



MACQUARIE

# Macquarie Capital (Europe) Limited

Model B Settlement Supplement  
Pershing Securities Limited  
December 2017



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Macquarie Capital (Europe) Limited (“**MCEL**”) has appointed Pershing Securities Limited (“**Pershing**”) to provide clearing and settlement services to MCEL’s clients, the effect of which is that Pershing having a direct settlement relationship with MCEL’s clients (a “**Model B**” arrangement).

Under this Model B structure, where MCEL’s clients place an agency or risk (including facilitation) order with MCEL for execution on any European market (and others as detailed below)<sup>1</sup>, Pershing is responsible for the settlement of those transactions, subject to various conditions, including that clients comply with their obligations at settlement.

The following transactions are excluded from the Model B arrangement:

- Any trade with MCEL’s market making desk;
- Any trade in non-European markets; and
- Any trade where the client is facing another Macquarie entity due to the domicile of the client (eg where the client trades through a US affiliate).

Pershing is a company registered in England and is authorised and regulated by the Financial Conduct Authority. Pershing is a wholly-owned subsidiary of Pershing Limited, which is a member of The Bank of New York Mellon group of companies.

Macquarie’s terms of business are supplemented in order to establish the new contractual relationship between Pershing and our clients. The supplemental terms are set out in the following pages and form part the agreement between Macquarie and its clients.

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<sup>1</sup> European markets: Austria, Belgium, Czech Republic, Denmark, Egypt, Euroclear (internal and domestic), Finland, France- ESES, Germany, Greece, Hungary, Ireland, Morocco, Netherlands- ESES, Norway, Poland, Portugal, Qatar, Russia, Spain, Sweden, Switzerland, Turkey, UAE and UK

## Addendum to Macquarie Europe Terms of Business

# 1. Relationship between you, us and Pershing Securities Limited

- 1.1 To help us provide our services to you we have entered into an agreement with Pershing Securities Limited (“PSL”) under which PSL provides **clearing and settlement, safe custody** and other associated services to our clients (“the PSL Agreement”) in order to carry out the investment transactions we execute or arrange for our clients and to hold the related investments and cash. When we consider it necessary or desirable in connection with our services to you, we may agree with PSL that it will also provide other services, such as investment dealing services, under the PSL Agreement. The PSL Agreement covers both us and you as one of our clients. Please note that any terms set out in bold in these terms of business are described further in the Glossary which is set out in Annex 1 to these terms of business.
- 1.2 PSL is a company registered in England, company number 2474912. Its registered office is at Royal Liver Building, Pier Head, Liverpool, Merseyside L3 1LL. PSL is authorised and regulated by the Financial Conduct Authority (“FCA”) which is located at 25 The North Colonnade, Canary Wharf, London E14 5HS. PSL is also a member of the London Stock Exchange (“LSE”).
- 1.3 So that you can understand your rights and obligations in relation to the PSL Agreement, the main terms of the PSL Agreement which affect you are set out below. If you have any questions about the PSL Agreement or these terms of business you should contact us to discuss this as soon as possible, and before you accept the terms of business or instruct us to act for you. As with any agreement or contract, you should also take any independent legal, financial or other advice which you think you need before accepting these terms.
- 1.4 By accepting these terms of business, you agree that:
- (a) we are authorised to enter into the PSL Agreement on your behalf, acting as your agent;
  - (b) accepting these terms means that there is a contract between you and us and also between you and PSL. As a result of that contract, you will be bound by both our terms of business and the PSL Agreement (as set out below);
  - (c) we may give instructions to PSL on your behalf as allowed by our terms of business and the PSL Agreement and may provide information about you to PSL. When PSL receives such instructions or information from us, PSL is entitled to rely on them without making any further checks or enquiries; and
  - (d) PSL is authorised to hold cash and investments on your behalf and can transfer such cash or investments from your account to meet your settlement or other obligations to PSL.
- 1.5 When you read these terms, it is important you understand that you will be a client or customer of ours, but you will also become a client of PSL for settlement and safe custody purposes.
- 1.6 It is important that you understand that PSL is not responsible to you for the matters for which we are responsible. We retain responsibility (including responsibility for complying with any related regulatory requirements) and PSL shall not have any responsibility for the following matters:
- (a) our own operations;
  - (b) the opening of an account for you;
  - (c) the supervision and operation of your account for you;
  - (d) our ongoing relationship with you;

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- (e) making all necessary anti-money-laundering compliance checks;
  - (f) explaining to you the types of investments covered and any risks relating to investments, investment transactions or any investment strategy to be pursued on your behalf;
  - (g) accepting and executing orders for investment transactions, following your instructions or within the mandate given by you;
  - (h) any required assessment of the suitability or appropriateness of transactions and investments for you or, where permitted and necessary, warning you of any possible inappropriateness of an investment;
  - (i) if required, providing any investment advice to you or taking investment management decisions on your behalf;
  - (j) reviewing your accounts for market abuse, insider trading and compliance with FCA Rules and any other applicable legal and regulatory requirements to which we or you may be subject; and
  - (k) giving instructions to PSL which are proper, accurate and in accordance with any instructions or mandate you give us.
- 1.7 PSL will not provide investment advice nor will it offer any opinion regarding the suitability or appropriateness for you of any particular transaction or order. When it provides settlement and clearing or safe custody services, executes transactions or provides other services to you, it does so relying on the instructions and information we provide and is only responsible for following those instructions.

