



Dear Client,

As part of our preparation for the Markets in Financial Instruments Directive 2014/65/EU and the Markets in Financial Instruments Regulation (EU) 648/2012 (“**MiFID 2**”) coming into force on 3 January 2018, we have reviewed all of our client documentation and determined that we need to make certain amendments to our terms of business (“**Terms of Business**”), order execution policy (“**OEP**”) and our conflicts of interest policy (“**CIP**”) in order to comply with MiFID 2. We are also taking this opportunity to amend our personal data and privacy language in order to align with the new General Data Protection Regulation (“**GDPR**”) coming into force in Europe in 2018.

Finally, the tripartite settlement and clearing arrangement we have with BNP Paribas Securities Services (“**BNPSS**”) will come to an end on 17 November 2017. We will continue to use BNPSS as our settlement agent, but you will no longer be required to enter into a direct contractual relationship with BNPSS. This change will not affect the contractual obligations on either you or us to settle trades on the relevant date. New standard settlement instructions will be required for most markets however, and details will follow closer to the implementation date.

As such, please accept this letter as notification of the below amendments to the Terms of Business that are currently in place between us, pursuant to the “Applicability, Amendment and Termination” clause of such Terms of Business. In addition, you be able to access an updated copy of our OEP, an updated copy of our Risk Warning (Schedule 1 of the Terms of Business) and a summary of our updated CIP through the links below. All capitalized terms used but not defined herein shall have the meaning given to them in our Terms of Business.

## **ELECTRONIC COMMUNICATION**

We are sending you these documents in electronic format as we believe this is the most efficient and convenient way for our clients to receive these documents. By accessing the above documents and, where relevant, indicating your consent to them electronically, you will be consenting to us communicating with you electronically. Any communication between us using electronic signatures will be binding as if it were in writing. If you would prefer to receive the updated Terms of Business and supporting documents in paper format, please contact Gerard Walsh at +44 (0)207 233 3273 and we will send you hard copies in the post.

## **LEI**

Under MiFID 2, we will require a Legal Entity Identification (“**LEI**”) number from all of our clients and counterparties. Please ensure you have sent your LEI to your usual contact at Northern Trust Securities LLP in advance of 3 January 2018 or we will be unable to accept any orders from you from that date.

## **RESEARCH**

Pursuant to the new MiFID 2 rules in respect of inducements, we will be changing how we provide research, market commentary and other related services (such as Commission Sharing Agreements). We will be unbundling our research offering and charging separately for these services. We will also

be offering a Research Payment Account administration service. If you would like to continue to receive our research offering from 3 January 2018, or are interested in a research payment account administered by us, please reach out to your usual contact at Northern Trust Securities LLP and we will send you the relevant legal documents.

## **AMENDMENTS TO THE TERMS OF BUSINESS**

The following amendments will be made to our Terms of Business effective 20 November 2017:

### **1) Electronic Communication, General Information and Confirmations**

The following clauses shall be added to the Terms of Business:

Subject to Applicable Law, you agree that we may communicate with you by electronic means (including by means of a website). Any communication between us using electronic signature will be binding as if it were in writing. Orders and instructions given to you via email or other electronic means will constitute evidence of orders and instructions.

You authorise us to record any telephone conversation and electronic communication we have with you (whether or not for the purposes of your sending an order to us) and agree that the records made by us shall be our property. A copy of such recordings will be available on your request for a period of five years and, where requested by the FCA or other relevant Competent Authority, for a period of up to seven years. You are advised that we may record conversations without the use of a warning tone. You agree that the recording shall be conclusive evidence of all such telephone calls and electronic communications and may be used as evidence in the event of a dispute.

You authorise us to provide you with information which is not specifically addressed to you, including without limitation general information about us, our services, the risks posed by investments which we may trade for you, our conflicts policies and execution policy, including material changes to such information, through our website.

You agree to provide us with all information required for us to provide services to you under these Terms and in order for us to comply with Applicable Law. We shall be entitled to rely on the information provided by you unless we are aware or ought to be aware that the information is manifestly out of date, inaccurate or incomplete.

Where the investment in question is not a “non-complex” financial instrument as set out in the FCA Rules, we may be required to assess the appropriateness of such investment for you. If this is the case, we are entitled, and will, assume that as a Professional Client, you have the necessary experience and knowledge in order to understand the risks involved in relation to the relevant investments and related Services.

We or you may be obliged to undertake transactions in shares admitted to trading on a regulated market or traded on a trading venue on a regulated market, MTF, systematic internaliser or certain third country trading venues. Where we reasonably believe this to be the case, we will do so and operate our order execution policy accordingly. We or you may be obliged to conclude transactions in certain types of derivatives on a regulated market, MTF, OTF or certain third country trading venues. We will do so where we reasonably believe this to be the case and operate our order execution policy accordingly. Where an order relates to the relevant type of derivative, we may not be able to execute it until you have provided certain information we may require to determine whether this obligation applies to you. We will not be responsible for your compliance with any such obligation that may apply to you.

