

CFD Terms of Business

CFD - Non US Residents

These terms are issued by CMC Markets UK Plc ("CMC Markets"), who are authorised and regulated by the Financial Services Authority, trading as Beaufort Securities Ltd and will apply to the Beaufort Securities Ltd trading service only. References in these terms to "we", "our", "CMC" or "Beaufort Securities Ltd" refer to CMC Markets UK Plc trading as Beaufort Securities Ltd.

Beaufort Securities Ltd is authorised and regulated by the Financial Services Authority (register 155104) and is a member of the London Stock exchange, Plus Markets and APCIMS.

All dealing, administration and settlement in relation to these services is undertaken by CMC Markets UK Plc. You and CMC Markets UK Plc, not Beaufort Securities Ltd, will be counterparties to each transaction.

Trading in contracts for differences (CFDs) carries a high level of risk to your capital. You may incur profits or losses many times the amount of money you originally deposit with us. Make sure you fully understand the risks involved and take advice if necessary. CFD trading may not be suitable for every customer.

1. Scope of this Agreement

- 1.1** This Agreement constitutes a contract between you (referred to as "you" or the "Customer") and CMC Markets UK PLC (referred to as "CMC" or "we" or "us"), whose registered office is at 133 Houndsditch, London EC3A 7BX. We are authorised and regulated in the United Kingdom by the Financial Services Authority ("FSA"), whose address is 25 The North Colonnade, Canary Wharf, London, E14 5HS. Our FSA reference number is 173730.
- 1.2** Based on the information available to us and as permitted by the rules of the FSA, we have categorised you as either a "Retail Client", a "Professional Client" or an "Eligible Counterparty" and notified you of the relevant category. You have the right to request a different client categorisation. If we receive such a request, we will inform you of whether or not we accept it and, if we do accept it, of the consequences of the re-categorisation. However, until we receive such a request and inform you of our acceptance of it, we shall deal with you on the basis of our original categorisation.
- 1.3** You will benefit from the regulatory protections afforded to the relevant category of client under the FSA Rules. If we have categorised you as a Professional Client or Eligible Counterparty, you should be aware that you will not be entitled to certain protections afforded (respectively) to Retail Clients or Professional Clients by the FSA Rules. We specify in these Terms of Business if a particular provision does not apply to a Professional Client or Eligible Counterparty.
- 1.4** From 1 November 2007, these Terms of Business supersede any other general terms of business or similar documents that may have been previously issued to you by us. For the avoidance of doubt, all Contracts opened prior to 1 November 2007 shall remain enforceable upon the specific terms agreed between you and us, subject to this Agreement.
- 1.5** We will deal with you on the terms of:
- these Terms of Business (including the Appendices);
 - the Risk Warning Notice;
 - your completed Application Form;
 - the Rates Schedule;
 - the summary of our Execution Policy (if applicable);
 - any End User Licence Agreement;
 - the Limited Appointment of Agent Form (if any); and
 - any additional terms and conditions issued by us, including those issued in respect of Contracts contemplated by these Terms of Business,

which together are referred to as this "**Agreement**".

1.6 This Agreement will apply to Beaufort Securities Ltd activities described in clause 2.1 only and does not apply to other activities carried on by Beaufort Securities Ltd or its Associates. Any references to your Account in this Agreement refer solely to the account in respect of CFDs and do not apply to any other accounts you may hold with Beaufort Securities Ltd or its Associates.

1.7 Please note that we may, in our discretion, amend or vary these Terms of Business or withdraw in whole or in part any account facility provided to you under this Agreement either on notice or, in specified circumstances, without prior notice. This is considered further at clauses 8, 17, 18 and 21.4 to 21.6.

1.8 You must read the Risk Warning Notice and all the other documents supplied to you in connection with this Agreement very carefully. You should not sign the Application Form if you are unsure as to the effects of this Agreement or the nature of the risks involved. If you complete, sign and submit the Application Form to us, then you are acknowledging that you have read the documents supplied to you in connection with this Agreement and that you understand and agree that our relationship will be governed by the terms and conditions set out in this Agreement.

1.9 Subject to clause 5.1 of this Agreement, no oral representation shall have any effect under this Agreement unless and until it is first confirmed in writing.

1.10 In this Agreement certain words and expressions have the meanings set out in the Glossary at clause 25.

2. Our Activities

2.1 Subject to you fulfilling your obligations under this Agreement, we may enter into Contracts with you in the following financial instruments:

- (a) **spot contracts for differences** on single securities, baskets of securities, stock or other indices, currencies, Treasury Products, base and precious metals and commodities (see Appendix II – Schedule A);
- (b) **forward contracts for differences** on single securities, baskets of securities, stock or other indices, currencies, Treasury Products, base and precious metals and commodities (see Appendix II – Schedule B);
- (c) **OTC options** to acquire or dispose of any of the instruments falling within (a) or (b) above, including warrants (see Appendix II – Schedule C); and
- (d) such other investments as we may from time to time agree to offer in writing.

Execution

2.2 We will enter into all Contracts contemplated by this Agreement as principal and not as agent for any other person. We will treat you as our customer and you will also enter into this Agreement, including all Contracts contemplated by this Agreement, as principal and not as agent for any other person.

2.3 We will deal with you on an execution-only basis at all times. Please note that we shall not provide you with any advice on the merits or suitability of you entering into this Agreement or any particular Contract. We shall also not provide you with any tax advice on the same. You may wish to seek independent advice before entering into this Agreement and/or any Contract.

2.4 When we execute an order on your behalf, we will generally act in accordance with our order execution policy (the "Execution Policy") as may be amended from time to time. A summary of our current Execution Policy, as relevant to your categorisation as a Retail Client or as a Professional Client, has been provided to you and is also available on CMC Markets website (www.cmcmarkets.co.uk). The Execution Policy does not apply to dealings with Eligible Counterparties. Even if you are a Retail Client or a Professional Client, you should note that in some circumstances we may deal with you as principal but not act on your behalf in relation to the order, for example where we simply provide a quote for a particular product and then deal as principal, in which case we shall not be obliged to comply with the FSA Rules on best execution or the Execution Policy.

2.5 Our activities with you under this Agreement may include margined transactions. Margined transactions are transactions, executed by us with you which relate to the types of financial instruments listed in clause 2.1, where you are required to provide cash or Collateral to secure the performance of obligations which you may have to perform:

2.5.1 when the Contract you have entered into with us fails to be completed; or

2.5.2 upon a closing out of any Contract.

Our Trading Hours

2.6 We will carry on our activities with you within our trading hours, which are normally 10pm on Sunday through to 10pm on Friday (London time) and subject to clauses 2.7 and 2.8 and to the terms of this Agreement generally, we will only quote prices and accept orders or instructions in respect of any Contract during those hours.

2.7 Where, in our reasonable opinion, a public holiday in any jurisdiction affects the relevant underlying market, we shall not be obliged to quote prices or accept orders or instructions in respect of any Contract related to that market. We shall from time to time give reasonable notice of such public holidays and the financial instruments affected within the trading software.

2.8 In some cases, financial instruments may only be traded during the time when the relevant exchange, where the Underlying is traded, is open. We refer to this as Limited Hours Trading. Where your Contract relates to such financial instruments, we shall not be obliged to quote prices or accept orders or instructions during any time when the relevant exchange is closed for business. We shall endeavour to inform you of which Contracts are subject to Limited Hours Trading on our website and within the trading software. We may amend the list of such Contracts at any time, and it is your responsibility to ensure that you are aware of which of your Contracts may be affected.

3. CFD Trading Process

3.1 **You must familiarise yourself with the nature of CFD trading, the terminology and the jargon used and the procedures involved before you enter into any Contract.**

3.2 CFDs carry a high degree of risk. The gearing and leverage that is obtainable with CFD trading means that you only need to place a small deposit to commence trading with us although this small deposit may result in large losses or large gains. We expand on the risks involved with CFD trading in our Risk Warning Notice, which you must read and understand before you enter into any Contract with us. The Risk Warning Notice is helpful but does not set out all the risks that may apply to you when trading CFDs with us. It is your responsibility to ensure that you are fully aware of all these risks before you enter into any Contract.

3.3 When trading CFDs you trade on the outcome of the price of a financial instrument. This trading does not occur on an exchange. Rather the trading occurs off-exchange or over the

counter ("**OTC**"). As a result, we enter directly into a contract with you in respect of the financial instrument you wish to trade.

3.4 Please also refer to Appendix I to this Agreement, which sets out various matters relevant to CFD trading including (a) further explanation of the terms; (b) an explanation of how we price up financial instruments; (c) the financial instruments to which Limited Hours Trading applies; (d) our approach to Close of Business accounting; and (e) how positions opened in respect of the different financial instruments are closed.

3.5 The trading process is set out in Appendix II to this Agreement for each type of financial instrument traded. You should familiarise yourself with Schedules A, B and/or C in that Appendix as is applicable to the Contract you are proposing to enter into.

3.6 Orders that you wish to place will be subject to minimum and maximum limits. The minimum and maximum limits are set by us by reference to the normal market size for which prices are available on any relevant exchange or market and which offer live price information. The current minimum and maximum limits are available from us on request.

3.7 We are entitled to vary these minimum and maximum limits and it is your responsibility to ensure that you know what the current limits are before entering into any contract.

3.8 We also have the right to waive any trade size limits with or without notice to you.

3.9 Orders that fall within the defined limits are referred to as orders of Normal Trading Size.

4. Your Account

General

4.1 Following receipt of your Application Form, we may carry out such credit or other checks from time to time as we deem appropriate, including obtaining references from your bank, your employer, credit reference agencies, the electoral register and other reputable sources. Credit reference agencies will record details of the search whether or not your application proceeds. We may use credit-scoring methods to assess your application, to verify your identity and to consider any changes to the way in which your Account is operated. Credit searches and other information which is provided to us and/or the credit reference agencies, about you and those with whom you are linked financially, may be used by us and our Associates if credit decisions are made about you, or other members of your household. A link between you and anyone with whom you have a joint account or similar financial association may be recorded at credit reference agencies, creating a "financial association". All parties' information will be taken into account in future applications until one of you successfully files a "notice of disassociation" at the credit reference agencies. We may make periodic searches of, and provide information (including how you manage your account and any arrears) to, credit reference agencies. Such information may be used by other credit providers to take decisions about you and your financial associates. This information may also be used for debt tracing and the prevention of money laundering as well as for the management of your Account. You authorise us to use your information to perform the above checks in relation to your application.

4.2 You must immediately inform us, in writing, of any material changes to the information provided to us in your Application Form, for example, in relation to your contact details or any adverse matters relating to your financial status.

4.3 If we decide to accept your Application Form, we will open an Account for you and provide you with a user ID and account number. You will need to set your own username and password.

You undertake not to disclose any information relating to your Account to any other person and to keep your password secret at all times. You also undertake to notify us immediately if you know or suspect that any other person has access to your Account so that these may be changed. Should we be required to conduct an investigation into this, you undertake to cooperate with us.

- 4.4** You must keep all security information relating to your Account, including but not limited to your account number, user ID, username and password, confidential. We do not have to establish the authority of anyone quoting your account number, user ID, username or password.

Currency Ledgers

- 4.5** Your Account may comprise a number of currency ledgers, which shall operate as follows:

- (a) We may accept payments into the Account in different currencies in accordance with clause 9.12 and any payments due to or from us and any net balances on the Account shall be reported by us in the respective currency ledger;
- (b) you may select from time to time, by giving us five (5) Business Days' notice in writing, one currency to be designated as the Base Currency applicable to your Account;
- (c) you accept that when you enter into one or more Contracts denominated in a currency other than the Base Currency, a currency ledger will be created on the Account and will, subject to clause 4.5(f), remain until all Contracts in such currency are closed. You will receive or pay interest to us for any credit or debit balance separately for each currency ledger (see clauses 10.7 and 10.8 of these Terms of Business);
- (d) we shall additionally report all sums due to or from us, whether by way of margin or otherwise, and the net balance on the Account in the Base Currency using the Beaufort Securities Ltd Exchange Rate;
- (e) we will generally settle trades in the relevant currency where the Account comprises such currency ledger, save that where such currency balance is insufficient, we may settle trades in any currency for which there is a currency ledger in the Account using the Beaufort Securities Ltd Exchange Rate; and
- (f) you may direct us to convert any currency balance to the Base Currency at any time using the Beaufort Securities Ltd Exchange Rate and/or we may elect upon written notice to you to automatically convert any currency balance to the Base Currency on a daily basis using the Beaufort Securities Ltd Exchange Rate.

Aggregated Accounts

- 4.6** Except as otherwise expressly provided in this Agreement, if you have more than one Account with us, these will be treated entirely separately. Therefore, any credit on one Account (including monies deposited as margin) will not discharge your liabilities in respect of another Account unless we exercise rights under clause 18.
- 4.7** At your request, we may, in our absolute discretion, agree to treat all your Accounts as one Account. This will have to be confirmed by us in writing. In this case, all references to Account in this Agreement will refer to your Accounts as so aggregated.

Maintaining Your Account

- 4.8** It is your responsibility to maintain your Account at all such

times. This includes ensuring that the required level of margin is in place (see clause 7 of these Terms of Business). This responsibility applies in respect of all the CFD activities that we carry on with you. If you have more than one Account, this responsibility will relate to each Account separately, unless we have agreed otherwise in writing with you.

- 4.9** Except in the case of fraud, we do not accept responsibility for any loss or damage suffered by you as a result of your trading on monies deposited in or credited to your Account in error by or upon our behalf.
- 4.10** We reserve the right to close or suspend your Account at any time in accordance with the terms of this Agreement.
- 4.11** All business under this Agreement, including settlement of Contracts, will be conducted in pounds sterling unless we agree otherwise in writing.

5. Instructions

- 5.1** You may give us instructions orally, electronically or in writing EXCEPT THAT trading instructions or instructions otherwise relating to open Contracts must be given to us through the Beaufort Securities Ltd trading platform or over the telephone. All instructions shall be given to us promptly. If you do not provide such instructions promptly, then, depending on the circumstances we may, in our absolute discretion, take such reasonable steps at your cost as we reasonably consider necessary or desirable for our own protection or your protection.

