



## **BRITANNIC TRADING LIMITED TERMS OF BUSINESS FOR PROFESSIONAL CLIENTS AND ELIGIBLE COUNTERPARTIES**

*These Terms of Business are issued by Britannic Trading Limited (a company registered in England and Wales under number 871912). Its registered office is Chertsey Road, Sunbury on Thames, Middlesex TW16 7BP. Please note its principal operating office is 25 The North Colonnade London E14 5HS. Please address all correspondence in relation to these Terms of Business to 25 The North Colonnade, London E14 5HS.*

*Britannic Trading Limited is authorised and regulated by the Financial Conduct Authority. Its authorised firm reference number is 140459. The address of the Financial Conduct Authority is 12 Endeavour Square, London E20 1JN. Please contact their website ([www.fca.org.uk](http://www.fca.org.uk)) for up-to-date contact details.*

*Although we are required to comply with the rules of the FCA and any other regulators, they shall not give rise to any obligations or rights in contract between you and us except as provided under Applicable Regulation.*

### **1. Transaction Documents**

These Terms of Business are without prejudice to any other transactional terms agreed between us, including, without limitation, an ISDA, EFET, GTMA, IETA or other master agreement, agreement, terms and conditions and/or confirmation ("Transaction Document"). If there is a conflict between a Transaction Document and these Terms of Business, the Transaction Document will prevail to the extent of such conflict.

For the avoidance of doubt, these Terms of Business are not incorporated into or deemed to be incorporated into any Transaction Document and do not amend the terms of any Transaction Document.

### **2. Commencement**

These Terms of Business take effect on the day on which you enter into a Transaction with us or we provide you with a Personal Recommendation following receipt of these Terms of Business whether or not you have signed and returned a copy.

### **3. Client Categorisation**

3.1 Based on the information available to us and as permitted by the FCA Rules, we shall categorise you as either an Eligible Counterparty or as a Professional Client and notify you by way of separate notice.

3.2 You have the right to request a different client categorisation:

- (A) If you request categorisation as an Eligible Counterparty and we agree to such categorisation, we would no longer be required by regulatory rules to provide certain protections granted to a Professional Client. However, notwithstanding the absence of applicable regulatory rules, we would endeavour to provide a service which is overall effective and commercially reasonable. The regulatory protections concerned include formal requirements in the following areas: (i) to act in accordance with your best interests; (ii) not to give or receive inducements; (iii) to achieve Best Execution in respect of your orders;

- (B) To execute orders subject to other constraints as regards timing and handling relative to other clients' orders.
  - (C) If you have been categorised as an Eligible Counterparty you have the right to request a different client categorisation offering a greater level of regulatory protection.
  - (D) If you request to be categorised as a Retail Client thereby requiring a higher level of regulatory protection, we would not be able to continue to provide our services to you.
- 3.3 We will only serve clients who would naturally be Retail Clients under the FCA Rules if we can treat them as Professional Clients (this is referred to as "opting up"). We can only opt you up if certain criteria are met and certain procedures followed. We must carry out an adequate assessment of your expertise, experience and knowledge to satisfy ourselves that you are capable of making investment decisions and understanding the risks involved. Professional Clients typically have greater knowledge and experience of investing in financial markets and a higher appetite for risk, and are given a lesser degree of consumer protection under Applicable Regulations.
- 3.4 You agree and acknowledge that you are responsible for keeping us informed about any change that could affect your categorisation.
- 3.5 If we have classified you as an Eligible Counterparty, we have classified you:
- (A) as an Eligible Counterparty where we conduct Eligible Counterparty Business (as defined in the FCA Rules); and
  - (B) for all other business, as a Professional Client.

