing. CIL will retain such records for whatever period may be required by our internal policies and/or Applicable Law. The records will be available to the Client upon request during that period. Where the Client requests such records, CIL may charge the Client an administration fee and such fee will be disclosed to the Client in advance of any related costs being incurred.

21. Confidentiality

21.1. Neither CIL nor any Connected Company shall have any duty to disclose to the Client or take any action in respect of the Client's business or affairs as a result of any fact, matter or thing discovered or learned in the course of carrying on any other business (whether or not regulated business) or as a result of or in connection with services which are provided to other clients.

21.2. Without prejudice and in addition to any other right or obligation of CIL or any Connected Company under the laws of any country or territory to disclose information, CIL shall be entitled, in responding to requests for information from any regulatory authority having jurisdiction over CIL, to disclose any information known to it, or to produce any documents relating to the Client's business affairs. CIL shall likewise also, if requested, or required to do so, be entitled at its discretion to make such disclosure to the FCA or any recognised self-regulating organisation or pursuant to any regulatory requirement or request in any country or territory or otherwise under due process of applicable law.

21.3. Information made available by the Client to one Connected Company may, subject to the FCA Rules and applicable law, be made available to other Connected Companies in order to perform the services properly. The Client hereby consents to and authorises such disclosure of information and acknowledges that any duties of confidentiality owed by CIL to the Client, howsoever arising, will not be regarded as being breached by any such disclosure, but without prejudice to the other provisions of paragraph 21 above.

22. Data Protection

22.1. For purposes of this Clause 22, “Data Protection Laws” means the Data Protection Act 1998, the Data Protection Bill (as amended and updated) and, once in effect, the General Data Protection Regulation (2016/679) (“GDPR”).

22.2. The terms “personal data”, “data subject”, “data controller” and “process” shall have their meanings given to them as set out in the Data Protection Bill.

22.3. In terms of Data Protection Laws, CIL is acting as data controller in relation to any personal data, as that term is defined under Data Protection Laws, which the Client provides to CIL.

22.4. CIL and the Client shall comply with all Data Protection Laws when processing personal data arising out of these Terms of Business.

22.5. Where personal data is shared by the Client with CIL, the Client shall ensure such disclosure is in compliance with all Data Protection Laws and that there is no prohibition or restriction that could:

- prevent or restrict it from disclosing or transferring the personal data to CIL;
- prevent or restrict CIL from disclosing or transferring personal data to a Connected Company competent authorities or for any other purpose which will enable CIL to provide the Services;
- prevent or restrict CIL and any Connected Companies from processing the personal data for the purposes set out in these Terms of Business and in Schedule 3 to these Terms of Business.

If the Client shares personal data with CIL, the Client shall ensure that it has provided a fair processing notice informing the data subject of CIL processing of such personal data as described in Schedule 4 to these Terms of Business.

23. Tax

23.1. The Client will be responsible for any payment of tax, other than income or similar taxes, payable or incurred by CIL in connection with transactions arranged or effected on behalf of the Client.

24. General

24.1. No waiver, change, alteration or modification of these Terms of Business may be implied from any course of dealing between CIL or its agent and the Client or from any failure or delay by CIL to assert its rights under these Terms of Business on any occasion(s).

24.2. If any provision of these Terms of Business shall be held to be void, invalid or unenforceable it shall be deemed to be deleted to the extent necessary to cure such voidness, invalidity or unenforceability and all other provisions of these Terms of Business shall remain in full force and effect.

24.3. A person who is not a party to these Terms of Business or to any agreement to which they relate shall have no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of such agreement including these Terms of Business.

24.4. Terms defined in the FCA Rules have the same meanings in these Terms of Business.

25. Complaints

Any complaints about the services provided by CIL and referred to in these Terms of Business should be made in the first instance to the Compliance Officer. As a professional client, the Client will have no right to complain to the Financial Ombudsman Service and may not be able to refer the complaint to an alternative dispute resolution entity, as defined in article 4(h) of Directive 2013/11/EU but may be able to take civil action if not satisfied with the CIL’s decision.

