

NatWest Markets

Terms of Business

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Terms of Business

1. Our Status

- 1.1. These Terms of Business (the “Terms”) apply to all business carried on by the NatWest Markets business of The Royal Bank of Scotland plc and National Westminster Bank Plc together or separately, as the context may require (“NatWest Markets”, “we” or “us”) from the European Economic Area (EEA), with you. Transactions and services in certain products may be subject to separate or supplementary terms. The provision of safe custody facilities is not included in these Terms and is subject to separate terms. The principal address of NatWest Markets is 135 Bishopsgate, London EC2M 3UR. The contact addresses of our EEA branches are set out in Annex 1. NatWest Markets is a marketing and trading name of The Royal Bank of Scotland plc and National Westminster Bank plc.
- 1.2. Our affiliates may act as agents for us and we may act as agent for one or more of our affiliates. These Terms shall apply unless our affiliate expressly requires otherwise, in which case we will notify you in advance of any such terms.
- 1.3. We or our affiliates will act as principal and not as agent on your behalf, unless we specifically agree to do otherwise in writing.

2. Regulatory Information

- 2.1. The Royal Bank of Scotland plc (FCA registration number 121882) and National Westminster Bank Plc (FCA registration number 121878) are authorised by the Prudential Regulation Authority (the “PRA”) and regulated by the Financial Conduct Authority (the “FCA”) and the PRA, and are subject to the Financial Conduct Authority Handbook and Prudential Regulation Authority Handbook (the “FCA and PRA Rules”) available at www.fshandbook.info/FS/html/FCA and www.fshandbook.info/FS/html/PRA respectively. The address of the FCA is 25 The North Colonnade, Canary Wharf, London E14 5HS and the address of the PRA is 20 Moorgate, London EC2R 6DA. Our EEA cross-border and branch business may be regulated by a number of EEA regulators other than the FCA and the PRA.
- 2.2. The Royal Bank of Scotland plc and National Westminster Bank Plc are members of The Royal Bank of Scotland Group. For information about RBS please visit www.rbs.com and click on ‘About Us’, or for similar enquiries please telephone 0131 556 8555 or Textphone 0845 900 5960.
- 2.3. For the purposes of these Terms, applicable regulations shall include the FCA and PRA Rules, the rules of any other relevant regulatory authority or exchange and any applicable laws and regulations in force from time to time (“Applicable Regulations”). Where these Terms conflict with Applicable Regulations, the latter shall prevail.

3. Your Status

- 3.1. Based on the information available to us and as permitted by the FCA and PRA Rules we have categorised you as either a “Retail Client” or “Professional Client” and notified you of the relevant category. You will benefit from the regulatory protections afforded to that category of client under the FCA and PRA Rules.
- 3.2. You have the right to request a different client categorisation. If we receive such a request, we will inform you of whether or not we accept it and, if we do accept it, of the consequences of the re-categorisation. However, until we receive such a request and inform you of our acceptance of it, we shall deal with you on the basis of our original categorisation.
- 3.3. Subject to Applicable Regulations, we shall treat you alone as our client (as defined by the FCA and PRA Rules). Where you are acting as agent, we accept no responsibility towards your principal(s) unless we agree separately with you different treatment. You undertake (as the contracting party and not by way of guarantee) to fulfil the obligations of any principal of yours and to indemnify us against any loss resulting from default by any such principal. You undertake to provide us with evidence of the identity of any principal of yours or any other information reasonably required by us pursuant to any Applicable Regulations.

4. Our Services

- 4.1. We will provide you with a non-advisory service of dealing or arranging deals and may also provide research, strategy, valuation, securities underwriting or placing services.

- 4.2. Non-advisory services for non-complex instruments: NatWest Markets shall not assess the appropriateness of the investment in the context of your investment experience or knowledge for “non-complex” instruments including shares admitted to trading on a regulated market (or an equivalent third country market), money market instruments, bonds and other securitised debt (excluding bonds that embed a derivative) and UCITS funds. Where this is the case, we shall not be responsible to assess whether an investment is suitable for you in the context of your investment experience, objectives or financial situation and accordingly you will not benefit from the protection of the FCA rules on suitability.
- 4.3. Non-advisory services for complex instruments: We are required to assess whether transactions we enter into with you are appropriate for you. Where we provide non-advisory services to you in relation to complex products, you confirm that the information you have provided and will provide from time to time to allow us to assess the appropriateness (where applicable) of the activities and services we are providing to you is accurate and complete. Please note that if you are a Professional Client, we are entitled to assume that you have the necessary knowledge and expertise to understand the risks involved.
- 4.4. We will not provide you with advice on the merits of a particular transaction or provide you with personal recommendations (as defined by the FCA and PRA Rules) in relation to any transaction. If you elect not to provide us with the information we request in order to determine whether a transaction is appropriate, we may not be able to make such an assessment. We may still proceed on your behalf should you request us to do so, but if we do proceed, it will be with your understanding that the transaction may not be appropriate for you. We may alternatively refuse to enter into a transaction with you where we determine that the transaction in question is not appropriate for you. In all cases, you should make your own assessment of any transaction that you are considering and seek independent advice as required. You should not rely on any opinion, research or analysis expressed or published by us or our affiliates as being a recommendation or advice in relation to any transaction. When dealing with us in all other respects, you are solely responsible for ensuring that the contracts you enter into are in accordance with your investment objectives and comply in all respects with any Applicable Regulations.
- 4.5. Any legal, accounting, tax or other adviser retained by us shall be the legal, accounting, tax or other adviser to us alone. You shall have sole responsibility for selecting and retaining any legal, accounting, tax or other adviser that may advise you and for all expenses and fees incurred in connection therewith.
- 4.6. Any valuation is provided solely for your information and is not intended to be used for the benefit of, and must not be relied on by, any other party. To the extent permitted by law, NatWest Markets assumes no liability for the valuations (including, without limitation, for any errors in or arising directly or indirectly from the valuations) and specifically disclaims liability for any use you may make of this valuation including, without limitation, any use of this valuation in the preparation of your financial books and records or for any other use whatsoever. Such valuations do not constitute investment advice or a recommendation to you.
- 4.7. NatWest Markets produces valuations as of a particular time and date (information in respect of which will be confirmed in each valuation) on the basis of, among other items, its proprietary valuation models or those of third party providers, the assumptions made therein, relevant market data (including data from third party sources) and its assessment (in its sole discretion) of the factors relevant to the valuation and may be changed at any time at NatWest Markets’ sole discretion without notice to you. The basis of the provision of valuations shall be set out in each valuation and (unless otherwise stated) does not constitute either a bid or an offer to open or unwind a transaction. If NatWest Markets agrees to quote a live price to open or unwind a transaction, such live price is likely to differ from the most recent valuation, and may be more unfavourable to you. Valuations and quotations may differ materially between dealers.
- 4.8. If a transaction is terminated, following a default by either you or NatWest Markets or otherwise in accordance with the terms of the transaction, the early termination value of such transaction will be determined by reference to the early termination provisions set out in the contract between you and NatWest Markets with respect to such transaction. The early termination value will be likely to differ from the most recent valuation and may be more unfavourable to you.

5. Conflicting Terms

- 5.1. Where we enter into or have entered into supplementary or separate terms, or a separate agreement with you in respect of transactions and/or the provision of services in relation to such transactions and the contents of those terms conflict with the contents of these Terms, then the contents of the supplementary or separate terms or agreements shall prevail in respect of such transactions save to the extent that such terms are not permitted under any Applicable Regulations.

6. Our Authority and Duties

- 6.1. We accept instructions to deal in writing, via electronic communication or by telephone. Any instruction is transmitted at your own risk and we shall not be liable for any loss suffered on account of any instruction not being received by us.
- 6.2. We may at our absolute discretion refuse to accept or act in accordance with any instruction given by you. Where we refuse to act on any instruction, we will notify you of our refusal but we will not be under any obligation to give a reason for a refusal to act. We may accept and act upon, without further enquiry, any instructions believed by us in good faith and on reasonable grounds to be genuine. Nothing in these Terms shall oblige us to do anything that we believe to be contrary any Applicable Regulations.
- 6.3. We accept no liability for the partial or non-completion of or delay in completing any instructions given by you or accepted by us where this is caused by systems failure, market closure or other exceptional circumstances, including any instance where there is not a reasonable amount of time available to execute the transaction prior to the closure of the particular market or within any specified time limit. Further, we shall not be held liable for any loss you may incur arising from any delay or change in market conditions before such transactions may be effected, whether caused by the inability to communicate with market makers, computer failure, labour dispute or any other reason beyond our reasonable control.
- 6.4. Provision of services by us pursuant to these Terms will not, unless specifically agreed between us in writing, give rise to any fiduciary or equitable duties on our part or that of our affiliates. You agree that nothing contained in these Terms shall create any fiduciary, trustee, agency, joint venture or partnership relationship between us or any affiliate of ours, on the one hand, and you or any affiliate of yours on the other.
- 6.5. You acknowledge and accept that in the ordinary course of business we will deal with you on a principal to principal basis.
- 6.6. By conducting business with us under these Terms, you confirm that you have read and agreed and give your consent to our Order Execution Policy set out in Annex 2 and you agree that we may execute an order on your behalf outside any regulated market or multi-lateral trading facility (each a "Market"). Any material changes to our Order Execution Policy will be made available via our website www.natwestmarkets.com. We will consider the placement of orders by you to constitute your continued consent to our Order Execution Policy.
- 6.7. We have the right (but are not obligated) 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.
- 6.8. 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.
- 6.9. Unless otherwise notified in writing to NatWest Markets, you instruct us not to immediately make public (where we would otherwise be required to do so by Applicable Regulations) any of your client limit orders in respect of shares admitted to trading on an EEA regulated market which are not immediately executed under prevailing market conditions, unless NatWest Markets decides in its discretion to do so. Where NatWest Markets use another firm to execute the limit order, that firm may have discretion in how that order is executed and whether the order is published where it is not immediately executed.
- 6.10. We may be required 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.
- 6.11. You warrant that all securities which you instruct us to sell are free from any charges, liens or encumbrances. You must inform us of any proposed transaction in which you intend to sell any security to which you do not have title at the time of such sale. That is, you must inform us of any proposed transaction which is a short sale.
- 6.12. We may employ agents or contractors on such terms as we think fit to assist us in providing the services to you. The employment of agents or contractors will in no way limit the obligations owed to you by us under these Terms.
- 6.13. We may engage in hedging or other positioning activity for our own account before or after the provision of a price to you for a transaction in order to manage our exposure under that transaction, our general market risk, or other trading activities. This may require NatWest Markets to execute trades in this instrument and related instruments. Such activity may detrimentally affect the price you receive or whether a barrier or level that has been specified has been reached. Any profits derived from these trades may be retained by NatWest Markets.

6.14. Any information we provide to you relating to transactions is believed, to the best of our knowledge and belief at the time it is given, to be accurate and reliable, but no further representation is made or warranty given or liability accepted, as to its completeness or accuracy. Such information does not constitute an assurance or a guarantee as to the expected outcome of any such transaction. You should also be aware that market conditions and pricing may change between the time we provide you with information and the time you approach us with a view to entering into a trade.

