

JEFFERIES INTERNATIONAL LIMITED

TERMS OF BUSINESS

1. PURPOSE AND BASIS OF THESE TERMS

- 1.1 These Terms of Business (“**Terms**”) will apply to all investment and connected business which we may carry on with or for you in accordance with these Terms, subject to the terms of any other agreement relating to any specific business or transaction between you and us.
- 1.2 We are authorised by the Financial Services Authority (the “**FSA**”) and regulated by the FSA in the conduct of investment business under the Financial Services and Markets Act 2000 (the “**Act**”).
- 1.3 These Terms are legally binding and will take effect after receipt by you of the same once you begin or continue to undertake business with us.

2. DEFINITION AND CONSTRUCTION

- 2.1 Save where provided in clause 2.2 or where the context otherwise requires, words and phrases defined in the FSA Rules shall have the same meanings when used in these Terms.
- 2.2 The following words and phrases shall have the following meanings:
 - 2.2.1 a 'business day' is any day which is not a Saturday, Sunday or a public holiday in England;
 - 2.2.2 'FSA' means the Financial Services Authority;
 - 2.2.3 'FSA Rules' means the rules and guidance of the FSA as set out in the FSA's Handbook of Rules and Guidance.
- 2.3 References in the Terms to statutes, the FSA Rules and any other rules, regulations or laws shall be to such statutes, FSA rules, rules, regulations and laws as modified, amended, restated or replaced from time to time.
- 2.4 References to clauses are to the clauses of the Terms.
- 2.5 Headings are included for convenience only and shall not affect the interpretation of the Terms.
- 2.6 Any reference in any documentation between you and us to an earlier version of these Terms shall, from the date of these Terms taking effect, be read as a reference to these Terms or the relevant or corresponding part thereof.

3. CLIENT CATEGORISATION

For the purposes of the FSA Rules, we will treat you as a 'professional client'. However, to the extent that we have categorised you as an 'eligible counterparty' in relation to any particular service(s) we will treat you as such and notify you of your classification. Your rights in relation to your regulatory client categorisation are set out in the separate notice we have given you of our assessment of your categorisation.

4. DESCRIPTION OF SERVICES

- 4.1 We may provide dealing services to you in respect of all investment and related instruments and we may deal with you as principal, execute orders on your behalf, receive and transmit orders, arrange or make arrangements with a view to transactions in investments or related instruments and provide investment research and such other services as we may, in our discretion, agree (the “**Services**”).
- 4.2 The provision by us of the Services will be subject to the Terms and any statutory, regulatory, legal or market requirements.
- 4.3 We may, if we agree, provide investment research to you but we shall not provide investment advice in the form of personal recommendations and therefore, in relation to transactions you enter into with us, you do so in reliance solely on your own judgement and we make no assessment of the suitability of such transactions. In this regard you should note that if we merely explain the terms of an investment or its performance characteristics this does not of itself amount to advice on the merits of a transaction in the investment or on the legal or tax status or consequences. To the extent that we are required by the FSA Rules to assess whether a transaction is appropriate for you, we will, for the purposes of any such appropriateness assessment, rely on the information that you have supplied to us.
- 4.4 All investment is subject to risk and the degree of risk is a matter of judgement and cannot be accurately pre-determined. We give no warranty as to the performance or profitability of your account with us or your investments or any part thereof. To the extent that you engage in transactions in securities and other investments your attention is drawn to the specific risk disclosures which are set out in the Appendix.
- 4.5 We may delegate the performance of any of the Services to any affiliated company and/or to such other person(s) as we may think fit. We may also employ such agents as we select on such terms as we consider appropriate. We may, where we consider it appropriate, enter into clearing arrangements with clearing brokers or clearing members of a particular exchange. The terms of our clearing arrangements with such agents (including any exclusions or limitations of liability) will be binding on you and may be directly enforced against you by such agents.
- 4.6 We may advise you in relation to and on your instructions commit you to underwriting or similar obligations in connection with a new issue, rights issue, takeover or similar transaction.
- 4.7 We are authorised by you to do anything which we consider necessary or appropriate either to provide the Services (including but not limited to acting as your agent and delegating our authority as your agent to another) or to comply with any applicable laws or regulations.
- 4.8 Except where expressly agreed in writing we will not be responsible for the provision of any tax or legal advice in relation to the Services.
- 4.9 We will treat you as our client and save as expressly stipulated by the FSA Rules or as we may otherwise agree, we have no obligation and accept no liability to any other person for whom you may be acting as an agent, intermediary or fiduciary (whether or not the existence or identity of such person has been disclosed to us). Where you are acting in one of the aforesaid capacities on behalf of another or others, you represent, warrant and agree that:
- 4.9.1 you have full power and authority to instruct us upon these Terms;

- 4.9.2 you have no reason to believe that such person(s) will not be able to perform any settlement obligation hereunder;
 - 4.9.3 you have obtained and recorded evidence of the identity of such person(s) or any underlying principal of such person(s);
 - 4.9.4 you will provide us with such information as we require in relation to these Terms, including all information required to comply with all FSA Rules and all applicable anti-money laundering rules and regulations; and
 - 4.9.5 you will be liable to us jointly and severally with your principal in respect of all obligations and liabilities arising from transactions effected on your instructions.
- 4.10 We will not be obliged to effect any transaction nor do anything else which we believe would breach any statute, law or regulation.