Following our entering into a transaction, we shall issue or procure the issue to you of a confirmation confirming the principal terms of the transaction, including any relevant fees and charges levied to you. We shall also send you periodic report on our services where required to by Applicable Law and taking into account the type and the complexity of financial instruments involved and the nature of the service provided to you.

All orders from you cannot be cancelled once they have been filled and will be binding on you, or where you are acting on behalf of a client, your client upon being filled. Orders may be partially filled from time to time; such partial fills cannot be cancelled and will be binding on you (or your client as the case may be), upon being partially filled.

## **2) Trade and Transaction Reporting**

Any references in the current Terms of Business to trade or transaction reporting under MiFID shall be deleted and replaced with the following:

Where you give us an order for a transaction which is subject to publication in accordance with MiFID (“**Trade Reporting**”), you agree and acknowledge that we shall only arrange to make public the information regarding that transaction in accordance with FCA Rules where it is our legal obligation to do so in accordance with Applicable Law. You acknowledge that you are responsible for any Trade Reporting which is your obligation under Applicable Law.

In addition, where any transaction in an investment is subject to the requirements under Applicable Law to make a report to a relevant Competent Authority (“**Transaction Report**”), you agree and acknowledge that we shall only complete and file any such Transaction Report where it is our legal obligation to do so and that we shall not be responsible for any Transaction Report, including any relevant fields included in such Transaction Report, which are your obligation under Applicable Law.

Where you would like us to assist you with any Trade Reporting or Transaction Reports, we may provide this service to you for an additional fee. Where we agree to assist with any such Trade Reporting or Transaction Reports, we will enter into a separate agreement with you for such services.

## **3) Charges**

The clause entitled “Charges” shall be deleted and replaced with the following:

Where appropriate, we will charge for our services to you in accordance with the commission rates which we will notify to you prior to you commencing trading with us, and as amended through notice to you from time to time. Any such fee or charge will be described exclusive of VAT or any other tax or duty, where applicable, unless specifically stated otherwise in writing.

We may be paid either through receiving fees from you or where you direct that monies are paid to us or monies are paid to us on your behalf under a research payment account, commission sharing agreement or similar arrangement which you maintain with any third party.

You agree to pay to us promptly any tax, commission, brokerage fees, transfer fees, sales charges, transfer fees, registration fees and all other Liabilities, interest, charges, penalties, costs and expenses payable or incurred by us, our delegates and Third Party Providers (in the UK or elsewhere) in connection with transactions effected with or for you. We may, in our discretion, charge you interest at a rate equal to the UK base rate on the value of the transaction amounts not settled by you on the due date for payment. We may deduct or withhold any such estimated or actual charges at our discretion. Any difference between such estimated amounts and the final confirmed liability shall be credited or debited as appropriate to

your account as quickly as practicable. Neither you nor your Customer shall be liable for payment of any income or capital taxes incurred by us, our delegates or Third Party Providers.

#### 4) Personal Data

The clause entitled "Personal Data" shall be deleted and replaced with the following:

The terms "**data controller**", "**data processor**", "**processing**", "**data subject**", shall bear the meaning ascribed under Data Protection Law, and the term "**process**" shall be construed accordingly.

"**Data Protection Law**" means the Directives and the Regulation (as amended or replaced from time to time), guidance, directions, determinations, codes of practice, circulars, orders, notices or demands issued by any Supervisory Authority and any applicable national, international, regional, municipal or other data privacy authority or other data protection laws or regulations in any other territory in which the Services are provided or received or which are otherwise applicable.

"**Directives**" means the European Data Protection Directive (95/46/EC) and the European Privacy and Electronic Communications Directive (Directive 2002/58/EC).

"**Personal Data**" means any personal data processed by the either of us under these Terms.

"**Regulation**" means, on and from 25 May 2018, Regulation (EU) 2016/679 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data as and when it becomes applicable.

"**Supervisory Authority**" shall bear the meaning ascribed in the Regulation.

You agree that we act as a data controller within the meaning of Data Protection Law in respect of Personal Data supplied to us by you or on your behalf pursuant to these Terms.

Each of us shall:

- a) be responsible for and control any Personal Data which we process in relation to or arising out of these Terms;
- b) comply with any Data Protection Laws applicable to the collection and processing of the Personal Data;
- c) take appropriate technical and organisational measures against unauthorised or unlawful processing of Personal Data and against accidental loss or destruction of, or damage to, the Personal Data.
- d) agree respective responsibilities with the other if required for exercising of data subject rights and providing notice to data subjects as set out in the notices referred below.