## 2. Client Classification and the roles and obligations of people acting together or for one another

- 2.1 For the purposes of the rules of the Financial Conduct Authority (“FCA Rules”), you will be classified as either a retail client, professional client or an eligible counterparty. PSL will rely on information received from us in relation to your status and will adopt the same client classification for you. We will notify you in writing if there is any change to this position.
- 2.2 If you hold an account jointly or otherwise hold assets jointly, with any other person, then you and any such other person(s) shall have **joint and several liability** to PSL. Examples of situations where such **joint and several liability** may arise are as follows:
- (a) *Joint account holders:* As well as joint account holders being jointly and severally liable in the way described above, any payment or accounting made by PSL to any one or more of those account holders will be treated as made to all of them.
  - (b) *Trustees:* As well as the trustees of any trust being jointly and severally liable to PSL in the way described above, PSL will treat the trustees as its client and not any beneficiary of the trust. Any payment or accounting made by PSL to any one or more of the trustees will be treated as made to all of them.
  - (c) *Partners:* If a partnership is PSL’s client then each partner will be personally, jointly and severally liable to PSL in the manner described above. Any payment or accounting made by PSL to any one or more of the partners will be treated as made to all of them.
  - (d) *Agents:* If you are an agent acting on behalf of someone else (whether or not that person (the “Principal”), has been identified to PSL as the person for whom you act) you will be treated as PSL’s client under the FCA Rules and you will also be fully liable to PSL under these terms as if you were acting for yourself. You and your Principal will be jointly and severally liable in the manner described above.

## 3. Your Accounts with PSL

- 3.1 PSL will open and maintain accounts on its books in your name in order to provide its services to you. When PSL receives any cash and investments from you, or on your behalf, then it will record them in your accounts.
- 3.2 PSL will have the right at its absolute discretion to stop providing services under these terms (after giving us reasonable notice in the circumstances) and/or close any accounts it holds and maintains in your name which may occur, for example:
- (a) if PSL in its reasonable opinion is obliged to stop providing services under any applicable law or regulation (such as anti-money laundering provisions);
  - (b) if, for reasons beyond PSL's reasonable control, PSL is not able to provide the services effectively or providing the services would materially adversely affect PSL's operation or would, in PSL's view expose PSL to material additional credit, regulatory, legal or other risk;
  - (c) where you are in material breach of these terms or we are in material breach of the terms of the PSL Agreement; or
  - (d) if providing the services to you or to us in relation to your account will have a materially adverse effect on PSL's reputation.

We will notify you if PSL chooses to exercise this discretion and the reasons for its decision unless we or PSL are prevented from doing so by some legal or regulatory constraint.

- 3.3 You may at any time when there are no outstanding obligations owed by you to PSL, give notice in writing to us to stop receiving services from PSL and close your accounts with PSL.
- 3.4 If either you or PSL decide to close your accounts with PSL you will need to give instructions on the future custody of your investments so that PSL can transfer your money and investments (after deducting amounts owed to it) to your new custodian.

## 4. Communication and Instructions

- 4.1 PSL will only accept instructions for your accounts from us and not directly from you.
- 4.2 PSL may rely on and act on any instructions which PSL in good faith believes were given by us or our representatives. Such instructions can only be cancelled or changed if we give written notice to PSL sufficiently in advance to enable PSL to prevent the processing of the instructions. If PSL seeks instructions from us and we do not respond within a reasonable time, then PSL may take such action as it considers appropriate on the relevant matter. PSL is not responsible or liable to you for any delays or inaccuracies in the transmission of instructions or other information (or any resulting action or failure to act) where that delay or inaccuracy is as a result of factors outside the reasonable control of PSL. This means that if the delay or inaccuracy is not PSL's fault, then you cannot obtain redress from PSL.
- 4.3 There may be circumstances where PSL refuses to accept any order or other instruction for your account. For example, PSL may do so for any of the reasons set out in paragraphs 3.2(a)-(d) above or where PSL cannot carry out the instruction because it cannot access a market.

We will inform you if PSL refuses to accept an instruction and the reasons for its decision unless we or PSL are prevented from doing so because of any legal or regulatory constraint.

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- 4.4 If you have any questions or concerns relating to your account with PSL, you should tell us and we will deal with PSL on your behalf. You should not contact PSL directly.
- 4.5 All communications whether written, spoken, electronic or in any other form between you, us and/or PSL shall be in English.

## 5. Dealing

- 5.1 Normally we will be responsible for executing any order or transaction on your behalf. This means that PSL will not owe you a duty of best execution under the FCA Rules or otherwise when it carries out transactions executed by us on your behalf. We shall be responsible for ensuring best execution and for any decision to aggregate transactions for you with those of other people.

## 6. Settlement of Transactions

- 6.1 When transactions are undertaken on your behalf, they will be due for settlement in accordance with market requirements and the relevant contract note or advice. These settlement terms will vary dependent upon the market and securities dealt in. The contract note will specify the settlement date.

As stated above, it is your responsibility to ensure that PSL receives the necessary investments, documents or cash (as the case may be) in order for PSL to settle the transaction on your behalf. PSL must receive any cash in cleared funds in sufficient time prior to the settlement date in order that it can make the necessary payment.

- 6.2 You hereby undertake that any cash or investments held by or transferred to PSL by you will be free from any right of a third party to make claims against that money or those investments. In particular, it is your obligation to make sure that no other person will be entitled to:
- (a) security rights over them, such as a **mortgage** or a **charge**;
  - (b) any right to withhold or retain them, such as a **lien**;
  - (c) any other rights to have any of the cash or investments paid or transferred to them or to prevent any transfer of such cash or investments from going ahead; or
  - (d) any right to be paid all or any of the proceeds of a transaction;

so that settlement on your transaction can take place.

- 6.3 In order to settle transactions on your behalf, PSL will need to deal with the other party to the transaction (the "counterparty"). If a transaction has to be settled through a **CCP** or **CSD** the specific provisions set out in Annexes 2 and 3 shall apply.
- 6.4 You agree that you will not have any rights to cash or investments which are due to be received by you following a transaction until you have performed your own obligations in relation to that transaction and PSL has been able to settle that transaction on your behalf. Similarly, PSL has no obligation to account to you for any such cash or investments until you have performed your obligations and the transaction has been settled. Until that has happened, PSL is entitled, without giving you any further notice, to sell or otherwise dispose of any such investments and apply the proceeds or any cash it receives in relation to the transaction in order to discharge or reduce any of your obligations in relation to the transaction.
- 6.5 PSL is not obliged to credit any cash or investments it receives to your account until it has received them in irrevocable and unconditional settlement of the relevant transaction without the sender being able to reverse the settlement or require redelivery. If for any reason PSL does credit cash or investments to your account earlier than this and PSL reasonably considers that irrevocable and

unconditional settlement is unlikely to take place then PSL will be entitled to reverse the entry and require you to give back or redeliver the cash or investments or their equivalent.

