

**Mizuho Corporate Bank, Ltd., London Branch****Terms of Business**

These Terms of Business ("**Terms**") constitute a legally binding agreement, and shall take effect from the date of the accompanying client classification letter in regards to any investment business which we may carry on with you. These Terms supersede any previous agreement between you and us on the same subject matter. These Terms and transactions entered into in accordance with them, will be subject to Applicable Regulations so that (i) if there is any conflict between these Terms and any Applicable Regulations, the latter will prevail; (ii) nothing in these Terms shall exclude or restrict any obligation which we have to you under Applicable Regulations; (iii) we may take or omit to take any action we consider necessary to ensure compliance with any Applicable Regulations; (iv) all Applicable Regulations and whatever we do or fail to do in order to comply with them will be binding on you; and (v) such actions that we take or fail to take for the purpose of compliance with any Applicable Regulations shall not render us or any of our directors, officers, employees or agents liable.

**1. Particulars****Information about us**

The full name of our firm is Mizuho Corporate Bank, Ltd., London Branch ("**MHCB**") and the address of our principal place of business in the United Kingdom is:

Bracken House  
One Friday Street  
London  
EC4M 9JA

In conducting investment business, MHCB is authorised and regulated by the Financial Services Authority ("**FSA**"). The FSA's registered office is 25, The North Colonnade, London E14 5HS.

**Communication with us**

You may communicate with us in writing (including fax), by email or other electronic means, or orally (including by telephone). These Terms are supplied to you in English and the language of communication between us shall be English. You will receive documents and other information from us in English.

**Our capacity**

We may, at our discretion, execute an order received from you, acting as principal.

**Your capacity**

Unless otherwise agreed and except where we have established a separate relationship with the principal in writing, where you are acting as agent even where the principal has been identified to us, we will treat you as our client.

**2. The Services We Will Provide****Execution only**

We deal on an execution only basis. However, if you are a Retail Client (as defined in the Applicable Regulations), we may advise you on the merits of a particular transaction, its taxation consequences or the composition of the account. If you are a Professional Client (as defined in the Applicable Regulations), we will not advise you on such matters, unless agreed between us in writing. Our services may be provided in relation to all types of investments and in respect of all market.

**Own judgement**

In asking us to enter into any transaction, you represent that you have been solely responsible for making your own independent appraisal and investigations into the risks of the transaction. If you are a Professional Client, you represent that you have sufficient knowledge and experience to make your own evaluation on the merits and risks of any transaction and we give you no warranty as to the suitability of the products traded under these Terms, and assume no fiduciary duty in our relationship with you. If you are a Retail Client, we may advise you as to the suitability of the products traded under these Terms.

## **Incidental information**

Unless specifically advised to you in writing, we do not owe you any duty to advise on the merits or suitability of any transaction. If you are a Professional Client, we will not provide you with any personal recommendations. Any trading recommendations, market or other information communicated to you is incidental and not part of the service offered to you. We give no representation, warranty or guarantee as to the accuracy or completeness of such recommendations or information, and we shall not be liable for any investment decision you make, based in whole or in part, on such recommendations or information. We do not make representations as to the time of receipt by you, and cannot guarantee that you will receive such recommendations or information at the same time as other clients.

### **3. Charges**

You agree to pay all charges that may be agreed between us for our services from time to time (and all taxes payable thereon) and to reimburse us on demand for any costs and expenses incurred on your behalf or in consequence of dealing with you. You hereby authorise us to debit any account of yours held by us in respect of any charge due. We may share charges which we receive from you with other parties (including our Affiliates), and we agree to notify you on request of any amounts so shared. All payments to us under these Terms shall be made in same day funds in such currency as we may from time to time specify, to the bank account designated by us for such purposes. All such payments shall be made by you without any deduction or withholding.

