



# Terms of Business

## Investment Services

Create Tomorrow.  
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### Part A - General Terms of Business for Investment Services

In these Terms of Business 'we', 'our' or 'us' means Capital International Limited ('CIL'), a company incorporated in the Isle of Man, which is licensed by the Isle of Man Financial Services Authority and is a member of the London Stock Exchange and whose registered office and principal place of business is Capital House, Circular Road, Douglas, Isle of Man, IM1 1AG.

'You' and 'your' means the client to whom they are addressed. In addition, certain words are used with a specific meaning. The meanings of these words are as set out below:

#### 1. Definitions

- 1.1. **"Account"** – a portfolio of cash and assets opened by us for you in accordance with the account opening documentation provided by you.
- 1.2. **"Business Day"** – a weekday, other than a Saturday, on which the London Stock Exchange shall be open for business.
- 1.3. **"Business Hours"** – 08.00 to 17.30 GMT/BST on any Business Day or such other hours as may be notified from time to time and normally restricted to the hours that the London Stock Exchange is open for business.
- 1.4. **"CINL"** – means Capital International (Nominees) Limited, a company incorporated in the Isle of Man whose registered office is Capital House, Circular Road, Douglas, Isle of Man, IM1 1AG. CINL is a wholly owned Subsidiary of Capital International Limited.
- 1.5. **"Eligible Custodian"** – either CINL or any settlement and custody agent appointed from time to time with or without your agreement and whose details are notified to you.
- 1.6. **"FSA"** – means the Isle of Man Financial Services Authority. The address of the FSA is PO Box 58, Finch Hill House, Bucks Road, Douglas, Isle of Man, IM99 1DT.
- 1.7. **"Intermediary"** – means an independent Intermediary who deals in Investments or arranges such deals, manages Investments or gives investment advice to its own clients and who has introduced you to us.
- 1.8. **"Investments"** – means the Investments referred to in Clause 2 headed 'Services'.
- 1.9. **"IOM"** – means the Isle of Man, a Crown Dependency of the United Kingdom.
- 1.10. **"Month"** means calendar month.
- 1.11. **"PEP"** – means Politically Exposed Person: any person including their family and close associates who are entrusted with prominent public functions. These include but are not limited to being past or present senior political figures in executive, legislative, administrative, military or judicial branches of any Government, including senior figures in government owned or sponsored corporations, partnerships or trusts, a member of a court of auditors or the board of a central bank or an ambassador, chargé d'affaires, or other high-ranking officer in a diplomatic service.
- 1.12. **"Recognised Bank"** – means a bank which holds a licence issued by the FSA for deposit taking or is authorised under the law of another equivalent country or territory to carry on activities corresponding to deposit taking.
- 1.13. **"Remuneration"** – means the client agreed Remuneration, or commission rates and fees, as published by us or agreed between us and you from time to time.
- 1.14. If you have not selected our Execution Only Service (see Clause 3 below) the Rulebook requires licence holders to classify their clients as either 'retail' or 'other'. In this context, Capital International Limited has considered the following definitions:
  - 1.14.1. **"Retail Client"** - Any client who is an individual (natural person) and who is not classified otherwise, subject to the requirements as set out in paragraph 6.42(1 (a) – (c) of the Rulebook, and clients who are not individuals but whom have requested, and we have agreed, to be treated as a Retail Client.
  - 1.14.2. **"Non-Retail"** – (equivalent to 'other') Any client who is not an individual client, i.e., legal entities, corporate, trustee, institutional clients: unless such client has requested in writing to be treated as a Retail Client or the client agreement with the client states that it is a Retail Client. Included under this classification are any individuals who are professional / sufficiently experienced and sophisticated investors who agree to be so designated, subject to paragraph 6.42(1) (a) – (c) of the Rulebook.
- 1.15. **"Rulebook"** – means the Isle of Man Financial Services Act 2008 Financial Services Rulebook as amended from time to time.
- 1.16. **"Subsidiary"** – means:
  - 1.15.1. any company in which the licence holder holds more than 20% of the equity shares; or
  - 1.15.2. a company, other than a Subsidiary, over which the licence holder is able to exercise a significant influence, and in which the licence holder's interest is either:
    - 1.15.2.1. effectively that of a partner in a joint venture or consortium; or
    - 1.15.2.2. both long term and substantial.
- 1.17. **"Terms of Business"** – means the Terms of Business of Capital International Limited as set out in this document and as amended from time to time.
- 1.18. **"UK"** or **"United Kingdom"** – means the United Kingdom of Great Britain and Northern Ireland.
- 1.19. **"Your Agreement with us"** – means these Terms of Business (as amended from time to time), the accompanying Product Application Form ('PAF') and Due Diligence Form ('DDF') or Entity Self Certification Form (as appropriate), Profiler (as appropriate) all duly completed by you and returned to us, our Tariff Sheet and Ancillary Fees Sheet, and our Welcome Letter confirming the opening of the Account, together with any other accompanying documentation which may inter alia include a Privacy Notice, Risk Warning Notices, Suitability Questionnaires, and thereafter any subsequent variations agreed between us and you, to include new or additional information provided to us by you in writing, and upon which you expect us to rely or as may be published by us on our website / the portal and notified to you from time to time.

### Part A - General Terms of Business for Investment Services (continued)

#### 2. Services

- 2.1. We will provide Execution Only or Discretionary Services in respect of the Investments set out below. In addition, where available, we provide research materials upon request, and via an Eligible Custodian, Nominee Registration Facilities, Valuation and Safe Custody Services. No advice will be given in respect of an Execution Only Service.
- 2.2. The Investments to which these Terms of Business apply are:
  - 2.2.1. shares in British or foreign companies;
  - 2.2.2. debentures and loan stocks, bonds, notes, certificates of deposit, commercial paper or other debt instruments including government, public agency, municipal and corporate issues;
  - 2.2.3. warrants to subscribe for Investments falling within 2.2.1 and 2.2.2. above;
  - 2.2.4. depository receipts or other types of instruments relating to Investments falling within 2.2.1, 2.2.2 and 2.2.3 above;
  - 2.2.5. unit trusts, OEICs, mutual funds and similar schemes in the United Kingdom or elsewhere;
  - 2.2.6. options on Investments falling within 2.2.1 and 2.2.2 above, providing the relating transaction has no contingent liability;
  - 2.2.7. investments which are similar or related to any of the above; and
  - 2.2.8. warrants, traded options, spread bets, contracts for difference and other derivative products provided that you have first completed the appropriate risk warning notice if necessary.
- 2.3. You have the right upon giving reasonable written notice to the Client Services Department, to request details of any relevant educational and professional qualification and the experience and track record of Capital International Limited or any employee directly engaged in providing Services to you.
- 2.4. You have the right at any time to request details of Remuneration received by us as a result of our relationship with you or any transaction undertaken for you.

#### 3. Execution Only Service

- 3.1. Where you choose our Execution Only Services, we will not advise you about the merits of a particular transaction nor will we assess the suitability of any transaction instructed / requested by you having regard to your circumstances or level of sophistication as an investor and you will not expect to receive such advice or assessment. Your attention is specifically drawn in this regard to Clauses 6.7 to 6.9 which confirms the obligation on the part of your Intermediary to conduct any suitability assessments in these circumstances.
- 3.2. Where you have chosen an Execution Only Service, we will provide our Services in accordance with the terms set out in Part B hereof, read with the remaining terms of this Part A, as may be applicable.
- 3.3. It should be noted that by undertaking activities on an execution only basis you are not treated as a Retail Client, and this reduces the level of investor protection to you. Pursuant to Rules 6.17 and 6.42 of the Rulebook, Rules 6.32 and 6.37-39 will not apply to you. See Part B of these Terms of Business.

#### 4. Discretionary Investment Management Services

- 4.1. If you choose, we will provide a Discretionary Investment Management Service in accordance with the terms set out in Part C hereof and subject to the remaining terms of this Part A as may be applicable.

#### 5. Market Abuse

- 5.1. Each time you open or close a trade, you represent and warrant to us that:
  - 5.1.1. you will not place and have not placed a trade with us relating to a particular company/investment, if to do so would result in you, or others with whom you are, or may reasonably be regarded as, acting in concert, having an exposure to that company/investment which is equal to or exceeds the amount of a declarable interest in the relevant company/investment. For this purpose, the level of a declarable interest will be the prevailing level at the material time, set by law, rule or regulation or by the Exchange(s) upon which the company is listed;
  - 5.1.2. you will not place and have placed a trade with us in connection with a placing, issue, distribution or other analogous event, or an offer, takeover, merger or other analogous event in which you are involved or otherwise interested;
  - 5.1.3. you will not place and have not placed a trade that contravenes any law, rule or regulation against insider dealing or market abuse. For the purposes of this Clause, you agree that we may proceed on the basis that, when you open or close a trade with us in a company/ investment, you may be treated as 'dealing in securities' within the meaning of any law, rule or regulation against market abuse; and
  - 5.1.4. you will not otherwise place and have not placed a trade in circumstances which may be considered to constitute market abuse.