- 6.6 In some cases, transactions will be subject to **netting**. You agree, in respect of any transaction which is subject to **netting**, to discharging the settlement obligations on a net basis in accordance with the rules of the relevant **CCP, CSD** or agreement with the counterparty. You acknowledge that if net settlement takes place then PSL will only be obliged to account to you for any investments or cash in connection with the transaction on a net basis.
- 6.7 If a transaction is undertaken on your behalf on non-UK markets, the specific provisions set out in Annex 3 shall apply.
- 6.8 Transactions executed on your behalf may settle in the books of a CCP, CSD or other body or custodian combined with transactions for the account of other clients of ours. If this happens then PSL will allocate between our clients the cash or investments received by it or on its behalf as a result of the settlements in accordance with the client trades we have notified to it. If PSL receives cash or investments for trades that were intended to settle at the same time (but which, for whatever reason, do not do so), then PSL will allocate that cash or investments received by it on the following basis:
- (a) in accordance with any priority for settlements determined by PSL prior to the transactions taking place;
  - (b) if transactions have the same priority, then the allocation will be in order of time, by reference to the intended settlement date of the transaction which we specified to PSL, so that the earliest in time will settle first in each case;
  - (c) where transactions have the same priority and intended settlement date, then the allocation will be by value so that the larger or largest trade by value (not by number of units or size) will be settled first in each case.
  - (d) where these allocations are necessary, they will also be subject to the operation of the relevant **CCP, CSD**, custodian or other entity. Such operations may include a **netting** rule or practice, automatic splitting of unsettled transactions or other automatic aggregation, splitting or allocation.
- 6.9 **Time shall be of the essence** with respect to any payment, delivery or other obligation of yours to PSL.

## 7. Client Money

- 7.1 Money held by PSL for your account, will be held in compliance with the FCA Client Asset Rules when these apply to the money. This means, amongst other things, that PSL will hold your money in a special designated client bank account which is an account kept separate from PSL's own funds.
- 7.2 When considering where that client bank account should be, PSL will exercise due skill, care and diligence and will periodically review the adequacy and appropriateness of any bank or credit institution where your money is deposited and of the arrangements for holding your money (such as which banks or credit institutions are used, the amount of client money deposited with the bank or credit institution and any use of fixed term deposits for client money). These requirements will not apply where your money is held with a central bank of a country. It is important to note that PSL is not responsible for any acts, omissions or default of a credit institution or bank chosen by it but only for taking care in its choice and monitoring.
- 7.3 When PSL holds your money in a client bank account it may be pooled with money belonging to other clients of PSL. Where funds are pooled in this way, you will not have a claim for the specific sum in a specific account. Your claim would be against the client money pool in general and if there is deficiency in the pool you would share pro rata in that loss. Such a deficiency is likely to arise if

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- a relevant bank or credit institution with which client money is deposited by PSL becomes insolvent or otherwise defaults on its obligations to pay out money when due.
- 7.4 If PSL holds money which is not immediately required to settle an investment transaction, such money will be deposited with a bank or credit institution, together with other clients' money. Money may earn interest at a rate determined by the relevant bank or credit institution. However, the amount of any interest on money that would be credited to your account and made available to you (subject to clauses 11 and 12.3), will be determined by us, and will be as notified by us to you from time to time. Any interest will be calculated on a daily basis and credited to your account every six months. We may decide not to credit your account if the amount of the interest falls below a threshold notified to you by us. Unless we notify you otherwise, you will be entitled to interest at the central bank base rate for Sterling, US Dollars, and the Euro, and the applicable local agent credit rate for other currencies, less a money management fee charged by.
- 7.5 If we, or PSL, are unable to contact you (for example if you move and fail to update your address with us), so that we are unable to deliver money held for your account to you, or you fail to respond to our communications requesting any instructions from you concerning such money, with the result that any of your money held by PSL is unclaimed, PSL may transfer such money to a pooled client unclaimed money account subject always to PSL undertaking to make good any valid claim by you. The money held in the client unclaimed money account will be held by PSL in compliance with the FCA Rules.
- 7.6 Sometimes we or PSL will undertake a transaction for you which requires your money or investments to be passed to an **Relevant Party** in order to meet the obligations under that transaction or as **Margin or Collateral**. When a **Relevant Party** is involved then any money or investments passed to the **Relevant Party** may be at risk in the event of its insolvency. By accepting these terms, you acknowledge that this is the case.
- 7.7 Please refer to the provisions of Annex 3 which will apply if your money is held by a credit institution or bank outside the UK or EEA.
- 7.8 PSL may use a bank which is affiliated to PSL to hold client money on your behalf subject always to any specific FCA Rules concerning the use of such affiliated bank.
- 7.9 Money held by PSL in pooled client money accounts as set out in this clause 7, may (in part) be deposited (where permitted under FCA Rules) into a fixed term deposit. Money held in fixed term deposits cannot be withdrawn by PSL until the fixed term expires. This means that the part of the client money pool (as described in clause 7.3 above) which is held in fixed term deposits would not be available for immediate (or next day) withdrawal by you and the return of such client money would be delayed until the fixed term expires. In addition, PSL would not be able to move client money held in a fixed term deposit until the expiry of such fixed term and therefore would not be able to mitigate the risk of any default or insolvency of the relevant bank or credit institution and the possible creation of a deficiency in the client money pool (resulting in a loss as described in clause 7.3) which may arise during such fixed term. By accepting these Terms of Business you acknowledge you are aware of and accept the risks set out in this clause 7.9.

## 8. Custody and administration of your investments

- 8.1 Subject to clause 8.2, where PSL holds investments for your account it will register those investments in the name of a **nominee company** controlled by PSL or by a member of PSL's group.
- 8.2 In some situations, for example where the rules of a particular market or **CSD** require, PSL will register your investments in the name of an **Eligible Custodian**. PSL will not usually register

investments in your name but if it is required to do so, you shall remain responsible for the consequences of any such registration.

