

FIXED INCOME MODULE

This Module to the Terms of Business forms an integral part of, and must be read in conjunction with, the Terms of Business.

1. SCOPE

- 1.1 **Transactions:** The provisions in this Fixed Income Module apply to transactions in Fixed Income Securities. For these purposes, "Transaction" means a transaction relating to Fixed Income Securities under which delivery of Fixed Income Securities is contemplated upon its formation and falling within paragraphs (a) to (e) of the definition of "Transaction" in clause 21.1 of the General Terms of Business.

2. DEFINITIONS

- 2.1 **Defined terms:** All defined terms have the meaning set out in the General Terms of Business. Additionally, for the purposes of this Module:

"Fixed Income Securities" means securities which are bonds or other debt instruments, including government and public issues, but excluding any lending arrangement; and

"ICMA Rules and Recommendations" means the Rules and Recommendations of the International Capital Market Association.

3. TRADING ARRANGEMENTS.

- 3.1 **Bond market liquidity:** You acknowledge that Fixed Income Securities may be illiquid and that the market price of any particular instrument may be difficult to ascertain. In agreeing to our Best Execution and Client Order Handling Policy in respect of your instructions, you accept that we may take into account a number of execution factors to obtain the best possible result for you. Unless we have agreed to treat you as a retail client, total consideration (price and costs) will not necessarily be the most significant factor in determining whether best execution has been achieved.
- 3.2 **Cut-off times:** We may establish cut-off times for instructions which may be earlier than the times established by the Infrastructures involved in any Transaction, and you shall have no claims against us arising out of the fact that an order was not placed by you ahead of our cut-off time.
- 3.3 **ICMA Rules and Recommendations:** All Transactions in "international securities" (as that term is defined in the ICMA Rules and Recommendations) and unless agreed otherwise at the time of trade in non-US debt or convertible instruments shall be subject to such Rules and Recommendations, which are included within the meaning of "Applicable Regulations" for the purposes of this Module.

4. SETTLEMENT AND OWNERSHIP

- 4.1 **Title:** If in any Transaction we deliver Fixed Income Securities or pay money on your behalf, but your obligations in respect of that Transaction are not performed simultaneously with or prior to our own delivery or payment, then we shall not be obliged to credit your account with any Fixed Income Securities or money received by us from any third party until your own obligations to us are fully performed; and any such Fixed Income Securities or money received by us shall be our property not yours. You shall provide account and settlement

details to us for the purposes of settlement of Transactions under this Agreement. Unless otherwise instructed by you, we will settle directly with our nominated custodian.

4.2 **Finality:** We shall owe no payment or delivery obligation and shall not be deemed to hold any property belonging to you as a result of settlement of a Transaction until we have received, with finality, the cash or Fixed Income Securities to which you are entitled.

4.3 **Non-DvP markets:** In some securities markets, delivery of Fixed Income Securities and payment may not be made simultaneously. In such markets we may make payment or delivery of Fixed Income Securities at such time and in such manner as is in accordance with relevant local law and practice or with the customs prevailing in the relevant market. You shall bear the risk that the counterparty to the Transaction may not pay or perform on time or at all.

4.4 **Failed trades:** We will notify you if settlement of a Transaction fails to take place on the contractual settlement date, whether because of a default by a counterparty to that Transaction or otherwise.

5. TRANSPARENCY

5.1 **Regulatory reporting:** We may be obliged to make information about certain Transactions public. You agree and acknowledge that any and all proprietary rights in such Transaction information are owned by us and you waive any duty of confidentiality attaching to the information which we are obliged to disclose.

6. REPLACEMENT TRADES

6.1 **Exposure through OTC derivative transactions:** In limited circumstances for certain jurisdictions we may not be able to facilitate your direct trades on certain Infrastructure and may instead provide you with the equivalent economic exposure to orders placed by entering into an OTC derivatives transaction with you.

7. MARKET RISK

7.1 **Emerging markets risk:** You are aware and have a full understanding of the merits and risks of each particular Infrastructure in which you invest or trade, including without limitation, the particular risks associated with investing and trading in emerging markets (which include, without limitation, sovereign action by an emerging market country's government such as an order of a governmental authority blocking or limiting transfers or deliveries of the country's currency outside its borders, rendering the currency inconvertible into another relevant currency, devaluing the currency, prohibiting or imposing substantial restrictions on foreign investments in such country's capital markets or the possibility of expropriation of assets or the imposition of punitive taxes).

8. NETTING

8.1 **Netting Transaction:** Any Transaction to which this Module applies shall be a "Netting Transaction" for the purposes of these Terms of Business and subject to termination and liquidation under clause 8 of the General Terms of Business.

9. LIABILITY

9.1 **Applicable Regulations:** Nothing in this Module will exclude or restrict any duty or liability we may have to you under Applicable Regulation, to any greater extent than it may validly be excluded or restricted.