5. INSTRUCTIONS

- 5.1 Any instruction is transmitted at your own risk in such manner as may be specified by us or agreed between you and us from time to time. We shall not be liable for any loss suffered on account of any instruction not being received by us (whether transmitted through an electronic system or not) or not being acted upon in accordance with Clause 5.2. For the avoidance of doubt, we may electronically acknowledge an instruction transmitted to us by you through an electronic system but are under no obligation to act in accordance with such instruction.
- 5.2 Any instruction you give us shall be in accordance with all laws, rules, regulations and disclosure requirements of any relevant jurisdiction, exchange, market or regulatory authority which apply in respect of us, you or your investments from time to time.
- 5.3 We may at our absolute discretion refuse to accept or act in accordance with any instruction, without being under any obligation to give any reason. If we decline an instruction we will take reasonable steps to notify you promptly.
- 5.4 You authorise us to rely and act upon, and treat as fully authorised and binding upon you, any instruction which purports to have been given and which is accepted by us in good faith as having been given by you or on your behalf, without further enquiry on our part as to the genuineness, authority or identity of the person giving or purporting to give such instruction and notwithstanding any communication you may have made or may make to us purporting to limit the persons from whom we may accept instructions, unless such limitations have been agreed in writing by us or have been expressly requested by us in writing. Notwithstanding the foregoing, we may require, and you shall provide, evidence of any such authority provided to any person acting, or purporting to act, for you or on your behalf. You will be responsible for and bound by all contracts, obligations, costs and expenses entered into or assumed by us on your behalf in consequence of or in connection with such instructions.
- 5.5 You shall promptly (and within any time limit imposed by us) give any instructions we may reasonably request from you in respect of any Services provided hereunder. If you do not do so, we may in our sole discretion take any steps at your cost which we consider appropriate for our or for your protection.
- 5.6 We may in our absolute discretion record telephone conversations with you or your agents and will normally record telephone conversations between you or your agents and our

employees who act in a trading or sales capacity. Our record of telephone conversations with you or your agents shall constitute conclusive evidence and may be relied upon as evidence of all instructions, commitments, notices or requests delivered in such manner and all intellectual property and other rights in and to such records shall belong solely to us.

6. DEALING

- 6.1 Where required by FSA Rules, we have separately sought your consent to execute your orders outside of a regulated market or multilateral trading facility. Subject to receiving such consent (where required by FSA Rules), you agree that whenever you place an order with us, we shall be entitled at our absolute discretion and without reference to you, to select the venue for executing your order. Unless otherwise agreed by us, neither the venue we select nor the costs or charges we may or may not incur in relation to any such transactions will have any impact on the fees payable by you to us.
- 6.2 In situations where you have provided us with your consent to execute your orders outside of a regulated market or multilateral trading facility (“**MTF**”), to enable us to have a choice of venue when we are trading any security admitted to trading on the London Stock Exchange’s (“**LSE**”) markets, the rules of the LSE require that we and our customer or counterparty agree at or prior to the time of effecting such trade that the trade will be trade reported to a venue that has equivalent or greater post-trade transparency than the LSE’s regime for that security. In giving us your consent to your orders being executed outside of a regulated market or MTF, we will deem that you are also agreeing to give us discretion as to where the trade should be trade reported for post-trade transparency purposes.
- 6.3 In situations where you have not provided us with your consent to execute your orders outside of a regulated market or MTF and where we are not a member of an Exchange or MTF which lists the relevant shares, or where we decide that we will achieve the best result for your order by executing it over the counter (“**OTC**”), our policy is that we will trade report trades in European Economic Area listed shares to the LSE in order to take such trades “on exchange” and therefore such trades will be subject to the rules of the LSE. The rules of the LSE require that if a trade in a MiFID transparent security is to be effected “on exchange”, the member firm and its customer or counterparty agree at or prior to the time of effecting such trade that it shall be subject to the rules of the LSE. By giving us an order for a MiFID transparent security in circumstances where you have not provided your consent to trade OTC and where we are not a member of an Exchange or MTF which lists the relevant shares, or where we decide that we will achieve the best result for your order by executing it OTC, we will deem that you agree that such trade will be “on exchange” with the LSE.
- 6.4 In executing transactions for you, we may in our absolute discretion deal with you as principal or agent. Your orders will be executed in accordance with our order execution policy (as amended from time to time). By conducting business with us under these Terms, you consent to your transactions being handled in accordance with our order execution policy.
- 6.5 Certain events (including corporate actions such as share splits or bonus issues) may cause Exchanges to cancel unexecuted orders in the Central Order Book at the time that such events take effect. Where any such cancelled orders were being worked by us on your behalf, we consider your related order(s) to also be cancelled by you and in such circumstances our sales staff will refer to you for express renewal of instructions concerning the shares of the relevant issuer.
- 6.6 You shall be responsible for instructing us to exercise any voting, conversion or subscription rights, deal with take-over or other offers or capital re-organisations or effect any other

corporate actions with respect to your investments and we shall have no obligation to notify you of any such rights nor shall we be obliged to take any action in respect of such rights unless and until we receive timely instructions from you.

- 6.7 We shall be entitled to carry out all transactions in accordance with the constitution, byelaws, rules, regulations, customs or practices of the relevant market, exchange and/or clearing house and with applicable laws whether imposed on you or us. We may take all such steps as may be required or permitted by such laws, rules, regulations, customs and/or market practice (“Applicable Rules”). We will be entitled to take or not take any reasonable action we consider fit in order to ensure compliance with the same and all such actions so taken will be binding upon you. In the event of any conflict between these Terms and any Applicable Rules, the Applicable Rules shall prevail, subject that nothing in this preceding Clause shall affect our rights under Clause 21.
- 6.8 In order to give effect to your dealing instructions, we may instruct a broker selected by us in our discretion which may be an affiliated company of ours. We accept full liability for any default by any broker which is an affiliated company of ours. We undertake to use reasonable care and skill in the appointment and supervision of any other broker and to make available to you and take such action on your behalf as you may reasonably request in relation to any rights we have against such broker. Subject to this we accept no liability for any default of any broker, exchange, clearing house, market or depository.
- 6.9 We may at our discretion and subject to FSA Rules aggregate your orders with our own orders or those of other clients of ours or our affiliated companies. We will allocate the proceeds of such orders among the participating clients in a manner which we believe to be fair and equitable and in accordance with our order allocation policy and FSA Rules. If the combined order is not executed at the same price we may average the prices paid or received and debit or credit you with the average net price. Details of the average price will be furnished. Aggregation of orders in this way may on some occasions operate to your advantage, but may on other occasions operate to your disadvantage.
- 6.10 Where we are unable or consider it undesirable or inappropriate to execute your order at once or in a single transaction, we may execute it over such period as we deem appropriate and we may report to you an average price for a series of transactions so executed instead of the actual price of each transaction.
- 6.11 We may undertake a programme trade or trades comprising a single transaction or series of transactions on your behalf. In doing so we may act as principal or agent and upon your request will notify you in which of these capacities we are executing the transaction.