7. Conflicts of Interest

7.1. The summary of the NatWest Markets Conflict of Interest Policy ("Policy") below outlines how we will manage actual and potential conflicts of interest ("Conflicts") that may arise through the provision of services to you. Further details of our Policy are available upon request.

7.2. While it is not practical to define precisely or create an exhaustive list of all relevant Conflicts that may arise in our businesses, there are several identifiable categories of Conflicts:

- a) the interests of NatWest Markets (or another RBS entity) conflict directly with those of its clients;
- b) the interests of NatWest Markets' employees conflict with those of NatWest Markets' clients; or
- c) the interests of two or more of NatWest Markets' clients compete with one another.

Where Conflicts arise we will seek to ensure that they are appropriately managed.

7.3. To ensure that the Policy is implemented effectively we seek to continually and proactively identify situations where potential Conflicts may exist; and govern those situations to ensure fair and proper outcomes. We also employ a number of techniques to manage and mitigate Conflicts including:

- a) using physical and electronic information barriers to control the flow of information between certain parts of the business. Our segregation controls are overseen by our Compliance function;
- b) maintaining and reviewing a Conflicts Register; and
- c) provision of internal guidance and training to relevant employees to raise their awareness of Conflicts and how to deal with Conflicts when they arise.

7.4. You should be aware that in some circumstances appropriate management of any Conflicts and fair treatment of the relevant parties may only be achieved by our declining to enter into transactions with you.

8. Your Authority and Duties

8.1. You hereby represent, undertake and warrant to NatWest Markets on the date of these Terms and on a continuing basis that:

- a) you have and will maintain in effect all necessary consents, authorisations, approvals and (if you are not an individual) powers in your constitution in relation to all transactions covered by these Terms and that you have complied with and will comply with all Applicable Regulations;
- b) you have full capacity and authority to enter into these Terms and each transaction under these Terms;
- c) your execution, delivery and performance of these Terms and each transaction do not and will not violate, contravene, conflict with or constitute a default under any provision of your constitutional documents (where applicable) or any Applicable Regulations; and
- d) you will provide to us on request such information regarding your financial or business affairs as we may reasonably require in order to comply with our obligations under the FCA and PRA Rules and that all information supplied to us will be true and accurate in all material respects and you will not omit or withhold any information which would render the information so supplied to be false or inaccurate in any material respect and that you will keep any information so provided updated during the term of these Terms.

9. Notices

- 9.1. Unless we have agreed otherwise in writing, any written notice sent by post shall be sent by first class mail and will be deemed delivered three business days after posting. Any written notice sent electronically or via facsimile will be deemed delivered one business day after transmission. Proof that the notice was posted or transmitted electronically to the correct postal or electronic address/number will be sufficient proof of delivery.
- 9.2. Notices for us should be addressed to: NatWest Markets, Client Onboarding, 2nd Floor, 1 Hardman Boulevard, Manchester, M3 3AQ.
- 9.3. We shall treat your registered office address, or such other address as we hold for you, as the relevant address for the service of notice to you unless you inform us in writing of any change of address from time to time.

10. Our Charges

- 10.1. Charges and expenses incurred by us pursuant to these Terms (including but not limited to applicable taxes and duties) are payable by you and by such payment arrangements at such times as we shall determine. For transactions denominated in foreign currency, charges may be levied on you in that currency at prevailing rates. You may incur costs or taxes associated with your transactions that are not paid through us or imposed by us.
- 10.2. NatWest Markets will provide you a single "all-in" price which is made up of:
- a) the price of the financial instrument (including any bid/offer spread);
 - b) the costs related to execution including execution venue fees, clearing and settlement fees and other fees paid to third parties involved in the execution of the transaction; and
 - c) any sales commission or mark-up ("sales margin").

The sales margin charged by NatWest Markets is determined taking into consideration a variety of factors, including:

- service level provided;
- the credit risk that NatWest Markets will take on when transacting with the client;
- the cost of capital NatWest Markets incurs as a result of the transaction;
- volumes traded by the client;
- costs by client sector and type, including costs both directly incurred and indirect cost allocation;
- whether the trade may need to be novated into a cleared trade at a later date under regulatory rules (ie. EMIR, Dodd Frank);
- competitiveness of the marketplace; and
- any other factor relevant to the transaction.

The price, costs and sales margin will vary depending on the client and transaction. Further information is available on request.

- 10.3. You understand and agree that NatWest Markets may receive or make payments or other pecuniary benefits from RBS companies or third parties for non-advisory services only. We will not receive or make such payments or benefits unless we are satisfied that doing so will not impair compliance with Applicable Regulations, and we will provide you with further details on such arrangements, should you request such information.

11. Payment/Delivery

- 11.1. Unless we have agreed otherwise in writing, settlement of transactions shall be on a delivery versus payment basis. All payments and all certificates and other documents required to settle your transactions must be delivered by you in time to enable us to complete settlement promptly. Where documents and cleared funds are not held by us, we are not obliged to settle any transaction. If you default in paying any amount when it is due to the other, then (unless otherwise agreed)

interest will be payable to us at a rate of RBS's cost of funding plus 1%. We may purchase financial instruments to cover your liability to deliver to us and may debit any of your accounts with any losses we suffer thereby.

11.2. We reserve the right to refuse, suspend or delay any payments, orders, instructions or settlements or to withdraw any services, without giving notice, where:

- a) we reasonably believe that such payment, order, instruction, settlement or service would contravene any applicable law, code, or regulation with respect to sanctions, money laundering or terrorism financing; or
- b) it is a consequence of checks carried out as part of the proper operation of our payment processing systems; or
- c) in our reasonable opinion, it is prudent to do so in the interests of complying with sanctions or regulations.

11.3. We do not accept liability for any delay, suspension or refusal, in the circumstances outlined in these Terms unless such delay, suspension or refusal is caused by our gross negligence, wilful default or fraud.

12. Authority to Debit Accounts

12.1. Where you maintain accounts with us, you agree that we shall be entitled to debit those accounts in respect of any amount due and payable to us.

13. Confirmations and Periodic Reporting

13.1. To the extent required by Applicable Regulations, we will provide Retail Clients with a notice in a durable medium confirming the execution of an order and such of the trade confirmation as is applicable as soon as possible and no later than the first business day following execution or (where we have received the confirmation from a third party) no later than one business day following receipt from the third party.

13.2. Where required by Applicable Regulations, we will provide you with a written transaction confirmation. Such confirmation may be provided in electronic format or made available on a website.

13.3. If we hold assets for you we will provide a statement of these holdings in accordance with Applicable Regulations but in any case, at least annually.

14. Unsolicited Calls/Personal Visits/Electronic Communications

14.1. You agree to our representatives or employees making unsolicited telephone calls, sending electronic communications to you (whether by facsimile, electronic mail or otherwise) or making personal visits to you from time to time, in order to provide you with dealing services or for any other related purpose. Please notify us if you no longer wish to receive such communications.

15. Cancellation, Close Out and Restructuring

15.1. If you approach us to cancel, close out or restructure a trade which has been entered into between us, we are under no obligation to do this. Where we agree to do this, the termination or restructuring (as the case may be) may result in you paying a break cost to us (although in certain circumstances you may receive a break benefit) depending on the transaction. Such break costs will be calculated based on prevailing market conditions by reference to current market levels and market expectations of future performance and future obligations under the transaction and may include associated costs such as credit charges and our costs of funding and may be **substantial**. Illustrations will be provided to you separately, as necessary, when specific products are discussed.

15.2. In the event of any dispute regarding any transaction, we may in our absolute discretion cancel, terminate, reverse or close out the whole or part of any position resulting from and/or relating to such transaction.

16. Margin Payments

16.1. We may enter into transactions in options, futures or contracts for differences which may result in you having to provide margin payments, that is to say, a deposit of cash or securities as security for unrealised losses which have occurred or

may occur in relation to your transactions. Payments may be required both on entering into a transaction and on a daily basis throughout the life of the transaction if the value of the transaction moves against you. The movement in the market price of your transaction will therefore affect the amount of margin payment you will be required to make.

16.2. Margin may be provided in the form of cash or other assets acceptable to us at our discretion.

16.3. If you fail to provide margin when required to do so we (or any applicable exchange, central clearing house or counterparty) will have the right to close out your positions and exercise the rights described in clause 17 below.

17. Rights over Clients' Investments

17.1. You acknowledge that your obligations (whether present, future, actual or contingent) under any transaction shall (unless otherwise agreed) be secured by all present and future security which NatWest Markets may hold from time to time for all your liabilities and for the avoidance of doubt nothing herein stated is intended to vary any such security.

17.2. Without prejudice to our other rights, we reserve the right, at your cost and expense, to sell or realise investments which we hold for you or are entitled to receive from you, to purchase investments, to make delivery on your behalf and to cancel, close or hedge any outstanding transactions or positions without prior notice and at whatever price and in whatever manner we think fit, if:

- a) you have failed for any reason to settle a transaction or you are otherwise in breach of these Terms; or
- b) we otherwise become entitled to terminate these Terms forthwith without notice; or
- c) we consider, in our absolute discretion, that such action is necessary to protect our interests or those of any affiliate(s).

17.3. Any proceeds arising from such actions or disposals will be applied to reduce or discharge your liabilities or indebtedness to us. You will be liable to us and shall indemnify us against all liabilities, costs, losses, claims and expenses incurred by us in respect of any action taken pursuant to this clause.

18. Monitoring and Recording

18.1. Electronic communications sent by you to us may be monitored and telephone conversations between us may be recorded for legal reasons or to meet regulatory requirements. Recordings remain our sole property and may be used by us in evidence in the event of a dispute.

Use of Information (Clauses 19 to 28)

19. The Information we hold about you

19.1. Your information is made up of all the current and historical financial, institutional and personal information we hold about you and your transactions. It includes:

- a) information you give to us;
- b) information that we receive from third parties (including other RBS companies, officers of your and associated organisations claiming to be acting with your authority, third parties who provide services to you or us and credit reference or fraud prevention agencies);
- c) information that we learn about you through our relationship with you and the way you operate your accounts and/or services; and
- d) information that we gather from the technology which you use to access our services (for example location data from your mobile phone, or an Internet Protocol (IP) address or telephone number).

20. Information provided by officers of your and associated organisations claiming to be acting with your authority

20.1. Personal information received by RBS is accepted in good faith on the understanding that the person providing the information:

- a) is holding authorisation from the other officers and beneficial owners to consent to the use of the information indicated in this Terms of Business including the searches against them as individuals detailed in the section headed 'Sharing your information with credit reference and fraud prevention agencies';
- b) will promptly notify them of any changes we notify to you about the use of information provided to us or obtained as a result of the credit searches;
- c) has notified the other officers and beneficial owners that if they would like a copy of the information we hold on them or have any questions about how we use that information they should put their request in writing to their usual contact; and
- d) has retained a copy of this Terms of Business and has provided the other officers and beneficial owners with a copy of this Terms of Business, including the Terms under 'Accessing your information and other enquiries'

21. Accessing your information and other enquiries

21.1. If you would like a copy of the information we hold about you, or you believe that any information we hold about you is inaccurate, or if you have any questions which are not answered here, please contact your usual RBS contact.