### **4. Instructions and basis of dealing**

#### **Authority and placing of instructions**

You or any person acting on your behalf may give us oral or written instructions including by fax, e-mail or other electronic means concerning any transaction or proposed transaction or any other matter. You hereby authorise us to act for you upon receipt of instructions given to us, and we shall be entitled to rely upon any instruction received from you which we reasonably believe in good faith to be from a person authorised to act on your behalf. We shall not be under any obligation to confirm the genuineness, authority or identity of the person giving or purporting to give such instructions. In these Terms "instructions" and "orders" have the same meaning.

#### **Cancellation of instructions**

We are only able to cancel your instructions if the cancellation is given in a timely manner, and we have not acted upon those instructions. Instructions may only be withdrawn or amended by you with our consent.

#### **Our rights**

We may at our absolute discretion refuse to accept instructions to enter into any transaction. If we decline to enter into a proposed transaction, we shall not be obliged to give a reason, but we shall promptly notify you accordingly. We shall not be responsible for any delays or inaccuracies in the transmission of orders or other information or the execution of orders due to any cause whatsoever beyond our reasonable control.

#### **Control of orders prior to execution**

We have the right (but no obligation) to set limits and/or parameters to control your ability to place orders at our absolute discretion. Such limits and/or parameters may be amended, increased, decreased, removed or added to by us at our absolute discretion and may include (without limitation): (i) controls over maximum order amounts and maximum order sizes; (ii) controls over our total exposure to you; (iii) controls over prices at which orders may be submitted (to include (without limitation) controls over orders which are at a price which differs greatly from the market price at the time the order is submitted to the order book); or (iv) any other limits, parameters or controls which we may be required to implement in accordance with Applicable Regulations.

#### **Execution of orders**

When executing or transmitting orders on your behalf, we will provide you with best execution in accordance with our Order Execution Policy, but in accepting your orders we do not represent or warrant that it will be possible to execute such order or that execution will be possible according to your instructions. You confirm that you have read and consent to the enclosed document entitled "Summary of Order Execution Policy". If we encounter any material difficulty relevant to the proper carrying out of an order on your behalf we shall notify you promptly. When you give us a specific instruction, our Order Execution Policy will not apply, and we may be unable to take the steps described in such Policy to obtain the best possible result in executing your order. We will notify you of any material changes to our Order Execution Policy, but it is your responsibility to check for any other changes to our Order Execution Policy as published from time to time at [www.mizuho-cb.co.uk](http://www.mizuho-cb.co.uk). We will consider the continued placement of orders by you to constitute your continued consent to our Order Execution Policy as in effect from time to time.

## **Crossing of orders**

We may arrange for a transaction to be executed, either in whole or in part, by selling an investment to you from another client, or a client of an Associate of ours, or vice-versa. We shall not give you prior notice if we arrange for a transaction to be executed in this manner. We, or any Associate of ours, may receive remuneration from both you and such other client and retain any profit, changes or other remuneration and shall not be bound to account to you for them or disclose them to you except where this is required by Applicable Regulations.

## **Aggregation of Orders**

We may combine your order with our own orders, orders of associated persons and orders of other clients. When so combining orders we must reasonably believe it to be in the overall best interests of our clients (e.g. in obtaining a more favourable price). However, on occasions, aggregation may result in you obtaining a less favourable price in relation to a particular order.

## **Intermediate brokers and other agents**

We may, at our entire discretion, arrange for any transaction to be effected with, or through, the agency of an intermediate broker, who may or may not be an associate of ours, and may or may not be in the United Kingdom. Neither we, nor our respective directors, officers, employees or agents will be liable to you for any act or omission of an intermediate broker or agent. No responsibility will be accepted for intermediate brokers or agents selected by you.

## **Position limits**

We may require you to limit the number of open positions which you may have with us at any time and we may in our sole discretion close out any one or more transactions in order to ensure that such position limits are maintained.

## **Trade Reporting**

Under Applicable Regulations, we may be obliged to make information about certain transactions public. You agree and acknowledge that any and all proprietary rights in such transaction information are owned by us, and you waive any duty of confidentiality attaching to the information which we reasonably disclose.