26. Compensation

26.1. The Client may have a right to claim compensation from the Financial Services Compensation Scheme in the event of CIL's default. The maximum level of compensation for claims against firms declared in default on or after 1 January 2010 is £50,000 per person per firm. Further information is available from CIL's Compliance Officer. The Client should also consider whether any alternative arrangement is provided for in accordance with the Investor Compensation Directive.

27. Governing law

27.1. These Terms of Business are governed by and shall be construed in accordance with English law and the Client hereby submits to the non-exclusive jurisdiction of the English Courts. These terms of business will be deemed to be accepted by the client entering into transactions and/or doing business with CIL and are effective from the date on which they are received by the client.

Schedule 1

Agency Transactions

This Schedule sets out the additional terms which apply in respect of any transaction (“a Transaction”) where the Client is acting as agent for another person or entity (“the Client’s Principal”). In the event of inconsistency between the terms of this Schedule and the Terms of Business, the terms of this Schedule shall prevail.

1. Warranties and representations

1.1. The Client warrants and represents that:

- it has all requisite authorities, governmental or regulatory consents or licences necessary to act for the Client’s Principal in relation to each Transaction hereunder (and will comply with all relevant regulatory requirements, administrative and otherwise) and shall notify CIL promptly in the event that any of the foregoing are withdrawn or cease to be accurate, as the case may be;
- it has been duly and validly authorised by each Client’s Principal to enter into each Transaction on behalf of the Client’s Principal and to give CIL instructions binding the Client’s Principal and its assets in relation thereto;
- the Client’s Principal has obtained any regulatory and legal authority and consent required in order to enter into each Transaction, and shall not contravene any laws or regulations of the Client’s Principal’s country of domicile or of England and Wales;
- the Client’s Principal is duly organized under the laws of its jurisdiction of establishment and has and will have full power and capacity (including where it is acting as a trustee of a trust, full power and capacity under the relevant trust deed) to enter into and to perform its obligations under each Transaction.
- the terms of each Transaction shall constitute the valid and binding obligations of the Client’s Principal enforceable by CIL;
- prior to entering into any Transaction, it will make reasonable enquiries about such Transaction and disclose to CIL if, in relation to any Client’s Principal, the risks attached to such Transaction in respect of such Client’s Principal are unusual or not capable of assessment by it;
- in the event of a default or likely default by a Client’s Principal of any of its obligations to CIL including a breach of any of the representations and warranties contained in this Schedule or in the event of the Client’s Principal’s insolvency, likely insolvency (or any similar event), the Client will notify CIL promptly of the default, insolvency, likely insolvency (or any such similar event) and of the identity and address of the Client’s Principal;
- where any Transaction is effected on behalf of more than one Client’s Principal, it will promptly (and in any event before the date on which the first payment or delivery obligation falls due) allocate the Transaction to a single Client’s Principal or to several Client’s Principals, each of whom will be responsible for and shall be deemed to have contracted for that part of the Transaction allocated to the relevant Client’s Principal (as if such part constituted a separate Transaction) and in the event that the Client does not notify CIL of the identity of each Client’s Principal, it shall nevertheless notify CIL (whether by means of a code or otherwise) of the breakdown of each Transaction between Client’s Principals promptly and in any event prior to settlement. If the Client aggregates an order in respect of any Transaction for a Client’s Principal with an order in respect of a Transaction for its own account, the Client undertakes not to give unfair preference to such part of that order as relates to the Transaction for its own account in the event that the whole of such order cannot be satisfied;
- each Client’s Principal is and will remain able and willing to meet its obligations under each trade allocated to it and the Client will maintain sufficient funds in the Client’s Principal’s portfolio under the Client’s management for this purpose; and
- if the Client’s Principal is neither incorporated nor has a place of business in the United Kingdom, the Client’s Principal shall appoint an agent for service of process in the Courts of England and Wales and shall notify CIL of the appointment. If the Client’s Principal fails to do so, it shall be deemed to have appointed the Client to act as its agent for the service of process.