22. How we use and share your information with other RBS companies

22.1. We may use and share your information with other RBS companies. The information is used by us and them to:

- a) assess and process applications, verify your identity, provide you with products and services and manage our (or their) relationship with you;
- b) understand our customers' preferences, expectations and financial history in order to improve the products and services we offer them;
- c) carry out financial (including credit) and insurance risk assessments and for risk reporting and risk management;
- d) develop, test, monitor and review the performance of products, services, internal systems and security arrangements offered by RBS companies;
- e) assess the quality of our service to customers and to provide staff training;
- f) improve the relevance of offers of products and services by RBS companies to our customers;
- g) recover debt;
- h) confirm your identity;
- i) comply with sanctions and prevent and detect crime, including fraud and money laundering; and
- j) store and process such information in shared systems and databases across the RBS group.

22.2. If your application is declined we will keep your information for as long as it is required by us or other RBS companies in order to comply with legal and regulatory requirements.

23. Sharing your information with third parties

23.1. We will not share your information with anyone outside RBS except:

- a) where we have your permission;

- b) where we are required or requested to do so by law and/or by law enforcement agencies, government entities, tax authorities or regulatory bodies around the world;
- c) to third party service providers, agents and sub-contractors acting on our behalf, such as the companies which print our account statements;
- d) to debt collection agencies;
- e) to credit reference and fraud prevention agencies;
- f) to other companies that provide you with benefits or services (such as insurance cover) associated with your product or service;
- g) where required for an actual or potential sale, reorganisation, transfer or other transaction relating to our business;
- h) any exchange, depository, clearing house or settlement system, swap data depository or trade repository and their third party services providers (whether local or global) where RBS is required to disclose in order to provide you with products and services;
- i) any person under a duty of confidentiality to RBS (and/or other RBS companies) in relation to your information or who have undertaken to keep such information confidential, including RBS' professional advisers and auditors;
- j) in an anonymous form as part of statistics or other aggregated data shared with third parties; or
- k) where permitted by law, it is necessary for our legitimate interests or those of a third party, and it is not inconsistent with the purposes listed above.

24. Sharing your information with credit reference and fraud prevention agencies

24.1. We may request information about you, your business or the proprietors of that business from credit reference agencies to check your credit status (to help assess what product you are most suitable for and/or your ability to repay any credit) and to help verify your identity. Those agencies may keep a record of our request(s) and this may affect your ability to obtain credit elsewhere. We may consider any financial connections you have with third parties. Any financial connection will remain on your record until you request the third party's information to be removed from your record by filing a "notice of disassociation" with the credit reference agencies. Further information about financial connections and how they may be ended can be obtained from the credit reference agencies: Experian, Equifax and/or Callcredit.

24.2. We may access and use information from credit reference agencies at commencement of our relationship and periodically to:

- a) manage and take decisions about your accounts;
- b) prevent fraud and money laundering;
- c) check your identity; and
- d) trace debtors and recover debts.

24.3. We may share information with credit reference agencies about how you manage your account including your account balance, credit limit and any arrears or default in making payments. This information will be made available to other organisations (including fraud prevention agencies and other financial institutions) so that they can take decisions about you, your associates and members of your household.

24.4. In order to prevent and detect fraud and/or money laundering, the information provided by you may be checked with fraud prevention agencies. If false or inaccurate information is provided and/or fraud is identified or suspected details may be recorded with these agencies to prevent fraud and money laundering. Law enforcement agencies may access and use this information.

24.5. We and other organisations may access and share fraud prevention agency information about you to prevent fraud and money laundering, for example, when checking:

- a) applications and managing credit or other facilities and recovering debt;

- b) insurance proposals and claims; or
- c) details of job applicants and employees.

24.6. We and other organisations may access and use this information from other countries.

25. Transferring your information overseas

25.1. We may transfer your information to organisations in other countries (including to other RBS companies) on the basis that anyone to whom we pass it protects it in substantially the same way we would and in accordance with Applicable Regulations. However, where your information is transferred outside of the EEA, it may be to jurisdictions which may not have data protection laws in place that are a similar standard to those in the UK and you acknowledge and accept the risk that the information transferred pursuant to these Terms may be subject to further disclosure by the recipient to other parties in accordance with the law of the country in which the recipient is located.

25.2. We may monitor or record calls (whether made by landline, blackberry or other mobile/wireless device), emails, text messages or other communications in accordance with Applicable Regulations for the purposes outlined in 'How we use and share your information with other RBS companies' above.

26. Communications about your account

26.1. We will contact you with information relevant to the operation and maintenance of your account or other products/services by a variety of means including via online banking, mobile banking, email, text message, post and/or telephone. If at any point in the future you change your contact details you should tell us promptly about those changes.

27. How long we keep your information

27.1. We will keep your information for as long as it is required by us or other RBS companies (even if you close your account) in order to comply with Applicable Regulations, or for other operational reasons, such as dealing with any queries relating to your account.

28. Security of your information

28.1. We are committed to ensuring that your information is secure with us and with the third parties who act on our behalf. For more information about the steps we are taking to protect your information please visit <http://personal.rbs.co.uk/personal/security-centre.html>.

29. Assignment and Third Party Rights

29.1. These Terms are personal to the parties and shall not be enforceable by any third party. You shall not be entitled to assign or transfer any of your rights or obligations under these Terms without our prior written consent. You agree that we shall be permitted to assign all of our rights under these Terms to any entity within RBS without your consent. If RBS, in whole or in part, is consolidated or amalgamated with, or merged into, or all or substantially all our assets are transferred to, another entity, you agree that we may assign or transfer our rights and, upon written notice to you, our obligations under these Terms to that entity.

30. Exclusion of Liability/Indemnities

30.1. Nothing in these Terms will exclude or restrict any liability that we owe you under Applicable Regulations. Except to the extent that the same results from gross negligence, wilful default or fraud, we, our directors, officers, employees and agents shall not be liable for any loss resulting from any act or omission made under or in relation to or in connection with these Terms or the solvency, acts or omissions of any third party with whom we deal or transact business or who is appointed by us in good faith. We will make available to you, when and to the extent reasonably so requested and at your expense, details of any rights that we may have against such person.

30.2. If any action or proceeding is brought by or against us, against or by a third party, in relation to any transaction with or for you, you shall co-operate with us to the fullest extent possible in the prosecution or defence of such action or proceeding. Except to the extent that the same results from gross negligence, wilful default or fraud, you shall indemnify us and hold us harmless together with our affiliates and our directors, officers, employees or agents, on a full indemnity basis from and against all actions, claims, liabilities, losses, damages and expenses of any nature arising from us dealing with you pursuant to these Terms.

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

31. Banking, Client Money and Client Assets

31.1. Treatment of Money

Save as expressly stated in any agreement between you and us, in the normal course of business we will not hold Client Money (as defined by the FCA Rules). Money held by The Royal Bank of Scotland plc or National Westminster Bank Plc (collectively "the Bank", "us", "own", such terms to be construed as referring to each of The Royal Bank of Scotland plc or National Westminster Bank Plc in each case as appropriate) in an account with itself on your behalf will be held as a deposit by us as banker and not as trustee (or in Scotland, as agent).

As a result, money relating to designated investment business will not be held in accordance with the Client Money rules of the FCA (the "Client Money Rules"). If the Bank were to fail or become bankrupt, the Client Money Distribution Rules (as defined by the FCA rules) will not apply to deposits and you will not be entitled to share any distribution under those rules.

31.2. Exception to Money Held as Deposit

There may be limited circumstances in which we do hold Client Money, for example (but not limited to) pursuant to particular contractual terms agreed between us to that effect or where applicable regulations require us to do so. In any case we will not pay interest on balances held as Client Money unless otherwise agreed. If you have any questions relating to how your money is held at any given time please contact your Relationship Manager.

If we do hold any money for you as Client Money, we will make arrangements for the money to be held in a segregated account separate from our own funds with a central bank, an EEA credit institution or a bank authorised in a non-EEA state in which Client Money is placed ("Client Bank Account") in accordance with the Client Money Rules. We may transfer client money to a third party such as (but not limited to) an exchange, clearing house or intermediate broker for the purpose of a transaction for you with or through that third party or to meet your obligation to provide collateral. Client Money will be subject to internal control mechanisms and proper accounting procedures in accordance with the Client Money Rules. The legal and regulatory regime applying to any such Client Bank Account or third party outside the EEA will be different from that applying within the EEA, and your rights in relation to that Client Money may differ accordingly. A list of the Client Bank Accounts that we use from time to time is available on request.

Unless otherwise agreed in writing, any Client Money held for you will be held for all clients in general Client Bank Accounts on an omnibus basis. This means that in the event of failure of either Bank any shortfall would be borne by all clients rateably in accordance with their entitlements in respect of the Client Money held for such clients on such basis. Furthermore, in the event of the insolvency of a Client Money bank or third party under a Client Money arrangement (a "Third Party Insolvency"), any shortfall caused by the insolvency of such Client Money bank or third party would also be borne by all such clients rateably in accordance with their entitlement and not just those whose Client Money was held with the relevant bank or other third party. The Bank would not be liable for any shortfall in respect of a Third Party Insolvency unless we had failed to comply with any duty of care or fiduciary obligation to which we were subject.

31.3. Treatment of Custody Assets

Where we hold securities for you we will register these assets either in your name, the name of our nominee, the name of our appointed sub-custodian (or their nominee) or exceptionally the name of the Bank. Custody Assets will only be registered in the name of the Bank or our appointed sub-custodian where required by local law or market practice outside of the United Kingdom (and only to the extent permitted by the Custody Rules). Where assets will be held with a third party outside the UK or in the name of RBS we will take reasonable care to satisfy ourselves that it is in your best interest to do so or there is no feasible alternative because of the applicable law or market practice. Custody Assets will be subject to internal control mechanisms and proper accounting procedures in accordance with the applicable Custody Rules.

Please be aware that your assets may be held in omnibus accounts and in the event of a shortfall in our insolvency or that of the third party, you may not receive all of your assets and may share rateably in accordance with all clients' entitlements subject to applicable law and regulation. In the event of our default, third parties may exercise a charge over all Custody Assets held with them, but this is limited to the normal fees that arise from the provision of custody services. Where we use a third party to hold assets we will take appropriate care to ensure these parties have sufficient expertise and market reputation.

Warning: Where assets will be held with a third party outside the UK or in the name of the Bank, it may not be possible under local law to register or record your assets separately from the Bank's assets, with the risk of delay and loss in the event of our insolvency. We may hold Custody Assets with a third party, located outside the EEA. The legal and regulatory regime applying to any such Accounts or third party would be different from that applying within the EEA, and your rights in relation to that Custody Asset may differ accordingly.

