



# Terms & Policies

Finspreads is a trading name of City Index Limited ("City Index") whose registered office is Park House, 16 Finsbury Circus, London EC2M 7EB. For the purposes of Spread Betting any contract is between you and City Index and all dealing, administration and settlement is carried out by City Index. No other party is responsible for any of the functions that City Index performs.

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## RISK NOTICE

We provide services for trading derivative financial contracts. Our contracts are traded on a margin or leverage basis, a type of trading which carries a high degree of risk to your capital. The price of the contract you make with us may change quickly and your profits and losses may be many times the amount of your investment or deposit. If you do not hold sufficient funds to meet your margin requirements, then we may close your open positions immediately and without notice. Please read the Risk Warning Notice carefully to understand the risks of trading on a margin or leverage basis. You should not deal in our contracts unless you understand and accept the risks of margin trading. Trading in these products may not be suitable for everyone.

## General Terms

### A. The scope of the agreement

#### 1. Introduction

1.1 These General Terms are part of the agreement between City Index Limited ("we" or "us") and its client ("you" or "yourself") which governs our trading services and all transactions we conduct with you.

1.2 We are authorised and regulated in the United Kingdom by the Financial Services Authority ("FSA") with registration number 113942. The FSA's registered address is 25 North Colonnade, London E14 5HS. For certain types of contract that we offer, we are regulated by other governmental or professional bodies and these arrangements are set out in the relevant Supplemental Terms. Our registered office is located at Park House, 16 Finsbury Circus, London EC2M 7EB.

1.3 The agreement between us relating to our trading services consists of the following documents:

- Application Form;
- General Terms and the Supplemental Terms for the relevant product;
- Key Service Features, which provides the Margin Close Out Level, details of fees and charges and your Client Management contact information; and
- Market Information, which provides the commercial details for each Market, including Market Hours, Margin Factors and other requirements for dealing in each Market. This is available on our Trading Platform or upon request in paper form.

Together these are referred to as the "Agreement".

1.4 The Agreement supersedes all our previous terms including those dated 1 November 2007 and any amendments thereto.

1.5 The Agreement will be effective from the specified date or the date on which we acknowledge acceptance of your Application Form.

1.6 Each Product we offer is subject to its Supplemental Terms. Should there be any conflict between these General Terms and the Supplemental Terms, the Supplemental Terms will prevail.

1.7 Other materials which explain the basis upon which we trade with you but are not part of the Agreement include:

- the Website – including our Trading Platform via which you will trade on-line with us; and
- our notices and policies – the Risk Warning Notice, our Trade and Order Execution Policy and our Conflicts of Interest Policy (together "Notices and Policies"). These are located in the Annexes to the General Terms.

1.8 Please read the Agreement and the Notices and Policies carefully and discuss with us anything which you do not understand. Unless you raise any specific issue or we have agreed in writing that any part of this Agreement is not to apply, we will regard this Agreement as setting out the relevant terms concerning our trading services. Contracts that we enter into with you under this Agreement are legally binding and enforceable. By signing the Application form or by electronically submitting your application on our Website you confirm that you accept the terms of the Agreement. When we open an account for you, you will be bound by the Agreement in your dealings with us.

1.9 Words and expressions have the meanings set out in the Definitions at clause 34. References to clauses are to clauses in these General Terms unless stated otherwise.

1.10 You may communicate with us in writing (including fax), by email or other electronic means, or orally (including by telephone). The language of communication shall be English, and you will receive documents and other information from us in English.

#### 2. General Information

2.1 Our trading service is an on-line service and you specifically consent to the receipt of documents in electronic form via email, Website or other electronic means. Any communication sent to you may not in addition be sent in a paper form other than on your request. We reserve the right to charge for documents in a paper form.

2.2 You confirm that you have regular access to the Internet and consent to us providing you with information about us and our services (including the Market Information), our costs and charges and our Notices and Policies by email or by posting such information on our website or the Trading Platform.

2.3 Unless we agree otherwise, we will classify you as a Retail Client for the purpose of FSA Rules. You have a right to request a different categorisation but if we agree to this request you will lose the protection of certain FSA Rules. In certain circumstances we may wish to re-categorise you, but if we do so we will explain clearly why we are doing this and the effect this will have on your rights.

2.4 We will deal with you as principal and not as agent on your behalf. This means that any Trades are agreed directly between you and us and we will be the counterparty to all of your Trades.

2.5 Unless we agree otherwise in writing, you will also deal with us as principal and not as an agent or representative of another person. You will not permit any person to deal on your behalf unless we agree that such person (the "Agent") can act on your behalf. We will be entitled to rely on any instructions given to us by the Agent in relation to your Account. We may require confirmation that the Agent has authority to act on your behalf at any time we reasonably consider appropriate.

- 2.6 We shall not give advice to you on the merits of any Trade and shall deal with you on an execution-only basis. None of our staff are authorised by us or permitted under FSA Rules to give you investment advice. Accordingly, you should not regard any transaction proposal, suggested trading strategies or other written or oral communications from us as investment recommendations or advice or as expressing our view as to whether a particular transaction is suitable for you or meets your financial objectives. You must rely on your own judgement for any investment decision you make in relation to your Account. If you require investment advice, please contact an independent investment adviser.
- 2.7 You will not have any rights of ownership or otherwise in any Underlying Instrument as a result of a Trade with us. We will not transfer any Underlying Instrument or any rights (such as voting rights) in it to you.

## B. Dealing with us

### 3. Your Account

- 3.1 After we have accepted your Application Form we will open your Account. We may open different Accounts for you, including different Accounts for different Product types. We reserve the right to refuse to open an Account for any reason.
- 3.2 We are obliged by FSA Rules to obtain information about your relevant investment knowledge and experience so that we can assess whether a service or Product is appropriate for you; and if it is not to give you a suitable warning. If you choose not to provide us with the information we request or if you provide insufficient information we will not be able to determine whether the service or Product is appropriate for you. In these circumstances we shall give you a suitable warning and we may not be able to open an Account for you. Please note that we are not obliged to assess or ensure the suitability of any Trade you place.
- 3.3 You undertake that any information you provide to us is correct. You must immediately inform us of any material change to the information provided to us on your Application Form, including any change to your contact details or financial status.
- 3.4 When we open your Account we will provide you with a unique Account number and will agree with you such other Security Information as we consider appropriate:
- 3.4.1 it is your responsibility to keep your Account number and Security Information confidential;
  - 3.4.2 you agree that you will not disclose your Account number or Security Information to any other person;
  - 3.4.3 we may agree separate Security Information with your Agent or any joint Account holders; and
  - 3.4.4 when you deal with us or give us an instruction, we will require details of your Account number and your (or your Agent's) Security Information.

- 3.5 Except where otherwise provided in this clause 3.5, you are responsible for paying any losses, fees or charges arising from Trades entered into or instructions given using your Account number and Security Information. You will not be responsible for any losses after we receive a request from you that we stop using any item of the Security Information. You will also not be responsible for any losses where we have been negligent in allowing a person you have not authorised to access your Account, or where it can be shown that a person has gained access to our Trading Platform by abuse of our systems (that is by "hacking") except where such loss results from your failure to comply with clause 3.4 or 26.5. If you fail to comply with these clauses then you will be liable for the resulting loss. Please note that we do not restrict the domain from which any person can access the Trading Platform.

- 3.6 If you open an Account in the name of yourself and others, then:

- 3.6.1 we may act on instructions from either you or any other person in whose name the Account is opened (each a "Joint Account Holder"), including instructions to trade;
- 3.6.2 we may give any notice or communication to either you or another Joint Account Holder;
- 3.6.3 all Account holders shall be jointly and severally liable for losses, fees or charges arising on a joint Account. Among other things, this means that any monies owed on the Account shall be payable in full by you or any of the other Joint Account Holders; and
- 3.6.4 if you or any other Joint Account Holder dies, we may take instructions from and pay any balance to the survivor(s).

- 3.7 We may inform you that your Accounts will be Linked Accounts. Your Linked Accounts will be aggregated for the purpose of calculating your Margin Level, your Total Margin or otherwise as specified in this Agreement.

- 3.8 Your Account will be denominated in a Base Currency. If we do not agree a Base Currency for the Account with you, then the Base Currency will be Pounds Sterling. Trades for certain Markets may be conducted in other currencies however the resulting Open Positions may be valued at or converted to the Base Currency in accordance with clause 18 or the relevant Supplemental Terms.

- 3.9 Credit and debit entries, including any Daily Financing Fees, deposits and withdrawals, will be made to your Account. You are responsible for monitoring your Open Positions and any activity in your Account. We are not obliged to monitor or advise you on the effect of any Trade, Order or Open Position. You may access your Account information at any time by logging into the Trading Platform or by calling Client Management.

### 4. Instructions and Basis of Dealing

- 4.1 You may give us instructions for Trades via the Trading Platform, which forms part of our Website (but not through other components of the Website such as e-mail or 'live chat'). When you do so:

- 4.1.1 when you do so you are offering to enter into a Trade with us at the price we quote when you complete all obligatory fields and click the relevant icon;
- 4.1.2 when we receive your offer we will provide you with an electronic acknowledgement but you and we will be bound by a Trade only when details of the Trade are reported as executed on the Trading Platform. If you do not see details of the executed Trade on the Trading Platform, please call us immediately to confirm the status of the Trade. After we execute the Trade we will send you a contract note as described in clause 12; and

## General Terms

- 4.2 You may also give us instructions for Trades by telephone. When you do so:
- 4.2.1 your oral instruction to Trade will constitute an offer to enter into a Trade at the price we quote. Trades placed by telephone will only be accepted at the current Our Price;
  - 4.2.2 you can only place an Order by telephone if it is received by an authorised dealer. We will not accept an Order left with other employees, on an answering machine or on a voice mail facility;
  - 4.2.3 you and we will be bound by a Trade only when our authorised dealer confirms that the offer has been accepted.
- 4.3 You may place an electronic Order on the Trading Platform at any time or you may place a telephone Order with an authorised dealer during our Trading Hours. However, we will execute Trades only during times which are both our Trading Hours and the Market Hours for the relevant Market. Market Hours will be described as either: "24 hours", meaning we will execute Trades at any time during our Trading Hours; or "exchange hours", meaning we will execute Trades only during the times stated in the Market Information. We will advise you of any change to our Trading Hours or Market Hours on the Trading Platform and will provide you with no less than two Business Days notice of any such change.
- 4.4 We reserve the right to refuse to enter into any Trade. Such situations include but are not limited to, when:
- 4.4.1 Trades are placed outside of the Market Hours (clause 4.3);
  - 4.4.2 Trades are larger than the maximum Quantity we set for the Market (clause 4.6);
  - 4.4.3 your Trading Resource is insufficient to fund the proposed Trade (clause 10);
  - 4.4.4 entry into the Trade would cause you to exceed the maximum Total Margin, if any, applied to your Account (clause 10);
  - 4.4.5 Our Price or the Trade derives from a Manifest Error (clause 14);
  - 4.4.6 Events Outside Our Control or Market Disruption Events have occurred (clause 15);
  - 4.4.7 any amount you owe us has not been paid (clause 16); and
  - 4.4.8 we believe the Trade would be in breach of this Agreement or any legal or regulatory requirement applicable to you or us.
- 4.5 If we accept a Trade before becoming aware of any of the events described in clauses 4.4.1 to 4.4.8, we may in our sole discretion treat the Trade as void or close the Open Position at Our Price prevailing at the time we close the Open Position. If we choose to maintain the Open Position, you will be liable for the full value of the Trade when it is closed.
- 4.6 We may set minimum and maximum Quantities for opening and/or closing Trades in each Market and different minimum and maximum Quantities for Trades placed on the Trading Platform or by telephone. Minimum and maximum Quantities are stated in the Market Information. Trades to close an Open Position are subject to the minimum and maximum Quantity valid at the time that the closing Trade is executed. We may be unable to execute Trades at Our Price which are larger than our maximum Quantity or smaller than our minimum Quantity. Where you wish to execute a Trade whose size exceeds our maximum Quantity, you may request a quote. Where a Trade is executed through several transactions at varying prices you will be charged separate fees and commission for each individual transaction. We may vary the minimum and maximum Quantity from time to time and new minimum and maximum Quantities will be effective at the time of publication.
- 4.7 Where your Open Position is larger than our maximum Quantity and you have not closed it before its expiry date, we may roll over the Open Position rather than settle it.
- 4.8 Subject to our right to refuse to enter into any Trade, we will use our reasonable endeavours to execute a Trade within a reasonable time after we receive it or after the conditions for an Order are fulfilled.
- ## 5. Our Price
- 5.1 During Market Hours, we will quote two prices for the Market: a higher price ("Our Offer Price") and a lower price ("Our Bid Price"); together these prices are known as "Our Price" for a Market. Our Price is determined by reference to the price of the Underlying Instrument which is quoted on external securities exchanges or dealing facilities that we select at our discretion. Details of how we calculate Our Price are stated in the Supplemental Terms. Our Prices and how we calculate Our Prices are determined in our absolute discretion and any changes are effective immediately. If Our Price for any Market is not available on the Trading Platform, please call Client Management to obtain a quote.
- 5.2 We will accept a Trade only on the basis of a current Our Price. You may not be able to enter into Trades at Our Price where Our Price is described as "indication only" or "indicative" or "invalid" (or words or messages to the same effect).
- 5.3 We provide quotes for Our Prices on a best efforts basis. If a Market Disruption Event or an Event Outside of Our Control occurs we may not be able to provide a quote for Our Price or execute Trades during Market Hours.
- 5.4 The difference between Our Bid Price and Our Offer Price is "Our Spread". For certain Products, Our Spread may contain an element of charge or commission for us. For these Products, two spreads may apply during Market Hours: one Spread will apply when securities exchanges or dealing facilities for the Underlying Instrument are open and another will apply when these are closed. Our Spreads are set in our absolute discretion and any changes are effective immediately. Our Spread for each Market is stated in the Market Information. If Our Spread is not available in the Market Information, please call Client Management.
- 5.5 Unless otherwise stated in the relevant Supplemental Terms, we will provide you with best execution. Please read our Trade and Order Execution Policy which sets out the basis upon which we seek to provide best execution.
- ## 6. Closing Trades
- 6.1 You may close an Open Position by placing an opposite Trade; that is a Trade to sell (to close a Long Position) or to buy (to close a Short Position) in the same Market for the same Quantity and expiry (if the Market has an expiry). Instructions placed for closing Trades are subject to the conditions stated in clause 4.
- 6.2 You may partially close an Open Position by entering into an opposite Trade in the same Market but for a smaller Quantity and the same expiry (if appropriate) as the Open Position. If you do so, there will be an Open Position remaining for the amount that is not offset by the closing Trade.
- 6.3 If you enter into a closing Trade in the same Market with a greater Quantity but in the same expiry as the Open Position it offsets, then the original Open Position will be closed and a new Open Position will be created for the Quantity by which the new Trade exceeds the original Open Position.
- 6.4 Where you have more than one Open Position in the same Market, any closing Trade or Trades that you place will close the Open Positions in the chronological order in which the Open Positions were created starting with your earliest Open Position.