Authorising Others

- 5.2** You may choose to instruct another person to give instructions on your behalf. Each person authorised to give us instructions on your behalf ("Authorised Person") must be notified in writing to us. You can do this in the first instance on your Limited Appointment of Agent Form. Such Authorised Person may be varied by your written notice to us. We shall not be bound by any such variation until we have actually received such written notice.
- 5.3** We shall be entitled to act upon the oral, electronic or written instructions of any Authorised Person or person who appears to be an Authorised Person, notwithstanding that the person is not, in fact, so authorised. In particular, we shall be entitled to act upon any instructions or orders transmitted using your username, account number, user ID or password.
- 5.4** **It is your responsibility to remind yourself of key dates, times and events in relation to any Contract contemplated by this Agreement.**
- 5.5** We may (but shall not in any circumstances be obliged to) require confirmation (in such form as we may reasonably request) of any instruction:

- (a) if such instruction is to close your Account or remit money due to you; or
- (b) if it reasonably appears to us that such confirmation is necessary or desirable.

- 5.6** For the avoidance of doubt, the trades executed by us are in real time, and we are not and cannot be obliged to refuse to act upon instructions notwithstanding either that they were sent in error or that their effect is to generate a debit balance on your Account.
- 5.7** We may acknowledge instructions orally, electronically or in writing, as appropriate.

Customer's Risk

5.8 Subject to clause 6.6, any instruction sent via the Internet by you will only be deemed to have been received and shall only then constitute a valid instruction and/or binding Contract between you and us when such instruction has been recorded as executed by us and confirmed by us to you. The mere transmission of an instruction by you shall not give rise to a binding Contract between you and us. You are responsible for making enquiry from us if a confirmation is expected in relation to a Contract but has not been received by you.

5.9 We shall not be liable for any loss, expense, cost or liability (including consequential loss) suffered or incurred by you as a result of, but not limited to, us not receiving corrupted or delayed instructions or any other communications being made by you (for example, via the Internet) and/or us not receiving such instructions or communications. You will be responsible for all instructions in respect of Contracts contemplated by this Agreement.

5.10 If, after instructions are received in relation to your Account, we believe that it is not reasonably practicable to act upon such instructions within a reasonable time, we may defer acting upon those instructions until it is, in our reasonable opinion, practicable to do so or we may notify you that we refuse to act upon such instructions. We shall not be liable for any losses resulting from such deferral or refusal.

5.11 You shall indemnify us and keep us indemnified against all losses which we may suffer as a result of:

5.11.1 any error in any instruction given to us by any Authorised Person; or

5.11.2 acting on any instruction, which is, or appears to be, from an Authorised Person.

5.12 We may also, at our discretion, refuse to accept instructions for any reason including, without limitation, if we believe that complying with such instructions would breach the Legislation and Regulations.

6. Pricing

6.1 We act under this Agreement as a market maker. We will quote prices at which we are prepared to deal with you. Save where:

6.1.1 we exercise any of our rights to close out a Contract; or

6.1.2 a Contract closes automatically,

it is your responsibility to decide whether or not you wish to deal at the price quoted by us.

6.2 When we quote a price, market conditions may move between our sending of the quote and the time your order is executed. Such movement may be in your favour or against it. Prices that may be quoted and/or traded upon from time to time by other market makers or third parties shall not apply to trades between us and you.

6.3 Our prices are determined by us in accordance with the Appendices to this Agreement and, where applicable, our Rates Schedule. If you are a Retail Client or a Professional Client and we are obliged to comply with our Execution Policy and the FSA Rules on best execution, in accordance with clause 2.4, then our prices will also be determined in accordance with the summary of our Execution Policy (as amended from time to time).

Normal Trading Size

6.4 You may at times place an order for a Contract, which we consider is outside the Normal Trading Size (see clause 3.9 of these Terms of Business). We determine what we consider to be

Normal Trading Size by reference to the normal market size for which prices are available on any relevant exchange or market and which offer live price information.

6.5 If you place an order for a Contract outside the Normal Trading Size, it may be subject to special conditions and requirements. We will notify you of these at the time of the order, in which case you shall not be obliged to proceed with the order. In particular, we may quote a revised price applicable to the proposed Contract, which you may, at your absolute discretion, accept or reject.

Errors

6.6 It is possible that errors may occur in the prices of Contracts quoted by us. In such circumstances, without prejudice to any rights either we or you may have under the Legislation and Regulations or common law, neither you nor us will be bound by any Contract which purports to have been made (whether or not confirmed by us) at a price which was, or ought reasonably to have been, known to either you or us to be materially incorrect at the time of the Contract. The party asserting that the Contract is avoided under this clause shall give notice to the other within five (5) Business Days of the Contract. If you give notice to us under this clause, we shall determine, acting reasonably, whether the price quoted was materially correct and shall inform you of our decision as soon as reasonably practicable.

6.7 Except in the case of fraud, we do not accept any liability for any loss or damage suffered by you as a result of your reliance on a price which you knew, or ought reasonably to have known, to be materially incorrect.

6.8 We will not be bound by any Contract which is executed at a price which varies from the Beaufort Securities Ltd Spread at the time of execution as a result of you affecting, modifying or using the trading platform in such a way that it fails to show changes in the Beaufort Securities Ltd Spread that have occurred since you first placed the order or in any other way that results in the Contract being based on an abnormal price in relation to market or trading conditions. Where this occurs, we will give you notice within a reasonable period not exceeding ten (10) Business Days after the order has been placed and inform you whether the Contract is to be avoided by us for this reason.

7. Margin

7.1 **You agree to provide to us and to maintain on your Account at all times such margin as is required under this clause 7 of these Terms of Business. This is repeated for every Contract entered into by you and shall relate separately to each Account, if you have more than one Account with us.**

7.2 The minimum level of margin that you are required to maintain on your Account at any particular time, by the deposit of cleared funds with us, is referred to as the Margin Requirement.

7.3 The Margin Requirement differs according to the financial instrument(s) that you wish to trade. The specific calculations for the Margin Requirement in respect of a Contract is set out in Appendix II (as applicable to the financial instrument).

7.4 **When depositing funds in respect of your Margin Requirement, you may wish to leave some "headroom" (i.e. you may wish to deposit an amount which exceeds that required to meet the Margin Requirement at that time) depending on your view of your open positions, the volatility of the particular financial instrument(s) concerned and the underlying market(s), the time it will take for you to deposit further cleared funds on your Account and any other matter which you may consider relevant.**

7.5 **You undertake to provide us with and to maintain on your**

Account at all times sufficient cleared funds in order to meet the Margin Requirement. You should keep in mind that a failure to meet the Margin Requirement at any time is a Specified Event (please see definition of this term). As a result, failing to meet your Margin Requirement may result in us closing out your open positions without notice to you under clause 17.

7.6 We shall provide to you via on-line access to your Account sufficient information to enable you to calculate the amount of any margin required by us under this Agreement. **Please note that we may, in accordance with clauses 7.2, 7.3, 21.4 and 21.5, vary the Margin Percentages or Notional Trading Requirements at any time by written notice to you. Where this occurs, you shall have three (3) Business Days from the date specified in the notice to deposit cleared funds on your Account to meet the Margin Requirement based on the new Margin Percentages or Notional Trading Requirements applicable to any of your open Contracts, provided always that, in the interim period, you continue to meet the Margin Requirement based on the old Margin Percentages or Notional Trading Requirements. For the avoidance of doubt, the new Margin Percentages or Notional Trading Requirements will apply immediately in respect of any new Contracts entered into after the relevant notice.** We shall report the total amount of margin due from you in the Base Currency using the Beaufort Securities Ltd Exchange Rate. When dealing over the telephone, you will be provided with the relevant information upon request.

7.7 It is your responsibility to monitor at all times the amount of margin deposited in your Account against the amount of any margin currently required under this Agreement and any additional margin that may be necessary or desirable, having regard to:

- 7.7.1 your open Contracts;**
- 7.7.2 the volatility of any relevant Underlying, Related Security, Related Index or Related Index Futures Contract;**
- 7.7.3 the volatility of the relevant market;**
- 7.7.4 the volatility of the markets generally;**
- 7.7.5 any applicable exchange rate risk;**
- 7.7.6 the time it will take for you to remit sufficient cleared funds to us; and**
- 7.7.7 such other matter as you, in your absolute discretion, consider appropriate,**

and in the light of the information provided by us under clause 7.6 but subject to clause 7.8 of this Agreement, you waive any right you may have to receive a margin demand, call or notice from us in any circumstances.

Margin Calls

7.8 Please note that where we are not able to provide you with on-line access to your Account due to circumstances within our control, we shall use reasonable endeavours to make a Margin Call. **Again, you may wish to leave some "headroom" (i.e. you may wish to deposit an amount which exceeds that requested in the Margin Call) depending on your view of your open positions, the volatility of the particular instrument(s) concerned and the underlying market(s), the time it will take for you to deposit further cleared funds on your Account and any other matter which you may consider relevant.**

7.9 You agree that, in extreme circumstances where your open Contracts are moving or have moved against you and/or where we have increased the Margin Percentages or Notional Trading

Requirements in accordance with clause 7.6, we may or may not make a Margin Call before exercising our rights under this Agreement to close out your Contracts.

7.10 If, in our absolute discretion and subject to clause 7.6, we decide to allow you time to forward cleared funds so as to meet the Margin Requirements, our permission will only be effective once it is confirmed by us in writing and only to the extent specified in such notice. Margin Calls, if made, will be effected under the notice provisions set out at clause 22 of these Terms of Business

7.11 Please bear in mind that we may (but shall not be obliged to) close out your open Contracts under this Agreement if you fail to meet the Margin Requirement on your Account, including if you do not meet a Margin Call within the period we may specify in the Margin Call (which will usually be three (3) Business Days).

Making Margin Payments

7.12 You may make any Margin Payments by the means set out in clause 9.10. You must contact us immediately if you are unable to or anticipate being unable to make any Margin Payment when due. Failure to pay any sum due to us, whether in respect of Margin Payments or otherwise, is a Specified Event and may result in us closing out your open positions without notice to you (see clause 17).

7.13 Given the serious consequences of a failure to meet the Margin Requirement at any time or to make a Margin Payment when due, you are strongly advised to monitor the Margin Requirement on your Account frequently and to ensure that we are able to get in contact with you at all times if necessary and be in a position to make Margin Payments from wherever you are.

7.14 You should also note:

- (a)** you must not rely upon our right to demand Margin Payments or make Margin Calls as a method of monitoring your open contracts, as such monitoring is your responsibility and we accept no liability for it;
- (b)** **you must review your margin frequently** as changes to the Margin Percentages or Notional Trading Requirements or price movements (notwithstanding that the relevant primary exchange is closed, for example, in the case of Contracts to which Limited Hours Trading does not apply), may increase your Margin Requirement;
- (c)** you should be aware that any reduction in the application of Limited Hours Trading under clause 2.8 above means that open positions will be marked to market after closing of trading on the primary exchange and your Margin Requirement will vary accordingly. If you do not wish to accept this additional risk, you may close out any affected Contract at any time after notice has been given under clause 2.8;
- (d)** the level of Margin Payments demanded does not and is not intended to represent your entire liability to us and, subject to clauses 7.6 and 7.11, we may exercise our rights to close out your open positions if you fail to meet the Margin Requirement at any time even where we have made a Margin Call;
- (e)** we may (subject to FSA Rules) make certain payment facilities and arrangements available to you following the occurrence of a Specified Event but shall not be obliged to do so. If any such extensions are given by us we will not be required to close any positions which gave rise to the

	Specified Event; and	(c)	to refuse orders to establish new positions if:
	(f) no demands, Margin Calls or notices made or given by us to you in any one or more instances shall invalidate the waiver given by you pursuant to clause 7 of this Agreement with respect to the necessity for us to make any such demand, call or notice.	(i)	any of the circumstances in (b)(i) to (iii) apply;
		(ii)	we are unable to make prices in the relevant Contract due to the unavailability of the relevant market information for reasons beyond our control; or
		(iii)	we so decide in our absolute discretion and in this case only, give written notice of such decision to you.
7.15	For the avoidance of doubt, the margin calculations provisions in this Agreement in respect of Spots, Forwards and options (see Schedules A, B and C respectively of Appendix II) are cumulative. Your margin requirements under these Terms of Business shall be the total of all such calculations.		
8.	Our Right to Close or Limit Your Contracts	8.2	Where we exercise our right to close out all or part of any open Contract, we may apply any proceeds to payment of any amounts due to us. You accept that the decision to close out your open Contracts under clause 8.1 and the proportion closed out is made at our sole discretion.
8.1	We shall have the right, whether with or without prior demand, call or notice, and in addition to any other rights we may have under this Agreement:	8.3	Where we exercise our rights under clause 8.1, this does not affect your responsibility to maintain the Margin Requirement. Should you continue to trade outside the Margin Requirement, you shall remain liable for the full debit balance on the Account.
	(a) to close out all or part (as we reasonably consider appropriate) of your open Contracts:	9.	Payment and Set-off
	(i) if we consider that you may be in possession of inside information within the meaning of the Criminal Justice Act 1993;	9.1	You agree to pay to us:
	(ii) if we consider that you may be in breach of the FSA Rules on market abuse;	(a)	such sums of money by way of deposit or margin as we may require under this Agreement, including but not limited to such Margin Requirements as are specified in the Rates Schedule and subject always to a minimum margin amount as detailed in the current Rates Schedule;
	(iii) if either party is requested to do so by any regulatory agency or authority;	(b)	such sums of money as may from time to time be due to us under a Contract (including any charges and/or commissions detailed from time to time in the Rates Schedule) and such sums as may be required in or towards clearance of any debit balance on any Account; and
	(iv) if any of the circumstances set out in paragraphs (d) to (f) of the definition of Specified Event apply to you;	(c)	such sums of money as we may from time to time require as security for your obligations to us.
	(v) if, subject to clause 7.6, you fail to provide any margin, deposit or other sum due under this Agreement in respect of any Contract;	9.2	All amounts due to us under this Agreement and any monies deposited in or credited to your Account in error may be deducted from any funds held by us on your behalf. Such amounts may also be paid by you in accordance with the provisions of the relevant difference account or Contract Note or other advice.
	(vi) if margin monies or Collateral held by us, in respect of any open positions which have been purchased on margin, fall below our Margin Requirement;		Set-off
	(vii) as a consequence of us exercising our rights under clauses 18.2 and 18.4 of these Terms of Business; or	9.3	In addition to any other right to withhold payment we may, at any time at our discretion and without notice to you, set off any credit balance on your Account or any other sums due to you against any debit balances or any other sums due to us. This is referred to in this Agreement as our right of set off. If we exercise the right to set-off and it is shown that the amounts due to us exceed the amounts due to you, we will give you notice of this and you shall immediately pay such excess to us.
	(viii) as a consequence of us exercising our right to vary this Agreement in accordance with clauses 21.4 to 21.6 of these Terms of Business;		Payment of Charges and Commission
	(b) to limit the size of your open positions (net or gross) if:	9.4	Charges and commissions applicable to your Contracts are set out in the Rates Schedule. You agree that any charges and commissions shall be paid as set out in the Contract Note on the first Business Day after we have entered into the particular Contract.
	(i) any of the circumstances in (a)(i) to (vi) above apply;		
	(ii) we reasonably consider that there are abnormal trading conditions; or		
	(iii) we, in our reasonable opinion, consider it necessary for the protection of our rights under this Agreement;		

Deduction of Taxes

9.5 You will pay all applicable Value Added Tax and other taxes and all other fees reasonably incurred by us in connection with any Contract. Any future imposition of stamp duty or other tax, which may from time to time be levied in respect of CFDs, shall be for your account.