Where assets are held by third parties we would not be liable for any shortfall unless we had failed to comply with any duty of care or fiduciary or other applicable regulatory obligation to which we were subject. By conducting business with us under these Terms you consent to your assets being held in this manner where relevant.

31.4. Statements

We will provide you with statements in respect of any Client Money sums or Custody Assets held for you annually, as required by the Client Asset Rules or more frequently as agreed by us in writing.

31.5. Shortfalls

In the event that a shortfall in Custody Assets is identified through reconciliations or otherwise, until we resolve that shortfall we may hold the firm's assets under the Custody Rules, or segregate an equivalent sum of money as Client Money, or a combination of both, to make good such a shortfall. Where we determine that a third party is responsible, we will take all reasonable steps to quickly resolve the situation with the relevant party.

31.6. Dormant Accounts

In the event that there has been no movement other than in respect of payment or receipt of interest, charges or similar items on your account in respect of Client Money, or we have not received instructions from you in relation to your Custody Assets for the prescribed period, and we can demonstrate we have taken reasonable steps to trace you and return your Client Money or Custody Assets, we may cease to treat such sums as Client Money or liquidate such Custody Assets and pay away the balances to charity as permitted by applicable law and regulation. The prescribed periods are 6 years for Client Money and 12 years for Custody Assets. Prior to paying any such sums away we will have made all reasonable steps to trace you and return your Client Money or Custody Assets as required by the FCA. We unconditionally undertake that should you subsequently submit a valid claim to your Client Money or Client Assets, we will pay to you a sum equal to the value of the Client Money or Custody Assets at the time they were liquidated or paid away (as applicable).

31.7. Transfer of Business

In the event that the Bank sells or otherwise transfers all or part of its business with you, you consent to the transfer of any Client Money sums and Custody Asset (as defined by the FCA Rules) balances held for you and relating to the business being transferred to a third party. Any Client Money sums and Custody Asset balances transferred will be held by the transferee on terms which require the transferee to return such sums or balances to you as soon as practicable at your request, and in accordance with the Client Asset Rules (as defined in the FCA Rules) or if not held in accordance with the Client Asset Rules, we will exercise all due skill, care and diligence in assessing whether the person to whom the Client Money or Custody Assets are transferred will apply adequate measures to protect these balances. In such an event, you will be notified no later than seven days after the transfer takes place.

31.8. Compensation

Please refer to the Complaints and Compensation Section for details of compensation that may be available to you.

32. Termination

32.1. The arrangements set out in these Terms shall be terminated forthwith and without notice if:

- a) you admit to your inability to pay your debts as they fall due or enter into any scheme or arrangement with your creditors or, in the case of a company, file or have filed against you a petition for winding up, pass a resolution for winding up or have a receiver, liquidator, administrator or similar officer appointed over all or any part of your assets or undertaking or, in the case of an individual, a bankruptcy petition is presented or a trustee in bankruptcy is appointed or a protection order is made under the provisions of the Mental Health Act 1983 (or successor legislation); or
- b) we consider it necessary or desirable, for our own protection, or to prevent what we consider is or might be a violation of any Applicable Regulation or good standard of market practice.

32.2. Termination will be without prejudice to the completion of any outstanding transactions and any other legal rights or obligations which may already have arisen. You agree that such termination shall not affect:

- a) any representations, warranties, undertakings or indemnities made or given by you under these Terms, each of which shall survive such termination; and
- b) any other legal rights or obligations which have arisen prior to or upon termination (including, without limitation, where relevant in respect of any transactions which have been executed but have not yet been settled or cleared) and which remain undischarged at the point of such termination.

33. Communications

33.1. Save as otherwise agreed or where Applicable Regulations require otherwise, we will communicate with you, and send documents and other information to you, in English. Save as otherwise agreed or where Applicable Regulations require otherwise, you agree to communicate with us, and send documents and other information to us, in English.

33.2. Save as otherwise agreed, you accept that we may communicate with you by post, telephone, facsimile, electronic communication or through our website.

34. Complaints and Compensation

34.1. A copy of our internal complaints handling procedure is available on our website <http://www.natwestmarkets.com/> and on request. If you have a complaint about our services you should raise it in the first instance with your usual contact. If you are not satisfied with the response given (or if you prefer not to raise the matter with your usual contact) you may raise the matter with our NatWest Markets Compliance Department, 135 Bishopsgate, London EC2M 3UR. If you are still not satisfied after following our complaints handling procedure, you may subsequently be entitled to complain directly to the Financial Ombudsman Service. You can find out more about the Financial Ombudsman Service in a leaflet available from NatWest Markets Compliance Department. Alternatively you can write to: Financial Ombudsman Service, Exchange Tower, London E14 9SR or telephone 020 7964 1000.

34.2. You may have the right to claim through the Financial Services Compensation Scheme for losses resulting from any default in relation to obligations owed under the FCA and PRA Rules. Payments under the Scheme to clients in the United Kingdom are limited to a maximum of £85,000 for deposits, £170,000 for joint account deposits, and £50,000 for investment business. Further details are available on request and further information can be obtained from the Financial Services Compensation Scheme at 10th Floor, Beaufort House, 15 St Botolph Street, London EC3A 7QU or by telephone on 0800 0234567 or 020 77414100.

35. Amendment

35.1. We reserve the right at all times, subject to FCA and PRA Rules, to vary these Terms by written notice to you. You will be given 30 days' prior written notice in advance of any material variation taking effect, unless it is impracticable in the circumstances to give such notice.

36. Third Party Platforms

36.1. From time to time we may receive from you, or send to you, communications or instructions through a third party electronic platform ("Third Party Platform"), including instructions relating to transactions. You shall comply with any terms and conditions imposed by the provider of the applicable Third Party Platform. You agree to be bound by any communication

or instruction (including any resulting transaction) originating from or purported to have originated from you over any Third Party Platform that is accompanied by valid user identification or other authentication details. We do not give any warranty or representation as to the performance or fitness for purpose of any Third Party Platform. You acknowledge and agree that Third Party Platforms may be subject to interruptions, errors (including errors in any data generated thereby), malfunctions and/or delays and that we are not liable for such issues. These Terms do not oblige us to enter into transactions with you over any Third Party Platform and we may suspend or terminate our trading with you over any such platform at any time, with or without notice.

37. Set-off

37.1. Without prejudice to any other rights to which we may be entitled, we may at any time and without notice to you set off any amount (whether actual or contingent, present or future) owed by you to us against any amount (whether actual or contingent, present or future) owed by us to you. For these purposes, we may ascribe a commercially reasonable value to any amount which is contingent or which for any other reason is unascertained.

38. General Lien

38.1. All cash and financial instruments held by us or our nominees for you shall be subject to a general lien in NatWest Markets' favour, insofar as any outstanding obligations remain due from you to us. You agree that such investments may also be made subject to a lien or security interest in favour of an eligible custodian. This general lien is in addition, and without prejudice, to any other security interest granted by you to us under any other agreement. We shall notify you in the event there is a material change to this clause, which is relevant to a service that we are providing to you.

39. Severability

39.1. Each provision of these Terms is severable and if any provision of these Terms is or becomes invalid under or contravenes Applicable Regulations, the remaining provisions shall not be affected and shall remain in full force.

40. Governing Law and Jurisdiction

40.1. These Terms, all transactions under or pursuant to these Terms and any matter arising out of or in connection with these Terms, including non-contractual matters, are governed by and shall be construed in accordance with the laws of England and Wales and the courts of England and Wales shall have non-exclusive jurisdiction.

Annex 1: Contact Details for EEA Branches

Austria

The Royal Bank of Scotland plc Filiale Wien
Kärntner Ring 5 - 7 / 7
1010 Vienna
Austria

Investment business conducted with this branch will be subject to regulation by the Finanzmarktaufsicht (FMA).

Belgium

The Royal Bank of Scotland plc
Kanselarijstraat 17A
Brussels 1000
Belgium

Investment business conducted with this branch will be subject to regulation by the Financial Services and Markets Authority (FSMA).

Czech Republic

The Royal Bank of Scotland plc
Jungmannova 745/24
PO Box 773
111 21 Prague 1
Czech Republic

Investment business conducted with this branch will be subject to regulation by the Česká národní banka.

Denmark

The Royal Bank of Scotland plc
Sundkrogsgade 9
PO Box 2570
Copenhagen DK-2100
Denmark

Investment business conducted with this branch will be subject to regulation by the Finanstilsynet.

Finland

The Royal Bank of Scotland plc
Eteläesplanadi 12, 4th Floor
FI-00130 Helsinki
Finland

Investment business conducted with this branch will be subject to regulation by the Finanssivalvonta.

France

The Royal Bank of Scotland plc
94 Boulevard Haussmann
75008 Paris
France

Investment business conducted with this branch will be subject to regulation by the Autorité des Marchés Financiers (AMF).

Germany

The Royal Bank of Scotland plc Niederlassung Frankfurt
Junghofstrasse 22
D-60311 Frankfurt
Germany

Investment business conducted with this branch will be subject to regulation by the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin).

Greece

The Royal Bank of Scotland plc
45 Akti Miaouli
185 10 Piraeus
Greece

Investment business conducted with this branch will be subject to regulation by the Bank of Greece.

Ireland

The Royal Bank of Scotland plc
George's Quay
Dublin 2
Republic of Ireland

Investment business conducted with this branch will be subject to regulation by the Central Bank of Ireland.

Italy

The Royal Bank of Scotland plc
Via Turati, 9
20121 Milan
Italy

Investment business conducted with this branch will be subject to regulation by the Commissione Nazionale per la Società e la Borsa (Consob).

Luxembourg

The Royal Bank of Scotland plc
46, avenue J. F. Kennedy
L-1855 Luxembourg-Kirchberg

Investment business conducted with this branch will be subject to regulation by the Commission de Surveillance du Secteur Financier (CSSF).

Netherlands

The Royal Bank of Scotland plc
Gustav Mahlerlaan 350
PO Box 12925
1100 AX Amsterdam
The Netherlands

Investment business conducted with this branch will be subject to regulation by the Netherlands Authority for the Financial Markets (AFM).

Norway

The Royal Bank of Scotland plc
Klingenberggata 7
P.O. Box 2020, Vika
NO-0161 Oslo
Norway

Investment business conducted with this branch will be subject to regulation by the Kredittilsynet.

Romania

The Royal Bank of Scotland plc, Edinburgh, Romania
Branch
301-311 Barbu Văcărescu St
The Lakeview Building - 1st Floor
District 2, 020276, Bucharest
Romania

Investment business conducted with this branch will be subject to regulation by Romanian National Securities and Exchange Commission (CNVM).

Spain

The Royal Bank of Scotland plc
c/ José Ortega y Gasset, 29
28006 Madrid
Spain

Investment business conducted with this branch will be subject to regulation by the Comision Nacional Mercado de Valorres (CNMV).

Sweden

The Royal Bank of Scotland plc
Strandvagen 1
PO Box 5324
102 47 Stockholm
Sweden

Investment business conducted with this branch will be subject to regulation by the Finansinspektionen.