**We do not intend to conduct business other than Eligible Counterparty Business with Eligible Counterparties.**

#### 4. Services

- 4.1 We may, subject to these Terms of Business, provide you with dealing and arranging services. We deal as principal and not as an agent on your behalf.
- 4.2 These Terms of Business apply in relation to services we provide with respect to the following regulated instruments:
- (A) Commodity futures
  - (B) Commodity options and options on commodity futures
  - (C) Contracts for differences (excluding spread bets and rolling spot forex contracts)
  - (D) Futures (excluding commodity futures and rolling spot forex contracts)
  - (E) Options
  - (F) Rights to or interests in investments (Contractually Based Investments)
  - (G) Emissions Allowances.

- 4.3 Where we expressly agree (but not otherwise) we may provide you with a Personal Recommendation. Where we do not expressly agree to provide you with a Personal Recommendation, any advice or recommendation which may be provided to you will not take account of your personal circumstances and may not be suitable for you.
- 4.4 Before investing in any over the counter (“OTC”) derivative instruments you should ensure you understand the risks associated with investments in them. In particular, you should be aware of the risks that may be associated with your investments set out in Annex 1 of these terms.
- 4.5 Other services may be provided from time to time by us to you.

5. **Basis of Dealing**

- 5.1 We reserve the right without specifying any reason to refuse to enter into any Transaction with you or to provide you with a Personal Recommendation. We may take or omit to take any action we consider necessary to ensure compliance with the FCA Rules. Such actions shall not render us or any of our directors, officers, employees, agents or principals liable to you for any loss you may incur.
- 5.2 When you act as agent on behalf of another person you represent to us that you have full power and authority to give instructions and to take actions to effect transactions on behalf of the other person.
- 5.3 If you have been categorised as a Professional Client:
- (A) when providing the services specified in paragraph 4 above to you (other than providing a Personal Recommendation), we will assume you have the necessary experience and knowledge in order to understand the risks involved in relation to those particular services or transactions or types of transaction or product for which you have been classified as a Professional Client
  - (B) we will provide you with Best Execution where we are executing an order on your behalf or in certain other specified circumstances in accordance with the terms of our Execution Policy Disclosure Statement. You confirm that you have read and agree to our Execution Policy Disclosure Statement. We will notify you of any material changes to our order execution arrangements. For any other changes to our Execution Policy Disclosure Statement, we may send these to you or make them available from time to time on a website of which we notify you. We will consider the continued placement of orders by you to constitute your continued consent to our Execution Policy Disclosure Statement.
  - (C) you agree that we may execute an order on your behalf outside a Regulated Market, MTF or OTF (noting that, in most cases, we will be entering into any transactions with you directly as principal, rather than executing these on a Trading Venue).
  - (D) Under the FCA Rules, where applicable, we will publish annually information on the top five execution venues we have used in terms of trading volume for classes of financial instruments, noting that, in most cases, we will be entering into any transactions with you directly as principal rather than executing these on a third-party execution venue. This information will be available for Professional Client orders. No information will be available on Eligible Counterparty client orders.
- 5.4 If you have been categorised as an Eligible Counterparty:

- (A) we are not required to consider whether any service or product is appropriate for you. Neither suitability nor appropriateness will apply to you as an Eligible Counterparty.
- (B) in accordance with Applicable Regulations, Best Execution will not apply to you under these Terms.

6. **Personal Recommendation – provisions to apply when we expressly agree to provide you with a Personal Recommendation**

- 6.1 If you are a Professional Client, we may expressly agree to provide you with Personal Recommendations. This Personal Recommendation will be provided on a non-independent basis.
- 6.2 When we expressly agree to provide you with a Personal Recommendation, we will enter into a separate agreement setting out our obligations under Applicable Regulations.
- 6.3 You undertake to provide us on request all information we may reasonably require regarding your knowledge and experience, investment objectives and financial situation so as to enable us to provide a Personal Recommendation that is suitable for you.
- 6.4 You represent and warrant that such information is and will remain complete and accurate in all material respects.
- 6.5 Unless we obtain the necessary information from you, we will not be able to make a Personal Recommendation to you.
- 6.6 We are entitled to assume that:
  - (A) in relation to the products, transactions and services for which you have been classified as a Professional Client, you have the necessary level of experience and knowledge to understand the risks involved in the proposed transaction; and
  - (B) where you are a per se Professional Client (as defined in the FCA Rules), that you are able financially to bear any related investment risks consistent with your investment objectives in relation to the proposed transaction.
- 6.7 We may discuss the terms contained herein or in a Transaction Document with you. However, we cannot advise you on these documents and we will not be liable to you for any opinion that we may give about these documents.
- 6.8 We will not provide any tax advice.