7. SETTLEMENT

- 7.1 Unless we agree otherwise, you are responsible for the due performance of every transaction which we enter into with or for you and you shall be responsible for any losses we incur as a result of your failure to deliver appropriate settlement instructions to us.
- 7.2 If you have not delivered the appropriate funds or securities to us on the due date for settlement, we reserve the right, as appropriate, to exercise a sell-out of the relevant securities or acquire alternative securities by whatever means we determine in our absolute discretion. Where we do so, our obligation to deliver the securities to you or pay the purchase price due will cease. You shall be responsible for any losses we incur arising out of your non-performance or any actions we take as a result thereof. Where permitted to do so by any applicable rules, we may effect a net settlement with or for you or on your behalf.

7.3 Our obligation to settle any transaction, whether we are acting as principal or agent for you, is conditional upon the receipt by us or our agents on or before the due date for settlement of all necessary documents or funds due to be delivered by you or on your behalf including, for the avoidance of doubt, settlement instructions. If, in any transaction we deliver securities to you or to your order at that time or subsequently and, for whatever reason, your obligations are not performed simultaneously with or prior to our obligations, you shall hold on trust for us any such securities or money received from us until your own obligations are fully performed.

8. CONFIRMATIONS

8.1 We will send to you a confirmation in respect of each transaction within the time required by the FSA Rules. If we have instructed an intermediate or third party broker on your behalf, the confirmation may be a copy of the confirmation sent to us by the intermediate or third party broker. Confirmations posted, electronically transmitted or otherwise sent to you at your last known address in our records will be deemed to have been received by you:

8.1.1 Where they are sent by post, within two business days of having been deposited in the post addressed to you at the relevant address;

8.1.2 Where transmitted electronically, immediately upon completion of the transmission; and

8.1.3 Where sent by any other means, as soon as can reasonably be expected following despatch, having regard to the means of delivery.

8.2 Any confirmation or account statement which we give in writing will be deemed correct, conclusive and binding on you if not objected to in writing by you by the business day prior to settlement day for the transaction(s), or we notify you of an error therein within the same time period.

9. CUSTODY

9.1 Where client assets are held or received by us, they will be held or received subject to the FSA Rules and we may agree to act as custodian or to arrange for your securities and other assets ("**Custody Assets**") to be held in custody. Where we do so, we will open, or cause to be opened, such accounts as are required to safeguard adequately your ownership rights in those securities and other assets in the event of our insolvency, and to minimise the chance of loss or diminution of those assets.

9.2 You hereby authorise us to register or arrange the registration of Custody Assets in any name permitted by the FSA Rules. Normally, your Custody Assets will be held in your name or in the name of an eligible nominee. However, where the Custody Assets are subject to the law or market practice outside the United Kingdom and it is in your best interests to do so, we may register or record your Custody Assets in the name of the custodian or our name. If Custody Assets are held in our name or that of a custodian, the Custody Assets may not be segregated or separately identifiable from our assets or those of a custodian and, in the event of a default by us or the custodian, may be not as well protected from any claims by our creditors.

9.3 If we deposit your Custody Assets with a person in a non-EEA state, they will be subject to the law of that state and your rights in relation to those assets may differ accordingly.

9.4 We will not deposit your Custody Assets with a person in a non-EEA state which does not

regulate custody activities unless (i) the nature of the financial instrument requires it to be deposited in such a state or (ii) we receive a prior written instruction from you, in which case the consequences of so doing are entirely at your own risk.

- 9.5 We are responsible for the acts of our nominee to the same extent as for our own acts. We accept no liability for the default of any other nominees, custodians or third parties.
- 9.6 Investments registered or recorded in the name of a nominee will be pooled with those of one or more of our other clients. Accordingly, your individual entitlements may not be identifiable by separate certificates, physical documents or entries on the register or equivalent electronic records. In the event of an irrecoverable shortfall following any default or failure by the custodian responsible for pooled investments, you may not receive your full entitlement and may share in that shortfall pro-rata to your original share of the assets in the pool. When corporate events (such as partial redemptions) affect some but not all of the investments held in a pooled account, we will allocate the investments so affected to particular clients in such fair and equitable manner as we consider appropriate (which may without limitation involve pro rata allocation or an impartial lottery).
- 9.7 We will claim all amounts of any dividends, interest, payments or analogous sums to which you may be entitled in relation to Custody Assets and of which we are notified, but we shall not be responsible for claiming any entitlement or benefit you may have under any applicable taxation treaty or arrangement.
- 9.8 Where we appoint a custodian to hold Custody Assets it may be an affiliated company of ours.
- 9.9 Subject to using our reasonable efforts to obtain your instructions, you agree that if we have received no instructions in respect of your Custody Assets for a period of at least six years (notwithstanding any receipts of dividends, coupons or similar items), we shall have the right to sell or otherwise dispose of your Custody Assets for value. Where we do so, the consideration received shall not be treated as client money as defined by the FSA Rules (“**Client Money**”). Such money will, however, remain owing to you and we will make and retain records of all balances released from our client bank accounts and will undertake to make good any valid claims against any released balances.

10. CLIENT MONEY

- 10.1 We will normally settle transactions on a ‘delivery versus payment’ basis and any money received will not usually be eligible to be treated as Client Money under FSA Rules.
- 10.2 In exceptional circumstances where any money held by us on your behalf is Client Money, we shall treat it in compliance with Chapter 7 of CASS of the FSA Rules. In relation to Client Money the following provisions shall apply:
- 10.2.1 unless otherwise agreed, we will not pay any interest;
- 10.2.2 we may allow another person, such as an exchange, a clearing house or an intermediate broker, to hold or control Client Money where we transfer the Client Money (a) for the purposes of a transaction for you through or with that person; or (b) to meet your obligation to provide collateral for a transaction (such as an initial margin requirement for a contingent liability investment);
- 10.2.3 we may pass Client Money to an intermediate broker, settlement agent or OTC counterparty (each as defined by FSA Rules) located outside the United Kingdom.