Annex 2: NatWest Markets Order Execution Policy

1. Introduction

This Policy sets out the approach of NatWest Markets to providing Best Execution under the Markets in Financial Instruments Directive (“MiFID”). MiFID requires investment firms, when executing certain transactions on behalf of clients, to take all reasonable steps to obtain the best possible result for clients on a consistent basis, taking into account the factors set out in Section 3 below. This requirement is known as the Best Execution obligation.

2. Scope

NatWest Markets will apply Best Execution to MiFID transactions with Retail Clients dealing in Financial Instruments (as defined in Appendix 1) unless otherwise agreed.

NatWest Markets will apply Best Execution to MiFID transactions with Professional Clients dealing in Financial Instruments (as defined in Appendix 1) in the following circumstances:

1. where NatWest Markets accepts an order;
2. where Professional Clients legitimately rely on NatWest Markets to protect their interests in relation to pricing and other important elements of the transaction¹; and
3. where we have expressly agreed to provide Best Execution.

This Policy and the Best Execution obligation do not apply to Eligible Counterparties or to non-MiFID business.

3. Best Execution Obligation

In order to satisfy our obligations of Best Execution, NatWest Markets has a policy and processes in place which are designed to take reasonable steps to obtain the best possible result for the client on a consistent basis, taking into account certain factors, criteria and available venues relevant to the execution of that transaction, as outlined below.

3.1 Execution Factors

NatWest Markets will take into account a number of factors, including:

- available price in the market;
- transaction costs (including fees charged for execution on any particular venue, and clearing and settlement costs);
- speed of execution;
- the likelihood of execution and settlement (depending on liquidity in the particular market);
- the size and nature of the transaction; and
- any other consideration that we deem to be relevant to the execution of that transaction.

3.2 Execution Criteria

NatWest Markets will take into account the following criteria for determining the relative importance of the execution factors as outlined in Section 3.1:

- the characteristics of the client (including whether the client is classified as Retail or Professional);
- the characteristics of the transaction (including the type of transaction, size and likely market impact);
- the characteristics of the Financial Instrument to which the transaction relates;
- the characteristics of the execution venues to which the transaction can be directed; and
- any other circumstances that we deem to be relevant to the execution of that transaction.

3.3 Execution Venues

NatWest Markets will typically execute transactions on the following venues:

- Regulated Markets;
- Multilateral Trading Facilities (“MTFs”);
- Order crossing networks and other electronic platforms;

¹ NatWest Markets will take the following factors into account when determining whether Best Execution applies to Requests for Quote (RFQ) and negotiated price transactions:

- whether the Professional Client or RBS initiates the transactions,
- market practice in the relevant Financial Instrument, including the ability for the client to “shop around”, and
- the level of price transparency in the market.

- NatWest Markets' own internal sources of liquidity, where we will be your counterparty;
- Other brokers, dealers and market makers; and
- Venues available to different companies or entities forming part of RBS.

NatWest Markets will use reasonable endeavours not to discriminate unfairly between execution venues. A list of the main execution venues upon which NatWest Markets places significant reliance and our methodology for achieving Best Execution for each Financial Instrument are included in Appendix 2.

3.4 Application of the Best Execution Obligation

For Retail Clients, NatWest Markets will give the Total Consideration² a higher relative importance when assessing the best result. We may also consider the other factors listed in Section 3.1 where we consider it appropriate or necessary to provide Best Execution.

For Professional Clients, price will usually be the most important factor when assessing the best result, although the other factors outlined in Section 3.1 may be taken into account at our discretion.

NatWest Markets will use reasonable endeavours to act in accordance with this Policy, but we do not guarantee that the best possible price will be obtained in all circumstances. There may be occasions when NatWest Markets changes the priorities given to the execution factors outlined in Section 3.1, where we deem that execution may not lead to the best possible result, for example in times of severe market disruption or in the event of a system outage.

4. Transactions where Best Execution has limited scope

In some instances where the Best Execution obligation applies, the nature of the transaction means that in effect, the obligation is satisfied. These cases include the following:

4.1 Single Venue Transactions

The nature of the transaction may result in there being only one venue of execution and, therefore the only pricing consideration is time of execution. It therefore precludes the use of comparable prices.

4.2 Specific Instructions

Where NatWest Markets receives a specific instruction from a client relating to a transaction or a particular aspect of a transaction, we will execute the transaction as far as reasonably practicable in accordance with those instructions. We will therefore not be obliged to provide Best Execution to the extent of the specific instructions, and this may prevent us from obtaining Best Execution for the overall transaction.

4.3 Direct Market Access

Where NatWest Markets has provided a client with direct access to send transactions to a Regulated Market, MTF, crossing network or other electronic platform, the client is responsible for achieving their own Best Execution.

4.4 Access to Electronic Trading Systems

Where NatWest Markets has provided a client with access to prices displayed on third party crossing networks or other third party electronic systems and the client decides to deal at the prices displayed, the client is responsible for achieving their own Best Execution.

5. Order Handling

5.1 Carrying out Client Orders

When carrying out orders for Retail and Professional Clients, NatWest Markets will generally execute comparable orders sequentially. All client orders will be handled in a timely fashion, unless the characteristics of the order, prevailing market conditions or the instructions or interests of the client require otherwise.

5.2 Aggregation and Allocation

Total Consideration is made up of the price of the financial instrument (including any bid/offer spread) and the costs related to execution, which includes all expenses incurred by a client which are directly related to the execution of the transaction, including execution venue fees, clearing and settlement fees and any other fees paid to third parties involved in the execution of the transaction. It does not include any sales commission or mark-up ("sales margin") that may be charged by NatWest Markets. See Section 7.

NatWest Markets may aggregate client orders with those of other clients or our own orders to be executed at the same time only where it is unlikely that the aggregation will work to the overall disadvantage of any client whose order is to be aggregated and in accordance with its order allocation policy. However, it remains possible that the effect of any aggregation may work to the disadvantage of a client in relation to any particular order.

5.3 Limit Orders

Unless otherwise notified in writing to NatWest Markets, you instruct us not to immediately make public (where it would otherwise be required to do so by Applicable Regulations) any of your client limit orders in respect of shares admitted to trading on an EU regulated market which are not immediately executed under prevailing market conditions, unless NatWest Markets decides in its discretion to do so. Where NatWest Markets use another firm to execute the limit order, that firm may have discretion in how that order is executed and whether the order is published where it is not immediately executed.

NatWest Markets will use its professional judgement in determining whether a limit for a limit order has been reached.

5.4 Market Volatility

Market volatility may result in the price of a Financial Instrument moving significantly from the time of receipt of a client order to the time of order execution. NatWest Markets will attempt to reflect such price movements, whether positive or negative, in the price provided to the client.

6. Review and Monitoring

NatWest Markets has an obligation to monitor the effectiveness of its execution arrangements and this Policy, and where appropriate, correct any deficiencies.

NatWest Markets will review on a regular basis whether the execution venues and liquidity sources included in this Policy provide the best possible result on a consistent basis.

NatWest Markets will review this Policy and its execution arrangements on an annual basis.

Any material changes to this Policy will be made available on the NatWest Markets website www.natwestmarkets.com.

7. Sales Commissions/Mark-ups

NatWest Markets will provide you a single “all-in” price which is made up of:

- the price of the financial instrument (including any bid/offer spread);
- the costs related to execution including execution venue fees, clearing and settlement fees and other fees paid to third parties involved in the execution of the transaction; and
- any sales commission or mark-up (“sales margin”).

The sales margin charged by NatWest Markets is determined taking into consideration a variety of factors, including:

- service level provided;
- the credit risk that NatWest Markets will take on when transacting with the client;
- the cost of capital NatWest Markets incurs as a result of the transaction;
- volumes traded by the client;
- costs by client sector and type, including costs both directly incurred and indirect cost allocation;
- whether the trade may need to be novated into a clearing trade at a later date under regulatory rules (ie. EMIR, Dodd Frank);
- competitiveness of the marketplace; and
- any other factor relevant to the transaction.

The price, costs and sales margin will vary depending on the client and transaction. Further information is available on request.

8. Enquiries

NatWest Markets will, upon request from a client, demonstrate that we have executed transactions in accordance with this Policy.

Appendix 1 Financial Instruments

The Best Execution obligation applies to the following Financial Instruments (as defined in MiFID):

- Transferable securities, including:
 - (a) Shares in companies or other securities equivalent to shares in companies or other entities, including depository receipts in respect of shares,
 - (b) Bonds or other forms of securitised debt, including depository receipts in respect of such securities, and
 - (c) Any other securities giving the right to acquire or sell any such transferable securities or giving rise to a cash settlement determined by reference to transferable securities, currencies, interest rates or yields, commodities or other indices;
- Money-market instruments, including Treasury Bills, Commercial Paper and Certificates of Deposit;
- Units in collective investment undertakings;
- Derivatives relating to securities, equities, currencies, interest rates or yields, or other derivatives instruments, financial indices or financial measures;
- Cash settled derivatives relating to commodities;
- Derivatives relating to commodities that can be physically settled provided that they are traded on a regulated market or MTF;
- Credit derivatives;
- Financial contracts for differences; and
- Derivatives over climatic variables, freight rates, emission allowances or inflation rates or other official economic statistics or other assets, rights, obligations, indices and measures.

Best Execution does not apply to the following (non-exhaustively):

- Spot foreign exchange and commodity transactions;
- Loans and deposits;
- Commodity derivatives that can only be physically settled and are not traded on a regulated market or MTF, and other derivatives which are for commercial purposes which do not comply with particular criteria (such as derivatives on emission allowances not traded on a regulated market nor cleared through a central clearing house and for which there are no regular margin calls); and
- Exercise and assignment of options.

Appendix 2.1: Best Execution for FX Forwards/Swaps

Products in scope:

FX Forwards
FX Swaps
Any other FX products (excluding FX Spot and FX Options)

Types of orders received:

At-Best Orders are orders from the client to buy or sell a volume of a currency pair at the best price available as soon as practicable.

NatWest Markets will provide Best Execution for At-Best Orders by entering the order into its internal liquidity aggregator and attempting to execute the order at the best price available for the specified volume and currency pair as soon as practicable given current market conditions.

Limit Orders are orders from the client to buy or sell a volume of a currency pair at a specified limit price. There are two additional types of Limit Orders - Stop Loss Limit Orders and Take Profit Limit Orders:

A Stop Loss Limit Order is an order from the client to buy a volume of a currency pair at a specified limit price above the current market price, or to sell a volume of a currency pair at a specified limit price below the current market price when that Stop Loss price becomes available for trading.

A Take Profit Limit Order is an order from the client to buy a volume of a currency pair at a specified limit price below the current market price or to sell a volume of a currency pair above the current market price when that Take Profit price becomes available for trading.

NatWest Markets will provide Best Execution for Limit Orders either by executing it in the market or by entering the order into its orderbook, monitoring the market until the agreed limit price is achieved or the order is cancelled by the client and attempting to execute the order at the limit price or better for the specified volume and currency pair as soon as practicable given market conditions.