7. **No Personal Recommendation – provisions to apply when we do not expressly agree to provide you with a Personal Recommendation**

- 7.1 You represent that you:
  - (A) are solely responsible for making your own independent appraisal and investigations into the risks of any Transaction you enter into with us;
  - (B) have sufficient knowledge, market sophistication, professional advice and experience to make your own evaluation of the merits and risks of any Transaction; and
  - (C) rely on your own skill and judgement in deciding to enter into any Transaction.

- 7.2 Where we provide you with trading ideas, market commentary or other information:
- (A) this is incidental to your relationship with us and is provided solely to enable you to make your own investment decisions and does not amount to a Personal Recommendation or advice;
  - (B) we give no representation, warranty or guarantee, express or implied, as to the accuracy, adequacy, reasonableness or completeness of such information or as to the tax consequences of any Transaction;
  - (C) such information will not be tailored to your specific investment objectives and may not be suitable for you;
  - (D) the information provided to other clients may be different from information given to you;
  - (E) you accept that prior to despatch, we may have acted upon the information ourselves or made use of the information on which it is based;
  - (F) we do not make representations as to the time of receipt by you and cannot guarantee that you will receive such information at the same time as other clients;
  - (G) it may not be consistent with our proprietary investments or those of our Affiliates.

7.3 We may discuss the terms contained herein or in a Transaction Document with you. However, we cannot advise you on these documents and we will not be liable to you for any opinion that we may give about these documents.

7.4 We will not provide any tax advice.

## 8. **Charges**

8.1 You will pay charges and expenses incurred by us pursuant to these Terms of Business at such times as we shall determine. There may be additional taxes or other costs that you will be liable for that are not paid via us or imposed by us.

8.2 We will provide you with information on costs and charges in a comprehensible form so that you are able to take decisions on an informed basis by using this information in conjunction with other information we may provide.

8.3 Except as provided in paragraph 8.4 below, we are not permitted to receive or provide any inducements from or to third parties. Inducements include any fees, commissions, monetary or non-monetary benefits in relation to any transaction under these Terms where to do so may impair our duty to act honestly, fairly and professionally, in accordance with the best interests of our clients.

8.4 Any inducements may only be accepted where they enhance the quality of our service provision, they do not impair compliance with our duty to act honestly, fairly and professionally in accordance with the best interests of our clients, and where we have made the necessary disclosures about the inducement to our clients ahead of any Transactions or the provision of any other Services. For example, we receive services, including research materials concerning the markets in which we operate, from our bp Affiliates. This research provides us with insight that enables us to provide the best possible service to our clients.

## 9. **Conflict of Interest**

9.1 We have in place a written conflicts management policy. A summary of our conflicts management policy is set out below. We may provide more information on our website or we may provide this to you upon written request.

9.2 When we deal with or for you, we, our employees, Affiliate(s), or some other person connected with us may have an interest, relationship or arrangement that is material or conflicts with your interests.

9.3 Examples of such an interest, relationship or arrangement include where we or an Affiliate could be engaging in any of the following activities.

(A) Dealing in the investment, a related investment or an asset underlying the investment, as principal for our own account or that of someone else (which could include selling to you or buying from you and also dealing with or using the services of an intermediate broker or other agent who may be an Affiliate).

(B) Buying from you and selling immediately to another client, or vice versa.

(C) Holding a position (including a short position) in the investment concerned, a related investment or asset underlying the investment.

(D) Quoting prices to the market in the investment, a related investment or asset underlying the investment.