In such circumstances the legal and regulatory regime applying to such person(s) will be different from that of the United Kingdom and, in the event of failure of such person(s), Client Money may be treated in a different manner from that which would apply if the money was held by such person(s) in the United Kingdom.

- 10.2.4 we may place Client Money into a qualifying money market fund provided that where we do so, units in any such fund will be held in accordance with FSA Rules on client assets. If you do not want us to place Client Money that we hold on your behalf into a money market fund, you should notify us in writing.
- 10.2.5 any Client Money held by us shall be subject to a right of set-off, lien or other security interest as set out in these Terms.
- 10.2.6 you consent to us releasing any Client Money balances for or on behalf of you from client bank accounts and to us ceasing to treat as Client Money any unclaimed Client Money balance where:
 - (i) we have determined that there has been no movement on your balance for a period of at least six years (notwithstanding any payments or receipts of charges, interest or similar items); and
 - (ii) we have written to you at your last known address informing you of our intention of no longer treating that balance as Client Money, giving you 28 days to make a claim;

provided that we:

- (a) shall make and retain records of all balances released from the client bank accounts; and
- (b) undertake to make good any valid claims against any released balances.

11. COLLATERAL

Where we receive client assets (including money) as collateral, margin or on the basis of any other security arrangement in connection with transactions such that the arrangements confer upon us a right to use any such client assets as our own, we will exercise such rights immediately upon receipt of such client assets, notwithstanding our regulatory responsibilities to record and meet our future liabilities to repay such collateral or margin under the terms of the arrangements and the transactions. Accordingly, such assets will not be treated as Custody Assets or Client Money whilst under our control from the time that we receive them from you to the time that we return equivalent assets to you.

12. CONFLICTS OF INTEREST AND DISCLOSURES

- 12.1 In accordance with FSA Rules and our own conflicts of interest policies, we have in place arrangements to manage conflicts of interest that arise between ourselves and our clients and between our different clients. Where we do not consider that the arrangements under our conflicts of interest policies are sufficient to manage a particular conflict, we will inform you of the nature of the conflict so that you can decide how to proceed.
- 12.2 In relation to any transaction we execute or arrange with or for you, we or an affiliated company may have an interest, relationship, arrangement, or duty which is material or which gives or may give rise to a conflict of interest with your interest(s) in relation to the investment or transaction concerned or investments or assets underlying, derived from or

otherwise directly or indirectly related to such investments (a 'material interest'). We will take all necessary steps to ensure fair treatment for you in relation to any such transactions and will manage any conflict of interest in accordance with our conflicts of interest policies.

12.3 Your attention is drawn to the fact and you acknowledge that we and our affiliated companies are part of a group of companies which is involved in a full range of services including investment banking, sales and trading and asset management. As such we, or any affiliated company, may have a material interest or a conflict of interest in the services or transactions we carry out with or for you. We and our affiliated companies have in place internal procedures pursuant to our conflict of interest policies to ensure that our various business areas and companies operate independently of each other and restrict access by the particular employee(s) responsible for handling your affairs to certain areas of information. Accordingly:

12.3.1 We will provide services to you under these Terms on the basis of information actually known to particular employees responsible for handling your affairs; and

12.3.2 As a result of our relationship with other customers and with connected companies, we may in some circumstances be unable to advise you, or execute transactions with or for you, in relation to particular investments and we shall not be obliged to disclose the reason why or any further information relating thereto.

12.4 You agree that we and/or our affiliated companies are entitled to provide services to, or effect transactions with or for you, notwithstanding that we may have a material interest in or a potential conflict of interest in relation to the transaction or investment concerned and consent to our acting in any manner which we would consider appropriate in such cases. A material interest may include but is not limited to circumstances where we or an affiliated company may:

12.4.1 be dealing as principal for our or its own account by selling the investment concerned to you or buying it from you, or being a market-maker or otherwise having a holding or dealing position in the investment concerned or an associated investment;

12.4.2 be providing services to another person in relation to an investment in relation to which you are entering into transactions;

12.4.3 be matching your transaction with that of another person by acting on that person's behalf as well as yours where we are acting or seeking to act as agent for (and to receive and retain commission or other charges from) both parties;

12.4.4 have other business relationships, including investment banking relationships, with the company, or a related entity, in relation to whose securities you are entering into transactions;

12.4.5 be involved as financial adviser, broker, nominated adviser, sponsor, underwriter or otherwise in a new issue, underwriting, rights issue, takeover or similar transaction concerning the investment, or the issuer of the investment or a related investment;

12.4.6 trade (or may have traded) for our or its own account (or for or on behalf of other clients), have either a long or short position in the investment concerned, or other related investments or otherwise pursue our or its legitimate business as a market maker or dealer (including entering into an agreement for the underwriting of an issue of financial instruments) in connection with the investment concerned or

related or other investments;

- 12.4.7 receive payments or other benefits for giving business to a firm with or through which your order is placed or executed;
 - 12.4.8 execute hedging transactions prior to or following receipt of an order or information concerning a contemplated order or transaction from you or from someone acting on your behalf in order to manage our risk in relation to transactions you are entering into or contemplating, or execute transactions in order to facilitate the dutiful execution of your order or manage our own market maker or dealing activities, all of which may impact on the price you pay or receive in relation to such transactions and any profits generated by such hedging or other transaction may be retained by us or an affiliated company without reference to you;
 - 12.4.9 enter into transactions as agent or principal, including for pre-hedging purposes, with a view to executing or facilitating the execution of the proposed transaction(s), based upon information you provide to us and any information held by us or an affiliated company regarding your previous trading, when you provide us with the bid information, including when you ask us to provide a quotation for a portfolio trade involving the commitment of our capital or otherwise. Such transactions may impact upon the prices you subsequently obtain when we trade with you or when you trade with other firms; or
 - 12.4.10 be (or be an adviser to) the trustee, operator or manager of an investment fund, units in which we are buying from or selling to you or buying or selling on your behalf.
- 12.5 We and/or our affiliated companies shall be entitled to enter into a transaction with or for you or retain your investments or act as your agent or provide any other service notwithstanding any such material interest and shall not be under a duty to disclose to you any profit arising therefrom without further reference to you to the extent permissible under FSA Rules. However, in such cases we or our affiliated company (as the case may be) may in our absolute discretion decline to carry out a transaction with or for you or to give advice or make a recommendation to you.
- 12.6 Save to the extent otherwise required by FSA Rules, neither we nor any affiliated company shall be liable to account to you for, or (save in respect of fees or commissions charged to you) to disclose to you the amount of any profit, commission or remuneration made or received (whether from any client or by reason of any material interest or otherwise) by us or by our affiliated company by reason of any Services provided to you.
- 12.7 Our policy is to produce investment research material for our clients and to support our trading activities ("investment research"). We will not act upon or use investment research (or the conclusions expressed by it or the analysis on which it is based) before it is published to clients. The following terms apply in relation to all investment research:
- 12.7.1 We shall be under no obligation to you to ensure that any information given to you takes account of any investment research save to the extent otherwise required by the FSA Rules.
 - 12.7.2 No investment research shall constitute an offer or an invitation by or on behalf of us or any affiliated company to any person to buy or sell any investments.