## General Terms

- 6.5 An Open Position will be closed in whole or in part by an opposite Trade in accordance with clauses 6.1, 6.2 and 6.3 unless we have specifically agreed with you that this will not happen for a particular Open Position.
- 6.6 You will usually be able to close an Open Position during Market Hours. However, we reserve the right to reject any Trade in accordance with clause 4.4. As a consequence, you may not be able to close the Open Position and your losses may be unlimited until such time as you are able to close the Open Position.
- 6.7 Unless Open Positions are closed in accordance with this clause 6, rolled over in accordance with clause 7, or are terminated, voided or otherwise closed in accordance with this Agreement, they will remain open until their expiry (if they have an expiry date) or will remain open indefinitely if they do not. On the expiry date (or event, if such expiration is dependent upon an event) the Open Position will be closed and settled at Our Price at the time the Open Position is closed.
- 6.8 Where we exercise our rights in accordance with this Agreement to close any of your Open Positions, we will do so at a time and date determined by us in our reasonable discretion.
- ### 7. Rollover
- 7.1 Where the Supplemental Terms allow, Open Positions may be rolled in accordance with your instructions. Some Products have Markets that roll over automatically and these are identified in the relevant Supplemental Terms.
- 7.2 If we agree to roll over an Open Position then the original Open Position is closed, becomes due for settlement at Our Price at the time the Open Position is closed and a new Open Position is established. The times at which we will close Open Positions which are rolled are stated in the Market Information.
- ### 8. Orders
- 8.1 The range of different Order types which we accept shall be decided by us in our absolute discretion. Certain types of Orders, such as Guaranteed Stop Loss Orders, may only be available for a limited range of Markets.
- 8.2 The types of Orders we accept and which types of Orders attach to specific Open Positions or other Orders ("Attached Orders") are detailed on the Website. It is your responsibility to understand the features of an Order and how the Order will operate before you place it. **Before you place an Order for the first time, we recommend that you read the trading examples on the Website so that you fully understand the features of the Order type.**
- 8.3 We endeavour to fill Orders at the first Our Price reasonably available to us after the price specified is reached or at the occurrence of the event or condition specified in the Order. However, we may not be able to execute Orders if there is an Event Outside of Our Control in relation to an Underlying Instrument. For all Orders other than Guaranteed Stop Loss Orders, we may not be able to execute your Order at the price level you specify. We will use best endeavours to execute your Order at Our Price nearest to your specified price.
- 8.4 We may, without limitation, set a minimum price range between the current Our Price and the price or level of any Stop Orders, Guaranteed Stop Loss Orders and Limit Orders and we reserve the right not to accept any Orders which are less than this minimum price range.
- 8.5 Orders will be "Good until Cancelled" ("GTC") unless you specify at the time of placing the relevant Order that it is only "Good for the Day" ("GFD") or "Good for the Time" ("GFT"). Unless an Order is cancelled or ceases to have effect, we will regard it as valid and execute it when Our Price reaches the price you specify or the specified event or condition occurs.
- 8.6 You can only cancel or amend an Order if we have not acted upon it. You may, with our consent (which will not be unreasonably withheld), cancel or amend an Order at any time before we act upon it. Changes to Orders may be made on the Trading Platform or by calling Client Management.
- 8.7 When you place an Order to close an Open Position (a "Closing Order"):
- 8.7.1 if you close the Open Position before the Closing Order is executed, we will treat this as an instruction to cancel the Closing Order; and
- 8.7.2 if you close only a portion of the Open Position before the Closing Order is executed, we will treat the Order as an Order to close only the portion of the Open Position that remains open.
- 8.8 We offer Guaranteed Stop Loss Orders for a limited range of Markets. For these Markets:
- 8.8.1 the Market Information for a Market will state if a Guaranteed Stop Loss Order is available for that Market;
- 8.8.2 we may charge a premium payment for each Guaranteed Stop Loss Order. The rate or price of this payment is stated in the Market Information;
- 8.8.3 we will accept your Guaranteed Stop Loss Order only during Market Hours
- 8.8.4 we will execute a Guaranteed Stop Loss Order at the price you specify, when that price level is reached; and;
- 8.8.5 we may make available and set minimum and maximum Quantities for Guaranteed Stop Loss Orders which are different from the minimum and maximum Quantities which apply to other types of Order.
- ### 9. Our Charges
- 9.1 Depending on the Market concerned, we may:
- 9.1.1 include an element of profit for us in Our Spread;
- 9.1.2 charge commission;
- 9.1.3 impose a Daily Financing Fee on your Open Positions; and/or
- 9.1.4 charge premiums for Guaranteed Stop Loss Orders.
- 9.2 We will tell you the fees and charges that apply to your Account and the basis of calculation for any such fees or charges in our Key Service Features.
- 9.3 We may from time to time share a proportion of Our Spread, commissions and other Account fees with other persons including (without limitation) Introducers. We will inform you of this in the Key Service Features. We may also receive payment in connection with certain foreign exchange transactions undertaken pursuant to clause 18.
- 9.4 We do not currently receive payments from other persons in connection with any Trade under this Agreement. If this changes we will inform you.
- 9.5 We may pass on to you charges which we may from time to time incur in borrowing stock in the external market to hedge a Short Position which you have opened with us. These charges will fluctuate depending on market conditions and the scarcity of the stock concerned. We will advise you of any such charges at the time they are incurred or as soon as possible after we become aware that they have been incurred, whether in the Market Information or otherwise.

## General Terms

9.6 We may pass on to you any additional charge for stamp duty, transfer tax or other taxes or duties which we may incur to hedge any Trade with you where the Underlying Instrument is a non-UK security.

9.7 We will notify you of any change to our current fees and charges or any additional fees and charges that we may apply to your Account in accordance with clause 30.

### 10. Margin Requirement

10.1 You must pay a Margin Requirement when you place a Trade which creates an Open Position. If your Trading Resource is less than the Margin Requirement for the Trade you wish to place, we may reject your Trade. The Margin Requirement is due and payable when you place the Trade and must be maintained at all times until the Open Position is closed.

10.2 Margin Requirement is calculated using the Margin Factor for the relevant Market. Margin Factors may be expressed as a percentage, number or other form applicable to the nature of the Market. Details of how we calculate Margin Requirement for different Markets can be found in the Supplemental Terms.

10.3 Margin Factors for each Market are stated in the Market Information. Any changes to a Margin Factor will increase or decrease your Margin Requirement. For Margin Factors expressed as a percentage and all Open Positions subject to Orders Aware Margining, the Margin Requirement will change as Our Price for the relevant Market changes.

10.4 Non-standard Margin Requirements may apply for the following:

10.4.1 for certain Markets derived from options or options-related financial instruments;

10.4.2 when you are holding positions in two or more Markets in the same Underlying Instrument;

10.4.3 For Trades which have an attached Stop Loss Order in Markets where Orders Aware Margining is available (clause 10.6);

10.4.4 when a Margin Multiplier is applied (clause 10.7); and

10.4.5 when the Quantity of a Trade is greater than our maximum Quantity (clause 4.6).

Details of how we calculate non-standard Margin Requirements are set out in the Supplemental Terms.

10.5 We reserve the right to change the way in which we calculate Margin Requirements.

10.6 Orders Aware Margining offers the potential to reduce Margin Requirement for Trades in certain Markets which are subject to a Stop Loss Order or a Guaranteed Stop Loss Order. Orders Aware Margining is available for a limited range of Markets and details of its availability is provided in the Market Information. Details of how Orders Aware Margining is calculated can be found in the Supplemental Terms.

10.7 We may apply a Margin Multiplier to all Trades placed in your Account or to a specific Trade. The application of a Margin Multiplier or any change in a Margin Multiplier will result in a change to the Margin Requirement for any Trades or Open Positions for the relevant Markets.

10.8 We may alter Margin Factors, Margin Multipliers and Margin Requirement at any time and any change will become effective immediately. For Open Positions, subject to our rights in clauses 15 and 16, we will provide you with at least three (3) days notice of any increase in Margin Factors, Margin Multipliers or Margin Requirement. It is your responsibility to know at all times the current Margin Factors, Margin Multiplier and Margin Requirement applicable to your Account and your Open Positions.

10.9 We will be entitled to notify you of an alteration to the Margin Factors, Margin Multiplier and Margin Requirement by any of the following means: post, telephone, fax, email, text message or by posting notice of the increase on the Website or Trading Platform.

10.10 Your Total Margin will be the aggregate of all Margin Requirements in your Account. We may set a maximum figure for your Total Margin which will act as a limit on the amount of funds we hold as the Margin Requirement. If we set a maximum Total Margin we will inform you.

### 11. Margin Close Out Level

**11.1 If the Margin Level for your Account reaches or falls below the Margin Close Out Level, this will be classified as an Event of Default under clause 16. In such circumstances we may, among other things, close all or any of your Open Positions immediately and without notice and refuse to execute new Trades until your Margin Level is 100% or greater. We will close your Open Positions at Our Price prevailing at the time when your Open Positions are closed.**

11.2 We may but are not obliged to contact you before we take any action under clause 11.1.

11.3 You will be notified of the Margin Close Out Level applicable to your Account in the Key Service Features. We may alter the Margin Close Out Level applicable to your Account at any time. Subject to our rights in clauses 15 and 16, we will provide you with at least three (3) days notice of any change to your Margin Close Out Level. It is your responsibility to remain informed about the Margin Close Out Level applicable to your Account.

11.4 We will be entitled to notify you of an alteration to your Margin Close Out Level by any of the following means: post, telephone, fax, email, text message or by posting notice of the increase on the Trading Platform.

11.5 The Margin Close Out Level is designed to help limit the extent of your trading losses. We do not however guarantee that your Open Positions will be closed when the Margin Level for your Account reaches the Margin Close Out Level or that your losses will be limited to the amount of funds you have deposited in your Account.

### 12. Contract Notes and Statements

12.1 Unless we have agreed otherwise we will send you a contract note in respect of each Trade that we execute on your behalf. The absence of a contract note will not affect the validity of any Trade.

12.2 Contract notes will be sent to you as soon as reasonably practicable and no later than the next Business Day after a Trade is executed. Other than on your specific request, contract notes and statements will be sent to you by e-mail. We reserve the right to charge for contract notes and statements sent to you in a paper form.

12.3 It is your responsibility to review all contract notes and statements received to ensure that they are accurate. If you believe that a contract note or statement received by you is incorrect, because it refers to a Trade which you have not placed or for any other reason, you must tell us immediately. Contract notes and statements will be, in the absence of a Manifest Error, conclusive and binding unless we receive an objection from you in writing within 48 hours of receipt or we notify you of an error in the contract note or statement in the same period. If you do not receive a contract note for any Trade you have executed, please inform us immediately.

12.4 Periodic statements, including statements of your Cash, Open Positions and any charges made to your Account will ordinarily be sent to you no less than monthly. We will send you a statement of your Cash no less than annually.

### 13. Payments and Withdrawals

- 13.1 If your Account shows a positive Cash balance, you may request that we make a payment to you of such amount. We may however elect to withhold any payment requested, in whole or in part, if:
- 13.1.1 you have Unrealised Losses on your Account; and/or
  - 13.1.2 we reasonably consider that funds may be required to meet any Margin Requirement; and/or
  - 13.1.3 there is any amount outstanding from you to us; and/or
  - 13.1.4 we are required to do so under any relevant legislation or regulation.
- 13.2 We may debit the Cash balance on your Account with any amount due to us under this Agreement and with any bank transfer charges we incur in transferring funds to you. In addition, you are responsible for all costs and expenses we incur as a result of you failing to pay amounts due or if you breach the Agreement including, without limitation, bank charges, court fees, legal fees and other third party costs we reasonably incur.
- 13.3 If we credit a payment to your Account but subsequently discover that the credit was made in error, we reserve the right to reverse any such credit and/or cancel any Trades which could not have been made but for that credit.
- 13.4 Unless we agree otherwise, any amounts payable to you will be paid by direct transfer to the same source (in your name) from which you have made payment to us.
- 13.5 Payment of any amount due to us is subject to the following conditions:
- 13.5.1 unless otherwise agreed, payment must be made in the Base Currency for your Account;
  - 13.5.2 if made by debit or credit card, the debit or credit card must be accepted by us and we reserve the right to charge an administration fee;
  - 13.5.3 unless otherwise agreed your Account will be credited with the net cleared funds received after all deductions of bank charges or any other costs of transfer incurred in relation to the payment;
  - 13.5.4 if made by cheque or bank transfer, the cheque must be drawn on or the transfer made must be made from an account in your name with an EU credit institution or other bank we deem satisfactory. We will regard as an acceptable EU credit institution any bank incorporated and duly licensed in a state which is a member of the European Union or any branch of a bank located and duly licensed in a state which is a member of the European Union;
  - 13.5.5 if you wish to make a payment through a non-European Union bank (or card issued by such a bank) please contact us to confirm the acceptability of the bank concerned before a payment is required to be made; and
  - 13.5.6 we do not accept cash or payments from third parties unless otherwise agreed.
- 13.6 We may refuse to accept payment by cheque or banker's draft and may require immediate payment by telegraphic transfer, debit card or any other method of electronic transfer acceptable to us.

- 13.7 If you fail to pay any sum due to us on the due date in accordance with this Agreement, we will charge interest on this amount. Interest will be due on a daily basis from the due date until the date on which payment is received in full at a rate not exceeding 4% above the applicable central bank's official base rate for short-term funds (or a rate we reasonably consider serves materially the same function) from time to time and will be payable on demand.

## C. Our rights in special circumstances

### 14. Manifest Error

- 14.1 A Manifest Error is an error, omission or misquote (including any misquote by our dealer) which by fault of either of us or any third party is materially and clearly incorrect when taking into account market conditions and quotes in Markets or Underlying Instruments which prevailed at that time. It may include an incorrect price, date, time or Market or any error or lack of clarity of any information, source, commentator, official, official result or pronouncement.
- 14.2 If a Trade is based on a Manifest Error (regardless of whether you or we gain from the error) we may act reasonably and in good faith to:
- 14.2.1 void the Trade as if it had never taken place;
  - 14.2.2 close the Trade or any Open Position resulting from it; or
  - 14.2.3 amend the Trade so that its terms are the same as the Trade which would have been placed if there had been no Manifest Error.
- 14.3 We will exercise the rights in clause 14.2 as soon as reasonably practicable after we become aware of the Manifest Error. To the extent practicable we will give you prior notice of any action we take under this clause but if this is not practicable we will give you notice as soon as practicable afterwards. If you consider that a Trade is based on a Manifest Error, then you must notify us immediately. We will consider in good faith whether it is appropriate to take any action under this clause 14 taking into account all the information relating to the situation, including market conditions and your level of expertise.
- 14.4 In the absence of our fraud, wilful deceit or negligence, we will not be liable for any loss, costs, claims or demand for expenses resulting from a Manifest Error.

