



## Terms of Business

**These Terms of Business (including any Schedules, Appendices, supplemental terms and accompanying documents) as amended from time to time (together these *Terms*) set out the terms of the contract between you and British Arab Commercial Bank plc (*we/us/our* or *BACB*). These Terms supersede all arrangements previously in force between you and us concerning the business covered by these Terms and shall take effect after receipt by you which shall, in the absence of evidence to the contrary, be deemed to have taken place in accordance with the provisions of Term 21 (*Communications*). The giving of any instruction by you or on your behalf (whether orally or otherwise) will constitute acceptance of these Terms.**

### 1. General

- 1.1 The full name of our firm is British Arab Commercial Bank plc. Our registered office is at 8-10 Mansion House Place, London, EC4N 8BJ. We are authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.
- 1.2 The definitions and interpretation set out in Schedule 1 will apply except where the context otherwise requires.
- 1.3 These Terms contain important material regarding the way in which we will deal with you in the future. These Terms affect your legal position and you should read them carefully.
- 1.4 These Terms do not relate to transactions covered under the Non-Investment Products Code.
- 1.5 These Terms are without prejudice to any other terms issued to you by us or agreements entered into between you and us and which may relate to

specific products (**specific product terms**). If any Term conflicts with or contradicts a provision in such specific product terms, the latter provision shall prevail insofar as it does not conflict with any duty or obligation under the FCA rules and the PRA rules.

- 1.6 For the purposes of these Terms you will be classified as either an Eligible Counterparty (as defined by FCA) or a Professional Client (as defined by FCA) in the covering letter to these Terms.

- 1.7 The relationship between us is as described in these Terms. Neither that relationship, nor the services we provide nor any other matter, shall give rise to any fiduciary or equitable duties on our part.

### 2. Scope and capacity

- 2.1 These Terms cover all Investment Services provided to you (unless otherwise notified) by us. For regulatory purposes, we are authorised and regulated for the services that we may provide to you.

- 2.2 In providing Investment Services pursuant to these Terms, we will be acting as principal for our own account.

- 2.3 We are entitled to delegate the carrying out of any of our services to any associate of ours, agents or to such other person or persons as we see fit. This delegation may relate to Services provided to you in general, or may relate to specific transactions or types of Services. We shall exercise reasonable skill, care and diligence in the selection of such parties that we may employ on terms we consider to be appropriate. Neither we nor our directors, officers or employees will be liable to you for any act of omission of any such agent, associate or other delegate.

### **3. Investment Services**

3.1 We may provide the following services to you:

- (i) non-advisory execution-only investment services relating to transactions in Financial Instruments from time to time; and
- (ii) such other ancillary services as may be agreed between you and us from time to time.

3.2 In providing the Investment Services, we will rely on the information about you which you have provided to us. You agree to notify us immediately in writing of any changes in the information you have provided to us which may be relevant to our performance of the services under these Terms.

3.3 We reserve the right to decline to enter into any transaction or to provide or continue to provide any Investment Services where we reasonably believe we are required to do so by the FCA, any other regulatory authority or any applicable law.

3.4 We will not advise you on the merits of entering into any transaction or assess its suitability for you. We will not provide you with any trading recommendations. Accordingly, we will not take into account your financial situation or your investment objectives. You take all trading decisions in reliance on your own judgment. You should seek independent investment, legal, tax or other advice as you see fit.

3.5 Our custody services are provided on the terms of a separate custody agreement.

3.6 All transactions in Financial Instruments in the United Kingdom

are subject to the rules of the FCA and the rules and customs of the exchange on which they are executed or market and/or any clearing house through which the transactions are executed or cleared and to applicable law.

### **4. Aggregation of orders**

Subject to the principle of best execution for Professional Clients, we may aggregate orders effected on your behalf with the orders of other clients or ourselves. By combining your orders with those of other clients, we must reasonably believe that this is in the overall best interests of our clients. However, the effect of the aggregation may operate on some occasions to your disadvantage. Where we aggregate your order with orders of other clients, you agree that allocation of the Financial Instruments concerned may be done within a period of five Business Days after the order is filled.

### **5. Our relationship with you**

5.1 In executing transactions in Financial Instruments, we deal solely on the basis that you act as our counterparty/client.

5.2 You undertake not to enter into any transaction in Financial Instruments as agent for, or on behalf of, a counterparty (whether or not identified to us). Unless we agree otherwise in writing, we shall treat you alone as our counterparty/client. In the provision to you of any of the Investment Services under these Terms, we will not owe any obligations (contractual, regulatory or otherwise) to any counterparty on whose behalf you may be acting as agent.

5.3 When entering into transactions with or through us, you should be satisfied that you fully understand the

transaction and the nature and extent of potential losses and returns of that transaction and that the transaction is appropriate for you.

5.4 If you are an Eligible Counterparty we are not obliged to warn you of the nature of any risks involved in any transactions, ensure that you understand such risks or provide you with any written risk warnings. If you are a Professional Client your attention is drawn to the Risk Warning Notice in Schedule 2. Each financial instrument described in it may be made available to a Professional Client other than a repurchase agreement (or “repo”) which may only be made available to an Eligible Counterparty.

5.5 When executing client orders for Professional Clients we shall comply with our Order Execution Policy, a copy of which has been provided to Professional Clients. If you are a Professional Client, you are required to consent to our Order Execution Policy before we may act for you. A summary of our Order Execution Policy is set out at Schedule 3 together with the form of consent for Professional Clients. If you are an Eligible Counterparty we do not owe you a duty to provide best execution.

5.6 We are a participant in the Financial Services Compensation Scheme (the **Scheme**) in the United Kingdom. If you are an Eligible Counterparty you will not be eligible for compensation under the terms of the Scheme. The Scheme may, however, be available to certain of our Professional Clients. Further details about the Scheme are available upon request.

5.7 If you have any complaints about the quality of the service provided to you under these Terms, you should, in the first instance, liaise with your usual business contact with us. We will investigate your complaint in

accordance with our internal procedures for dealing with complaints. Further information about our process is available on request.