### Part A - General Terms of Business for Investment Services (continued)

#### 6. Your Warranty & Obligations

- 6.1. By signing the PAF you agree that you have read these Terms of Business and any others which specifically relate to the product or service chosen by you and agree to be unconditionally bound by them as the same may be amended, varied or supplemented from time to time in accordance with your Agreement with us.
- 6.2. Save as otherwise disclosed by you to us, you warrant that you have full and unfettered powers to employ us in accordance with these Terms of Business and you further warrant and represent to us that your Investments are, and for the duration of your Account with us will remain, free from any lien, charge or other encumbrance.
- 6.3. In choosing our nominee services you confirm that we have your authority to engage, pursuant to the Rulebook, CINL and/or any agent to provide settlement, safe custody, nominee and associated services for you to give instructions to the agent on your behalf and that you agree to be bound by the obligations of that agent as set out in these Terms of Business and any accompanying agent's terms.
- 6.4. You must complete the PAF and supply all documentation and information that we request to meet our Account opening procedures and to comply with anti-money laundering and countering the financing of terrorism legislation.
- 6.5. You must inform us immediately in writing of any changes to the details of your personal or financial circumstances as given either in the course of application or at any subsequent date including but not limited to any change of name, address or contact details and if you are a company, a partnership, a trust or an unincorporated association, any change in your constitution or equivalent or in the composition, identity or addresses of parties connected to your Account such as your officers, signatories, owner(s), controllers and beneficiaries as are applicable, and to provide us with documentary evidence of the change on request.
- 6.6. Your Account will not be operational until we are satisfied that our legal and regulatory obligations have been fulfilled. We also reserve the right to request from you information and documentation regarding any transaction. Further, if we request information from you including documentary evidence pursuant to our legal and regulatory obligations, we may in our absolute discretion restrict or suspend the operation of your Account or the availability of Services until we are satisfied that our legal and regulatory obligations have been fulfilled.
- 6.7. If you have been introduced to us by an Intermediary who acts as your financial advisor, you must notify us if that relationship ceases.
- 6.8. Further you acknowledge that where you employ an Intermediary to act as your financial advisor, who has introduced you to us and who you have employed to manage or advise on your Account with us, we shall not be responsible for assessing whether or not the product or service selected by you in your PAF and your Agreement with us or whether any subsequent investment decisions, are suitable for you.
- 6.9. You agree that any such Intermediary is acting as your agent in all matters, and you understand that the Intermediary has no agency or partnership arrangement with us.
- 6.10. You warrant that, if applicable, you will without any delay disclose your status as a Politically Exposed Person ('PEP') as defined in Clause 1.11 above.
- 6.11. You undertake, if so required by us, to maintain a level of cash in your Account sufficient to cover the then anticipated next 12 months custody, administration or other fees.
- 6.12. If you are a regulated / licensed entity you represent and warrant that you comply with and will at all times in the future comply with all or any local regulations relating to money laundering and countering the financing of terrorism (ML/CFT) from time to time. You will furnish us with the name of your Money Laundering Reporting Officer (MLRO) from time to time and acknowledge that if our MLRO is suspicious of any unusual activity within your Account he/she may make a report to the Isle of Man Financial Intelligence Unit without reference to you.

#### 7. Right to Refuse to Open an Account, or Accept an Instruction, or Receive New Monies

- 7.1. We reserve the right to refuse to accept funds for investment, to refuse to accept an instruction, and to refuse to open an account without giving prior written notice and without giving a reason for any such decision.
- 7.2. We reserve the right to refuse to act on instructions which would result in your Account becoming overdrawn unless any such overdraft has been authorised in writing in advance by us.
- 7.3. We reserve the right in our absolute discretion, and without being under any obligation to inform you of our reason for doing so, close any trades that you might have open or refuse to accept any instruction or funds for investment in any circumstances.

#### 8. CSDR, Events of Default & Closure of Accounts

- 8.1. The Central Securities Depositories Regulation (CSDR) is part of wider European Union ('EU') regulatory measures, including the European Market Infrastructure Regulation (EMIR) and Markets in Financial Instruments Directive II (MiFID II), which caused a review of the entire EU securities and capital markets structure, with a view to improving the functioning and stability of the financial markets. In particular this has resulted in shorter settlement periods, mandatory buy-ins and cash penalties for settlement failures.
- 8.2. An Event of Default shall be inter alia one or more of the following:
  - 8.2.1. a failure by you to deliver either cash or Investments when due in respect of any transaction which we are to settle as your agent; or
  - 8.2.2. that you do not take all such steps as may reasonably be necessary to secure the due and prompt execution and settlement of such transactions; or
  - 8.2.3. a failure by your external custodian to deliver either cash or Investments when due in respect of any transaction which we have transacted on your behalf; or
  - 8.2.4. a failure by you to correctly identify the correct settlement market in your instruction to enter into a transaction on your behalf; or
  - 8.2.5. that your external custodian does not take all such steps as may reasonably be necessary to secure the due and prompt execution and settlement of such transactions.

### Part A - General Terms of Business for Investment Services (continued)

#### 8. CSDR, Events of Default & Closure of Accounts (continued)

- 8.3. Upon the occurrence of any Event of Default listed in 8.2 above, we, CINL or an Eligible Custodian may without prior reference to you take on one or more of the following actions:
- 8.3.1. require immediate payment of any amounts you owe us, including any financial penalty imposed by virtue of the mandatory buy-in notice regime;
  - 8.3.2. if the base currency of your Account is a currency other than Pounds Sterling, convert any balance to Pounds Sterling;
  - 8.3.3. cancel, close out, terminate or reverse all or any orders or open trades; and
  - 8.3.4. sell, charge, pledge or otherwise dispose of any investment held for you at whatever the best price reasonably obtainable and in whatever manner we see fit, in its absolute discretion without being responsible for any loss or diminution in price in the absence of negligence, fraud or willful default;
  - 8.3.5. enter into any other transaction or do or not do, anything (including application of client money held for you) which would or could have the effect of reducing or eliminating liability under any transaction, position or commitment undertaken for you;
  - 8.3.6. exercise a right of set-off and apply (having given you reasonable notice) any credit balance on your Account and any interest on it, towards the satisfaction of any sum which is due from you to us;
  - 8.3.7. suspend your Account and refuse to execute any trades or orders;
  - 8.3.8. terminate this Agreement; and/or
  - 8.3.9. require you to charge your Investments to us in such manner as may reasonably be required by us to protect our position.
- 8.4. We may, notwithstanding any other general right to terminate this Agreement which may exist in contract or in law at any time, close your Account in the following circumstances:
- 8.4.1. you fail to pay any amount owed to us on time;
  - 8.4.2. any information supplied by you during the application process or at any other time is found or believed to be misleading or false;
  - 8.4.3. your trading or Account activity is of such a size or style that we no longer wish to deal with you;
  - 8.4.4. we have reasonable grounds for suspecting the activity on your Account may have involved market abuse, money laundering or any criminal activity;
  - 8.4.5. we are in an ongoing dispute with you and decide that we are unable to continue to provide Services to you; or
  - 8.4.6. you are abusive to our staff, which for the avoidance of doubt shall include activity which inter alia includes bullying or the exertion of undue influence or pressure in the exercise of their duties.
- 8.5. Upon giving you notice of our intention to close your Account pursuant to this Clause, you will not be permitted to open any new trades and you will only be entitled to make trades or otherwise deal as a client insofar as necessary to close all open trades. We may close any trades remaining open 10 Business Days after the date on which we give you notice.
- 8.6. In the event of termination under these circumstances we reserve the right to recover from you any costs incurred by us in connection with the transfer of your assets (if any) to a new custodian as reasonably directed by you. If you make no such request, we may take steps to re-register your assets into your name and to transfer your cash to you at our discretion.

#### 9. Our Fees

- 9.1. Our commission and other charges for dealing, safe custody and investment management services are set out in our current Tariff Sheets, together with any other ancillary charges, as published on the website from time to time and are subject to review as described therein.
- 9.2. Fees are calculated in accordance with our agreements with you, will include VAT where appropriate and are detailed within your quarterly valuation and will be deducted from your Account accordingly.
- 9.3. Credit balance withdrawals can be made in any major convertible currency. There is a charge for any credit balance withdrawals which are based on current bank charges but can change with market exchange rates.
- 9.4. No charges, other than those mentioned above or as stated on the Tariff or Ancillary Fee Sheets, will be applied if your transactions are dealt with in accordance with the Terms of Business herein.
- 9.5. We reserve the right, upon giving not less than one calendar months' notice, to amend our charging structure or introduce additional charges or fees from time to time.
- 9.6. Debit interest may be charged without notice at a rate up to 3% per annum above UK and local base rates as adjusted from time to time in respect of:
- 9.6.1. any Account which becomes overdrawn; or
  - 9.6.2. any monies which remain outstanding or unpaid in respect of any delay in settlement or non-settlement of a transaction; or
  - 9.6.3. any fees or charges due from you in respect of the Services provided. If we incur higher interest charges on your behalf with an Eligible Custodian, we reserve the right to recover those interest charges from your Account.
- 9.7. We reserve the right, without notice to you, to effect transactions on your behalf and at your expense for the purpose of recovering fees which are outstanding and due to us.

### Part A - General Terms of Business for Investment Services (continued)

#### 10. Reserved Charges Account

- 10.1. A Reserved Charges Account ('RCA') allows you to amortise the cost of initial adviser and setup charges over a period of time within your agreed annual management charges, subject to an early redemption charge should you close your Account within this time. The RCA may include fees that you have agreed with your Intermediary that we will collect and pay on your behalf at the outset.
- 10.2. The specific RCA terms will be agreed with you and your Intermediary.
- 10.3. If agreed with you, a percentage of your initial investment and/or any subsequent additional lump sums or regular contributions, as noted in the Tariff Sheet, will be allocated to the RCA and reflected on your Account valuation as such.
- 10.4. Further to 10.1 and 10.2 above, a proportion of your agreed annual management charges will be deducted from the RCA until the balance has reduced to zero.
- 10.5. The RCA is not client money, cannot be withdrawn, and will attract no interest. The RCA is a reserved credit balance, to cover initial adviser and setup charges from which part of your annual management charge is deducted. In the event of the closure your Account, the value of any remaining credit in the RCA will be forfeited by way of an early redemption charge.