### 15. Events Outside Our Control and Market Disruption Events

- 15.1 We may determine that a situation or an exceptional market condition exists which constitutes an Event Outside Our Control and/or a Market Disruption Event.
- 15.2 If we determine that an Event Outside Our Control or Market Disruption Event has occurred we may take any of the steps referred to in clause 15.3 with immediate effect. We will take reasonable steps to notify you of any action we take before we take any action to the extent practicable. If it is not practicable to give you prior notice, we will notify you at the time or promptly after taking any such action.
- 15.3 If we determine that an Event outside our Control and/or a Market Disruption Event has occurred, we may take one or more of the following steps:
- 15.3.1 cease or suspend trading and/or refuse to enter into any Trades or accept any Orders;
  - 15.3.2 alter our normal trading times for all or any Markets;
  - 15.3.3 change Our Price and Our Spreads and/or minimum or maximum Quantity;

## General Terms

- 15.3.4 close any Open Positions, cancel and/or fill any Orders, and/or make adjustments to the price and/or Quantity of any Open Positions and Orders;
  - 15.3.5 change the Margin Factors and/or Margin Multipliers in relation to both Open Positions and new Trades;
  - 15.3.6 change the Margin Close Out Level applicable to your Account;
  - 15.3.7 immediately require payments of any amounts you owe us, including Margin Requirement;
  - 15.3.8 void or roll over any Open Positions; and/or
  - 15.3.9 take or omit to take all such other actions as we consider to be reasonable in the circumstances to protect ourselves and our clients as a whole.
- 15.4 In some cases we may be unable, after using reasonable efforts, to acquire, establish, re-establish, substitute, maintain, unwind or dispose of any Underlying Instrument we consider necessary to hedge or protect our exposure to market and other risks arising from an Open Position. When this occurs we may close that Open Position at the prevailing Our Price.
- 15.5 We will not be liable to you for any loss or damage arising under this clause 15, provided we act reasonably.
- 16. Events of Default and Similar Circumstances**
- 16.1 The following shall constitute Events of Default:
- 16.1.1 an Insolvency Event occurs in relation to you;
  - 16.1.2 you are an individual and you die, become of unsound mind or are unable to pay your debts as they fall due;
  - 16.1.3 the Margin Level for your Account reaches or falls below the Margin Close Out Level;
  - 16.1.4 you act in breach of any warranty or representation made under this Agreement or any representation or warranty made by you under this Agreement and/or any information provided to us in connection with this Agreement is or becomes untrue or misleading;
  - 16.1.5 any sum due to us is not paid in accordance with this Agreement;
  - 16.1.6 whether or not any sums are currently due to us from you, where any cheque or other payment instrument has not been met on first presentation or is subsequently dishonoured or you have persistently failed to pay any amount owed to us on time including Margin Requirement;
  - 16.1.7 at any time and for any periods deemed reasonable by us you are not contactable or you do not respond to any notice or correspondence from us; and
  - 16.1.8 we reasonably believe that it is prudent for us to take any or all of the actions described in clause 16.2 in the light of any relevant legal or regulatory requirement applicable either to you or us.
- 16.2 If any Event of Default occurs we may take all or any of the following actions:
- 16.2.1 close all or any of your Open Positions and if the Base Currency of your Account is a currency other than Pounds Sterling, convert any resulting balance to Pounds Sterling in accordance with clause 18;
  - 16.2.2 cancel any of your Orders;
  - 16.2.3 exercise our rights of set-off;
  - 16.2.4 change the Margin Close Out Level applicable to your Account;
  - 16.2.5 impose a Margin Multiplier to your Trades or Account;
  - 16.2.6 suspend your Account and refuse to execute any Trades or Orders; and/or terminate this Agreement.
- 16.3 We may also close your Account on 14 days notice in the circumstances set out below. If we rely on our rights under this clause, your Account will be suspended during the 14 day notice period and you will not be able to place Trades other than those to close existing Open Positions. If you have not closed all Open Positions within the period of 14 days notice we shall be entitled to take any action within clause 16.2. The relevant circumstances are:
- 16.3.1 any litigation is commenced involving both of us in an adversarial position to each other and, in view of the subject matter of or any issues in dispute in relation to that litigation, we reasonably decide that we cannot continue to deal with you while the litigation is pending;
  - 16.3.2 where you have persistently acted in an abusive manner toward our staff (for example by displaying what we consider to be serious discourtesy or the use of offensive or insulting language);
  - 16.3.3 where we believe on reasonable grounds that you are unable to manage the risks that arise from your Trades.
- 16.4 Without limiting our right to take any action under clauses 16.2 and 16.3, we may also close or void individual Open Positions and/or cancel any Orders where:
- 16.4.1 we are in dispute with you in respect of an Open Position. In this case we can close all or part of the Open Position in order to minimise the amount in dispute; and/or
  - 16.4.2 there is a material breach of the Agreement in relation to the Open Position.
- 16.5 Without limiting our right to take action under clauses 16.2, 16.3 and 16.4, we may in our discretion suspend your Account pending investigation for any reason. Whilst your account is suspended you will be able to close your Open Positions but you will not be entitled to place new Trades. Circumstances in which we may choose to exercise this right include but are not limited to the following:
- 16.5.1 when we have reasonable grounds for believing that an Event of Default has occurred or may occur but believe that it is reasonably necessary to investigate circumstances with a view to confirming this;
  - 16.5.2 when we have reasonable grounds for believing that you do not have a sufficient understanding of the Trades which you are placing or the risks involved;
  - 16.5.3 when we have not received within 10 days of a written request all information, which we believe that we require in connection with this Agreement; and/or
  - 16.5.4 we have reason to believe that there has been a breach in your Account security or that there is a threat to your Account security.
- 16.6 If we have suspended your Account pending investigation, we will use reasonable endeavours to conclude our investigation within five (5) Business Days. When we conclude our investigation we will inform you whether trading on your Account may resume or whether we will seek to take further action pursuant to this Agreement.

## General Terms

- 16.7 We may exercise our rights to close Open Positions under this clause 16 at any time after the relevant event has occurred and will do so on the basis of the next available Our Price for the affected Open Positions.
- 17. Netting and Set Off**
- 17.1 The Agreement and all Trades under it shall form part of a single agreement between us and you. You and we both acknowledge that we enter into the Agreement and any Trades under it in reliance upon the fact that these are part of a single agreement between us.
- 17.2 When Open Positions and/or your Account are closed, we may:
- 17.2.1 combine and consolidate your Cash and any money we hold for you in any or all the Accounts you may have with us; and
- 17.2.2 set off against each other the amounts referred to in (a) and (b) below:
- a) any amounts that are payable by us to you (regardless of how and when payable) including your Cash (if a credit balance), Unrealised Profits and any credit balance held on any Account you have with us under any of our trading names even if any of these Accounts have been closed;
- b) any amounts that are payable by you to us (regardless of how and when payable) including, but not limited to, Unrealised Losses, interest, costs, expenses, charges and any debit balance on any Account you have with us under any of our trading names even if those Accounts have been closed.
- 17.3 You are also entitled to require us to exercise the above rights in relation to all your Accounts and/or Open Positions which have been closed.
- 17.4 If the rights under clauses 17.2 or 17.3 are exercised, all the payment obligations will be consolidated into an obligation for you to pay a net sum to us or for us to pay a net sum to you.
- 18. Currency Conversions and Valuations**
- 18.1 Where we are entitled to do so under this Agreement (including in connection with our rights under clauses 16 and 17) we may convert sums denominated in one currency to another currency. We may also perform a notional currency conversion where this is required for valuation purposes. We shall perform any currency conversion or valuation at rates reasonably available to us. We may receive remuneration from the counterparty to any foreign exchange transaction which we enter into.
- 18.2 We may in particular make currency conversions or valuations in respect of your Cash, any Realised Profits and Realised Losses or Unrealised P & L, any money paid by you and any money due from you to us or us to you.
- 18.3 If we have exercised our rights in connection with clauses 16 and/or 17 or you have made a payment to us in a different currency from that in which you were obliged to pay us, we may pass on to you all commission or other charges which we incur in any currency conversion we carry out.
- 19. Corporate Actions and other events affecting Underlying Instruments**
- 19.1 When a Corporate Action or an Insolvency Event occurs in relation to any Underlying Instrument and/or its issuer we may, acting in a commercially reasonable manner, make adjustments to your Open Positions and/or Orders to reflect those actions and to put you in a position as close as possible to that of a direct holder of the Underlying Instrument.
- 19.2 The actions we may take pursuant to clause 19.1 include, but are not limited to:
- 19.2.1 changing Margin Factors, Margin Multipliers and/or the minimum level of Guaranteed Stop Loss Orders both in relation to Open Positions and new Trades;
- 19.2.2 making a reasonable and fair retrospective adjustment to the opening price of an Open Position, to reflect the impact of the relevant action or event;
- 19.2.3 opening and/or closing one or more Open Positions on your Account;
- 19.2.4 cancelling any Orders;
- 19.2.5 suspending or modifying the application of any part of this Agreement;
- 19.2.6 crediting or debiting sums to your Account as appropriate; and/or
- 19.2.7 taking all such other action, as we reasonably consider appropriate to reflect the effect of the relevant action or event.
- 19.3 We shall use best endeavours to take any such actions as soon as we are reasonably able to do so and this will normally be as soon as is reasonably practicable after the relevant event has occurred.
- 19.4 When we make adjustments to Open Positions, where possible we will adjust the Open Position as held by you to be effective from the commencement of Market Hours on the same Business Day on which the relevant event or action is effective in relation to the Underlying Instrument.
- 19.5 In certain circumstances we may quote an opening Our Price for a Trade which reflects a dividend which we reasonably and in good faith believe will be paid at a particular price or level on or before the relevant expiry date of that Trade. When that dividend is either (a) paid at a level different from the anticipated level, (b) not paid on or before the relevant expiry date for that Trade or (c) we reasonably consider that it is unlikely to be so paid, we reserve the right to make an adjustment to the opening Our Price of the Trade to take into account the different level or non-payment of the dividend, provided that any such adjustment must be fair and reasonable.
- 19.6 Depending on the event concerned, we may take any of the actions set out in this clause 19 without prior notice. If we do so, we shall give you notice at the time we take the action or as soon as reasonably practicable thereafter.
- 20. Representations and Warranties**
- 20.1 Representations and Warranties are personal statements, assurances or undertakings given by you to us on which we rely when we deal with you. You make the following representations and warranties at the time you enter into this Agreement and every time you place a Trade or give us any other instruction:
- 20.1.1 all information that you supply to us (whether in the Application Form or otherwise) is true, accurate and not misleading in any material respect;
- 20.1.2 if you are an individual, you are over 18 years old;
- 20.1.3 except where we have agreed otherwise in writing, you act as principal and not any other person's agent or other representative;
- 20.1.4 you have obtained all necessary consents and have the authority to enter into this Agreement and/or to place any Trades and instructions;

## General Terms

- 20.1.5 if you are a company or body corporate you are properly empowered and have obtained all necessary corporate or other authority under your memorandum and articles of association or other constitutional or organisational documents; and
- 20.1.6 you are not accessing the Trading Platform or dealing with us from the USA.
- 20.2 You agree that for the duration of this Agreement you will promptly notify us of any change to the details supplied by you on your Application Form, including in particular moving to another country or territory or any change or anticipated change in your financial circumstances or employment status (including redundancy and/or unemployment) which may affect the basis on which we do business with you.
- 21. Market Abuse**
- 21.1 When we execute a Trade on your behalf, we may buy or sell on securities exchanges or directly from or to other financial institutions shares or units in the relevant Underlying Instrument or financial instruments related to that Underlying Instrument. The result is that when you place Trades with us your Trades can have an impact on the external market for that Underlying Instrument in addition to the impact it might have on Our Price. This creates a possibility of market abuse and the purpose of this clause is to prevent such abuse.
- 21.2 You represent and warrant to us at the time you enter into the Agreement and every time you enter into a Trade or give us any other instruction that:
- 21.2.1 you will not place and have not placed a Trade with us if to do so would result in you, or others with whom you are acting in concert having an interest in the price of the Underlying Instrument which is equal to or exceeds the amount of a Declarable Interest in the Underlying Instrument;
- 21.2.2 you will not place, and have not placed a Trade in connection with:
- a) a placing, issue, distribution or other similar event;
  - b) an offer, takeover, merger or other similar event; or
  - c) any corporate finance activity.
- 21.2.3 you will not place and have not placed a Trade that contravenes any law or regulation prohibiting insider dealing, market manipulation or any other form of market abuse or market misconduct.
- 21.2.4 you will act in accordance with all applicable laws and regulations.
- 21.3 In the event that you place any Trade or otherwise act in breach of the representations and warranties given in this clause 21 or any other clause of this Agreement or we have reasonable grounds for believing that you have done so, in addition to any rights we may have under clause 16, we may:
- 21.3.1 enforce the Trade or Trade(s) against you if it is a Trade or Trades which results in you owing money to us;
- 21.3.2 treat all your Trades as void if they are Trades which result in us owing money to you, unless and until you produce conclusive evidence within 30 days of our request that you have not in fact committed any breach of warranty, misrepresentation or undertaking under this Agreement.
- 21.4 You acknowledge that it would be improper for you to deal in the Underlying Instrument if the sole purpose of such a transaction was to manipulate Our Price, and you agree not to conduct any such transactions.
- 21.5 We are entitled (and in some cases required) to report to any relevant regulatory authority details of any Trade or Order. You may also be required to make appropriate disclosures and you undertake that you will do so where so required.
- 21.6 The exercise of any of our rights under this clause 21 shall not affect any of our other rights we may have under this Agreement or under the general law.
- 22. Your Right to Cancel**
- 22.1 You are entitled to cancel this Agreement by giving us notice in writing within a 14 day cancellation period. You need not give any reason for the cancellation and the right to cancel applies even if you have already received services from us before the cancellation period expires.
- 22.2 The period for cancellation begins on the date the Agreement starts to apply to you.
- 22.3 You may only give us notice of cancellation in writing. The notice will be considered received by us in accordance with clause 32.
- 22.4 As the price of our contracts depend on fluctuations in the Underlying Instrument which are outside our control and which may occur during the cancellation period, you have no rights to cancel this Agreement if any Trade placed by you has been executed before we receive notice of cancellation.
- 22.5 Following a valid cancellation, we will return any amounts you have deposited with us prior to receipt of your cancellation notice.
- 22.6 If you do not exercise the right of cancellation, the Agreement will continue in effect until either you or we terminate the Agreement by either of us giving notice under clause 30, or by our exercising any of our other rights to terminate under this Agreement. There is no minimum or fixed duration of the Agreement.
- 23. Complaints and Disputes**
- 23.1 If you wish to raise any complaint or dispute you should contact us as soon as practicable.
- 23.2 Please keep your own record of dates or times of Trades and other issues as that will help us to investigate any complaints or disputes. It may be difficult or not reasonably possible for us to locate records/tapes in relation to Trades and other issues in the absence of information about the dates and times of any Trades or other issues in dispute.
- 23.3 We operate a Complaints Handling Procedure to enable us to deal promptly and fairly with complaints. Details of this procedure are available on request from Client Management.
- 23.4 Any complaint or dispute should in the first instance be referred to Client Management (details of which are given in the Key Service Features). If the complaint or dispute is not resolved to your satisfaction you may refer the matter to the Complaints Manager at the same address.
- 23.5 If you remain dissatisfied with our investigation or handling of your complaint or dispute you may in certain circumstances refer the matter to the Financial Ombudsman Service ("FOS"), South Quay Plaza, 183 Marsh Wall, London E14 9SR. In particular, you have a right to refer your complaint or dispute to FOS if you are classified as a Retail Client and were classified as such at the time of the event giving rise to the complaint or dispute.