## 6. Money Laundering, Terrorist Financing and Financial Sanctions

6.1 All transactions executed by us are subject to the applicable legal requirements under UK anti-money laundering and combating the financing of terrorism legislation and the Money Laundering Regulations. We are also compliant with FCA arrangements and provisions in respect of countering the risk of financial crime.

6.2 It is a criminal offence in the UK to make payments or allow payments to be made to entities that appear on the Bank of England's Financial Sanctions lists. Any such payments will be frozen and reported in accordance with our legal requirements.

## 7. Instructions

7.1 We may rely on the instructions of any person who is, or is believed in good faith to be, a person designated or authorised by you to give such instructions. We may accept and act without further enquiry upon any instructions given, or believed in good faith to be given, by or on your behalf whether such instructions are in writing, by telex, telephone, facsimile, computer-based systems or any other mode of communication.

7.2 Instructions to us shall not be deemed to take effect until actually received by us.

7.3 We may refuse to act on any of your instructions if:

- (i) you have not provided such information as we may

reasonably require (such as an applicable legal entity identifier (LEI) code) in order to comply with any transaction reporting or market transparency requirements; or

- (ii) there is any doubt as to the authenticity of those instructions; or
- (iii) in acting on them, we would be in breach of any law, market practice or rules and regulations of any relevant regulatory organisation to which we may belong in respect of Investment Services.

## **8. Rights of set-off and retention of your funds**

- 8.1 We shall be entitled at any time to retain or make deductions from or set-off amounts or credit balances which we owe to you or you owe to us (including the proceeds of any sale) in order to meet any liabilities which you may have incurred to us or which we may have incurred on your behalf under these Terms.
- 8.2 Until you have paid or discharged in full all monies and liabilities owed to us, any monies from time to time outstanding to the credit of any of your accounts with us shall not be due and payable although we may in our absolute discretion make payments to you from such accounts or otherwise exercise our rights of set-off and/or combination and/or consolidation.
- 8.3 You hereby grant a first fixed charge and first priority security interest with full title guarantee over all monies and any collateral or other property held by us at any time (including the benefit of all contractual rights and obligations and any proceeds of sale) as security for the performance of

your obligations under these Terms and under any transaction. We shall have, to the fullest extent permitted by law, all of the rights of a secured party with respect to any money or other assets charged to us and you will, at our request, take such action as we may require to perfect or enforce any security interest and irrevocably appoint us as your attorney to take any such action on your behalf.

## **9. Your authority**

9.1 You warrant and represent, and each time you provide us with an instruction you shall be deemed to warrant and represent, that:

- (i) you have all necessary authority, powers, consents, licences and authorisations and have taken all necessary action to enable you lawfully to enter into and perform these Terms and to authorise us to transmit each instruction which we receive from you in accordance with these Terms;
- (ii) where you are classified as a Professional Client, you have been solely responsible for making your own independent appraisal and investigations into the risks of entering into transactions and you have sufficient knowledge and experience to make your own evaluation of the merits and risks of any such transactions;
- (iii) you will ensure that all relevant investments or any documents of title and/or transfer forms and/or any relevant payments are delivered, paid or transferred to us or to whomever we may direct in sufficient time on or

before the contractual settlement date to enable us to settle the transaction in accordance with market requirements;

- (iv) unless otherwise agreed in writing, you will always be liable as principal and no person other than yourself has or will have any interest in any transaction or in any account that we hold on your behalf; and
- (v) unless otherwise agreed in writing, all cash, securities or other assets transferred to us pursuant to these Terms are to be treated as your sole and beneficial property and will be transferred to, or held by, us free and clear of any lien, charge or other encumbrance and that you will not charge, assign or otherwise dispose of or create any interest therein.

## 10. Confirmation and settlement

- 10.1 After a transaction has been effected, contract notes or confirmations will be provided in accordance with the FCA rules recording the essential details of the transaction executed by us with you. Where applicable, we will arrange for transactions to be settled through your custody accounts with us on the terms of the custody agreement.
- 10.2 You undertake, represent and warrant that where we notify you (or procure notification to you) by issuing you with a confirmation in accordance with these Terms that we have executed a transaction pursuant to an instruction from you, you shall deliver or cause to be delivered, on the settlement date indicated on the confirmation, in good deliverable form, the subject investments and/or monies, as well as any required

remittance of interest, dividend payments, and/or other distributions. You agree that where your obligation is to deliver investments you shall deliver such investments free of any liens, charges and encumbrances and free from all rights exercisable by third parties (other than those exercisable by any securities depository, clearing or settlement system).

- 10.3 We shall not be obliged to settle a transaction unless you have delivered in advance all monies or investments payable to us in respect of the transaction or you settle in accordance with market practice and the rules of a relevant settlement system on the date specified in the confirmation for the relevant transaction. Without prejudice to the generality of the foregoing, if you have not delivered the appropriate funds or securities to us on the due date for settlement, we reserve the right, as appropriate, to exercise a sell-out of the relevant securities or acquire alternative securities by whatever means we determine in our absolute discretion. Where we do so, our obligation to deliver the securities to you or pay the purchase price due will cease. You shall be responsible for any losses we incur arising out of your non-performance or any actions we take as a result thereof. Where permitted to do so by any applicable rules, we may effect a net settlement with or for you or on your behalf.
- 10.4 Our obligation to settle any transaction is conditional upon the receipt by us or our agents on or before the due date for settlement of all necessary documents or funds due to be delivered by you or on your behalf including settlement instructions. If, in any transaction, we deliver securities to you or to your order at that time or subsequently and, for whatever reason, your obligations are not performed

simultaneously with or prior to our obligations, you shall hold on trust for us any such securities or money received from us until your own obligations are fully performed.

## 11. Charges

We reserve the right to charge you costs and other charges in the provision of Investment Services, computed on such bases and at such rates as we shall from time to time agree with you. We will provide you with pre- and post-transaction information on our costs and other charges in accordance with applicable law and regulation. Without prejudice to these obligations, you agree to the fullest extent permissible to a limited application of the requirements on costs and other charges.

