

## Disclosure of beginning to have substantial holding

*Section 276, Financial Markets Conduct Act 2013*

To [NZX Limited](#)

and

To [EROAD LTD \(ERD\)](#)

Date this disclosure made: [21 April 2025](#)

Date on which substantial holding began: [16 April 2025](#)

### **Substantial product holder(s) giving disclosure**

Full name(s): [Morgan Stanley and its Subsidiaries listed in Annexure A](#)

### **Summary of substantial holding**

Class of quoted voting products: [Ordinary Shares](#)

Summary for [Morgan Stanley and its Subsidiaries listed in Annexure A](#)

For this disclosure, —

- (a) total number held in class: [9,419,349](#)
- (b) total in class: [187,410,632](#)
- (c) total percentage held in class: [5.0260%](#)

**Details of relevant interests –**

Details For	Nature of Relevant Interest	For that Relevant Interest				Relevant Agreement Document / Comments
		(a) Number held in class	(b) Percentage held in class	(c) Current registered holder(s)	(d) Registered holder(s) once transfers are registered	
Morgan Stanley & Co. International plc	Shares held or in respect of which the holder may exercise right to rehypothecate pursuant to the agreement(s).	9,370,549	5.000%	HSBC Custody Nominees (Australia) Limited	Unknown	The relevant agreement document(s) (Prime Brokerage Agreement) are attached in Annexure B (80 pages).
Morgan Stanley & Co. International plc	Shares held or in respect of which the holder may exercise control over disposal in the ordinary course of sales and trading businesses.	15,000	0.008%	HSBC Nominees (New Zealand) Limited	Unknown	The relevant agreements need not be attached under regulation 139.
Morgan Stanley & Co. International plc	Shares held or in respect of which the holder may exercise control over disposal in the ordinary course of sales and trading businesses.	25,000	0.013%	HSBC Custody Nominees (Australia) Limited	Unknown	The relevant agreements need not be attached under regulation 139.
Morgan Stanley Australia Securities Limited	Shares held or in respect of which the holder may exercise control over disposal in the ordinary course of sales and trading businesses.	8,800	0.005%	Morgan Stanley Australia Securities (Nominee) Pty Limited	Unknown	The relevant agreements need not be attached under regulation 139.

**For a derivative relevant interest, also – [No derivative](#)**

**Details of transactions and events giving rise to substantial holding**

Details of the transactions or other events requiring disclosure: [set out in the below table.](#)

Date of Transaction	Holder of Relevant Interest	Transaction Nature	Consideration	Class and number of securities
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12/27/2024	Morgan Stanley & Co. International plc	Buy	1,076.40	999 Ordinary Shares
1/03/2025	Morgan Stanley & Co. International plc	Buy	5,849.55	5,571 Ordinary Shares
4/01/2025	Morgan Stanley & Co. International plc	Buy	6,118.47	6,579 Ordinary Shares
4/04/2025	Morgan Stanley & Co. International plc	Buy	13,600.22	15,000 Ordinary Shares
4/03/2025	Morgan Stanley & Co. International plc	Increase in shares held or in respect of which the holder may exercise right to rehypothecate pursuant to the agreement(s)	N/A	2,252,046 Ordinary Shares
4/04/2025	Morgan Stanley & Co. International plc	Increase in shares held or in respect of which the holder may exercise right to rehypothecate pursuant to the agreement(s)	N/A	80 Ordinary Shares
4/11/2025	Morgan Stanley & Co. International plc	Increase in shares held or in respect of which the holder may exercise right to rehypothecate pursuant to the agreement(s)	N/A	6,518,423 Ordinary Shares
4/14/2025	Morgan Stanley & Co. International plc	Increase in shares held or in respect of which the holder may exercise right to rehypothecate pursuant to the agreement(s)	N/A	1 Ordinary Share
4/16/2025	Morgan Stanley & Co. International plc	Increase in shares held or in respect of which the holder may exercise right to rehypothecate pursuant to the agreement(s)	N/A	9,370,549 Ordinary Shares

#### **Additional information**

Address(es) of substantial product holder(s):

[Morgan Stanley - 1585 Broadway, New York, NY 10036, United States](#)

[Morgan Stanley & Co. International Plc - 25 Cabot Square, Canary Wharf, London E14 4QA, United Kingdom](#)

[Morgan Stanley Australia Securities Limited - Level 39, Chifley Tower 2 Chifley Square, Sydney, NSW 2000, Australia](#)

**Contact details:** Ashish Koltharkar, Phone: +91 22 6995-2037, E-mail: [apdoi@morganstanley.com](mailto:apdoi@morganstanley.com)

#### **Nature of connection between substantial product holders:**

Each of the entities (as listed in Annexure A) in the Morgan Stanley group is a body corporate that each upstream entity controls and therefore has the relevant interests that the above entities collectively have.

**Name of any other person believed to have given, or believed to be required to give, a disclosure under the Financial Markets Conduct Act 2013 in relation to the financial products to which this disclosure relates:** [Not Applicable](#)

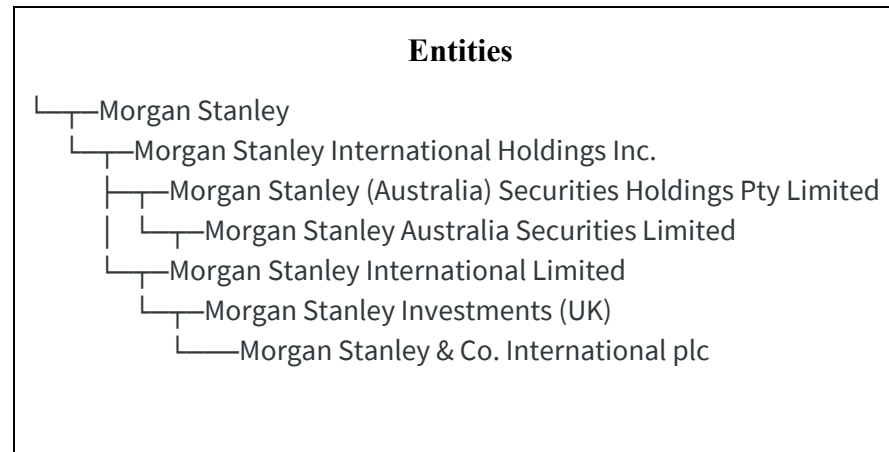


**Certification**

I, [Ashish Koltharkar](#), certify that, to the best of my knowledge and belief, the information contained in this disclosure is correct and that I am duly authorized to make this disclosure by all persons for whom it is made.

## Annexure A

List of Morgan Stanley and its subsidiaries that have a relevant interest or deemed to have a relevant interest in the shares.



## Annexure B

Morgan Stanley

**INTERNATIONAL PRIME  
BROKERAGE AGREEMENT**

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**THIS INTERNATIONAL PRIME BROKERAGE AGREEMENT is made on  
between:**

- (1) Morgan Stanley & Co. International plc (“**MSI plc**”) for itself and as agent and trustee for and on behalf of the other Morgan Stanley Companies (as defined herein); and
- (2) *[Insert name of client]* (the “**Client**”)

IT IS AGREED AS FOLLOWS:

**REGULATORY INFORMATION**

**REGULATORY STATUS**

MSI plc (FCA registration number 165935) is regulated by the FCA and regulated and authorized by the PRA. Its principal address in the U.K. is 25 Cabot Square, Canary Wharf, London E14 4QA.

None of the other Morgan Stanley Companies party to this Agreement are regulated in the U.K. by the FCA but may be regulated by other bodies or in their home jurisdiction. Accordingly, the designated investment business (as defined in the FCA Rules and PRA Rules) conducted with or provided to the Client, or on its behalf, by such Morgan Stanley Companies is not covered by the rules and regulations made for the protection of investors in the U.K.. MSI plc will provide the Client on request with details of the regulatory status of such companies.