23.6 As an FSA regulated firm, we participate in the Financial Services Compensation Scheme (“the Scheme”). If you are an eligible claimant under the Scheme you may be entitled to compensation from it if we cannot meet our obligations. For most kinds of investment, you would receive the first £30,000 of any claim in full and 90% of the next £20,000 so the maximum compensation under the Scheme would be £48,000. Further information about the Scheme can be obtained from Financial Services Compensation Scheme, 7<sup>th</sup> Floor, Lloyds Chambers, Portsoken Street, London E1 8BN.

24.6 By ticking the appropriate box on the Application Form you authorise us to pass your personal data to selected Associated Companies or third parties (including Introducers) for the purpose of contacting you by email, telephone or post to give you information about carefully selected products or services offered by that party that are similar or related to the Products or services provided or previously provided to you by us. You consent to us using your data for this purpose for the period you have an Account with us and after you have closed it. If you no longer wish to receive such information then please write to us at Our Address or write directly to the third party.

## D. Miscellaneous and legal issues

### 24. Privacy and Data Protection

24.1 We will obtain and hold personal information about you in accordance with data protection and anti-money laundering legislation. You agree that we can rely on, hold and process your personal information for the purpose of performing our obligations under this Agreement, including administering the relationship with you, managing your Account, recovering amounts payable, considering any of your applications, carrying out risk assessment, complying with regulatory obligations, and undertaking product development and analysis.

24.2 You agree to our disclosing any such information referred to in this clause 24:

24.2.1 in accordance with this clause 24;

24.2.2 where we are required to by law or regulatory obligation;

24.2.3 to regulatory authorities where appropriate or on reasonable request, and to such third parties as we reasonably consider necessary in order to prevent crime, e.g. the police; and

24.2.4 where reasonably necessary, to any third party which provides a service to us in connection with this Agreement, but only for the purpose of providing that service.

24.3 In order to provide services to you, you acknowledge that it may be necessary for your information to be transferred to someone who provides a service to us in other countries, including some outside of the European Economic Area, and you consent to such transfer.

24.4 You consent to us, or our agents acting on our behalf, carrying out such credit and identity checks, including money laundering checks, compliance regulatory reporting and fraud prevention checks, as we may reasonably consider necessary or desirable, including requesting a reference from your bank or any credit reference agency. You understand and agree that any third party referred to in this clause may share any information concerning you with us and other organisations involved in credit reference, the prevention of fraud and/or crime and/or money laundering or for similar purposes or to recover debts involved.

24.5 You authorise us to contact you by email, telephone or post to give you information about carefully selected products or services offered by us, that are similar or related to products or services provided or previously provided to you. You consent to us using your data for this purpose for the period you have an Account with us and after you close the Account. If you do not wish to receive such information then please tick the appropriate box on the Application Form or please contact us in writing or by telephone. Our Address and contact details are stated in the Key Service Features.

24.7 Where you have been introduced to us by an Introducer, you consent to us exchanging information with that Introducer in order to perform our obligations under this Agreement and as required by us to maintain our relationship with the Introducer. This may, without limitation, result in us disclosing financial and personal information about you, your application, details of trading activity in the Account and/or your conduct of the Account and/or your use of our facilities (including information gained when you use our learning tools and trading simulators). If you no longer wish us to pass on such information then please write to us at Our Address.

24.8 We will use reasonable endeavours to contact you and notify you of any change to how we hold, process or disclose information, by posting a notice on our website or sending you an email to your last known email address. If you do not tell us you object to this change in writing within 60 days of the notice and you continue to maintain the Account after the expiry of this period of notice then we will regard you as having agreed to it.

24.9 If you wish to access information that we hold about you, or to have inaccurate information corrected please contact us by sending an email to our email address in the Key Service Features. Please note we may require you to pay a fee for this information. Please note that certain information may be exempt from being disclosed and that in certain circumstances we may not be able to disclose certain information.

24.10 You agree that we may record all conversations with you and monitor (and maintain a record of) all e-mails sent by or to us. All such records are our property and can be used by us, amongst other things, in the case of a dispute between us or for training purposes.

### 25. Intellectual Property

25.1 The Website, including the Trading Platform, and any and all information or materials on it which we may supply or make available to you (including any software which forms part of those items) are and will remain our property or that of our service providers. Such service providers may include providers of real-time price data to us. In addition:

25.1.1 all copyrights, trademarks, design rights and other intellectual property rights in those items are and will remain our property (or those of third parties whose intellectual property we use in relation to Products and services we provide for your Account);

25.1.2 we supply or make them available to you on the basis that (a) we can also supply and make them available to other persons and (b) we can cease providing them, but we will only do that if your Account has been closed or if our service providers require us to;

25.1.3 you must not supply all or part of them to anyone else and you must not copy all or part of them;

25.1.4 you must not delete, obscure or tamper with copyright or other proprietary notices we may have put on any of those items;

25.1.5 you must only use these items for the operation of your Account in accordance with this Agreement; and/or

## General Terms

25.1.6 if we have provided any materials to you in connection with the Website you must return those to us on closure of your Account.

### 26. Website and System Use

26.1 We will use reasonable endeavours to ensure that the Website and our telephone systems can normally be accessed for use in accordance with this Agreement. However all or any of these may fail to work properly or at all or our premises may suffer from power failure. On this basis:

26.1.1 we do not warrant that they will always be accessible or usable;

26.1.2 we do not warrant that access will be uninterrupted or error free.

26.2 We may suspend use of the Website to carry out maintenance, repairs, upgrades or any development related issues. We shall use reasonable endeavours to give you notice of this and to provide alternative ways for you to deal or obtain information as to your Account but this may not be possible in an emergency.

26.3 We warrant that we have the right to permit you to use the Website in accordance with this Agreement.

26.4 We will use reasonable endeavours to ensure that the Website is free from any virus, but we do not warrant that it will be virus free at all times. You should use your own virus protection software that is up to date and of good industry standard.

26.5 You are responsible for ensuring that your information technology is compatible with ours and meets our minimum system requirements. The minimum system requirements are set out on our Website.

26.6 We or other third party service providers may provide you with market data or other information in connection with the provision of our services. You agree that:

26.6.1 we and any such provider are not responsible or liable if any such data or information is inaccurate or incomplete in any respect or for any actions you take or do not take based on such data or information;

26.6.2 you will use such data or information solely for the purposes set out in the Agreement;

26.6.3 such data or information is proprietary to us or the provider and you will not retransmit, redistribute, publish, disclose, or display in whole or in part such data or information to third parties;

26.6.4 you will pay any market data costs associated with your use as we may inform you from time to time.

### 27. Limitation of Liability

27.1 Nothing in this Agreement shall exclude or limit our liability for death or personal injury caused by our negligence or for fraud or fraudulent misrepresentation or for liability that cannot be excluded under any laws or the requirements of any regulator.

27.2 Subject to clause 27.1, we shall not be liable for:

27.2.1 any action we may take under:

- i. clauses 14 ("Manifest Error");
- ii. clause 15 (Events Outside our Control or Market Disruption Events); and/or
- iii. clause 16 ("Events of Default and Similar Circumstances") provided that we act within the terms of those clauses and in particular act reasonably where required to do so;

27.2.2 any failure of communication (for any reason) within clause 26 ("Website and Systems Use") including (without limitation) the unavailability of the Website (including the Trading Platform) or our telephone systems provided always we act within the terms of clause 26;

27.2.3 any claim loss, expense, cost or liability suffered or incurred by you (together "Claims") except to the extent that such loss, expense is suffered or incurred as a result of our breach of the Agreement, negligence or wilful default.

27.3 Other than as described in clause 27.4 and subject to the limits on our liability in this clause 27, we are each only responsible for losses that are reasonably foreseeable consequences of breaches of this Agreement at the time the Agreement is entered into.

27.4 We are not responsible for indirect losses which happen as a side effect of the main loss or damage and which are not foreseeable by you and us. We are not liable to you for losses which you incur which are foreseeable by us because you have communicated the possibility of such losses or any special circumstances to us.

27.5 We shall not be liable to you for any loss of profit or opportunity.

27.6 The limitations of liability in clause 27 apply whether or not we or any of our employees or agents knew of the possibility of the claim being incurred.

27.7 We carry on the business to which this Agreement relates in reliance on the limitations and/or exclusions in this clause being enforceable. We do not insure against any of the potential liabilities described in this clause. If the exclusions and restrictions are not acceptable to you, then you should not deal with us.

### 28. Client Money and Assets

28.1 Any money you transfer to us, or which is transferred to us on your behalf, which is Client Money within the meaning of the Client Money Rules will usually be held with a bank in the United Kingdom. Your money will be segregated from our own money in accordance with the requirements of the Client Money Rules and in the event of our insolvency, it will be excluded from our assets.

28.2 We may hold Client Money on your behalf in an account with a bank or third party located outside the European Economic Area ("EEA"). This account will be segregated from our money or assets which may be held with the bank or third party. The legal and regulatory regime applying to any such bank or third party will be different from that of the United Kingdom and in the event of the insolvency or any other equivalent failure of that bank or third party, your money may not be as effectively protected as if your money is held with an equivalent bank or third party in the United Kingdom.

28.3 We will not be liable for the failure or insolvency of any bank or third party holding money under clauses 28.1 or 28.2. However, if your money is held within an EEA country, a proportion of your Cash and investments may qualify for compensation arrangements in that jurisdiction.

28.4 We do not pay interest on Client Money unless we have expressly agreed to do so in writing.

## General Terms

- 28.5 Where you open and maintain a position with us, we will be entitled to require you to pay to us money as consideration for opening and maintaining an Open Position and such money will be due and payable to us for our own account. Accordingly, where you pay such money to us, we will thereby acquire full ownership of it and we will not hold such money in accordance with the Client Money Rules. You will not have any interest in or proprietary claim over money transferred to us pursuant to this clause and we can deal with it as our own. In the event of our insolvency you will have no rights or claim in relation to this money. We will transfer an equivalent amount of money back to you where, in our reasonable discretion, we consider that it is no longer necessary for us to retain the money you have paid to us. In determining the amount of money you will be required to pay to us pursuant to this clause and whether it is necessary to retain such money, we may apply such methodology (including judgements as to the future movement of markets and value) as we consider appropriate, consistent with this Agreement and applicable law and regulations.
- 28.6 In this clause 28 "Client Money Rules" means the provisions of the FSA's Client Assets Sourcebook relating to client money for firms carrying out activities regulated under the Markets in Financial Instruments Directive.
- 29. Tax**
- 29.1 You are responsible for the payment of all taxes that may arise in relation to your Trades, except for UK transactional taxes applicable to certain types of Products which may be payable by us where specified in the Supplemental Terms.
- 29.2 We shall not be responsible for any taxes that may arise as a result of a change in law or practice or by reason of your paying tax in a jurisdiction other than the United Kingdom.
- 29.3 We shall not be responsible for advising you on any change in tax law or practice. You shall in all circumstances be responsible for your own tax advice in relation to your Trades.
- 30. Amendments and Termination**
- 30.1 We may amend or replace any clause or part of the Agreement in whole or in part by giving you written notification of the changes. We will only make changes for good reason, including but not limited to:
- 30.1.1 making them clearer or more favourable to you;
- 30.1.2 reflecting legitimate changes in the cost of providing the service to you;
- 30.1.3 reflecting a change of applicable law, regulation or codes of practice or decisions by a court, ombudsman, regulator or similar body;
- 30.1.4 reflecting changes in market conditions;
- 30.1.5 reflecting changes in the way we do business.
- 30.2 If you object to any change you must tell us within 14 days of the date the notice is deemed received by you under clause 32 ("Notices"). If you do not do so you will be deemed to have accepted the change(s). If you give us notice that you object, then the changes will not be binding on you, but we may require you to close your Account as soon as reasonably practicable and/or restrict you to placing Trades and/or Orders to close your Open Positions.
- 30.3 Subject to clause 30.2 the amendments or new terms made pursuant to this clause 30 will apply (including to all Open Positions and unexecuted Orders) from the effective date (which we will state) of the change specified in the notice.
- 30.4 We may end this Agreement and close your Account at any time giving you 30 days written notice. This is in addition to any other rights to end this Agreement and/or close your Account which we may have.
- 30.5 You may also end the Agreement and/or close your Account at any time, in whole or in part, by giving us written notice. Your Account will be closed as soon as reasonably practicable after we receive notice, all Open Positions are closed, all Orders cancelled and all of your obligations discharged.
- 30.6 Where either you or we close your Account and/or end this Agreement under this clause 30, we reserve the right to refuse to allow you to enter into any further Trades or Orders which may lead to you holding further Open Positions.
- 30.7 If, after a period of 6 years, there has been no movement or trading on your Account, you have a positive Account balance and we have been unable to trace you after reasonable enquiry, we may decide to close your account and the money will be retained by us. If however you contact us at a later date we will repay the balance to you upon the provision of evidence as to the validity of your claim.
- 31. General Provisions Relating to the Agreement**
- 31.1 A court or regulatory authority may decide that a part or clause of this Agreement is not enforceable. If this happens then the relevant part of the Agreement will be given no effect and will not be considered part of the Agreement. This will not invalidate any other clause or part of the Agreement.
- 31.2 You may not assign or transfer any of your rights or obligations under this Agreement without our prior written consent. We may assign or transfer all or any of our rights or obligations under this Agreement to any person authorised in any EEA member state (including any of our Associates) on 30 days written notice. We will comply with FSA Rules or any other applicable rule which may apply to this transfer, including obtaining your or any other party's consent where necessary.
- 31.3 Either you or we may elect not to require the other party to comply with this Agreement, or may delay requiring the other party to do so. This will not amount to a waiver by the party making such election of its rights under this Agreement unless that party clearly states that this is its intention. This means that the relevant party can still require compliance with the Agreement in future.
- 31.4 Except as provided by clause 31.5, no clause of this Agreement is intended to confer any benefit on any person who is not a party to it or to be enforceable under the Contracts (Rights of Third Parties) Act 1999.
- 31.5 The Agreement may, however, be enforced by any of our Associated Companies. We do not require the consent of our Associated Companies to vary, amend, modify, suspend, cancel or terminate any provision of the Agreement.
- 32. Notices**
- 32.1 This clause 32 does not apply when:
- 32.1.1 you place Orders and execute Trades pursuant to this Agreement;
- 32.1.2 we provide notice of changes to Margin Requirements, Margin Factors or Margin Multipliers pursuant to clause 10; or
- 32.1.3 we provide notice of changes to the Margin Close Out Level applicable to your Account pursuant to clause 11.3.
- 32.2 When a notice may be given in writing, it may be provided by letter, fax, e-mail or (to the extent permitted by FSA Rules), the Website including the Trading Platform.