## 12. Client money

Money held by us is expected to either be immediately applicable to settle transactions or held by us as an approved bank in an account with ourselves. Money held by us in other circumstances will be held in a client bank account at British Arab Commercial Bank plc and treated as **Client Money** under the FCA rules.

## 13. Material interests and conflicts of interest

13.1 BACB provides a variety of financial services to a broad range of clients. In certain situations circumstances may arise in which we may have a material interest in a transaction executed in relation to you or where a conflict of interest may arise between your interests and those of other clients, counterparties or ourselves. We, or an associate, may effect transactions in which we, an associate, a connected person or another client have, directly or indirectly, a material interest or a relationship of any description with another party which

may involve a potential conflict with our duty to you. If such a situation should occur and we act in circumstances where we have a material interest or a conflict of interest exists, we shall ensure that such transactions are effected on terms which are not materially less favourable to you than if the conflict or potential conflict had not existed. We may also decline to act under such circumstances at our discretion.

13.2 Examples of conflicts of interest include:

- (i) we may act as principal for our own account, or for or on behalf of other clients, with respect to all types of investments in which you may invest or deal;
- (ii) we may take action with respect to you that differs from the action taken for other clients;
- (iii) staff members may serve as directors of companies in the investments of which you may invest or deal; and
- (iv) we may have a position in an investment held, purchased or sold for your account.

13.3 BACB is under no obligation to disclose that we have a material interest, or that a conflict of interest may exist, where we have managed the conflict to ensure that the client is treated fairly. We are furthermore under no obligation to account to clients for any commission or profit that results from a material interest or conflict of interest.

13.4 You acknowledge that you are aware of the possibility of such conflicts as stated above and you consent to us acting notwithstanding such conflicts.

13.5 We maintain a Conflicts of Interest Policy in accordance with our regulatory obligations, which sets out the types of actual or potential conflicts of interest which affect our business and provides details of how these are managed. A summary of our Conflicts of Interest Policy is set out at Schedule 4. Further information about our policy is available on request.

13.6 In accordance with the FCA rules and the PRA rules, we have an independence policy requiring our employees to disregard any such interest, relationship or arrangement when acting under these Terms.

13.7 In addition to the provisions of Terms 13.1 to 13.4:

- (i) we will provide Investment Services to you on the basis of the information known to the particular employees who are handling your affairs at the relevant time; and
- (ii) in providing those services, neither we nor our employees will be required to have regard to or to disclose to you or make use of any information known to any employee or agent of us or any Connected Company which belongs to or is confidential to another client or to us or any Connected Company; whether or not it is known to the employees handling your affairs.

#### **14. Termination**

14.1 Unless required by the FCA rules and the PRA rules, our contractual relationship with you may be terminated by either party by giving written notice to the other party such termination to be effective, unless otherwise specified in the notice, on

receipt by the other party of such notice, subject to outstanding transactions being settled and any charges or any other fees, expenses or amounts whatsoever accruing to us (including any additional expenses incurred in connection with such termination) being paid, and provided that such termination shall not affect:

- (i) any warranties or indemnities made by you under these Terms, each of which shall survive such termination; and
- (ii) any other legal rights or obligations which have arisen prior to or upon termination.

14.2 Upon termination, all amounts payable by you to us will become immediately due and payable including:

- (i) all outstanding fees, charges and commission;
- (ii) any dealing expenses incurred by termination; and
- (iii) any losses and expenses realised in closing out any transactions or settling or concluding outstanding obligations incurred by us.

14.3 Termination shall not affect the outstanding rights and obligations and transactions which shall continue to be governed by these Terms and the particular terms agreed between you and us in relation to such transactions until all obligations have been fully performed.

#### **15. Your liabilities**

15.1 You shall pay on demand interest to us on any sums due or owing to us from the date when the same are due until full settlement, at such rate as we shall determine from time to time or agree with you.

15.2 Any indebtedness or liability incurred by you to us shall, in the absence of express written agreement by us to the contrary, be due and payable on demand.

## 16. Our liabilities

16.1 We will only be liable for errors, acts or omissions, or non-performance arising from our negligence, fraud or bad faith. Nothing in these Terms operates to exclude or restrict our liability to you for death or personal injury.

16.2 You undertake to ratify and confirm whatever we may do, or purport to do, in the proper performance of our services under these Terms and to indemnify us against all losses, costs and demands arising from the performance of such services. Nothing in this Term, however, shall exclude or restrict:

- (i) any obligation which we have under the FCA rules and the PRA rules in relation to you; or
- (ii) any liability which we may incur under the FCA rules and the PRA rules or the Financial Services and Markets Act 2000, or any amendment thereof, in respect of a breach of any such obligation.

## 17. Confidentiality and data protection

17.1 (i) Each party will at all times keep confidential any Confidential Information it may acquire in connection with these Terms except as otherwise permitted by these Terms. **Confidential Information** means all information of a confidential nature (which is either marked **confidential** or is clearly by its nature

confidential) disclosed by one party to the other in connection with these Terms.

- (ii) The obligations in this Term shall not apply to any Confidential Information lawfully in a party's possession otherwise than as a result of these Terms or coming into the public domain otherwise than by breach by any party of its obligations contained in these Terms. In addition, we or any Connected Company may, from time to time, be required or requested to disclose such information by a relevant regulatory authority or pursuant to any legal or regulatory process in any territory and shall be entitled to disclose such information in such cases.

- (iii) Notwithstanding the foregoing, you accept that we may pass information concerning you, your representatives, employees or business to any relevant third party where we believe it is necessary or desirable in connection with the performance of our services or the conduct of our business for you under these Terms. You hereby authorise such disclosure of information on behalf of yourself and your representatives and employees.