- 8.3 If your investments are held overseas the provisions of Annex 3 shall also apply.
- 8.4 When your investments (including any money held for your account) are held by a depository or an **Eligible Custodian**, such depository or **Eligible Custodian** may have rights against your investments, arising out of the operation of local law, local regulatory rules, or market practice which may include:
- (a) security rights over them including but not limited to a **mortgage or charge**;
  - (b) rights to withhold or retain them, such as by way of a **lien**;
  - (c) other rights to have the asset paid or transferred to them or to prevent a transaction involving such asset from going ahead; and/or
  - (d) rights to be paid any or all of the proceeds of a transaction involving the asset.

PSL has agreed with the **Eligible Custodians** that such rights as set out in this clause 8.4 are limited to those in respect of debts arising out of (i) properly incurred charges and liabilities arising from the safekeeping, administration and provision of services (including the settlement of transactions as set out in clause 6) with respect to the investments held by the **Eligible Custodian**; or (ii) arise under the rules of a **CSD, CCP** or local settlement system

- 8.5 PSL shall keep a record of your entitlement to your investments in situations where PSL or an **Eligible Custodian** (or a **nominee company**) have registered or recorded your investment in a combined account or pooled in some other way with investments belonging to other clients of ourselves, of PSL or of the **Eligible Custodian**. In such a situation you should note the following effects and by accepting these Terms of Business you expressly acknowledge and accept these risks:
- (a) your individual entitlements may not be identifiable by separate certificates, physical documents or equivalent electronic entries on the register;
  - (b) In the course of settlement of transactions from the omnibus account (due to the nature of such holding and the operation of settlements into and from an omnibus account) circumstances could arise whereby your assets as held in the pool are used to satisfy the transaction of another client whose assets are also held in the omnibus account. You should note that Pershing has in place systems and controls to reduce the occurrence of such events and to mitigate the risk to you from such circumstances as required under FCA Rules;
  - (c) if there is an irreconcilable shortfall following any loss by or default of, PSL or the **Eligible Custodian** (or a **nominee company**) then you may not receive your full entitlement and may share in any shortfall on a pro rated basis with any other investors;
  - (d) sometimes PSL will receive investments or money on behalf of more than one client in connection with pooled holdings (for instance in a bonus or rights issue or takeover). In such circumstances PSL may, in accordance with FCA Rules, allocate such investments between clients on whatever basis it considers fair and reasonable in accordance with its allocation policy in force at the time;
  - (e) if a share issue or other corporate event favoured the small investor (as defined by the issuer making the issue or creating the corporate event) your actual allocation may be less than it would be if your investments were registered in your own name; and
  - (f) sometimes amounts or investments may arise which would not have arisen if the investments had been registered in your own name. You may not be entitled to any such additional amounts.

- 8.6 Any instructions you wish to give about the administration of investments held by PSL should be given to us in writing for us to send to PSL.

- 8.7 PSL will inform us of any rights issues, takeover offers, capital reorganisations, conversion or subscription rights (collectively "corporate actions") that affect or relate to investments held on your

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- behalf by PSL or an **Eligible Custodian**. It will do so as soon as reasonably practicable after receiving notice of those events. We will, in turn, inform you.
- 8.8 You should contact us and not PSL if you need any advice in connection with any corporate actions. PSL is not responsible for taking decisions in relation to any corporate actions and will require instructions from you or us on matters such as:
- (a) exercising conversion and subscription rights;
  - (b) dealing with takeovers or other offers or capital reorganisations;
  - (c) exercising voting rights (where PSL exercises such rights on your behalf).
- 8.9 If any notification is given to you pursuant to clause 8.7 from PSL, you must ensure that you provide instructions to us, for onward transmission to PSL in sufficient time to ensure that PSL is able to act upon such instructions. The instructions given, their consequences, and the consequences of failing to give us instructions, will be entirely your responsibility. Neither we nor PSL is obliged to do more than give one notification on the relevant matter.
- 8.10 PSL will be responsible for claiming and receiving dividends, interest payments and other entitlements automatically arising in respect of the investments held for your account.
- 8.11 Sometimes PSL or an **Eligible Custodian** who is holding your investments may receive dividends, interest and other rights or payments after local withholding or similar taxes or other deductions are made from those sums. You accept that PSL or any **Eligible Custodian** may, if it is required to do so to comply with legal or regulatory requirements, withhold or deduct tax or other amounts from any such payments. Any costs PSL or an **Eligible Custodian** incurs when complying with these obligations may be deducted by PSL from your account. If you are eligible to reclaim any such withholdings or deductions then this will be your responsibility and not that of PSL or an **Eligible Custodian**, to do so.
- 8.12 PSL will arrange for you to receive safe custody statement showing the investments and cash balances it holds for you, reported on a trade by trade basis. The frequency of such statements is determined by FCA Rules. PSL may provide such statement to you via appropriate on line or electronic means and provided we or PSL notified you of the availability of such statement, it shall be your responsibility to access and review such statement.
- 8.13 In some circumstances PSL may refuse to hold any investment or investments for you. This may occur in any of the circumstances outlined in clause 3.2 of these terms or if the investment concerned is of a kind for which PSL does not have facilities, or arrangements with appropriate **Eligible Custodians**, to hold or if holding the investment would expose PSL to liabilities. We will notify you if PSL chooses to exercise this discretion unless legal or regulatory constraints prevent such disclosure.
- 8.14 PSL will not loan your investments or use them to raise finance unless you have entered into a separate specific written agreement with PSL allowing such use of your investments.

## 9. Consequences of your default

- 9.1 If you fail to pay cash or investments (as relevant) when due to meet any settlement obligations or if you otherwise fail to meet any of your other obligations to PSL then you should be aware that there will be certain consequences as a result of such failure, as further described in the remainder of this clause 9.
- 9.2 You will not have a right to title or interest in any cash or investments received for your account. PSL will have no obligation to deliver or account to you for any such cash or investments and PSL will be entitled to retain any such cash or investments until such time that you have met your obligations.
- 9.3 PSL may, upon notice use any cash, or sell any securities, held or received for your account and use the proceeds (after deducting any costs in doing so) to eliminate or reduce any unpaid obligations owed to PSL. Any surplus remaining after discharging the obligations owed to PSL will

be paid to you. If the cash and proceeds of disposals do not cover all the obligations owed to PSL, you will still owe PSL the balance.