- 12.7.3 Whilst we make every effort to ensure that statements of facts made in our investment research are accurate, we accept no liability or responsibility whatsoever for the accuracy or completeness of any information contained in such research or otherwise given to you. In all cases, you should conduct your own investigation and analysis of such information before taking or omitting to take any action either in relation to investments or markets.
- 12.7.4 All estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in investment research or advice or information given to you are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur.
- 12.7.5 We may from time to time have a long or short position in any of the investments mentioned in any investment research and may buy or sell those investments.
- 12.7.6 We may from time to time provide corporate finance, investment management, or other services for or solicit or seek to obtain corporate finance, investment management or other business from any entity referred to in any investment research.

13. FEES AND CHARGES

- 13.1 Our fees will be calculated on a commission basis and collected from you on each relevant transaction or on such other basis as agreed between us or as notified by us to you from time to time.
- 13.2 You will be responsible for the payment of any commissions, brokerage fees, transfer fees, registration fees, any applicable duties and taxes, and all other liabilities, charges, costs and expenses payable in connection with transactions effected or services provided by us on your behalf.
- 13.3 In the course of providing services to you, we will pay or receive or share fees, commissions or other non-monetary benefits with or from any other person (including our affiliated companies) to the extent permitted by FSA Rules. If relevant to you, you will be notified separately of the details of such arrangements.

14. PAYMENTS

- 14.1 You agree to pay any amounts due to us by you as they become due regardless of any rights of equity, counterclaim or set-off which you may have against us and free and clear of, and without withholding or deduction for, any taxes of whatsoever nature, unless the same is required by any applicable laws or rules binding on you. In that event, unless otherwise agreed, you will pay such additional amounts as will result in the net amounts receivable by us (after taking account of such withholding or deduction) being equal to such amounts as would have been received by us had no such taxes been required to be withheld or deducted.
- 14.2 If on any date amounts which would otherwise be payable in the same currency both by us to you and by you to us, then we may aggregate the amounts so payable on such date and only the difference between the two aggregate amounts will be paid by the party owing the larger aggregate amount.
- 14.3 You authorise us to debit any of your accounts, whether held by us, an affiliated company or a third party, to pay any amounts due to us pursuant to these Terms or any transaction

effected hereunder, including any of our fees.

- 14.4 If you fail to pay any amount when due and payable to us, we reserve the right to charge you interest on any such amount until the date payment is received by us at the effective cost to us of borrowing the due amount in the relevant money markets as determined in our absolute discretion. Interest will accrue on a daily basis and will be due and payable as a separate debt.
- 14.5 We may deduct or withhold all forms of tax (whether United Kingdom or elsewhere in the world whenever imposed) from any payment if obliged to do so under applicable laws or rules binding on us. In accounting for tax or making deductions or withholdings of tax, we may estimate the amounts concerned. Any excess of such estimated amount over the final confirmed liability shall be credited or sent to you as soon as practicable after the determination of the final liability.
- 14.6 Except as otherwise required or determined by applicable law or market custom, you shall be solely responsible for all filings, tax returns and reports on any transactions which must be made by you to any relevant authority, whether governmental or otherwise, and for the payment of all taxes (including without limitation any transfer, withholding or value added taxes), imports, levies or duties due from you on any dividends, principal or interest, or any other liability or payment arising out of or in connection with a transaction.
- 14.7 If we receive or recover any amount in respect of an obligation of yours in a currency other than that in which such amount was payable, whether pursuant to a judgment of any court or otherwise, you shall indemnify us and hold us harmless from and against any cost (including costs of conversion) and loss suffered by us as a result of receiving such amount in a currency other than the currency in which it was due.

15. LIABILITY AND INDEMNITY

- 15.1 We shall not be liable for any default of any counterparty, bank, custodian, sub-custodian or other entity (apart from an affiliated company of ours) which holds money, investments or other documents of title on your behalf or with or through whom transactions on your behalf are conducted.
- 15.2 We will not nor will any of our directors, officers, employees, affiliates or agents (“our Officers”) be liable for loss suffered by you in connection with the Services unless such loss directly arises from our or their gross negligence, wilful default or fraud.
- 15.3 Save to the extent we may otherwise expressly agree, you undertake to keep us and our Officers fully and effectually indemnified against all costs, charges, claims, liabilities, fees and expenses whatsoever incurred by us and them pursuant to or in connection with the provision of the Services unless the same arise directly from our or their gross negligence, wilful default or fraud.
- 15.4 Neither we nor any of our Officers shall be liable for any loss arising from any act or omission of any agent or third party (apart from an affiliated company of ours) who performs services pursuant to these Terms except to the extent that such loss is caused by wilful default, fraud or gross negligence in the selection of such agents or third parties on the part of us or our Officers.
- 15.5 In no event shall we or any of our Officers be liable for any indirect, consequential or special loss, howsoever arising.