17.2 (i) In the course of our relationship with you, we may gather information relating to particular individuals such as your representatives and employees. Such information may include, for example, names, addresses, job



- descriptions and responsibilities.
- (ii) We may use or otherwise process information relating to you, your representatives and employees in connection with the provision of goods or services to you or otherwise in the course of our relationship with you.
- (iii) Information relating to you may be disclosed to any Connected Company as well as to agents or service suppliers. The particular purposes of such disclosure may include, for example: administration and operation of your account; research and statistical analysis; money laundering, fraud and other crime prevention checks.
- (iv) Use or other processing of any information referred to above may include the transfer worldwide of information (including to countries which may not offer the same level of data protection as is available in the United Kingdom) including to the USA, India and China. Overseas transfer may be to our offices or to third parties where required for the above purposes.
- (v) The references to information **relating to you** include references to information about your representatives and employees.
- (vi) Subject to applicable law, individuals may have the right to request access to personal data and require personal data to be corrected if inaccurate in certain circumstances. You
- acknowledge that the processing (including transfer) of information described above is essential for the provision of relevant services and the operation of our business and performance of our rights and obligations owed to you.
- 17.3 By agreeing to these Terms or receiving the relevant services you consent on your own behalf and duly authorised on behalf of your representatives and employees to such use (including transfer) of data and shall ensure the foregoing are informed of such use. You also agree to procure on request the free and valid consent signed in writing by your relevant representatives and employees to such processing of information relating to them described above. These Terms do not in any way restrict other rights we may have now or in the future to otherwise process information relating to you or relevant individuals under applicable law and under the terms of any other agreement with you.
- 18. Telephone recording and monitoring of communications**
- In some circumstances, communications (including e-mails, voicemail, telephone calls and paper correspondence) may be monitored, recorded or inspected (as appropriate). Such monitoring may take place where necessary for purposes permitted by law from time to time, including to record evidence of business transactions and to ensure compliance with our own policies and procedures. Telephone conversations may be recorded by us without use of a warning tone. We may act on telephone instructions before receipt of any written confirmations and our records of telephone conversations shall be conclusive evidence of such

instructions. Our recordings shall be and remain our sole property.

obligations to you in so far as these are assumed by the Transferee under this Term.

## 19. Variation

We may at any time vary or qualify any one or more of these Terms by written notice to you. Such revised Terms will become effective on the date specified in the notice.

## 20. Assignment of rights and obligations

20.1 The obligations under these Terms bind, and the rights will be enforceable by, the parties to these Terms and their respective successors and permitted assigns.

20.2 Subject to Term 20.3 below, neither you nor us may novate or assign any of our respective rights and obligations under these Terms, any corresponding transaction or any contract without prior written consent of the other.

20.3 You hereby give your consent to us causing, at any time, all or any part of our rights and/or obligations under these Terms to be transferred to any other Connected Company (each a **Transferee**) by delivering to you a substitution notice. Such transfer shall be without prejudice to then outstanding rights between you and us.

Upon delivery of a substitution notice to you:

- (i) your rights and obligations under these Terms will remain the same but you will be bound to the Transferee in place of us; and
- (ii) the Transferee will acquire our rights and obligations in so far as these are transferred; and
- (iii) we will be released automatically from our

20.4 To the extent required by, or consequential to, any such transfer you agree to enter into further documentation and/or particular terms as we or any Transferee may reasonably require solely in order to make or facilitate the action envisaged in Term 20.3 above and to enter into such new arrangements with you concerning the services under these Terms.

## 21. Communications

21.1 You may communicate with us at the address set out below by post, telephone, facsimile, electronic mail or in person, unless you are obliged to communicate in writing under these Terms (in which case you may communicate with us by letter delivered by post, facsimile or by personal delivery to that address). In proving service or delivery of the relevant communication it shall be sufficient for us to prove that it was correctly addressed and was posted or, where it was delivered otherwise than by post, that it was delivered to the correct address or, where it was sent by facsimile or other means of telecommunication, that it was transmitted to the correct number or electronic mail address as last notified to us.

<b>Address</b>	8-10 Mansion House Place, London, EC4N 8BJ
<b>Telephone</b>	+44 20 7648 7777
<b>Facsimile</b>	+44 20 76003318
<b>Email</b>	<a href="mailto:enquiries@bacb.co.uk">enquiries@bacb.co.uk</a>

21.2 You agree that we will only communicate with one another in English.

## **22. Force majeure**

22.1 We shall not be in breach of these Terms if there is, and shall not be liable or have responsibility of any kind for, any loss or damage incurred by you as a result of any total or partial failure, interruption or delay in performance of our duties and obligations occasioned by any act of God, fire, act of government, state, governmental or supranational body or authority or any investment exchange and/or clearing house, war, civil commotion, terrorism, failure of any computer dealing system, interruptions of power supplies, labour disputes of whatever nature or any other reason (whether or not similar in kind to any of the above) beyond our control (each a **force majeure event**).

22.2 Should a force majeure event described in Term 22.1 above occur, we shall have the right to terminate and close-out any transaction affected by the force majeure event and entered under these Terms.

## **23. Illegality**

If any Term or any part thereof shall become or be declared illegal, invalid or unenforceable for any reason whatsoever, such Term or part shall be divisible from these Terms and shall be deemed to be deleted from these Terms. The legality, validity and enforceability of the remaining provisions of these Terms shall in no way be affected or impaired.

## **24. Rights and remedies**

The rights and remedies herein are cumulative and not exclusive of any rights or remedies provided by law. No failure to exercise or delay in exercising the same shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise thereof.

## **25. Entire Agreement**

25.1 The Terms constitute the entire agreement between you and us and supersedes and extinguishes all previous agreements, promises, assurances, warranties, representations and understandings between you and us, whether written or oral, relating to the subject matter hereof.