- 9.4 PSL may, among other things, and without giving you further notice:
- (a) Where in PSL's reasonable opinion it is necessary to protect PSL from a loss or other material risk, enter into any other transaction (including those with the effect of closing-out a position, or reversing or cancelling a transaction previously entered into);
  - (b) take or refrain from taking further action which it considers would, or could, reduce or eliminate any liability under any transaction undertaken for you. PSL may take similar action where it reasonably considers that you have not, or are unlikely to perform your obligations under these terms.
- 9.5 Where PSL exercises its rights to use your cash or dispose of your investments under clause 9.3 above, it will have no further obligation to you (and neither you nor we will have any right to require PSL to account to you, or to anyone else, for any investments or cash received when the relevant transaction is settled).
- 9.6 You agree that PSL may **set off** transfer or apply (without further notice to you) any obligations or monies owed by PSL to you in order to satisfy in whole or in part any debt or obligation or sum that is due from you to PSL. This applies even if the obligations are in different currencies and includes the payment of any fees or charges due to PSL and any amounts due under your indemnity obligations to ensure PSL does not lose money as a result of your default under these terms or the services it provides you with.
- 9.7 In exercising its rights under these terms PSL may convert currencies and carry out foreign exchange transactions with you or on your behalf at such rates and in a manner that PSL may in its discretion determine. In such circumstances, PSL shall be acting on its own behalf and not executing your orders. It shall therefore not be liable to you for the result obtained, nor for its choice of which investments are to be sold.
- 9.8 The provisions in this clause 9 will continue to apply even if we or PSL stop providing services to you, so long as any obligations for your account remain outstanding. They apply in addition to any other right PSL has, and they will not be affected by any failure by PSL or anyone else to fully enforce their contractual rights, whether as to payment, time, performance or otherwise.

## 10. Limits on PSL's Liability to you and Indemnities you give to PSL

- 10.1 The liability of PSL (and where relevant its directors, employees or agents) to you for any loss or damage which you suffer in connection with these terms shall be limited to circumstances where any such loss or damage has arisen directly as a result of negligence, fraud or wilful default or a breach of the FCA Rules by PSL (or where relevant, its directors, employees or agents). In any event, PSL will not be liable to you for any indirect or consequential losses (howsoever arising). PSL will also not be liable for any loss that is a loss of profit or for any losses that arise from any damage to your business or reputation.
- 10.2 This means that PSL will only be liable for losses that arise as a result of its negligence, fraud or wilful default and then only, for any losses which:
- (a) arise naturally from a breach by PSL of its obligations; and
  - (b) which were reasonably foreseeable to PSL at the time these terms are entered into.
- 10.3 It is important that you understand that you are responsible for making sure that PSL does not suffer by reason of acting for you. You agree to make good and reimburse (indemnify) PSL and each of its directors and employees and agents ("Indemnified Persons"), after the deduction of any

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applicable taxes, for and against any liabilities, reasonable costs and expenses (including legal costs) and all duties and taxes (other than PSL's corporation tax) which are caused by;

- (a) PSL providing its services to you;
  - (b) material breach by you of any of these terms;
  - (c) default or failure by you to make a delivery of investments or payment when due; or
  - (d) any challenge to the validity of, or requirement for proof or ownership, or in respect of any fraud or forgery in relation to any investments delivered to PSL by you or on your behalf, or in relation to any document of transfer regarding such investments. This will include any electronic instruction or information, which appears to transfer such investments.
- 10.4 You will not be liable to indemnify PSL under this clause 10 and PSL will have no right or claim against you or us if any consequences to PSL are caused by its own negligence, wilful default, fraud or any breach of the FCA Rules.
- 10.5 PSL has no liability to you or us for failure to provide any of the services under these terms if that failure is caused wholly or partly by events beyond PSL's reasonable control. This includes (but is not limited to) any failure of communication, settlement, computer or accounting system or equipment, any failure or interruption in the supply of data, any political crisis or terrorist action, suspension or limitation of trading by any exchange or clearing house or any fire, pandemics, flood or other natural disaster. In any of these (or other similar) circumstances any or all of PSL's obligations will be suspended until the state of affairs giving rise to the failure of PSL is remedied.
- 10.6 The provisions in this clause 10 will continue to apply even if we or PSL stop providing services to you. They apply in addition to any other right of indemnity or claim of any Indemnified Person whether or not under these terms, and they will not be affected by any failure by PSL or anyone else to fully enforce their contractual rights, whether as to payment, time, performance or otherwise.

## 11. Charges

- 11.1 The fees and charges payable by you in relation to the services provided by PSL (in particular, the money management fee), and any taxes payable through PSL, will be set out in the fees and charges information provided to you by us from time to time. PSL can either pay these out of the assets and money it holds for you for your account or by way of set off as described at clause 9 above or require you to pay them directly to PSL or to PSL through us. You may also be liable for other taxes or charges which are not payable through PSL.

## 12. PSL's Conflicts of Interest

- 12.1 PSL, its associated group companies (associates) or nominees may provide services or enter transactions under these Terms in circumstances in which PSL or its associates have a material interest. This interest could be direct or indirect and PSL or its associates could also have a relationship with someone else, which may involve a conflict of interest or potential conflict of interest with you. Examples where such actual or potential conflicts may happen include situations where PSL or any of its associates:
- (a) is, or is acting on behalf of, the counterparty to a transaction that is executed by PSL (whether or not involving a fee or commission or increased or reduced price offered or received by PSL or its associates);
  - (b) has a long or short position in the relevant investment; or
  - (c) is otherwise connected to the issuer of the investment to which any instructions relate.