**CLIENT CATEGORISATION**

MSI plc will treat the Client’s Agent as their *client* for UK regulatory purposes in accordance with the FCA Conduct of Business Sourcebook and will treat the Agent as a *per se professional client*. If the Client does not appoint an Agent MSI plc will treat the Client as its *client* for UK regulatory purposes and will treat the Client as a *per se professional client*. The Client or the Agent may also request in writing that MSI plc categorise the Agent or the Client, as applicable, as a client benefiting from a higher degree of protection. The Client agrees that it is responsible for updating Morgan Stanley about any change in circumstances that could affect the aforementioned categorisation.

**A. PRIME BROKERAGE TERMS**

**A.1. Custody and Settlement**

**A.1.1. Custody:** The Client appoints MSI plc as custodian and MSI plc accepts such appointment pursuant to the terms of this Agreement. Where MSI plc holds the Client’s Investments in custody in the Prime Brokerage Account it shall hold such investments as trustee. MSI plc’s duties as trustee shall be subject to the terms of this Agreement. MSI plc is not acting as trustee in relation to any other service or activity relating to this Agreement.

**A.1.2. Settlement**

- (i) MSI plc will settle Transactions involving the purchase of securities executed through the Client’s Executing Broker and will provide custody of Investments, each in accordance with this Agreement. MSI plc reserves the right to refuse to settle any Transaction, and will notify the Client promptly of any such refusal. MSI plc will use reasonable endeavours to notify the Client promptly in advance where reasonably practical. MSI plc shall be deemed to have agreed to settle a Transaction only upon actual settlement by it of the Transaction.
- (ii) MSI plc shall effect settlement of and payment for securities in accordance with the laws, regulations and market practices in the jurisdiction in which the Transaction occurs. In some securities markets deliveries of securities and related payments are not customarily made simultaneously, and may be made through different mechanisms or systems. The Client agrees that in such circumstances unless, after consultation with MSI plc, the Client or the Client’s investment manager expressly instructs MSI plc only to make delivery against payment, MSI plc may make and accept payments on the settlement of securities in accordance with such market practices. MSI plc shall not be obliged to settle a Transaction if the Client or the Client’s investment manager instructs that it be settled on a delivery versus payment basis and MSI plc considers that such method of settlement is not practicable. The Client shall bear the risk that (a) the recipient of such securities may fail to make payment, or return such securities, or hold them on trust for the Client, and (b) the recipient of payment may fail to deliver the securities (or may deliver invalid, fraudulent, forged or stolen certificates) or to return such payment.
- (iii) MSI plc has no control over the execution of Transactions executed with an Executing Broker (other than itself or a Morgan Stanley Company) or introduced to it by another broker (other than a Morgan Stanley Company) for clearing (each a “**Broker**”) and, save for its obligations in relation to clearing and settlement set out herein, it is not responsible for any matter arising from, nor does it owe any duties to the Client in respect of, the execution of those Transactions. The Client’s broker is not the agent of Morgan Stanley for

any purpose. Where the Broker is an overseas entity then the services of such Broker may not be regulated under the FSMA.

## **A.2. Sub-custodians and Registration**

**A.2.1. Sub-custodians:** The Client authorises MSI plc to appoint any persons (including any Associated Firm) to act as sub-custodians of the Client's Investments, including documents of title or certificates evidencing title to such Investments. Commensurate with the requirements of the FCA Rules MSI plc will exercise reasonable skill, care and diligence in the selection and monitoring of sub-custodians, shall be responsible to the Client for the duration of the sub-custody agreement for satisfying itself as to the ongoing suitability of the sub-custodian to provide custodial services to the Client, shall maintain an appropriate level of supervision over the sub-custodian and make appropriate enquiries periodically to confirm that the obligations of the sub-custodian continue to be competently discharged. The level of assessment conducted with regard to the selection and monitoring of an Affiliate appointed as sub-custodian will be at least as rigorous as that performed on any non-affiliated company. MSI plc will be responsible for the acts of any sub-custodian which is an Affiliate (and therefore for losses to the Client arising as a result of such acts) to the same extent (and subject to the limitations contained in paragraph L.1) as it is liable under this Agreement for its own acts including any act or omission, fraud, negligence or wilful default.

Where MSI plc has appointed a sub-custodian which is not an Affiliate, it will not be liable for any act or omission, or for the insolvency, of such sub-custodian or for any loss arising therefrom unless, and except to the extent that, any loss suffered by the Client is directly caused by a breach of MSI plc's obligations in relation to the selection and monitoring of sub-custodians set out in this paragraph A.2.1. but subject at all times to the limitation on liability for consequential loss set out in paragraph L.1.2.

Following written request by the Client to MSI plc, MSI plc will provide the Client with information detailing the identity of sub-custodians appointed by Morgan Stanley to hold Investments in the relevant jurisdictions at the time of the request.

### **A.2.2. Registration of Investments:**

(i) MSI plc will arrange for any Investments that are in registered form to be registered in accordance with the FCA Rules. This may mean they are registered (i) in the name of a nominee company controlled by MSI plc, (ii) in the Client's name, (iii) in the name of a sub-custodian or its nominee, (iv) in the name of a

nominee controlled by an Exchange or Clearing House, (v) with MSI plc's consent, in such other name as the Client may direct in writing (in which event, the Client accepts that the consequences of so doing will be entirely at the Client's own risk), or (vi) in the name of an Associated Firm or its nominee.

(ii) The Client agrees that MSI plc may register or record the Client's Investments in the name of a third party or in MSI plc's name where the Investment is subject to the law or market practice of a jurisdiction outside the UK and MSI plc has reasonably determined that it is in the Client's best interests, or it is not feasible to do otherwise and i) if registering in the name of a third party, MSI plc is prevented from registering the Investment in the Client's name or the name of a nominee company, and ii) if registering in MSI plc's name, MSI plc is prevented from registering the Investments in the Client's name, the name of a nominee company or in the name of the third party. As a consequence, in the case of registration in the name of MSI plc or a third party, the Client's Investments may not be segregated from MSI plc's or the third party's Investments and in the event of their default the Client's Investments may not be as well protected.

### **A.2.3. Identification of Investments:**

(i) MSI plc will (subject to paragraph A.2.2.(ii)) identify, record and hold all the Client's Investments held with MSI plc in such a manner that (a) the identity and location of those Investments can be ascertained at any time, and (b) those Investments are readily identifiable as Investments belonging to a customer of MSI plc and are separately identifiable from any Investments of MSI plc. Nothing in the preceding sentence shall prevent all or any part of the Client's Investments being co-mingled with Investments of the same description of other customers of MSI plc and MSI plc will not be obliged to ensure that the Client's Investments will be separately distinguishable from Investments belonging to other customers of MSI plc.

(ii) MSI plc will require that where a Financial Instrument is recorded in an account with a sub-custodian, that sub-custodian will make it clear in the title of the account that the Investment belongs to one or more customers of MSI plc.

**A.2.4. Holding of Investments Overseas:** MSI plc may, where it considers it appropriate, arrange for the Client's Investments, including Financial Instruments, to be held overseas. There may be different settlement, legal and regulatory requirements in overseas jurisdictions from those applying in the U.K., together with different practices for the separate identification of the Client's Investments. Where the nature of the Investments or services requires MSI plc to do so it may hold Investments with a third party in a country outside the EEA which does not regulate the holding and safekeeping of Investments. Where this is necessary to provide the services the Client has requested under this Agreement, the Client requests MSI plc to deposit its Investments with such third parties. Where the Client's Investments are held in a jurisdiction outside the UK by a third party on MSI plc's behalf, the Client's Investments may be held in an omnibus account by the third party and there is a risk that the Client's Investments could be withdrawn or used to meet obligations of other persons, or that the balance of assets held by the third party does not reconcile with the quantity which the third party is required to hold, and the Client may not in such circumstances receive its full entitlement of Investments. In some jurisdictions it may not be possible to identify separately the Investments which a third party holds for clients from those which it holds for itself or for MSI plc, and there is a risk that your Investments could be withdrawn or used to meet the obligations of the third party, or lost altogether if the third party becomes insolvent.