Orders at Fixings are orders from the client to buy or sell a volume of a currency pair at the price determined in a specified Fix.

NatWest Markets will provide Best Execution for Orders at Fixings by entering the order into its internal Fix orderbook and executing the order at the price determined by the Fix, in accordance with internal procedures.

Time Sliced Orders are orders from the client to buy or sell a specific currency pair over a specified time range.

NatWest Markets will provide Best Execution for Time Sliced Orders by attempting to execute a series of trades at the best NatWest Markets price available for the specified volume and currency pair over the time period set out in the client's instructions.

Linked Orders are where the client links two or more Orders to each other.

NatWest Markets will provide Best Execution for Linked Orders by executing the Linked Orders in accordance with the client's specific instructions.

RFQs and negotiated price transactions:

NatWest Markets will provide Best Execution where applicable for RFQs and negotiated price transactions by using its professional judgement to determine the Best Execution price based on the specifics of the Financial Instrument, the prevailing liquidity and other relevant execution factors.

List of execution venues:

- NatWest Markets' own internal sources of liquidity, where we will be your counterparty
- Other brokers, dealers and market makers
- MTFs
- Order crossing networks and other electronic platforms

Relevant execution factors:

The most important execution factors NatWest Markets will take into account to obtain Best Execution for transactions in FX Forwards, FX Swaps and any other FX product (excluding FX Spot and FX Options) are price, size and speed of execution. The priority of any one of these factors over the others will depend upon the specific instructions from the client. If no instructions are received, NatWest Markets will generally use the following order of priority:

Price. NatWest Markets will use its access to all available liquidity channels to achieve the best price for the client.

Size. NatWest Markets will use its access to all available liquidity channels to attempt to execute the full size of the client transaction given the prevailing market conditions and instructions of the client. NatWest Markets will assume that partial fills are acceptable unless the client indicates otherwise. A partial fill occurs where NatWest Markets is unable, due to market conditions, to satisfy the whole of the client transaction and hence only provides the client with a part of its requested transaction.

Speed. NatWest Markets will endeavour to execute the transaction as soon as is practical given the prevailing market conditions and the instructions of the client.

Appendix 2.2: Best Execution for FX Options

Products in scope:

FX Options

Types of orders received:

Spot-Firm Orders are orders from the client to buy or sell an FX options contract when the FX spot rate of the specific currency pair reaches a specified level.

NatWest Markets will provide Best Execution for Spot-Firm Orders by first executing a Limit Order in the FX Spot market at the level specified by the client. Once the FX Spot Limit Order is executed, the client's option contract is transacted taking into account prevailing interest rates, implied volatilities, and other parameters to determine the premium the client will pay or receive.

Premium-Firm Orders are orders from the client to buy or sell an FX Options contract at a specified premium once other market variables (such as the FX Spot rate, interest rate or implied volatility) allow that price to be achieved.

NatWest Markets will provide Best Execution by first executing a Limit Order in the FX Spot market. The level at which the corresponding FX Spot Limit Order is placed will vary as other market variables move, in order to achieve the specified premium of the client's option order. NatWest Markets will make reasonable efforts to place the FX Spot Limit Order so that the client's option order is filled in line with the execution factors below.

RFQs and negotiated price transactions:

NatWest Markets will provide Best Execution where applicable for RFQs and negotiated price transactions by using its professional judgement to determine the Best Execution price based on the specifics of the Financial Instrument, the prevailing liquidity and other relevant execution factors.

List of execution venues:

- NatWest Markets' own internal sources of liquidity, where we will be your counterparty
- Other brokers, dealers and market makers

Relevant execution factors:

The most important execution factors NatWest Markets will take into account to obtain Best Execution for transactions in FX Options are price, size and speed of execution. The priority of any one of these factors over the others will depend upon the specific instructions from the client. If no instructions are received, NatWest Markets will generally use the following order of priority:

Price. NatWest Markets will use its access to all available liquidity channels to achieve the best price for the client.

Size. NatWest Markets will use its access to all available liquidity channels to attempt to execute the full size of the client transaction given the prevailing market conditions and instructions of the client. NatWest Markets will assume that partial fills are acceptable unless the client indicates otherwise. A partial fill occurs where NatWest Markets is unable, due to market conditions, to satisfy the whole of the client transaction and hence only provides the client with a part of its requested transaction.

Speed. NatWest Markets will endeavour to execute the transaction as soon as is practical given the prevailing market conditions and the instructions of the client.

Appendix 2.3: Best Execution for Exchange Traded Derivatives (ETDs)

Products in scope:

Exchange traded futures and options including but not limited to fixed income, money market, index, single stock/equity and commodity futures.

Types of orders received:

Market Orders:

At Market Orders are orders from the client to buy or sell a volume of a tradeable ETD as soon as practicable at the best currently available price.

At Best Orders are orders from the client to buy or sell a volume of a tradeable ETD at the best currently available price, balancing speed of execution against price.

Stop at Market Orders are orders from the client to buy or sell a volume of a tradeable ETD as soon as practicable when the stop price specified by the client becomes available for trading.

At Close Orders are orders from the client to buy or sell a volume of a tradeable ETD at the best available price at or near the close of the market.

At Open Orders are orders from the client to buy or sell a volume of a tradeable ETD at the best price available at or near the open of the market.

Time Release at Market Orders are orders from the client to buy or sell a volume of a tradeable ETD at the best price available as soon as is practicable at or after a specific time.

NatWest Markets will provide Best Execution for Market Orders by balancing factors of speed of execution against the likely price impact of trading activity while complying with any specific client instructions and regulatory and exchange requirements.

Limit Orders:

Limit Orders are orders from a client to buy or sell a volume of a tradeable ETD at a specified limit price.

Stop at Limit Orders are orders from a client to buy or sell a volume of a tradeable ETD at a specified limit price when the stop price becomes available for trading.

Time Release at Limit Orders are orders from a client to buy or sell a volume of a tradeable ETD at a specified limit price at or after a specific time.

NatWest Markets will provide Best Execution for Limit Orders by entering them into the trading systems of the relevant Execution Venue (see below) as soon as practical at the limit prices instructed by the client.

Special Orders:

Time Weighted Average Price (TWAP) Orders are orders from a client to buy or sell a volume of a tradeable ETD at an average price over a specific time period.

Volume Weighted Average Price (VWAP) Orders are orders from a client to buy or sell a volume of a tradeable ETD at an average price based on prevailing execution volumes.

Impact Minimizing Orders are orders from a client to buy or sell a volume of a tradeable ETD to minimise market impact.

NatWest Markets will provide Best Execution for Special Orders by using manual or automatic order submissions to the relevant Execution Venue in accordance with the specific instructions of the client.

List of execution venues:

NatWest Markets will utilise a number of global ETD exchanges as Execution Venues including, but not limited to;

Europe:

- LIFFE London
- ICE Futures Europe
- London Metal Exchange
- Eurex Deutschland
- Borsa Italiana
- Euronext Amsterdam, Brussels, Lisbon & Paris
- NASDAQ OMX including NASDAQ OMX NLX

US:

- Chicago Mercantile Exchange
- Chicago Board of Trade
- New York Mercantile Exchange (including the Commodity Centre of New York)
- LIFFE US
- ICE Futures US
- ICE Futures Canada
- The Montreal Exchange

Asia Pacific:

- Australian Securities Exchange
- Korea Exchange

Relevant execution factors:

The most important execution factors NatWest Markets will take into account to obtain Best Execution for client orders in ETD are price, speed of execution and execution volume. The priority of any one of these factors over others will depend on the specific instructions from the client

In liquid ETD markets, regular publicly quoted bids and offers on Execution Venues are more generally available, and so prices are readily accessible. For less liquid ETD markets, publicly quoted bids and offers are not so readily accessible, and so Best Execution is generally achieved by speaking to at least three liquidity providers to ascertain the best available price.

Additional information:

NatWest Markets will agree fees and charges for ETD products with the client at the outset of the relationship.

Appendix 2.4: Best Execution for Rates Markets

Products in scope:

Cash Bonds
Interest Rate Derivatives
Any other Rates products

Types of orders received:

Limit Orders are orders from clients to buy or sell a volume of an instrument at a specified limit price.

NatWest Markets will provide Best Execution for Limit Orders by entering the order into its orderbook, monitoring the market until the agreed limit price is achieved or the order is cancelled by the client and attempting to execute the order at the limit price or better for the specified volume and instrument as soon as practicable given market conditions.

Trade at Close Orders are orders from the client to buy or sell a volume of an instrument at the close of business on the relevant market at the closing price.

NatWest Markets will provide Best Execution for Trade at Close Orders by entering the order into its orderbook and executing the order for the specified volume and instrument at the closing price

RFQs and negotiated price transactions:

NatWest Markets will provide Best Execution where applicable for RFQs and negotiated price transactions by using its professional judgement to determine the Best Execution price based on the specifics of the Financial Instrument, the prevailing liquidity and other relevant execution factors.

List of execution venues:

- Order crossing networks and other electronic platforms
- NatWest Markets' own internal sources of liquidity, where we will be your counterparty
- Other brokers, dealers and market makers

Relevant execution factors:

The most important execution factors NatWest Markets will take into account to obtain Best Execution for transactions in Cash Bonds, Interest Rate Derivatives and any other Rates products are price, size and speed of execution. The priority of any one of these factors over the others will depend upon the specific instructions from the client. If no instructions are received, NatWest Markets will generally use the following order of priority:

Price. NatWest Markets will use its access to all available liquidity channels to achieve the best price for the client.

Size. NatWest Markets will use its access to all available liquidity channels to attempt to execute the full size of the client transaction given the prevailing market conditions and instructions of the client. NatWest Markets will assume that partial fills are acceptable unless the client indicates otherwise. A partial fill occurs where NatWest Markets is unable, due to market conditions, to satisfy the whole of the client transaction and hence only provides the client with a part of its requested transaction.

Speed. NatWest Markets will endeavour to execute the transaction as soon as is practical given the prevailing market conditions and the instructions of the client.

Appendix 2.5: Best Execution in Equities Markets

Products in scope:

Equities
OTC Equity Derivatives
Structured Investor Products
Any other Equities products

Types of orders received:

NatWest Markets operates on an RFQ basis only and does not accept orders from clients in Equities Markets

RFQs and negotiated price transactions:

NatWest Markets will provide Best Execution where applicable for RFQs and negotiated price transactions by using its professional judgement to determine the appropriate Best Execution price based on the specifics of the Financial Instrument, the prevailing liquidity and other relevant execution factors.

List of execution venues:

- Regulated markets
- MTFs
- Order crossing networks and other electronic platforms
- NatWest Markets' own internal sources of liquidity, where we will be your counterparty
- Other brokers, dealers and market makers

Relevant execution factors:

The most important execution factors NatWest Markets will take into account to obtain Best Execution for transactions in Equities, OTC Equity Derivatives, Structured Investor Products and any other Equities products are price, size and speed of execution. The priority of any one of these factors over the others will depend upon the specific instructions from the client. If no instructions are received, NatWest Markets will generally use the following order of priority:

Price. NatWest Markets will use its access to all available liquidity channels to achieve the best price for the client.