## **26. Rights of third parties**

A person who is not a party to these Terms has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any Term but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

## **27. Proper law and jurisdiction**

27.1 These Terms will be governed by English law and both parties submit to the non-exclusive jurisdiction of the English Courts

27.2 You irrevocably waive to the fullest extent permitted by applicable law, with respect to yourself and your revenue and assets (irrespective of their use or intended use) all immunity on the grounds of sovereignty or other similar grounds from suit, jurisdiction of any courts, relief by way of injunction, order for specific performance or for recovery of property, attachment of assets (whether before or after judgment) and execution or enforcement of any judgment to which you or your revenues or assets might otherwise be entitled in any legal proceedings in the courts of any jurisdiction (**Proceedings**) and irrevocably agree that you will not claim any immunity in any Proceedings. You consent generally in respect of any Proceedings to the giving of any relief or the issue of any process in connection with such Proceedings,

including the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment which may be made or given in such Proceedings.

## Schedule 1

### DEFINITIONS AND INTERPRETATION

#### Definitions

**Business Day** means a day (other than a Saturday or Sunday) which is not a public holiday and on which banks are open for general business in London.

**Connected Company** means a company which is entitled to exercise or control the exercise of 10% or more of the voting power at any general meeting of British Arab Commercial Bank plc or any other company within our Group; or a company in relation to which British Arab Commercial Bank plc or any other company within our Group is entitled to exercise or control the exercise of 10% or more of the voting power at any general meeting; or a company within the same Group as a company falling within either category above.

**FCA** means the Financial Conduct Authority or any successor regulator which may regulate the provision of our Investment Services.

**FCA rules** means the rules and regulation in force from time to time of the FCA.

**Financial Instrument** has the meaning as set out in the FCA rules.

**PRA rules** means the rules and regulation in force from time to time of the PRA.

**Group** has the meaning as set out in Section 421 of the Financial Services and Markets Act 2000.

**Investment Services** means activities undertaken in the course of providing the services referred to in Term 3.

**Professional Client** has the meaning as set out in the FCA rules.

**Eligible Counterparty** has the meaning as set out in the FCA rules.

**Non-Investment Products Code** means the code of good market practice that applies to

trading in the wholesale market in sterling, foreign exchange and bullion wholesale deposits, and the spot and forward foreign exchange and bullion markets.

#### Interpretation

The use of **including** (or cognate expressions), **particularly** (or similar expressions) or **such as** does not limit words and expressions with which it is used.

## Schedule 2

### RISK WARNINGS

**This Schedule is a very important document. It explains the risks involved in certain investments that, depending on your instructions, we may enter into with you.**

This Schedule contains an analysis of the risks involved in:

- General risks of investment activity
- Securities subject to stabilisation
- Forward foreign exchange contracts
- Emerging markets
- Futures
- Options
- Repurchase agreements (or **repos**)
- Contracts for difference
- Contingent liability investment transactions
- Fixed income
- Swaps
- Dual currency deposits (also known as currency option linked deposits or **COLDs**)
- Collateral

If you have any questions at all about the contents of this Schedule please raise them with your Relationship Manager at BACB.

#### General Risks of Investment Activity

Investors should note that there are significant risks inherent in investing in certain financial instruments and in certain markets. Investment in derivatives, futures, options and warrants may expose investors to risks which are different from those investors might expect when they invest in equities. Similarly, investment in bonds issued by issuers in emerging markets (by which we mean those that have an underdeveloped infrastructure or which are less economically or politically stable than markets in developed countries) involves risks not typically associated with investment in bonds in well developed markets. Investment in any of the foregoing kinds of financial instruments is generally appropriate for sophisticated investors who understand and are able to

bear the risks involved. Among such risks, is the risk of losing the entire value of an investment or (in the case of certain derivative and other transactions) the risk of being exposed to liability over and above the initial investment. We set out below some specific risks and considerations for investors in relation to financial instruments of the type referred to above. This information is not intended to constitute a comprehensive statement of all the risks to which investors might be exposed and there may be others that exist now or which may arise in the future.

- Past performance is not an indicator of future performance
- The value of investments may go down as well as up
- You are not certain to make a profit. You may make a loss. You may lose your entire investment or more
- The price or value of investments may fluctuate significantly
- If there are income distributions, they may also fluctuate significantly
- Compensation may not be available at all or to the entire extent of deposits made with banks that subsequently default
- Volatility is a statistical measure of the tendency of an individual investment to feature significant fluctuations in value. The higher the volatility of an investment, the more extreme are the upward and downward price movements. Investing in higher risk countries entails volatility risk and higher potential for losses

#### Securities Subject to Stabilisation

We may, from time to time, enter into transactions with you where the price may have been influenced by measures taken to stabilise it.

#### What is Stabilisation?

Stabilisation enables the market price of a security to be maintained artificially during the period when a new issue of securities is

sold to the public. Stabilisation may affect not only the price of the new issue but also the price of other securities relating to it.

The FCA allows stabilisation in order to help counter the fact that, when a new issue comes onto the market for the first time, the price can sometimes drop for a time before buyers are found.

Stabilisation is carried out by a *Stabilisation Manager*, normally the firm chiefly responsible for bringing a new issue to market. As long as the Stabilising Manager follows a strict set of rules, he is entitled to buy back securities that were previously sold to investors or allotted to institutions which have decided not to keep them. The effect of this may be to keep the price at a higher level than it would otherwise be during the period of stabilisation.

### **The Stabilisation Rules**

The stabilisation rules:

- Limit the period when a stabilising manager may stabilise a new issue
- Fix the price at which he may stabilise (in the case of shares and warrants but not bonds)
- Require him to disclose that he may be stabilising but not that he is actually doing so

The fact that a new issue or a related security is being stabilised should not be taken as any indication of the level of interest from investors, nor of the price at which they are prepared to buy the securities.

### **Forward Foreign Exchange Contracts**

The use of forward foreign exchange contracts has the effect of fixing the rate of exchange available when the proceeds of foreign denominated investments are converted into the base currency. The advantage of their use is that if the base currency falls against the foreign currency concerned the conversion can be made at the (higher) conversion rate fixed by the forward contract. The disadvantage is that if the base

currency strengthens against the foreign currency concerned the conversion must be made at the (lower) conversion rate fixed by the forward contract. Forward foreign exchange transactions have a contingent liability and investors should be aware of the implications of this.