## **5. Accounting For Transactions**

### **Confirmations**

All contract notes, confirmations and other statements will be dispatched or transmitted to you at your address as shown in our records or the e-mail address on record for you. If you are a Retail Client, we will send such notes, confirmations or statements to you no later than the first Business Day following the trading day upon which we have executed transactions on your behalf. All such records shall, in the absence of manifest error, be conclusive and binding upon you, unless objection in writing is received by us within five Business Days from your receipt of the communication concerned.

All such communication shall be deemed served and received at the time when in the ordinary course of events they would have been received. If our contract note or confirmation does not indicate the time at which a transaction was effected, that information will be made available on request.

### **Performance and settlement**

You will promptly deliver any instructions, money, documents or property deliverable by you under a Transaction in accordance with that Transaction as modified by any instructions given by us for the purpose of enabling us to perform our obligations under the relevant matching Transaction.

## **6. Custody Of Your Investments**

MHCB does not offer safe custody facilities for your investments. You shall be responsible for appointing your own custodian as required.

## **7. Confidentiality and Personal Data**

### **Disclosure to others**

We will treat all information that we hold about you as private and confidential (until a specific time scale has lapsed post termination of our relationship). We will not disclose any information we hold about you to third parties except:

- a) to the extent we are required to so under any Applicable Regulation;
- b) where there is a duty to the public to disclose;
- c) at your request or with your consent.

## **Our use of information**

You agree that we and other companies within our group may hold and process any information we hold about you and may use any of that information to administer and operate your account and to provide any service to you, to monitor and analyse the conduct of your account, to assess any credit limits or other credit decisions (as well as the interest rate, fees and other charges to be applied to your account) and to enable us to carry out statistical and other analysis.

## **Access to information**

You may have a right of access to some, or all, of the information we hold about you, or to have any inaccurate information corrected, under the data protection law. If you wish to exercise either of these rights, please contact us in writing.

## **Transfer of information**

You agree that we may also transfer information we hold about you to any country, including countries outside the European Economic Area, which may not have data protection laws, for any of the purposes described in this section.

By providing us with information about you and conducting business with us, you explicitly consent to our processing your personal data (including sensitive personal data) as such terms are defined under the UK Data Protection Act 1998, and our transmission of such data to our affiliates and agents outside the European Economic Area, such as MHCB, in order to satisfy our regulatory and statutory obligations and to facilitate the performance of contractual obligations that arise between us or between you and an affiliate. If any such personal data (including sensitive personal data) belongs to your employees, clients, customers or other individuals other than you, by providing us with such personal data you explicitly give us such consent on behalf of such persons and you represent to us that such persons have given you the power to give such consent on their behalf.

## **8. Conflicts of Interest and Material Interest**

### **Material interests**

We will manage any conflicts of interest that arise in the course of our provision of services to you in accordance with our Conflicts of Interest Policy. If you are a Retail Client, please refer to the enclosed document entitled "Conflicts of Interest Policy" for a summary of our Policy.

### **Soft commission**

We may from time to time deal on your behalf with those that we have an agreement with that permits us (or another member of our group) to receive goods or services in return for transacting investment business with them.

## **9. Client Money**

We act as banker rather than as trustee in respect of any money we hold on your behalf in an account with ourselves. As a result, we will not hold your money in accordance with the Client Money Rules. In particular, we shall not segregate your money from ours and we shall not be liable to account to you for any profits made by our use as banker of such funds.

## **10. Representations and Warranties**

You represent and warrant that:

- a) you have full legal capacity to effect transactions in the investments set out in these Terms and have obtained all necessary consents, permissions and authorisations to deal in such investments under all Applicable Regulations;
- b) where you are acting on behalf of some other person, that person has given you full authority to effect transactions in investments as set out in these Terms, to do all things ancillary to effecting transactions in investments and agree to these Terms; where you act as agent you will allocate all transactions to one or more principals prior to settlement; you further warrant and represent that you have taken all reasonable steps and made all prudent enquiries to ensure that each principal is acting in good faith and has obtained all necessary consent, permissions and authorisations to deal in such investments under all applicable laws and regulations;
- c) where you deliver securities to us you will have the full and unqualified right to make such transfer and that upon such transfer we will receive all right, title and interest in and to those securities free and clear of any lien, claim, charge or encumbrance;
- d) these Terms, each transaction and the obligations created under them both are binding upon you and enforceable against you (subject to applicable principles of equity) and do not and will not violate the terms of any regulation, order, charge or agreement by which you are bound; and
- e) no Event of Default or any event which may become (with the passage of time, the giving of notice, the making of any determination or any combination of the above) an Event of Default (a "Potential Event of Default") has occurred and is continuing with respect to you or any Credit Support Provider.