Size. NatWest Markets will use its access to all available liquidity channels to attempt to execute the full size of the client transaction given the prevailing market conditions and instructions of the client. NatWest Markets will assume that partial fills are acceptable unless the client indicates otherwise. A partial fill occurs where NatWest Markets is unable, due to market conditions, to satisfy the whole of the client transaction and hence only provides the client with a part of its requested transaction.

Speed. NatWest Markets will endeavour to execute the transaction as soon as is practical given the prevailing market conditions and the instructions of the client.

Appendix 2.6: Best Execution in Credit Markets

Products in scope:

Cash Bonds
Asset Backed Products
Any other Credit products

Types of orders received:

Specific Price Orders are orders from clients to buy or sell a volume of an instrument at a specified price.

NatWest Markets will provide Best Execution for Specific Price Orders by entering the order into its orderbook, and sourcing the instrument at the specific price for the specified volume as soon as practicable given market conditions. Where the specific price cannot be achieved in the market (or may only be achieved at a loss to NatWest Markets), NatWest Markets will revert to the client prior to executing the Specific Price Order.

At Best Orders are orders from clients to buy or sell a volume of an instrument at the best price available in the market as soon as practicable.

NatWest Markets will provide Best Execution for At Best Orders by entering the order into its orderbook, sourcing the instrument in the market and attempting to execute the order at the best price available for the specified volume and instrument as soon as practicable given market conditions.

Limit Orders are orders from clients to buy or sell a volume of an instrument at a specified limit price.

NatWest Markets will provide Best Execution for Limit Orders by entering the order into its orderbook, monitoring the market until the agreed limit price is achieved or the order is cancelled by the client and attempting to execute the order at the limit price or better for the specified volume and instrument as soon as practicable given market conditions.

RFQs and negotiated price transactions:

NatWest Markets will provide Best Execution where applicable for RFQs and negotiated price transactions by using its professional judgement to determine the appropriate Best Execution price based on the specifics of the Financial Instrument, the prevailing liquidity and other relevant execution factors.

List of execution venues:

- Order crossing networks and other electronic platforms
- NatWest Markets' own internal sources of liquidity, where we will be your counterparty
- Other brokers, dealers and market makers

Relevant execution factors:

The most important execution factors NatWest Markets will take into account to obtain Best Execution for transactions in Cash Bonds, Asset Backed Products and any other Credit products are price, size and speed of execution. The priority of any one of these factors over the others will depend upon the specific instructions from the client. If no instructions are received, NatWest Markets will generally use the following order of priority:

Price. NatWest Markets will use its access to all available liquidity channels to achieve the best price for the client.

Size. NatWest Markets will use its access to all available liquidity channels to attempt to execute the full size of the client transaction given the prevailing market conditions and instructions of the client. NatWest Markets will assume that partial fills are acceptable unless the client indicates otherwise. A partial fill occurs where NatWest Markets is unable, due to market conditions, to satisfy the whole of the client transaction and hence only provides the client with a part of its requested transaction.

Speed. NatWest Markets will endeavour to execute the transaction as soon as is practical given the prevailing market conditions and the instructions of the client.

Appendix 2.7: Best Execution in Money Market Instruments

Products in scope:

Certificates of Deposit
Commercial Paper
Structured Deposits
Any other Money Markets products

Types of orders received:

Limit Orders are orders from clients to buy or sell a volume of an instrument at a specified limit price.

NatWest Markets will provide Best Execution for Limit Orders by entering the order into its orderbook, monitoring the market until the agreed limit price is achieved or the order is cancelled by the client and attempting to execute the order at the limit price or better for the specified volume and instrument as soon as practicable given market conditions.

RFQs and negotiated price transactions:

NatWest Markets will provide Best Execution where applicable for RFQs and negotiated price transactions by using its professional judgement to determine the appropriate Best Execution price based on the specifics of the Financial Instrument, the prevailing liquidity and other relevant execution factors.

List of execution venues:

- Order crossing networks and other electronic platforms
- NatWest Markets' own internal sources of liquidity, where we will be your counterparty
- Other brokers, dealers and market makers

Relevant execution factors:

The most important execution factors NatWest Markets will take into account to obtain Best Execution for transactions in Certificates of Deposit, Commercial Paper, Structured Deposits and any other Money Markets products are price, size and speed of execution. The priority of any one of these factors over the others will depend upon any specific instructions from the client. If no instructions are received, NatWest Markets will generally use the following order of priority:

Price. NatWest Markets will use its access to all available liquidity channels to achieve the best price for the client.

Size. NatWest Markets will use its access to all available liquidity channels to attempt to execute the full size of the client transaction given the prevailing market conditions and instructions of the client. NatWest Markets will assume that partial fills are acceptable unless the client indicates otherwise. A partial fill occurs where NatWest Markets is unable, due to market conditions, to satisfy the whole of the client transaction and hence only provides the client with a part of its requested transaction.

Speed. NatWest Markets will endeavour to execute the transaction as soon as is practical given the prevailing market conditions and the instructions of the client.

Annex 3: Risk Warning

This Risk Warning cannot disclose all the risks and other significant aspects of the investments and markets referred to. You should not deal in these products (in particular warrants and derivatives) unless you understand their nature and the extent of your exposure to risk.

Although warrants and/or derivative instruments can be utilised for the management of investment risk, some of these products are unsuitable for many investors. Different instruments involve different levels of exposure to risk and in deciding whether to trade in such instruments you should be aware of the following points.

Certain instruments are difficult to trade in either because they are illiquid or because they are bilaterally negotiated (for instance, credit derivatives). You should be aware that there is a restricted market for such investments. It may therefore be difficult to deal in them or to obtain reliable information about their value.

Section 1 - Risk warnings in relation to specific types of investment

1 Warrants

A warrant is a time-limited right to subscribe for shares, debentures, loan stock or government securities and is exercisable against the original issuer of the underlying securities. A relatively small movement in the price of the underlying security results in a disproportionately large movement, unfavourable or favourable, in the price of the warrant. The price of warrants can therefore be volatile.

It is essential for anyone who is considering purchasing warrants to understand that the right to subscribe which a warrant confers is invariably limited in time with the consequence that if the investor fails to exercise this right within the predetermined timescale then the investment becomes worthless.

You should not buy a warrant unless you are prepared to sustain a total loss of the money you have invested plus any commissions or other transaction charges.

2 Off-Exchange Warrant Transactions

Transactions in off-exchange warrants may involve greater risk than dealing in exchange traded warrants because there is no exchange market through which to liquidate your position, or to assess the value of the warrant or the exposure to risk. Bid and offer prices need not be quoted, and even where they are, they will be established by dealers in these instruments and consequently it may be difficult to establish what is a fair price.

You should be aware that the majority of our business is conducted off-exchange.

3 Securitised Derivatives

These instruments may give you a time-limited right (e.g. for covered warrants), or an absolute right (e.g. for linked notes) to acquire or sell one or more types of investment which is normally exercisable against someone other than the issuer of that investment. Or they may give you rights under a contract for differences which allow for speculation on fluctuations in the value of the property of any description or an index, such as the FTSE 100 index. In both cases, the investment or property may be referred to as the 'underlying instrument'.

These instruments often involve a high degree of gearing or leverage, so that a relatively small movement in the price of the underlying investment results in a much larger movement, unfavourable or favourable, in the price of the instrument. The price of these instruments can therefore be volatile.

These instruments have a limited life, and may (unless there is some form of guaranteed return to the amount you are investing in the product) expire worthless if the underlying instrument does not perform as expected.

You should only buy these products if you are prepared to sustain a loss of some or all of the money you have invested, plus any commission or other transaction charges.

You should consider carefully whether or not these products are suitable for you in the light of your circumstances and financial position, and if in any doubt please seek professional advice.

4 Futures

Transactions in futures involve the obligation to make, or to take, delivery of the underlying assets of the contract at a future date, or in some cases to settle the position with cash. They carry a high degree of risk. The 'gearing' or 'leverage' often obtainable in futures trading means that a small deposit or down payment can lead to large losses as well as gains. It also means that a relatively small movement can lead to a proportionately much larger movement in the value of your investment, and this can work against you as well as for you. Futures transactions have a contingent liability, and you should be aware of the implications of this, in particular the margining requirements, which are set out in paragraph 10.

5 Options

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

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. This will expose you to the risks described under 'futures' and 'contingent liability investment transactions'.

Writing Options

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

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

6 Contracts for Differences

Futures and options contracts can also be referred to as contracts for differences. These can be options and futures on the FTSE 100 index or any other index, as well as currency and interest rate swaps. However, unlike other futures and options, these contracts can only be settled in cash. Investing in a contract for differences carries the same risks as investing in a future or an option and you should be aware of these as set out in paragraphs 4 and 5 respectively. Transactions in contracts for differences may also have a contingent liability and you should be aware of the implications of this as set out in paragraph 10.

7 Off-Exchange Transactions in Derivatives

It may not always be apparent whether or not a particular derivative is arranged on exchange or in an off-exchange derivative transaction. The majority of our business, as mentioned above, is conducted off-exchange and you should assume that your transaction is arranged off-exchange unless notified to the contrary.

While some off-exchange markets are highly liquid, transactions in off-exchange or 'non transferable' derivatives may involve greater risk than investing in on-exchange derivatives because there is no exchange market on which to close out an open position. It may be impossible to liquidate an existing position, to assess the value of the position arising

from an off-exchange transaction or to assess the exposure to risk. Bid prices and offer prices need not be quoted, and, even where they are, they will be established by dealers in these instruments.

8 Trade Reporting

You consent to us submitting your name and transaction information associated with any derivative transaction (to which you and we are party or otherwise involved as agents on behalf of the underlying trade parties) to either (i) a legal or regulatory authority whose rules or requirements with respect to disclosure are applicable or (ii) a trade repository (which may include related third party service providers) for provision of trade repository services (including data access by trade data recipients), whether or not you also submit information to such trade repository with respect to such derivative transaction. By delivering your consent hereby, you: (i) consent to the disclosure of trade data directly to any legal or regulatory authority whose rules and requirements with respect to disclosure are applicable and (ii) acknowledge and agree that such consent overrides and otherwise voids any existing privacy or confidentiality obligation owed by us to you (by law, contract or otherwise) and is for our benefit.

9 Equities

When you buy or subscribe for equities issued by a company, you are buying a part of that company and you become a shareholder in it, which usually means you have the right to vote on certain issues. You can either buy new shares when the company sells them to raise money (through an initial public offering if a company is listing) or buy existing shares which (in the case of a listed company) are traded on the stock market.

The aim is for the value of your shares to grow over time as the value of the company increases in line with its profitability and growth. In addition, you may also receive a dividend, which is an income paid out of the company's profits. Longer-established companies usually pay dividends whilst growing companies tend to pay lower, or no, dividends (with these you would typically be hoping for better capital growth).