(E) Providing services to or effecting Transactions with or for Affiliates or other clients who may have interests in the investments or underlying assets which conflict with your own.

(F) Matching your Transaction with that of another client by acting on that client's behalf as well as yours.

(G) Subject to any Applicable Regulations:

(1) executing Transactions to manage our risk (including hedging transactions and transactions for pre-hedging purposes) prior to (i.e. in anticipation of), throughout or following: (a) a request for quote; (b) receipt of information concerning a contemplated order or transaction; (c) receipt of an order; (d) the process of transacting with or for you; and

(2) executing Transactions to facilitate the execution of your order or managing our own dealing activities.

We may enter into such Transactions based upon any information held by us or an Affiliate regarding your previous trading.

All such activity may impact upon the prices you subsequently obtain when we transact with or for you or when you trade with other firms.

(H) Taking or omitting to take any action with respect to entering into, amending or terminating any Transaction or other arrangement used or to be used by us in connection with hedging or otherwise mitigating our liability to you, or anybody else, at any time, including, without limitation, prior to the time of fixing the amount of any payment to be made under any Transaction with you and such conduct may have an effect that is not to your advantage and/or to bp's advantage either in respect of any such fixing or otherwise.

9.4 We have a Conflicts of Interest Policy, which sets out how we seek to identify, manage and prevent these and other conflicts of interest which may arise (whether actual or potential). This may include implementing controls to manage the conflicts by controlling or preventing the exchange of information, and/or involve the appropriate segregation of duties. Where appropriate, we will disclose the general nature and/or source of any conflicts prior to undertaking the relevant business or transaction with you.

9.5 Neither the relationship between you and us, nor the services to be provided by us, nor any Personal Recommendation to you, nor any other matter will give rise to fiduciary or equitable duties on the part of us to you.

## 10. **Confirmation**

10.1 Unless we agree to categorise you as an Eligible Counterparty and subsequently enter into a separate agreement with you regarding the content and timing of confirmations, we shall send you confirmations by the end of the next trading day for any Transactions that we have executed on your behalf on that trading day, by electronic mail to the e-mail address on record for you.

10.2 It is your responsibility to inform us of any change to your e-mail address, the non-receipt of a confirmation, or whether any confirmations are incorrect before settlement. All confirmations shall, in the absence of manifest error, be conclusive and binding on you, unless we receive from you objection in writing within five Business Days of despatch to you or we notify you of an error in the confirmation within the same period.

## 11. **No client money or assets**

11.1 We do not and will not hold client money or assets.

11.2 Full Title in any money you transfer to us under a title transfer arrangement in order to provide collateral will pass to us on such transfer.

11.3 As we do not hold your money for you under the Client Money Rules, the Client Money Rules on distribution will not apply and you will not be entitled to share in any distribution under those rules.

## 12. **Recording of Telephone Conversations, meetings and electronic communications**

12.1 We may minute face to face meetings and may record or monitor telephone calls and electronic communications for the purposes of training, checking instructions, verifying your identity and ensuring that we are meeting our service standards and requirements under Applicable Regulations. These recordings and minutes may be used as evidence if there is a dispute. Telephone conversations will be recorded without use of a warning tone to ensure that the material terms of the Transaction, and any other material information relating to the Transaction is promptly and accurately recorded. Such records will be our sole property and accepted by you as evidence of the orders or instructions given.

12.2 Copies of recordings that we make of conversations with you (by telephone or by electronic communication) will be available on request for a period of five years and, where requested by the FCA or any other competent authority, for a period of up to seven years. You agree that we may charge you such amount as we determine to be a commercially reasonable cost for providing such records.

## 13. **Electronic communication**

Subject to Applicable Regulations, any communication between us using electronic signatures shall be binding as if it were in writing. Orders or instructions given to you via e-

mail or other electronic means will constitute evidence of the orders or instructions given. Your electronic communications with us will be recorded. A copy of the record will be available on request for a period of five years and, where requested by the FCA or other relevant regulatory authority, for a period of up to seven years. You agree that we may charge you such amount as we determine to be a commercially reasonable cost for providing such records.