We shall be entitled to require you to provide evidence reasonably satisfactory to us of the existence of such consents and of compliance with any laws or regulations referred to above or otherwise relevant to the conduct of business contemplated by these Terms.

## Covenants

You covenant to us that:

- a) you will at all times obtain and comply, and do all that is necessary to maintain in full force and effect, all authority, powers, consents, licences and authorisations referred to in this clause;
- b) you will promptly notify us of the occurrence of any Event of Default or Potential Event of Default with respect to yourself or any Credit Support Provider;
- c) you will use all reasonable steps to comply with all Applicable Regulations in relation to these Terms and any transaction, so far as they are applicable to you or us;
- d) you will not send orders or otherwise take any action that could create a false impression of the demand or value for a financial instrument, or send orders which you have reason to believe are in breach of Applicable Regulations. You shall observe the standard of behaviour reasonably expected of persons in your position and not take any step which would cause us to fail to observe the standard of behaviour reasonably expected of persons in our position; and
- e) upon demand, you will provide us with such information as we may reasonably require to evidence the matters referred to in this clause or to comply with any Applicable Regulations.

## 11. Events of Default

The following shall constitute Events of Default:

- a) you fail to make any payment when due under these Terms or to make or take delivery of any property when due under, or to observe or perform any other provision of these Terms;
- b) you commence a voluntary case or other procedure seeking or proposing liquidation, reorganisation, an arrangement or composition, a freeze or moratorium, or other similar relief with respect to you or your debts under any bankruptcy, insolvency, regulatory, supervisory or similar law (including any corporate or other law with potential application to you, if insolvent), or seeking the appointment of a trustee, receiver, liquidator, conservator, administrator, custodian or other similar official (each a "**Custodian**") of you or any substantial part of your assets, or if you take any corporate action to authorise any of the foregoing, and in the case of a reorganisation, arrangement or composition, we do not consent to the proposals;
- c) an involuntary case or other procedure is commenced against you seeking or proposing liquidation, reorganisation, an arrangement or composition, a freeze or moratorium, or other similar relief with respect to you or your debts under any bankruptcy, insolvency, regulatory, supervisory or similar law (including any corporate or other law with potential application to you, if insolvent) or seeking the appointment of a Custodian of you or any substantial part of your assets and such involuntary case or other procedure either (a) has not been dismissed within five days of its institution or presentation or (b) has been dismissed within such period but solely on the grounds of an insufficiency of assets to cover the costs of such case or other procedure;
- d) you are unable to pay your debts as they fall due or are bankrupt or insolvent, as defined under any bankruptcy or insolvency law applicable to you; or any indebtedness of yours is not paid on the due date therefore, or becomes capable at any time of being declared, due and payable under agreements or instruments evidencing such indebtedness before it would otherwise have been due and payable, or any suit, action or other proceedings relating to these Terms are commenced for any execution, any attachment or garnishment, or distress against, or an encumbrancer takes possession of, the whole or any part of your property, undertaking or assets (tangible and intangible);
- e) you or any Credit Support Provider (or any Custodian acting on behalf of either of you or a Credit Support Provider) disaffirms, disclaims or repudiates any obligation under these Terms or any guarantee, hypothecation agreement, margin or security agreement or document, or any other document containing an obligation of a third party ("**Credit Support Provider**"), or of you, in favour of us supporting any of your obligations under these Terms (each a "**Credit Support Document**");
- f) any representation or warranty made or given or deemed made or given by you under these Terms or any Credit Support Document proves to have been false or misleading in any material respect as at the time it was made or given or deemed made or given;
- g) (i) any Credit Support Provider fails, or you yourself fail to comply with or perform any agreement or obligation to be complied with or performed by you or it in accordance with the applicable Credit Support Document; (ii) any Credit Support Document expires or ceases to be in full force and effect prior to the satisfaction of all your obligations under these Terms, unless we have agreed in writing that this shall not be an Event of Default; (iii) any representation or warranty made or given or deemed made or given by any Credit Support Provider pursuant to any Credit Support Document proves to have been false or misleading in any material respect as at the time it was made or given or deemed made or given; or (iv) any event referred to in paragraphs (b) to (d) or (h) of this sub-clause occurs in respect of any Credit Support Provider;