### **Emerging Markets**

You should be aware that there may be potential risks posed by volatile political, legal and commercial conditions in emerging markets, which may affect the value of, or result in the loss of, investments. The quality and reliability of official data published by governments and their agencies in emerging markets might not be equivalent to that available in developed markets. In addition, the absence of developed securities markets as well as potentially underdeveloped banking and telecommunications systems in such countries may give rise to greater custody, settlement, clearing and registration risks. Foreign investment in issuers in emerging markets may be restricted. Sometimes such restrictions may not be published and investors may not be readily made aware of them. In such circumstances, there may be restrictions on repatriation of capital or an investment may have to be scaled down to comply with local foreign ownership restrictions.

### **Futures**

Transactions in futures involve the obligation to make, or to take, delivery of the underlying asset of the contract at a future date, or in some cases to settle the 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 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 investors should be aware of the implications of this.

### **Options**

There are many different types of options with different characteristics subject to the following conditions.

### ***Buying Options***

Buying options involves less risk than selling options because, if the price of the underlying asset moves against you, investors can simply allow the option to lapse. The maximum loss is limited to the premium, plus any commission or other transaction charges. However, if you buy a call option on a futures contract and later exercise the option, you will acquire the future. This will expose you to the risks described under *Futures* and *Contingent Liability Investment Transactions*.

### ***Writing (Selling) 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 the 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, irrespective of how far the market price has moved away from the exercise price. If you already own the underlying asset which you have contracted to sell (when the option is known as a *covered call option*) the risk is reduced. If you do not own the underlying asset (known as an *uncovered call option*) 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.

### **Repurchase Agreements (also known as *repos*) – with Eligible Counterparties only**

A repurchase agreement (or repo) is the sale of a security with a commitment by the seller to buy the same security back from the purchaser at a specified price at a designated future date. Repo agreements resemble a collateralized loan where the collateral is the security that is sold and afterwards repurchased. Both parties in a repo transaction are exposed to credit risk.

### **Contracts for Difference**

Futures and options contracts can also be referred to as contracts for differences. These can, for example, 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 risk as investing in a future or an option and you should be aware of these as set out above. Transactions in contracts for difference may also have a contingent liability as described in *Contingent Liability Investment Transactions*.

### **Contingent Liability Investment Transactions**

Contingent liability investment transactions, which are margined, may require you to make a series of payments apart from any initial payment or premium.

If you trade in forwards, futures, contracts for difference or sell options, you may sustain a total loss of the margin you deposit 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 responsible for the resulting deficit. Even if a transaction is not margined, it may still carry an obligation to make further payments in certain circumstances over and above any amount paid when you entered the contract.

### **Fixed Income**

Fixed income instruments are affected by particular risks such as credit risk, the risk of changes in interest rates, inflation risk, liquidity risk, fiscal/monetary risks and other specific risks associated with individual types of bond.

### **Government Bonds**

The performance of this type of bonds lies on the ability of the government to collect or impose taxes, the economic growth and



prospects of the country and political developments, which can have serious economic consequences and affect a country's ability to pay.

### **Corporate Bonds**

These are bonds issued by companies in industry and trade. Performance of this type of bond relies on the issuer's ability to raise sufficient cash flow to pay its obligations. A corporate debt obligation may be secured, i.e. in the form of collateral, which is pledged to ensure repayment of the debt, or unsecured, i.e. without collateral.

### **Eurobonds**

Eurobonds are bonds issued and traded outside the country whose currency it is denominated in, and outside the regulations of a single country; usually a bond issued by a non-European company for sale in Europe is called a global bond. Eurobonds may subject holders to currency risk in that there may be a mismatch between the currency of the issue and the currency of the issuer's balance sheet, which may give rise to stress on the performance of the Eurobond.

### **Swaps**

Swaps are derivative instruments of which there are three broad types:

#### **Interest Rate Swaps**

Companies use interest rate swaps to alter their interest rate exposure. A company paying a floating interest rate can obtain fixed-rate exposure by entering into a swap, whereby it receives a floating rate and pays a fixed rate. Lenders of long-term debt bear both interest and credit risk. Credit risk is mostly borne by the long-term bondholders since the firm could go bankrupt. Potential credit risk is largest during the middle period of the swap's life because at the beginning of a swap's life we assume that involved counterparties have performed sufficient current credit analysis on one another in order to enter into the agreement. At the end of the swap's life, the credit risk is diminished

because most of the risk has been amortized through a periodic payment process.

#### **Currency Swaps**

Currency swaps are used to hedge currency risk. With currency swaps, investors can change the currency to which they have exposure. Currency swaps have their greatest credit risk between the midpoint and the end of the life of the swap.

#### **Credit Default Swaps**

A credit default swap is a contract in which a protection buyer pays a premium, periodic or upfront to the protection seller, in exchange for a protection against a credit event experienced by a reference entity.

The credit default swap contract does not eliminate fully the credit risk, it decreases exposure to the reference entity credit risk and takes new exposure to the seller of the contract. If there is a high correlation between the default risk of the reference entity and the CDS seller, this credit protection becomes less valuable. Finally, if the protection seller fails to pay then the protection becomes worthless.

BACB will not enter into credit default swaps with you.

#### **Dual Currency Deposits (also known as Currency Option Linked Deposits or COLDs)**

A dual currency deposit is a derivative instrument which combines a money market deposit with a currency option to provide a higher yield than that available for a standard deposit. A dual currency deposit is a high risk investment which could result in you getting back significantly less than the amount you invested. By investing in a dual currency deposit you are investing in a product that is linked to the exchange rate movement of a currency pair that you select. An enhanced yield is offered in return for you accepting the foreign exchange risks. At maturity, your investment and return may be paid in the weaker currency within your currency pair

and at the exchange rate you agreed when you made the investment.