#### 14. **Notices and Communication**

All communications between you and us and all information and documents from us shall be in English.

- 14.1 You consent to us providing you with information on our website, where permitted by Applicable Regulations, at the website address we may from time to time notify you by post, fax or electronic mail.
- 14.2 In accordance with Applicable Regulations, you agree that we may provide the following information to you via a website, at an address we may notify you from time to time:
- (A) terms and conditions in relation to trading;
  - (B) summary details of any relevant investor compensation or deposit guarantee scheme which applies to the firm by virtue of its activities in the United Kingdom ("UK");
  - (C) a description of the conflicts of interest policy maintained by us and, upon request, further details of that conflicts of interest policy;
  - (D) any changes to the methods of communication to be used between us, including but not limited to how we receive orders or requests for quotes;
  - (E) a general description of the nature and risks of financial instruments; and
  - (F) details of our order execution policy.
- 14.3 Unless otherwise agreed, all notices, instructions and other communications to be given by us under these Terms of Business (other than information covered by paragraph 14.1 and 14.2 above) shall be given to the address or fax number provided by you to us. Likewise, all notices, instructions and other communications to be given by you under these Terms of Business shall be given to the address or fax number provided by us to you. You will notify us of any change of your address in accordance with this paragraph.
- 14.4 If no address has been provided, notices shall be given to a party's registered office for the time being.
- 14.5 Requests to deal or requests to cancel or amend a deal ("Requests") may be sent to us in writing, orally or (except in the case of Requests to cancel or amend a deal) by email. We have the right to decline to act on any such Requests (other than Requests to cancel a deal before we have started to effect the relevant transaction) and/or to require written confirmation of your instructions in hard copy or facsimile signed by you. We will acknowledge oral Requests orally and other Requests by acting on them. You authorise us to rely on, and treat as fully authorised and binding on you, any Requests or communications (by whatever means transmitted and whether or not in writing) which purport to be given, by you or on your behalf and are accepted by us in good faith as having been so given and you will be responsible for and bound by all contracts entered into following a Request or communication.



## 15. **Product Governance**

- 15.1 Under the FCA Rules we, like other firms, are required to ensure that when we manufacture and/or distribute investments that we comply with certain product governance requirements including, for example, defining a target market for investments (which we do separately from any specific suitability or appropriateness assessment). Unless you tell us otherwise we will assume that you are acting for your own account and not as a distributor for the purposes of these requirements.
- 15.2 When we make different products and services available to you we will do so in accordance with the FCA Rules relating to the promotion, manufacture and distribution of investments and other products.

## 16. **Exclusion and Restriction of Liability**

- 16.1 In no event, including negligent act or omission on its part, shall either of us be liable to the other, whether under these Terms of Business or otherwise in connection with such act or omission, in contract, tort, breach of statutory duty or otherwise, in respect of any indirect or consequential losses or expenses (including (without limitation) if and to the extent that they might otherwise not constitute indirect or consequential losses or expenses), loss of profits, hedging or other derivative losses, goodwill, market reputation, business receipts or contracts or commercial opportunities, whether or not foreseeable.
- 16.2 Nothing in these Terms of Business and any further documents (such as the Transaction Documents, confirmations etc. sent to you and/or entered into with you from time to time which relate to the services provided under or in connection with these Terms of Business whether or not expressly incorporated herein) shall exclude or restrict any liability we have under the regulatory system (as defined in the FCA's Rules or fraudulent misrepresentation).

## 17. **Delegation**

We shall be entitled to delegate the performance of any of our obligations under these Terms of Business to any Affiliate (as defined under the rules of the FCA) or such other person or persons as we think fit, but shall remain responsible for the acts and omissions of any such delegate as if they were our own.