9.6 We shall be entitled to deduct or withhold from any payment made under this Agreement or credited to your Account any tax required by law to be deducted or withheld from any such payment or credit. In particular, we will deduct tax at the appropriate standard rate of income tax from any interest payable on money held on your behalf. Higher rate tax payers will have an additional liability. We may in our absolute discretion, pay interest gross, without the deduction of tax if you are not liable to taxation within a member state of the EU and have provided us with acceptable proof of tax-exempt status. Any interest payable will be paid at the net rate until the appropriate documentation has been processed by us.

Other Charges and Taxes

9.7 You may be liable for other charges and taxes that are not imposed by us. You are solely responsible for the timely payment of such charges and taxes. You should seek independent advice if you are in any doubt as to what further charges or taxes may apply to you as a result of you entering this Agreement.

Making Payments

9.8 If on any date the same amounts are payable under this Agreement in respect of the same Account by each party to the other in the same currency, then, on such date, each party's obligations to make payment of any such amount will be automatically satisfied and discharged.

9.9 If the aggregate amount that is payable by one party exceeds the aggregate amount that is payable by the other party in the same currency, then the party by whom the larger aggregate amount is payable shall pay the excess to the other party and the obligations to make payment of each party will be satisfied and discharged.

9.10 You agree to make any payments due to us under this Agreement in accordance with the following terms:

- (a)** if you are a UK resident, you may pay by cheque crossed and made payable to "**CMC Markets UK Plc**" drawn on a UK Clearing Bank or by telegraphic transfer, approved debit card or approved credit card;
- (b)** if you are a non UK resident, payment should be made by telegraphic or electronic transfer to such account as we shall notify for this purpose unless we agree otherwise in writing;
- (c)** all electronic or telegraphic transfer or other bank fees in respect of payment by you shall be your sole responsibility;
- (d)** if any payment is not received by us on the due date for payment then, without limitation of any other rights which we may have, we will be entitled to charge interest on the overdue amount (both before and after judgement) at the rate of 3% above Base Rate from the date payment was due until the actual date of payment;
- (e)** if you make a payment by approved debit card or approved credit card, please note that we reserve the right to charge an administration fee (details of which are available on request);

(f) you shall pay to us on demand on a full indemnity basis all costs, charges and expenses incurred by us in relation to any overdue payment (including any referral fees);

(g) any payment made to us will only be deemed to have been received when we receive cleared funds; and

(h) it is your responsibility to ensure that payments made to us are correctly designated in all respects.

9.11 If the statement of your Account shows a credit balance, you may request us to send you a cheque or effect payment by alternative means in respect of such amount. However, we may at our discretion elect to withhold (or if applicable, deduct) any payment requested (in whole or in part) due to you if:

(a) open Contracts on the Account show notional losses; and/or

(b) we reasonably consider that funds may be required to meet any current or future margin requirement on open Contracts due to underlying market conditions; and/or

(c) you have any contingent liability to us or to any of our Associates in respect of any other account you have opened with them; and/or

(d) we are required by the Legislation and Regulations to deduct or withhold such payment from your Account; and/or

(e) we reasonably determine that there is an unresolved dispute between us in connection with this Agreement or any related Contract, and

we shall (except where (d) applies) notify you as soon as reasonably practicable if we decide to take such action.

9.12 It is your responsibility to ensure that monies sent to us are correctly designated in all respects, including, where applicable, that the monies are by way of margin and to which of your Accounts (if applicable) they should be applied. We shall provide you, from time to time, with details of any practical arrangements that may apply to making payments to us.

9.13 We may agree to allow you to deposit securities or other assets with us or provide us with a guarantee or indemnity from a person and in a form acceptable to us instead of cash for the purpose of complying with your obligations under clause 9.1 of this Agreement ("**Collateral**"). We will have to give you our prior written agreement on each occasion and we shall notify you of any additional terms and conditions that may apply to you as regards your assets held in this way.

10. Your Money

10.1 You agree and acknowledge that full title to and ownership of all Relevant Amounts has been transferred by you to us or otherwise passed to us for the purpose of securing or otherwise covering your present or future, actual or contingent or prospective obligations, and that such amounts do not constitute and shall not at any time be deemed to constitute client money for purposes of the FSA Rules. Subject to clause 10.3, the Relevant Amounts will not usually be segregated from our money and may be used by us in the course of our business. You will rank as a general creditor of Beaufort Securities Ltd. If you are a Retail Client, then you may request us in writing to deal with Relevant Amounts in accordance with clause 10.2 below instead of this clause 10.1, although consequently we will not pay interest on any credit balance on your Account in accordance with clause 10.7 below.

10.2 Subject to clause 10.3, we will promptly place any money held on your behalf and not transferred to or held by us pursuant to clause 10.1 above into a client money bank account opened at an approved bank or (subject to any permissions that we may need from the FSA) into a qualifying money market fund in accordance with FSA Rules.

10.3 If you are a Retail Client, we will carry out reconciliations at the Close of Business on each Business Day between Relevant Amounts held pursuant to clause 10.1 and amounts held pursuant to clause 10.2, and any required transfer to or from the client money bank account and/or qualifying money market fund, in respect of your Account, will take place on the following Business Day. We reserve the right to carry out such reconciliations and transfers more frequently, should we reasonably consider that this is necessary to protect our or your interests.

10.4 You agree that we may cease to treat any money held on your behalf as client money and, accordingly, release it from our client bank accounts, if there has been no movement on your Account for a period of at least six (6) years (notwithstanding any payments or receipts of charges, interest or similar items) and we have been unable to contact you. Such money will, however, remain owing to you and we will make and retain records of all balances released from client bank accounts and will undertake to make good any valid claims against any released balances.

10.5 If and when we obtain the requisite permissions from the FSA, we may choose to place client money held on your behalf in a qualifying money market fund. Money held in a qualifying money market fund will not be held in accordance with the FSA client money rules but in accordance with the FSA custody rules. We will notify you before we take such action, and you will have the opportunity to instruct us not to take such action.

10.6 You agree that we may sell or otherwise dispose of your custody assets if we have received no instructions from you for a period of at least six (6) years and we have been unable to contact you. Any consideration received shall not be treated as client money but such money will, however, remain owing to you and we will make and retain records of all such amounts and we will undertake to make good any valid claims against any disposed assets.

10.7 If the balance of your Account exceeds the Interest Qualification Level (and, if you are a Retail Client, you have not elected to have Relevant Amounts held within a client money bank account or in a qualifying money market fund) then we will pay interest on such balance, after all respective margins have been deducted, at such rate as we may determine from time to time. This rate will be not less than 4% below Base Rate or, if the Account is in a currency other than sterling, 4% below the base rate equivalent in the country in whose currency the Account is denominated. The rate of interest payable is available from us on request.

10.8 If there is a debit balance on your Account, then you will pay interest to us on the full amount of that balance at such rate as we may determine from time to time. This rate will not exceed 4% above Base Rate or, if the Account is in a currency other than sterling, 4% above the base rate equivalent in the country in whose currency the Account is denominated. The rate of interest payable is available from us on request.

Compensation

10.9 We are covered by the Financial Services Compensation Scheme. You may be entitled to compensation from the scheme if we cannot meet our obligations. This depends on the type of business, your status and the circumstances of the claim. Most types of investment business are covered for 100% of the first £30,000 and 90% of the next £20,000, so the maximum compensation is £48,000. Further information about compensation arrangements is available from the Financial Services Compensation Scheme. You can contact the Financial Services Compensation Scheme by writing to the Financial

Services Compensation Scheme, 7th Floor, Lloyds Chambers, Portsoken Street, London, E1 8BN, or by emailing them at the email address provided on the Financial Services Compensation Scheme website at www.fsccs.org.uk.

11. Title

11.1 Each party agrees that all rights, title and interest to and in any payment, which is transferred to the other party under this Agreement, shall vest in the recipient clear of any liens, charges, encumbrances or any other interest of the transferor or any third party.

11.2 Nothing in this Agreement is intended to create or does create in favour of either party any mortgage, charge, lien, pledge or other security interest in any cash or other property transferred by one party to the other party under any Contract.

12. Reporting to You

Contract Notes

12.1 In respect of each Contract entered into between you and us, we will send you a Contract Note and after closing out an open Spot, Forward or option, a difference account. Such documents will, subject to the exceptions described in paragraphs (a) and (b) below, be sent prior to Close of Business on the next Business Day following the day on which the Contract is concluded. The documents will not be sent out at this time if you are a Professional Client or Eligible Counterparty and:

(a) one order is effected by means of a number of Contracts within a single twenty-four (24) hour period, in which case one Contract Note and, if necessary, one difference account, will be sent; or

(b) a Contract is entered into after Close of Business on any Business Day, in which case the Contract will be treated as having been effected on the next following Business Day.

12.2 Subject to any requirements under the FSA Rules, the prices on Contract Notes sent to you will be net of any charges, which will not be separately identified. You agree to receive Contract Notes in this form.

Monthly Statements

12.3 A monthly statement in respect of each Account, including any positions, which you may have, shall be sent by us to you within two (2) weeks of the end of each calendar month.

12.4 For the purposes of such monthly statement, we will report all currency balances on the Account in the relevant currency and in the Base Currency, based upon the month-end Beaufort Securities Ltd Exchange Rate.

12.5 Any notice or other communication to be given by us under this Agreement, including Contract Notes, difference accounts, and monthly statements, may be sent by us in electronic form.

12.6 **Please ensure that you verify the contents of each document received from us. Such documents shall, in the absence of manifest error, be conclusive unless you notify us in writing to the contrary within three (3) Business Days of receiving such document.**

13. Indemnity and Limitation of Liability

13.1 You shall indemnify us and keep us indemnified on demand in respect of all liabilities, costs, claims, damages and expenses of any nature whatsoever (present, future, contingent or otherwise

and including legal fees) which we suffer or incur as a direct or indirect result of a breach by you of your obligations under this Agreement or us exercising our rights under clause 17 of these Terms of Business, unless and to the extent such liabilities, costs, claims, damages and expenses are suffered or incurred as a result of our gross negligence or wilful default.

13.2 This indemnity shall survive termination of this Agreement.

13.3 The following provisions 13.3 to 13.5 set out our entire financial liability (including any liability for the acts or omissions of our employees, agents and sub-contractors) to you in respect of:

13.3.1 any breach of these conditions; and

13.3.2 any representation, statement or tortious act or omission including negligence arising under or in relation to this Agreement.

13.4 Nothing in this Agreement excludes or limits our liability:

13.4.1 for death or personal injury caused by our negligence; or

13.4.2 for fraud or fraudulent misrepresentation.

YOUR ATTENTION IS DRAWN TO THE PROVISIONS OF CLAUSE 13.5 BELOW

13.5 Subject to clauses 13.4 and 21.2, we shall not be liable:

13.5.1 for any loss, expense, cost or liability (together "Loss") suffered or incurred by you unless and to the extent that such Loss is suffered or incurred as a result of our negligence or wilful default; or

13.5.2 for any indirect or consequential loss or damage (whether for loss of profit, loss of business or otherwise), costs, expenses or other claims for consequential compensation whatsoever (howsoever caused) which arise out of or in relation to this Agreement; or

13.5.3 for any loss suffered or incurred by you as a result of any error in any order, instruction or information given by you or an Authorised Person, or as a result of us acting on any order or instruction which is, or appears to be, from such Authorised Person.

14. Your Warranties and Representations

14.1 You warrant and represent to us that:

14.1.1 all information that you supply to us is complete, true, accurate and not misleading in any material respect;

14.1.2 you enter into this Agreement, and any Contracts contemplated by this Agreement, as principal and not as another party's agent or representative;

14.1.3 investments or other assets given to us by you for any purpose are free from any charge, lien, pledge or encumbrance and shall also be beneficially held by you;

14.1.4 you are not under any legal disability with respect to and are not subject to any law or regulation which prevents your performance of this Agreement and any Contracts contemplated by this Agreement;

14.1.5 you have obtained all necessary consents and have the authority to enter into this Agreement and any

Contract contemplated by this Agreement;

14.1.6 you are in compliance with all laws to which you are subject including, without limitation, all tax laws and regulations, exchange control requirements and registration requirements;

14.1.7 you will not enter into any Contract or any transaction relating to a Contract for the purposes of or in connection with any placing, issue, distribution, offer, take-over, merger or other similar corporate finance type transaction;

14.1.8 you will act in accordance with the relevant Legislation and Regulations relating to market abuse, manipulation or misconduct, insider dealing and other similar offences; and

14.1.9 you will not undertake any act or engage in any course of conduct, other than in the normal course of business, which seeks to alter, distort or otherwise manipulate the relevant underlying market or instrument in relation to a Contract.