Under normal circumstances, a shareholder in a company has no right to require that company to return capital to it. Unless the company chooses to return capital to the shareholder (for example by effecting a share buyback) or the shares carry redemption rights exercisable by the shareholder (which is normally not the case), the shareholder's only way to realise its investment will be to sell the shares to another investor. Consequently, a shareholder's return from investing in the equity will depend to a large extent on the market price of the equities at the time of the sale. The market price of an equity is affected by the supply of and demand for that equity within the market. In turn, supply and demand (and therefore the volatility of the share price) are affected by a number of factors including:

- domestic versus international factors – the vulnerability of the company to international events or market factors which would include movements in exchange rates, changes in trade or tariff policies and changes in other stock or bond markets;
- sector specific factors – these would include demand for the product the company produces, commodity prices, the economic cycle of industry, changes in consumer demands, lifestyle changes and changes in technology; and
- company specific factors – these would include the company's directors, the strength of the company's management and the significance of any key personnel, the company's profit history, the company's tangible asset base, debt level and fixed cost structure, litigation, profits or losses on particular contracts, competition from within the sector, and whether the company already has a profitable business or whether it is exploring for recoverable resources or is developing a new product.

The level of a stock market goes up or down as the prices of the shares that are the constituents of that market go up or down. The main factor determining the price of a share is the perception of its current value to its owner.

One factor that could affect the price of a share is a change in opinion as to how well the company itself is performing or could perform in the future. This opinion is frequently based on predictions about the economic conditions in which a company is operating, which is why it might seem that stock markets go up or down depending on economic conditions.

Shares are generally a fairly volatile asset class – their value tends to go up and down more than other classes such as bonds and regulated collective investment schemes. If you are investing in shares you should expect the value of your investment to go down as well as up, and you should be comfortable with this. Holding shares is high risk – if you

have put all your money into one company and that company becomes insolvent then you will probably lose most, if not all, of your money.

In the short term, shares may go up and down in value and this can occasionally be very significant. However, if you have a wide range of shares, you reduce the likelihood of losing all or most of your money.

The liquidity of the shares may be affected by whether the shares are listed or unlisted. Where shares are unlisted it may be more difficult to deal in them or obtain reliable information about their value (and it may therefore be difficult to establish a proper market in them for the purposes of making a subsequent sale).

If a company goes into liquidation, its shareholders rank behind the company's creditors (including its subordinated creditors) in relation to the realisation and distribution of the company's assets – with the result that a shareholder will normally only receive any money from the liquidator if there are any remaining proceeds of the liquidation once all the creditors of the company have been paid in full.

Remember, as a shareholder in the company, you could lose some or all of the money that you have invested in the shares.

10 Bonds/Debentures

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

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

Bonds have a nominal value. This is the sum that will be returned to investors when the bond matures at the end of its term.

However, because bonds are traded on the bond market, the price you pay for a bond may be more or less than the nominal value. There are several reasons why the price might vary from the nominal value, for example:

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

The risks associated with investing in bonds include:

- interest rate risk – the risk that bond prices will fall as interest rates rise. By buying a bond, the bondholder has committed to receiving a fixed rate of return for a fixed period. Should the market interest rate rise from the date of the bond's purchase, the bond's price will fall accordingly. The bond will then be trading at a discount to reflect the lower return that an investor will make on the bond. Market interest rates are a function of several factors such as the demand for, and supply of, money in the economy, the inflation rate, the stage that the business cycle is in as well as the government's monetary and fiscal policies;
- call risk – the risk that a bond will be called by its issuer. Callable bonds have call provisions, which allow the bond issuer to purchase the bond back from the bondholders and retire the issue. This is usually done when interest rates have fallen substantially since the issue date. Call provisions allow the issuer to retire the old, high-rate bonds and sell low-rate bonds in a bid to lower debt costs;

- default risk – the risk that the bond’s issuer will be unable to pay the contractual interest or principal on the bond in a timely manner, or at all. Credit ratings services such as Moody’s, Standard & Poor’s and Fitch give credit ratings to bond issues, which help to give investors an idea of how likely it is that a payment default will occur; and
- inflation risk – the risk that the rate of price increases in the economy deteriorates the returns associated with the bond. This has the greatest effect on fixed-rate bonds, which have a set interest rate from inception. For example, if an investor purchases a 5% fixed bond and then inflation rises to 10% a year, the bondholder will lose money on the investment because the purchasing power of the proceeds has been greatly diminished. The interest rates of floating-rate bonds are adjusted periodically to match inflation rates, limiting investors’ exposure to inflation risk.

Bonds can be bought and sold in the market (like shares) and their price can vary from day to day. A rise or fall in the market price of a bond does not affect what you would get back if you hold the bond until it matures. You will only get back the nominal value of the bond (plus any coupon payment to which you have been entitled during your ownership of the bond), irrespective of what you paid for it. Fixed rate transferable securities with longer maturities/lower coupons tend to be more sensitive to interest rate movements than those with shorter maturities/higher coupons (short-term debt securities are sometimes known as debentures rather than bonds).

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

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

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

Section 2 – General risk disclosure

1 General

The price or value of an investment and any income deriving from it may fall as well as rise as the result of market and currency fluctuations. Past performance is no indicator of future performance.

2 Foreign Markets

Foreign markets will involve different risks from the UK markets. In some cases the risks will be greater. The potential for profit or loss from transactions on foreign markets or in foreign denominated contracts will be affected by fluctuations in foreign exchange rates.

3 Contingent Liability Investment Transactions

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

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

Save as specifically provided by the FCA and PRA Rules, we may only carry out margined or contingent liability transactions with or for you if they are traded on or under the rules of a recognised or designated investment exchange. Contingent liability investment transactions which are not so traded may expose you to substantially greater risks.

4 Limited Liability Transactions

Before entering into a limited liability transaction, you may approach us to request a formal written statement confirming that the extent of your loss liability on each transaction will be limited to an amount agreed by you before you enter into the transaction.

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

5 Collateral

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

6 Commissions

Before you begin to trade, you should obtain details of all commissions and other charges for which you will be liable. In the case of futures, when commission is charged as a percentage, it will normally be as a percentage of the total contract value, and not simply as a percentage of your initial payment.

7 Suspensions of Trading

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

8 Clearing House Protections

On many exchanges, the performance of a transaction by us (or third party with whom it is dealing on your behalf) is 'guaranteed' by the exchange or clearinghouse. However, this guarantee is unlikely in most circumstances to cover you, the client, and may not protect you if we or another party defaults on its obligations to you. There is normally no clearing house for off-exchange instruments which are not traded under the rules of a recognised or designated investment exchange.

9 Insolvency

Our insolvency or default, or that of any brokers involved with your transaction, may lead to positions being liquidated or closed out without your consent. In certain circumstances, you may not get back the actual assets which you lodged as collateral and you may have to accept any available payments in cash.

10 Break Costs

If you enter into an over-the-counter derivative transaction (such as an interest rate swap or an FX forward) with us and decide to close out the transaction before its scheduled termination date, you may have to pay breakage costs. These will be calculated by reference to prevailing market conditions on the basis of current market levels and market expectations of future performance and future obligations under the transaction and may include associated costs, such as credit charges, our cost of funding, and any costs incurred by us in terminating any related financial instrument or trading position. Please note that such break costs may be substantial.

Where you enter into a derivatives transaction with us for the purposes of hedging a loan or other debt instrument and you subsequently wish to repay the debt (whether through a refinancing or otherwise), you should be aware that it may be necessary for us to terminate the hedging transaction prior to its scheduled termination date and satisfy any

liabilities that you have to us with respect to such transaction (including break costs) before we will release any security you have provided to us with respect to such liabilities.

11 Alternative Investment Funds

Alternative investment funds ("AIFs") and collective investment schemes such as open ended investment companies invest funds paid by purchasers of shares in such collective investment schemes/AIFs in the various types of asset provided for in their investment parameters. As such, collective investment schemes/AIFs generally allow shareholders to achieve a degree of diversification. Where you purchase shares in a collective investment scheme/an AIF you will be exposed to the risks associated with the financial instruments in which the collective investment scheme/AIF invests and where relevant their investment concentration in particular sectors, countries, regions or asset classes. Before purchasing shares in collective investment schemes/AIFs you should make yourself fully aware of the risks associated with collective investment schemes.

12 Liquidity

Certain instruments are difficult to trade in either because they are illiquid or because they are bilaterally negotiated (for instance, credit derivatives). You should be aware that there is a restricted market for such investments. It may therefore be difficult to deal in them or to obtain reliable information about their value.

14 Credit risk

Credit risk is the risk of loss caused by borrowers, bond obligors, guarantors, or counterparties failing to fulfil their obligations or the risk of such parties' credit quality deteriorating. A party's credit quality may be subject to fluctuations. Additionally, exposure to the credit risk of one or more entities which is referenced in, for example, a credit linked note (i.e. a bond which has a value based upon, and which tracks, the creditworthiness of a third party), may be substantially greater than when investing in an obligation of the reference entity itself.

15 Off-exchange transactions

In relation to off-exchange transactions, there exists potential settlement risk. Settlement risk is the risk that a counterparty does not deliver the security (or equivalent) in accordance with the agreed terms after the other counterparty has already fulfilled its part of the agreement to so deliver. This means that you may deliver your property without receiving anything in return for that property. This settlement risk increases where different parts of the off-exchange transaction settle in different time zones or in different settlement systems where it is not possible to exercise netting (which is the process whereby the amount each party is required to deliver is reduced in accordance with the amounts each party has already delivered so that the amounts delivered by each party will partially or completely cancel each other out). This risk is particularly acute in foreign exchange transactions and currency swap transactions.

16 Listed securities utilising leverage

The value of listed investments where the issuer of the investment uses or proposes to use borrowing or other forms of gearing to enhance the return for, or value of investments made by the issuer without increasing the amount the issuer invested may be more volatile than the underlying investments made by the issuer and may be subject to sudden and large falls in value, and if the fall in value is sufficiently large, the value of the investment may fall to zero.

17 Commodity risk

The prices of commodities may be volatile and may fluctuate substantially if natural disasters or catastrophes such as hurricanes, fires, earthquakes, war or conflict affect the supply or production of such commodities. If any interest and/or redemption amount payable in respect of any product is linked to the price of a commodity, any change in the price of such a commodity may result in the reduction of the amount of interest and/or redemption amount payable. The reduction in the amount payable may result in some cases in a small sum being received on redemption of a product than the amount originally invested in such product.

18 Strategies

Particular investment strategies will carry their own particular risks. For example, certain strategies, such as a “spread” position (which seeks to take advantage of the difference between two or more related prices or other financial variables) or a “straddle” (a strategy which involves the purchase of an option that allows the holder to benefit from the movements in price of an underlying security whether or not such movements are positive or negative), may be as risky as a simple “long” or “short” position. You should therefore ensure that you understand the investment strategy being employed and the associated risk implications of such a strategy.