

GREENLEYS MERCHANT BANK LLP
INTRODUCING BROKER TERMS OF
BUSINESS

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1 OUR PARTICULARS AND APPLICABILITY OF THE TERMS

- 1.1 References to “GMB”, “us”, “we”, “our” etc. in these Terms of Business (“Terms”) are to Greenleys Merchant Bank LLP. We are registered in England, our registered office and principal place of business is at 50 Sloane Avenue, London, England SW3 3DD and our registered number is OC360201. We are authorised and regulated by the Financial Conduct Authority (“FCA”) (registered no. 539518). References to “you”, “your” etc. are to the person and/or entity with whom we provide services (namely, our client for the purposes of the FCA Rules). These Terms govern your relationship with us. Our e-mail address is info@greenleys.com.
- 1.2 These Terms govern all the services we provide to you (“Services”). These Terms shall take effect from (and including) 1 January 2021 and constitute legally binding terms of business which you accept by beginning or continuing to undertake business with us.
- 1.3 These Terms supersede any earlier terms of business provided by us in respect of the same Services.
- 1.4 Words and phrases used in these Terms are defined in, and these Terms are interpreted in accordance with, clause 22.4 (Definitions) below.

2 SCOPE OF TERMS AND CLIENT CLASSIFICATION

- 2.1 We will treat you, but not any person on whose behalf you may be acting, as our client for the purposes of the FCA Rules. We are required by FCA Rules to classify you. We believe that you satisfy at least one of the criteria in either Schedule 2a or Schedule 2b to these Terms and are therefore eligible to be treated as either a “Per Se Eligible Counterparty” or a “Per se Professional Client” (as such terms are defined in the FCA Rules). Accordingly, based on information you provide to us, we will classify you as either an Eligible Counterparty or a Professional Client (as such terms are defined in the FCA Rules). You agree to such classification by using our Services. If you do not believe that you satisfy any of these criteria, or if at any time you cease to satisfy any of the criteria, please notify us immediately. You have the right to ask to be treated as a Retail Client (as such term is defined in the FCA Rules) but we are only authorised to accept Professional Clients and Eligible Counterparties for the services described in these Terms and so if you wish to be a Retail Client we would be unable to assist you.
- 2.2 Your Customers (if any) shall not be clients of ours by virtue of these Terms or the provision of Services. Your Customers are not a party to these Terms.
- 2.3 These Terms shall bind you as a principal. Accordingly, whether or not you are acting on behalf of a Customer in relation to orders which you send to us, you shall be bound by our acts under these Terms.
- 2.4 As a Professional Client or an Eligible Counterparty we expect you to understand the investment risks associated with your activities but your attention is drawn to the risk warnings in Schedule 1.

3 SCOPE OF SERVICES

- 3.1 We arrange transactions for you and may provide execution services. We may provide related research and advisory services. We always act as your agent when providing our arranging and execution services (and you consent to us acting as agent on your behalf).