16. SYSTEMS ACCESS

- 16.1 We may provide any of the Services through a dedicated system (“**Systems Access**”) provided by any electronic means of communication or telecommunications system, whether provided directly by ourselves or through a third party vendor. Where we do so, these Terms shall continue to apply but shall be supplemented to the extent of any additional terms and conditions specifically expressed to apply to such arrangements.
- 16.2 In order to avail of access to the Services as contemplated by Clause 16.1, you will be responsible for the provision and proper use of all equipment and facilities to enable such access and for all maintenance and support services, including the installation and proper use of any internet or computer security software which may be required from time to time.
- 16.3 We may impose such access restrictions or security requirements, arrangements or procedures on the use of any electronic or telecommunications system referred to in Clause 16.1 as we may in our absolute discretion require, including the use of user names, login codes, passwords and security devices. You shall be responsible for safeguarding the security of any login codes, passwords and security devices and shall hold us harmless from and against any liability or damage caused by a breach of any access restrictions or a misuse of any security codes or devices. You will take all reasonable steps to ensure that there are appropriate security arrangements and procedures to prevent unauthorised use or access to any system made available pursuant to Clause 16.1 and will notify us immediately if you become aware of any such unauthorised use or access.
- 16.4 We reserve the right to determine in our absolute discretion which of the Services that may be provided in the manner contemplated by this Clause 16, the investments that can be traded and any restrictions on such trading. We further reserve the right to discontinue access to, or trading on, any system at any time, either generally or in part. Where we do so, we shall notify you of such occurrence and endeavour to provide the Services through alternative means, but shall not be legally obliged to do so.
- 16.5 We accept no responsibility for any loss you may incur as a result of transmitting an order in error through any Systems Access to the Services. Whilst we will endeavour to assist you in circumstances where you wish to withdraw such an order we cannot accept any responsibility for ensuring that such order is withdrawn or cancelled.
- 16.6 Save to the extent otherwise specified in the Terms, any Systems Access to the Services will be provided entirely at your risk. We make no representation or warranty as to the availability, reliability, performance, accuracy, completeness or fitness for purpose or any other aspect of any electronic or telecommunications system employed pursuant to Clause 16.1. You acknowledge that data transmitted via the internet or otherwise through a telecommunications system may become corrupted and/or may contain viruses and may be accessed by third parties (notwithstanding any efforts to encrypt or otherwise secure such data) and you assume the risk of any such contamination, corruption or unauthorised access without recourse to us.
- 16.7 You agree that you will observe and respect the intellectual property rights belonging to us or to any third party in any electronic system or any software, documentation or data obtained or provided in connection thereto. In particular you will comply with all applicable copyright, trade mark and design protective laws which apply to such intellectual property rights.
- 16.8 You acknowledge that these Terms do not operate to vest in you any right, title or interest in any system or any software, documentation or data obtained or provided in connection

therewith and you agree that you will observe and respect the intellectual property rights belonging to us or to any third party in any electronic system or any software, documentation or data obtained or provided in connection thereto. In particular you will comply with all applicable copyright, trade mark and design protective laws which apply to such intellectual property rights.

17. CLIENT'S WARRANTIES

You hereby represent and warrant (which representations and warranties shall be deemed to be repeated by you on each date on which a transaction is entered into under these Terms) that:

- 17.1 you have full power and authority to enter into these Terms, each transaction and any other documentation relating thereto, and to perform your obligations thereunder and each transaction;
- 17.2 you will be liable to us or our affiliated companies in respect of all obligations and liabilities arising from transactions effected on your instructions;
- 17.3 entering these Terms will not violate or conflict with any law applicable to you, any provision or any constitutional documents or any charge, trust deed, contract or other instrument or any contractual restrictions applicable to, binding on or affecting you or any of your assets or oblige you to create any lien, security interest or encumbrance;
- 17.4 all governmental, regulatory and other consents that are required to have been obtained by you in relation to these Terms or any transaction hereunder have been obtained and are in full force and effect and all conditions of any such consents have been complied with;
- 17.5 you will comply with all laws, rules, regulations and disclosure requirements of any relevant jurisdiction, exchange, market or regulatory authority which apply in respect of us, you or your investments from time to time;
- 17.6 you will promptly give (or procure to be given) to us such information and assistance as we may reasonably require to enable us to assist or achieve compliance with any of the obligations mentioned in 17.4 in relation to the Services;
- 17.7 all investments to which these Terms apply are and will be so long as these Terms are in force, free from any impediment which would prevent any related transactions between you and us or our affiliated companies and are beneficially owned by you or the person or ultimate beneficiary on whose behalf you are acting directly or indirectly; and
- 17.8 you, or any individual placing orders with us on your behalf, are not in possession of any price sensitive or inside information which would or may affect your ability to lawfully enter into these Terms or any transaction with us.

18. ASSIGNMENT

These Terms are personal to you and shall not be capable of assignment by you or of being transferred by you. We may assign our rights under these Terms to any of our affiliated companies without your consent. Upon giving you one month's notice, we may appoint any appropriate affiliated company of ours to provide the Services in our place and shall then transfer to such appointee all of our rights and obligations under the Terms.

19. COMPLAINTS

If you have a complaint about us, you should raise it in the first instance with your usual Jefferies

contact. If you are not satisfied with the response of your usual Jefferies contact (or if you prefer not to raise the matter with such person) you may communicate with our Compliance Officer directly in connection with your grievance or complaint.

20. NOTICES, INSTRUCTIONS AND OTHER COMMUNICATIONS

- 20.1 All correspondence, notices, certificates and statements of account (“**Notices**”) may be provided to you by whatever means unless otherwise required by FSA Rules. Any Notices will be sent or transmitted to you in accordance with your communication details and will be deemed to have been received (whether or not actually received) where we can demonstrate having sent or transmitted them.
- 20.2 All Notices will, in the absence of manifest error, be deemed correct, conclusive and binding on you if not objected to in writing by you within 3 business days of receipt.
- 20.3 We will notify you of any material changes to our Terms, order execution policy and execution arrangements by posting updated versions of the applicable documents on www.jefferies.com.
- 20.4 Any amendment to these Terms shall take effect on such date as we shall specify (being not less than 10 business days after the notification of the change unless it is impracticable to do so).