## 18. **Compensation**

We are covered by the Financial Services Compensation Scheme in the United Kingdom. You may be entitled to compensation from the scheme if we cannot meet our obligations. However, the scheme is only available to certain types of claimants and claims. Payments under the Scheme to clients in the United Kingdom are limited to a maximum of £85,000 for investment business. Further information is available from the Financial Services Compensation Scheme, 10th Floor, Beaufort House, 15 St. Botolph Street, London EC3A 7QU or at [www.fscs.org.uk](http://www.fscs.org.uk) or by telephone on 0800 678 1100 or 020 77414100.

## 19. **Complaints**

If you have any complaint about our performance or conduct under these Terms of Business you should raise it with your usual contact who will ensure it is appropriately investigated in accordance with our internal policies. We will provide you with further details of our complaints procedure upon your written request or when acknowledging your complaint.

## 20. **Regulatory Reporting**

Under Applicable Regulations, we may be obliged to make information about certain Transactions public. You agree and acknowledge that any and all proprietary rights in such Transaction information are owned by us and you waive any duty of confidentiality attaching to the information which we reasonably disclose. In addition, where we execute a Transaction with you on an over the counter basis and the Transaction is subject to publication in accordance with Article 21 of the Markets in Financial Instruments Regulation (600/2014) (as implemented in the UK) ("UK MiFIR") you agree that the party acting as seller shall make public the information regarding the Transaction in accordance with Applicable Regulations, unless only one of you or us are a systematic internaliser in the given financial instrument and is also acting as the buyer, in which case the buyer will make the relevant Transaction information public in accordance with Applicable Regulations.

## 21. **Trading Obligation for OTC Derivatives**

In certain circumstances (e.g. where the Transaction relates to a derivative that is subject to the trading obligation as described in article 28 of UK MiFIR) we may conclude such Transactions only on a Regulated Market, MTF, OTF or a third-country Trading Venue assessed as equivalent.

## 22. **Position limits**

In respect of certain commodity derivative contracts, position limits may be imposed by the FCA or other national competent authorities, and position management controls may be imposed by a market. In order to ensure that such position limits and position management controls are complied with, we may require you to limit, terminate or reduce the positions which you may have with us at any time and we may in our sole discretion close out any one or more Transactions.

## 23. **Transaction and position Limits**

In relation to the services that we provide to you under this Agreement, we may also set out and communicate to you appropriate transaction and position limits to mitigate and manage our own counterparty, liquidity, operational and other risks. We will monitor your positions against such limits as close to real-time as possible.

## 24. **Your General Terms of Business**

To the extent relevant, our agreement to your general terms of business, howsoever described ("General Terms of Business") is without prejudice to any Transaction Document. If there is a conflict between a Transaction Document and your General Terms of Business or your General Terms of Business attempt to contradict, modify or incorporate into the Transaction Document or introduce any provisions the terms of which are normally subject to commercial negotiation, the Transaction Document will prevail, insofar as it does not conflict with any duty or obligation under FCA Rules. For the avoidance of doubt, if there are any commercial terms in your General Terms of Business which are not required by the FCA Rules and are not contained within the relevant Transaction Documents, those commercial terms shall not apply.

## 25. **Amendments**

We may amend these Terms of Business. Where we are making a material change to the Terms of Business, we will give you at least 10 Business Days' prior written notice thereof. Such amendment will become effective on the date specified in the notice. Any amendment proposed by you must be agreed in writing between us. Unless otherwise agreed, an amendment will not affect any outstanding order or Transaction or any legal rights or obligations which may already have arisen.

26. **Partial invalidity**

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

27. **Third Party Rights**

A person who is not a party to these Terms of Business may not enforce any terms in these Terms of Business under the Contracts (Rights of Third Parties) Act 1999.

28. **Governing Law**

These Terms of Business, and any issues or disputes arising out of or in connection with it (whether such disputes are contractual or non-contractual in nature, such as claims in tort, for breach of statute or regulation, or otherwise) shall be governed by and construed in accordance with English law.