- h) you are dissolved, or, if your capacity or existence is dependent upon a record in a formal register, the registration is removed or ends, or any procedure is commenced seeking or proposing your dissolution, removal from such a register, or the ending of such a registration;
- i) where you or your Credit Support Provider is a partnership, any of the events referred to in paragraphs (b) to (d) or (h) of sub-clause 1 of this clause occurs in respect of one or more of your or its partners;
- j) we consider it necessary or desirable to prevent what we consider is or might be a violation of any Applicable Regulation or good standard of market practice;
- k) we consider it necessary or desirable for our own protection or any action is taken or event occurs which we consider might have a material adverse effect upon your ability to perform any of your obligations under these Terms; and
- l) any event of default (however described) occurs in relation to you under any other agreement between us which you are a party to.

#### **Termination without default**

Unless required by Applicable Regulations, these Terms may be terminated (without penalty) at any time by either party giving notice in writing to the other party. Such termination will be effective (subject to sub-clauses (i) and (ii) below) immediately upon receipt of such written notice and shall be without prejudice to completion of transactions already initiated.

On termination of these Terms;

- (i) we shall, as soon as practicable, subject to fulfilling existing trading commitments comply with your instructions; and
- (ii) you shall pay to us all fees due to us up to the date of termination, together with all additional expenses necessarily incurred by us in giving effect to such termination, including outstanding obligations. Any such fees or amounts due to us on termination will be payable upon delivery of our invoice or other notification.

## **12. Netting**

#### **Rights on Default**

On the occurrence of an Event of Default, we may exercise our rights under this clause, except that in the case of the occurrence of any Event of Default specified in paragraphs (b) or (c) of the definition of Events of Default (each a "**Bankruptcy Default**"), the automatic termination provision of this clause shall apply.

#### **Liquidation Date**

Subject to the following sub-clause, at any time following the occurrence of an Event of Default, we may, by notice to you, specify a date (the "**Liquidation Date**") for the termination and liquidation of Netting Transactions in accordance with this clause.

#### **Automatic termination**

The date of the occurrence of any Bankruptcy Default shall automatically constitute a Liquidation Date, without the need for any notice by us and the provisions of the following sub-clause shall then apply.

#### **Calculation of Liquidation Amount**

Upon the occurrence of a Liquidation Date:

- a) neither of us shall be obliged to make any further payments or deliveries under any Netting Transactions which would, but for this clause, have fallen due for performance on or after the Liquidation Date and such obligations shall be satisfied by settlement (whether by payment, set-off or otherwise) of the Liquidation Amount;
- b) we shall (on, or as soon as reasonably practicable after, the Liquidation Date) determine (discounting if appropriate), in respect of each Netting Transaction referred to in paragraph (a) the total cost, loss or, as the case may be, gain, in each case expressed in the base currency specified by us in writing or, failing any such specification, the lawful currency of the United Kingdom (and, if appropriate, including any loss of bargain, cost of funding or, without duplication, cost, loss or, as the case may be, gain as a result of the termination, liquidation, obtaining, performing or re-establishing of any hedge or related trading position) as a result of the termination, pursuant to these Terms, of each payment or delivery which would otherwise have been required to be made under such Netting Transaction (assuming satisfaction of each applicable condition precedent and having due regard, if appropriate, to such market quotations published on, or official settlement prices set by the relevant Market as may be available on, or immediately preceding, the date of calculation); and
- c) we shall treat each cost or loss to us, determined as above, as a positive amount and each gain by us, so determined, as a negative amount and aggregate all of such amounts to produce a single, net positive or negative amount, denominated in the Base Currency (the "**Liquidation Amount**").