The above warranties and representations shall be deemed to be repeated each time you provide us with instructions or enter into any Contract as contemplated by this Agreement.

14.2 You undertake that, throughout the duration of this Agreement, you will promptly notify us of any change to the details supplied by you on your Application Form, or any change or anticipated change in your financial circumstances, which may affect the basis upon which we undertake business with you.

15. Tape Recording of Conversations and Record Keeping

15.1 You agree that we may:

(a) record all telephone conversations between you and us; and

(b) use such recordings, or transcripts from such recordings, as evidence in any dispute or anticipated dispute between you and us.

15.2 Recordings or transcripts made by us may be destroyed under our normal practice (after three (3) years from the date of the conversation).

15.3 We strongly recommend that you keep your own records of all communications between us (such as instructions and orders) including details of the times, dates and nature of your instructions as these details will be important if there is a dispute between you and us.

16. Termination

16.1 You may terminate this Agreement immediately by giving written notice to us.

16.2 We may terminate this Agreement with you by giving you ten (10) Business Days notice SAVE THAT we may terminate this Agreement immediately if clauses 16.5 or 17 apply or if you have no open Contracts on your Account at the time of termination

16.3 No penalty will be payable by either party on termination of this Agreement. Termination will not affect any accrued rights. On termination by either party, we may consolidate all or any of your Accounts and may deduct all amounts due to us or our Associates before transferring to you any credit balances on your Account.

16.4	At any time after the termination of this Agreement, we may, without notice, close out any of your Contracts.		of the Underlyings, as a result of the occurrence of any act, omission or event (including but not limited to any circumstance beyond our control such as strike, riot, civil unrest or failure of power supply, communications or other infrastructure);
16.5	You agree strictly to comply with the Legislation and Regulations. If we reasonably consider that you have not so complied, we may terminate this Agreement.		
17.	Default		
17.1	When a Specified Event occurs, we may in our absolute discretion and without prior notice to you (and without prejudice to any other rights we may have):		
17.1.1	sell or charge in any way any or all of your assets and property which may from time to time be in our possession or control or in the possession or control of our Associates or agents or call on any guarantee;		(b) the suspension, closure, liquidation or abandonment of any underlying market or Underlyings;
17.1.2	close, combine or consolidate any or all of your open Contracts (in whole or in part) with us or with our Associates;		(c) the imposition of limits or special or unusual terms in the relevant market or Underlyings;
17.1.3	retain any sum owed by you to us or our Associates and exercise our rights to set-off under clause 9.3 of this Agreement;		(d) the excessive movement, volatility or loss of liquidity in the underlying markets or Underlyings; or
17.1.4	close or suspend your Account held with us or with an Associate;		(e) where we reasonably anticipate that any of the circumstances set out in paragraphs (a) to (d) above are about to occur.
17.1.5	refuse to accept any further Contracts from you and/or terminate this Agreement;	18.2	If we determine that a Force Majeure Event exists then we may (without prejudice to any other rights and at our sole discretion) take any one or more of the following steps:
17.1.6	enter into any transaction, at such rate and at such time as is necessary to enable us to meet the obligations incurred under a Contract; and/or		(a) alter normal trading times;
17.1.7	charge you (or debit from your Account) an administration fee in the amount of £200.00 in respect of each Specified Event.		(b) alter the Margin Percentage, which may result in you requiring to provide additional margin;
17.2	You agree that we will be able to take the above steps described in this clause 17 without prior notice to you and further acknowledge that we shall not be responsible for any consequences of our taking these steps in so far as they are attributable to your default. You further agree that our rights in clause 17.1 above are in addition to any other rights which we may have against you and that you may be required to execute documents and take such other action as we may reasonably request in order to protect us or our Associates.		(c) amend or vary this Agreement and any Contract contemplated by this Agreement, insofar as it is impractical or impossible for us to comply with our obligations to you;
17.3	You must give notice to us immediately if you become aware of any of the circumstances that may amount to a Specified Event or if you believe that they may occur.		(d) close any or all open Contracts and/or cancel instructions or other orders as we deem to be appropriate in the circumstances; or
17.4	We will, as soon as reasonably practicable, take all reasonable steps to notify you of all action and steps taken by us pursuant to our rights under clause 17.2.		(e) take or omit to take all such other actions as we deem to be reasonably appropriate in the circumstances having regard to our position, your position and the positions of other customers.
17.5	Please familiarise yourself with the list of Specified Events before entering into any Contracts with us.	18.3	If we determine that a Force Majeure Event exists, we shall not be liable to you for any failure, hindrance or delay in performing our obligations under this Agreement or for taking or omitting to take any action in accordance with clause 18.2. We will inform you as soon as reasonably practicable if we determine that a Force Majeure Event exists.
18.	Force Majeure and Hedging Events	18.4	If we determine, in our reasonable opinion, that a Hedging Event exists, in relation to any open Contracts then we may (without prejudice to any other rights and at our sole discretion) close the relevant Contracts as we deem to be appropriate in the circumstances. In such cases, we will provide you with one (1) Business Day's notice of our intention to exercise our rights under this clause 18.4.
18.1	We may, in our reasonable opinion, determine that an emergency or exceptional market condition exists (a " Force Majeure Event "), including but not limited to:	18.5	In the absence of fraud, we shall have no liability to you if we take any action as set out in this clause 18.
	(a) where we are, in our opinion, unable to maintain an orderly market, in respect of any one or more	19.	Confidentiality
		19.1	Subject to clause 19.2 of this Agreement, neither party shall disclose to any person (unless required to do so) any information in relation to the business, investments, finances or other matters of a confidential nature of the other party of which it may in the course of its duties or otherwise become possessed, and each party shall use all reasonable endeavours to prevent any such disclosure.
		19.2	By entering into this Agreement you authorise us to disclose such information relating to you and this Agreement as may be required by any law, rule or regulatory, law enforcement

or tax authority, including any applicable Market Rules or as is required by us to enable us to properly perform our obligations under this Agreement without prior notice to you. You also agree that we may make searches about you at credit reference agencies (see clause 4.1).

19.3 Please also note clause 23 (Data Protection) of these Terms of Business.

20. Joint Customers

20.1 For the avoidance of doubt, where an Account is held by two or more persons, the liabilities of each person shall be joint and several.

20.2 We may act upon instructions received from any one person who is, or appears to us to be, a joint customer, whether or not such person is an Authorised Person.

20.3 Any notice or communication, made to one customer, including but not limited to Margin Calls, shall be deemed as having been made to all joint customers.

20.4 Our rights under this Agreement, including but not limited to our rights under clause 17 when a Specified Event occurs, shall apply to all joint customers and the occurrence in respect of one person shall be enough to trigger or support any rights we may have or any steps we may take under this Agreement.

21. General

Illegality

21.1 If at any time any provision of this Agreement is or becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions of this Agreement under the law of that jurisdiction nor the legality, validity or enforceability of such provision under the law of any other jurisdiction shall be in any way affected.

Legal and Regulatory Requirements

21.2 Nothing in this Agreement shall exclude or restrict any duty or liability owed by us to you under the Act or the FSA Rules and, notwithstanding any other provision of this Agreement, we shall be entitled to take any action that we consider necessary to ensure compliance with the Legislation and Regulations. In the event of conflict between you and us which relate to our CFD activities and the Legislation and Regulations, the Legislation and Regulations shall prevail.

Whole Agreement

21.3 This Agreement, together with all Contract Notes and confirmations sent to you in respect of each Contract contemplated by this Agreement, shall form the entire agreement between you and us in relation to our CFD activities. This Agreement supersedes any prior oral or written representations, arrangements, understandings and/or agreements between you and us which relate to our CFD activities. We have not made (and you may not rely on) any representation, arrangement, understanding or agreement not expressly referred to or set out in this Agreement.

Variation

21.4 We may vary this Agreement at any time, including the Rates Schedule, by written notice to you. Such changes will become effective on the date specified in the notice (which will be at least ten (10) Business Days after the notice is sent, except in the case of variation of the Margin Percentages or Notional Trading Requirements or the summary of our Execution Policy which may take effect immediately). You have the right to

close out your positions in open Contracts and/or terminate this Agreement at any time in accordance with the terms of this Agreement. No other changes to this Agreement shall come into effect unless and until they are signed by one of our directors.

21.5 We may at any time by written notice to you cease to accept positions in Contracts in respect of a specific Underlying. The notice will specify a date on which we will cease to accept such orders and this date will be at least ten (10) Business Days after the notice is sent. You agree to close out all open Contracts in relation to that specific Underlying prior to the date specified in the notice. If not, we will close out any remaining open Contracts in respect of the Underlying on the date specified in the notice with effect from close of trading on that day at the Closing Price for that specific Underlying. The relevant Closing Prices are set out in Appendix II (see Schedules A, B and C as relevant to each specific type of Contract).

21.6 Where we exercise our rights under clause 21.5, and where any of your open positions in Contracts are outside the Normal Trading Size, we will close out these positions at a reasonable price as determined by us in accordance with market practice.

Assignment and Delegation

21.7 You may not assign any of your rights or delegate any of your obligations under this Agreement to any person without our prior written consent.

21.8 You may not charge any or all of your rights under this Agreement, including any rights to deposits held with us.

21.9 We may assign our rights or delegate our obligations under this Agreement and contracts contemplated by this Agreement to any person on giving you not less than one (1) month's notice. You also agree that where you are in default of any obligations, we will be entitled (without prejudice to any other right we may have under this Agreement) to assign to any person with immediate effect all or any of our rights in respect of monies owing to us or securities or remedies available to us under this Agreement.

21.10 If we make an assignment as set out in clause 21.9, you may be required to acknowledge in writing that the assignee has assumed our rights and obligations in relation to the specific matter.

21.11 Notwithstanding anything to the contrary contained in this Agreement, we may disclose to any actual or potential delegate or assignee as referred to in clause 21.9, such information relating to you and your relationship with us, as we see fit.

Rights and Remedies

21.12 The rights and remedies contained in this Agreement are cumulative and not exclusive of any rights or remedies provided by law.

Website Access

21.13 You acknowledge that the Internet may be subject to events which may affect your access to our website. When using our website, we cannot be held liable for any damages or losses that result from events beyond our control. You are solely responsible for providing and maintaining the equipment you require to ensure that you have adequate access to our website.

Delay, Omission and Waiver

21.14 No delay or omission on our part in exercising any right, power or remedy provided by law or under this Agreement, or partial or defective exercise thereof, shall:

(a) impair or prevent further or other exercise of such right, power or remedy; or

(b) operate as a waiver of such right, power or remedy.

21.15 No waiver of any breach of any term of this Agreement shall (unless expressly agreed in writing by the waiving party) be construed as a waiver of a future breach of the same term or as authorising a continuation of a particular breach.

Governing Law and Jurisdiction

21.16 This Agreement and any Contract contemplated by this Agreement shall be governed by, and construed in accordance with, English law.

21.17 Both parties to this Agreement irrevocably agree that the courts of England and Wales shall have jurisdiction to hear all and any disputes, controversies or claims (of any and every kind or type, whether based on this Agreement, tort, statute, regulation or otherwise) arising out of, relating to, or connected with this Agreement, including as to its construction, validity, interpretation, enforceability or breach (a "Dispute") and, for such purposes, irrevocably submit to the jurisdiction of the courts of England and Wales. You agree to waive any right you may have now or in the future to object to the courts of England and Wales being nominated as the forum to hear any Dispute, and you irrevocably agree only to bring proceedings in the courts of England and Wales. The submission to the jurisdiction of the courts of England and Wales shall not limit our right to take proceedings against you in relation to any Dispute in any jurisdiction that we consider appropriate nor shall the taking of proceedings in one or more jurisdictions preclude us from taking proceedings in any other jurisdiction, whether concurrently or not, if and to the extent permitted by applicable law.

Rights of Third Parties

21.18 Nothing in this Agreement is intended to confer on any person any right to enforce any term of this Agreement which that person would not have had but for the Contracts (Rights of Third Parties) Act 1999.

Conflicts of Interests

21.19 We, or our Associates, may have an interest or relationship which conflicts with your interests or our duties to you. We have established and implemented a conflicts of interests policy (which may be revised and updated from time to time) pursuant to the FSA Rules, which sets out how we must seek to identify and manage all material conflicts of interests.

21.20 Depending on the exact nature of the conflict of interest involved, we may take certain actions in accordance with our conflicts of interests policy to mitigate the potential impact of the conflict. Such actions may include putting in place controls between the opposing sides of the conflict, which may control or prevent the exchange of information, and/or involve the appropriate management of staff activities and segregation of duties. If a material conflict arises and we are unable to satisfactorily mitigate the risk, we may manage such conflict by disclosing the interest to you.

21.21 You will be aware that the main conflict that arises is that we deal as principal and act as a market maker in relation to all Contracts and related transactions. If you wish to have further information on our conflicts of interests policy, or on any specific conflict of interest that you think might affect you, please contact us.

21.22 You agree that we may share commission and charges with our Associates or other third parties or receive or pay remuneration from or to the same in respect of Contracts entered into by us with you. Details of any such remuneration or sharing

arrangements will not be set out on the relevant Contract Note but will usually be made available to you. If you have been introduced to us through a third party (including any person representing themselves as a 'Beaufort Securities Ltd Partner'), please note that our relationship with that party does not and shall not be deemed to constitute a partnership, joint venture or an agency relationship.