29. **Jurisdiction**

The parties irrevocably agree that the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with these Terms of Business. Each party agrees to waive any objection to the English courts, whether on grounds of venue or that the forum is not appropriate.

30. **Definitions**

In these Terms of Business the following definitions apply:

“Affiliate” means in relation to a party any company which is affiliated to it and a company is deemed to be affiliated to another if the first company is controlled by, under common control with or controls the other; a company shall be deemed to have control of another if (directly or indirectly) it owns a majority of the voting shares of, or is entitled (directly or indirectly) to appoint a majority of the directors of, the other company.

“Applicable Regulations” means:

- (A) all applicable laws, rules, regulations, instruments and provisions in force from time to time;
- (B) the rules of a relevant market in which we may carry on business on your behalf; and
- (C) rules, principles and codes of practice of any regulatory authority to which the parties are subject, including the FCA Rules.

“Best Execution” means the obligation to take all sufficient steps to obtain the best possible result for clients (within the meaning of the FCA Rules) taking into account the execution factors set out in the FCA Rules.

“Business Day” means a day (other than a Saturday or Sunday) on which banks are open in London for the transaction of general business.

“Client Money Rules” means the applicable provisions of the Client Assets Sourcebook in the FCA Rules relating to client money.

“Eligible Counterparty” has the meaning given to it in the FCA Rules.

“Emissions Allowances” has the meaning given to it in the FCA Rules.

“FCA” means the Financial Conduct Authority.

“FCA Rules” means the FCA’s Handbook of Rules and Guidance.

“Multilateral Trading Facility” or “MTF” has the meaning given to it in the FCA Rules.

“Organised Trading Facility” or “OTF” has the meaning given to it in the FCA Rules.

“Personal Recommendation” has the meaning given to it in the FCA Rules.

“Proceeding” means any suit, action or proceedings relating to any dispute arising out of or in connection with these Terms of Business or any Transaction.

“Professional Client” has the meaning given to it in the FCA Rules.

“Regulated Market” has the meaning given to it in the FCA Rules.

“Trading Venue” means a Regulated Market, MTF or OTF.

“Transaction” means any over the counter transaction entered into between us on or after the commencement of these Terms of Business.

### 31. **Interpretation**

31.1 In these Terms of Business,

- (A) headings are for ease of reference only and shall not be taken into account in construing these Terms of Business;
- (B) references to these Terms of Business shall be deemed to be construed as references to these Terms of Business as amended, varied, novated, supplemented or replaced from time to time;
- (C) the words include and including shall be construed as being by way of illustration or emphasis only and shall not be construed as, nor shall they take effect as, limiting the generality of any preceding words.

## APPENDIX 1 - RISK WARNING NOTICE

This notice is provided to you in accordance with the Applicable Regulations, including the Directive 2014/65/EU on Markets in Financial Instruments (as implemented in the UK) (as amended) ("UK MIFID II").

All financial products carry a certain degree of risk, and even low risk investment strategies contain an element of uncertainty. Different instruments involve different levels of exposure to risk and in deciding whether to trade in such instruments you should be aware of the risks associated with each of these instruments. Below is a description of both the risks of specific products, as well as generic types of risk, including, amongst others: liquidity risk, credit risk, market risk, currency risk and commodity risk.

This information cannot disclose the nature of all risks of all specific products or services or disclose everything about generic types of risk. This is a general description of the risks associated with the specific products or services which we may provide to you. You should not rely on the highlighted risks as being the only risks in relation to the product or service. You should always satisfy yourself that a product or service is suitable for you in light of your financial circumstances and that you fully understand the nature and risk associated with that product.

**Derivatives** There are many types of derivative, but options, futures and swaps are among the most common. An investor in derivatives often assumes a high level of risk, and therefore investments in derivatives should be made with caution, especially for less experienced investors or investors with a limited amount of capital to invest.