- 12.2 PSL may receive payments from fund managers if PSL provides services to those fund managers. Any payments of this kind are calculated by reference to the value of the assets that PSL holds in custody for its clients.
- 12.3 PSL may place money held for your account with a bank or other financial institution (in accordance with the FCA rules) and earn interest and retain some or all of that interest from that bank or financial institution.
- 12.4 A summary of PSL's conflicts policy (including further disclosure concerning the payments PSL may receive from fund managers) is published on PSL's website at [www.pershing.co.uk](http://www.pershing.co.uk) under the heading of "compliance disclosures" (a hard copy is available on request from us).
- 12.5 You acknowledge that neither PSL nor any of its associates is required to disclose or account to you for any profit made as a result of acting in any manner described above.

## 13. Data Protection and Confidentiality of Information

- 13.1 PSL may store, use or otherwise process personal information about you which is provided by you or us on your behalf. The purposes for which it can store, use or process such personal information are providing investment and other services under these Terms, administering your account and other purposes closely related to those activities. This includes (but is not limited to) using information for the purposes for credit and anti-money laundering enquiries or assessments. In the United Kingdom PSL operates and has made all the appropriate notifications in accordance with applicable data protection legislation.
- 13.2 Any information that we and PSL hold about you is confidential to you and will only be used in connection with providing services under these Terms (as may be set out in more detail in PSL's published privacy policy as referred to in clause 17). Information of a confidential nature will be treated as such provided that such information is not already in the public domain. PSL will only disclose your information to third parties in the following circumstances:
- (a) If required by law or if requested by any regulatory authority or exchange having control or jurisdiction over you, us or PSL (or any associate of us or PSL);
  - (b) to investigate or to prevent fraud, market abuse or other illegal activity;
  - (c) in connection with the provision or services to you by us or PSL;
  - (d) for purposes closely related to the provision of the services or the administration of your account including without limitation for the purposes of credit enquiries or assessments;
  - (e) if it is in public interest to disclose such information; or
  - (f) at your request or with your consent.
- 13.3 The restrictions on the use of confidential information described above are subject at all times to a general proviso that PSL may disclose your information to certain permitted third parties including members of its own group (associates) and its professional advisors (including accountants and lawyers) who are subject to confidentiality codes.
- 13.4 Neither we nor PSL will sell rent or trade your personal information to any third party for marketing purposes unless you give your express consent.
- 13.5 You should note that by signing or otherwise accepting these Terms you agree that PSL is allowed to send your information internationally including to countries outside the EEA such as the United States of America. Some countries where your information is sent will offer different levels of protection in relation to personal information, not all of which will be as high as the UK. PSL will

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however, always take steps to ensure that your information is used by third parties only in accordance with PSL's policy.

- 13.6 You are entitled to a copy of any information PSL holds about you. In the first instance, you should direct any such requests to us and we will pass your request on to PSL. You should let us know if you think any information PSL holds about you is inaccurate and we will ask PSL to correct it.

## 14. Complaints

- 14.1 If you have a complaint you should notify our compliance officer in the first instance. If however, your complaint concerns an aspect of the service provided to you by PSL and you wish to copy your complaint to PSL directly copies should be sent to:

**The Compliance Officer**  
Pershing Securities Limited  
Royal Liver Building  
Pier Head  
Liverpool  
Merseyside  
L3 1LL

- 14.2 Where you make a complaint both we and PSL will endeavour to resolve your complaint as quickly as possible but in any event we will acknowledge receipt of your complaint within 3 business days. The acknowledgement sent will include a full copy of our or PSL's internal complaints handling procedure. We aim to resolve your complaint within 4 weeks of receipt. Where this is not possible we will contact you to explain why resolution will take longer than 4 weeks and indicate when we anticipate being able to resolve your complaint. Upon resolution of your complaint we or PSL will send you a final response letter, which sets out the nature of our response of any proposed resolution, and any appropriate remedy. If for any reason you are not satisfied with our or PSL's final response, or we have failed to resolve your complaint within 8 weeks of receipt, you may be entitled to refer your complaint to the Financial Ombudsman Service. A leaflet detailing the procedure is provided in our or PSL's final response.

## 15. Investor Compensation

- 15.1 PSL is covered by the UK's Financial Services Compensation Scheme ("FSCS"). Compensation may be available from the FSCS if PSL cannot meet its obligations to you. Your possible entitlement to compensation will depend upon the type of business and the circumstances of the claim. Most types of investment businesses are covered for £50,000 per person per firm. Further information about compensation arrangements is available from the FSCS, [www.fscs.org.uk](http://www.fscs.org.uk).

## 16. Amendment

- 16.1 PSL reserves the rights to alter these terms at any time. It will only do so after giving prior written notice to us in reasonable time for you to consider the impact of those changes, unless it is impractical in the circumstances to give such notice.

## 17. Provision of Information via a website

- 17.1 PSL may provide the following information to you via their website [www.pershing.co.uk](http://www.pershing.co.uk) (under the “disclosures” section). Such information may be amended from time to time by PSL:
- (a) General disclosures of information about PSL, its services and disclosures relating to such Services in general;
  - (b) Information concerning the safekeeping of investments and money held by PSL or any of its appointed **Eligible Custodians**;
  - (c) Information on costs and charges;
  - (d) Information relating PSL’s order execution policy, order handling and conflicts of interest;
  - (e) PSL’s privacy policy covering the processing of any personal data under the relevant data protection legislation; and
  - (f) Disclosures and policies containing general information in relation to the Services provided by PSL to you which PSL is required to publish or which is addressed to the generality of its clients (excluding amendments to these terms and conditions)

PROVIDED always that such information provided via the website does not include any confidential information or personal data relating to you.

## 18. General

- 18.1 PSL’s obligations to you are limited to those set out in these terms. PSL shall in particular not owe any wider duties of a fiduciary nature to you.
- 18.2 No third party shall be entitled to enforce these terms in any circumstances.
- 18.3 Any failure by PSL (whether on an ongoing basis or not) to insist upon strict compliance with any of these Terms is not deemed to amount to PSL giving up or waiving any of any of its rights or remedies under them. The rights and remedies conferred on PSL will be cumulative and the exercise or waiver of any part of them will not stop or inhibit the exercising by PSL of any other additional rights and remedies.
- 18.4 These terms are governed by English Law and you irrevocably agree to submit, for the benefit of PSL, to the non exclusive jurisdiction of the Courts of England.