#### 11. Dealing on Your Behalf

- 11.1. In respect of the provision of such Services detailed above, we shall not be responsible for any delays or inaccuracies in the transmission of orders or other information or the execution of orders due to any cause whatsoever beyond our reasonable control. We will send you with due dispatch, a confirmation or contract note in respect of each transaction effected on your behalf. The dispatch of confirmations or contract notes will be affected by posting on our secure portal if you use this service, by email (if you have agreed to correspondence by way of email) or via the provision of paper contracts sent by post, if requested.
- 11.2. In so far as may be applicable, and on the proviso that we are able to validate your authority to instruct us, we may accept instruction from you using any reasonable means of communication available. We will take a written instruction from you by post, face to face, or over the telephone. In this event, you may be required to provide personal details or provide a password to establish your identity.
- 11.3. Unless otherwise agreed in writing with you we do not accept time sensitive, action orientated messages or instructions such as transaction orders, cash or fund transfer instructions electronically – that is by way of fax, email or any other data message. Any email which is sent by you is only received when opened and read by us and acknowledgment of the instruction has been given. Mere delivery to one of our servers is not sufficient to pass liability. If you choose to send a time sensitive instruction by way of fax or email the onus is on you to ascertain telephonically that the same has indeed been received.
- 11.4. Confirmation notes and contract notes, in the absence of manifest error, shall be conclusive and deemed acknowledged by you as correct once you have settled the transaction in the normal course of business and in any event within seven days of dispatch, unless:
  - 11.4.1. we receive from you notice to the contrary;
  - 11.4.2. we notify you of an error therein;
  - 11.4.3. in the absence of either of the above, you settle the transaction in the normal course of business.
- 11.5. We will at all times comply with the Rulebook and, in particular, our Services are provided on the basis of Clauses 12 to 44 below.

#### 12. Aggregation of Orders

- 12.1. We may combine your order with our own orders and orders for another client. In combining your order with those of other clients we must reasonably believe that we will obtain a more favourable price than if your order had been executed separately. However, on occasions aggregation may result in you obtaining a less favourable price.

#### 13. Conflicts of Interest

- 13.1. It is possible that we may have an interest, relationship or arrangement that is material to the investment transaction or service concerned. For example, we may be involved in a rights issue, a new issue, take-over or similar transaction. Our employees are however, required to comply with a policy of independence and disregard any such interest when providing the service to you.
- 13.2. From time to time, we may introduce you to an associated company. We will not refer you to use the services of another person who is an associate of ours without disclosing that relationship to you.
- 13.3. In addition, it should be noted that we both provide to, and receive from associated companies, a range of administrative, back-office and investment services.
- 13.4. A summary of our Conflicts of Interest Policy can be made available upon written request to our Client Services Department.

### Part A - General Terms of Business for Investment Services (continued)

#### 14 Instructions (Including From Third Parties)

- 14.1. The persons authorised to give us instruction on your behalf shall be those notified in writing by you to us, for example on your PAF, and may be varied by written notice to us. We shall not be bound by such variation until we have actually received such written notice.
- 14.2. We shall be entitled to act upon the oral, electronic or written instructions of any persons authorised by you or any person that we may reasonably believe to be you, or a person authorised by you, subject to our internal security verification processes. It is therefore important that you do not share your Account details and personal Account verification information with anyone who is not authorised to act on your behalf.
- 14.3. Instructions sent via the internet, email, or in writing will only be deemed to have been received and shall only then constitute a valid instruction from you, when such instruction has been received by an appropriate person and recorded as executed by us.

We shall not be liable for any loss, expense, cost or liability (including consequential loss) suffered or incurred by you and you shall indemnify us and keep us indemnified against all losses which we may suffer as a result of, but not limited to, our not receiving instructions or our receiving corrupted or delayed instructions for any reason; or

14.3.1. for any inaccuracy or error in your instructions; or

14.3.2. for acting on any instruction which is or we reasonably believe is from you or a person authorised by you.

- 14.4. We may defer acting upon your instructions until it is, in our reasonable opinion, practicable to do so and we shall not be liable for any losses resulting from such deferral.

#### 15 Valuations & Statements

- 15.1. In the event that we are required to provide you with valuations of your Investments (including cash balances), these will be produced not less than once every 6 months unless otherwise agreed with you. Each valuation will show details of the composition of your Investments. The value of the Investments contained in the valuation will be arrived at using reputable quoted sources by taking closing middle market quotations on the relevant investment exchanges or, if bid and offer prices are not obtainable, then the closing prices or the last traded prices for the close of business, on the relevant valuation date or such other basis as is stated on the valuation from time to time. A statement of account will also be prepared and will show income received from your Investments and particulars of each transaction undertaken during the relevant period, including any charges deducted by way of administration fees, Remuneration, custody fees or otherwise.
- 15.2. All reporting in respect of your Investments is available via our website online secure portal/paperless service or by email. Save as provided below, no charge will be made for contract notes or confirmations, statements of account or valuations. We will not provide paper statements, contract notes or valuations unless you request the same. You have the right to inspect copies of contract notes, vouchers and entries in books or electronic records relating to your transactions. All records will be maintained for 6 years from the date of the transaction.
- 15.3. Subject to the charges set out in our Ancillary Fees Sheet, from time to time we can provide paper valuations or statements upon request.

#### 16 Short Positions

- 16.1. We will not knowingly execute a bargain that would result in you having a short position, but if this should occur it will only have been at your instruction and your responsibility.
- 16.2. The definition of a short position is when an individual contracts to sell Investments which they do not own, intending to buy them back in the market at a lower price before delivery.

#### 17 Takeover Code

- 17.1. Whilst we are a Member Firm of the London Stock Exchange, please note that you are responsible for compliance with all notification requirements under the City Code on Takeovers and Mergers and/or the Companies Acts of England and Wales (and any subsequent amendments thereto) or similar or equivalent regulations in other jurisdictions from time to time.

#### 18 Off Exchange Transactions

- 18.1. We may deal for you in circumstances in which the relevant deal is not regulated by the rules of any stock exchange or investment exchange (see also the Clause entitled 'Non-Readily Realisable Investments' in Part C of these Terms of Business).

### Part A - General Terms of Business for Investment Services (continued)

#### 19. Custody of Your Investments

- 19.1. Investments purchased through us will be registered in the name of CINL (our Nominee Company) or an Eligible Custodian, or if you so request and where it is feasible to do so in your name. Documents of title relating to Investments belonging to you and in your name may, if so agreed, be held by us.
- 19.2. We are responsible for the acts of CINL to the same extent as if for our own acts, including for the avoidance of doubt, for losses arising from fraud, willful default or negligence. Should we be instructed by you in writing that Investments purchased through us are to be registered in the name of some other person (which must not be us or an associate of ours) whom you shall specify, the consequences of registration carried out in accordance with such instructions are entirely at your risk. The legitimacy of any such registration also remains your responsibility.
- 19.3. Overseas Investments will be registered or recorded in either the name of CINL or that of an Eligible Custodian in one or more jurisdictions outside the Isle of Man or UK where, due to legal requirements or the nature of market practice in the jurisdictions concerned, it is in your best interests or it is not feasible to do otherwise. As a consequence of this, such Investments will not be segregated from Investments belonging to us and therefore any protection afforded may be reduced should a default occur on the part of the person in whose name the Investments are registered or recorded. Please note that Investments which are held overseas may be subject to different settlement, legal and regulatory requirements than those which apply within the Isle of Man. We will not be held liable in the event of a default by an Eligible Custodian including responsibility for losses arising directly from its own fraud, willful default or negligence.
- 19.4. Investments registered or recorded in the name of CINL (our Nominee Company) or an Eligible Custodian, may be pooled with those of one or more other clients of ours. Accordingly, you should note that individual entitlements may not be identifiable by separate certificates, physical documents or equivalent electronic entries on the register.
- 19.5. In the event of an unreconcilable shortfall following any default by the Eligible Custodian responsible for pooled Investments, you may not receive your full entitlement and may share in any shortfall pro-rata. We will not be held liable in the event of a default by an Eligible Custodian. However, we do not disclaim responsibility for losses arising directly from our own fraud, willful default or negligence.
- 19.6. Because your Investments may be held on a pooled basis, additional amounts may arise that would not otherwise have occurred had such Investments been registered in your own name (for example, following certain corporate actions). Consequently, you will not be entitled to these additional amounts.
- 19.7. Some companies provide benefits to shareholders relating to the nature of their business. These benefits will not necessarily be available to you automatically, as your Investments will be registered in the name of a nominee company. Should you wish to receive these additional benefits, you should discuss your requirements with us.
- 19.8. All instructions regarding the administration of Investments held by CINL or an Eligible Custodian on your behalf should be made in writing to us. We do not accept from, or send instructions to, third parties unless a valid power of attorney has been established for this purpose. Where Investments are registered in the name of CINL or an Eligible Custodian, if notice is received by us of events or circumstances such as rights issues, conversions, take-overs or other offers or capital re-organisations, in respect of which rights are exercisable, we will contact you for instructions and in the absence of receipt of instructions from you we will take no action. Should you fail to provide instructions to us by any specific date that is advised we will not be liable to you for the outcome.
- 19.9. Valuations and statements detailing all Investments held on your behalf in safe keeping will be provided in accordance with Clause 15 above. This valuation will also provide details of any cash balance held for you as client money. The value of any Investments held as collateral as identified on the valuation is calculated using the mid-market closing price at the close of business on the date of the valuation. Holdings are reported on a trade-date basis.
- 19.10. Save as may be agreed between us by way of special arrangement we do not in the ordinary course of providing custody facilities facilitate proxy voting at general meetings of companies in which you hold Investments.