22. Notices and Communication

22.1 Subject to clause 22.2, any notice or other communication given or made under or in connection with the matters contemplated by this Agreement shall, except where oral communication is expressly provided for, be in writing and shall be sent to the addresses below:

Name of Party: Beaufort Securities Ltd

Address: 40 Marsh Wall
Docklands London E14 9TP

Telephone: +44 (0) 207 538 1166

Facsimile: +44 (0) 203 003 8816

Electronic mail address:

Dealing related

communications to sales@beaufortsecurities.com

Please note that all trading instructions or instructions otherwise relating to open Contracts must be communicated through the Beaufort Securities Ltd trading platform or over the telephone.

All other communications to compliance@cmcmarkets.com

Customer: The address, telephone and facsimile numbers and electronic mail address provided by you for this purpose.

22.2 Any such notice shall be deemed (in the absence of evidence to the contrary) to have been received:

22.2.1 if delivered personally or by hand, at the time of delivery;

22.2.2 if posted, within three (3) Business Days after posting;

22.2.3 if verbal, whether by telephone or face to face, when actually given;

22.2.4 if by leaving a message on a telephone answering machine or voice mail, one (1) hour after the message was left;

22.2.5 if sent by facsimile, one (1) hour after completion of its transmission; and

22.2.6 if sent by electronic mail, one (1) hour after sending unless a "not sent" or "not received" message is received from your electronic mail provider.

22.3 You confirm that you have regular access to the Internet and consent to us providing you with information, including information about our Execution Policy and information about the nature and risks of investments, by electronic mail or by posting such information on our website at www.cmcmarkets.com or such other website as we may from time to time notify to you.

22.4 You may alter the address, facsimile numbers and electronic

mail address to which Contract Notes, statements and other communications are issued by written notice from us and we may notify you of a change to any of our details as stated above provided in either case that such alteration shall only be effective on the date specified in the notice (which shall not be before the date such notice is deemed to have been received).

22.5 Any notice (including any notice to terminate this Agreement) or other communication to be given by us under this Agreement, including Contract Notes and monthly statements, may be sent to you in electronic form. You should verify the contents of each document received from us as, in the absence of manifest error, they shall be conclusive unless you notify us in writing within three (3) Business Days of receiving a document of any mistake, error or inaccuracy in such document.

22.6 You irrevocably authorise us to communicate with you by letter, telephone, facsimile or electronic mail, to discuss matters in relation to your Account, at any time whatsoever unless specifically requested otherwise by you in writing.

22.7 All communications between you and us shall be in English.

22.8 We and/or any Associate may contact you on an unsolicited basis (including by telephoning you) in such circumstances as we reasonably believe to be appropriate. By entering into this Agreement, you acknowledge and accept that such communications may be made.

23. Data Protection

23.1 In entering into and in connection with this Agreement you will be providing us with personal information within the meaning of the Data Protection Act 1998. You consent to us processing all such information for the purposes of performing this Agreement and also for the purposes of administering the relationship between you and us, and we may share your personal information with our Associates, our marketing partners, your introducing broker or agent (if any) and update providers and other suppliers for such purposes. We may also share your information with your introducing broker or agent (if any) to enable them to administer their relationship with you. We may also use the information for analysis and improving and developing our products and services.

23.2 You agree that we may also use such information, for marketing to you our or our Associates' products and services, and those of third parties which we consider may be of interest to you, and we also may share such information with our Associates, our marketing partners and your introducing broker or agent (if any), and update providers and other suppliers for such purposes. You may notify us at the time you enter into this Agreement or anytime in writing if you do not want us to use or share such information for all or some of these marketing purposes.

23.3 You agree we may transfer such information to countries outside of the EEA for the above purposes, which may not afford the same level of data protection as within the EEA.

23.4 If you request, on payment of a fee, which is currently £10, we will provide you with a copy of such information we hold in line with the Data Protection Act 1998.

24. Disputes and Complaints

24.1 You should inform our Help Desk immediately of any dispute or complaint you may have in relation to this Agreement. Such complaints (with all relevant details) will be dealt with in accordance with our internal complaints handling procedures, details of which can be found on our website. We will endeavour to investigate any dispute or complaint as soon as reasonably practicable and will notify you of the results of our investigation. If you are a Retail Client and are unhappy

or dissatisfied with our handling or findings in relation to your dispute or complaint, you may refer the matter to the Financial Ombudsman Service (which provides consumers with a free, independent service for resolving disputes with investment firms), for further investigation. Please note that there are time limits for referring complaints to the Financial Ombudsman Service. Please contact us if you would like a copy of the explanatory booklet issued by the Financial Ombudsman Service detailing their procedures. You may also wish to ask your local Citizens Advice Bureau or Trading Standards Service for advice on your statutory rights. Professional Clients and Eligible Counterparties will not have access to the Financial Ombudsman Service.

24.2 We reserve the right to take any action necessary, including closing any Contract that is the subject of a dispute or complaint notified to us, for the purpose of limiting the amounts involved in such dispute or complaint. We will inform you if we exercise this right, which shall be without prejudice to either your rights and remedies or our rights and remedies. Any action taken by us pursuant to this clause 24.2 will not be deemed to be an admission on our part.

25. Glossary

25.1 The defined terms used in this Agreement are capitalised and set out below:

"Account"	means your account(s) held with us relating to this Agreement;
"Act"	means the Financial Services and Markets Act 2000;
"Agreement"	has the meaning as set out in clause 1.5 of these Terms of Business;
"American Style Option"	means an option which is capable of exercise at the Strike Price at any time up to the Expiration Time on the Expiry Date;
"Application Form"	means the application form and account opening documentation completed by you and submitted to us in respect of the matters covered by this Agreement;
"Associate"	has the meaning given to it by the FSA Rules;
"Authorised Person"	means you and/or any person authorised by you to give instructions to us under clause 5.2;
"Base Currency"	means the currency selected by you under clause 4.5 and which, in the absence of a selection, shall be £ pound sterling;
"Base Rate"	means the base rate from time to time of Lloyds TSB Bank plc;
"Basket"	means the collection of shares (or other registered instruments) of various companies on which a Spot or Forward is based and for which we quotes prices;
"Bullion"	means base or precious metals;

"Business Day"	means:	"Contract"	means any contract, whether oral or written, including any option, future, contract for difference or other transaction relating thereto entered into by us with you, or any back to back agreement which we may enter into to enable us to enter into or fulfil our obligations under such contract;
	(a) in relation to Contracts other than Spots on a Security, Basket or Index, any day (other than a Saturday or Sunday) on which banks are open for business in London; and	"Contract Note"	means a form of notification, which may be provided by us through an electronic facility (including the Internet), requiring access by you, confirming entry into a Contract;
	(b) in the case of Contracts relating to Spots on a Security, Basket or Index to which Limited Hours Trading applies, any day on which the exchange on which the relevant Security or each constituent Security has its primary listing, or the exchange on which the Index operates, whichever is applicable, is open for trading, and shall exclude any day on which all trading on the relevant exchange is closed or suspended;	"Contract Quantity"	means:
	(c) in the case of Contracts relating to Spots on a Security, Basket or Index to which Limited Hours Trading does not apply, any day on which any relevant exchange is open for trading.		(a) in relation to a Contract other than an option, the number of Contract Units traded by you as stated on the Contract Note;
"Buyer"	means, in relation to an option, the party who has bought the option;		(b) in relation to an option, the number of Contract Units that are the subject of the option as stated on the Contract Note;
"Call Option"	means an option where the Buyer has the option notionally to buy the Underlying from the Seller at the Strike Price on the Expiry Date;	"Contract Unit"	means:
"CFD"	means a contract for differences;		(a) in relation to a Contract other than an option, the minimum contract size traded by us and for which we quote prices such that the Contract Unit for each type of Contract is set out in paragraph 1 of the relevant Part of Appendix I ; and
"Close of Business"	means 10pm (London time);		(b) in relation to an option, the minimum size of the subject matter of the option for which we quote option prices which shall equal the minimum contract size as set out in (a) above;
"Closing Date"	means, in relation to a Contract, the date on which the Contract is closed out;	"Contract Value"	means, in relation to a Contract, the total value of the Contract as calculated by us in accordance with the terms of this Agreement;
"Closing Price"	means the price determined by us, from time to time, having regard to the last traded or mid close price and Beaufort Securities Ltd Spread as may be appropriate for the Underlying;	"Customer"	means the customer who enters into this Agreement with us, including joint accountholders;
"Beaufort Securities Ltd Exchange Rate"	means such foreign exchange rate as we may reasonably determine from time to time, having regard to current market rates and which is available to you from us on your request;	"Dividend"	means the amount of any cash dividend or distribution per Security that would be received by a UK resident taxpayer holding the relevant Security, after any tax has been paid or withheld at source by the issuer of that Security, and ignoring any tax credit that may attach to the cash dividend or distribution;
"Beaufort Securities Ltd Listing"	means, in relation to a Spot or Forward on a Security or Basket, the list of Securities upon which we hold ourselves out from time to time as willing to quote a price as amended by us under paragraph 2.1(a) of Part A - Appendix I;	"EEA"	means the European Economic Area;
"Beaufort Securities Ltd Rollover Rate"	means the rate determined by us, from time to time, having regard to Interbank Rates for rollovers;	"Eligible Counterparty"	has the meaning given to it by the FSA Rules;
"Beaufort Securities Ltd Spread"	means the difference between the bid and offer prices of a Contract quoted from time to time by us and, where appropriate, expressed as a percentage of the relevant price;	"End User Licence Agreement"	means any agreement that we and/or one of our Associates enters into with you in respect of software or other technology to enable you to trade with us or otherwise manage your Account;
"Collateral"	means such securities or other assets or any guarantee or indemnity accepted by us from you instead of cash for the purposes of complying with your obligations under clause 9.1 and as may be agreed from time to time with the Customer under clause 9.13;	"European Style Option"	means an option which is capable of exercise at the Strike Price only on the Expiry Date;
		"Ex-Dividend Date"	means, in relation to a Security, the first date on which the price quoted on the relevant exchange is indicated to be an ex-dividend price or ex-distribution price;
		"Expiration Time"	means the time of day of expiration of an option, which is designated from time to time by us in relation to the Underlying of the option and displayed on our website;

"Expiry Date"	means, in relation to an option, the date on which the option expires as set out in the Contract Note or, in the case of an American Style Option, such other date as we are instructed by you under paragraph 6 of Schedule C of Appendix II;	"Margin Requirement"	means the amount of cleared funds required on your Account at any particular time in order to maintain your open Contracts as referred to in clause 7;
"Force Majeure Event"	means any of the events covered by clause 18.1;	"Market Rules"	means the rules, regulations, customs and practices from time to time of any exchange, clearing house or other organisation or market involved in the conclusion, execution or settlement of a transaction or contract and any exercise by any such exchange, clearing house or other organisation or market of any power or authority conferred on it;
"Forward"	has the meaning set out in paragraph 1 of Schedule B of Appendix II;	"Normal Trading Size"	is as defined by clause 3.9;
"FSA"	means the Financial Services Authority (or any successor regulator);	"Notional Trading Requirement"	means, in relation to Contracts on a Treasury Product, such factor to be multiplied by the Contract Quantity as specified by us in the Rates Schedule and as amended by us under this Agreement from time to time;
"FSA Rules"	means all bye-laws, rules, regulations, rulings, instructions, guidance, notices, decisions, directions and policies of the FSA;	"Opening Value"	means, in relation to a Contract, the total value of the Contract as agreed between us and you at the time of the transaction as stated on the Contract Note or as determined in accordance with the terms of this Agreement and which, in the case of an option, shall be the premium for the option;
"Grey Market Security"	means the share (or other registered instrument) of a company for which a listing is to be sought on any relevant exchange and on which a Spot or Forward is based;	"Professional Client"	has the meaning given to it by the FSA Rules;
"Hedging Event"	means, with respect to any Contract, we are unable or it is impractical for us, after using reasonable efforts, to acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction or asset we deem necessary or appropriate to hedge our price risk relating to the Contract;	"Put Option"	means an option where the Seller has the option notionally to sell the Underlying to the Buyer at the Strike Price on the Expiry Date;
"Index"	means the market index or sector index on which a Spot or Forward is based;	"Rates Schedule"	means the schedule of our margin requirements, interest and other rates applicable to the Contracts as determined by us for you and supplied to you;
"Interbank Rate"	means, subject to paragraph 2.2 of the Part A - Appendix I, the mid interbank rate calculated by us with reference to the bid and offer prices for the Underlying most recently quoted by any one or more third party banks;	"Related Index"	means, in relation to any Spot, any index of which fluctuations in the points total are, in our reasonable opinion, likely to be indicative of potential fluctuations in the value of such Spot;
"Interest Percentage"	means, in relation to a Contract, such percentage per annum of the Contract Value as detailed on the daily statement and also available from us upon request;	"Related Index Futures Contract"	means: <ul style="list-style-type: none"> (a) in relation to a Spot upon an Index, any index futures contract providing a return with reference to fluctuations in the points total of the same index; and (b) in relation to any Spot, such other index futures contract of which fluctuations in the value are, in our reasonable opinion, likely to be indicative of potential fluctuations in the value of such Spot;
"Interest Qualification Level"	has the meaning given to it in the Rates Schedule;	"Related Security"	means, in relation to a Security, any instrument traded on any exchange relating to the same company and of which any fluctuations in the value are, in our reasonable opinion, likely to be indicative of potential fluctuations in the value of the relevant Security, including but not limited to depository receipts;
"Legislation and Regulations"	means the Act, the FSA Rules, the Market Rules and any other applicable laws and rules, which apply to you or us in relation to our activities under this Agreement;	"Relevant Amounts"	means, for purposes of Clause 10.1, (i) if you are a Retail Client, all amounts transferred to us by you or credited by us to your Account which are held to meet the Margin Requirement, and (ii) if you are a Professional Client or an Eligible Counterparty, all amounts received by us from you or credited by us to your Account, whether in respect of the Margin Requirement or otherwise;
"Limited Appointment of Agent Form"	means the form completed by you when authorising others to instruct us on your behalf as referred to under clause 5.2;		
"Limited Hours Trading"	refers to your ability to trade Spots and Forwards and (where available) options on Spots on such Securities, Baskets or Indices as are designated by us from time to time under clause 2.8 only during such hours as the relevant exchange is open;		
"Long Party"	means, in relation to a Contract other than an option, the party that has notionally bought the relevant Underlying;		
"Margin Call"	means the requests that we may make to you for Margin Payments under clause 7;		
"Margin Payment"	means any deposit or payment that you make or are required to make on your Account under the terms of this Agreement, in respect of the Margin Requirement or similar;		
"Margin Percentage"	means, save in the case of Contracts on Treasury Products, such percentage of the Contract Value as specified by us in the Rates Schedule and as amended by us under this Agreement from time to time;		

- 25.2** In this Agreement any reference to a person shall include bodies corporate, unincorporated institutions, partnerships and individuals.
- 25.3** If there is any conflict between the clauses of these Terms of Business and the Market Rules, the Market Rules shall prevail PROVIDED THAT any relevant Market Rules relating to the provision of margin demands shall not apply.
- 25.4** In this Agreement, any reference to times of the day are to the time in London.
- 25.5** The headings to the clauses are for convenience only and shall not affect the interpretation or construction of this Agreement.
- 25.6** Words importing the singular only shall include the plural and vice versa, words importing the masculine shall include the feminine and the neuter and words importing persons shall include bodies incorporated and unincorporated.
- 25.7** Reference to any statute or statutory provision includes a reference to that statute or statutory provision as from time to time amended, extended or re-enacted.
- 25.8** References to clauses, paragraphs and Appendices are references to clauses and paragraphs of and Appendices to this Agreement and references to sub-clauses are, unless otherwise stated, references to sub-clauses of the clause in which the reference appears.