1.2. Each of the above warranties and representations shall be deemed repeated as of each occasion on which a Transaction is concluded with CIL by the Client on behalf of a Client’s Principal.

1.3. The Client hereby agrees to indemnify CIL and hold CIL harmless from and against all losses, costs and expenses which may be incurred by CIL as a result of a breach of any of the representations and warranties made by the Client in this Schedule, subject to CIL notifying the Client as soon as practicable of any matter which CIL becomes aware of in the ordinary course of its business which might give rise to a call on this indemnity and giving the conduct of any relevant third party claim against CIL to the Client where the Client requests it.

2. General

2.1. The Client confirms and agrees that CIL need not treat the Client's Principal(s) as its client under the FCA Rules and that no action, notification to any third party or other regulatory measure is required of CIL prior to entering into any Transaction.

2.2. The Client confirms and agrees that CIL is not responsible for assessing the suitability or appropriateness of any Transactions arranged or effected on behalf of the Client's Principal.

Schedule 2

Information about Securities and Associated Risks

This notice is provided to you as a professional client and includes guidance and warnings about the nature and risks associated with the different types of investments that the Client might instruct CIL to arrange on behalf of the Client. The information is intended to disclose the main risks of the different types of investment and it does not intend to be exhaustive.

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

Products and Investments

- Bonds

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

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

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

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

The risks associated with investing in bonds include:

- a) Interest rate risk – the risk that bond prices will fall as interest rates rise. By buying a bond, the bondholder has committed to receiving a fixed rate of return for a fixed period. Should the market interest rate rise from the date of the bond's purchase, the bond's price will fall accordingly. The bond will then be trading at a discount to reflect the lower return that an investor will make on the bond.
- b) Market interest rates are a function of several factors such as the demand for, and supply of, money in the

economy, the inflation rate, the stage that the business cycle is in as well as the government's monetary and fiscal policies.

- c) Call risk – the risk that a bond will be called by its issuer. Callable bonds have call provisions, which allow the bond issuer to purchase the bond back from the bondholders and retire the issue. This is usually done when interest rates have fallen substantially since the issue date. Call provisions allow the issuer to retire the old, high-rate bonds and sell low-rate bonds in a bid to lower debt costs.
- d) Default risk – the risk that the bond's issuer will be unable to pay the contractual interest or principal on the bond in a timely manner, or at all. Credit ratings services such as Moody's, Standard & Poor's and Fitch give credit ratings to bond issues, which helps to give investors an idea of how likely it is that a payment default will occur.
- e) Inflation risk – the risk that the rate of price increases in the economy deteriorates the returns associated with the bond. This has the greatest effect on fixed-rate bonds, which have a set interest rate from inception. For example, if an investor purchases a 5% fixed-rate bond and then inflation rises to 10% a year, the bondholder will lose money on the investment because the purchasing power of the proceeds has been greatly diminished. The interest rates of floating-rate bonds are adjusted periodically to match inflation rates, limiting investors' exposure to inflation risk.

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

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

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

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

- Shares and other types of equity instruments

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

Shares have exposure to all the major risk types referred to in section 2 (Generic risk types) below. In addition, there is a risk that there could be volatility or problems in the sector that the company is in. If the company is private, i.e. not listed or traded on an exchange, or is listed but only traded infrequently, there may also be liquidity risk, whereby shares could become very difficult to dispose of.

- Ordinary shares

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

Ordinary shares usually carry a right to vote at general meetings of the issuer.

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

- Preference shares

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

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

- Depositary Receipts

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

- Penny shares

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

Generic Risk Types

- General

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

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

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

- i. Liquidity

The liquidity of an instrument is directly affected by the supply and demand for that instrument and also indirectly by other factors, including market disruptions (for example a disruption on the relevant exchange) or infrastructure issues, such as a lack of sophistication or disruption in the securities settlement process. Under certain trading conditions it may be difficult or impossible to liquidate or acquire a position. This may occur, for example, at times of rapid price movement if the price rises or falls to such an extent that under the rules of the relevant exchange trading is suspended or restricted. Placing a stop-loss order will not necessarily limit your losses to intended amounts, but market conditions may make it impossible to execute such an order at the stipulated price.