### **Collateral**

If you deposit collateral as security with us for transactions you enter into, the way in which it will be treated will vary according to the type of transaction and where it is traded. There could be significant differences in the treatment of your collateral, depending on whether you are trading on a recognised or designated investment exchange, with the rules of that exchange (and any associated clearing house) applying or trading off-exchange. Collateral may lose its identity as your property once dealings are undertaken, particularly where you transfer the title to such collateral and *right to use* provisions apply. 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 note that where your collateral is subject to title transfer to us, the assets will cease to be your assets and you will no longer have a proprietary claim over them. Instead, the assets become our assets and we can deal with them in our own right. As a result, you will have an unsecured contractual claim against us for re-transfer of equivalent assets. The assets will not be subject to a trust or otherwise insulated in our insolvency. In this event, you may not get back everything so transferred to us.

## Schedule 3

### SUMMARY ORDER EXECUTION POLICY

**Note: where you have been categorised as an Eligible Counterparty BACB undertakes no obligation of best execution to you.**

#### Purpose

BACB (the **Bank**) is required in accordance with the Markets in Financial Instruments Directive (Directive 2014/65/EU) (**MiFID II**) to have in place an Order Execution Policy and to take all sufficient steps to obtain the best possible result (**Best Execution**) when executing your orders.

The purpose of this Schedule is to provide you with information on the Bank's Order Execution Policy (the **Policy**) and to obtain your consent to the Policy.

The Policy requires that you give the Bank express consent to execute orders on an over-the-counter (**OTC**) basis (specifically that some orders may be executed outside a regulated market, multilateral trading or organised trading facility). Such express consent is given by completing the Consent Form appended to this Schedule and returning the signed and completed Consent Form to us. The Bank will be unable to act for you until it receives a duly signed and completed copy of the Consent Form.

#### Scope

The Policy applies to Professional Clients and to Financial Instruments (as defined by MiFID II). It does not apply to Eligible Counterparties.

The Policy applies when the Bank executes an order on behalf of a client.

This includes where the Bank executes a resting order as principal (either riskless or against proprietary capital) or has been given authority to exercise discretion to deal on a client's behalf and the Bank explicitly agrees to this authorisation.

It will not apply where the Bank is dealing with the client as an arm's length counterparty, i.e. where it is dealing as principal against proprietary capital, without giving any undertaking to provide best execution, and there is no legitimate reliance being placed on it and no resting order.

This includes where the Bank, in response to client requests, provides quoted prices upon which a client can deal, and the client decides to deal with the Bank at one or more of those quoted prices.

#### Order Execution – Obtaining the Best Possible Result

When executing orders on your behalf, the Bank will take all sufficient steps to obtain the best possible result for you taking into account the following execution factors:

- The price of the transaction
- The costs in executing the transaction
- The speed required to transact and the settlement of the transaction
- The likelihood of completing the transaction
- The size of the transaction
- The nature of the transaction
- Any other consideration relevant to the execution of the order, such as market impact

The Bank will determine the relative importance of the execution factors in each case. It will do this by using its commercial judgement and experience in light of the information available. In most circumstances, price will carry the highest importance when executing transactions for clients. However, in some circumstances, the Bank may determine that other execution factors may be more important.

#### Execution Venues

Execution venues are entities where orders are placed for execution. Types of execution venue include:

- EEA Regulated Markets

- Multilateral Trading Facilities (MTFs)
- Organised Trading Facilities (OTFs)
- Systematic Internalisers (SIs)
- Market Makers or other liquidity providers (including firms established outside the EEA)

The Bank considers various factors in selecting its execution venues. As well as the execution factors other factors include reliability, continuity of trading, creditworthiness, and the quality of clearing and settlement facilities. The importance attributed to the other factors is again done using the Bank's commercial judgement and experience in light of the information available.

Orders may be executed outside a Regulated Market, MTF or OTF (known as **Trading Venues**). This is considered an OTC execution. This includes the possibility that the order is routed to the Bank as an execution venue.

When orders are executed outside a Trading Venue there may be additional matters to consider, such as the possible increased counterparty risk or the fact that the transaction will not be carried out according to the rules of the Trading Venue.

The Bank's current execution venues are listed set out below. The Bank may use other venues where it is deemed appropriate in accordance with this Policy.

Asset Class	Execution venues - client orders
Bonds	BACB
FX swaps	BACB
FX forwards	BACB
FX Options	BACB
COLDS (currency option deposits)	(currency linked BACB)

## Specific Instructions

Where you provide the Bank with specific instructions in relation to your order, or any aspect of that order, it will execute the order in accordance with those instructions, and it will be deemed to have taken all sufficient steps to provide best execution in respect of the order. Where your instructions only relate to part of an order, the Bank will continue to apply the Policy to those aspects of the order that are not covered by the specific instructions.

The provision of a specific instruction may mean the Bank is unable to take the steps it has set out to obtain best execution.

## Order Handling Aspects

Orders will be dealt with in a timely manner and with due care.

It is unlikely that order handling issues will occur; however, in the event that they do, the principle of price/time priority will apply to both orders and quotes.

Orders may not necessarily be executed at a single price, but may generate several partial transactions at different prices.

## Aggregation

The Bank's policy is not to aggregate client orders with its own or other client orders.

## Reception and Transmission

The Bank does not generally engage in the reception and transmission of orders to another entity for execution.

## Abnormal Market Conditions

The Policy will not apply at a time of severe market turbulence, and/or internal or external system failure where instead the ability to execute orders on a timely basis, or at all, will become the primary factor. In the event of system failure, the Bank may not be able to access all its trading platforms; clients should be notified when placing an order if this condition has been invoked.

## **Monitoring and Review**

The Bank will carry out monitoring on the effectiveness of the Policy on an ongoing basis to identify and implement any appropriate enhancements. This includes the use of a transaction costs analysis tool.

The Bank will carry out a review on an annual basis of the Policy and its order execution arrangements. It will also carry out a review whenever a material change occurs that affects its ability to continue to obtain the best possible result for the execution of its client orders on a consistent basis.

## **Publication of Data**

The Bank will make available to the public without any charge data relating to the quality of execution of transactions on at least an annual basis. This will include details about price, costs, speed and likelihood of execution, etc.