## General Terms

- 32.3 We may send notices to you at your last known home or e-mail address, place of work, fax, telephone, pager number or other contact details.
- 32.4 You must send notices by letter to Client Management at Our Address.
- 32.5 Unless specifically agreed otherwise in these General Terms, any notice given by us to you or by you to us will be deemed given and received if:
- 32.5.1 delivered by hand to Our Address in these General Terms or to your last known home or work address: at the time of delivery;
  - 32.5.2 sent by first class post on a Business Day: the next Business Day or second Business Day after posting if not sent on a Business Day;
  - 32.5.3 sent by air mail from outside the United Kingdom: the second Business Day after posting (or the fourth Business Day after posting if not sent on a Business Day);
  - 32.5.4 sent by fax before 4pm on a Business Day: one hour after a "transmission complete" report is received. If sent by fax at any other time: at 9 am on the next Business Day (provided a "transmission complete report" is received); and/or
  - 32.5.5 sent by e-mail before 4pm on a Business Day: one hour after sending. If sent by email at any other time: 9:00 am on the next Business Day, (but an e-mail will not be deemed to have been delivered if the sender receives a "not sent" "not received" or similar message from the e-mail service provider).
- 32.6 Additionally:
- 32.6.1 we may give you a notice by SMS text in which case you will be deemed to have received such a message one hour after we have sent it, provided we do not receive a "not sent" message.
  - 32.6.2 we may leave you a message on the Website or Trading Platform and this will be deemed delivered one hour after we have posted it.

### 33. Governing Law, Jurisdiction and Language

- 33.1 The Agreement and our relations before we entered into this Agreement shall be governed by and construed in accordance with English Law.
- 33.2 Unless you are an EU Consumer (other than one resident in England or Wales) and subject to clause 33.3, the Courts of England and Wales will have exclusive jurisdiction over any claim or matter arising under or in connection with the Agreement and the legal relationships established by the Agreement.
- 33.3 Unless you are an EU Consumer, we shall be entitled to take proceedings against you in any other competent jurisdiction, and the taking of proceedings in any one or more jurisdictions will not preclude the taking of proceedings in any other jurisdictions, whether concurrently or not, to the extent permitted by the law of such other jurisdiction.

### 34. Definitions

In this Agreement the following words and expressions shall have the following meanings:

**"Account"** means any account that we maintain for you for dealing in the Products made available under this Agreement and in which your Cash, Margin Requirements and Margin Payments are held and to which Realised Profits and/or Losses are credited or debited

**"Agent"** means an agent or representative who we agree may act for you and/or give instructions on your behalf in respect of this Agreement

**"Agreement"** means the General Terms, together with the Supplemental Terms, the Application Form, Market Information and the Key Service Features

**"Application Form"** means the form(s) (in paper or electronic form) which you complete to open an Account and to trade with us under this Agreement

**"Associated Companies"** means an associated body corporate within the meaning of section 256 of the Companies Act 2006

**"Base Currency"** is the currency in which your Account is denominated and in which we will debit and credit your Account

**"Business Day"** means Monday through Friday, excluding any English public holiday

**"Cash"** means a figure stated on the Trading Platform which represents the amount of cleared funds available in your Account

**"Client Management"** means our customer services team

**"Conflicts of Interest Policy"** means our policy on potential conflicts of interest that may arise in providing our services and how we manage them

**"Corporate Action"** means the occurrence of any of the following in relation to the issuer of any relevant Underlying Instrument:

- a) any rights, scrip, bonus, capitalisation or other issue or offer of shares/equities of whatsoever nature or the issue of any warrants, options or the like giving the rights to subscribe for shares/equity;
- b) any acquisition or cancellation of own shares/equities by the issuer;
- c) any reduction, subdivision, consolidation or reclassification of share/equity capital;
- d) any distribution of cash or shares, including any payment of dividend;
- e) a take-over or merger offer;
- f) any amalgamation or reconstruction affecting the shares/equities concerned; and/or
- g) any other event which has a diluting or concentrating effect on the market value of the share/equity which is an Underlying Instrument

**"Daily Financing Fee"** means the charge which we apply daily to the portion of an Open Position which is not secured by margin equivalent to the Margin Requirement. Details of the Daily Financing Fees are set out in the Key Service Features

**"Declarable Interest"** means the prevailing level or percentage at the material time, set by law or by the stock exchange(s) or other facility upon which the Underlying Instrument is traded, at which financial or other interests in an Underlying Instrument must be publicly disclosed

**"Events of Default"** has the meaning given in clause 16.1

**"Events Outside Our Control"** means any event preventing us from performing any or all of our obligations under the Agreement and which arises from or is attributable to acts, events, omissions or accidents beyond our reasonable control including (but not limited to):

- a) an emergency or exceptional market condition;
- b) compliance with any law governmental order or regulatory requirement;
- c) any act, event, omission or accident which prevents us from maintaining orderly trading or hedging activities in any market in one or more of the Underlying Instruments in relation to which we ordinarily accept Trades;
- d) any strike, lock-out or other industrial dispute, riot, terrorism, war, civil commotion, nuclear, chemical or biological contamination, act of God, malicious damage, accident, breakdown of equipment, fire, flood, storm, interruption of power supply, failure of a utility service or breakdown of or interruption in any electronic, communication or information system; and/or
- e) the suspension or closure of any index/market/exchange or the abandonment or failure of any factor upon which we base, or to which we may relate, Our Prices, or the imposition of limits or special or unusual terms on any such factor

## General Terms

**"FSA"** means the Financial Services Authority of the United Kingdom

**"FSA Rules"** means the Handbook of Rules and Guidance of the Financial Services Authority

**"General Terms"** means these terms and conditions

**"GFD"** or **"Good for the Day"** refers to Orders which have effect on the day on which they are given in accordance with clause 8. If not executed, GFD Orders will cease to have effect when cancelled in accordance with this Agreement, on the expiry of the relevant Market or if we cease to trade in the relevant Market

**"GFT"** or **"Good for the Time"** refers to Orders which have effect until a time specified by you. If not executed, GFT Orders will cease to have effect when cancelled in accordance with this Agreement, on the expiry of the relevant Market or if we cease to trade in the relevant Market

**"GTC"** or **"Good until Cancelled"** refers to Orders which have effect until cancelled in accordance with this Agreement. If not executed, GTC Orders will cease to have effect when you cancel them in accordance with this Agreement, on expiry of the relevant Market, or if we cease to trade in the relevant Market

**"Guaranteed Stop Loss Order"** means an instruction to execute a Trade to close an Open Position at a pre-agreed price and subject to the terms of clause 8

**"Insolvency Event"** means, in respect of any person:

- a) a resolution is passed or an order is made for the winding up, dissolution or administration of such person,
- b) any bankruptcy order is made against such person,
- c) the appointment of a receiver, administrator, manager, administrative receiver or similar officer, or if any encumbrancer takes possession of or sells, all or any part of the business or assets of such person,
- d) the making of an arrangement or composition with creditors generally or the making of an application to court for protection from creditors generally, or
- e) if the relevant person becomes insolvent or is otherwise unable to pay its debts as they become due, or any act of insolvency or event that is analogous to those set out in paragraph (a), (b), (c), or (d) of this definition applies to the person concerned.
- f) If the person concerned is a partnership, the occurrence of any of the events listed in this paragraph in relation to any partner shall be an Insolvency Event in relation to such person.

**"Introducer"** means a person or firm we appoint to effect introductions of potential clients to us

**"Key Service Features"** means a document we provide to you as part of the Agreement, which includes information specific to your Account including the Margin Close Out Level, our charges and contact details

**"Limit Order"** means an Order which will be executed when the price of a Market reaches a price which is more favourable to you than Our Price at the time you place the Order

**"Linked Accounts"** means those Accounts which we inform you are linked for the purpose of calculating your Total Margin and/or your Trading Resource under this Agreement

**"Long Position"** means an Open Position resulting from a Trade or Trades placed to buy units of a Market at Our Offer Price

**"Manifest Error"** has the meaning given by clause 14.1

**"Margin Close Out Level"** means the Margin Level at or below which we may close your Open Positions and take other actions to restrict your Account under clause 11. We will notify you in the Key Service Features of your Margin Close Out Level

**"Margin Factor"** means the percentage or number of units we set for each Market and which is multiplied by the Quantity to determine the relevant Margin Requirement

**"Margin Level"** means the ratio of Net Equity (the sum of your Cash and Unrealised P & L) to Total Margin (expressed as a percentage). Your Margin Level is stated on the Trading Platform

**"Margin Multiplier"** means the number by which a Margin Requirement is multiplied to increase the amount you are required to hold as security for a Trade

**"Margin Requirement"** means the amount of money that you are required to deposit with us as consideration for entering into a Trade and maintaining an Open Position.

**"Market"** means a contract we make available which is comprised of a unique set of price information, minimum and maximum Quantity, expiry and other commercial features determined by reference to an Underlying Instrument

**"Market Disruption Event"** means any of the following events:

- a) trading in respect of the Underlying Instrument is suspended or limited for any reason whatsoever, including by reason of movements in the price of the Underlying Instrument exceeding limits permitted by the relevant exchange or limits or special or unusual terms are imposed on the trading of the Underlying Instrument by the relevant exchange;
- b) trades which we have entered into in relation to any relevant Underlying Instrument or other relevant financial instrument are cancelled by the relevant exchange;
- c) an unusual movement in the level of, or the unusual loss of liquidity in respect of, the Underlying Instrument or our reasonable anticipation of the occurrence of the same; and/or
- d) the occurrence of any other event which causes a material market disruption in respect of the Underlying Instrument

**"Market Hours"** means the hours during which we are prepared to provide quotes for Our Price and execute Trades and Orders in a Market

**"Market Information"** means an electronic document (also available in paper form upon request) located on the Trading Platform which sets out the commercial details for each Market, including but not limited to: Margin Factors, the minimum and maximum Quantity and Our Spread

**"Net Equity"** means a figure stated on the Trading Platform which represents the sum of your Cash and Unrealised P & L

**"Notices and Policies"** means information we are required by law or regulation to disclose to our clients, including: the Risk Warning Notice, our Trade and Order Execution Policy, our Conflicts of Interest Policy

**"Open Position"** means a Trade which has not been closed in whole or in part under this Agreement

**"Order"** means an instruction you give us to execute a Trade when the price of a Market reaches a specified price or an event or condition occurs

**"Orders Aware Margining"** means a reduced Margin Requirement that applies to Trades in certain Markets which have attached Stop Loss or Guaranteed Stop Loss Orders

**"Our Address"** means Park House, 16 Finsbury Circus, London EC2M 7EB

**"Our Bid Price"** means the lower of two prices we quote for each Market

**"Our Offer Price"** means the higher of the two prices we quote for each Market

**"Our Price"** means Our Offer Price and Our Bid Price for each Market.

**"Our Spread"** means the difference between Our Bid and Our Offer Price

**"Product"** means each type of financial instrument or investment contract we make available under this Agreement, subject to additional terms set out in the relevant Product Supplement

**"Quantity"** means the amount of units traded in a Market, synonymous to "stake" or "trade size"

## General Terms

**“Realised Profits”** and **“Realised Losses”** means your profits or losses (as appropriate) which result on expiry or closure of an Open Position

**“Retail Client”** has the meaning given to it by FSA Rules

**“Risk Warning Notice”** means the notice provided to clients in the Annex to these General Terms detailing the risks associated with undertaking trading in our Products

**“Security Information”** means account numbers, passwords and other information required to identify you for the purposes of you trading with us under this Agreement

**“Short Position”** means an Open Position resulting from a Trade or Trades to sell units in a Market at Our Bid Price

**“Stop Order”** means an instruction to create a Short Position when Our Price reaches a specified price

**“Stop Loss Order”** means an instruction to execute a Trade to close an Open Position when Our Price reaches a specified price

**“Supplemental Terms”** means the supplemental terms to the General Terms for each Product type

**“Total Margin”** means a figure stated on the Trading Platform which represents the aggregate of the Margin Requirements applicable to your Account

**“Trade”** means a transaction entered into by you pursuant to this Agreement

**“Trade and Order Execution Policy”** means the policy which describes our obligations to provide best execution and the processes we follow to provide best execution

**“Trading Hours”** means the period of time from Sunday evening 20:00 (London time) during winter months or from 22:00 (London time) during summer months through to 21:15 Friday evening (London time)

**“Trading Platform”** means the password protected part of our Website through which you can deal with us under this Agreement and view your Account information

**“Trading Resource”** means a figure stated on the Trading Platform which represents your Net Equity less your Total Margin. This is subject to:

- a) any additional factors which need to be taken into account under the Supplemental Terms for any particular Product type;
- b) any additional factors which we may agree will be taken into account in assessing your Trading Resource

**“Underlying Instrument”** means the instrument, index, commodity, currency or other instrument, asset or factor whose price or value provides the basis for us to determine Our Price for a Market

**“Unrealised Losses”** and **“Unrealised Profits”** means the profits or losses (as appropriate) that have not as yet been realised on Open Positions before expiry or closure

**“Unrealised P & L”** means a figure stated on the Trading Platform which represents your Unrealised Profits less your Unrealised Losses

**“Website”** means our internet address as stated in the Key Service Features and which comprises (among other things) the Trading Platform and the Market Information.

## Spread Bet Supplemental Terms

### 1 Spread Betting

- 1.1 A spread bet ("Spread Bet") is a bet on the difference between the opening and closing price of a contract. The price of the Spread Bet is determined by reference to the price of another financial instrument, such as: shares, indices, commodities, currencies or fixed-income securities. Features of our Spread Bets are described below.
- 1.2 Spread Bets are classified in the UK as investments and firms dealing in them are required to be authorised and regulated by the FSA.
- 1.3 Spread Bets are legally enforceable contracts.