1. Appendix I

Part A – Security, Basket and Index Spots and Forwards

1. Contract Unit

Contract Units are determined as follows:

Securities

- 1.1 Where the Spot or Forward is based on a single Security, the Contract Unit shall be one share (or other registered instrument) and we quote prices in the relevant currency per share.

Baskets

- 1.2 Where the Spot or Forward is based on a Basket, the Contract Unit shall be the unit for which we quote prices, which shall represent a weighting between the shares (or other registered instrument) of each of the companies comprising the Basket in accordance with their respective market capitalisations.

Indices

- 1.3 Where the Spot or Forward is based on an Index, the Contract Unit shall be the points total of the relevant Index and we quote prices in the relevant currency of the Index at x currency units per point where x depends on the relevant currency and is specified on our website.

2. Our Pricing

Beaufort Securities Ltd Listings

- 2.1 We will only quote prices for Spots and Forwards on a single Security where such Security is included on the relevant Beaufort Securities Ltd Listing, to which the following provisions apply:

- (a) The Securities contained on the relevant Beaufort Securities Ltd Listing shall be defined with reference to criteria displayed from time to time on our website.
- (b) We may amend the criteria for any Beaufort Securities Ltd Listing, such amendment to take effect immediately, save where it reduces the Beaufort Securities Ltd Listing, in which case it shall take effect not less than one week after such amendment being made.
- (c) We may amend the list of Securities to which the criteria apply and which are contained on any Beaufort Securities Ltd Listing with immediate effect by amending the list of Securities for which prices are quoted on its website. Such amendment shall be made in accordance with, and as soon as reasonably practicable after, any amendment to the equivalent published list of the relevant exchange.
- (d) It is your responsibility to monitor the equivalent published list of the relevant exchange and to assess the likelihood of the Securities which form the basis of your orders and open Contracts continuing to meet the criteria for the relevant Beaufort Securities Ltd Listing.

- 2.2 Where a Spot or Forward is based on a single Security and that Security is withdrawn from the Beaufort Securities Ltd Listing under paragraph 2.1, we shall be entitled, without prior reference to you, to close out the Spot or Forward with effect from close of trading on the relevant exchange on the last

Business Day for which the Security was included in the relevant Beaufort Securities Ltd Listing.

Traded Securities to Which Limited Hours Trading Applies

- 2.3 The Underlying Contract Price of a Spot on a single exchange-traded Security to which Limited Hours Trading applies shall be a bid or offer price (whichever is applicable) calculated by us by applying the Beaufort Securities Ltd Spread to the current mid market price of the relevant Security quoted on the relevant exchange.

- 2.4 The Underlying Contract Price of a Forward on a single exchange-traded Security to which Limited Hours Trading applies shall be a bid or offer price (whichever is applicable) calculated by us in accordance with paragraph 2.3 and adjusted by us as we consider representative, fair and reasonable to take account of the Relevant Interest Rate differential to the Specified Date and, in accordance with paragraph 5.2 below, any dividends or distributions accruing before or on the Specified Date.

Traded Securities to Which Limited Hours Trading Does Not Apply

- 2.5 The Underlying Contract Price of a Spot on a single exchange-traded Security to which Limited Hours Trading does not apply shall be a bid or offer price (whichever is applicable) calculated by us by applying the Beaufort Securities Ltd Spread to the market price determined by us to be representative, fair and reasonable having regard to the current mid market price of the relevant Security quoted on any relevant exchange or, if not available, any one or more of the following:

- (a) the most recent mid market price of the relevant Security quoted on any relevant exchange;
- (b) the current price of any Related Security quoted on any relevant exchange;
- (c) price movements of any other Security or Related Security within the business sector in which the Security is classified;
- (d) movements in the points total of any Related Index;
- (e) the current price of any Related Index Futures Contract;
- (f) any other matter reasonably considered by us to be appropriate, including but not limited to foreign exchange costs and tax considerations.

- 2.6 The Underlying Contract Price of a Forward on a single exchange-traded Security to which Limited Hours Trading does not apply shall be a bid or offer price (whichever is applicable) calculated by us in accordance with paragraph 2.5 above and adjusted by us as we consider representative, fair and reasonable to take account of the Relevant Interest Rate differential to the Specified Date and, in accordance with paragraph 5.2 below, any dividends or distributions accruing before or on the Specified Date.

Baskets

- 2.7 Subject to paragraphs 2.9 and 5, the Underlying Contract Price of a Spot or Forward on a Basket shall be a bid or offer price (whichever is applicable) calculated by us by applying the Beaufort Securities Ltd Spread to the weighted sum of the mid prices of the constituent Securities in accordance with the companies' market capitalisations.

- 2.8 By way of example and in accordance with paragraph 2.7 above, if the relative market capitalisations of the companies

whose securities form part of a Basket vary, the Underlying Contract Price quoted by us shall vary accordingly so as to produce a profit or loss to us or to you on the Spot or Forward.

2.9 Where a Spot or Forward is based on a Basket and one or more (but not all) of the constituent Securities is withdrawn from the Beaufort Securities Ltd Listings under paragraph 2.1, each such constituent Security shall be replaced in the Basket by the Security that took its place in the Beaufort Securities Ltd Listing and we shall be entitled, without prior reference to you, to adjust the Underlying Contract Price in such manner as we consider representative, fair and reasonable, in order to maintain the weighting of the reconstituted Basket.

Grey Market Securities

2.10 The Underlying Contract Price of a Spot or Forward on a Grey Market Security shall be determined by us (acting reasonably) with reference to any publicly available price or range of prices, as adjusted by us from time to time having regard to the trading positions of our Beaufort Securities Ltd's customers in such Spot or Forward.

2.11 As soon as the Grey Market Security is traded on any relevant exchange, such Spot or Forward shall be valued, and otherwise treated under this Agreement, as if it is a Spot or Forward (as applicable) on the relevant Security.

2.12 If the Grey Market Security does not come to listing on any relevant exchange, we shall cease quoting a price for that Security and close out your position at a price which we consider is representative, fair and reasonable having regard to the circumstances of the failure to come to listing.

Indices

2.13 The Underlying Contract Price of a Spot or Forward on an Index shall be a bid or offer price (whichever is applicable) calculated by us by applying the Beaufort Securities Ltd Spread to the market price determined by us to be representative, fair and reasonable having regard to the current price of any Related Index Futures Contract and any other matter reasonably considered by us to be appropriate.

3. Close of Business Accounting

Traded Securities

3.1 The Underlying Contract Price of a Spot on a single Security shall equal the mid market price of the relevant Security at the close of trading on the relevant exchange on such Business Day.

3.2 If such Underlying Contract Price is determined on a day on which the exchange on which the relevant Security has its primary listing is closed, it shall equal the mid market price of the relevant Security at the close of trading on the preceding Business Day for which such exchange was open.

3.3 The Underlying Contract Price of a Forward on a single Security shall be a mid price calculated under paragraph 2.4 above.

Baskets

3.4 The Underlying Contract Price of a Spot on a Basket shall equal the weighted sum of the mid market prices of the constituent Securities at the close of trading on the relevant exchange on such Business Day.

3.5 If such Underlying Contract Price is determined on a day on which the exchange on which each constituent Security has its primary listing is closed, it shall equal the mid market price of the constituent Securities at the close of trading on the

preceding Business Day for which such exchange was open.

3.6 The Underlying Contract Price of a Forward on a Basket shall be a mid price calculated under paragraph 2.7 above.

Grey Market Securities

3.7 The Underlying Contract Price of a Spot or Forward on a Grey Market Security shall be a mid price calculated under paragraph 2.10 above.

Indices

3.8 The Underlying Contract Price of a Spot or Forward on an Index shall be a mid price calculated under paragraph 2.13 above.

4. Closing

4.1 A Spot on a single Security, Basket or Index shall close automatically at close of trading on the relevant exchange on the fifth anniversary of the date on which the Spot was first entered into.

4.2 A Forward on a single Security, Basket or Index shall close automatically at Close of Business on the fifth anniversary of the date on which the Forward was first entered into.

5. Additional Provisions

Account Adjustment for Dividends

5.1 Subject to paragraph 5.3 below, an adjustment to the Account shall be made with reference to any dividend or distribution attributable to any relevant Security on which a Spot is based and shall be made and calculated as follows:

(a) where you are the Long Party, we shall adjust the Account in your favour by the Dividend multiplied by the Contract Quantity;

(b) where you are the Short Party, we shall adjust the Account in our favour by the Dividend multiplied by the Contract Quantity.

Such adjustment shall apply to any such Spot, which is open at close of business on the Business Day before the Ex-Dividend Date and shall be made by us by Close of Business on the Ex-Dividend Date.

5.2 In relation to any Forward which is opened by you or replacement Forward opened automatically by us under paragraph 5.3 of Schedule B before Close of Business on the Business Day before the Ex-Dividend Date, we shall take into account the Dividend which we reasonably estimate will be declared after the Forward is opened, but before the Specified Date of the relevant Forward, in calculating the Underlying Contract Price under paragraph 2.4 or 2.6 (as applicable). We shall not be obliged to make any adjustment to the Account once the actual amount of the Dividend or distribution is declared.

5.3 If we determine in our sole discretion that there has been any change in, or any change in the interpretation or application by any court, governmental or other competent authority, of any applicable law or regulation which has the effect of reducing or increasing the amount of the ordinary Dividend or distribution per Security that would actually be paid to a UK resident taxpayer who is a holder of that Security, we may vary the Dividend adjustment made under paragraph 5.1 or 5.2 above with immediate effect by notice in writing to you.

5.4 For the avoidance of doubt, paragraphs 5.1 to 5.3 above shall

apply with respect to any constituent Security of a Basket or Index, but subject to any such adjustment being scaled back in proportion to the respective weighting of the affected Security within the Basket or Index as we reasonably consider appropriate.

Suspension and Market Disruption

5.5 If, at any time:

- (a) trading in any relevant Security, or any constituent Security of a Basket, on any exchange is limited or suspended; or
- (b) trading is limited or suspended on any exchange so as to restrict trading within any relevant Index such that we are prevented from determining the Underlying Contract Price of a Security or Index,

then the Underlying Contract Price of such Security or Index shall be the Underlying Contract Price immediately preceding such limitation or suspension and the Underlying Contract Price of any affected Basket shall be calculated accordingly.

5.6 If:

- (a) in relation to a Spot or Forward on a Security or Index; or
- (b) in relation to a Spot or Forward on a Basket,

such limitation or suspension affects all constituent Securities and such limitation or suspension continues for five Business Days, we may close the Spot or Forward and determine a Closing Date and the Contract Value under paragraph 6.2 of Schedule A Annex II. We reserve the right at all times during the term of any such limitation or suspension to adjust the Underlying Contract Price of any affected Spot or Forward (including any Basket) in our reasonable discretion but having regard to the then prevailing market conditions affecting trading as a whole or trading in such Security or Index.

5.7 Where a Spot or Forward is based on a Basket and:

- (a) trading in any one or more (but not all) of the constituent Securities on any exchange is limited or suspended for a period of five Business Days; or
- (b) a company, whose Security is one of the constituent Securities, goes into insolvency or is otherwise dissolved,

we shall be entitled, without prior reference to you, to exclude any such Security from the Basket going forward and to adjust the Underlying Contract Price in such manner as we consider representative, fair and reasonable, in order to maintain the respective weight of the remaining Securities within the Basket.

5.8 If, in relation to any Security, Basket or Index on which a Spot or Forward is based, the price of any relevant Security or the Index becomes exceptionally volatile as reasonably determined by us, we may by notice request you to agree an amendment to the Margin Percentage with respect to that Spot or Forward. Such amendment shall also apply to any relevant Spot or Forward entered into with you after such amendment.

5.9 If:

- (a) we are unable to hold, purchase or borrow any relevant Securities or our ability to hold, purchase or borrow such Securities becomes in our

reasonable opinion at any time materially impaired or restricted for whatever reason; or

- (b) you fail or refuse to agree to an amendment of the Margin Percentage under paragraph 5.8; or

- (c) we reasonably believe that we can no longer perform our obligations under the Spot or Forward on the same economic basis as that underlying the terms of the Spot or Forward when the Spot or Forward was originally entered into,

then we shall give you notice of that fact and will, at your request, provide you with reasonable evidence of such circumstances, although our determination shall be conclusive.

5.10 At any time following the giving of notice by us to you under paragraph 5.9, we may close the Spot or Forward, and paragraph 6.2 of Schedule A Annex II shall apply.