- 3.2 We do not provide clearing and settlement services for the orders handled by us. You must ensure that you have adequate arrangements for clearing and settling the transactions which result from orders you give us. We are not responsible for any matters relating to the clearance and settlement of your orders.
- 3.3 We provide our services in relation to both equities and credit instruments, but we may also provide services in relation to all other types of investments in respect of which we are authorised by the FCA from time to time to provide our services.
- 3.4 We may from time to time provide you with trading ideas or market views, as well as written or oral market recommendations and other market and investment analysis (collectively "Market Commentary"). You hereby acknowledge and agree that Market Commentary provided by us to you with respect to your trading activities is solely incidental to the conduct of our business, shall not serve as a primary basis for any decision by you and does not constitute investment advice nor a recommendation to enter into a transaction unless there is a written agreement between us and you to the contrary. You should read and consider carefully any disclosures or disclaimers made in such Market Commentary and set out on our website or otherwise provided to you from time to time. We give no representation, warranty or guarantee as to the accuracy or completeness, reliability or prudence of such information. Any Market Commentary provided by us may not have been verified and may be changed without notice to you and we shall have no duty to update such Market Commentary. You understand that we, our officers and employees may take positions in or advise or make recommendations to other customers concerning such transactions which are the subject of recommendations from us to you, which positions, recommendations and advice may be inconsistent with or contrary to positions which are held by you. Market Commentary which we provide is not to be further distributed by you without our express written consent. When we send you Market Commentary, we will not have considered your circumstances nor assessed the suitability for you of any investment to which the Market Commentary relates.
- 3.5 We shall assume, as we are entitled to do under the FCA Rules, that you have the necessary level of experience and knowledge to understand the terms, conditions and risks of the transactions you enter into and are willing and able to assume those risks, financially or otherwise.
- 3.6 We shall not be obliged to provide you with on-going advice or to monitor your financial position on an on-going basis. In particular, we shall not be obliged to provide you with advice in relation to the suitability or otherwise or tax consequences of the execution for you of an order which we receive from you. You take all trading decisions in reliance on your own judgement. You will make your own independent decision to instruct any transaction and you acknowledge and agree that the Services do not and will not serve as the primary basis for any of your investment decisions concerning your accounts or your managed or fiduciary accounts.
- 3.7 You agree that we may use the services of one or more other persons or entities in connection with our obligations under these Terms selected at our absolute discretion as agents, sub-contractors or otherwise. You authorise us to delegate to those persons any powers which you grant to us in these Terms or otherwise in connection with the Services and that we may authorise such persons to further sub-delegate powers. This power of delegation shall be without prejudice to our responsibility to you for the fulfilment of those obligations. You agree that executing brokers used by us are not our agents or sub-contractors; we instruct them acting as agent for you and you consent to us acting as agent on your behalf.

4 DEALING AND TRADING INSTRUCTIONS AND OTHER COMMUNICATIONS

- 4.1 You may instruct us to sell or purchase any particular investment. You may instruct us orally, in person or by telephone, or by letter, facsimile transmission or electronic method chosen at our discretion or any other form of communication acceptable to us. We will notify you of the persons who are authorised by us to receive such instructions.
- 4.2 We may communicate with you by electronic means. You acknowledge that electronic communications between us may have legal consequences. We may contact you without being expressly invited to do so.
- 4.3 You shall provide us with a list of persons who shall be authorised to send orders, provide details and make other communications to us on your behalf. We may in good faith rely upon, and you will be bound by, any instructions or other communications which purport to be or originate from any person included on such a list and from any other person who in our reasonable view appears to us to be authorised on your behalf to give such instructions. Subject to clause 12 (Liability), you release us from any liability in relation to our reliance on the authenticity of any such communication and the information contained within it and from any liability in relation to communications sent by you but not received by us or which we reasonably believe were not made by you. We give no undertaking, warranty or representation that access will always be available by telephone or by any means of electronic communication during normal operating hours. Subject to clause 12 (Liability) we shall have no liability for the unavailability of or for any fault in any medium of communication which you use to send us a communication or any loss or corruption of any such communication or any errors made by you in any communication or for failure of any communication to reach us. Electronic trading orders must be sent to such electronic addresses and/or using such systems as we may specify from time to time and shall be in English. You agree to provide any reasonable verification we request of the identity of any individual purporting to act on your behalf.
- 4.4 You authorise us to record any telephone conversation we have with you (whether or not for the purposes of your sending an order to us) and agree that the records made by us shall be our property. You are advised that we may record conversations without the use of a warning tone. You agree that the recording shall be evidence of all such telephone calls and may be used as evidence in the event of a dispute.
- 4.5 We shall not be obliged to accept any particular order, nor do we need to give any reason for declining to do so. If we decline an order, we will try promptly to notify you of this where in our view we may do so without breach of Applicable Law.
- 4.6 You agree that if FCA Rules require us to provide certain general information and allow us to provide it via our website, that we may do so.