Where Personal Data is shared by you with us, you shall ensure that there is no prohibition or restriction which would:

- a) prevent or restrict you from disclosing or transferring the Personal Data to us;
- b) prevent or restrict us from disclosing or transferring the Personal Data to our affiliates and any of our employees, agents, delegates, subcontractors, credit reference agencies, or competent authorities (including tax authorities) and bodies in order to provide the Services or services ancillary thereto or for resolution of disputes or investigations; or
- c) prevent or restrict us, our affiliates and any of our employees, agents, delegates or subcontractors, from processing the Personal Data as follows:

- I. to carry out ourselves (or through a third party) anti-money laundering checks and related actions that we consider appropriate including to meet any legal obligations relating to the prevention of fraud, money laundering, terrorist financing, bribery, corruption, tax evasion and the provision of financial and other services to persons who may be subject to economic or trade sanctions, on an on-going basis, in accordance with our anti-money laundering procedures (**AML Checks**);
- II. to update your records, for fee billing and to provide the Services;
- III. to monitor and record calls and electronic communications for quality, business analysis, training, investigation and fraud prevention purposes, for crime detection, prevention, investigation and prosecution, and to enforce or defend our rights, ourselves or through third parties to whom we delegate such responsibilities or rights;
- IV. to report tax related information to tax authorities in order to comply with a legal obligation;
- V. to retain anti-money laundering information for future services entered into by you;
- VI. to retain the Personal Data as long as required to perform the Services or as required by law;
- VII. to service the client relationship and to advise you of other products and services offered by us and/or our affiliates;
- VIII. to transfer Personal Data to competent authorities, courts and regulatory bodies in order to provide the Services, comply with law or comply with requests from such competent authorities, courts and regulatory bodies.

You acknowledge that we may transfer the Personal Data to a country outside of the European Economic Area (**EEA**), including the United States in accordance with the EU Commission approved standard contractual clauses or other available data transfer solutions under the Data Protection Law.

If you pass Personal Data of any of your (or your affiliates') representatives, employees, beneficial owners, agents or subcontractors to us, you will ensure that you have provided adequate notice, as required by Data Protection Law, to such representatives, employees, beneficial owners, agents or subcontractors including the details set out in this clause of the processing by us of such Personal Data and of the transfer of such Personal Data outside of the EEA.

You will also ensure that you have obtained any necessary consents from any of your (or your affiliates'), representatives, employees, beneficial owners, agents or subcontractors in order for us to carry out the activities set out under (c) above.

You shall, immediately on demand, fully indemnify us and our affiliates, agents, delegates and subcontractors (the "**Third Party Indemnitees**") and keep us and the Third Party Indemnitees fully and effectively indemnified against all costs, claims, demands, expenses (including legal costs and disbursements on a full indemnity basis), losses (including indirect losses and loss of profits, business and reputation), actions, proceedings and liabilities of whatsoever nature arising from or incurred by us or the Third Party Indemnitees in connection with any failure of yours to comply with the provisions of this section and/or Data Protection Law in respect of its processing of Personal Data.

We enter into this clause as agent for and on behalf of the Third Party Indemnitees.

Both parties agree to keep all information relating to these Terms, which either party directly or indirectly discloses, or makes available, before, on or after the date of these Terms ("**Confidential Information**"), secret and confidential. Both parties agree not to use or exploit the Confidential Information in any way

or directly or indirectly disclose or make the Confidential Information available in whole, or in part, to any person, except as expressly permitted by, and in accordance with these Terms.

Disclosure of Confidential Information will only be permitted where (i) a party is required to do so by Applicable Regulations, law, the FCA or any other relevant regulatory authority or similar governmental body, (ii) it is reasonably necessary in order to perform the Services or otherwise in accordance with these Terms and (iii) in the case of Northern Trust, the sharing of the Confidential Information with an affiliate allows us to advise you of other products and services offered by us and/or our affiliates. Where so required under limb (i) above, the relevant party will, to the extent and if permitted by law, notify the other party as soon as possible of such disclosure. We shall not be obliged to disclose any information to you which may constitute a breach of our duties of confidentiality to any other person.

