

## FUTURES, OPTIONS AND EFP TRANSACTIONS 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

**Transactions:** The provisions in this Futures, Options and EFP Transactions Module apply to Futures Transactions, Physical Transactions, EFP Transactions and Reverse EFP Transactions.

### 2. DEFINITIONS

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

**"EFP Transaction"** means a transaction between us and you which is intended to replace a Physical Transaction with a Futures Transaction;

**"Futures Transaction"** means a futures Transaction or an option Transaction (as the case may be) on the terms prescribed by a trading venue;

**"Physical Transaction"** a Transaction the terms of which are comparable with the terms of a Futures Transaction, which is not entered into on a back-to-back basis with a transaction entered into by us on a trading venue and which is physically settled; and

**"Reverse EFP Transaction"** means a transaction between us and you which is intended to replace a Futures Transaction with a Physical Transaction.

### 3. FUTURES AND OPTIONS

#### 3.1 **Allocation on delivery or exercise:** Where the relevant Infrastructure or intermediate broker does not specify a particular Firm/CCP Transaction or Firm/IB Transaction (as applicable) when making a delivery or exercising an option, we may allocate the delivery or exercise to any Transaction.

#### 3.2 **Exercise of options:** If you do not deliver instructions to exercise option Transactions (which we may require to be in a form as specified by notice to you from time to time) prior to the earlier of the exercise cut-off time established by the relevant Infrastructure or by us, options Transactions may expire and become worthless. If you do not instruct us by the applicable cut-off time, we will have no liability for the option Transaction not being exercised. In the absence of instructions from you, we have the right to exercise an option Transaction where it is in-the-money.

#### 3.3 **Deemed exercise of options:** Where a Firm/CCP Transaction or Firm/IB Transaction is an option which has been exercised automatically under Applicable Regulations or other applicable terms, the corresponding Transaction between us and you will be deemed to have been exercised automatically at the same time.

#### 3.4 **Off-exchange contracts:** You acknowledge that trading venues may from time to time sanction the making of contracts by us off-exchange in order to satisfy your order, where there has been an error in the execution of your order on-exchange. Where a better price (an improvement) can be obtained, we may seek to secure and offer that improvement to you.

- 3.5 **Correction of order:** If we execute an order but have traded the wrong delivery/expiry month or wrong exercise price, then we may offset any Loss arising from the erroneous order against any improvement achieved for you in the course of correctly satisfying the order, thus offering you only the net improvement, if any.
- 3.6 **Off-Setting Transactions:** Unless otherwise agreed in writing between us and you or where the Rules of an Infrastructure provide otherwise, whenever any Transaction between us and you is entered into to close out any existing Transaction, then the obligations of each of us and you under both sets of Transactions will be terminated automatically and immediately upon the Parties entering into the second Transaction, except for any settlement payment due in respect of such closed out Transactions, and any fines, amounts due under clause 15.4 of the General Terms of Business which relate to the existing Transaction and other payments/rights claimed under general indemnities.

#### 4. **EFP TRANSACTIONS AND REVERSE EFP TRANSACTIONS**

- 4.1 **EFP Transactions:** Subject to the terms of any particular EFP Transaction, in relation to each EFP Transaction, upon us becoming bound to Futures Transaction(s) entered into in replication of a Physical Transaction, the Physical Transaction will be automatically discharged.

If you engage in any EFP Transactions, you agree upon request to provide us with sufficient evidence of the related instruments or goods and we may disclose such information to a related Infrastructure on their request.

We may, in our sole discretion, arrange for packing, shipping, storage, selection of delivery or storage facility or insurance of any property in order to facilitate any such EFP Transaction and in such circumstances, our only liability will be for gross negligence or wilful misconduct in making such arrangements. You shall create, retain and procure any documents or records requested by the applicable Infrastructure or regulatory or self-regulatory authority (such as contracts, confirmations, telex printouts, invoices and documents of title) with respect to each cash transaction underlying an EFP Transaction. You represent and warrant with respect to the cash and physical transaction of an EFP Transaction that it and each counterparty is eligible, as required by Applicable Regulations, to enter into such EFP Transaction.

- 4.2 **Reverse EFP Transactions:** Subject to the terms of any particular Reverse EFP Transaction, in relation to each Reverse EFP Transaction, the Physical Transaction will arise automatically upon the closing out (including by creation of opposite positions, on the relevant trading venue) of the Futures Transaction(s) which the Physical Transaction is intended to replace.
- 4.3 **Existence of Transactions:** The existence of an EFP Transaction or Reverse EFP Transaction is conditional on registration of the Futures Transaction (or, as the case may be, contracts effecting close-out) occurring on the date specified in the confirmation relating to the Transaction.
- 4.4 **Payment:** We will notify you of the amount of any payment due between us and you as a result of entering into an EFP Transaction or Reverse EFP Transaction, to whom it is payable and when.

5. **TRANSPARENCY**

- 5.1 **Regulatory reporting:** Under Applicable Regulations, 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 the information which we are obliged to disclose.

6. **REPLACEMENT TRADES**

- 6.1 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 equivalent OTC derivatives transaction with you.

7. **NETTING**

- 7.1 **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, unless the Transaction is cleared, in which case the netting provisions of the Commodities Module apply.

8. **LIABILITY**

- 8.1 **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.