## **Payer**

If the Liquidation Amount determined pursuant to this clause is a positive amount, you shall pay it to us and if it is a negative amount, we shall pay it to you. We shall notify you of the Liquidation Amount, and by whom it is payable, immediately after the calculation of such amount.

## **Other transactions**

Where termination and liquidation occurs in accordance with this clause, we shall also be entitled, at our discretion, to terminate and liquidate, in accordance with the provisions of this clause, any other transactions entered into between us which are then outstanding.

## **Payment**

The Liquidation Amount shall be paid in the base currency by the close of business on the Business Day following the completion of the termination and liquidation under this clause (converted as required by applicable law into any other currency, any costs of such conversion to be borne by you, and (if applicable) deducted from any payment to you). Any Liquidation Amount not paid on the due date shall be treated as an unpaid such amount and bear interest, at the average rate at which overnight deposits in the currency of such payment are offered by major banks in the London interbank market as of 11.00 am (London time) (or, if no such rate is available, at such reasonable rate as we may select) one 1% per annum for each day for which such amount remains unpaid.

## **Base Currency**

For the purposes of any calculation hereunder, we may convert amounts denominated in any other currency into the base currency at such rate prevailing at the time of the calculation as we shall reasonably select.

## **Payments**

Unless a Liquidation Date has occurred or has been effectively set, we shall not be obliged to make any payment or delivery scheduled to be made by us under a Netting Transaction for as long as an Event of Default or any event which may become (with the passage of time, the giving of notice, the making of any determination hereunder, or any combination thereof) an Event of Default with respect to you has occurred and is continuing.

## **Additional rights**

Our rights under this clause shall be in addition to, and not in limitation or exclusion of, any other rights which we may have (whether by agreement, operation of law or otherwise).

## **Application of netting to Netting Transactions**

This clause applies to each Netting Transaction entered into or outstanding between us on or after the date these Terms take effect.

## **Single Agreement**

These Terms, the particular terms applicable to each Netting Transaction, and all amendments to any of them shall together constitute a single agreement between us. We both acknowledge that all Netting Transactions entered into on or after the date these Terms takes effect are entered into in reliance upon the fact that these Terms and all such terms constitute a single agreement between us.

## **Other agreements**

The provisions of this clause shall not apply to any transaction which is subject to liquidation and termination under another agreement. However, any sum resulting from a liquidation and termination under another agreement, may be set-off against the Liquidation Amount.

## **13. Indemnities and Limitation of Liability**

### **General Exclusion**

Neither we nor our directors, officers, employees, or agents shall be liable for any losses, damages, costs or expenses, whether arising out of negligence, breach of contract, misrepresentation or otherwise, incurred or suffered by you under these Terms (including any transaction or where we have declined to enter into a proposed transaction) unless such loss is a reasonably foreseeable consequence or arises directly from our or their respective gross negligence, wilful default or fraud. In no circumstance, shall we have liability for losses suffered by you or any third party for any special or consequential damage, loss of profits, loss of goodwill or loss of business opportunity arising under or in connection with these Terms, whether arising out of negligence, breach of contract, misrepresentation or otherwise. Nothing in these Terms will limit our liability for death or personal injury resulting from our negligence.

**Tax implications**

Without limitation, we do not accept liability for any adverse tax implications of any transaction whatsoever.

**Changes in the market**

Without limitation, we do not accept any liability by reason of any delay or change in market conditions before any particular transaction is effected.