#### 20. Settlement of Transactions

- 20.1. All your Investments will be handled in an Account administered by us and you are responsible to us for the settlement of all transactions.
- 20.2. Unless otherwise agreed in writing, your Account will be settled on a net basis. If you fail to pay or deliver in good order any documents required by the due date for settlement we may, although we are not obliged to do so, settle the transaction for you. If we do so, we may retain any monies due to you and be entitled to offset any liability you have towards us against those monies.
- 20.3. In addition, we may also, without notice to you, effect transactions on your behalf and at your expense for the purpose of reducing or closing out any unsettled position, to the extent that we suffer costs, damages, losses or other expenses as a result of such circumstance.
- 20.4. You agree that all transactions will be due for settlement in accordance with market requirements as shown on the relevant contract note, confirmation letter or advice.
- 20.5. You undertake to procure that we will receive all Investments and foreign exchange when due, with respect to any transaction which is to settle on your behalf and that all Investments and foreign exchange held by, or transferred to us or CINL will be, and remain free of, any lien, charge or encumbrance.
- 20.6. All payments due to us will be made without set-off, counterclaim or deduction. All Investments and foreign exchange held or transferred to us or CINL will be subject to a charge by way of security for your obligations to us, but only in so far as any such settlement obligation remains outstanding.

### Part A - General Terms of Business for Investment Services (continued)

#### 21. Our Responsibility for Loss

- 21.1. Neither we nor our employees, sub-contractors, agents and delegates shall be liable for any loss suffered by you under your Agreement with us unless such loss arises from our or their gross negligence, willful default or fraud. We do not otherwise accept liability for loss or damage that you may suffer as a result of the provision of Services under these Terms of Business. In that connection we also draw your attention to the provisions of the sections entitled 'Custody of Your Investments (19)', 'Your Money (25)', and 'Force Majeure (41)' contained within these Terms of Business.
- 21.2. Neither CIL or any member company of the Capital International Group accept any liability in respect of any error made by your Investment Manager or Intermediary during the course of them providing their Services to you or in the provision of any instruction to us in connection thereto on your behalf.

#### 22. Right of Set Off

- 22.1. Should you have more than one Account with us, we will have the right to set-off the debit on one Account against the credit on another. In certain circumstances this may entail the sale of an asset or part thereof having previously given you notice of our intention to do so, and if the accounts are expressed in different currencies, they may be converted at the prevailing rate of exchange.

#### 23. Research

- 23.1. Recommendations and comments contained in our research publications may well be affected by subsequent changes in market conditions, particularly in share prices. Furthermore, not all recommendations are necessarily suitable for all investors and any investment policy must be tailored to suit the circumstances of each individual customer.

#### 24. Minimum Investment; Inactive / Dormant Accounts / Illiquid Assets

- 24.1. If you subsequently withdraw money to bring the value of your Account below a minimum investment of £1000, we reserve the right to sell any remaining holdings in your Account and hold your investment as cash.
- 24.2. Where we consider an Account (with the exception of Accounts managed under discretion) to be dormant or inactive, we reserve the right to suspend your Account and will give you advance notice by email of any suspension, however this may not always be possible and/nor practical.
- 24.3. In the event you receive a notice of pending suspension or your Account has been suspended without you receiving notice and you wish it to remain active or be reactivated, please contact our support team by email at the following address: [clientservices@capital-iom.com](mailto:clientservices@capital-iom.com). Any reactivation of your Account will be on such terms as we may reasonably require in order to meet our regulatory obligations in the management and provision of Services to you.
- 24.4. We may charge an Account maintenance fee in relation to inactive or dormant accounts. Details relating to such charges can be obtained by reference to our current Ancillary Fee Sheet.
- 24.5. In the event that the value of your assets fall to zero or is attributed a zero value as a consequence of it being suspended or placed in liquidation, we reserve the right to charge an asset maintenance fee for each asset; full details will be notified to you at the time. In addition, we reserve the right to require the transfer of assets away from us or in the event that you fail to pay such account maintenance fee as may be agreed with us, to forfeit the said asset to CIL.

#### 25. Your Money

- 25.1. We will not at any time hold monies in your name. Any payments of money required in relation to the provision of our Services under these Terms of Business will be made directly to us or if agreed to an Eligible Custodian.
- 25.2. Unless otherwise requested by you, the base and reporting currency of your Account with us will be Pounds Sterling.
- 25.3. Any money held by an Eligible Custodian and not otherwise invested will be held in either a client account or a nominee bank account and will be dealt with in accordance with our agreement with the Eligible Custodian but subject to the overriding provisions of the FSA and/or local market rules and regulations in force from time to time on client money.
- 25.4. We can only hold or deal with your money in accordance with the Rulebook, which amongst other things require us to hold such money at a Recognised Bank, and thereafter in a client bank account or a bank account operated by our Nominee Company; your funds will therefore be segregated from our own funds at a Recognised Bank, as defined in the Rulebook. The Recognised Bank may hold such money with other clients' money in a pooled account. This means that client money is held as part of one or more common pools of money as defined by us in accordance with our client money policies, so you do not have a claim against a specific sum in a specific account. Your claim is against a client money pool, as defined by us from time to time.
- 25.5. "Uninvested Money" (i.e. money not immediately required to settle a purchase or other transaction) may attract interest in accordance with rates published from time to time on our website. We will credit any such interest gross where it is legally permitted to do so; whether interest is paid gross or net of tax or other deduction will depend upon the tax legislation and rules applicable to your Account prevailing at the relevant time. We will credit your Account with any such interest gross where it is legally permitted to do so. Whether interest is paid gross or net of tax or other deduction will depend upon the tax legislation and rules applicable to your Account prevailing at the relevant time. Please also see Clauses 26 to 28 below.
- 25.6. Uninvested Money may be managed by us to mitigate credit risk in one or more Recognised Banks. In that regard we shall have full authority at our discretion and without any form of prior reference to you to enter into any kind of transaction or arrangement relating to this pool of Uninvested Money.
- 25.7. Uninvested Money may attract debit (negative) interest in line with UK and local interbank lending rates from time to time. Any such negative interest rate will be charged to your Account.

### Part A - General Terms of Business for Investment Services (continued)

#### 25. Your Money (continued)

- 25.8. In certain circumstances we may hold or pass your money to an intermediate broker, settlement agent or “over the counter” (OTC) counterparty located in a jurisdiction outside the Isle of Man or the UK. In these circumstances the legal and regulatory regime applying to such an intermediate broker, settlement agent or OTC counterparty will be different to that of the Isle of Man.
- 25.9. In the event of a default or failure of that intermediate broker, settlement agent or OTC counterparty, your money may be treated differently to the way in which it would be treated if it were held by an intermediate broker, settlement agent or OTC counterparty in the Isle of Man.
- 25.10. If you are uncertain as to the implications of the forgoing Clauses concerning the use by us of Recognised Banks, intermediate brokers and settlement agents or OTC counter parties, you should consider taking independent legal advice.

#### 26. Common Reporting Standard

- 26.1. In October 2013, the Isle of Man Government signed an agreement with the UK Government and then in December 2013 signed an agreement with the Government of the United States of America to automatically exchange information from Isle of Man Financial Institutions regarding their account holders who are UK tax residents and certain US persons respectively. The Isle of Man legislation giving effect to the terms of these agreements came into operation on 30 June 2014.
- 26.2. In addition, on 29 October 2014 the Isle of Man Government entered into the OECD Common Reporting Standard (CRS) Multilateral Competent Authority Agreement. The Isle of Man legislation giving effect to the terms of this agreement came into operation on 23 October 2015. The result of CRS reporting is that information regarding account holders of Isle of Man Financial Institutions will be reported to a jurisdiction participating in CRS as a reportable jurisdiction of the Isle of Man, via the Isle of Man Treasury, where there is indication of them being tax resident in that jurisdiction. Reporting in respect of CRS is required to be submitted to the Isle of Man Government by 30 June in each calendar year.

#### 27. USA – Foreign Account Tax Compliance Act (FATCA)

- 27.1. In the course of the provision of Services to you, we or our Eligible Custodians, may maintain correspondent accounts in Dollars in the United States of America (US), which are subject to the jurisdiction of the US. The US has enacted a statute, called the Foreign Account Tax Compliance Act, which is designed to ensure that the US recovers all tax due and payable by US Persons. The legislation has the consequence of also affecting non-US Persons who choose to invest in US Dollar denominated securities and/or hold US Dollars.
- 27.2. We fall within the definition of a Foreign Financial Institution in the legislation and as a consequence this places obligations upon us, a withholding agent. We are required to identify persons who are either US Persons or non-US Persons resident in the US, who are either direct individual clients or indirect (via a company, a partnership, a trust or an unincorporated association) clients of ours. You are required to notify us if you are, or become a “US Person”.
- 27.3. In relevant circumstances we are required to either report on or withhold tax (on what are known as pass through payments) on US source income, which includes inter alia bank interest and dividends on equities. In addition, if you fail to supply us with the requisite information this may also affect the way in which you are categorised by us and may make you liable to taxation on gross proceeds of sale of equities. The rules are detailed and if you are in any doubt about this matter, we recommend that you seek independent tax advice from a suitably qualified professional tax advisor in respect of your particular circumstances.

#### 28. Taxation Generally

- 28.1. On the basis that clients holding investment accounts with us will be resident for tax purposes in many different countries, no attempt is made by us to summarise the actual taxation consequences for each client. These consequences will vary in accordance with the law and practice currently in force in your country of citizenship, residence, and/or domicile and with your personal circumstances or, in the case of a corporation, its country of incorporation or place of management and control.
- 28.2. Accordingly, you should apprise yourself of, and when appropriate, consult your professional advisers on the possible tax consequences and any exchange control requirements of opening or maintaining an investment account with us under the laws of your country of citizenship, residence or domicile.
- 28.3. In addition, you may be liable for tax on interest or savings income or dividends earned on your investment. Any such tax charge or liability is your sole responsibility, and we shall not advise you in respect of such tax or be liable for its payment. We do not give tax advice and actions taken by us in relation to this Clause shall not be construed as giving tax advice.
- 28.4. We recommend you seek independent tax advice from a suitably qualified professional tax advisor in respect of your particular circumstances.