**A.2.5. Pooling of Investments:** Where the Client's Investments are pooled with those of one or more customers, individual customer entitlements may not be identifiable by separate certificates, other physical documents of title or equivalent electronic record and in the event of an unreconcilable shortfall after the default of a custodian, customers may share in that shortfall pro-rata. It also means that where corporate events (such as partial redemptions) affect some but not all of the Investments held in a pooled account MSI plc shall allocate the Investments so affected to particular customers in such fair and equitable manner as MSI plc considers appropriate (including without limitation pro rata allocation or an impartial lottery).

**A.2.6. Custody Statements in Electronic Form:** MSI plc will provide the Client with information relating to the Client's Investments held by MSI plc or an Associated Firm by sending the Client periodic statements which may be sent in electronic form. These will be sent no less often than every 6 months and assets will be valued in accordance with general market practice or, by agreement, in accordance with the Client's instructions.

**A.2.7** The Client's Investments may be subject to a lien or right of set-off in favour of any sub-custodian, depositary, nominee or agent in respect of charges relating to their administration and safekeeping.

**A.2.8** The Client agrees that MSI plc may, in its sole discretion, decide to (i) liquidate any unclaimed Investments at market value, and pay away the proceeds, or (ii) pay away any such unclaimed Investments, in either case to a registered charity of our choice if MSI plc has held the relevant Investment for at least twelve years; in the twelve years preceding the divestment of that Investment MSI plc has not received instructions relating to any Investment from the Client or on its behalf; and MSI plc has been unable to contact the Client having taken reasonable steps in accordance with the FCA Rules to trace the Client and return the Investment, in which case MSI plc shall cease to treat such assets as custody assets. In such circumstances, MSI plc (or a member of its group) will unconditionally undertake to pay the Client a sum equal to the value of the Investment at the time it was liquidated or paid away in the event that the Client seeks to claim the Investment in future.

### **A.3. Rights and Obligations in Respect of Investments**

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#### **A.3.1. Corporate Actions:**

(i) Where MSI plc is notified that a Corporate Action may be exercised in relation to an Investment credited to a Prime Brokerage Account and registered in the name of an Associated Firm, a sub-custodian appointed by MSI plc or its or such sub-custodian's nominee, it will use reasonable efforts to notify the Client as soon as practicable of such Corporate Action.

(ii) If the Client wishes to exercise a right relating to a Corporate Action in relation to an Investment credited to a Prime Brokerage Account, it must notify MSI plc in writing or electronically of its election as soon as possible, but in any event no later than the expiry of Morgan Stanley's deadline for submissions of elections relating to that Corporate Action as advised to the Client by MSI plc or, where no deadline is advised, no later than 10 Notice Business Days prior to the final date for submission by MSI plc of such elections (or such shorter period as may be agreed in writing). MSI plc will use reasonable efforts to exercise such right, but only (a) on such terms as the Client has notified to MSI plc in writing and as are acceptable to MSI plc, and (b) where the Client has provided MSI plc or any other person (as the case may be) with any funds required to exercise such right.

(iii) MSI plc will use reasonable efforts to send the

Client Corporate Action Information. This will have been sent to MSI plc from a sub-custodian or agent bank for forwarding to shareholders whose shares are held in custody by MSI plc. No representation or warranty, express or implied, is or will be made by MSI plc in relation to the accuracy or completeness of the Corporate Action Information or any other written or oral information made available to the Client or its advisers in connection with the proposed Corporate Action and no responsibility or liability is or will be accepted by Morgan Stanley in relation to it. The Client should make its own investigation of the proposed Corporate Action and all information provided.

- (iv) The distribution of the Corporate Action Information in certain jurisdictions and/or the Client's ability to participate in a Corporate Action may be restricted by law or regulation in the jurisdiction in which the Client resides or conducts business or by the issuer of the relevant Investment. Any request for MSI plc to exercise or participate on behalf of the Client in the proposed Corporate Action shall be a representation to Morgan Stanley that the Client is entitled to so exercise or participate and that any and all restrictions or qualifications (including but not limited to any restrictions relating to the receipt of Corporate Action Information) have been complied with. By accepting and executing such request on behalf of the Client, MSI plc is not making any representation or warranty about the Client's eligibility to so exercise or participate in any such action.

**A.3.2. Calls on Partly Paid Investments:** Where Morgan Stanley or any third party holding Investments on behalf of Morgan Stanley is legally liable to meet any payment due or to become due in respect of those Investments, the Client will provide Morgan Stanley or such other person (as the case may be) with funds to meet such payments on the due date therefor, or Morgan Stanley or such person may make such payment and the Client will reimburse Morgan Stanley or such person forthwith upon demand. Where the Client provides the necessary funds in time to do so, MSI plc shall use reasonable endeavours to satisfy the call.

**A.3.3. Collection of Income:** Where Investments credited to a Prime Brokerage Account are registered in the name of an Associated Firm, a sub-custodian appointed by MSI plc or that of its or such sub-custodian's nominee, MSI plc will credit to that Prime Brokerage Account any Income actually received by it to which the Client is entitled as soon as reasonably practicable (after deduction of any taxes or duties payable).

**A.3.4. Reversal of Account Entries:** In some jurisdictions the delivery of Investments or crediting of cash to an account may be reversed

in certain circumstances. Accordingly, any delivery of Investments or crediting of cash to an Account will be subject to reversal if, in accordance with local laws and practice, the delivery of Investments or cash giving rise to the credit is reversed. Account entries may also be reversed to reflect any failed or delayed (or partially failed or delayed) settlements to or from the Client's Account. MSI plc will use reasonable endeavours to notify the Client in advance if it becomes aware that any Account entry may be reversed and will notify the Client promptly if any Account entry is reversed.

**A.3.5. Voting Rights:** In its capacity as custodian and prime broker for the Client, MSI plc may receive notification of voting rights to be exercised with respect to certain of the Client's Investments. For those Investments where MSI plc expressly agrees with the Client that it will do so, MSI plc will use reasonable efforts to notify the Client as soon as reasonably practicable following receipt of notification of such voting rights. MSI plc will only exercise voting rights in respect of the Client's Investments where expressly agreed with the Client. Any request for Morgan Stanley to exercise voting rights shall be a continuing representation that the Client is entitled to exercise such voting rights and that any and all restrictions specified by the issuer or which exist under applicable law or regulation have been duly complied with.

**A.3.6. Reporting Obligations:** The Client shall be solely responsible for compliance with any notification or other requirements of any jurisdiction relating to or affecting the Client's ownership of the Investments and Morgan Stanley assumes no liability for non-compliance with such requirements.

**A.3.7. Proceedings:** Morgan Stanley shall not be obliged to institute legal proceedings, file a claim or proof of claim in any insolvency proceedings or take any action with respect to collection of Income or to recover any cash or Investments.

#### **A.4. Client money**

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**A.4.1** When the Client transfers money to MSI plc, the money will not be client money for the purposes of the FCA Rules as title to such money will pass to MSI plc.