5 EXECUTION AND DELEGATION

- 5.1 When you give us an order we decide how it should be executed, subject to any overriding specific instruction from you and in accordance with the policy referred to in clause 5.2.
- 5.2 As required by FCA Rules we have established an "Order Execution Policy", a copy of which has been provided to you. The Order Execution Policy sets out the circumstances when best execution requirements apply and where they do not apply. You should read the Order Execution Policy carefully

as we will treat you as having consented to the Order Execution Policy as in effect if we receive an order (whether contemplated or otherwise) from you or execute any transaction (whether contemplated or otherwise) for or with you. The Order Execution Policy does not apply if you have been classified as an Eligible Counterparty. You agree that we may update our Order Execution Policy from time to time and publish that Order Execution Policy or a summary on our website and that such publication shall constitute notification to you of our updated Order Execution Policy.

5.3 You agree that all orders are executed subject to applicable FCA Rules and the rules of any relevant investment exchange or multilateral or other trading facility. You agree that we are not responsible for any default or failure on the part of any counterparty to a transaction.

5.4 GMB uses:

(i) **for the purposes of Equities:** the services of Cowen Executions Services LLC (formerly Convergenx Executions Solutions LLC); and

(ii) **for the purposes of Credit instruments:** the services of ICBC Financial Services LLC (Model B) and Global Prime Partners Ltd. (Model A)

for the purposes of clearing, settlement and custody in relation to transactions arranged by us. You will be notified of any change in the provider of these services.

6 SETTLEMENT; CHARGES

6.1 You are solely responsible for the settlement of transactions and for the arrangements which you have with the executing broker or other entity for the provision of settlement information.

6.2 You will fully indemnify us from and against all Liabilities which may be suffered by, imposed on, incurred by or asserted against us as a direct or indirect result of any failure by you to settle transactions which result from orders we have arranged or executed on your behalf. The indemnity in this clause 6.2 survives termination of these Terms.

6.3 You will pay us a commission for arranging transactions for you in accordance with the commission rates which we agree with you from time to time. Our rates are VAT exclusive. You will, unless we agree otherwise, pay the commission due to us to the executing broker, which collects the commission as our agent.

6.4 We do not receive remuneration or fees from, or share fees and charges with, any third party.

7 CUSTODY, CLIENT MONEY AND MARGIN

We do not provide you with custody, client money or lending services.

8 CONFLICTS, MATERIAL INTERESTS, SELF-DEALING AND DUAL AGENCY

8.1 In providing services under these Terms, we shall not be subject to any fiduciary duties which would oblige us to accept responsibilities more extensive than those set out in these Terms. When we advise or transmit or execute orders in investments for you, we may have an interest, arrangement or relationship

that is material in relation to the transaction or investment concerned. The following are some examples of the type of interest, relationship or arrangement that could be involved:

- 8.1.1 we or any of our officers, employees, agents or other clients may have or hold a dealing position (long or short) in the investment concerned or a related investment or may have informed us of an intention to do so or instructed us to deal;
 - 8.1.2 we or any of our members, officers, employees or agents may be a director or employee of a company which has issued or is selling or purchasing an investment;
 - 8.1.3 we may be advising other persons in relation to investments on which we have advised or may advise you and we may not give the same advice to all clients;
 - 8.1.4 we may be aware of the details of orders from other clients and will not disclose any such information to you;
 - 8.1.5 we may cross your orders with orders from other clients.
- 8.2 You agree that we shall not be obliged to account to you for any profit, benefit, fee, commission or other amounts which we receive in connection with any interests, arrangements or relationships referred to in clause 8.1 and nor shall our fees be abated or reduced by such amounts.

9 MARKET ABUSE

You agree that you will not deliberately, recklessly or negligently by act or omission engage in market abuse (within the meaning of Part VIII of the Financial Services and Markets Act 2000 (“FSMA”)) or insider dealing (within the meaning of Part V of the Criminal Justice Act 1993), or require or encourage another to do so or otherwise contravene any similar requirement under Applicable Law.