#### 29. Third Party Payments

- 29.1. A third party payment is a payment (being a non-trade related withdrawal from your Account) made to any person or entity other than the person or entity in whose name your Account with us is registered.
- 29.2. Third party payments are permitted on an exception only basis; each request will require written instruction detailing the beneficiary, their full name, address, banking details and the specific purpose of the requested payment. Where a foreign exchange deal is to result in a payment being made thereafter to a third party, the onus is on you to notify us of the details relating to the requested payment, and to obtain our agreement to make the proposed payment, prior to placing the deal with us.
- 29.3. Neither we nor our associated companies can be deemed liable for any delay or ultimate refusal of a third party payment where all of the requirements were not satisfied. We will only make payments, third party or otherwise, to bank accounts held in certain countries.
- 29.4. It is your responsibility to ascertain that the destination of a payment is eligible.
- 29.5. We reserve the right to refuse any third party payment without explanation.

### Part A - General Terms of Business for Investment Services (continued)

#### 30. Variation & Amendment

- 30.1. We may vary the arrangements contained in these Terms of Business by notice to you at any time, on the basis that the variation will take effect in relation to all orders placed by you after receipt of the notice.
- 30.2. Such notice may be affected in writing or by email (if you have agreed to correspondence by way of email), or by posting on our website/secure portal.
- 30.3. Such variations will become effective on a date specified in the notice and in the case of an amendment or variation which is to your detriment, will be not less than 1 month before such variations become effective. No variation will affect any outstanding order or transaction or any legal rights or obligations that may have already arisen.
- 30.4. You are deemed to have consented to any alteration that may be effected to these Terms of Business if we do not receive notification otherwise from you, in writing, within the time that the changes were notified to you and their coming into effect.
- 30.5. You may seek to vary the arrangements contained in these Terms of Business or your Agreement with us by notice in writing to us at any time, on the basis that the proposed variation will take effect in relation to all orders placed by you after receipt of the notice. Such variations, if agreed by us, will become effective on a date to be agreed by us and confirmed in writing and will last for such period as may be specified by you or in the alternative until rescinded or varied again by notice in writing. No variation will affect any outstanding order, transaction or any legal rights or obligations that may have already arisen.

#### 31. Termination

- 31.1. We reserve the right to close your Account on giving you 1 months' notice without giving any reason for such a decision. Further, we reserve the right to terminate your Agreement with us immediately or withdraw access to your Account immediately and without giving notice, if any of the following Clauses apply:
- 31.1.1. pursuant to Clause 8.0 (Events of Default & Closure of Accounts); or
- 31.1.2. in the event that there is evidence of criminal or fraudulent conduct on your part or in the case of bodies, corporate trusts, partnerships or unincorporated associations on the part of any officers or signatories; or
- 31.1.3. bankruptcy, insolvency or material breach of your Agreement with us.
- 31.2. You may terminate these arrangements by notice in writing with immediate effect. Any such termination pursuant to this Clause will not affect any transactions already initiated or any other outstanding rights and obligations, and the terms of your Agreement will continue to apply for so long as you have any outstanding obligations to us.
- 31.3. For greater certainty, the following provisions will continue in full force and effect following termination of this Agreement: Clauses 32 (Successors & Assigns), 34 (Complaints), 35 (Notices), 40 (Indemnity & Liability), 33 (Rights of Third Parties), 44 (Governing Law & Severability), and Clause 43 (Record Retention & Data Protection).

#### 32. Successors & Assigns

- 32.1. For purposes of clarity we may, at our absolute discretion and in order to ensure continuing compliance with the Rulebook, transfer our rights and obligations hereunder to any assigns and successors legally appointed. Your rights and obligations hereunder may not be transferred or assigned to any third party without our prior written agreement although they shall subsist and endure to the benefit of your Successors.

#### 33. Rights of Third Parties

- 33.1. A person who is not a party to your Agreement with us (other than a successor in title or a permitted assignee) cannot enforce or enjoy the benefit of any term of this Agreement under the Contracts (Rights of Third Parties) Act 2001.

#### 34. Complaints

- 34.1. All complaints whether about us or an Eligible Custodian should be directed in the first instance to:  
Client Services Department,  
Capital International Limited,  
Capital House,  
Circular Road, Douglas,  
Isle of Man,  
IM1 1AG.  
  
Alternatively, [clientservices@capital-iom.com](mailto:clientservices@capital-iom.com)
- 34.2. We will endeavour to resolve your complaint as quickly as possible, but in any event, will acknowledge receipt of your letter within 7 days. The acknowledgement will include a link to our internal complaints handling procedure together with that of any Eligible Custodian if appropriate. Upon resolution of your complaint, we will send you a final response, which sets out the nature of that resolution and any applicable remedy. If you are dissatisfied with our final response and eligible under the Isle of Man Financial Services Ombudsman Scheme, you may refer your complaint to the Financial Services Ombudsman Scheme and information detailing the procedure, will be provided with our final response. In addition, and in so far as your complaint may relate to a regulatory matter, you may also refer a complaint to the FSA.

### Part A - General Terms of Business for Investment Services (continued)

#### 35. Notices

- 35.1. Notices to be given by you may be sent by email to our Client Services Department or by post to our registered office marked 'for the attention of the 'Client Services Department'. Notices to be given by us may be sent by email, by notice or narrative inserted on a valuation or statement provided to you, posted to our online portal or if necessary be sent by post to the last address you have notified to us for this purpose and shall in each case be deemed to have been received on the second Business Day after posting.
- 35.2. In proving service by post, it shall be sufficient to prove that it was correctly addressed, full postage paid and posted.
- 35.3. Where we do not hold a current address to use to give you notice of any kind including, but not limited to, notice of changes to the conditions, fees and charges or notice to close your Account, or such notice is returned to us undelivered, you agree that we have fulfilled our obligations to give you notice and will be entitled to apply any such changes or to close your Account. You agree that we shall not be liable to you for any loss arising from our actions in this regard.

#### 36. Additional Provision for Joint Customers Only

- 36.1. This Clause applies only where a customer consists of more than one person, e.g., joint accounts, trustees, personal representatives etc.
- 36.2. You shall be liable jointly and severally for the payment of all sums owing to us and for the performance of all obligations undertaken by you or on your behalf under this Agreement.
- 36.3. Unless otherwise authorised, and subject to the provisions of Clause 36.2 read with Clause 11.3 above, we will act upon any instruction given by any one of you and whether verbal, written or by email or fax. Accordingly, should you wish to authorise us to act upon instructions given only in writing upon not less than two signatories please complete the relevant part of the Due Diligence Form. Unless and until we receive written notice signed by all trustees, joint account holders, personal representatives, etc. withdrawing or varying this authority, any action undertaken by us in complying with the instructions given under such authority will be binding upon all parties.
- 36.4. In the event of the death of any joint account holders, trustees, personal representatives, etc. this Agreement will remain binding on the survivor(s) of you and upon the successors of the deceased parties.
- 36.5. We will only send documentation and payments to the first named at his/her/their address or to such other recipients that you might from time to time authorise.
- 36.6. Where you are the trustees of a trust or a personal representative of an estate, you will undertake to give us immediate notice of any change to the trustees or personal representatives.
- 36.7. If you are trustees of a trust, you undertake to supply us with copies of any documents now existing (or hereafter executed) limiting, extending or varying the power of the trustees or amending the objects of the trust. Failure to provide us with such copies shall absolve us from any breach of, or deviation from, the terms or objects of the trust as amended.
- 36.8. Should you be a personal representative of an estate, this Agreement shall continue in force with you in your capacity as trustee of the relevant will/trust following the completion and/or the administration of the estate.

#### 37. Arrangements in the Event of Disputes, including Death, Divorce, Insolvency & Bankruptcy

- 37.1. In the event of conflicting claims of any kind concerning the ownership of the funds in your Account whether solely or jointly held or a dispute of whatever nature or type arising between joint account holders (where appropriate), including divorce or other marital disputes, we may in our absolute discretion take such steps as it deems necessary, pending the resolution of the dispute including, without limitation, cancelling or suspending the present PAF and Mandate and requiring the authority of all joint account holders for all transactions; suspending the use of the Account; the taking of legal advice and the making of an application to any court of competent jurisdiction by way of interpleader or similar process. You agree that we shall not be liable for complying with any court order arising out of such process. You agree that we may charge you with the costs incurred by us in taking any such steps to resolve or deal with the dispute or to protect our interests in this regard.
- 37.2. On the death of a sole account holder who is an individual, his/ her personal representatives must inform us as soon as possible and supply us with a copy of the death certificate. We will only accept instructions from the validly appointed executor(s) or administrator(s) of the deceased and we shall be entitled to request satisfactory documentation as to the identity of such persons and the validity of their appointment, such as grant of probate/letters of administration and a death certificate.
- 37.3. Upon receipt of this notification, all discretionary activity will continue on the existing mandate, pending instructions from your personal representatives as to how we should dispose of, or distribute your Investments.
- 37.4. On the death of a joint account holder who is an individual, the surviving account holder must inform us as soon as possible. Any cash or assets in a joint account will be payable to the order of the surviving account holder(s), provided we receive satisfactory documentation including a death certificate.
- 37.5. If you are an individual and you die or are made bankrupt, or if you are a company, a partnership, a trust or an unincorporated association and an insolvency event occurs, subject to law we shall settle all payments and instructions already given and shall be entitled to exercise a right of set-off and lien over all of your Accounts (including accounts in our name and joint accounts (if appropriate), whether denominated in the same currency or not) to satisfy all outstanding payments and instructions.
- 37.6. If you are a company, a partnership, a trust or an unincorporated association and an insolvency event occurs, then you must inform us as soon as possible. Following receipt of such notice (whether or not received by us pursuant to this paragraph) we will only accept instructions from such persons as we determine (at our discretion) to have authority to instruct us on your behalf and we shall be entitled to request satisfactory documentation as to the identity of such persons and the validity of their appointment.