In addition, unless the contract terms so provide, a party may not have to accept early termination of a contract or buy back or redeem the relevant product and there may therefore be zero liquidity in the product. In other cases, early termination, realisation or redemption may result in you receiving substantially less than you paid for the product or, in some cases, nothing at all.

ii. Credit risk

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

iii. Market risk

General

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

Overseas markets

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

Emerging Markets

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

They may also be affected by sector, economic and political risk. It may be difficult to employ certain risk and legal uncertainty management practices for emerging markets investments, such as forward currency exchange contracts or derivatives. The impact of the imposition or removal of foreign exchange controls at any time should be considered, as well as potential difficulties in repatriation of assets.

The risks associated with nationalisation or expropriation of assets, the imposition of confiscatory or punitive taxation, restrictions on investments by foreigners in an emerging market, sanctions, war and revolution should also be considered.

iv. Clearing house protections/settlement risk

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

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

v. Insolvency

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

vi. Currency risk

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

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

vii. Interest rate risk

Interest rates can rise as well as fall. A risk with interest rates is that the relative value of a security, especially a bond, will worsen due to an interest rate increase. This could impact negatively on other products. There are additional interest rate related risks in relation to floating rate instruments and fixed rate instruments; interest income on floating rate instruments cannot be anticipated. Due to varying interest income, investors are not able to determine a definite yield of floating rate instruments at the time they purchase them, so that their return on investment cannot be compared with that of investments having longer fixed interest periods.

If the terms and conditions of the relevant instruments provide for frequent interest payment dates, investors are exposed to the reinvestment risk if market interest rates decline. That is, investors may reinvest the interest income paid to them only at the relevant lower interest rates then prevailing.

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

viii. Commodity risk

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

ix. Regulatory/legal/structural risk

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

Returns on all, and particularly new, investments are at risk from regulatory or legal actions and changes which can, amongst other issues, alter the profit potential of an investment. Legal changes could even have the effect that a previously acceptable investment becomes illegal. Changes to related issues such as tax may also occur and could have a large impact on profitability. Such risk is unpredictable and can depend on numerous political, economic and other factors. For this reason, this risk is greater in emerging markets but does apply everywhere. In emerging markets, there is generally less government supervision and regulation of business and industry practices, stock exchanges and over-the-counter markets.

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

In the case of many products, there will be no legal or beneficial interest in the obligations or securities of the underlying reference entity but rather an investor will have a contractual relationship with the counterparty only and its rights will therefore be limited to contractual remedies against the counterparty in accordance with the terms of the relevant product.

In all cases the legal terms and conditions of a product may contain provisions which could operate against your interests. For example, they may permit early redemption or termination at a time which is unfavourable to you, or they may give wide discretion to the issuer of securities to revise the terms applicable to securities. In other cases there may be limits on the amounts in relation to which rights attaching to securities may be exercised and in the event that you hold too many (or too few) securities, your interests may be prejudiced and should scrutinise these carefully. In some cases, the exercise of rights by others may impact on your investment. For example, a product such as a bond or note may contain provisions for calling meetings of holders of those bonds or notes to consider matters affecting their interests generally (including yours) and may permit defined majorities to bind all holders, including holders who did not attend and vote at the relevant meeting and holders who voted in a manner contrary to the majority. Further, in some cases amendments may be made to the terms and conditions of bonds or notes without the consent of any of the holders in circumstances set out in general conditions attaching to such bonds or notes.

x. Operational risk

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

Transaction and Service Risks

- Contingent Liability Investment Transactions

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

If you trade in futures, contracts for differences or sell options, you may sustain a total loss of the margin you deposit to establish or maintain a position. If the market moves against you, you may be called upon to pay substantial additional margin at short notice to maintain the position. If you fail to do so within the time required, your position may be liquidated at a loss and you will be responsible for the resulting deficit. Even if a transaction is not margined, it may still carry an obligation to make further payments in certain circumstances over and above any amount paid when you entered the contract.