**A.4.2** Without prejudice to the foregoing, in relation to Exchange-Traded Derivatives Transactions entered into by the Client, MSI plc may transfer cash from the Client's Prime Brokerage Account to the Client's Account for Exchange-Traded Derivatives Transactions as may be required to meet any Margin payment due from the Client in relation to the Exchange-Traded Derivatives Transactions. While such cash is credited to the Client's

Exchange-Traded Derivatives Account MSI plc will treat it as client money and hold it subject to the FCA Rules relating to client money. However, when cash is transferred or retransferred to the Client's Prime Brokerage Account it will be held as collateral and full title to such cash will be transferred to MSI plc, and as a result such cash will not be client money for the purposes of the FCA Rules relating to client money.

**A.4.4.** [Where the Client holds money with Morgan Stanley Bank International Limited (“**MSBIL**”), the money will be held by MSBIL as banker and not trustee. As a result, the money will not be held in accordance with the client money rules. In particular, MSBIL shall not segregate the Client's money from MSI plc's money or its own money and will not be liable to account to the Client for any profits made by its use as banker of such funds. If MSBIL fails, the Client Money Rules regarding distributions will not apply to the money MSBIL holds for the Client and so the Client will not be entitled to share in any distribution under the Client Money Rules.][*To be included unless Compliance confirm it can be removed*]

#### **A.5. The Loan**

**A.5.1. Extension of the Loan:** MSI plc may, in its sole discretion, be prepared to lend the Client money on the terms set out in this Agreement.

#### **A.5.2. Terms of the Loan:**

- (i) **Limit on Loan Available:** The aggregate amount of the Loan available from time to time will not exceed such amount as MSI plc may in its sole discretion determine from time to time.
- (ii) **Purpose of the Loan:** The proceeds of the Loan will not be used in any way, directly or indirectly, for any purpose which is unlawful under any applicable law nor for the making, instigation or conducting of a takeover of, or tender offer for, any person or any other action which, when completed, will have the effect of acquiring control of any such person, or for the purchase of shares in the Client, whether such transaction is effected by the Client, any subsidiary of it, or any entity or individual that controls or is under common control with it.

**A.5.3. Interest:** Interest will accrue daily on the Loan at the rate and on the basis set out in the Fee Schedule.

**A.5.4. Repayment of the Loan:** The Loan, or any part thereof, is repayable by the Client on demand by MSI plc (which may mean the Client repaying the Loan the same day). When making such demand, MSI plc will notify the Client of the total amount due and the date for payment. The Client will pay such amount to

MSI plc (or on its instructions) on or before that date.

## **B. SETTLEMENT FACILITY**

### **B.1. Settlement Facility**

**B.1.1. Availability:** Normally, any securities to be transferred by the Client must be available for transfer in a Prime Brokerage Account or be provided by the Client to MSI plc in good time to enable MSI plc to settle the relevant transfer. However, MSI plc may make a Settlement Facility available to the Client by utilising either (i) securities MSI plc has in inventory or (ii) securities MSI plc has borrowed from a lender. The Client will, at the time it requests that MSI plc make a Settlement Facility available to it, inform MSI plc of the type and amount of securities it wishes MSI plc to source and/or make available on its behalf. If MSI plc is able to make a Settlement Facility available to the Client, MSI plc will inform the Client of the amount of those securities that MSI plc is able to borrow from a lender and/or make available from its inventory in accordance with this paragraph B.1.1. (the “**Settlement Securities**”). Except to the extent that there is sufficient available Margin, the Settlement Facility will only be made available to the Client on the transfer to MSI plc of such additional Margin as MSI plc requires in connection with the Client's Liabilities under the Settlement Facility.

Any Settlement Facility for Hong Kong Settlement Securities will be made available to the Client by MSI plc by lending the securities to the Client under the OSLA. The Client shall not be required to issue a Borrowing Request (as defined in the OSLA) in respect of such loan.

Upon the Client's request, MSI plc may agree to transfer Hong Kong securities to the Client (or to its order) in respect of an actual or possible future settlement obligation of the Client's and such transfer shall be regarded as a Settlement Facility for the purposes of this paragraph. If MSI plc agrees so to transfer Hong Kong securities, MSI plc shall remain the legal and beneficial owner of such securities and MSI plc shall hold the securities in an account in its name until such transfer.

### **B.2. Terms of Settlement Facility:**

- (i) **Availability:** Where MSI plc has informed the Client that it is able to make a Settlement Facility available for particular Settlement Securities, it will use reasonable endeavours to ensure that the Settlement Securities will be available for Settlement. The Client acknowledges that in certain circumstances, for example where the lender from whom MSI plc



- has sourced the securities fails to deliver such securities, MSI plc may not be able to make the securities available for Settlement. The provisions of this paragraph B.2(i) shall not apply in relation to Australian Settlement Securities.
- (ii) **Purpose:** Where MSI plc makes available to the Client a Settlement Facility, the Settlement Securities will be used for the sole purpose of effecting a Settlement and may be delivered by MSI plc either (i) directly to the third party purchaser; or (ii) to the Client prior to onward delivery to the third party purchaser. Where the Settlement relates to Hong Kong Settlement Securities MSI plc may deliver the securities directly to the Client (or to its order) in accordance with the OSLA and such delivery shall constitute performance by MSI plc of a Settlement. Where MSI plc effects any Settlement, the Client undertakes to deliver Equivalent Securities to MSI plc in accordance with paragraph B.2.(v).
- (iii) **Cancellation:** MSI plc may cease to make available to the Client the Settlement Facility in whole or in part at any time and will notify the Client as soon as reasonably practicable of any such cancellation. Notwithstanding the foregoing (but subject to the other terms of this Agreement), MSI plc will not cease to make available to the Client the Settlement Facility in relation to any Australian Settlement Securities where MSI plc has already confirmed to the Client that it will make such Australian Settlement Securities available to the Client for settlement.
- (iv) **Fees and other Payments:** In respect of any Settlement Facility, the Client will pay MSI plc such fee, based on the outstanding amount of Settlement Securities from time to time made available under that facility, being an amount, or a rate, or otherwise, as MSI plc determines and calculates and notifies to the Client. In addition, the Client will indemnify MSI plc on demand in respect of any payments or liabilities incurred by MSI plc, including any tax (other than tax on Morgan Stanley's net income) or duty for which MSI plc is liable to account, in connection with any borrowing of securities entered into by it to enable it to effect such Settlement Facility or otherwise making the Settlement Facility available to the Client.
- (v) **Delivery of Equivalent Securities:** The Client will be required to deliver to MSI plc Equivalent Securities to those used for Settlement on the Client's behalf and MSI plc may, at any time, require the Client to deliver any such Equivalent Securities by giving it Notice of not less than the standard settlement time for such securities on the exchange or in the clearing or settlement organisation through which such securities were originally delivered. The Client must deliver, or procure the delivery of, Equivalent Securities or make any relevant payment to MSI plc in accordance with this paragraph (or as MSI plc may instruct). Where the Client is required to deliver securities equivalent to Hong Kong Settlement Securities, it shall effect that delivery by delivering Equivalent Securities (as defined in the OSLA) in accordance with the OSLA and such delivery shall constitute performance of its obligations under this paragraph. If the Client fails to deliver Equivalent Securities to MSI plc in accordance with this paragraph B.2.(v), in addition to MSI plc's rights under the general law and this Agreement and, in the case of Hong Kong Settlement Securities, the OSLA, where MSI plc incurs, or is required to account to or reimburse any third party for interest, overdraft or similar costs and expenses or for losses, damages, expenses or costs suffered by such third party the Client agrees to pay on demand and indemnify MSI plc with respect to all such losses, damages, costs and expenses which arise from such failure. In addition, MSI plc may without prejudice to its other rights exercise a "buy-in" against the Client. In the event of a "buy-in" being exercised against the Client, the Client will account to MSI plc for the total costs and expenses reasonably incurred by MSI plc as a result of such "buy-in".
- (vi) **Manufactured Payments:** Where any Income is paid on any Settlement Securities which are the subject of a Settlement Facility, the Client will pay to MSI plc, on the payment date of any such Income, an amount of money equal to the same, together with an amount equal to any deduction, withholding or payment for or on account of any tax together with an amount equal to any tax credit associated with any such Income, unless MSI plc has agreed that an appropriate tax voucher may be provided in lieu of any such amount.
- (vii) **Corporate Actions:** Where, prior to delivery of any Equivalent Securities to MSI plc any rights relating to a Corporate Action, including those requiring election, arise in respect of any Settlement Securities the subject of a Settlement Facility, then the Client will deliver to MSI plc Equivalent Securities in such form as MSI plc has notified to the Client in relation to the exercise of any such right.
- (viii) **Representations:**
- On each occasion that the Client requests a Settlement Facility, the Client represents, warrants and acknowledges that:
- (a) it is solely responsible for ensuring that any short sale effected, or to be effected, by it that may give rise to a Settlement will be one that it is legally entitled to effect under the laws and regulations of the relevant market. In particular, MSI plc will have no responsibility or liability for ensuring, or advising the Client, whether any such short sale complies with any