10 DATA PROTECTION AND PERSONAL DATA

- 10.1 In this clause 10, “Data Protection Legislation” means the Data Protection Act 1998 and any other legislation from time to time in force in the UK relating to the protection and/or processing of personal data (including, when applicable and implemented into UK law, the General Data Protection Regulation (EU) 2016/679). The expressions “personal data”, “data controller” and “process” used in this clause 10 have the meanings ascribed to them in the Data Protection Legislation.
- 10.2 All information held by GMB shall be retained in accordance with the Data Protection Legislation. We will collect information from you during the course of our relationship with you. Some of that information will consist of personal data (eg. names, addresses, telephone numbers, dates of birth) - including, if and to the extent applicable, both your personal data and personal data of your owners, members, officers, employees, agents or clients. You may provide us with such personal data by completing information requests from us or in general correspondence with us. You confirm that any personal data you give to us is given lawfully by you in accordance with Data Protection Legislation.
- 10.3 We use such personal data for the following purposes:

- i. to provide the Services (and this may require that we verify information you provide in the course of your on boarding with us and carry out assessments about you or your owners, members, officers, employees, agents or clients) and to carry out our obligations arising from transactions undertaken with or for you;
 - ii. for internal analysis and research in order to facilitate the provision of the Services to you;
 - iii. to comply with reporting, legal and/or regulatory requirements; and/or
 - iv. to offer you additional investment products or services (except where you have asked us not to do so).
- 10.4 Such personal data may be stored electronically or in hard copy form. We are committed to ensuring that your personal data is secure. We will retain your personal data for as long as you use the Services and then for up to ten years, subject to legal or applicable regulatory requirements.
- 10.5 We may share your personal data (and, if applicable, personal data of your owners, members, officers, employees, agents or clients) with GMB affiliates (an entity shall be considered an “GMB affiliate” where, in relation to that entity, a member of GMB is a shareholder of, or a subsidiary of, that other entity or both the member and the entity in question are subsidiaries of a third body corporate), but only (i) for the purposes described herein and/or (ii) in circumstances where the sharing of such information is necessary for the purposes of the legitimate interests pursued by us and such GMB affiliate (except where the sharing is unwarranted in any particular case by reason of prejudice to the rights and freedoms or legitimate interests of the individual about whom we hold the personal data).
- 10.6 We may also use external third parties to process your personal data on our behalf where necessary to enable us to provide the Services to you, but only for the purposes described herein.
- 10.7 We, or the third parties with whom we share your personal data, may be located outside the European Economic Area (“EEA”) in countries where the data protection laws are not as comprehensive as those that apply within the UK. You consent to such transfer of personal data to a country or territory outside the EEA.
- 10.8 You consent to the processing and use by us and our agents of such personal data for the purposes (and in the circumstances) described above and to enable us to (i) update customer records, (ii) monitor and analyse our business and (iii) comply with our legal and regulatory compliance obligations. You also consent to the use of such personal data for the marketing by us to you of our investment products and services. .
- 10.9 Individuals have the right to ask for a copy of the personal data which we hold about them, subject to certain exceptions. If any of the personal data which we hold about such individual is incorrect or out of date, please let us know and we will correct it. Individuals will also have the right to erase any personal data we hold about them and/or request that it be ported to another data controller, again, subject to certain exceptions. You acknowledge and agree that, if you exercise any of the rights listed above and, as a result, we no longer have the personal data necessary for our performance of the Services (e.g. personal data necessary for compliance purposes), we may be required to terminate the Services following such request. If we are no longer able to provide the Services to you following the exercise of your rights, we may exercise our right to terminate these Terms with immediate effect.

11 FORCE MAJEURE

Subject to clause 12, we shall have no liability whatsoever to you nor be deemed to be in default under these Terms as a result of any delay or failure in performing our obligations under these Terms to the extent that any such delay or failure arises from causes beyond our reasonable control. This could include, but is not limited to, suspension of trading, acts of God, terrorist or suspected terrorist acts, acts or regulations of any governmental or supranational authority, war or national emergency, accident, fire, riot, civil disturbance, failure of electronic equipment or communications equipment, strikes, lock-outs and industrial disputes.