- Limited Liability Transactions

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

- Collateral

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

- Stabilisation

You may enter transactions in newly issued securities in respect of which we are the stabilisation manager and the price of which may have been influenced by measures taken to stabilise it. Stabilisation enables the market price of a security to be maintained artificially during the period when a new issue of securities is sold to the public.

Stabilisation may affect not only the price of the new issue but also the price of other securities relating to it. The FCA allows stabilisation in order to help counter the fact that when a new issue comes onto the market for the first time, the price can sometimes drop for a time before buyers are found.

As long as the stabilisation manager follows FCA Rules, it is entitled to buy back the securities that were previously sold to investors or allotted to institutions which have decided not to keep them. The effect of this may be to keep the price at a higher level than it would otherwise be during the period of stabilisation.

The stabilisation rules:

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

The fact that a new issue, or a related security, is being stabilised should not be taken as any indication of the level of interest from investors, or of the price at which they are prepared to buy the securities.

Schedule 3

Conflicts of Interest

This document summarises the policies and procedures in place with CIL for identifying, minimizing and managing conflicts of interest.

The high level regulatory obligations in respect of conflicts of interests are set out in the FCA's Principles for Business. The FCA Principles for Business that are particularly relevant to conflicts of interest are:

- Principle 1 – A firm must conduct its business with integrity;
- Principle 6 – A firm must pay due regard to the interests of its customers and treat them fairly; and
- Principle 8 – A firm must manage conflicts of interest, both between itself and its customers and between a customer and another client.

The relevant rules are located in the Senior Management Arrangements, Systems and Controls (SYSC) found in the High Level Standards module of the FCA Handbook.

CIL is required to maintain and operate effective organisational and administrative arrangements with a view to taking all reasonable steps to identify, monitor and manage conflicts of interest. CIL has arrangements in place to:

- identify circumstances which may give rise to conflicts of interest entailing a material risk of damage to customers' interests;
- establish appropriate mechanisms and systems to manage those conflicts; and
- maintain systems designed to prevent actual damage to customers' interests through the identified conflicts.

Set out below is the key information that is needed by customers to understand the measures CIL is taking to safeguard the interests of its customers.

What is a conflict of interest?

A conflict of interest under SYSC is a conflict that arises, in any area of CIL's business, in the course of providing one of its customers with a service which may benefit CIL, a member of CIL's staff or another customer for whom CIL is acting whilst potentially materially damaging the interest of the customer which CIL owes a duty to that customer.

There may be a conflict where CIL or anyone connected to CIL, including any Connected Company or an employee:

- is likely to make a financial gain or avoid a loss at the expense of one of its customers;
- is interested in the outcome of the service provided to one of its customers and where the interests of CIL is distinct from that of that customer;
- has a financial or other incentive to favour the interests of one customer over another;
- carries on the same business as one of its customers;
- receives money, goods or services from a third party in relation to services provided to one of its customers other than standard fees or commissions.

Identification of conflicts of interest

CIL has sought to identify actual and potential conflicts of interest which affect its business and has put in place measures it considers appropriate to the relevant conflict in an effort to monitor, manage and control the potential impact of those conflicts on its customers. Circumstances in which a potential conflict of interest may arise include:

- those between customers with competing interests;
- those between customers and CIL where their respective interests in a particular outcome may be different;
- those between the personal interests of staff of CIL and the interests of CIL or its customers where those interests may be different; and
- those which are borne out of the close links maintained between Connected Companies.

Through its conflicts process CIL seeks to:

- identify circumstances which may give rise to conflicts of interest entailing a material risk of damage to customers' interests;
- establish appropriate mechanisms and systems to manage those conflicts; and
- maintain systems in an effort to prevent actual damage to customers' interests through identified conflicts.

Management and Disclosure of Conflicts of Interest

Any identified conflicts of interests will be managed by CIL to prevent that such conflicts cannot adversely affect the interests of any clients. Where the measures undertaken by CIL are unable to prevent adverse effect from arising in relation to any clients' interests, CIL will notify the relevant client of the nature or source of the conflict and the measures taken to mitigating the risks before CIL carries out any business on behalf of the relevant client.