laws or regulations to which the Client, or any such sale, may be subject;

(b) the purpose for which it requires the Settlement Facility will be a lawful purpose under the laws and regulations of the relevant market; and

(c) the purpose of requesting a Settlement Facility in respect of securities issued and traded in the United States ("US Equity Securities") will be to settle a short sale, to cover a failure to receive securities required to be delivered to the Client or any similar situation otherwise permitted under Regulation T as promulgated by the Board of Governors of the Federal Reserve System of the U.S.. To the extent that the Client is authorised under applicable law to re-lend the US Equity Securities it will obtain an undertaking from its borrower in form and substance equivalent to the representations and warranties given by it herein.

**B.3.** [This paragraph is deleted.]

**B.4. South African Securities:** Where, in relation to the Settlement Facility, MSI plc lends to the Client any South African Securities, the Client agrees to deliver Equivalent Securities within a period of twelve months from the date on which MSI plc settled the relevant transfer. Where a Morgan Stanley Company makes use of the Client's Investments, pursuant to paragraph I.1, and where such investments are South African Securities, MSI plc will deliver or procure the delivery by the relevant Morgan Stanley Company of Equivalent Investments, in accordance with paragraph I.2, within a period of twelve months from the date on which such South African Securities became the property of the relevant Morgan Stanley Company.

**B.5 Australian Settlement Securities:** Where MSI plc has informed the Client that it is able to make a Settlement Facility available for particular Australian Settlement Securities, MSI plc commits to procure the delivery of such Settlement Securities for Settlement, subject to the terms of this Agreement.

**B.6. Confirmations:** The Client elects to receive notification or confirmation with respect to the Settlement Facility by electronic means rather than by post or by facsimile.

## C. FOREIGN EXCHANGE TRANSACTIONS

The provisions of this Section C will apply to FX Transactions entered into with Morgan Stanley under the terms of this Agreement.

### C.1. Payments

All payments to be made upon the maturity of a FX Transaction will be made on the maturity date of such contract or, if such date is not a Currency Business Day, on the next Currency Business Day (the "**Currency Settlement Date**").

### C.2. Payment Netting

If on any Currency Settlement Date more than one delivery of a particular currency is to be made between the Client and the same Morgan Stanley Company in respect of a FX Transaction, then each such party will aggregate the amounts of such currency deliverable by it and only the difference between those aggregate amounts will be delivered, by the party owing the larger aggregate amount to the other party, and, if the aggregate amounts are equal, no delivery of that currency will be made.

### C.3. Pre-advice

The party making any payment on the maturity of a FX Transaction will advise the party receiving payment of the bank from which such payment is to be made.

## D. EXECUTION TERMS

The provisions of this Section D will only apply to (i) cash settled trades in Investments, (ii) Exchange-Traded Derivative Transactions and (iii) FX Transactions entered into under the terms of this Agreement.

### D.1. Dealing Rules and Regulations

(i) Morgan Stanley shall be entitled to carry out all Transactions pursuant to this Agreement in accordance with the constitution, by-laws, rules, regulations orders, directives, announcements and/or customs of the relevant market, self-regulating organisation, Exchange and/or Clearing House and applicable laws whether imposed on Morgan Stanley or the Client and shall be entitled to take or refrain from taking any reasonable action it considers fit in order to ensure compliance with the same. All such actions will be binding upon the Client.

(ii) If there is a conflict between (a) this Agreement and (b) any by-law, rule, regulation and/or law, the latter will prevail.

### D.2. No Obligation to Deal

Morgan Stanley will be under no obligation to execute or otherwise enter into any particular Transaction, or to accept any order. Morgan Stanley need not give any reasons for declining to do so. If Morgan Stanley declines an order for execution it will make reasonable efforts to notify the Client promptly, but will not be liable for any failure to notify.

**D.3. Best Execution**

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Morgan Stanley has developed the Order Execution Policy with respect to the execution of client orders. The Client consents to the execution of its orders in accordance with such Order Execution Policy. The Client consents to receiving future information with respect to the Order Execution Policy and related documentation via electronic communication or the Morgan Stanley website.

**D.4. Delegation**

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Morgan Stanley may delegate to any person (including any member of the Morgan Stanley group of companies) all or any part of a Transaction or service or may introduce the Client's Transaction to another person for execution, in each case subject to such conditions as Morgan Stanley may impose.

**D.5. Aggregation and Averaging**

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**D.5.1. Aggregation:** Morgan Stanley may, in accordance with the FCA Rules, aggregate the Client's orders with its own (in-house) orders, orders of its Associated Firms and other customer orders. Such aggregation may operate on some occasions to the advantage, and on other occasions to the disadvantage, of the Client.

**D.5.2. Averaging:** Any order taken from the Client for execution by Morgan Stanley may be executed over a period up to and including five business days unless (i) the order is immediately executed or (ii) the Client agrees otherwise (either generally in writing or specifically when such order is placed). Morgan Stanley may report to the Client an average price for the series of Transactions so executed instead of the actual price of the Transaction. Morgan Stanley and its employees or officers will not be liable for any loss arising from any such order being executed over a shorter period (whether more or less than one Exchange Business Day) as they shall determine in their absolute discretion.

**D.6. Principal or Agent**

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**D.6.1.** In accepting any order or executing Transactions (including programme trades), Morgan Stanley may act as agent, or principal, or a combination of both agent and principal unless it is unambiguously clear from the terms of the order (and Morgan Stanley accepts those terms) or the rules of an Exchange that Morgan Stanley will act in a specific capacity. If the rules of an Exchange require Morgan Stanley to act as agent on an Exchange where Morgan Stanley cannot deal as principal then, for that transaction the Client undertakes to sign and deliver to Morgan Stanley any further documents as Morgan Stanley may require.

**D.6.2.** In respect of programme trades, Morgan Stanley and/or an Associated Firm may execute an own account transaction in any Investment included in a programme trade.

**D.7. Equity Securities**

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With respect to Transactions in equity securities:

- (i) The Client's objectives may be achieved by Morgan Stanley acting as agent and having the ability to access its internal sources of liquidity. In such a case the Client's order may not be executed on an Exchange's central trading system. Such trades will be reported as appropriate.
- (ii) Morgan Stanley's internal sources of liquidity include, without limitation, crossing against client order flow, client facilitation, market making or a proprietary trading strategy. In such circumstances Morgan Stanley may be trading as both the Client's agent and as principal on Morgan Stanley's own behalf.