### 2 General Information

- 2.1 This Spread Bet Supplemental Terms sets out the terms and conditions under which we offer a range of Spread Bets (our "Spread Bet Markets") and it forms part of the Agreement.
- 2.2 Unless separately defined in these Supplemental Terms words and expressions shall have the meanings given to them in the General Terms.
- 2.3 Trades for Spread Bet Markets can be placed through the Trading Platform or by calling Client Management.
- 2.4 We will quote, execute and settle Trades for Spread Bet Markets in your Base Currency, unless we agree otherwise.
- 2.5 Commercial information (including but not limited to Market Hours, minimum and maximum Quantity, Our Spread and expiry dates) for each Spread Bet Market is set out in the relevant Market Information.
- 2.6 Spread Bet Markets which are designated "rolling markets" will be rolled automatically in accordance with clause 7 of the General Terms ("Rollover") until you close the position in accordance with clause 6 of the General Terms ("Closing Trades"). Orders attached to an Open Position in a rolling Spread Bet Market will be recreated automatically each time the Open Position is rolled.
- 2.7 Spread Bet Markets which have expiry dates ("Expiry Spread Bet Markets") will be closed and settled automatically on the expiry time or date specified in the Market Information. You may close an Open Position before that date in accordance with clause 6 of the General Terms ("Closing Trades"). You may give instructions to "roll" an Open Position in an Expiring Spread Bet Market. If we accept such instructions we will roll the Open Position in accordance with clause 7 of the General Terms ("Rollover"). When you place instructions to roll an Open Position in an Expiry Spread Bet Market on the Trading Platform any Orders attached to the Open Position will be attached to the new Open Position. When you place instructions to roll an Open Position in an Expiry Spread Bet Market by telephone, you must give us express instructions to attach the Order to the new Open Position.

### 3 Our Price

- 3.1 **Definitions.** The following definitions apply to this section:

"**D**" means the sum of all dividends that are expected to be paid between the current date and the maturity date. In addition to dividend payments which are announced, we may include our estimate of future dividend payments

"**d**" means days to maturity: the number of calendar days between the current date and the maturity date

"**dc**" means day count: the number of days used in the calculation of an interest rate. We use 365 days for GBP and linked currencies such as AU\$, but 360 for USD and most other currencies

"**F**" means the financing rate: the annual rate of interest that applies to the Market

"**Fv**" means a fair value price adjustment: the difference between Our Price and the price of the Underlying Instrument and it may include interest rate differentials, cost of carry and/or declared or anticipated dividends or distributions

"**S**" means our spread rate: the amount we add to the spread of an Underlying Instrument to form Our Spread (Os)

"**Ub**" means the bid price of the Underlying Instrument

"**Um**" means the mid price between the bid and offer price of an Underlying Instrument

"**Uo**" means the offer price of the Underlying Instrument

"**Us**" means the spread for the Underlying Instrument: the difference between the current bid and the offer price ( $Uo - Ub$ )

- 3.2 **Equity Quarterly Spread Bet Markets.** Where the Underlying Instrument for a Market that settles on a quarterly basis is a share or equity, we calculate Our Price for Spread Bet Markets as follows:

$$\text{Where } A = 1 + (F/100) \times (d/dc)$$

$$\text{Our Mid Price} = Um \times A - D$$

$$\text{Our Spread} = Us + (S/100) \times (Um \times A - D)$$

$$\text{Our Bid Price} = (Um \times A - D) - (Us + (S/100) \times (Um \times A - D))/2$$

$$\text{Our Offer Price} = (Um \times A - D) + (Us + (S/100) \times (Um \times A - D))/2$$

- 3.3 **Rolling Equity Spread Bet Markets.** Where the Underlying Instrument is a share or equity, we calculate Our Price as follows:

$$\text{Our Spread} = Us + (S/100) \times Um$$

$$\text{Our Bid Price} = Um - (Us + (S/100) \times Um) / 2$$

$$\text{Our Offer Price} = Um + (Us + (S/100) \times Um) / 2$$

Dividends and financing rates are not included in the calculation of Our Price, but appear as separate charges or credits to your Account.

- 3.4 **Rolling Index Spread Bet Markets.** Where the Underlying Instrument is an index futures contract, we calculate Our Price as follows:

$$\text{Our Mid Price} = Um +/- Fv$$

$$\text{Our Bid Price} = (Um +/- Fv) - S/2$$

$$\text{Our Offer Price} = (Um +/- Fv) + S/2$$

- 3.5 **Index Expiry Spread Bet Markets.** Where the Underlying Instrument for an Expiring Spread Bet Market is an index futures contract, we calculate Our Price as follows:

$$\text{Our Mid Price} = Um$$

$$\text{Our Bid Price} = Um - S/2$$

$$\text{Our Offer Price} = Um + S/2$$

- 3.6 **Rolling Currency Spread Bet Markets.** Where the Underlying Instrument is a currency quoted in a cash market, we calculate Our Price as follows:

$$\text{Our Mid Price} = Um$$

$$\text{Our Bid Price} = Um - S/2$$

$$\text{Our Offer Price} = Um + S/2$$

## Product Supplements

- 3.7 **Currency Expiring Spread Bet Markets.** Where the Underlying Instrument for an Expiring Spread Bet Market is a currency futures contract, we calculate Our Price as follows:
- Our Mid Price =  $Um +/- Fv$*   
*Our Bid Price =  $(Um +/- Fv) - S/2$*   
*Our Offer Price =  $(Um +/- Fv) + S/2$*
- 3.8 **Rolling Commodity Spread Bet Markets.** Where the Underlying Instrument is a commodity, we calculate Our Price as follows:
- Our Mid Price =  $Um +/- Fv$*   
*Our Bid Price =  $(Um +/- Fv) - S/2$*   
*Our Offer Price =  $(Um +/- Fv) + S/2$*
- 3.9 **Commodity Expiring Spread Bet Markets.** Where the Underlying Instrument for an Expiring Spread Bet Market is a commodity futures contract, we calculate Our Price as follows:
- Our Mid Price =  $Um$*   
*Our Bid Price =  $Um - S/2$*   
*Our Offer Price =  $Um + S/2$*
- 3.10 **Fixed income and Interest Rate Spread Bet Markets.** Where the Underlying Instrument is a fixed income security or interest rate futures contract, we calculate Our Price as follows:
- Our Mid Price =  $Um$*   
*Our Bid Price =  $Um - S/2$*   
*Our Offer Price =  $Um + S/2$*
- Spread Bet Markets based on fixed income securities and interest rates are priced in accordance with the United States bond market pricing convention under which units are priced in fractions of 1/32 rather than in decimals.
- 3.11 If we quote a price for a Spread Bet Market during Market Hours which are outside of the usual dealing hours for the relevant Underlying Instrument we will determine Our Price by reference to one or more exchanges and the Open Positions of other clients in the relevant Market or related Markets.
- 4 Margin Requirement**
- 4.1 To place a Trade which creates an Open Position in a Spread Bet Market the Margin Requirement is calculated as follows:
- 4.1.1 For Trades where the Margin Factor expressed as a number:  
*Quantity x Margin Factor*
- 4.1.2 for Trades where the Margin Factor expressed as a percentage:  
*(Quantity x Our Price) x Margin Factor*
- 4.1.3 for Trades subject to a Guaranteed Stop Loss Order the Margin Requirement will be the lower of:
- a) the figure calculated under 4.1.1 or 4.1.2, or
- b) (difference between the specified Guaranteed Stop Loss Order price and Our Price at the time the Trade is executed) x Quantity
- 4.1.4 for buy Trades in Spread Bet Markets with Underlying Instruments which are futures contracts for options or options-related instruments, the Margin Requirement will be the lower of:
- Quantity x Our Price; or*  
*Quantity x Margin Factor*
- 4.1.5 for sell Trades in Spread Bet Markets with Underlying Instruments which are futures contracts for options or options-related instruments, the Margin Requirement will be calculated as follows:
- a) calculate (Quantity x Our Price x 2);  
b) calculate 30% of the Margin Requirement the equivalent Quantity would require in a trade in the relevant Underlying instrument;  
c) calculate 100% of the Margin Requirement the equivalent Quantity would require in a trade in the relevant Underlying instrument;  
d) identify the greater of a) and b);  
e) the Margin Requirement is the smaller of d) or c).
- 4.1.6 for Trades subject to a Margin Multiplier the Margin Requirement will be calculated as follows:
- the figure as calculated under 4.1.1 – 4.1.5, or 4.5 (as applicable) x Margin Multiplier
- 4.2 When we execute a Trade which results in a Long Position, we will use Our Bid Price to calculate the Margin Requirement.
- 4.3 When we execute a Trade which results in a Short Position, we will use Our Offer Price to calculate the Margin Requirement.
- 4.4 When you hold Open Positions in a Spread Bet Market and you place one or more Trades in the opposite direction in a Spread Bet Market with the same Underlying Instrument as the Open Positions, your Margin Requirement for all Open Positions with the same Underlying Instrument will be the larger of the aggregate of the Margin Requirements for all Long Positions or the aggregate of the Margin Requirements for all Short Positions.
- 4.5 If other conditions apply to the Margin Requirement we will advise you at the time you place the Trade.
- 4.6 We reserve the right to refuse to execute a Trade if your Margin Level is insufficient to fund the Margin Requirement, any Unrealised P & L created by Our Spread and any costs associated with the Trade.**
- 4.7 You are responsible for monitoring your Margin Level and ensuring that it is sufficient to maintain your Open Positions. Your Margin Level must be sufficient to fund the amount of:
- Total Margin;
  - fees and charges, including the Daily Financing Fee (if applicable), required to maintain and close your Open Positions;
  - Unrealised Losses; and
  - any new Open Positions you wish to create.
- 5 Commission, Daily Financing Fees and Dividends**
- 5.1 We may charge a commission for each Trade which opens or closes an Open Position. If we apply a commission, we will state our commission rates in the Key Service Features.

## Product Supplements

- 5.2 For Open Positions in all Spread Bet Markets other than Expiry Spread Bet Markets, Daily Financing Fees will apply to the portion of an Open Position which is not secured by the Margin Requirement. Under normal market conditions we will charge you Daily Financing Fees each day on a Long Position and we will pay you Daily Financing Fees each day on a Short Position. However, in certain market conditions we may require you to pay a Daily Financing Fee where you would ordinarily have received a Daily Financing Fee. Daily Financing Fees are debited or credited to your Account (as appropriate) at the time stated in the Market Information. The basis of calculation of Daily Financing Fees is set out in the Key Service Features. We may vary the method of calculating the Daily Financing Fees and/or commission. When we do so we will give you notice in accordance with clause 30 of the General Terms ("Amendments and Termination").
- 5.3 The cost of the Daily Financing Fees and any commissions will be debited from (for Long Positions) or credited to (for Short Positions) your Cash.
- 5.4 In accordance with clause 19 of the General Terms ("Corporate Actions and other events Affecting Underlying Instruments"), we may (acting reasonably and in accordance with what we regard to be good market practice) make dividend adjustments to Open Positions in Spread Bet Markets where a dividend has been paid to holders of an Underlying Instrument. In the case of Long Positions these will be credited to your Account and in the case of Short Positions debited to your Account. We will normally make such adjustments at the time that the Market Hours commence on the day that the dividend is paid to holders of the Underlying Instrument.

## 6 Profit and Loss

- 6.1 Profits and losses for an Open Position will be credited or debited as Unrealised P & L. Unrealised Profits will allow you to place additional Trades but cannot be withdrawn until you close the Open Position. Unrealised Losses will reduce the amount you have available to place Trades and may result in your positions being closed under clause 11 of the General Terms ("Margin Close Out Level").
- 6.2 When an Open Position is closed Realised Profit or Realised Loss is calculated as: (the difference between the opening and closing Our Price) x Quantity.
- 6.3 Realised Profits or Realised Losses will be credited to or debited from your Cash.

## 7 Taxes

- 7.1 We pay UK betting duty due on any Trades in Spread Bet Markets, although we may change this by giving you notice in accordance with clause 30 of the General Terms ("Amendments and Termination").
- 7.2 We do not withhold any sums for tax purposes on the Realised Profits or on any Daily Financing Fees that you receive as a result of holding Short Positions in Spread Bet Markets.
- 7.3 You are responsible for the payment of all taxes that may arise in relation to your Trades.

## Binary Bet Supplemental Terms

### 1 Binary Bets

- 1.1 A binary bet ("Binary Bet") is a form of fixed odds betting that allows you to bet on whether an event is going to happen or not. For each Binary Bet we will provide a "Strike Level", the level of the Underlying Instrument which will be the reference point to which the Binary Bet will close either above ("up") or below ("down"). For each Binary Bet we will quote a price between 0 and 100 based on our assessment of the probability that the Binary Bet event will occur. As the probability that the Binary Bet event will occur becomes more likely, the price rises; as the probability that the Binary Bet event occurring becomes less likely, the price falls. When the Binary Bet expires if the Binary Bet closes up an "up" Binary Bet will settle at 100 and a "down" binary Bet will settle at 0. If the Binary Bet closes down when it expires the "up" Binary Bet will settle at 0 and the "down" binary Bet will settle at 100.
- 1.2 Unlike other products we offer which are traded on a margined basis, a Binary Bet is a limited risk product. The maximum potential loss for a Binary Bet is the sum of Unrealised P & L and the Margin Requirement.
- 1.3 Binary Betting is not regulated by the FSA. You will therefore not have the benefit of the protection of FSA Rules (including best execution as stated in clause 5.5 of the General Terms for your Trades in Binary Bet Markets), the right to complain to the Financial Ombudsman Service in accordance with clause 23.5 of the General Terms or any rights under the Financial Services Compensation Scheme described in clause 23.6 of the General Terms ("Complaints and Disputes"). However, you may bring a complaint against us under our internal complaints procedure as described in clauses 23.1 to 23.4 of the General Terms ("Complaints and Disputes"). You may also refer a complaint to the Independent Betting Adjudication Service, P.O. Box 44781, London SW1W 0WR.
- 1.4 Binary Betting is subject to regulation by the Gambling Commission, which is located at Victoria Square House, Victoria Square, Birmingham B2 4BP. Binary Bets are legally enforceable by virtue of section 335 of the Gambling Act 2005.

### 2 General Information

- 2.1 This Binary Bet Supplemental Terms sets out the terms and conditions under which we offer a range of Markets which are Binary Bets (our "Binary Bet Markets") and it forms part of the Agreement.
- 2.2 Unless separately defined in these Supplemental Terms words and expressions shall have the meanings given to them in the General Terms.
- 2.3 We accept Trades in Binary Bet Markets only through the Trading Platform.
- 2.4 Binary Bet Markets are traded and settled in your Base Currency unless we agree otherwise.
- 2.5 Commercial information (including but not limited to expiry times) for each Binary Bet Market is set out in the relevant Market Information.
- 2.6 A Trade in a Binary Bet Market where you bet that an event or result will occur is a "buy" Trade. A Trade in a Binary Bet Market where you bet that an event or result will not occur is a "sell" Trade. Buy Trades will be transacted at Our Offer Price and sell Trades will be transacted at Our Bid Price.

- 2.7 Our Binary Bet Markets are for short-term periods, such as hourly or daily bet periods. You may place a Trade in a Binary Bet Market during its Market Hours and up to the time that we specify that we will no longer accept Trades in that Market ("Last Time of Trading"). The Last Time of Trading is stated in the relevant Market Information.