Policies and Procedures

CIL has adopted numerous internal policies and procedures, often set out in its internal procedures manuals, in order to manage the potential conflicts of interests that it has identified.

The policies and procedures have been designed to ensure that CIL has taken all reasonable steps to protect the interests of its customers. CIL provides training to its staff in respect of the CIL procedures for identifying, managing and escalating conflicts. All staff are made fully aware of their responsibilities under the relevant policies and procedures to ensure that customers are treated fairly.

These policies and procedures are subject to CIL's normal oversight processes to identify, manage, control, monitor and review conflicts of interest. The policies include:

(a) Integrity and Standards of Conduct

CIL insists that, in its dealings with customers, its staff must use the highest standard of integrity in their actions at all times. CIL's monitoring and training programmes are designed to ensure that all relevant staff are familiar with and observe, inter alia, the FCA Principles for Businesses, the Statements of Principle and Code of Practice for Approved Persons.

(b) Customer Orders

In order to ensure as fair treatment as possible for customers, CIL's Order Execution Policy requires CIL to take all sufficient steps to achieve the best overall trading result for customers, to exercise consistent standards and operate the same processes across all markets in which it operates in relation to all clients and financial instruments. More information is included in the CIL's Order Execution Policy that can be obtained by contacting CIL's Compliance Officer.

Aggregation is generally not permitted unless it can be demonstrated that the aggregation will result in a favourable execution for all the clients concerned. More information is included in "Aggregation of Orders" in the Section 6 of these Terms of Business.

There may be occasions when customer orders may have a material effect on a relevant securities price and in order to ensure fair and orderly dealing staff are required to consider potential market impact prior to submitting such orders. Furthermore, CIL does not accept any form of "front running".

In order to ensure a fair and orderly dealing environment within the market, CIL further ensures that its staff comply with the provisions of the Market Abuse Regulation EU 596/2014, as amended, as well as the relevant FCA Rules, which aim to prevent insider trading, the misuse of information and market manipulation

(c) Trade Error Handling

CIL has in place procedures which require all trade errors to be reported and reviewed. Upon identifying any such trade error, steps are taken to rectify the error to ensure the client is treated fairly.

(d) Personal Account Dealing ("PAD") and Outside Business Activity

CIL has a policy on PAD and the rules are signed off as understood by all relevant employees regardless of their position within CIL.

The PAD procedures require pre-approval by the relevant business head and notification to CIL's Compliance Officer and all staff are required to annually attest to PAD holdings and annually report any outside business investment activity to the Compliance Officer. All staff are regularly reminded of the PAD rules.

(e) Inducements to Employees from Customers

Staff are not allowed to accept gifts, entertainment or any other inducement from any person which might benefit one customer at the expense of other when conducting investment business. For example, where two customers give similar orders and one customer agrees to pay more commission, priority or better execution terms must not be granted to that customer's order when it conflicts with obligations owed to the other customer.

CIL staff are not allowed to place undue pressure upon customers to persuade their customer to trade through the firm to the extent that this might give rise to a conflict of interest between that customer and its own underlying customers.

(f) Group Companies

Customers are informed via the Terms of Business of the relationship with CIL including any Connected Company or any undertaking in the same group, for the execution of customers' orders or where the services of another CIL Group Company are recommended. The CES Group's methodology used for allocating customers' orders for execution is on a time priority basis.

(g) Information Barriers

CIL prevents the flow of information where the interests of customers of one business function may conflict with the interests of customers of another business function. This includes using a separate network with no shared systems and customer data access between the two business functions. Further, CIL insists on strict customer confidentiality to ensure that information is disclosed only to those entitled to receive it.

(h) Remuneration Policy

All relevant staff that are open to a conflict of interest are paid a basic salary including Compliance. This salary is not dependent on company performance. A bonus structure does exist which is linked to company performance, team performance or the individual's performance but the structure does not contain performance targets or bonus arrangements that are tiered in a fashion that might incentivise an employee to take inappropriate risks on a client's behalf. The bonus structure is at the discretion of the senior management and notified only on payment.