### Part A - General Terms of Business for Investment Services (continued)

#### 38. USA /Patriot Act

- 38.1. In the course of the provision of Services to you, we or our Eligible Custodians may maintain correspondent accounts in Dollars in the United States of America (US), which are subject to the jurisdiction of the US. The US has enacted a statute, called the USA Patriot Act, which authorises federal authorities to seize funds in such a correspondent account in the US if the US perceives that the correspondent bank is holding the proceeds of crime, whether committed in or through the US, or not, and whether the alleged wrongdoer's account is in Dollars or in another currency, so long as the alleged wrongdoer has funds on deposit with the correspondent bank which in turn has funds in the US. If bank funds are frozen, the bank may not defend the forfeiture action against its own funds except to the extent that it has already paid the funds out, which limits the liability of the bank to the value of the funds in the alleged wrongdoer's account but provides for no defense of the alleged wrongdoer's conduct. What this means for you is set out in this section below.
- 38.2. You agree that you will not remit funds or transfer assets to us which are the proceeds of crime.
- 38.3. Notwithstanding the provisions of Clauses 38.1 and 38.2 you agree that if any funds are frozen by order of a court of competent jurisdiction in the US as part of a forfeiture proceeding:
- 38.3.1. you will defend the forfeiture action at your own risk and expense as provided for by US law; or
- 38.3.2. you will authorise us to pay the frozen funds over to the US Court issuing the freezing order or its designee, at our discretion. You agree that you are aware that we are forbidden from defending, and will not defend, your interest in such a forfeiture proceeding.
- 38.4. You further agree that if we are directed to freeze the value of your assets pursuant to the USA Patriot Act by order of a court of competent jurisdiction you will not seek to have us release such frozen funds unless and until there has been a final order releasing the freezing order.
- 38.5. Notwithstanding the provisions of Clauses 38.1 and 38.2, and every other provision of law, to the extent that you lawfully may do so, you agree that you will not make any claims against us under the laws of any nation or political entity for release or repayment to you of the value of funds frozen or forfeited, pursuant to the USA Patriot Act prior to the release of such funds.
- 38.6. Subject to any restrictions imposed by law, we agree that if a freezing order or a forfeiture order directly or indirectly connected to your Account is served upon us, we will notify you of the existence of such order in timely fashion, pursuant to Clause 35 of these Terms of Business.

#### 39. Anti-Bribery, Anti-Tax Evasion and Modern Slavery

- 39.1. "Applicable Laws" shall for the purposes of this Clause, but not by way of limitation, include the Bribery Act 2013 of the Isle of Man, the Bribery Act 2010 of the United Kingdom and the Foreign Corrupt Practices Act 1977 of the United States of America. The Criminal Finances Act 2017 of the United Kingdom and the Modern Slavery Act 2015 of the United Kingdom together with any similar statute from any other jurisdiction and as any of the same may be amended from time to time.
- 39.2. Both we and you represent and warrant that:
- 39.2.1. Each will comply with all Applicable Laws in respect of the performance of its obligations under these Terms of Business including without limitation all Applicable Laws and regulations relating to taxation, exchange controls, customs matters, anti-bribery, anti-corruption, anti-trust, anti-money laundering, modern slavery and human trafficking, trade sanctions, financial sanctions and criminal matters. Each party and if relevant, its directors, employees, workers, contractors, agents, advisors, nominees, assignees and any other service provider ("Associated Persons") will not engage in any activity, practice or conduct which could contravene the Applicable Laws if such activity, practice or conduct had been carried out anywhere in the world, or which could cause the other party to contravene the Applicable Laws.
- 39.3. Each party's responses to the other party's request for due diligence and enquiries, if requested, in connection with the Applicable Laws are complete and accurate.
- 39.3.1. Neither you nor we, nor if relevant any of each party's officers or employees or an Associated Person who are performing Services in connection with these Terms of Business, is a foreign public official (as defined by the Bribery Act 2013), that no foreign public official owns a direct or indirect interest in the party or any Associated Person, and that no foreign public official has any legal or beneficial interest in any payments made by each party.
- 39.3.2. Each party shall promptly notify the other if, at any time during the term of these Terms of Business, our circumstances, knowledge or awareness change such that each party would not be able to repeat the warranties set out in this Clause 39 at the relevant time.

#### 40. Indemnity & Liability

- 40.1. You shall indemnify and keep indemnified, us (both as a principal and, where relevant, as trustee or agent for our and the Capital International Group's officers, agents and employees) against all or any of the following:
- 40.1.1. actions, suits, proceedings, claims and demands whatsoever and howsoever arising which may be taken, instigated or instituted by or against us (or any such person aforesaid); and
- 40.1.2. costs, charges, and expenses whatsoever and howsoever arising which may be incurred or become payable by us (or any such person aforesaid) including but not limited to all legal and other fees and expenses, including experts' fees, whatsoever and howsoever arising in connection with or arising out of inter alia;
- 40.1.3. any omission of or act done or omitted to be done by you or any agent of yours in breach or potential breach of the terms hereof;
- 40.1.4. any false information or declaration made to us or any third party;
- 40.1.5. any act or omission or fraud by you or any agent of yours or by any person obtaining access to your Account by using your designated Account number, username or password, whether or not you authorised such access;
- 40.1.6. the taking of legal advice which we consider reasonably necessary to obtain, arising from or in connection with the operation of your Account or the activities of you or any agent of yours which touch or may touch, concern or relate to the operation of the Account.

### Part A - General Terms of Business for Investment Services (continued)

#### 41. Force Majeure

- 41.1. We will not be held liable for any loss incurred by you which arises either wholly or in part as a result of an event or state of affairs which is beyond its control to prevent and the effect of which is beyond its power to avoid in relation to your Investments, and which may arise inter alia from delays or changes in market conditions whether before or after any transaction, market fluctuation, currency fluctuation, computer failure, labour dispute, inability to communicate with market makers, or for any other reason and whereby we are either unable to take or refrain from taking or shall not be obliged to take or refrain from taking any action as a consequence thereof.
- 41.2. We will be entitled to act on instructions given to us by any method, whether or not in writing. We may decline to implement any instructions in circumstances where we believe sufficient resources may not be available or for any other reason we consider appropriate, and we will inform you when this is the case. The issue of the relevant contract note will constitute acknowledgement of the implementation of any instruction given by you.
- 41.3. The value of your Investments and income arising there from may decrease as well as increase.

#### 42. Telephones

- 42.1. Telephone calls with us may be monitored/recorded in line with regulatory requirements, to maintain and improve our service, to assist in settling any dispute which may arise between us, and to assist security and staff training. For further information please see our full privacy notice, which can be found on our website.

#### 43. Record Retention & Data Protection

- 43.1. In accordance with legal and regulatory requirements, as well as our Group Data Retention Policy, we will retain your records (including your personal data), for a minimum period of 6 years following the termination of any relationship between us.
- 43.2. This period may be extended by force of law, regulatory requirement, agreement amongst us or on the basis of any other lawful basis for processing as defined in Article 6 of the Data Protection (Applied GDPR) Order 2018.
- 43.3. For further information please see our full privacy notice - which can be found on our website.

#### 44. Governing Law & Severability

- 44.1. These Terms of Business shall be construed in accordance with the laws of the Isle of Man and you irrevocably submit to the jurisdiction of the Manx Courts.
- 44.2. If any provision of this Agreement is or becomes invalid or contravenes the Rulebook, the remaining provisions shall not become invalid.

### Part B - Execution Only Customers

These Terms are in addition to “Part A - General Terms of Business for Investment Services”. In the event of any conflict between Part B, and Part A, the Terms of Part B shall prevail.

#### 1. Introduction

1.1 Where you have confirmed that you wish to receive an Execution Only Service this means that the regulatory protections afforded to you under the Rulebook are less than those offered to Retail investors and the following Clauses apply to you.

#### 2. Risk Warnings

2.1 We will not be obliged to warn you of the nature of any risks involved in any transactions recommended for you or provide you with written risk warnings in relation to transactions in derivatives or warrants.

#### 3. Suitability

3.1 The protections of the Rulebook of giving suitable advice do not apply to Execution Only Services.

#### 4. Packaged Products

4.1 We are not required to send you the detailed information available to Retail investors when dealing in units in collective investment schemes and life products.

#### 5. Acceptance & Understanding

5.1 Your declaration and signature to the PAF evidences your acceptance of these Terms of Business and signifies that you have read these Terms of Business and any accompanying documentation and have understood its importance. If there is any aspect that you do not understand or find yourself unable or unwilling to agree to, prior to signing the PAF, please contact us as a matter of urgency.

#### 6. Foreign Exchange Transactions

6.1 We are obliged to draw your attention to the fact that in carrying out transactions for you on a foreign exchange, your money will be passed to a settlement agent located overseas and, accordingly, your money may be less protected than if it were held in the UK or the Isle of Man.

#### 7. Execution Only Service

7.1 If your dealing instruction relates to an asset with the following characteristics or similar, the following Clause 7.2 applies:

7.1.1 it may have a limited secondary market should you wish to sell the asset;

7.1.2 it may be an illiquid asset that trades infrequently;

7.1.3 it deemed only suitable for sophisticated, professional, high net worth or experienced investors.

7.2 You confirm that the asset is appropriate for you and your level of investor experience and that we have no responsibility for assessing your level of sophistication or whether the asset is suitable for you.

7.3 You recognise that if your dealing instruction relates to an asset which may result in the payment of a soft commission directly to your appointed Intermediary from the asset manager, that we have no influence over this soft commission and should you want any details about any soft commission payments you should seek this from your appointed Intermediary.