12 LIABILITY

- 12.1 We shall not be liable to you for any Liability suffered or incurred by you except to the extent that such Liability directly results from our gross negligence, wilful default or fraud and we shall not be liable for any loss of profits or anticipated savings (in either case, whether direct or indirect) or any special, indirect, incidental or consequential damages which you may incur or experience in connection with the Services, even if we know of the possibility of those losses or damages Provided that nothing in this clause or these Terms shall exclude or restrict any duty or liability we may have to you under the regulatory system (as defined in FCA Rules).
- 12.2 We are not liable for the acts or omissions of any third party we use to execute transactions. We do not accept any liability to any person for whom you act and you will indemnify us and keep us indemnified against any action, claim or proceedings brought against us by any such person. The indemnity in this clause 12.2 survives termination of these Terms.
- 12.3 In the event that you accept liability or agree any compromise with any third party then this shall not increase the type or amount of any Liability which we owe to you beyond such type or amount which would have existed but for such agreement or compromise.
- 12.4 Nothing in these Terms shall exclude or limit our liability for death or personal injury caused by our negligence or for Liabilities to the extent that such Liabilities result from our fraud or fraudulent misrepresentation.
- 12.5 You shall notify us promptly on becoming aware of any matter which you consider could give rise to a claim under these Terms.
- 12.6 Except to the extent that the same may result from our gross negligence, fraud, or breach of our obligations to you under the regulatory system, you shall indemnify, protect, and hold us harmless on an after tax basis from and against any and all Liabilities arising in connection with any claims brought or established against us by any person arising out of the provision of the Services to you (including, inter alia, whether we act as agent on your behalf with any third party, or otherwise) or any breach by you of your obligations under these Terms. The indemnity in this clause 12.6 survives termination of these Terms.

13 REPRESENTATIONS AND WARRANTIES

Each time you send us an order you give, and are deemed to give, the representations, warranties and undertakings to us that are set out in Schedule 3.

14 APPLICABILITY, AMENDMENT AND TERMINATION

- 14.1 We may amend or modify these Terms by giving you a written notice setting out the relevant changes not less than 5 Business Days before those changes take effect or immediately where in our sole discretion the change is necessary to enable us to comply with any legal or regulatory requirement. Such changes will become effective on a date to be specified in the notice or if no date is specified, within 5 Business Days of us issuing the notice to you.
- 14.2 You agree that we may amend our charges, fees and commission rates from time to time. Please ask us at any time should you require details of our current rates.
- 14.3 Either party may terminate the Services provided under these Terms by written notice to the other at any time with immediate effect with or without cause. Termination will not affect any outstanding orders or transactions or any legal rights or obligations which may already have arisen. Upon such termination, we will be entitled to receive from you all fees, costs, charges, expenses and liabilities accrued or incurred under these Terms up to the date of termination including any additional expenses or losses reasonably and properly incurred in terminating these Terms. For the avoidance of doubt, the indemnities in these Terms survive termination.

15 THIRD PARTY RIGHTS

The Contracts (Rights of Third Parties) Act 1999 shall not apply to these Terms and accordingly no part of these Terms shall be directly or indirectly enforceable by any third party, nor is it intended to confer a benefit on any third party.

16 GOVERNING LAW AND JURISDICTION

These Terms are governed by and shall be construed in accordance with the laws of England and any dispute arising in respect of the Services shall be subject to the exclusive jurisdiction of the English Courts to which we each submit.

17 SEVERABILITY

If any provision of these Terms is or becomes inconsistent with any applicable present or future law, rule or regulation, that provision shall be deemed modified or, if necessary, rescinded in order to comply with the relevant law, rule or regulation. All other provisions of these Terms shall continue to remain in full force and effect.

18 WAIVER

A failure by either party to exercise and any delay by any party in exercising any right, power or remedy under these Terms shall not operate as a waiver of that right, power or remedy or preclude its exercise at any subsequent time or on any subsequent occasion. The single or partial exercise of any right, power or remedy shall not preclude any other or further exercise of that right, power or remedy or the exercise of any other right, power or remedy.

19 COMPLAINTS

If you have any complaints in relation to our Services, please address them to the Compliance Officer, at our address set out in clause 1.