- 2.8 You may close an Open Position in a Binary Bet Market at any time until the Last Time of Trading. If the Open Position is not closed it will be closed and settled automatically at the expiry time stated in the Market Information.

### 3 Our Price

- 3.1 Our Price for a Binary Bet Market is based on the probability (calculated by us) that an event in relation to an Underlying Instrument will occur.

### 4 Margin Requirement

- 4.1 To place a Trade which creates an Open Position in a Binary Bet Market, the Margin Requirement is calculated as follows:

*For a "buy" Trade: Our Price x Quantity; and*

*For a "sell" Trade: (100-Our Price) x Quantity.*

- 4.2 You are responsible for monitoring your Margin Level and ensuring that it is sufficient to maintain your Open Positions. Your Margin Level must be sufficient to fund the amount of:

- your Total Margin;
- any fees and charges required to maintain and close your Open Positions;
- any new Open Positions you wish to create.

- 4.3 We reserve the right to refuse to execute a Trade if your Margin Level is insufficient to fund the Margin Requirement and any costs associated with the Trade.

### 5 Profit and Loss

- 5.1 Profits and losses for an Open Position will be credited or debited from your Margin Requirement as Unrealised P & L.

- 5.2 When an Open Position is closed before the expiry date or time, Realised Profit or Realised Loss is calculated as: the difference between the opening and closing price of the Opening Position multiplied by the Quantity.

- 5.3 If an Open Position expires and the event that is the subject of the Binary Bet has occurred then the Binary Bet Market will expire at 100 and your Realised Profit and Realised Loss will be calculated as follows:

5.3.1 for Long Positions: we will pay you  $(100 - \text{opening Our Price}) \times \text{Quantity}$ ;

5.3.2 for Short Positions, you will pay us  $(100 - \text{opening Our Price}) \times \text{Quantity}$ .

- 5.4 If an Open Position expires and the event that is the subject of the Binary Bet has not occurred then the Binary Bet Market will expire at 0 and your Realised Profit and Realised Loss will be calculated as follows:

5.4.1 for Long Positions: you will pay us an amount equal to the opening Our Price x Quantity;

5.4.2 for Short Positions, we will pay you an amount equal to the opening Our Price x Quantity.

- 5.5 If the Binary Bet Market expires at the Strike Level, the Open Position will be deemed to have closed "up".

## Product Supplements

5.6 We deem events at the expiry of a Binary Bet to be final and conclusive. Information which becomes available after the expiry of a Binary Bet, such as pricing errors on the relevant exchanges on which the Underlying Instrument is traded, will not void or change the results of the Binary Bet.

5.7 Realised Profits or Realised Losses will be credited to or debited from your Cash.

## 6 Additional actions we may take in relation to Binary Betting

6.1 In addition to our rights to void any Trades or Open Positions under the General Terms, if an event occurs which has the effect of making it impossible to ascertain whether the event on which a Binary Bet Market is based will occur or not, we may, acting reasonably, void any Trades in relation to that specified event.

6.2 If, prior to the expiry of a Binary Bet Trade, the outcome of the specified event on which an Open Position in a Binary Bet Market is based becomes publicly known, we may, in addition to our rights under the General Terms:

6.2.1 void any Trade which creates an Open Position if we believe that the opening Trade was placed after the outcome of the specified event became publicly known;

6.2.2 void any Trades which closes an Open Position if we believe that the closing Trade was placed after the outcome of the specified event became publicly known.

6.3 Notwithstanding clause 3.9 of the General Terms we may monitor your use of our services for trading in Binary Bet Markets. In addition to any of our rights to close your Account under the General Terms, we may close your Account on 14 days notice in accordance with clause 16 of the General Terms ("Events of Default and Similar Circumstances") if we believe that you are betting irresponsibly.

## 7 Taxes

7.1 We pay UK betting duty due on any Trades in Binary Bet Markets, although we may change this by giving you notice in accordance with clause 30 of the General Terms ("Amendments and Termination").

7.2 You are responsible for the payment of all taxes that may arise in relation to your Trades.

## Annex 1: Risk Warning Notice

### 1. Introduction

You are considering dealing with us in financial instruments and investment contracts relating to various financial markets. Unless separately defined in this notice, words and expressions shall have the meanings given to them in the General Terms.

This notice is designed to explain in general terms the nature of and some of the risks particular to our Products. We provide this warning to help you to take investment decisions on an informed basis. However, please note that each Trade will carry its own unique risks which cannot be explained in a general note of this nature.

Our Products carry a higher risk of loss than trading many traditional instruments, such as shares in many large companies or fixed income securities such as bonds issued by governments or large companies. For many members of the public trading in our Products is not suitable. It is very important that you should not engage in trading in our Products unless you know, understand and are able to manage the features and risks associated with such trading and are also satisfied that trading in our Products is suitable for you in light of your circumstances and financial resources.

In considering whether to engage in trading our Products, you should be aware of the following risks.

### 2. Leverage

A high degree of "gearing" or "leverage" is associated with trading our Products. This stems from the margining system applicable to our Products which generally involves a comparatively modest deposit of the overall contract value to open a Trade. This can work for you and against you. A small price movement in your favour can result in a high return on the money placed on deposit; however, a small price movement against you may result in substantial losses, possibly more than the money placed on deposit. Prices can move quickly particularly at times of high market volatility (see below) and, if these price movements are unfavourable to your Trade(s), you could quickly build up significant losses.

If you do not maintain enough funds in your Account to satisfy your Margin Requirements, we may close any or all of your Open Positions (in some circumstances without warning). If we do this, your Open Positions may be closed at a loss for which you will be liable.

### 3. Nature of Margined Trades

Our client agreement explains in detail how our Products operate; see our General Terms, Supplemental Terms, Key Service Features, as well as your Application Form. Also you should review examples and explanations found on our Website – although these are not part of the Agreement, they provide useful guidance on trading in our Products (and the risks associated with them).

A Trade in one of our Markets is a Trade based on movements in Our Price. Our Price for a Market is set by us but relates to the price of the relevant Underlying Instrument. Whether you make a profit or loss will depend on the prices we set and fluctuations in the Underlying Instrument to which your Trade relates.

Trades in our Products can only be settled in cash.

Trades in our Products are legally enforceable.

In certain circumstances your losses on a Trade may be unlimited. For instance, if you open a position with us by selling the contract in question (a practice known as "shorting a market") and the price rises, you will make a loss on that Trade and it is impossible to know the limit of your potential losses until you close the Trade or your Open Positions are closed when your Margin Level reaches the Margin Close Out Level. You must ensure that you understand the potential consequences of a particular Product or Trade and be prepared to accept that degree of risk.

You will not acquire the Underlying Instrument nor any rights or delivery obligations in relation to the Underlying Instrument.

Certain Markets are quoted and settled in currencies other than your Base Currency. Trading in these Markets carries the additional risk of currency risk; the exchange rate at the time your Open Positions are closed and converted into your Base Currency may be less advantageous to you than at the time you created the Open Position.

### 4. Volatility

As mentioned above, whether you make a profit or a loss will depend on the prices we set and fluctuations in the price of the Underlying Instrument to which your Trade relates. Neither you nor we will have any control over price movements in the Underlying Instrument. Price movements in the Underlying Instrument can be volatile and unpredictable.

A feature of volatile markets is "Gapping", the situation where there is a significant change to Our Price between consecutive quotes. Gapping may occur in fast and falling markets or if price sensitive information is released prior to Market opening. The price at which we execute your Orders may be adversely affected if Gapping occurs in the relevant Market. Guaranteed Stop Loss Orders will always be executed at your specified Order price, but all other types of Orders will be executed when Our Price meets or exceeds your specified Order price. If Gapping occurs, the price at which your Order is executed may significantly exceed your specified Order price.

### 5. Liquidity

A decrease in liquidity (a term which describes the availability of buyers and sellers who are prepared to deal in an Underlying Market) may adversely impact Our Price and our ability to quote and trade in a Market. If there is a significant reduction or a temporary or permanent cessation in liquidity in an Underlying Instrument, such events may be deemed an Event Outside of Our Control or Market Disruption Event (as applicable) under the General Terms and we may increase Our Price, suspend trading or take any other action we consider reasonable in the circumstances. As a result you may not be able to place Trades or to close Open Positions in any affected Market.

### 6. Dealing Off-exchange

Dealing in our Products is conducted exclusively off-exchange, a type of trading which is also called dealing "over-the-counter" or "OTC". In dealing with us off-exchange you deal directly with us and we are the counterparty to all of your Trades. There is no exchange or central clearing house to guarantee the settlement of Trades.

### 7. General

We maintain our financial stability by hedging against large Trades. In the event that we are to face liquidation, if you are deemed at the time of the liquidation to be an eligible claimant under the rules of the FSA, you will be compensated by the Financial Services Compensation Scheme to a maximum of £48,000 (claimants would receive the first £30,000.00 in full and 90% of the balance – a total of £48,000.00).

If there is anything you do not understand, or if you require clarification on any matter, please contact Client Management.

## Annex 2: Conflicts of Interest Policy

### 1. Introduction

We aim to identify and prevent conflicts of interest which may arise between us and our clients, and between one client and another, in order to avoid any adverse effect on our clients. This Conflicts of Interest Policy (the "Policy") sets out procedures, practices and controls in place to achieve this.

This Policy applies to all officers, directors (whether Executive or Non-Executive), employees and any persons directly or indirectly linked to us (together "Personnel") and refers to interactions with all of our clients.

Unless separately defined in this Policy, words and expressions shall have the meanings given to them in the General Terms.

### 2. Regulatory Requirements Relating to Conflicts of Interest

The FSA has detailed requirements relating to the management of conflicts of interest, which are found primarily in the FSA Senior Management Arrangements, Systems and Controls ("SYSC") sourcebook, section 10. Among other things, SYSC section 10 requires us to:

- take all reasonable steps to identify conflicts of interest between us and our client, or one client of ours and another;
- keep and regularly update a record of the kinds of service or activity we carry on (or which is carried on our behalf) in which a conflict of interest entailing a material risk of damage to the interests of one or more of our clients has arisen or may arise;
- maintain and operate effective organisational and administrative arrangements with a view to taking all reasonable steps to prevent conflicts of interest from constituting or giving rise to a material risk of damage to the interests of our clients; and
- establish, implement and maintain an effective, written conflicts of interest policy.

As with all laws and regulations applicable to our business, we take our regulatory requirements relating to conflicts of interest very seriously.

### 3. Scope

We have identified the types of conflicts which may occur in our business and which carry a material risk of damage to the interests of a client. These include, but are not limited to, when we or any person directly or indirectly linked to us:

- a) are likely to make a financial gain or avoid a financial loss at the expense of our client;
- b) have an interest in the outcome of a service or product provided to, or of a transaction carried out on behalf of, our client which is distinct from our client's interest in that outcome;
- c) have a financial or other incentive to favour the interests of another client or group of clients over the interests of our client;
- d) carry on the same business as our client;
- e) receive, or will receive, from a person other than our client an inducement in relation to the service provided to our client in the form of monies, goods or services, other than the standard commission or fee for that service; or
- f) design, market or recommend a product or service without properly considering all of our other products and services and the interests of our clients.

### 4. Guarding Against Conflicts of Interest

We have put in place the systems and procedures described below to: minimise the potential for conflicts of interest, to ensure that we have adequate arrangements to manage all conflicts of interest, and where possible to avoid material conflicts of interest.

4.1 **Personal account dealing.** All Personnel are bound by the requirements of our Personal Account Dealing Notice. All transactions undertaken by Personnel are actively monitored by our Compliance Department.

4.2 **Production of investment research/research recommendation.** We do not produce investment research or provide investment research recommendations.

4.3 **"Need to Know" policy.** Where Personnel are in possession of confidential or inside information such as information relating to a client's Trade, Personnel may not disclose such information to another party without ensuring that:

- there is a clear need-to-know on the part of the recipient;
- the procedures set out in this Policy are adhered to;
- where the information relates to a client, the information transfer is in accordance with the best interests of the client; and
- the recipient is made aware of the requirement to treat the information as confidential.

Only information required for the intended use may be disclosed and the receiving individual is then bound by the same restrictions.

Personnel are required to take care when handling confidential information, such as information relating to a client's trades or personal details. In particular, Personnel are required to ensure that they do not leave documents containing confidential information on their desks and that they refrain from discussing confidential information in circumstances where it could be overheard by other Personnel who have no need to know such information.

4.4 **Restriction on access to information/electronic data.** The access to computer drives and to files located within drives is restricted by the use of passwords and user IDs. Computers are automatically locked if unattended for a short period. In addition, Personnel are reminded of the importance of data protection.

4.5 **Gifts and inducements.** Personnel may not solicit or accept any gift or inducement which may influence their independence or business judgement or which could create a conflict with any duty owed to us or our clients.

This restriction does not include special promotions on products and services which have been agreed by our senior management, nor does it cover corporate gifts and hospitality which are considered to be incidental to our ordinary business. Examples of gifts and inducements which may not be offered or accepted include cash, gifts readily convertible into cash or any other object of significant value.

Personnel are required to register with the Compliance Department details of hospitality or gifts, whether given or received, with an estimated value in excess of £250 (or the equivalent in other currencies) and to seek guidance from that department if in doubt about the suitability of any gift.

Such items are recorded in our 'Register of Gifts and Inducements' which is subject to regulatory inspection.

4.6 **External business interests.** Personnel undertake that they will not (unless granted prior written consent from our senior management or permitted under the terms of their employment) be engaged in or have an interest, either directly or indirectly, in any trade, business or occupation, which is or may be in competition with us and/or which would involve use of our time, property, facilities or resources.

4.7 **Segregation of duties.** Job roles are designed to limit the potential for conflicts of interest. Where appropriate and proportionate, systems and controls exist to prevent Personnel from undertaking roles where such a conflict may exist. However, due to the nature, scale and complexity of our business, there can be occasions when a member of staff is required to undertake duties that could give rise to a conflict. In this event, every effort is made to ensure that such circumstances exist only for a limited period or that additional controls are in place to identify inappropriate behaviour.

All Personnel are regularly assessed for competency for their roles and Personnel are required to follow the internal procedures detailed in our Compliance Manual. Where a potential conflict may exist within a role, additional monitoring, control and sign-off procedures are in place to mitigate any such conflict. Audit records, reconciliation procedures and Compliance monitoring arrangements are also in place to ensure all processes are adequately controlled and reviewed.

As part of our segregation of duties policy, no one individual (other than a director) is authorised to carry out the following four functions simultaneously:

- to initiate a transaction;
- to bind the firm;
- to make the payment; and
- to account for the above.

In so far as a conflict of interest may arise from the performance of two or more of the above functions by a director, that director will be subject to a policy of independence (see below).

As part of the Compliance Department's regular review of each department's operations, the roles undertaken by individuals within that department and the segregation of duties are reviewed as appropriate.