**D.8. Non-Readily Realisable Securities**

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Where Morgan Stanley acts as principal in executing a Transaction in an Investment which is not a packaged product or a readily realisable security (within the meaning of the FCA Rules), the unit price of the Transaction shall be either (a) the market price for the Investment then available on the Exchange on which such Investment is generally traded or (b) if no such price is available, such price as determined by Morgan Stanley on a reasonable efforts basis. Any reference in a contract or confirmation note to a market price shall be construed accordingly.

**D.9. Limit Orders**

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Any limit order taken from the Client in respect of an Investment in which Morgan Stanley acts as market maker or otherwise as principal will be on the basis that:

- (i) such order will not be executed unless and until the Investment concerned reaches the same or a higher price than that specified in the order (in the case of a sell order) or the same or a lower price than that specified in the order (in the case of a buy order) with a view to purchasing or selling (as the case may be) in the Investment concerned in the amount of the order; and
- (ii) until such execution Morgan Stanley may buy the Investment (where the order was to buy) at a price equal to or lower than that stated in the order or sell it (where the order was to sell) at a price equal to or higher than that so stated, such purchase or sale being from or to any third party and for its own account or for that of any Associated Firm.



**D.10. Contingent Liability Transactions**

The Client may enter into transactions with or through Morgan Stanley that may commit the Client to further payment or liability (“contingent liability transactions”). These may include written options where the Client will be obliged to make payment or delivery if the option is exercised against it, or contracts for differences such as swaps where the Client will be required to make variable payments depending on the performance of an index or other factor specified in the contract.

**D.11. Collective Investment Schemes**

The services provided hereunder may include execution of transactions in unregulated collective investment schemes.

**E. EXCHANGE-TRADED DERIVATIVES TRANSACTIONS**

Additional terms applicable to Exchange-Traded Derivatives Transactions are set out in the Schedule entitled Terms Relating to Exchange-Traded Derivatives at the back of this Agreement. These terms are in addition to the other provisions of this Agreement.

**F. REPRESENTATIONS AND ACKNOWLEDGEMENTS****F.1. Representations etc.**

**F.1.1.** By signing this Agreement the Client represents and warrants to Morgan Stanley that:

- (i) **Status:** the Client is duly organised and existing under the laws of the jurisdiction of its organisation and, if relevant under such laws, in good standing;
- (ii) **Powers:** the Client and any person designated by the Client has, and will at all times have, the power to enter into and deliver this Agreement and any other documentation relating to this Agreement, to enter into each Transaction or contract entered into pursuant thereto and to perform its or their obligations thereunder;
- (iii) **Obligations Binding:** the Client’s obligations under this Agreement and each Transaction or contract entered into pursuant thereto constitute the Client’s legal, valid and binding obligations, enforceable in accordance with their terms (subject to applicable bankruptcy, insolvency, reorganisation, moratorium and similar laws relating to or affecting creditors’ rights generally and to general equitable principles);

- (iv) **Consents:** the Client and any person appointed by it to advise it or deal on its behalf has obtained and will maintain in effect all necessary authorisations, consents or approvals, exemptions, licences and notifications (including, without limitation, any required by any regulatory body) in connection with the entry into this Agreement and any Transactions and will comply with the terms of the same and with all applicable law;
- (v) **No Violation or Conflict:** the execution, delivery and performance of this Agreement does not and will not conflict with any law applicable to the Client, any provision of its constitutional documents, any order or judgment of any court or other agency of government applicable to it or any of its assets or any provision of any agreement binding on or affecting it or any of its assets;
- (vi) **Acting as Principal:** the Client is acting as principal, and not as agent, nominee, fiduciary (except where the Client has notified Morgan Stanley that it is the trustee of a trust) or otherwise in entering into and performing any actions under this Agreement;
- (vii) **Ownership of Assets:** except where the Client is the trustee of a trust, the Client beneficially owns all assets held by Morgan Stanley in the Accounts, free of all encumbrances and/or adverse interests (other than those arising pursuant to the Customer Documents);
- (viii) **No Event of Default:** no Event of Default has occurred or is continuing and no such event would occur as a result of the Client entering into or performing its obligations under this Agreement or any Transaction hereunder;
- (ix) **Litigation:** no litigation, arbitration or administrative proceeding or claim is in progress, pending or, to the Client’s knowledge, threatened which could by itself or together with any other such proceedings or claims affect the legality, validity or enforceability of this Agreement or any Transaction or affect the Client’s ability to perform its obligations under this Agreement or any Transaction;
- (x) **ERISA:** neither the Client nor any Agent acting on behalf of the Client is (a) an employee benefit plan (an “ERISA Plan”), as defined in Section 3 (3) of ERISA, subject to Title I of ERISA or Section 4975 of the U.S. Internal Revenue Code of 1986, as amended, (b) a person acting on behalf of an ERISA Plan or using the assets of an ERISA Plan, or (c) a person the assets of whom constitute assets of an ERISA Plan. In the event that the Client is in breach of any aspect of this representation or becomes aware that with the passing of time, giving of notice, or expiry of any applicable grace period it will breach this representation the Client will notify MSI plc immediately;

- (xi) **Title:** at any time the Client delivers, or is treated as delivering, to Morgan Stanley any securities or Equivalent Securities, it will have the full and unqualified right to make such delivery; and
- (xii) **Additional Representation where Client is Trustee:** where the Client enters into this Agreement in the capacity of trustee of a trust, it:
- (a) has been properly appointed as trustee of the trust, is empowered under the trust deed to enter into and deliver this Agreement and any other documentation relating to this Agreement, to enter into each Transaction or contract entered into pursuant thereto and to perform its or their obligations thereunder and is entitled to deal with all relevant trust assets and that it has complied with all internal management procedures of the trust and any other applicable procedural requirements;
- (b) is absolutely entitled to pass full legal and beneficial ownership of all assets provided by it under this Agreement and each Transaction free of all encumbrances and/or adverse interests (other than those arising pursuant to the Customer Documents);
- (c) is not in breach of the trust and has the right to be indemnified out of the assets of the trust for all obligations under this Agreement and each Transaction;
- (d) has not lost and will not do anything or omit to do anything which may jeopardise or cause it to lose or in any way compromise its right to be indemnified in full out of the trust assets in respect of its obligations under this Agreement and each Transaction;
- (e) it has an express right of indemnity from the assets of the trust in respect of Transactions entered into which are in breach of any aspect of the relevant terms of trust; and
- (f) is not acting in breach of its fiduciary duties in entering into this Agreement or any Transaction.
- (xiii) The Client is not: (a) a United States person; (b) a foreign person controlled by U.S. persons; or (c) a foreign person acting on behalf or in conjunction with U.S. persons, as such terms are defined or used in Regulation X issued by the Board of Governors of the Federal Reserve System under the Securities Exchange Act of 1934 (as amended) of the United States of America.
- F.1.2. Compliance with Investment Restrictions:** The Client represents and warrants that it, and its Agents, where applicable, will comply in all respects with any and all investment restrictions, as amended, supplemented, updated or otherwise modified from time to time set forth in (a) any document, including, without limitation, any prospectus, statement of additional information, investment management agreement or (b) any law, regulation or guideline; in each case, governing the investment by the Client of its assets.
- F.1.3. Relationship Between the Parties:** In entering into this Agreement, entering into and performing any Transactions and receiving any services pursuant to this Agreement the Client represents, warrants and acknowledges that:
- (i) **Assessment and Understanding:** it fully understands (on its own behalf or through independent professional advice), is capable of assessing the merits of, and accepts the purposes, terms, conditions and risks of, and is capable of assuming, and assumes the risks of, this Agreement and any Transactions and services contemplated by this Agreement;
- (ii) **Responsibilities:** it has made its own independent decision as to whether this Agreement and such Transactions and services are appropriate or proper for it based on its own judgement and upon advice from such advisers as it has deemed appropriate.
- (iii) **Morgan Stanley not a Fiduciary:** Morgan Stanley is not acting as the Client's fiduciary or adviser. Neither the relationship between Morgan Stanley and the Client nor the services Morgan Stanley provides nor any other matter will give rise to any fiduciary or equitable duties on Morgan Stanley's part. Morgan Stanley will not be responsible for determining whether a Transaction or service is suitable or appropriate for the Client; for determining whether a Transaction or service is consistent with the Client's investment objectives or investment restrictions and is appropriate in light of the Client's financial circumstances; for determining the appropriate frequency of Transactions executed on the Client's behalf; for determining whether a Transaction has been authorised by the Client; or for disclosing the risks involved in entering into a Transaction, in each case, even if such matters would have been apparent on analysis of the Client's positions or trading history or if such analysis might have revealed cause for concern;
- (iv) **Senior Management:** the Client's senior management will be involved, where appropriate, in reviewing and approving this Agreement and services related to this Agreement and has approved the entry by the Client into Transactions of the type contemplated by this Agreement; and
- (v) **No Reliance:** it is not relying on any communication (written or oral) from Morgan Stanley as being investment, tax, legal or other advice or as a recommendation to enter into this Agreement or any Transaction or to receive