**Limitation of Liability**

We shall not be liable to you for any partial or non-performance of our obligations hereunder by reason of any cause beyond our reasonable control, including without limitation any breakdown, delay, malfunction or failure of transmission, communication or computer facilities, industrial action, act of terrorism, act of God, acts and regulations of any governmental or supra national bodies or authorities or the failure by the relevant intermediate broker or agent, agent or principal of our custodian, sub-custodian, dealer, Market, clearing house or regulatory or self-regulatory organisation, for any reason, to perform its obligations. Nothing in these Terms will exclude or restrict any duty or liability we may have to you under the regulatory system (as defined in the FSA Rules), which may not be excluded or restricted thereunder.

**Entire Agreement**

You acknowledge that you have not relied on or been induced to enter into these Terms by a representation other than those expressly set out in these Terms. We will not be liable to you (in equity, contract or tort under the Misrepresentation Act 1967) for a representation that is not set out in these Terms and that is not fraudulent.

**Indemnity**

You shall pay to us such sums as we may from time to time require in or towards satisfaction of any debit balance on any of your accounts with us and, on a full indemnity basis, any losses, liabilities, costs or expenses (including legal fees), taxes, imposts and levies which we may incur or be subjected to with respect to any of your accounts or any transaction or any matching transaction on a Market or with an intermediate broker or as a result of any misrepresentation by you or any violation by you of your obligations under these Terms (including any transaction) or by the enforcement of our rights.

**14. Miscellaneous****Agreement and variation**

These Terms will be deemed accepted and agreed by you upon conducting business with us. We have the right to amend these Terms.

No amendment will affect any outstanding order or transaction or any legal rights or obligations, which may have already arisen.

**Non-assignability**

These Terms are personal to you and shall not be capable of assignment or of being transferred by you.

**Complaints**

MHCB has internal procedures for handling complaints fairly and promptly. You may submit a complaint to us in writing, to the address on the first page of the Terms.

**Compensation**

We are a member of the Financial Services Compensation Scheme. You may be entitled to compensation from the scheme if we cannot meet our obligations. This depends on the type of business and the circumstances of the claim. Most types of investment business are covered for 100% of the first £30,000 and 90% of the next £20,000, so the maximum compensation is £48,000. Further information about compensation arrangements is available from the Financial Services Compensation Scheme.

**Recording of Telephone Calls**

Any telephone conversations between us may be recorded. All instructions received by telephone will be binding as if received in writing. Tape records will be our sole property and will be accepted by you as conclusive evidence of the instructions or conversations made.

**Our records**

Our records, unless shown to be wrong, will be evidence of your dealings with us in connection with our services. You will not object to the admission of our records as evidence in any legal proceedings because such records are not originals, are not in writing or are documents produced by a computer. You will not rely on us to comply with your record keeping obligations, although records may be made available to you on request at our absolute discretion.

### **Third Party Rights**

These Terms shall be for the benefit of and binding upon us both and our respective successors and assigns. You shall not assign, charge or otherwise transfer or purport to assign, charge or otherwise transfer your rights or obligations under these Terms or any interest in these Terms, without our prior written consent, and any purported assignment, charge or transfer in violation of this clause shall be void. A person who is not a party to these Terms has no right under the Contracts (Rights of Third Parties) Act 1999.

### **Partial invalidity**

If, at any time, any provision of these Terms is or becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions of these Terms nor the legality, validity or enforceability of such provision under the law of any other jurisdiction shall in any way be affected or impaired.

## **15. Governing Law and Jurisdiction**

These Terms are governed by the laws of England. You hereby submit to the non-exclusive jurisdiction of the courts of England.

### **SCHEDULE 1**

#### **Definitions**

"**Applicable Regulations**" means:

- a) FSA Rules or any other rules of a relevant regulatory authority;
- b) the Rules of the relevant exchange; and
- c) all other applicable laws, rules and regulations as in force from time to time;

"**Affiliate**" means an undertaking in the same group as us;

"**Associate**" means an undertaking in the same group as us, a representative whom we or an undertaking in the same group as us appoint, or any other person with whom we have a relationship that might reasonably be expected to give rise to a community of interest between us and them;

"**Business Day**" means a day which is not a Saturday or a Sunday and upon which banks are open for business in London;

"**Client Money Rules**" means the provisions of the FSA's Client Assets Sourcebook relating to client money;

"**Credit Support Provider**" means any person who has entered into any guarantee, hypothecation, agreement, margin or security agreement in our favour in respect of your obligations under these Terms;

"**Event of Default**" means any of the events of default as listed in section 11 above;

"**Market**" means any regulated market, or multilateral trading facility (as such terms are defined in the FSA Rules);

"**Netting Transactions**" means a transaction which is intended to be subject to the clause in this Agreement entitled Netting;

"**Rules**" means articles, rules, regulations, procedures and customs, as in force from time to time.