### **5) Conflicts of Interest**

The clause entitled “Conflicts, Material Interests, Self-Dealing and Dual Agency” shall be deleted and replaced with the following:

We maintain a conflicts of interest policy and have procedures in place to help us identify, prevent and manage any conflicts of interest that may arise between Northern and its clients, or between one of our clients and another. Where a relevant potential or actual conflict of interest is identified, we will take all appropriate steps to prevent or manage such conflict of interest to prevent any such conflicts from adversely affecting the interests of our clients. Where the organisational or administrative arrangements made by us to prevent conflicts of interest from adversely affecting your interests are not sufficient to ensure, with reasonable confidence, that risks of damage to your interests will be prevented, then we shall clearly disclose to you the general nature and/or sources of conflicts of interest and the steps taken to mitigate those risks before undertaking business on your behalf

However, we, in providing services under these Terms, shall not be subject to any fiduciary duties which would prevent us or any connected company from acting in a dual capacity or would oblige us to accept responsibility more extensive than those set out in these Terms. When we deal in investments for you, we may have an interest, arrangement or relationship that is material in relation to the transaction or investment concerned. The following are some examples of the type of interest, relationship or arrangement that could be involved:

- we or any of our members, officers, employees, agents or other clients having or holding a dealing position (long or short) in the investment concerned or a related investment or having informed us of an intention to do so or instructed us to deal;
- we or any of our members, officers, employees or agents is a director or employee of a company which has issued or is selling or purchasing an investment;
- advising other persons in relation to investments on which we have advised or may advise you;
- executing a transaction as an agency cross-trade between you and another client of Northern;
- receiving payments or other benefits for giving business to the firm with which your order is placed or with which we enter into a back to back order or transaction;
- receiving payments under a commission sharing agreement;
- being, or being connected to, the issuer of the investments.

Where there is a specific disclosure with respect to any of the above that we deem is required to be made under Applicable Law, we shall do so in accordance with the below.

The existence, nature and amount of any payment or benefit received from or paid to third parties in connection with the provision of the services, unless it is paid on your behalf or is necessary for the



provision of the services, will be clearly disclosed to you as required by Applicable Law. Such payments shall not impair our duty to act, honestly fairly and professionally in accordance with your best interests and will be appropriately designed to enhance the quality of services to you.

We may in good faith transact business with any connected company or Third Party Provider as principal or otherwise without prior disclosure of that fact. For your information where we use a third party broker, we will pay them a commission or fee and we pay a fee for clearing and ancillary services provided by our Clearing Broker. We will disclose the amount of this commission or fee to you on request. However, we will not charge you separately for these items unless we have agreed this with you separately.

We may in our absolute discretion, and without prior notice to you, arrange for any transaction to be executed in whole or in part by the sale to or purchase from you or the relevant investments by another client of Northern. If we do so, we may charge or otherwise take remuneration from both you and the other client. Where we do so, we shall do so only in accordance with Applicable Law. We shall also disclose this fact to you in the relevant confirmation for the trade, or in a similar manner and, where required by Applicable Law, disclose to you the amount of any commission or remuneration received from the counterparty to the transaction.

We may request a third party to collect payments from you due to us, which will be paid to us directly, for example, where a trade is given up to a local broker for settlement in the emerging markets. Such collection and payment will be governed by a separate agreement between us and the relevant third party. For avoidance of doubt, such payments will be agreed with you and due to us for the provision of Services to you. We will not charge you separately for these items unless we have agreed this with you separately.

## **6) Complaints and Compensation**

The clause entitled “Complaints” shall be deleted and replaced with the following:

We have in operation a written procedure in accordance with the FCA rules for the effective consideration and proper handling of complaints from customers. Any complaints should be referred to the EMEA Head of Capital Markets & Treasury Compliance at the address set out in clause 1.1, who will provide information about the complaints management procedure. This information is also available [www.northerntrust.com](http://www.northerntrust.com) or on request from the EMEA Head of Capital Markets & Treasury Compliance.

The clause entitled “Compensation” shall be deleted and replaced with the following:

We are covered by the Financial Services Compensation Scheme in the United Kingdom (the “**Scheme**”). The Scheme is only available to certain types of claimants and claims as set out in the FCA rules and payments to eligible claimants may vary depending on the type of claim you hold with respect to us. Claims by eligible claimants in respect of investment business are covered, up to an aggregate maximum compensation of £50,000. Further information is available from the FCA, from the Financial Services Compensation Scheme at 7th Floor, Lloyds Chambers, Portsoken Street, London E1 8BN or from the Scheme’s official website [www.fscs.org.uk](http://www.fscs.org.uk).

## **7) Settlement**

Condition 7 and the entirety of Schedule 4 shall be deleted from our Terms of Business.

No other changes are being made to the Terms of Business and all other clauses and conditions shall remain in force between us. These amendments to our Terms of Business will come into effect on 20 November 2017. As you have previously consented to our OEP and made other MiFID required



consents (including consent to trading off of a trading venue, which shall now include consent to trade off of an “organized trading facility”, a new type of trading venue created by MiFID 2), and we have the ability to make amendments to our OEP and our Terms of Business upon notification pursuant to their terms, no further action is required on your part.

If you have any questions or concerns in respect of these changes, please reach out to your usual contact at Northern Trust Securities LLP.

Thank you,

**Northern Trust Securities LLP**