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# ANNEX 1

## Glossary

<b>Business Days</b>	means any day on which the London Stock Exchange is open for trading
<b>CCP</b>	This stands for central counterparty, which is typically an institution that acts as an intermediary between two market participants. The seller of a security sells to the central counterparty. The central counterparty simultaneously sells to the buyer. This means that if one party defaults then the central counterparty will absorb the loss. This reduces the amount of counterparty risk that market participants are exposed to. Certain markets that PSL trades in on your behalf will involve a CCP and such transactions will be subject to the rules of the CCP.
<b>Charge</b>	A charge does not involve a transfer of ownership but gives a degree of control to a third party over any dealing or disposal of the asset.
<b>Clearing and Settlement Services</b>	The process by which, once an investment has been bought or sold on your behalf, the money is transferred from the buyer to the seller and the investments or the title to the investments is transferred from the seller to the buyer.
<b>CSD</b>	This stands for central securities depository which is a financial institution that custodies securities and provides securities settlement services to one or more markets. When settling a transaction on your behalf PSL may have to settle such transaction through a central securities depository or other securities settlement system and the transactions will be subject to the rules of the CSD.
<b>Dealing or Execution Services</b>	The buying or selling of investments on your behalf.
<b>Eligible Custodian</b>	This refers to a third party custodian (or its <b>nominee company</b> ) who PSL selects under the FCA Rules to register your investments with.
<b>Joint and Several Liability</b>	If joint and several liability applies, the effect is that both you and the other person(s) separately promise to meet all obligations under these terms in respect of the account either (1) jointly with the other person(s); and (2) individually.
<b>Lien</b>	A Lien allows the person holding the asset to withhold or retain such asset pending the satisfaction of your obligations to them.
<b>Margin or Collateral</b>	This is where your money or investments are passed to a <b>Relevant Party</b> in order to provide security against the performance of obligations.
<b>Mortgage</b>	A mortgage transfers the ownership of an asset to a third party on the condition that it will be re-transferred on the discharge of the obligations owed to that third party.
<b>Netting</b>	Netting is the process under which PSL and/or the counterparty, <b>CCP</b> , <b>CSD</b> or other body concerned with settling a transaction are entitled to reduce their obligations to each other by setting off their obligations to deliver cash or securities to one another. This will give a single amount owing to one party from the other rather than a two-way payment. This single amount will then be paid or delivered to the relevant party.
<b>Nominee Company</b>	A nominee company is one which is used solely for holding investments separately and which does not carry on any other business.
<b>Relevant Party</b>	This includes (but is not limited to) an exchange, clearing house, intermediate broker, settlement agent or a counterparty dealt with directly (over the counter) outside of any exchange. The Relevant Party may be located in the UK or elsewhere.
<b>Safe Custody Services</b>	The safekeeping and administration of any investments held by PSL or its <b>nominee company</b> on your behalf.
<b>Set-Off</b>	This may arise where both you and PSL owe sums to each other. In such circumstances PSL may deduct any sums owed to it by you from any sums that are owed by PSL to you so as to either eliminate or reduce PSL's liability to you.
<b>Time shall be of the Essence</b>	The use of this term in relation to any payment, delivery or other obligation you have to PSL means that PSL shall be entitled to terminate these terms and, if appropriate, claim damages from you if you fail to perform your obligation in accordance with the time specified. It is intended to ensure that the relevant deadlines are strictly complied with.

# ANNEX 2

## CCP and CSD Transactions

### 1 Settlement of CCP and CSD Transactions

- 1.1 In order to settle transactions on your behalf, PSL will need to deal with the other party to the transaction (the “counterparty”) and sometimes transactions will be settled through a central counterparty (“**CCP**”) or a central securities depository or other securities settlement system (“**CSD**”) or other depository transfer agent or similar body. When PSL deals with these parties, it does so as your agent, in good faith and on the basis that:
- (a) PSL is not responsible for any default or failure of the **CCP**, **CSD** or other counterparty or of any depository or agent of those entities; and
  - (b) the delivery of any securities or payment to you as a result of the transaction is entirely your risk and not that of PSL.
- 1.2 In some cases, transactions will be subject to **netting**. You agree, in respect of any transaction which is subject to **netting**, to discharging the settlement obligations on a net basis in accordance with the rules of the relevant **CCP** or **CSD**. You acknowledge that if net settlement takes place then PSL will only be obliged to account to you for any investments or cash in connection with the transaction on a net basis.
- 1.3 We and you acknowledge and agree that:
- (a) PSL does not owe any duty to us, you or any other person to verify the appropriateness, adequacy or effectiveness of the rules, requirements and procedures of any market or **CCP**; or in relation to any exercise or non-exercise by the market or the **CCP** of its rights or powers under such rules, requirements and procedures; and
  - (b) PSL shall have no liability for any loss or damage suffered or incurred by us or you by reason of PSL taking or failing to take any action, where such action or failure to take action is authorised, permitted or required by a market or a **CCP** or is otherwise deemed necessary by PSL under the rules, requirements and procedures of the market or the **CCP**.

### 2 Limits on PSL’s Liability to you and Indemnities you give to PSL

If any net settlement takes place then PSL’s only obligation to account to you will be to account for the net investments and/or cash received by it from any relevant **CCP**, **CSD**, or their respective agents, corresponding to the transactions relevant to the net settlement entered into on your behalf. In addition you agree that PSL shall have no liability to you in connection with the exercise by any **CCP**, **CSD**, or their respective agents of their powers under any Power of Attorney or equivalent right or power in respect of any settlement account operated by or on behalf of PSL in connection with the settlement of any transaction.