7.4 You should note that the volatility in price movements and the spread between buying and selling prices may be greater when the market first opens than at other times of a day.

7.5 Orders may be subject to any price limits or restrictions that you may specify from time to time (hereinafter referred to as your “Requirement”). We will use our best endeavours to accommodate your Requirements and will notify you if we are unable to do so. Any transaction that we enter into will be subject to the rules and customs of the relevant exchange and/or market. We will use our best endeavours to comply with the obligations of timely execution under the Rulebook.

### Part B - Execution Only Customers (continued)

#### 7. Execution Only Service (continued)

7.6 It is important to note that we will NOT undertake on your behalf the following transactions; this is a non-exhaustive list and we reserve our right to refuse to accept funds for investment and to refuse to trade in an asset, without giving prior written notice and without giving a reason for any such decision:

- 7.6.1. the sale of securities which you do not own eg short or uncovered bear sales, unless falling within 2.2.8 of Part A above;
- 7.6.2. writing of options unless falling within 2.2.6 of Part A above;
- 7.6.3. writing of futures;
- 7.6.4. purchase and sale of bullion and coin;
- 7.6.5. purchase and sale of commodities;
- 7.6.6. purchase and sale of currency for speculative purposes;
- 7.6.7. bearer shares;
- 7.6.8. assets where the issuer is not industry recognised;
- 7.6.9. assets that do not have a genuine and active secondary market;
- 7.6.10. assets that have no clear basis or mechanism for pricing;
- 7.6.11. private issue bonds.

However, we may provide specialist dealing services upon mutual agreement in writing between us and you.

7.7 In the event that you give us instructions in connection with a 'money up front' collective investment or fund or unit trust, you do so on the basis that you understand the risks which this entails and that we accept no liability for any loss which may arise from the failure or suspension from trading of the asset between submission of the advance payment and the intended issue of the requisite contract note or the non-receipt of a contract note until settlement day, or at all.

7.8 In the event that you do not use our nominee service you warrant that in providing us with instructions to buy or sell an investment you do so on the basis that you have specified the correct settlement market for the investment as held by your external custodian and that you understand the risks that this entail. We shall not be liable to you for any loss which may arise from a failure of the transaction to settle and that in the event that the instruction proves to be incorrect in any way, you accept responsibility for all or any loss incurred by us as a consequence and will indemnify us accordingly.

#### 8. The Kinesis Service

8.1 The Kinesis Service is an Execution Only dealing service provided by CIL enabling clients to trade in principal contracts.

8.2 Your Account is with CIL, and we will deal with you on an Execution Only basis at all times in accordance with this Part B. Each transaction will ordinarily be executed by CIL on a principal basis.

8.3 We will not provide you with any advice on the merits or suitability of entering into any contract. From time to time, we may provide you with generic or factual information in relation to the Kinesis Service and the nature and detail of the various Kinesis Contracts that are available.

8.4 The issuing counterparty for all Kinesis Contracts is Capital Financial Markets Limited (CFM), unless otherwise specified. CFM is licensed to issue principal contracts and is a Subsidiary of CIL. You will not have a direct relationship with the contract counterparty CFM. Nevertheless, in participating in a Kinesis Contract you are agreeing to be bound by the particular terms of the contract and the issuing rules of the counterparty CFM (Kinesis Rules) under which the contract is used. You can find the Kinesis Rules here at [www.capital-iom.com/resources/kinesis-rules](http://www.capital-iom.com/resources/kinesis-rules)

### Part C - Discretionary Investment Management Service

These Terms are in addition to "Part A - General Terms of Business for Investment Services". In the event of any conflict between this Part C, and Part A, the Terms of this Part C shall prevail.

#### 1. Discretionary Services

- 1.1. We will undertake to manage on your behalf on a Discretionary basis, the Account of cash and Investments belonging to you as reported by us. Subject to any instruction that you should give us, we shall have full authority at our discretion and without any form of prior reference to you to enter into any kind of transaction or arrangement for your Account or relating to Investments of the type listed under the section headed Services, Part A, Clause 2 above.
- 1.2. Management fees will be deducted from the base currency dealing account unless other instructions are agreed in advance.
- 1.3. For the avoidance of doubt and for the purposes of this Agreement, the Services do not include or provide for any measure of Account performance by reference to any specific measure, unless the same shall have been agreed with you in writing. Nor shall we enter into any investment borrowing or lending arrangements with your Investments, and in the event that we were to consider that either hedging or borrowing were to be suitable for your Account, such activity would only be undertaken after we had notified you of the same together with any associated risks. We would obtain your approval before we enter into the transaction.

#### 2. Your Investment Mandate

- 2.1. We will manage your Account in accordance with an investment mandate, agreed with you and updated from time to time. We may help you to define your investment mandate through the assessment of your specific investment requirements and attitude to risk. This will be confirmed to you in our investment proposal. It is your responsibility to review our investment proposal and confirm your approval to proceed.
- 2.2. Experienced, professional and institutional clients who have, or may reasonably be expected to have, sufficient knowledge or experience to understand the risks associated with their investment Account may define their own investment mandate, which constitutes a summary of your investment requirements and attitude to risk. We will not separately assess your underlying requirements and we will consider only the suitability of the proposed investment strategy to meet the investment mandate specified by you.
- 2.3. We may rely upon any investment mandate that has been specified for you by any third party professional investment adviser that you have appointed to advise you. We will not separately assess your underlying requirements and we will consider only the suitability of the proposed investment strategy to meet the investment mandate specified by your third party investment adviser.

#### 3. Suitability

- 3.1. Subject to 3.3 below we will assess the suitability of any discretionary investment management service provided by us in accordance with our suitability policy which is available on request.
- 3.2. In either case we will write to you with a summary of those requirements and our recommendations for an investment mandate and strategy that is suitable for you. We may charge a suitability fee that is agreed with you where we assess and advise you on your specific investment requirements and attitude to risk.
- 3.3. Where your investment mandate has been specified either directly by you, as an experienced investor, or by a third party professional investment adviser appointed by you, we will only consider the suitability of our Discretionary Investment Services in relation to the investment mandate specified. We will not separately assess or consider the appropriateness of that investment mandate to your individual circumstances and you acknowledge that we may rely upon your specified investment mandate as a summary of your investment requirements and attitude to risk.

#### 4. Non-Readily Realisable Investments

- 4.1. Whilst it is our policy to purchase high quality and relatively liquid Investments there may be occasions, from time to time, when we may purchase Investments which are 'not actively traded' or are not traded on or under the rules of a stock exchange or an investment exchange.
- 4.2. The market for such Investments may be limited or could become so. It may be difficult to establish a proper market price for such Investments or arrange a subsequent sale. We shall disclose this to you when discussing recommendations, if we consider the investment concerned falls into this category.
- 4.3. Unless instructed to the contrary we may undertake transactions in Non-Readily Realisable Investments in which the market is limited or could become so, such that they may become difficult to deal in. If we are aware of such a situation arising or likely to arise on an existing holding, we would be responsible for bringing this to your attention.

#### 5. Limited Advice

- 5.1. In preparing our investment recommendations we will consider your requirements from an investment perspective only.
- 5.2. We will only provide you with advice in relation to a discretionary managed investment Account.
- 5.3. We will not give you ad hoc investment advice on individual Investments or in relation to general financial planning matters such as taxation, insurance policies, mortgages and pension schemes. We will not assess your requirements in relation to these matters and, as a consequence, our advice will be considered to be Limited Advice as defined by the Rulebook.
- 5.4. Our advice is limited to the consideration of your investment requirements and attitude to risk as set out in our investment proposal, or as summarised in the investment mandate specified by you or your duly appointed third party adviser.

### Part D - Derivatives – Risk and Disclosure Statement

#### 1. Derivatives – General Disclosures

##### 1.1. General

- 1.1.1. This notice is provided to you in the interests of transparency, this notice does not disclose all of the risks and other significant aspects of derivatives products such as futures, options and contracts for difference. Nor does it attempt to define all the relevant terms used, and you should ensure that any terms which you do not understand are fully explained to you before completing the PAF and entering into your Agreement with us. You should not deal in derivatives unless you understand the nature of any such contracts that you may be entering into or which may be entered into on your behalf, and the extent of your exposure to risk. You should also be satisfied that such contracts are suitable for you in the light of your circumstances and financial position.
- 1.1.2. Whilst derivatives can in certain circumstances be used for the management of investment risk, some such Investments are unsuitable for many investors. Further, strategies intended to reduce risk may be impossible to complete in some market conditions, and so the intended level of protection will not be obtained. You should establish whether this will be a possibility. Certain strategies using a combination of instruments, such as those described as “spreads” or “straddles”, may be as risky as, or more risky than, simple “long” or “short” positions. Investors may not only lose their entire capital but be liable to pay much more. Different instruments involve different levels of exposure to risk.
- 1.1.3. Before engaging in any derivative contract, you should consider carefully whether it is suitable for you and you should be aware of the matters set out below.

##### 1.2. Futures

- 1.2.1. Transactions in futures involve the obligation to make, or to take, delivery of the underlying asset of the contract at a future date, or in some cases to settle your position with cash. They carry a high degree of risk. The “gearing” or “leverage” often obtainable in futures trading means that a small deposit or down payment can lead to large losses as well as gains. It also means that a relatively small market movement can lead to a proportionately much larger movement in the value of your investment, and this can work against you as well as for you. Futures transactions have a contingent liability, and you should be aware of the implications of this, in particular the margining requirements, which are set out in Clause 1.7.