"**Secured Obligations**" means all obligations present or future, actual or contingent or prospective, owing or which may be owing by you to us under any transaction or designed by us for these purposes in writing.

## SCHEDULE 2

### NATURE AND RISKS OF INVESTMENTS NOTICE

#### 1. *Debt Securities*

- a) Buying debt securities (such as bonds and certificates of deposit) means that you are, in effect, a lender to the company or entity that has issued the securities and are entitled to receive specified periodic interest payments, as well as repayment of the principal at maturity.
- b) Holdings in debt securities generally only give rise to the risk if the issuer is in a state of financial distress. Moreover, in the event of defaulting on repayments of insolvency of the issuer, holders of debt securities are likely to be able to participate with other creditors in the allotment of the proceeds from the sale of the company's assets in priority to holders of equity securities.
- c) Holders of debt securities will be exposed to the specific risks associated with individual securities held (and the financial soundness of their issuers), as well as the general systemic risks of the debt securities markets.

#### 2. *Understanding the Risk of Over-the-Counter ("OTC") Derivative Products*

Use of OTC derivatives by MHC B is extensive and is key to adding value to clients whether for hedging purposes, in order to enhance efficiency or bespoke special situations. MHC B only trades in OTC derivatives. OTC derivatives are bilateral, customised contracts that are privately negotiated and traded between two parties, without using an exchange or any other intermediary.

- a) You should not deal in derivative products unless you understand the nature of the contract you are entering into and the extent of your exposure to risk. You should also be satisfied that the contract is suitable for you in the light of your circumstances and financial position.
- b) Although futures and options can be utilised for the management of investment risk, some of these products are unsuitable for many investors. Derivative products will not always act in the same way. Different products involve different levels of exposure to risk and in deciding whether to trade in such products you should be aware of the following points.
- c) You should be aware that the product information and advice contained herein is not necessarily a comprehensive description of all aspects of derivative products. Additionally, specific products may be tailored for a particular client and may differ in detail from the general outline set forth herein.

##### 2.1 Options

- a) There are many different types of options with different characteristics subject to the following conditions.
  - (i) **Buying options:** Buying options involves less risk than selling options because, if the price of the underlying asset moves against you, you can simply allow the option to lapse. The maximum loss is limited to the premium, plus any commission or other transaction charges. However, if you buy a call option on a futures contract and you later exercise the option, you will acquire the future.
  - (ii) **Writing options:** If you write an option, the risk involved is considerably greater than buying options. By writing an option, you accept a legal obligation to purchase or sell the underlying asset if the option is exercised against you, however far the market price has moved away from the exercise price. If you already own the underlying asset which you have contracted to sell (when the options will be known as 'covered call options') the risk is reduced. If you do not own the underlying asset ('uncovered call options') the risk can be unlimited. Only experienced persons should contemplate writing uncovered options, and then only after securing full details of the applicable conditions and potential risk exposure.

##### 2.2 Contracts for Differences

Contracts for Differences are contracts between MCHB and its clients, as either buyer or seller, stipulating that the seller will pay to the buyer the difference between the current value of an asset and its value at a later date. For example, such a contract will allow clients to speculate on interest rates, whereby the buyer and the seller agree a future settlement of the difference between an agreed rate and a future interest rate, applied to a notional principal amount. Unlike other futures and options, these contracts can only be settled in cash. Investing in a contract for differences carries the same risks as investing in a future or an option. Transactions in contracts for differences may also have a contingent liability and you should be aware of the implications of this.