5.11 We reserve the right to pass on to you any stock borrowing costs incurred by us during exceptional market conditions, as reasonably determined by us and notified to you in advance.

Adjustments, Insolvency and Take-over Offers

5.12 If any Security becomes subject to adjustment as the result of any event set out in paragraph 5.13 below, we shall determine the appropriate adjustment, if any, to be made to the Underlying Contract Price and/or the relevant Contract Quantity as we shall reasonably consider appropriate to account for the diluting or concentrative effect of the adjustment or otherwise necessary to preserve the economic equivalent of the rights and obligations of us and you under the relevant Spot or Forward immediately prior to such event. Such adjustment shall be effective from the date determined by us.

5.13 The events to which paragraph 5.12 refers are the declaration by the issuer of the Security of the terms of any of the following:

- (a) subdivision, consolidation or reclassification of the Security, or a free distribution of shares to existing holders by way of bonus, capitalisation or similar issue;
- (b) distribution to existing holders of the Security, other share capital or securities granting the right to payment of dividends, distributions and/or proceeds of liquidation of the issuer equally or proportionately with such payments to holders of the Security, or securities, rights or warrants granting the right to a distribution of shares or to purchase, subscribe, or receive shares, in any case for payment (in cash or otherwise) at less than the prevailing market price per share as determined by us;
- (c) any event in respect of the shares analogous to (a) or (b) above or otherwise having a diluting or concentrative effect on the market value of the Security.

5.14 If at any time a take-over offer is made in respect of a Security, then, subject always to your right to close the position, at any time prior to the closing date of such offer:

- (a) in the case of a Spot or Forward on a single Security, we may give notice to you of our intention to close any relevant Spot or Forward, in which case the provisions of such notice and paragraph 6.2 of Schedule A Annex II shall apply; or
- (b) in the case of Spot or Forward on a Basket, we may give notice to you of our intention to amend the constituents of the Basket to exclude such Security and to adjust the Underlying Contract Price as we

consider representative, fair and reasonable as specified in such notice.

- 5.15** If a company, whose Security forms the basis of a Spot or Forward on a single Security, goes into insolvency or is otherwise dissolved, we shall close such Spot or Forward and the date of such insolvency or dissolution shall be the Closing Date. The Contract Value of such Spot or Forward shall be determined by us in good faith.
- 5.16** Any adjustment or amendment of the Underlying Contract Price and the Contract Quantity made by us under this Appendix shall, subject to paragraphs 5.1 and 5.2, be entered on the Account with effect immediately after Close of Business on such Business Day and shall be conclusive and binding on you save in the case of manifest error.
- 5.17** No adjustments shall be made in relation to any Spot or Forward in respect of any events occurring after the closing of such Spot or Forward.
- 5.18** Reference to any “offer” or “take-over” in this Appendix shall have the meaning set out in the City Code on Take-overs and Mergers or, in respect of shares traded outside the UK, such code or regulations as are applicable to take-overs and mergers (as amended from time to time). If no such other code of regulations apply, we shall apply the City Code on Take-overs and Mergers as if it applied to such shares with the necessary amendments.

Part B – Forex Spots and Forwards

1. Contract Unit

The Contract Unit shall be one currency unit of the primary reference currency.

2. Our Pricing

2.1 The Underlying Contract Price shall be a bid or offer price (whichever is applicable) calculated by us by applying the Beaufort Securities Ltd Spread to the Interbank Rate.

2.2 If the Specified Date of a Forward is other than a date generally quoted in the market, we shall calculate the Interbank Rate from the available market prices for other value dates as we consider representative, fair and reasonable.

3. Close of Business Accounting

The Underlying Contract Price shall be a mid price calculated under paragraph 2 above. All positions left open at Close of Business will be rolled over to the next Business Day at the Beaufort Securities Ltd Rollover Rate.

4. Closing

A Spot or Forward on currencies shall close automatically at Close of Business on the fifth anniversary of the date on which the Spot or Forward was first entered into.

5. Additional Provisions

[none]

Part C – Treasury Products Forwards

1. Contract Unit

The Contract Unit shall be the points total of the relevant Treasury Product and we quote prices in the relevant currency per the minimum customary trade size of such Treasury Product.

2. Our Pricing

2.1 The Underlying Contract Price shall be a bid or offer price (whichever is applicable) calculated by us by applying the Beaufort Securities Ltd Spread to the rate currently being quoted on the relevant exchange.

2.2 If the Specified Date of a Forward is other than a date generally quoted in the market, we shall calculate the relevant exchange rate from the available exchange prices for other value dates as we consider representative, fair and reasonable.

3. Close of Business Accounting

The Underlying Contract Price shall be a mid price calculated under paragraph 2 above. All positions left open at Close of Business will be rolled over to the next Business Day at the Beaufort Securities Ltd Rollover Rate.

4. Closing

A Forward on a Treasury Product shall close automatically at Close of Business on the fifth anniversary of the date on which the Forward was first entered into.

5. Additional Provisions

5.1 Paragraph 4 Schedule A - Appendix II above in relation to margin calculations shall not apply to a Forward on a Treasury Product and the remaining paragraphs of this paragraph 5 shall apply.

5.2 At the time of each transaction and throughout the term of Forward, you shall have and maintain margin on the Account at least equivalent to:

Notional Trading Requirement x Contract Quantity

in respect of all open Forward positions on the Account. The amount of margin on the Account at any time shall be determined as if such payments as are due under paragraph 5.4 Schedule A - Appendix II were calculated and deducted from the Account on an ongoing basis during the day based upon the current bid or offer Underlying Contract Price (as applicable) from time to time.

Part D – Bullion Spots and Forwards

1. Contract Unit

The Contract Unit shall be one ounce of the relevant Bullion and we quote prices in the customary currency of the relevant market per ounce.

2. Our Pricing

2.1 The Underlying Contract Price shall be a bid or offer price (whichever is applicable) calculated by us by applying the Beaufort Securities Ltd Spread to the rate currently being quoted on the relevant exchange.

2.2 If the Specified Date of a Forward is other than a date generally quoted in the market, we shall calculate the relevant exchange rate from the available exchange prices for other value dates as we consider representative, fair and reasonable.

3. Close of Business Accounting

The Underlying Contract Price shall be a mid price calculated under paragraph 2 above. All positions left open at Close of Business will be rolled over to the next Business Day at the Beaufort Securities Ltd Rollover Rate.

4. Closing

A Spot or Forward on a base or precious metal shall close automatically at Close of Business on the fifth anniversary of the date on which the Spot or Forward was first entered into.

5. Additional Provisions

[none]

Part E – Commodity Spots and Forwards

1. Contract Unit

1.1 The Contract Unit shall be one SI unit (e.g. one ounce, pound or barrel) according to the custom of the relevant market and we quote prices in the customary currency of the relevant market per unit.

1.2 If, in accordance with the custom of the relevant market, prices for a commodity are quoted in different currencies in different markets, you may request us to quote a price for the Spot or Forward in any of the customary currencies.

2. Our Pricing

2.1 The Underlying Contract Price shall be a bid or offer price (whichever is applicable) calculated by us by applying the Beaufort Securities Ltd Spread to the rate currently being quoted on the relevant exchange.

2.2 If the Specified Date of a Forward is other than a date generally quoted in the market, we shall calculate the relevant market rate from the available exchange prices for other value dates as we consider representative, fair and reasonable.

3. Close of Business Accounting

The Underlying Contract Price shall be a mid price calculated under paragraph 2 above. All positions left open at Close of Business will be rolled over to the next Business Day at the Beaufort Securities Ltd Rollover Rate.

4. Closing

A Spot or Forward on a commodity shall close automatically at Close of Business on the fifth anniversary of the date on which the Spot or Forward was first entered into.

5. Additional Provisions

[none]

Appendix II

Schedule A – Spot Contracts for Difference

This Schedule A sets out additional provisions which apply to all Contracts which are Spot Contracts for Difference.

1. Interpretation

1.1 “Spot” means any Contract, other than a Forward, which is a contract for difference entered into between us and you with the purpose of securing a profit or avoiding a loss by reference to fluctuations in the price of underlying property or an index (the “Underlying”).

2. The Purpose of a Spot

2.1 The purpose of a Spot is to secure a profit or avoid a loss by reference to fluctuations in the Underlying. In the context of our activities under this Agreement, the Underlying may be:

- (a) a single Security or Grey Market Security;
- (b) a basket of Securities;
- (c) an Index;
- (d) an exchange rate between two currencies;
- (e) a Treasury Product;
- (f) a Bullion;
- (g) a commodity;
- (h) such other investment as we may from time to time agree in writing.

2.2 Both you and we agree that it is an express term of each Spot that:

- (a) neither you nor us
 - (i) acquire any interest in or right to acquire; or
 - (ii) is obliged to sell, purchase, hold or deliver or receive Securities, Related Securities, Grey Market Securities, Related Index Futures Contracts, currencies, Treasury Products, base or precious metals or commodities or any other underlying investment by virtue of any Spot; and
- (b) the rights and obligations of each party under the Spot are principally to make and receive such payments as are provided for in this Agreement and on any Contract Note.

3. Our Pricing

3.1 We shall quote the Underlying Contract Price, on which you may trade, which, subject to paragraph 3.2 below, we shall determine in accordance with paragraph 2 of the relevant Part of Appendix I.

3.2 When you place an order, we may provide an amended quote of the Underlying Contract Price to that originally quoted by our trading platform. This may occur, for example, when you place an order outside the Normal Trading Size or when we

decide to take account of any change in market conditions since the original quote. Such amended Underlying Contract Price shall be determined by us as we consider representative, fair and reasonable, having regard to the applicable prices and costs of entering into a Contract of that size on the relevant market. You are free, in your absolute discretion, to accept or reject the amended quote.

4. Margin Calculations

4.1 At the time of entering into each transaction in relation to a Contract, you shall have margin on the relevant Account at least equivalent to:

Margin Percentage x Opening Value

4.2 Commencing from the time of the relevant Contract and throughout the term of the relevant Spot, you shall maintain margin on the Account in respect of that Spot at least equivalent to the total of:

Margin Percentage x current Underlying Contract Price x Contract Quantity

where the current Underlying Contract Price in respect of the relevant Spot shall equal the mid price between the bid and offer Underlying Contract Price then being quoted by us and calculated as stated in paragraph 3 above. The amount of margin required to be maintained on the Account at any time shall be determined as if such payments as are due under paragraph 5.4 of this Schedule A were calculated and deducted from the Account on an ongoing basis during the day based upon the current bid or offer Underlying Contract Price (as applicable) from time to time.

5. Close of Business Accounting

5.1 Commencing at Close of Business on the date of the Contract and at Close of Business on each subsequent Business Day during the term of the Spot (including the Closing Date), we shall perform the obligations set out in this paragraph.

5.2 We shall determine the Underlying Contract Price in accordance with paragraph 3 of the relevant Part of Appendix I.

5.3 We shall calculate the Contract Value, which shall equal:

Underlying Contract Price x Contract Quantity

5.4 If on the date of the transaction in respect of the Contract:

- (a) the current Contract Value exceeds the Opening Value, the Short Party shall pay to the Long Party such excess;
- (b) the Opening Value exceeds the current Contract Value, the Long Party shall pay to the Short Party such excess.

If, on any Business Day during the term of the Spot (including the Closing Date):

- (i) the current Contract Value exceeds the Contract Value on the preceding Business Day, the Short Party shall pay to the Long Party such excess;
- (ii) the Contract Value on the preceding Business Day, exceeds the current Contract Value, the Long Party shall pay to the Short Party such excess.

5.5 Where you are the Long Party and express reference is made in the Rates Schedule to interest payable by you, we shall debit from the Account an amount equivalent to the overnight interest to the next Business Day equal to the Relevant Interest Rate plus the relevant Interest Percentage on the Contract Value. Such debit amount shall accrue for each day or part day (taking the annual rate divided by 365 or 360 according to relevant market practice) up to and including the Settlement Date.

5.6 Where you are the Short Party and express reference is made in the Rates Schedule to interest receivable by you, we shall credit to the Account an amount equivalent to overnight interest to the next Business Day equal to the Relevant Interest Rate minus the relevant Interest Percentage on the Contract Value. Such credit amount shall accrue for each day or part day (taking the annual rate divided by 365 or 360 according to relevant market practice) up to and including the Settlement Date.

5.7 Any payments due under this clause shall, subject to paragraph 6.11, be made by us adjusting the Account with effect immediately after Close of Business on the relevant Business Day.

6. Closing a Spot

When a Spot Closes

6.1 A Spot may be closed out if:

- (a)** you give instructions to close a Spot by entering into a Spot which results in you being long and short a particular Underlying, irrespective of the date on which either Spot closes automatically under paragraph 6.3; or
- (b)** we exercise any of our rights under this Agreement to close a Spot at any time before the Spot closes automatically under paragraph 6.3.

6.2 Details of the last day and time for closing out a Spot are available on request. It is your responsibility to be aware of the last day and time for closing out a particular Spot.

6.3 A Spot shall close automatically in the circumstances set out in paragraph 4 of the relevant Part of Appendix I.

6.4 Where we exercise any of our rights under this Agreement to close a Spot, we shall do so by entering into a Spot on the Account which results in you being long and short a particular Underlying, irrespective of the date on which either Spot closes automatically under paragraph 6.3 of this Agreement.

Closing Contract Value

6.5 Where:

- (a)** we exercise any of our rights under this Agreement to close a Spot; or
- (b)** a Spot closes automatically under paragraph 6.1 of this Agreement; we shall determine the Underlying Contract Price at the time of closing in accordance with the current prices then being quoted by us PROVIDED THAT, save where the Spot to be closed is outside the Normal Trading Size, the Beaufort Securities Ltd Spread used in calculating the Underlying Contract Price shall not exceed 20% or one pence (or equivalent currency unit), whichever is the greater.

6.6 A Spot shall close at the Contract Value at the time of closing as calculated by us, which shall equal:

Underlying Contract Price x Contract Quantity

and as notified to you on the relevant Contract Note.