20 COMPENSATION

We are not covered by the Financial Services Compensation Scheme.

21 NOTICES

21.1 Any notices, requests or other formal communications to be given by you to us regarding these Terms shall be sent to our principal place of business address as specified in clause 1 and marked for the attention of the Compliance Officer.

21.2 You agree that where we determine appropriate, any communications required to be sent to you under the FCA Rules may be transmitted or provided electronically by us.

22 DEFINITIONS

22.1 References to any statute or statutory provision or the FCA Rules will, unless the context otherwise requires, be construed as including references to all bylaws, instruments, orders and regulations for the time being made there under or deriving validity there from and references to the same as it or they may have been, or may from time-to-time be, amended, modified or re-enacted.

22.2 Unless the context otherwise requires, the singular includes the plural (and vice versa) and references to persons include companies and partnerships.

22.3 Words and expressions defined in the FCA Rules shall have the same meaning in these Terms unless the same are expressly defined herein or unless the context otherwise requires.

22.4 In these Terms:

Applicable Law means any laws, statutes, regulations, directives, rules, directions, codes, ordinances, judgments, decrees, writs or orders enacted, adopted, issued or promulgated by any governmental body (including for this purpose the FCA) or any supranational, national, state, provincial or local common law or any consent decree, stipulation or settlement agreement entered into with any governmental body (including without limitation the FCA Rules);

Business Day means any day on which the London Stock Exchange is open for business;

Customer means a person other than you who acts as principal to a transaction and for whom you act in relation to that transaction as agent, trustee, representative or otherwise;

Event of Default An Event of Default occurs where:

- a) you make a general assignment for the benefit of, or enter into a re-organisation, arrangement or composition with, creditors;

- b) you state in writing that you are unable to pay your debts as they become due;
- c) you seek, consent to or otherwise acquiesce in, the appointment of any trustee or administrator, receiver or liquidator or analogous officer of you or any material part of your property;
- d) you or any other person has filed a petition or other application in any court or before any agency alleging or for your bankruptcy, winding-up or insolvency or seeking any re-organisation, arrangement, composition, re-adjustment, administration, liquidation, dissolution or similar relief under any present or future statute, law or regulation and, where such petition or other application is presented or filed by a person other than you such petition or other application (except in the case of a petition for winding-up or analogous proceeding, or in the case of an application for an administration order, in respect of which no such 30 day period shall apply) has not been stayed or dismissed within 30 days of its presentation or filing;
- e) a receiver, administrator, liquidator or trustee or analogous officer is appointed over all or any material part of your property, or a notice of intention to appoint an administrator is given or filed;
- f) a meeting of creditors is convened for the purpose of considering a proposal for a composition in satisfaction of your debts or a scheme of arrangement of your affairs or any analogous proceeding;
- g) an attachment before judgment or in execution is levied over all or any material part of your property; or
- h) a moratorium is agreed, declared or otherwise obtained in respect of or affecting all or any material part of your indebtedness.

FCA means the UK Financial Conduct Authority and any replacement or substitute body or bodies;

FCA Rules means the rules in the FCA Handbook or otherwise made by the FCA as from time to time in force;

Liability/Liabilities means any liability, damage, loss, cost (including without limitation legal fees), claim, judgment, suit, action, proceeding or expense of any kind or nature, whether direct, indirect, special, consequential or otherwise;

Market Commentary has the meaning given in clause 3.4;

MiFID Directive 2004/39/EC as amended, substituted or replaced from time to time;

Terms has the meaning given in Clause 1.

SCHEDULE 1**RISK WARNINGS****A. General risks of investment activity**

- Past performance is not an indicator of future performance.
- The value of investments may go down as well as up.
- You are not certain to make a profit.
- You may make a loss.
- You may lose your entire investment.
- The price or value of investments may fluctuate significantly.
- If there are income distributions, they may also fluctuate significantly.