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# ANNEX 3

## Overseas Investments

### 1 Settlement of Transactions

If a transaction is undertaken on your behalf on non-UK markets, it will be subject to the rules of the relevant overseas exchange, clearing system and/or depository and to any terms of any foreign agent or custodian employed by PSL. These rules and terms may include, but are not limited to, such persons having the right to reverse a transaction (including reversing the delivery or re-delivery of any investment and any payment) even after it has been settled. In view of the number of markets and counterparties which may be used it is not possible to outline all of the potential rules and obligations that may apply in such cases.

### 2 Client Money

If your money is held by a credit institution or bank outside the UK or EEA or your money or investments are passed to a third party then it is important you understand that the legal and regulatory regime applying to that credit institution, bank or other third party will be different from that of the United Kingdom or the EEA. This means, amongst other things, that the rights and protections you have under the FCA Rules will not be available in respect of those banks or credit institutions or third parties. Other rules and regulations may apply to them under local law but your rights and obligations are likely to differ, particularly if such party is in default

### 3 Custody and administration of your investments

- 3.1 Whether or not they are registered or recorded in the name of PSL, or an **Eligible Custodian**, investments belonging to you which are held abroad may be subject to different settlement, legal and regulatory requirements from those applying in the UK or the EEA. Your rights may therefore also differ. In particular, such investments, by their nature may require, in order to effect settlement of your transaction, that the investment is held in a country that may not impose specific regulation covering the safekeeping of investments. Subject to PSL, satisfying itself that the arrangements for the holding of your investment in such market by the **Eligible Custodian** it appointed are adequate (based on the due diligence referred to in clause 3.2 of this Annex 3), PSL will deposit such investment with such **Eligible Custodian** notwithstanding the risks outlined in this Annex 3.
- 3.2 PSL will exercise due skill, care and diligence in the selection, appointment and periodic review of any **Eligible Custodian** it appoints (including the regulatory rules applicable to such **Eligible Custodian**) and the arrangements for the holding and safekeeping of your investments. It is important that you understand PSL is not responsible for anything done or not done, or any default of an **Eligible Custodian** unless that default is caused by the negligence, fraud or wilful default on the part of PSL or any of its nominee companies. Although PSL will seek to make sure that adequate arrangements are made to look after your ownership rights in any investments (especially in the event of its own insolvency) you should understand that your investments may be at risk if an **Eligible Custodian** becomes insolvent.
- 3.3 Overseas investments may be registered or recorded in the name of PSL or in the name of an **Eligible Custodian**. Your acceptance of these terms indicates your consent to the possibility of registration in such manner. However any such registration in one of these ways will only be done after PSL has taken reasonable steps to determine that it is in your best interests to do so or that it is not feasible to do otherwise because of the nature of the applicable law and market practice in the jurisdiction where the transaction occurs. Registration in this way means that your investments may not be kept separate from other investments belonging to PSL or the relevant **Eligible Custodian**. Your protection may therefore be less, as if the person in whose name your investment is recorded defaults on its obligations, your investment may not be separately identifiable as yours. Accordingly it may be subject to other third party claims including claims by the general creditors of the defaulting person.

## Additional Clauses

### Agent as Client

If you are an agent acting on behalf of someone else (whether or not that person (the “Principal”), has been identified to PSL as the person for whom you act) you will be treated as PSL’s client under the FCA Rules and you will also be fully liable to PSL under these terms as if you were acting for yourself. You and your Principal will be jointly and severally liable in the manner described above. In addition, you represent warrant and undertake to us and PSL on a continuing basis that:

- You have full power and authority to instruct us on these terms;
- You have no reason to believe that any such underlying client will not be able to meet any settlement or other payment obligation under these terms;
- At the time you instruct us to undertake a transaction for such underlying client there are sufficient funds or assets under your authority to permit settlement and you will not subsequently execute transactions which could result in insufficient funds or assets being available;
- To your knowledge any transaction undertaken for any such underlying client will be its valid and binding obligation enforceable against it in accordance with its terms subject to bankruptcy and other applicable laws;
- You have no reason to consider that any such underlying client is or is likely to become insolvent;
- You have obtained and recorded evidence of the identity of any such underlying client or any underlying principal of such person in accordance with applicable laws and regulations (including without limitation anti money laundering regulations); and
- You will provide to us and PSL such information and written confirmations in relation to any such underlying client as we or PSL reasonably require to comply with all applicable laws and regulations.

### Trustee as Client

Where you are acting as a Trustee on behalf a trust (the “Trust”), as well as being jointly and severally liable to PSL in the way described above, PSL will treat the trustees as its client and not any beneficiary of the Trust. We shall warrant to PSL that::

- We will only cause PSL to be obliged to settle any transaction where we have full management control and full authority to instruct use of sufficient of the assets or cash of the Trust to meet any obligation incurred by PSL on behalf of the Trust and that we have full authority to direct the custodian, if any, of the underlying customer’s assets and cash to meet any obligations so incurred and that we have sufficient authority and consents to perform our obligations under these terms.
- We are not aware of any reason why the cash or assets of the Trust which are the subject of our management (as described above) could not be used to meet such obligations.
- We will not effect any transaction for the account of the Trust if we have any reason to believe that the Trustees of the Trust will not be willing or able to meet their obligations in respect of such transaction and will notify PSL as soon as reasonably practicable if we have any reason to believe that the Trustees will not be willing or able to meet their obligations in respect of any transaction; and
- We believe on reasonable enquiry and on reasonable ground that the Trustees of the Trust will have all requisite power and legal capacity to enter into any such transaction and to perform their obligations under these terms.

In your capacity as Trustees of the Trust you acknowledge and agree with PSL that:

- You will supply us with all relevant information of which you are aware in relation to the matters covered by our above warranties and you will not do anything to cause us to be in breach of our obligations as set out above;
- Any payment or accounting made by PSL to any one or more of the trustees will be treated as made to all of them;
- If you (or where you are more than one person any of you) become aware that any warranty given to PSL above has become untrue you will notify PSL and us in writing as soon as reasonably practicable on becoming so aware; and
- Your aggregate liability to us PSL and any other person under these terms shall be limited to the net value of the asset from time to time under your control in your capacity as the Trustees of the Trust save that this limitation shall not apply in respect of any liability to PSL for any breach of your obligations to PSL under this sub-clause.