Close of Business

6.7 Subject to paragraphs 6.8 and 6.9 of this Agreement, a Spot shall close automatically at Close of Business on each Business Day and be replaced by an equivalent Spot with effect immediately after Close of Business on such Business Day PROVIDED THAT this shall not affect the automatic closing of a Spot under paragraph 6.3, such that the five year period shall run from the date on which the Spot was first entered into and PROVIDED FURTHER THAT when such Spot closes automatically under paragraph 6.3, it shall not be reopened in accordance with this paragraph 6.7.

6.8 If you are long and short a Security or an Index (irrespective of the date on which either Spot closes automatically under paragraph 6.3), we shall, with effect immediately after Close of Business on the Closing Date, close the relevant long and short Spots and record in the Account the balance (if any) of the Customer's then outstanding long or short position in that Underlying, as appropriate. If there is more than one Spot in relation to the particular Underlying, we may close out whichever Spot we consider appropriate.

6.9 Where you have two or more Spots:

- (a)** which are in respect of the same Underlying; and
- (b)** where you are in all such Spots either the Long Party or the Short Party,

we shall, with effect immediately after Close of Business on each Business Day replace such Spots with a single aggregated Spot equivalent to the total of the Contract Quantities of each such Spot. The date on which such replacement Spot shall expire automatically under paragraph 6.3 of this Schedule shall be the latest of the expiry dates of each of the original Spots.

6.10 Where a Spot has been closed out during a Business Day, paragraphs 3 to 5 of this Schedule A shall continue to apply to your long and short positions in the particular Underlying until Close of Business on such Business Day and shall apply to the balance of your outstanding long or short position (if any) in the relevant Underlying with effect immediately after Close of Business on such Business Day.

6.11 Any payment due by either party under paragraphs 5 and 6 of this Schedule A in respect of dates on or after the Closing Date shall be made by us adjusting the Account at Close of Business on the Settlement Date.

6.12 Except as otherwise expressly provided, this Schedule shall apply without prejudice to paragraph 5.16 of Part A of Appendix I.

7 Additional Provisions

The additional provisions set out in paragraph 5 of each Part of Appendix I shall apply.

Schedule B – Forward Contracts for Difference

This Schedule B sets out additional provisions which apply to all Contracts which are Forward Contracts for Difference.

and paragraphs 3, 4 and 5 of Schedule A shall apply as if each reference to a Spot was to a Forward PROVIDED THAT no interest shall be payable by either us or you under paragraphs 5.5 or 5.6 of Schedule A.

1. Interpretation

1. **“Forward”** means any Contract which is a contract for difference entered into between us and you with the purpose of securing a profit or avoiding a loss by reference to fluctuations in the price of underlying property (the **“Underlying”**) for delivery at a future date (the **“Specified Date”**).

2. Forwards Offered by Beaufort Securities Ltd

2.1 In the context of the Services, the Underlying of a Forward may be:

- (a) a single Security or Grey Market Security;
- (b) a basket of Securities;
- (c) an Index;
- (d) an exchange rate between two currencies;
- (e) a Treasury Product;
- (f) a Bullion;
- (g) a commodity;
- (h) such other investment as Beaufort Securities Ltd may from time to time agree in writing.

2.2 Both you and we agree that it is an express term of each Forward that:

- (a) neither you nor us
 - (i) acquire any interest in or right to acquire; or
 - (ii) is obliged to sell, purchase, hold or deliver or receive Securities, Related Securities, Grey Market Securities, Related Index Futures Contracts, currencies, Treasury Products, base or precious metals or commodities or any other underlying investment by virtue of any Forward; and
- (b) the rights and obligations of each party under the Forward are principally to make and receive such payments as are provided for in this Schedule B of this Appendix II of this Agreement and on any Contract Note.

3. Application of Spot Provisions (Schedule A Appendix II)

3.1 We shall, subject to the provisions of the relevant parts of this Schedule, treat Forwards in the same manner as Spots as regards:

- (a) our pricing (paragraph 3, Schedule A);
- (b) Margin Requirements (paragraph 4, Schedule A); and
- (c) close of business accounting (paragraph 5, Schedule A),

4. Swaps

At any time before Close of Business on the Specified Date of a Forward, you may request a quote from us to amend the Specified Date. Such amendment shall be effected as follows:

- (a) you enter into a swap contract with us at such Contract Value as agreed between us and you;
- (b) your Account shall be debited or credited (as applicable) with the Contract Value of the swap contract;
- (c) the relevant Forward is closed in accordance with paragraph 5 below; and
- (d) you enter into a replacement Forward with us at the Underlying Contract Price then generally being quoted by us for such Forward.

5. Closing a Forward

5.1 We shall, subject to paragraph 5.2 below and the provisions of the relevant parts of this Schedule, treat Forwards in the same manner as Spots as regards closing and paragraph 6 of Schedule A of this Agreement shall apply as if each reference to a Spot was to a Forward.

5.2 The specific changes to paragraph 6 of Schedule A of this Agreement as it applies to closing a Forward are as follows:

- (a) the phrase in paragraph 6.1 (a) **“irrespective of the date on which either Spot closes automatically under paragraph 6.3”** shall be replaced in all cases by **“with the same Specified Date”**;
- (b) paragraph 6.7 shall not apply to Forwards and shall be replaced by paragraph 5.3 of this Schedule B below; and
- (c) in paragraphs 6.8 and 6.9 of Schedule A, reference to the **“Underlying”** shall be to the **“Underlying with the same Specified Date”**.

5.3 Subject to paragraphs 6.8 and 6.9 of Schedule A as amended above, a Forward shall close automatically at Close of Business on the Specified Date and:

- (a) if the period from the date of the Contract to the Specified Date of the Forward is, or is part of, a market standard period for which equivalent contracts are traded on the relevant exchange as reasonably determined by us, such Forward shall be replaced with effect immediately after Close of Business on the Specified Date by an equivalent Forward on the same Underlying for the same market standard period to the replacement Specified Date. The Opening Value of such replacement Forward shall equal the current Underlying Contract Price of the replacement Forward multiplied by the applicable Contract Quantity. The provisions of this Schedule B and the relevant part of Appendix I shall then apply to such Forward;
- (b) if the period from the date of the Contract to the Specified Date of the Forward is not a standard period within (a), such Forward shall be replaced

with effect immediately after Close of Business on the Specified Date by a Spot on the same Underlying. The Opening Value of such Spot shall equal the closing Contract Value of the Forward as determined by us under this paragraph and the provisions of the relevant Part of Appendix I shall then apply to such Spot;

and in either case PROVIDED THAT:

- (i) this shall not affect the automatic closing of a Forward under paragraph 6.3 of Schedule A, such that the five year period shall run from the date on which the original Forward was first entered into; and
- (ii) when such Forward closes automatically under paragraph 6.3 of Schedule A, it shall not be reopened in accordance with this paragraph 5.

5.4 If a Forward is replaced by a Forward under paragraph 5.3 of this Schedule, at Close of Business on the Specified Date of the original Forward, we shall calculate the difference between:

- (a) the closing Contract Value of the original Forward as determined by us under this paragraph 5; and
- (b) the Opening Value of the replacement Forward and we shall:
 - (i) if (a) is greater than (b) credit the difference to the Account; and
 - (ii) if (b) is greater than (a) debit the difference from the Account.

6. Additional Provisions

The additional provisions set out in paragraph 5 of the relevant Part of Appendix I shall apply. **Schedule C - Options**

This Schedule C sets out additional provisions which apply to all Contracts which are Options.

1. The Purpose of an Option

1.1 The purpose of an option is to acquire the right for a premium (the "Opening Value") to buy (a "Call Option") or sell (a "Put Option") a Spot based on underlying property or an index (the "Underlying") at a specified future date (the "Expiry Date") at a specified price (the "Strike Price").

1.2 Both you and we agree that it is an express term of each option that:

- (a) neither you nor us
 - (i) acquire any interest in or right to acquire; or
 - (ii) are obliged to sell, purchase, hold or deliver or receive Securities, Related Securities, Grey Market Securities, Related Index Futures Contracts, currencies, Treasury Products, a Bullion or commodities or any other underlying investment by virtue of any option; and
- (b) the rights and obligations of each party under the option are principally to make and receive such payments as are provided for in this Schedule C

and on any Contract Note or, where we accept your request, to enter into a Spot in accordance with paragraph 6.2 of this Schedule C.

2. Option Terms

2.1 The terms of an option shall be agreed between us and you at the time of entering into the Contract and are as set out in the Contract Note. Such terms shall include:

- (a) the Underlying, which may be a Spot on a single Security, a single Grey Market Security, an Index, an exchange rate between two currencies, a Treasury Product, a base or precious metal ("Bullion"), a commodity or such other investment as we may from time to time agree in writing;
- (b) the Contract Quantity;
- (c) the Expiry Date;
- (d) the Opening Value;
- (e) whether the option is a Put Option or a Call Option;
- (f) whether the option is an American Style Option or a European Style Option; and
- (g) the Strike Price.

2.2 At Close of Business on the date of the Contract, we shall:

- (a) where you are the Buyer, deduct from the Account the Opening Value; and
- (b) where you are the Seller, credit to the Account the Opening Value.

3. Margin Calculations

3.1 At the time of each transaction in relation to a Contract where you are the Seller, you shall have margin on the Account at least equivalent to:

Margin Percentage x Opening Value

3.2 Commencing from the time of the Contract and throughout the term of the option, you shall, in respect of all unexpired options where you are the Seller, maintain margin on the Account at least equivalent to the total of:

Margin Percentage x current Contract Value

where the current Contract Value is as determined by us in the same manner as under paragraph 4.2 of this schedule C.

4. Close of Business Accounting

4.1 Commencing at Close of Business on the date of the Contract and at Close of Business on each subsequent Business Day during the term of the option (excluding the Expiry Date), we shall perform the obligations set out in this paragraph 4.

4.2 We shall, acting reasonably, determine the Contract Value in accordance with the price for such option then being quoted by us, which we shall calculate with reference to the Underlying Contract Price of an equivalent spot contract on the same Underlying, adjusted by us with reference to the period remaining to the Expiry Date of the Option.

- 4.3** We shall notionally credit the current Contract Value to the Account such that there will be:
- (a)** an accrued gain for the Buyer and corresponding loss for the Seller if the current Contract Value exceeds on the date of the transaction in relation to the Contract the Opening Value or, thereafter, the Contract Value on the preceding Business Day; and
 - (b)** an accrued gain for the Seller and corresponding loss for the Buyer if on the date of the transaction in relation to the Contract the Opening Value or, thereafter, the Contract Value on the preceding Business Day exceeds the current Contract Value.
- 4.4** Such notional accrued gain or loss shall be:
- (a)** reported by us to you on the statement of the Account; and
 - (b)** taken into account when calculating the balance on the Account available for trading PROVIDED THAT any notional accrued gain may not be withdrawn by you before the closure or expiry of the relevant Option.
- 5. Closing the Option**
- 5.1** At any time before the Expiration Time on the Expiry Date of the option:
- (a)** you may close the option; or
 - (b)** we may exercise any of our rights under this Agreement to close the option.
- 5.2** Where either party wishes to close an option, it shall do so by entering into an option on the Account which is the converse of the open position such that:
- (a)** if the party seeking to close is the Buyer of a Call or Put Option, it will have to close this position by entering into a Call or Put Option respectively where it is the Seller; and
 - (b)** if the party seeking to close is the Seller of a Call or Put Option, such position is closed by such party entering into a Call or Put Option respectively where it is the Buyer,
- where the Underlying, Contract Quantity, Strike Price and Expiry Date are the same as the open position.
- 5.3** At close of business on the Closing Date, we shall calculate any accrued notional gain or loss for you on the Account under paragraph 4.3 of this Schedule C and any such accrued notional gain in respect of such option shall be paid to you by adjusting the Account with effect immediately after close of Business on the Closing Date. Subject to clause 9.9 of this Agreement, such amount may then be withdrawn by you.
- 5.4** It is your responsibility to be aware of the Expiry Date of the option.
- 6. Expiry**
- 6.1** Unless closed out under paragraph 5 above, a European Style Option shall expire automatically at the Expiration Time on the Expiry Date.
- 6.2** At any time before the Expiration Time on the Expiry Date of an American Style Option, you may instruct us to effect the exercise of such American Style Option and the date of such instruction shall become the Expiry Date and the remaining provisions of this paragraph 6 shall apply.
- 6.3** If an American Style Option is neither closed out under paragraph 5 above nor the subject of instructions by you under paragraph 6.2 of this Schedule C, it shall expire automatically at the Expiration Time on the Expiry Date.
- 6.4** Unless you have made an election under paragraph 6.5 below, at Close of Business on the Expiry Date, the following payments shall be entered by us on the Account:
- (a)** in relation to a Call Option, if the Underlying Contract Price exceeds the Strike Price, the Seller shall pay to the Buyer such excess; and
 - (b)** in relation to a Put Option, if the Strike Price exceeds the Underlying Contract Price, the Buyer shall pay to the Seller such excess,
- in either case, multiplied by the Contract Quantity.
- 6.5** At any time before the Expiration Time on the Expiry Date of the option, or, in the case of an American Style Option, before or at the same time that you give us instructions under paragraph 6.2 above, you may elect to enter into a replacement Spot with us instead of receiving cash payment under paragraph 6.4 of this Schedule. If such election is made:
- (a)** no payments shall be made under paragraph 6.4 above; and
 - (b)** we shall enter into a Spot with you where:
 - (i)** the Underlying of the Spot is the same as the Underlying of the option;
 - (ii)** in the case of a Put Option, you shall be the Short Party to the Spot;
 - (iii)** in the case of a Call Option, you shall be the Long Party to the Spot;
 - (iv)** the Opening Value of the Spot shall equal the Strike Price of the option multiplied by the Contract Quantity.
- 6.6** If:
- (a)** in relation to a Call Option, the Strike Price exceeds the Underlying Contract Price; or
 - (b)** in relation to a Put Option, the Underlying Contract Price exceeds the Strike Price, then the option will expire without any further amount due from either party.