B. Warrants risk warning notice

This notice cannot disclose all the risks and other significant aspects of warrants. You should not deal in these products unless you understand their nature and the extent of your exposure to risk. You should also be satisfied that the product is suitable for you in the light of your circumstances and financial position.

Although warrants 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.

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. Warrants often involve a high degree of gearing so relatively small movement in the price of the underlying security can result in a disproportionately large movement, unfavourable or favourable, in the price of the warrant. The prices 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 time-scale 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 commission 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.

3. Commissions

Before you begin to trade you should have details of all commissions and other charges for which you will be liable.

4. Foreign markets

Foreign markets will involve different risks from UK markets. The potential for profit or loss from transactions on foreign markets will also be affected by fluctuations in foreign exchange rates.

C. Derivatives risk warning notice

This notice cannot disclose all the risks and other significant aspects of derivatives. You should not deal in these products unless you understand their nature and the extent of your exposure to risk. You should also be satisfied that the product is suitable for you in the light of your circumstances and financial position. Certain strategies, such as a 'spread' position or a 'straddle', may be as risky as a simple 'long' or 'short' position.

Although 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.

1. Futures

Transactions in futures involve the obligation to make, or to take, delivery of the underlying asset of the contract at a future date, or in some cases to settle your 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 market 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 (see below at paragraph 6).

2. Options

There are many different types of options with different characteristics subject to different 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 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 any 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 that you have contracted to sell (known as "covered call options") the risk is reduced. If you do not own the underlying asset (known as "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.

Traditional Options

A particular type of option called a "traditional option" is written by certain London Stock Exchange firms under special exchange rules. These may involve greater risk than other options. Two-way prices are not usually quoted and there is no exchange market on which to close out an open position or to effect an equal and opposite transaction to reverse an open position. It may be difficult to assess its value or for the seller of such an option to manage his exposure to risk.

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.

3. 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 1 and 2 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 the paragraph 6 below.

4. Off-exchange transactions

It may not always be apparent whether or not a particular derivative is on or off-exchange. 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 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.

5. Foreign markets

Foreign markets will involve different risks from 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 also be affected by fluctuations in foreign exchange rates.

6. Contingent liability transactions

Contingent liability 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 broker 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 liable for any 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.

Contingent liability transactions which are not traded on or under the rules of a recognised or designated investment exchange may expose you to substantially greater risks than those which are so traded.

7. Collateral

If you deposit collateral as security with your broker, 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 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.

8. Commissions

Before you begin to trade, you should obtain details of all commissions and other charges for which you will be liable. If any charges are not expressed in money terms (but, for example, as a percentage of contract value), you should obtain a clear written explanation, including appropriate examples, to establish what such charges are likely to mean in specific money terms. 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.

9. Suspensions of trading

Under certain trading conditions it may be difficult or impossible to liquidate a position. This may occur, for example, at times of rapid price movement 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.

10. Clearing House protections

On many exchanges, the performance of a transaction by your broker (or the third party with whom he is dealing on your behalf) is "guaranteed" by the exchange or its clearing house. However, this guarantee is unlikely in most circumstances to cover you, the customer, and may not protect you if another party defaults on its obligations to you. There is no clearing house for traditional options, nor normally for off-exchange instruments which are not traded under the rules of a recognised or designated investment exchange.

11. Liquidation of position

Positions may be liquidated or closed out without your consent in the event you fail to meet a margin call. Additionally, the insolvency or default of any broker involved in 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 payment in cash.

D. Penny shares warning notice

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

You may have difficulty selling some investments at a reasonable price and, in some circumstances, investments may be difficult to sell at any price. In relation to some investments, there may be only one market maker.

SCHEDULE 2A

CRITERIA FOR CLASSIFICATION AS A PER SE PROFESSIONAL CLIENT

An entity required to be authorised or regulated to operate in the financial markets, including:

- a) a credit institution;
- b) an investment firm;
- c) any other authorised or regulated financial institution;
- d) an insurance company;
- e) a collective investment scheme or the management company of such a scheme;
- f) a pension fund or the management company of a pension fund;
- g) a commodity or commodity derivatives dealer;
- h) a local; or
- i) any other institutional investor.