any service. No such communication will be deemed as any opinion, representation, assurance or guarantee as to the expected results or the tax or other consequences of entering into this Agreement or any Transaction or the receipt of any such service.

**F.1.4 MSI plc Representation:** By signing this Agreement, MSI plc represents to the Client that it is duly authorised to enter into this Agreement with the Client as agent and trustee for and on behalf of each of the Morgan Stanley Companies.

## **F.2. Repetition of Representations**

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The Client shall be deemed to represent and warrant during the continuation of this Agreement, with reference to the facts and circumstances then existing, that each of the representations and warranties set out in paragraph F.1. above remains true, accurate and correct.

## **F.3. Valuations and Reports**

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**F.3.1 Valuations:** Morgan Stanley may provide the Client with various estimated non-actionable valuations of Transactions (including, without limitation, financial markets transactions or transactions involving Investments) or reports containing valuations of the Client's positions or balances. In this connection, the Client acknowledges the following qualifications on valuations provided by Morgan Stanley:

Morgan Stanley will not be liable for any use or disclosure by the Client of, or any reliance by the Client on, any information contained in any valuation. Morgan Stanley makes no representation or warranty in relation to any such information, whether as to the correctness, completeness, sufficiency, or reliability for any purpose of such information, any entitlement of the recipient to receive, use, disclose or rely on such information or otherwise. In particular estimated valuations of Transactions or prices attributed to Investments are provided to the Client for information and internal purposes only, and are not intended for use for any other purpose including, without limitation, financial disclosure purposes, marketing, reporting (whether regulatory or otherwise), the determination of net asset value or for use by any third party. The valuation estimates or prices do not necessarily reflect Morgan Stanley's internal bookkeeping or theoretical model-based valuations of the Transactions or Investments for which a valuation or price is requested or provided and do not necessarily suggest that a market exists for the Transaction or Investments. In particular, certain factors may not have been assessed for purposes of valuations or prices including, for example, market conditions, the notional amount of a Transaction or holding, credit spreads, underlying volatility, costs of carry, use of capital and profit, which may substantially affect the value of any specific Transaction or holding of Investments. The valuation estimates or prices may vary significantly from valuation estimates or prices available from other sources and Morgan Stanley makes no representation or warranty with respect to such valuation estimates or prices shown. It is the Client's responsibility to ensure that it is aware of the basis on

which information provided to it is prepared and whether it is appropriate for use for a particular purpose and the Client must always independently verify any such information and ensure the information is appropriate for any purpose for which it intends to use such information. Unless otherwise expressly stated, such valuation estimates or prices are not an offer to enter into, transfer or assign any Transaction, or terminate any Transaction, or a commitment by Morgan Stanley to make such an offer. An indicative valuation of a Transaction or Investment may differ substantially from an actionable value.

**F.3.2 Reports:** Morgan Stanley may provide the Client with various reports reflecting the Client's positions and balances as well as other information. In this connection the Client acknowledges, in addition to the provisions of paragraph A.3.4, the following qualifications to such reports and information:

- (i) The reports may reflect positions and balances held at various brokers, financial institutions or which may have been supplied by the Client or the Client's agents. Whilst these positions may be reflected in reports provided by Morgan Stanley or recorded in the Client's Account, they will not represent Morgan Stanley's official books and records and will not have been independently verified by Morgan Stanley. Morgan Stanley accepts no responsibility for any such positions and balances or their inclusion in its reports and reserves the right to reverse or correct any such positions or balances if they are incorrect.
- (ii) Morgan Stanley may from time to time provide the Client with information relating to a particular market or jurisdiction received from its global network of sub-custodian banks or other third party sources. Morgan Stanley will not have independently verified such information and will have no liability for any inaccuracies, errors or incomplete information provided by such third parties.

## **F.4. No Responsibility for Investment Objectives**

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The Client acknowledges that Morgan Stanley will not be monitoring any of the Accounts for the purposes of evaluating their composition or their or the Client's performance and will not be aware of or monitoring the Client's overall financial position, investment objectives or investment restrictions.

## **F.5. Research Recommendations**

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**F.5.1 Receipt:** Morgan Stanley may from time to time provide research reports and recommendations to the Client, but is under no obligation to do so. Where Morgan Stanley does provide such research reports and recommendations, the Client acknowledges that it may not receive them at the same time as other customers of Morgan Stanley.

**F.5.2 Prior Internal Use:** The Client acknowledges that employees and officers of Morgan Stanley

may receive, have knowledge of, act upon or use research reports and recommendations (or any conclusions expressed thereon or research or analysis upon which they are based) before they are received by customers of Morgan Stanley. Morgan Stanley is under no obligation to take account of any such reports and recommendations when it deals with or for the Client.

#### **F.6. Conflicts of Interests**

**F.6.1.** Morgan Stanley hereby discloses that the following conflicts of interest may affect the Client:

- (i) Morgan Stanley has acted, is acting or is seeking to act as a financial adviser or lending banker to the issuer (or any of its affiliated companies) or has advised or is advising any person in connection with a merger, acquisition or take over by or for such issuer (or any of its affiliated companies);
- (ii) Morgan Stanley has sponsored or underwritten or otherwise participated in or is sponsoring or underwriting or otherwise is participating in a transaction;
- (iii) Morgan Stanley has a holding, dealing, or market making position or may otherwise be trading or dealing in Investments or assets of any kind underlying, derived from or otherwise directly or indirectly related to such Investments;
- (iv) Morgan Stanley has received or is receiving payments or other benefits for giving business to the firm with which the Client's order is placed;
- (v) Morgan Stanley has been or is an associate of an issuer (or any of its affiliated companies); and
- (vi) Morgan Stanley is matching the Client's transaction with that of any other client (including without limitation Morgan Stanley, any Associated Firm, connected customer or other customer of Morgan Stanley) either on behalf of such person as well as on behalf of the Client ("agency cross") or by executing matching transactions at or about the same time with the Client and such person ("back to back principal trade").

**F.6.2.** No further disclosure to the Client is required of any relationship, arrangement or interest which falls within the circumstances referred to in F.6.1. above and Morgan Stanley shall be entitled to retain any profit or benefit arising as if no such relationship, arrangement or interest existed.