All departments are accountable to a specified Director and receive individual supervision from that Director. Inside information passed between departments is on a 'need-to-know' basis in accordance with the need-to-know policy described above.

4.8 **Independence policy.** In some circumstances, it may be appropriate to manage conflicts of interest by requiring Personnel to adhere to and observe a policy of independence. In such circumstances, Personnel subject to such a policy will be required to sign an undertaking to disregard relevant conflicts of interest in discharging their functions.

In such cases it is our policy that Personnel must act independently and in the interests of our clients. No employee may be swayed in any service provided to a client by the interests of any of our other departments, by us generally, or by another client. Therefore in performing any service on behalf of a client, only the client's interest is to be considered. Any interest or potential interests of ours or of any part of it, or of any other client, must be disregarded.

If any employee is aware of any circumstances which he thinks may give rise to a conflict, he must refer the matter immediately to the Compliance Officer.

4.9 **Public interest disclosure policy.** We are committed to ensuring that malpractice is prevented and, should it arise, to deal with it immediately. Employees are informed as to whom they can and should report public interest issues.

The United Kingdom Public Interest Disclosure Act 1998 ("PIDA") allows employees to disclose certain issues to particular external parties where there is good reason to believe that internal disclosure will not be taken seriously or will cause the employee to be penalised in some way. We encourage employees to raise their concerns about any malpractice internally at the earliest possible stage. This procedure sets out the method for raising such concerns and the general principles of how we deal with such matters. It does not, however, confer any contractual rights.

For the protection of all employees, we maintain a formal set of procedures. These procedures apply equally to all employees who have reasonable grounds to believe that malpractice has occurred, is occurring or is likely to occur. Employees are responsible for taking appropriate, reasonable and timely action wherever and whenever they become aware of any situation or matter that could expose us to loss, liability or embarrassment.

For the purposes of this procedure and PIDA, the following constitute malpractice:

- a) the commission of a criminal offence;
- b) failure to comply with a legal obligation;
- c) the occurrence of a miscarriage of justice;
- d) the endangerment of an individual's health and safety;
- e) the endangerment of the environment; and
- f) the concealment of any information relating to any of the above.

Employees are encouraged to follow the steps laid out in this procedure, ensuring they are able to raise genuine concerns about malpractice without fear of harassment or victimisation.

4.10 **Training.** We provide regular training to our Personnel on conflicts of interest and the procedures for managing conflicts of interest.

4.11 **Disclosure policy.** We believe that our internal policies and procedures, systems and controls, generally mitigate the risk of any conflict of interest arising, either between us and our client or between two or more of our clients.

Where, however, the potential for conflict arises and that conflict cannot be avoided we would either make a full disclosure or, if it is considered that the disclosure is an inappropriate method of managing the conflict, we would not proceed with the matter or transaction giving rise to the conflict.

If any Personnel are aware of any circumstances which may give rise to a conflict of interest, they must immediately refer the matter to the Compliance Department.

## 5. Policy Review

We regularly review our Conflicts of Interest Policy to ensure that it covers conflicts that can be reasonably expected to arise within the course of our business. Any significant amendments to this Policy must be approved by our senior management.

## Annex 3: Trade and Order Execution Policy

### 1. Introduction

Under the rules of the Financial Services Authority (“FSA Rules”) we have a duty to conduct our business with you honestly fairly and professionally and to act in your best interests in dealing with you. More specifically, we are required to provide you with best execution when we deal with you. Providing best execution means that when we deal with you we should take reasonable steps to obtain the best result for you in accordance with our Trade and Order Execution Policy (the “Policy”).

This document sets out the terms of our Policy. For convenience we annex this Policy to our General Terms documentation. Unless separately defined in this Policy, words and expressions shall have the meanings given to them in the General Terms. However this Policy is not part of our Agreement and it does not form part of the contract between us.

### 2. Our trading services

We provide services for trading in various types of Products and for each type of Product we offer a range of Markets. Our Markets are based on Underlying Instruments and we construct Our Price for each Market by reference to the price of the relevant Underlying Instrument. For example, if we offer a Market based on Vodafone shares – the Market’s Underlying Instrument is a Vodafone share.

We deal with you as principal and not as agent. We are therefore your only “execution venue”. In dealing with us, you transact directly with us and not on any exchange or other external market or venue. Any Trades with us are non-transferable. If you create an Open Position with us you must close it with us.

### 3. Execution policy

In providing best execution we are obliged to take into account certain execution factors. We must tell you what these are and the relative importance we give to each. If you are a Retail Client, we must determine whether we have provided you with best execution by reference to the total consideration you pay (that is price and costs of execution) though we will also use our judgment and take into account other relevant factors (such as any instructions regarding price) with the aim of providing you with the best result.

Subject to section 5 of this Policy, the execution factors that we consider and their relative importance are as follows:

**Price. The relative importance we attach is high.** Our Price for a given Market is calculated by reference to the price of the relevant Underlying Instrument. We obtain this price from third party external reference sources. For some kinds of instruments, e.g. equities, there will be a third party securities exchange from which we will obtain this price. For other kinds of instruments, e.g. foreign exchange, we will collect price data from nominated wholesale market participants.

Our Price will often differ from the price of the Underlying Instrument. For some Markets we add Our Spread to the price of the Underlying Instrument. We may also adjust Our Price for any Market to take into account factors such as liquidity in external markets for the Underlying Instrument, dividend amounts, financing charges in an external market or other relevant factors. You must pay Daily Financing Fees, commission and other charges in addition to Our Price for some Products and Markets – see under “Costs” below.

When trading in the Underlying Instrument is very active and the price of the Underlying Instrument changes quickly, there is no guarantee that every price movement in the Underlying Instrument will result in a change to Our Price. We aim to update Our Price as frequently as we reasonably can but our ability to do so may be limited by technological factors including current hardware, software and data and communications links.

For some Markets we will quote Our Price outside of trading hours for the Underlying Instrument. In such circumstances Our Price are set by our dealers by reference to one or more related alternative Underlying Instruments that are then trading, and may be adjusted in response to supply and demand from our clients. This means that outside normal Exchange Hours we exercise a greater degree of discretion in the setting of Our Price. In addition, Our Spread is generally wider and our maximum Quantity is generally smaller than during normal trading hours for the Underlying Instrument.

We execute all Trades at Our Price and in accordance with the General Terms.

**Costs. The relative importance we attach is high.** For many Markets, Our Price includes Our Spread and no additional charges or commissions are payable by you. For other Markets you will be required to pay a separate commission charge for each Trade to open or close an Open Position.

We may pass on some charges to you arising from the Underlying Instrument traded. These include borrowing charges where an Underlying Instrument becomes expensive to borrow or stamp duty in some circumstances.

Additionally for many Markets you will be required to pay Daily Financing Fees on the amount of an Open Position which is not secured by the Margin Requirement. Generally

- if you hold a Short Position (i.e. you have executed a sell Trade), we pay you a Daily Financing Fee and;
- if you hold a Long Position (i.e. you have executed a buy Trade), you pay us a Daily Financing Fee.

Details of the Daily Financing Fees are set out in the Key Service Features.

We will also charge a premium for Guaranteed Stop Loss Orders.

Details of charges we make in respect of particular Markets are set out in the Market Information.

**Speed and Likelihood of Execution.** The relative importance we attach is high. You may execute Trades either using our Trading Platform or by phoning one of our dealers.

When you execute through the Trading Platform you will receive immediate execution capability: if you see an Our Price on the screen and the Quantity you want to trade is less than our maximum Quantity for that Market, then the Trade will, under almost all circumstances, be executed at the Our Price quoted on the Deal Ticket. We will execute all Trades in accordance with clause 4 of the General Terms.

When executing by phone in a Quantity above our minimum Quantity but below our maximum Quantity, you will be quoted the same Our Price you will receive if you use the Trading Platform. In such circumstances, the dealer will generally confirm execution of your Trade immediately after you indicate that you wish to trade at the quoted Our Price.

Trades will be executed as soon as reasonably possible and in most circumstances almost instantaneously. However, there may be circumstances where Trades cannot be executed almost instantaneously, for example, due to illiquidity in the Underlying Instrument or if there is something unusual about the nature of the Order.

**Quantity. The relative importance we attach is high.** We normally provide certainty of execution for Trades you wish to place for a Quantity which is greater than our minimum Quantity and lower than our maximum Quantity.

Our minimum and maximum Quantities are set by our dealers for each Market and may vary depending on current market conditions for the Underlying Instrument. Our minimum and maximum Quantities can be found in the Market Information or you may contact Client Management.

We may be unable to execute Trades at Our Price which are larger than our maximum Quantity or smaller than our minimum Quantity. Where you wish to execute a Trade whose size exceeds our maximum Quantity, you may request a quote from our dealers. The dealer may quote Our Price in the requested Quantity, or may offer to work the Order in an external market on your behalf, as described in section 5 below. Such Trades must be agreed by phone with one of our dealers.

In some circumstances our Quantity may be set to zero. In this event all Trade requests will be routed to our dealers to quote an Our Price. We may set different minimum and maximum Quantity restrictions to Trades executed by telephone.

#### 4. Dealing with your Orders

In most cases when the condition or event specified in your Order occurs it will be executed at or very close to the specified Order Price. However, please note that for all Orders other than Guaranteed Stop Loss Orders, the price you receive at execution is not guaranteed. Our Price may move from a price which is less than your specified Order price to a price which is greater than your specified Order price without a quote at any intermediate price. This will be due to rapid price changes in the Underlying Instrument (called 'gapping'), for example following a profits warning or the release of financial statistics different from those expected. In such a case, Our Price at the time of execution may be markedly different to the specified Order price.

If, when an Order is executed, the Quantity is less than our maximum Quantity for that particular Market, the Order will be executed at or near the specified Order price. However, if the Order is for a Quantity greater than our maximum Quantity, the price at which the Order is executed will depend on the liquidity in the external market for the Underlying Instrument and may therefore be executed at a different price.

Note that if you have placed multiple Orders in the same Market, with the same specified Order price and with a Quantity greater than our maximum Quantity, there is no guarantee that they will all be executed at the same price, since each Order must be executed as a different Trade. The execution prices will depend on the liquidity in the external market for the Underlying Instrument and the execution of the first Trade may affect the liquidity available for the execution of the second and any subsequent Trades.

We will execute all Orders in accordance with clause 8 of the General Terms.

#### 5. Working an Order in the market

**5.1 General.** In the case of Orders relating to Trades which are larger than our maximum Quantity, where the market in an Underlying Instrument is illiquid or where you specifically request, we may agree to "work an Order in the market". When we do so we will first agree with you the basis on which we will work the Order. We will then enter into transactions on an external market (an "External Execution Venue") to form Our Price for any Trades we agree with you. You will not be a party to our transactions on an External Execution Venue; and when we have executed our transaction on an External Execution Venue in our own name we will then execute one or more Trades with you.

The Our Price at which a worked Order is executed will be based upon the average price we receive for our transactions on an External Execution Venue. In such circumstances, our Trade with you may be subject to any applicable charges as described in the Market Information.

Our Trade or Trades with you only becomes effective after we have executed our hedge transactions on an External Execution Venue and you have confirmed Our Price. Please note if we have agreed to work an Order in the market for you and have started to execute transactions on an External Execution Venue then you cannot cancel the Order. However, we may agree to cancel any unfilled part of the Order.

**5.2 Providing best execution when we work an Order in the market.** When we work an Order in the market we are still required to provide you with best execution. In seeking to do so we take into account certain execution factors. If you are a Retail Client, we will determine whether we have provided you with best execution by reference to the total consideration you pay, that is the price of the Trade and any costs of execution. However, we will also use our judgment and take into account other factors with the aim of providing you with the best result. The execution factors we consider and their relative importance are:

- **Price.** The relative importance we attach is high. We may choose to execute the Order in tranches in order to obtain the best price outcome, in which case each tranche may be executed at different prices. However, unless we otherwise agree with you we will calculate an average external market price by reference to the average price of the individual transactions that we have done. We will then set Our Price in the way outlined under "Price" in section 3 above.
- **Likelihood of execution.** The relative importance we attach is high. When we select External Execution Venues we consider liquidity and will select the External Execution Venues on which we believe that we will be likely to execute the hedge transactions.
- **Quantity.** The relative importance we attach is high. The Quantity of an Order may influence the choice of an External Execution Venue, the execution timing and the execution price. We will take into account the Quantity of Orders when assessing these aspects of our execution arrangements.
- **Cost of execution.** The relative importance we attach is high. Generally, the price of the Trade is determined only by the execution price we obtain in our transactions in the Underlying Instrument, Our Spread and the charges we specify for the Market concerned. We may vary our charges due to charges we receive from the External Execution Venue we use.
- **Speed of execution.** The relative importance we attach is medium. We may delay the execution of an Order if we believe that the delay will reduce the market impact of the Order. We recognise that delays in working your Order in an external market may appear to reduce the likelihood of achieving a favourable price. However, such delays may reduce the market impact for very large or ongoing Orders, and have the effect of increasing the likelihood of execution and/or result a more favourable execution price.

**5.3 Aggregation and allocation when we work an Order in the market.** We process Orders to be worked in the market in the sequence in which they were received by us unless the nature of your Order or prevailing market conditions make this impracticable, or your interests otherwise require. We will generally execute our transactions as soon as we have agreed to work your Order in the external market, unless potential market impact dictates that this is inappropriate. Should we receive multiple Orders at the same time, we may aggregate the Orders and allocate the resulting Trades in the order in which our transactions on an External Execution Venue are executed. This may mean that we will provide you with partial execution of Trades, multiple Trades at different prices or a single Trade that represents the average price of two or more transactions on an External Execution Venue. We will discuss the above with you at the outset before we commence working the Order.

Should we wish to execute a transaction for our own benefit (a "proprietary transaction") on an External Execution Venue in the same direction as a transaction we are required to undertake to execute your Order, we will execute the transaction related to your Order in full before executing any proprietary transaction. We may aggregate transactions related to your Order with proprietary transactions if we can demonstrate that you will receive the same or better execution as a result.

#### 6. Specific instructions

You may give us a specific instruction for the execution of a Trade or an Order.

Following your specific instructions may prevent us from taking the steps set out in this Policy to obtain the best possible result for the element of the Trade or Order included in your instructions.

**7. Our obligations**

We will comply with our Trade and Order Execution Policy when we are required to exercise our judgement in obtaining the best outcome for the execution of clients' Trades and Orders.

**8. Monitoring and review of Policy**

We will monitor compliance with the Policy and maintain records of the data which is used to set Our Price.

We will review the Policy at appropriate intervals. As part of that process, we will review:

- the sources of external pricing in Underlying Instruments;
- Our Price in relation to the external pricing of an Underlying Instrument; and
- any fees or charges.

If we make any changes to this Policy, we will give you at least 14 days written notice before the change takes effect. The current version of our Policy is located on the Website.