A large undertaking meeting at least two of the following size requirements on a company basis:

- a) balance sheet total of at least EUR 20,000,000;
- b) net turnover of at least EUR 40,000,000;
- c) own funds of EUR 2,000,000.

A national or regional government, a public body that manages public debt, a central bank, an international or supranational institution or another similar international organisation.

Another institutional investor whose main activity is to invest in financial instruments.

SCHEDULE 2B

CRITERIA FOR CLASSIFICATION AS A PER SE ELIGIBLE COUNTERPARTY

Each of the following is a per se eligible counterparty (including an entity that is not from an EEA state that is equivalent to any of the following) unless and to the extent it is given a different categorisation under this section 3.6.2 of the FCA Handbook:

1. an investment firm;
2. a credit institution;
3. an insurance company;
4. a collective investment scheme authorised under the UCITS Directive or its management company;
5. a pension fund or its management company;
6. another financial institution authorised or regulated under EU legislation or the national law of an EEA State;
7. an undertaking exempted from the application of MiFID under either Article 2(1)(k) (certain own account dealers in commodities or commodity derivatives) or Article 2(1)(l) (locals) of that directive;
8. a national government or its corresponding office, including a public body that deals with the public debt;
9. a central bank;
10. a supranational organisation.

SCHEDULE 3**REPRESENTATIONS AND WARRANTIES**

At the date these Terms come into force and each time you send us an order you give and are deemed to give the representations, warranties and undertakings to us that are set out below.

1. You have all necessary power, authority and capacity (including under any applicable investment restrictions or guidelines) to execute, deliver and perform your obligations under these Terms and any transaction entered into as a result of an order given by you under these Terms.
2. This agreement is your legal, valid, binding and enforceable obligation.
3. You have and maintain all licences, consents and authorisations required by Applicable Law in connection with your obligations under these Terms.
4. The execution, delivery, performance and discharge by you of your obligations and liabilities under these Terms do not and will not:
 - i. contravene any Applicable Law;
 - ii. conflict with or result in any breach of any of the terms of or constitute a default under any agreement, instrument, license or other authorisation to which you are a party or subject or by which you or any of your property is subject; or
 - iii. contravene or conflict with any provision of your memorandum or articles of association.
5. All securities, commodities, futures currencies, derivatives thereon and any other instruments that you offer and sell using the Services shall be free and clear of any liens, mortgages, encumbrances or restrictions of any kind (including legends or restrictions on transfer), both when they are offered or sold and upon delivery at settlement.
6. Each representation made by you under any rules, conventions, regulations, user agreements, user guides or instructions related to the Services or of any regulatory authorities, exchanges or trading systems through which your trades are executed, as well as any terms of use, including disclosures, disclaimers, data protection and privacy policies that are displayed by the Services shall be deemed to have been made for the benefit of GMB.
7. You are a sophisticated investor and you understand the transaction and the nature and extent of the potential risks and have independently determined (after taking independent advice if you are unsure) that the transaction is appropriate for you or your Customer in the light of your/your Customer's objectives, experience, financial and operational resources and other relevant circumstances.
8. You have and will at all times have sufficient funds to meet your duties, liabilities and obligations incurred under orders you give us under these Terms.
9. Except to the extent that you have notified us otherwise, no Event of Default has occurred.
10. If you are acting on behalf of one or more Customers in relation to any order, then you additionally represent, warrant and undertake to us that:
 - a) you have and will have full power, authority and capacity (including under any applicable investment restrictions or guidelines) to enter into these Terms and to perform all obligations under these Terms;
 - b) each Customer for whom you send an order to us has full power, authority and capacity to enter into any resulting transaction and will at all times have sufficient funds or investments to meet its settlement obligations in respect of any transaction;
 - c) you have no reason to consider that any such Customer is or is likely to become insolvent;
 - d) you have obtained and recorded evidence of the identity of any such Customer in accordance with all applicable laws and regulations and you will provide us with such information or confirmations in

relation to any such Customer as we may reasonably require to comply with applicable laws and regulations.