##### 1.3. Options

- 1.3.1. There are many different types of options with different characteristics subject to different conditions. You should ensure that these characteristics are appropriate to your circumstances. You should also be aware of the relevant expiry dates after which the right attached to your options can no longer be exercised.
- 1.3.2. Buying Options - Buying options involves less risk than selling options because if the price of the underlying asset moves against you, you can simply allow the option to lapse. The maximum loss is limited to the premium, plus any Remuneration or other transaction charges. However, if you buy a call option on a future contract and you later exercise the option, you will acquire the future. This will expose you to the risks described under “Futures” and “Contingent Liability Transactions”.
- 1.3.3. Writing Options - If you write an option, the risk involved is considerably greater than buying options. You may be liable for margin to maintain your position and a loss may be sustained well in excess of any premium received. By writing an option, you accept a legal obligation to purchase or sell the underlying asset if the option is exercised against you however far the market price has moved away from the exercise price. If you already own the underlying asset which you have contracted to sell (known as “covered call options”) the risk is reduced. If you do not own the underlying asset (known as “uncovered call options”) the risk can be unlimited. Only experienced persons should contemplate writing uncovered options, and then only after securing full details of the applicable conditions and potential risk exposure.
- 1.3.4. Traditional Options - A particular type of option called “traditional option” is written by certain London Stock Exchange firms under special exchange rules. These may involve greater risk than other options. Two-way prices are not usually quoted and there is no exchange market on which to close out an opening position or to effect an equal and opposite transaction to reverse an open position. It may be difficult to assess its value or for the seller of such an option to manage their exposure to risk.
- 1.3.5. Certain options markets operate on a margined basis, under which buyers do not pay the full premium on the option at the time they purchased it. In this situation you may subsequently be called upon to pay margin on the option up to the level of your premium. If you fail to do so as required, your position may be closed or liquidated in the same way as a futures position.

##### 1.4. Contracts for Difference

- 1.4.1. Futures and options contracts can also be referred to as a contract for difference. These can be options and futures on the FTSE 100 index or any other index, as well as currency and interest rate swaps. However, unlike other futures and options, these contracts can only be settled in cash. Investing in a contract for difference carries the same risks as investing in a future or an option and you should be aware of these as set out in Clauses 1.1 and 1.2 respectively. Transactions in contracts for difference may also have a contingent liability and you should be aware of the implications of this as set out in Clause 1.7.

### Part D - Derivatives – Risk and Disclosure Statement (continued)

#### 1. Derivatives – General Disclosures (continued)

- 1.5. Off-Exchange Transactions in Derivatives
- 1.5.1. It may not always be apparent whether or not a particular derivative is effected on or off-exchange. CIL must make it clear to you if you are entering into an off-exchange derivative transaction and may only enter into off-exchange transactions which have a contingent liability see Clause 1.7 below with your express permission.
- 1.5.2. While some off-exchange markets are highly liquid, transactions in off-exchange or “non-transferable” derivatives may involve greater risk than investing in on-exchange derivatives because there is no exchange market on which to close out an open position. It may not be possible to liquidate an existing position, to assess the value of the position arising from an off-exchange transaction or to assess the exposure to risk. Bid and offer prices need not be quoted, and even where they are, they will be established by dealers in these instruments and consequently it may be difficult to establish what is a fair price.
- 1.5.3. Unless otherwise stated, the counterparty for all Kinesis Contracts will be Capital Financial Markets Limited, a Subsidiary of CIL. Spread bets are not transacted on a recognised or designated investment exchange and, accordingly, they may expose you to greater risks than exchange transactions. If you wish to close a position at an earlier time than its maturity date, you will have to close it at the price that the counterparty is willing to quote. The spread between buying and selling prices may vary and there is no guarantee as to the spread at the time of trading.
- 1.6. Foreign Markets
- 1.6.1. Foreign markets will involve different risks from UK markets. In some cases the risks will be greater, and moreover timely and accurate information may be harder to obtain. On request, CIL must provide an explanation of the relevant risks and protections (if any) which will operate in any relevant foreign markets, including the extent to which we will accept liability for any default of a foreign broker through whom we deal. The potential for profit or loss from transactions on foreign markets or in foreign currency denominated contracts will be affected by fluctuations in exchange rates, which may more than wipe out any profits made through the underlying investment.
- 1.7. Contingent Liability Transactions
- 1.7.1. Contingent liability transactions which are margined require you to make a series of payments against the purchase price, instead of paying the whole purchase price immediately.
- 1.7.2. If you trade in futures, contracts for difference or sell options you may sustain a total loss of the margin you deposit with CIL to establish or maintain a position. If the market moves against you, you may be called upon to pay substantial additional margin at short notice to maintain the position. If you fail to do so within the time required, your position may be liquidated at a loss and you will be liable for any resulting deficit. In the event any margin payment is not made within time you remain liable for any deficit.
- 1.7.3. Even if a transaction is not margined, it may still carry an obligation to make further payments in certain circumstances over and above any amount paid when you entered the contract.
- 1.7.4. Except in specific circumstances under the Rulebook, your broker may only carry out margined or other contingent liability transactions with or for you if they are traded on or under the rules of a recognised or designated investment exchange. Contingent liability transactions which are not traded on or under the rules of a recognised or designated investment exchange may expose you to substantially greater risks.
- 1.8. Collateral
- 1.8.1. If you deposit collateral as security with your broker, the way in which it will be treated will vary according to the type of transaction and where it is traded. There could be significant difference in the treatment of your collateral depending on whether you are trading on a recognised or designated investment exchange (and associated clearing house), applying, or trading off-exchange. Deposited collateral may lose its identity as your property once dealings on your behalf are undertaken. Even if your dealings should ultimately prove profitable, you may not get back the same assets which you deposited and may have to accept payment in cash. You should ascertain from your broker how your collateral will be dealt with.
- 1.9. Suspensions of Trading
- 1.9.1. Under certain trading conditions it may be difficult or impossible to liquidate a position. This may occur, for example, at times of rapid price movement if the price rises or falls in one trading session to such an extent that under the rules of the relevant exchange, trading is suspended or restricted. Placing a “stop-loss” order will not necessarily limit your losses to the intended amounts, because market conditions may make it impossible to execute such an order at the stipulated price.
- 1.10. Clearing House Protections
- 1.10.1. On many exchanges, the performance of a transaction by CIL (or the third party with whom we are dealing on your behalf) is “guaranteed” by the exchange or its clearing house. However, this guarantee is unlikely in most circumstances to cover you, the retail investor, and may not protect you if CIL or another party defaults on its obligations to you. On request, CIL must explain any protection provided to you under the clearing agreement applicable to any on-exchange derivatives in which you are dealing. There is no clearing house for traditional options, nor normally for off-exchange instruments which are not traded on or under the rules of a recognised or designated investment exchange.
- 1.11. Insolvency
- 1.11.1. The Rulebook provides for the segregation of client money and clients investments from the “own funds” of a licence holder acting on behalf of clients. Nonetheless, CIL’s insolvency or default, or that of any broker involved with your transaction, may lead to positions being liquidated or closed out without your consent. In certain circumstances, you may not get back the actual assets which you lodged as collateral and you may have to accept any available payment in cash (which may not cover the sum in full). Upon request, CIL must provide an explanation of the extent to which we will accept liability for any insolvency of, or default by, any brokers involved with your transactions.

### Part D - Derivatives – Risk and Disclosure Statement (continued)

#### 2. Kinesis Risk Disclosure

##### 2.1. Kinesis Contracts

- 2.1.1. Kinesis Contracts can involve a high degree of “gearing” or “leverage”. The level of gearing is dependent on the initial financial requirements applicable to a contract. Contracts that require an initial payment of 100% of the overall contract exposure carry no gearing, whereas a contract that requires an initial payment of 25% of the overall contract exposure implies gearing of 4x the amount paid.
- 2.1.2. Customers should consider carefully the level of gearing (if any) that is suitable for them. High levels of gearing have the effect of significantly magnifying price movements such that a relatively small movement in the underlying market can have a disproportionately dramatic effect on your trade.
- 2.1.3. If the underlying market movement is in your favour, you may achieve a good profit, but an equally small adverse market movement can not only quickly result in the loss of your entire deposit but may also expose you to a large additional loss. You may be called upon to deposit substantial additional credit amounts, at short notice, to maintain your position. If you do not provide such additional funds within the time required, your position may be closed at a loss and you will be liable for any resulting deficit.

##### 2.2. Short Positions

- 2.2.1. You should carefully consider your circumstances, experience and overall risk exposure before engaging in any short contracts.
- 2.2.2. Short positions can result in potentially unlimited losses and are therefore significantly higher risk than an equivalent long position. For the avoidance of doubt, losses can exceed the initial amounts paid and may require substantial additional funding to your Account, which you are contractually committed to pay.

##### 2.3. Contract Credit Requirements

- 2.3.1. The credit requirement for individual contracts may change at short notice due to circumstances that are beyond our control. Nevertheless, any additional credit requirements will still need to be funded within the time required. We will normally try and give 48 hours notice of the required time, but in exceptional circumstances, where there is a significant price movement in an individual contract, this might be for same day value.

##### 2.4. Stop-Loss Limits

- 2.4.1. A stop-loss limit order can help to limit potential losses and bring peace of mind. A stop-loss order allows you to set a price which if breached will trigger a sell order (for long positions) or a buy order (for short positions) to close your current position. These closing orders will be dealt ‘at best price’. This may mean that the order is executed at less than your stop-loss price in the case of a long position or more than the stop-loss price in the case of a short position.

##### 2.5. Advice

- 2.5.1. Unless you are a market professional or experienced investor, you should always seek professional advice before engaging in any contract. From time to time, we may provide you with factual market information, or information in relation to a transaction about which you have enquired, as to transaction procedures, any potential risks involved and how those risks may be minimised. Such information should not be considered to be advice or any form of recommendation by us.

##### 2.6. Regulation

- 2.6.1. Derivative and spread bet contracts are not subject to regulation in the Isle of Man and are not protected by any statutory compensation arrangements in the event of failure of one or more contracts.

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