We generally transact with you in bi-lateral OTC contracts. These mean that you are subject to the credit risk of the counterparty and, like any contract, are subject also to the particular terms of the contract. In an OTC contract, the counterparty may not be bound to "close out" or liquidate this position, and so it may not be possible to terminate a loss-making contract. As the terms of OTC transactions are not standardised and no centralised pricing source exists (as exists for exchange traded instruments), the transactions may be difficult to value. Different pricing formulas and financial assumptions may yield different values, and different financial institutions may quote different prices for the same transaction. In addition, the value of an OTC derivative will vary over time and is affected by many factors, including the remaining time until maturity, the market price, price volatility and prevailing interest rates.

You are therefore advised to ask about the terms and conditions of the specific derivatives and associated obligations (e.g. the circumstances under which you may become obligated to make or take delivery of an underlying asset and, in respect of options, expiration dates and restrictions on the time for exercise). Under certain circumstances the specifications of outstanding contracts (including the exercise price of an option) may be modified by the exchange or Clearing House to reflect changes in the underlying asset.

All derivatives are potentially subject to a range of risks, especially market risk, credit risk and any specific sector risks connected with the underlying asset. We have set out below a non-exhaustive list of some of the risks relevant to transacting in derivatives:

**Market Risk:** The price of investments goes up and down depending on market supply and demand, investor perception and the prices of any underlying or allied investments or, indeed, sector, political and economic factors.

**Liquidity Risk:** Under certain trading conditions it may be difficult or impossible to liquidate or acquire a position. Early termination may result in you receiving substantially less than you paid for the product or, in some cases, nothing at all.

**Credit Risk:** This is the risk of loss caused by counterparties failing to fulfil their obligations or the risk of such parties' credit quality deteriorating.

**Counterparty Risk:** A major risk of off-exchange derivatives, (including swaps) is counterparty risk, whereby a party is exposed to the inability of its counterparty to perform its obligations under the relevant Financial Instrument.

**Insolvency Risk:** The insolvency or default of the firm with whom you are dealing may lead to positions being liquidated or closed out without your consent or, indeed, investments not being returned to you.

**Settlement Risk:** Settlement risk is the risk that a counterparty does not deliver the security (or its value) in accordance with the agreed terms after the other counterparty has already fulfilled its part of the agreement to so deliver. On many exchanges, the performance of a transaction may be “guaranteed” by the exchange or clearing house. However, this guarantee is usually in favour of the exchange or clearing house member and cannot be enforced by the client who may, therefore, be subject to the credit and insolvency risks of the firm through whom the transaction was executed. There is, typically, no clearing house for off-exchange OTC instruments which are not traded under the rules of an exchange (although unlisted transferable securities may be cleared through a clearing house).

**Currency Risk:** In respect of any transactions in derivatives that are denominated in a currency other than that in which you routinely transact, a movement in exchange rates may have a favourable or an unfavourable effect on the gain or loss achieved on such transactions.

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

**Other Risks:** There are a range of other risks that could be applicable to transactions that you undertake with us. For example, operational risk, such as breakdowns or malfunctioning of essential systems and controls, including IT systems, can impact on all financial products. Similarly, all investments could be exposed to regulatory, legal or structural risk. Further, in the ordinary course of their respective businesses, we and/or any of our Affiliates, will be subject to various actual and potential conflicts of interest which may operate against your interests.

### **Emissions Allowances and Emissions Allowance derivatives**

In addition to the generic risks outlined above, Emissions Allowances and Emissions Allowance derivatives may be subject to the following additional risks, inter alia:

**Regulatory and policy risks:** Emissions Allowances and associated derivatives are subject to risks associated with changes to the political and regulatory landscape that may impact the relevant trading schemes and underlying allowances. For example, the value of Emissions Allowances and associated derivatives may be affected by any change in eligibility of certain instruments for compliance purposes.

**Settlement risks:** Where Emissions Allowances transactions are physically settled, there are risks associated with failure to deliver and access to/failure of the registry.

**Project risks:** The supply and demand of certain Emissions Allowances (e.g. CERs) may be impacted by risks applicable to the projects generating such certificates.