21. EVENTS OF DEFAULT

21.1 If:

- (i) you fail to make any payment due to us or to deliver any securities due to us or our affiliated companies (or agents used by us or our affiliated companies) or to perform any other obligation owed to us or our affiliated companies or any representation or warranty you make to us proves false or misleading either under these Terms or under any other agreement between you and us or our affiliated companies; or
- (ii) you become unable to pay your debts as they fall due or become insolvent or bankrupt or become the subject of any insolvency, bankruptcy or administration proceedings (under any applicable rules); or
- (iii) a winding-up resolution is passed or a winding-up or administration order is made in respect of you or a receiver, liquidator, administrator or similar official is appointed in respect of you or any of your property (under any applicable rules);

we shall be entitled, without prior notice to you, to take any or all of the following actions:

- (a) terminate our agreement to provide the Services and treat any or all outstanding transactions between you and us or our affiliated companies as having been cancelled or terminated;
- (b) sell any or all of the investments or other property which we or our affiliated companies are holding or are entitled to receive on your behalf and to apply the proceeds in or towards satisfaction of any obligation or liability you may have to us or our affiliated companies (including any contingent or prospective liability);
- (c) set off any obligation we or our affiliated companies owe to you, and/or to apply any cash we or our affiliated companies hold for your account, against any obligation or liability you may have to us or our affiliated companies (including any contingent or

prospective liability);

- (d) close out, replace or reverse any transaction, enter into any other transaction or take, or refrain from taking, such other action at such time or times and in such manner as, at our sole discretion, we or our affiliated companies consider necessary or appropriate to cover, reduce or eliminate our or our affiliated companies' loss or liability under or in respect of any contracts, positions or commitments.

21.2 Without prejudice and in addition to any general lien, right of set-off or other similar right which we or our affiliated companies may be entitled to exercise whether by law or otherwise over any of your investments, monies or other property, your investments, monies and other property shall be subject to a general lien in our and our affiliated companies' favour, insofar as there remain any outstanding amounts due or liabilities (whether actual or contingent) outstanding from you to us or our affiliated companies.

22. TERMINATION

22.1 Without prejudice to anything contained in Clause 21, these Terms may be terminated by either you or us at any time upon either party giving to the other notice of termination (to take effect immediately upon receipt or as otherwise specified in the notice or by applicable law).

22.2 Termination of these Terms pursuant to clause 22.1 shall be:

- 22.2.1 without prejudice to the completion of any transaction or transactions already initiated and any transaction or all transactions outstanding at the time of termination will be settled and delivery made;
- 22.2.2 without prejudice to and shall not affect any accrued rights, existing commitments or any contractual provision intended to survive termination; and
- 22.2.3 without penalty or other additional payment save that you will pay: (i) our outstanding fees and charges; (ii) any expenses incurred by us in the provision of the Services or under the Terms payable by you; (iii) any additional expenses incurred by us in terminating; and (iv) any losses necessarily realised in settling or concluding outstanding obligations.

23. RIGHTS OF THIRD PARTIES

No person who is not a party to these Terms (other than any of our affiliated companies) may enforce any of their provisions or rely on any exclusion or limitation of liability contained herein, whether under the Contracts (Rights of Third Parties) Act 1999 or otherwise.

24. CONFIDENTIALITY

24.1 We shall be under no duty to disclose to you any information in making any decision or taking any action in connection with the provision of the Services, or to take into account any information or other matters which come to our notice or the notice of any of our employees, directors, agents or associates:

- 24.1.1 where this would, or we reasonably believe that it would, be a breach of any duty of fidelity or confidence to any other person; or
- 24.1.2 which comes to the notice of an employee, officer or agent of us, but does not come to the actual notice of the account executive or other individual providing

you with the Service in question.

- 24.2 We and you will at all times keep confidential and shall not disclose to a third party any information of a confidential nature acquired in connection with the Terms or the Services, except for information which either of us is bound to disclose under compulsion of law or by request of regulatory agencies or to our respective professional advisers or, in our case, where disclosure to a third party such as an intermediary or clearing house is necessary in order to facilitate the proper performance of the Services.

25. DATA PROTECTION

- 25.1 You acknowledge that we may obtain information (including personal data and sensitive personal data, each as defined in the Data Protection Act 1998) about you or your directors, officers and employees. You authorise us to store any such information (whether provided electronically or otherwise) and to disclose any such information (including, without limitation, information relating to your transactions and accounts) either as we or any of our relevant affiliated companies shall be obliged or requested to under or pursuant to any applicable rules or by any regulatory authority or as may be required to provide the Services to you.
- 25.2 You agree that we may disclose such information to an affiliated company or third party wherever located in the world to the extent necessary for the provision to you of the Services. You expressly consent for this purpose to the transfer of information we hold about you to any country including countries outside the European Economic Area (which may not have data protection laws which are commensurate with those in force in the United Kingdom).

26. FORCE MAJEURE

Whilst we will endeavour to comply with our obligations in a timely manner, we will incur no liability whatsoever for any partial or non-performance of our obligations by reason of any cause beyond our reasonable control including but not limited to any communications, systems or computer failure (including, without prejudice to the generality of the foregoing, the failure of any system provided pursuant to Clause 16), market default, suspension, failure or closure, or the imposition or change (including a change of interpretation) of any law or governmental or regulatory requirement and we shall not be held liable for any loss you may incur as a result thereof.

27. MISCELLANEOUS

- 27.1 These Terms supersede any previous agreement between us relating to the subject matter of the Terms.
- 27.2 You acknowledge and agree that in conducting business with us pursuant to the Terms, you do not rely on, and shall have no remedy in respect of, any statement, representation, warranty or understanding (whether negligently or innocently made) of any person other than as expressly set out in the Terms.
- 27.3 Nothing in these Terms (or any of the arrangements contemplated by them) shall be deemed to create a partnership between you and us.
- 27.4 No failure to exercise or delay in exercising any right or remedy under the Terms shall constitute a waiver thereof and no single or partial exercise of any right or remedy under the Terms shall preclude or restrict any further exercise of such right or remedy. The rights and

remedies contained in the Terms are cumulative and not exclusive of any rights and remedies provided by law.