The Bank will also make available to the public, for each class of Financial Instrument, the top five execution venues in terms of trading volumes and information on the quality of execution obtained, on at least an annual basis.

**Appendix to Schedule 3**

**CONSENT TO THE ORDER EXECUTION POLICY  
FOR PROFESSIONAL CLIENTS**

**TO:** British Arab Commercial Bank plc, 8-10  
Mansion House Place, London EC4N 8BJ, UK  
(**BACB** or the **Firm**)

**ATTENTION:** The Head of Compliance

**FROM:** Name of Professional Client:

.....  
(the **Client**)

Address:  
.....

.....

.....

The Client acknowledges the following:

- a) We have received BACB's Summary of the Order Execution Policy for Professional Clients and consent to the policy described therein; and
  
- b) We consent to our orders in financial instruments (as defined under MiFID) being executed by the Firm outside a Regulated Market, Multilateral Trading Facility or Organised Trading Facility.

Signed by the Client:

.....

Name: .....

Job title: .....

Date: .....

## Schedule 4

### SUMMARY OF CONFLICTS POLICY

#### Purpose of Policy

BACB (the **Bank**) is required in accordance with the Markets in Financial Instruments Directive II (Directive 2014/65/EU) (**MiFID II**) and the FCA rules to put in place a conflicts of interest policy (the **Policy**) and to take all appropriate steps to identify and prevent or manage conflicts of interest that arise in the course of providing its services.

#### Scope of Policy

This Policy applies to all persons working for the Bank, including managers, employees, or any person directly or indirectly linked by control, such as agency workers, seconded workers, volunteers, interns, contractors, external consultants, third party representatives and business partners.

#### What Is a Conflict of Interest?

A conflict of interest is a situation in which someone in a position of trust has competing professional and/or personal interests which make it difficult to fulfil their duties fairly. A conflict of interest may be actual, apparent or potential and can occur in a number of situations; for example, between:

##### relating to clients

- The Bank and one or more clients
- An employee and a client
- A third party representative and a client
- A client and another client

##### relating to the Bank

- An employee and the Bank
- A Bank unit and another Bank unit
- An employee and another employee
- A shareholder and the Bank
- A third party representative and the Bank
- A Bank and a vendor

## Types of Conflicts of Interest

Conflicts of interest **relating to clients** can be broadly described as scenarios where the Bank or any person working for the Bank, or any person directly or indirectly linked by control:

- Is likely to make a financial gain, or avoid a financial loss, at the expense of a client
- Has an interest in the outcome of a service provided to a client or of a transaction carried out on behalf of a client, which is distinct from the client's interest in that outcome
- Has a financial or other incentive to favour the interest of another client or group of clients over the interests of a client
- Carries on the same business as a client
- Receives or will receive from a person other than a client an inducement in relation to a service provided to the client, in the form of monetary or non-monetary benefits or services
- Has a financial or other incentive to favour the sale of a particular product or service to a client which is not in the best interest of the client

Conflicts of interest **relating to the Bank** can be broadly described as scenarios where:

- An employee's interest in the outcome of a particular activity or endeavour differs from the Bank's interest
- An employee (or a family member) receives a financial or other significant benefit as a result of the employee's position at the Bank that is inappropriate in nature
- An employee has the opportunity to influence the Bank granting business or making administrative and other material decisions in a manner that leads to personal gain or advantage for the employee or a family member
- An employee's existing financial or other interest or previous engagement in an endeavour or

activity or relationship with another person, impairs or could impair his or her judgement or objectivity in carrying out his or her duties and responsibilities to the Bank

- A unit of the Bank favours its interest over another unit of the Bank which is inconsistent with the best interest of the Bank including in connection with the selection of vendors
- A conflict of interest arises in connection with a transaction or arrangement entered into between the Bank and a material shareholder due to the close relationship between the parties

### Identification and Management

The Bank seeks to ensure that a conflict of interest does not adversely affect the interests of clients, the Bank or others through the identification, prevention or management of the conflict of interest.

The overall means of managing a conflict of interest include:

- **Organisation:** organisational arrangements, systems and controls, and policies and procedures designed to prevent the conflict of interest arising or mitigate the associated risk of damage
- **Disclosure:** disclosure designed to inform the affected parties of the conflict of interest and its likely impact
- **Avoidance:** avoidance of the service, activity or matter giving rise to the conflict of interest where the conflict of interest cannot be prevented or managed effectively by any other means

The Bank currently has a range of organisational arrangements, systems and controls, and policies and procedures in place in order to identify, prevent and manage specific identified conflicts of interest, including:

- A conflicts of interest register

- Gifts and hospitality policies and procedures
- Outside business interests policies and procedures
- Personal account dealing policies and procedures
- Order execution policies and procedures
- Fair recruitment, remuneration and incentives policies and procedures
- Anti-bribery and corruption policies and procedures
- Whistleblowing policies and procedures

Where organisational or administrative arrangements to prevent conflicts of interest from adversely affecting the interests of a client are not sufficient to ensure, with reasonable confidence, that risks of damage to the client interests will be prevented, the Bank will clearly disclose to the client the general nature and sources of the conflict of interest and the steps taken to mitigate those risks.

The Bank will do this in a durable medium before undertaking business on the clients behalf and may seek consent to act.

The Bank maintains a conflicts of interest register. This provides a platform for the Bank to formally identify, with reference to the specific investment services and activities, the circumstances which constitute or may give rise to a conflict of interest entailing a risk of damage to the interests of clients or the Bank. It also specifies and summarises the procedures to be followed and measures to be adopted in order to prevent or manage such conflicts.

British Arab Commercial Bank plc is a public limited company registered under company number 01047302 with the Registrar of Companies for England and Wales and whose registered office is 8-10 Mansion House Place, London EC4N 8BJ (T. 020 7648 7777 F. 020 7600 3318 **SWIFT** BACM GB 2L). It is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority and has firm registration number 204564. [www.bacb.co.uk](http://www.bacb.co.uk)