(i) Disclosure

Where there is no other means of managing the conflict or where the measures in place do not, in the view of CIL sufficiently protect the interests of customers, the conflict of interest will be disclosed to customers to enable an informed decision to be made by the customer as to whether they wish to continue doing business with CIL in that particular situation.

(j) Declining to Act

Where CIL considers it is not able to manage the conflict of interest in any other way it may decline to act for a customer.

(k) Investment Recommendations

CIL may make investment recommendations, as the term is defined in the Market Abuse Regulation EU 594/2014, as amended. However, CIL does not:

- have any shareholdings in the issued share capital of issuers;
- hold any other positions in the financial instruments covered by the Market Abuse Regulation EU 594/2014, as amended; or
- act on behalf of such issuers.

It therefore does not have any conflicts which may arise in respect of the issuers to which such recommendations may relate. Any other interests, conflicts of interest, relationships and circumstances that may reasonably be expected to impair the objectivity of the recommendation will be disclosed accordingly.

Furthermore, CIL has procedures in place to identify, manage and control conflicts of interest. Please refer to the section titled "Identification of Conflicts" and sub-section (g) "Information Barriers" above for further information.

Schedule 4

Data Protection

Notice to Data Subjects

In providing the services to the Client, your personal data (e.g. contact details), may be disclosed to CIL to enable them to communicate with you to perform the services. CIL has a registered address at 1 Snowden Street, London, EC2A 2DQ will be the data controller of your data for these purposes.

Purposes of Processing and Legal Basis for Processing

CIL may process your personal data for the following purposes:

- to contact and interact you to perform its obligations under the contract with the Client;
- to carry out anti-money laundering and terrorist financing checks and related actions which we consider appropriate to meet any legal obligations imposed on us, or where the processing is in the public interest, or to pursue our legitimate interest to prevent fraud, bribery, corruption, tax evasion and to prevent the provision of financial and other services to persons who may be subject to economic or trade sanctions on an on-going basis, in accordance with our anti-money laundering procedures;
- to monitor and record calls and emails to comply with our legal and regulatory obligations and for investigation and crime prevention purposes, and to enforce or defend our rights, or pursue our legitimate interests in relation to such matters;
- to report tax related information to tax authorities in order to comply with a legal obligation;
- to monitor and record calls for quality, training, analysis and other related purposes in order to pursue our legitimate interest to improve service delivery; and
- to provide you with information about our products and services that may be of interest to you as well as information you of any changes to our service.

Recipients of Data and International Transfers

We may disclose your personal data as follows:

- To our Connected Companies for the above mentioned purposes;
- To credit reference agencies in order to carry out money laundering and identity checks;
- To competent authorities, courts and other bodies as required by law or as requested;
- To third party vendors in order to process the personal data for the above mentioned purposes; and
- To purchasers of the whole or part of our business or on any merger or group reorganisation.

The disclosure of personal data to the parties noted above may include the transfer of personal data outside the European Economic Area (EEA). Such countries may not have the same data protection laws as your country. We have put in place standard contractual clauses or relied on that party's privacy shield certification in order to adequately protect the personal data.

Should you wish to discuss the above or have any questions please use the below contact details.

Retention Period

We may retain your personal data for as long as required to perform the Services and/or the purposes of processing set out above.

Data Subject Rights

You may have certain rights, in certain circumstances, in relation to your personal data e.g. to right to access, rectify, erase, restrict the use, or object to the processing and data portability.

You may exercise the rights set out above by contacting us on the below contact details. In the event you wish to make a complaint about how we process your personal data, please use the below contact details and we will endeavour to deal with your requests as soon as possible. This is without prejudice with your right to lodge a complaint with a supervisory authority.

How to contact us

If you have any questions about our use of your personal data, please contact the Compliance Officer at Cowen International Limited, 1 Snowden Street, London, EC2A 2DQ, United Kingdom.