- 27.5 If any provision in these Terms shall in whole or in part be held by any Court of competent jurisdiction to any extent to be illegal or unenforceable under any enactment or rule of law that provision or part shall to that extent be deemed not to form part of the Terms and the enforceability of the remainder of the Terms shall not be affected thereby.

28. GOVERNING LAW

- 28.1 The Terms shall be governed by and construed in accordance with English law and the parties irrevocably submit to the jurisdiction of the English courts.
- 28.2 Where you do not have a permanent place of business in England, you agree to appoint and keep appointed an agent for the service of process and to notify us of the identity of such agent.

APPENDIX

RISK WARNINGS AND FURTHER DISCLOSURES

Clients should note that there are significant risks inherent in investing in certain financial instruments and in certain markets. Investment in derivatives, futures, options and warrants may expose clients to risks which are different to those investors might expect when they invest in equities. Similarly, investment in shares issued by issuers in emerging markets (by which we mean those that have an underdeveloped infrastructure or which are less economically or politically stable as markets in developed countries) involves risks not typically associated with equities investment in well developed markets. Investment in any of the foregoing kinds of financial instruments is generally appropriate for sophisticated investors who understand and are able to bear the risks involved. Among such risks, is the risk of losing the entire value of an investment or (in the case of certain derivative and other transactions) the risk of being exposed to liability over and above the initial investment. We set out below some specific risks and considerations for investors in relation to financial instruments of the type referred to above. This information is not intended to constitute a comprehensive statement of all the risks to which investors might be exposed and there may be others that exist now or which may arise in the future

Stabilisation

You may enter transactions in newly issued securities in respect of which we are the stabilisation manager and the price of which may have been influenced by measures taken to stabilise it. Stabilisation enables the market price of a security to be maintained artificially during the period when a new issue of securities is sold to the public. Stabilisation may affect not only the price of the new issue but also the price of other securities relating to it. The FSA allows stabilisation in order to help counter the fact that when a new issue comes onto the market for the first time, the price can sometimes drop for a time before buyers are found.

As long as the stabilisation manager follows FSA rules, it is entitled to buy back the securities that were previously sold to investors or allotted to institutions which have decided not to keep them. The effect of this may be to keep the price at a higher level than it would otherwise be during the period of stabilisation.

The stabilisation rules:

- (a) limit the period when a stabilisation manager may stabilise a new issue;
- (b) fix the price at which the issue may be stabilised (in the case of shares and warrants, but not bonds); and
- (c) require disclosure of the fact that a stabilisation manager may be stabilising but not that it is actually doing so.

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

Foreign Currency and Exchange Rates

Foreign markets will involve different risks from the UK markets. In some cases the risks will be greater. Investments in foreign securities may expose investors to the risk of exchange rate fluctuation and investors who deposit collateral denominated in one currency may be subject to margin calls in circumstances where the obligations secured by such collateral are denominated in another currency (in addition to the risk of margin calls for fluctuations in relative values). Some currencies are not freely convertible and restrictions may be placed on the conversion and/or repatriation of investors' funds including any profits or dividends.

Emerging Markets

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

Futures

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

Options

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

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

Writing options: If investors write an option, the risk involved is considerably greater than buying options. Investors may be liable for margin to maintain their position and a loss may be sustained well in excess of the premium received. By writing an option, investors accept a legal obligation to purchase or sell the underlying asset if the option is exercised against them however far the market price has moved away from the exercise price. If you already own the underlying asset which you have contracted to sell (when the options will be known as “covered call options”) the risk is reduced. If you do not own the underlying asset (“uncovered call options”) the risk can be unlimited. Only experienced persons should contemplate writing uncovered options, and then only after securing full details of the applicable conditions and potential risk exposure.

Traditional options: Certain London Stock Exchange member firms under special exchange rules write a particular type of option called a “traditional option”. These may involve greater risk than other options. Two-way prices are not usually quoted and there is no exchange market on which to close out an open position or to effect an equal and opposite transaction to reverse an open position. It may be difficult to assess its value or for the seller of such an option to manage his exposure to risk.

Certain options markets operate on a margined basis, under which buyers do not pay the full premium on their option at the time they purchase it. In this situation you may subsequently be called upon to pay margin on the option up to the level of your premium. If you fail to do so as

required, your position may be closed or liquidated in the same way as a futures position.

Contracts for Differences

Futures and options contracts can also be referred to as contracts for differences. These can be options and futures on the FTSE 100 index or any other index, as well as currency and interest rate swaps. However, unlike other futures and options, these contracts can only be settled in cash. Investing in a contract for differences carries the same risk as investing in a future or an option and investors should be aware of these as set out above. Transactions in contracts for differences may also have a contingent liability and these are discussed below.

Contingent Liability Investment Transactions

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

If you trade in futures, contracts for differences or sell options, you may sustain a total loss of the margin you deposit to establish or maintain a position. If the market moves against you, you may be called upon to pay substantial additional margin at short notice to maintain the position. If you fail to do so within the time required, your position may be liquidated at a loss and you will be responsible for the resulting deficit. Even if a transaction is not margined, it may still carry an obligation to make further payments in certain circumstances over and above any amount paid when you entered the contract.

Limited Liability Transactions

The extent of your loss on a limited liability transaction will be limited to an amount agreed by you before you enter into the transaction. The amount you can lose in limited liability transactions will be less than in other margined transactions, which have no predetermined loss limit. Nevertheless, even though the extent of loss will be subject to the agreed limit, you may sustain the loss in a relatively short time. Your loss may be limited, but the risk of sustaining a total loss equivalent to the amount agreed is substantial.

Collateral

If you deposit collateral as security with us for transactions you enter, the way in which it will be treated will vary according to the type of transaction and where it is traded. There could be significant differences in the treatment of your collateral, depending on whether you are trading on a recognised or designated investment exchange, with the rules of that exchange (and any associated clearing house) applying, or trading off-exchange. Collateral may lose its identity as your property once dealings on your behalf are undertaken, particularly where you transfer the title to such collateral and 'right to use' provisions apply. Even if your dealings should ultimately prove profitable, you may not get back the same assets which you deposited, and may have to accept payment in cash.