**F.6.3.** Morgan Stanley shall not be obliged to disclose to the Client any matter, fact or thing if such disclosure would be a breach of any duty owed

by Morgan Stanley to any other person, or if the employees, officer or director who is dealing for or with the Client does not have actual notice of such matter, fact or thing.

#### **F.7. Third Party Service Providers**

From time to time Morgan Stanley may provide or make available to the Client, or to others acting with or on behalf of the Client, information regarding parties, which shall not include the Morgan Stanley Companies, that may provide goods or services to the Client ("**Service Providers**"). The Client acknowledges that Morgan Stanley does not guarantee or warrant the accuracy, reliability or timeliness of such information, or of the goods or services provided by any Service Providers. The Client agrees that Morgan Stanley shall have no liability whatsoever to the Client for any losses, claims, damages and liabilities suffered or incurred by the Client, and the Client shall indemnify and hold Morgan Stanley harmless from and against any and all losses, claims, damages and liabilities suffered by Morgan Stanley, arising out of or relating to, actions or omissions by the Service Providers, Morgan Stanley's provision or making available of such information, or the Client's selection or use of or reliance on such Service Providers.

### **G. OBLIGATIONS**

#### **G.1. Margin**

The Client will provide MSI plc with Margin in accordance with the following provisions:

- (i) The Client shall at all times hold in its Account or Accounts Margin with a value at least equal to the Client's Margin Requirement. In determining the value of Margin, MSI plc may apply such haircut to the current market value of the Margin as it may determine in its sole discretion.
- (ii) Where the value of Margin held by MSI plc is less than the Client's Margin Requirement, MSI plc may (but is not obliged to) make a demand for further Margin (which may be oral or in writing and may require the Client to deliver additional Margin on the same day) and the Client will deliver or pay to MSI plc such further Margin within the period so specified for payment or delivery. Failure by MSI plc to make such demand will not in any way affect Morgan Stanley's rights or the Client's obligations under this Agreement.

#### **G.2. Fees**

**G.2.1.** The Client will pay fees to MSI plc for the prime brokerage services in accordance with the Fee Schedule, which may be amended upon reasonable notice. Such fees are in addition to any other fees, charges or costs that may apply, including, in relation to (i) the execution of Transactions, (ii) the failure of Transactions to clear, (iii) any other fees, charges or costs associated with any non-prime brokerage service,

and (iv) the exercise by Morgan Stanley on behalf of the Client of any Corporate Action or voting rights relating to any Investment of the Client. MSI plc is entitled to deduct any fees, charges or costs from any Account.

**G.2.2.** Morgan Stanley charges comprise commission as notified separately to the Client from time to time and/or mark-up or mark-down. MSI plc's charges vary according to the Transaction or service or client, and therefore the charges notified to the Client in respect of any particular transaction may differ from those incurred by another client in a similar transaction. Where Morgan Stanley uses its own internal sources of liquidity, it may retain a spread and an agreed commission in respect of certain trading strategies.

**G.2.3.** Morgan Stanley may share charges with Associated Firms or other third parties or receive remuneration from them in respect of Transactions carried out with or for the Client or it may be acting on both sides of a Transaction. Details of any such arrangements will be made available upon written request.

### **G.3. Indemnification**

**G.3.1. General Indemnity:** The Client will fully indemnify each Indemnified Person on demand against any and all Claims which any Indemnified Person may suffer or incur directly or indirectly (including those incurred to a sub-custodian, broker, Executing Broker, Exchange, Clearing House or other regulatory authority) as a result, or in connection with, or arising out of (i) this Agreement and the Customer Documents, (ii) any Transaction effected with the Client or on the Client's instructions, (iii) acting on any other instructions of the Client whatsoever (iv) any services provided to the Client pursuant to this Agreement or the Customer Documents, (v) without limiting the foregoing, any breach by the Client of its obligations under this Agreement or the Customer Documents or any Transaction, (vi) any representation or warranty proving to be incorrect when made or repeated, or deemed to have been made or repeated and (vii) any claims, actions, proceedings or investigations arising out of or in connection with this Agreement or the Customer Documents or any Transaction hereunder. References herein to Transactions, instructions given by the Client, services to be provided to the Client or breaches by the Client of its obligations include Transactions entered into by, instructions given, services to be provided to, and breaches by, an Agent.

This indemnity will not extend to any Indemnified Person in so far as the Claims suffered by the same are a direct result of its fraud, wilful default or negligence or breach of applicable law or regulation by the Indemnified

Person, other than where the breach of law or regulation arises as a result of the Indemnified Person taking any action or inaction on the instructions of the Client or an Agent or as a result of the failure by the Client to take any action required to be taken by it under applicable law or regulation.

**G.3.2. Currency Indemnity:** If, under any applicable law (whether as a result of a judgment against the Client or its liquidation or for any other reason), any payment in connection with this Agreement is made or recovered in a currency other than that which it is required to be paid, then, to the extent that the payment to Morgan Stanley (when converted in accordance with Morgan Stanley's usual practice on the date of receipt or recovery, or if it is not practicable to make that conversion on that date, on the first date on which it is practicable to do so) falls short of the amount unpaid under this Agreement, the Client will as a separate and independent obligation, fully indemnify Morgan Stanley against the amount of the shortfall, including, without limitation, any premiums and costs of exchange payable in connection with the purchase of the currency and/or conversion. For the purposes of this paragraph, it will be sufficient for Morgan Stanley to demonstrate that it would have suffered a loss had an actual exchange or purchase been made on such date.

**G.3.3.** Nothing in this Agreement will require the Client to indemnify or compensate MSI plc to any extent prohibited by the FCA Rules.

### **G.4. Taxes**

**G.4.1. Withholding:** All amounts payable to Morgan Stanley under this Agreement or any Transaction shall be paid in full without set-off or counterclaim and, except to the extent required by law, free and clear of and without any deduction or withholding whatsoever. If the Client is required by law to make any deduction or withholding from any payment, it will pay to Morgan Stanley, simultaneously with making such payment, such additional amount as may be necessary to ensure that the net amount received by Morgan Stanley after all deductions and withholdings is equal to the amount which would have been received by Morgan Stanley had no such deduction or withholding been required.

**G.4.2. Taxes Additional:** All amounts payable by the Client under this Agreement or any Transaction are exclusive of applicable taxes and duties to which Morgan Stanley may be subject (other than taxes or duties on Morgan Stanley's net income). The Client will pay such taxes and duties to Morgan Stanley at the same time as the amounts to which they relate.

**G.4.3. Tax Claims:** The Client will be fully responsible for payment of all taxes and duties



and for the making of all claims in relation to any taxes or duties to which Morgan Stanley and/or the Client may be subject (other than taxes and duties on Morgan Stanley's net income), whether for exemption from withholding taxes or otherwise, for filing all tax returns and for providing any relevant tax authorities with all necessary information in relation to any business Morgan Stanley carries on for or with the Client or any cash or Investments which Morgan Stanley holds on its behalf. The Client will indemnify Morgan Stanley on demand against any Claims suffered or incurred by Morgan Stanley as a result of any failure of the Client to comply with this paragraph.

**G.4.4. Transfer Taxes:** The Client will be responsible for and will pay promptly (and in any event before any interest or penalty becomes payable) any taxes or duties, including without limitation, any stamp, sales, transfer, documentary, withholding and other similar taxes and duties to which Morgan Stanley or the Client may be accountable or liable in relation to this Agreement or any related instruction, order or document (whether as a result of any Investments being registered in Morgan Stanley's name or those of its nominee or otherwise) or which arises in connection with the services provided under or associated with this Agreement or any Transaction. The Client will notify Morgan Stanley where any transfer of Investments to an Account constitutes a transfer where Morgan Stanley may be required to pay or collect any taxes or duties contemplated in the foregoing, or to report the transfer of such Investments.

When requested, the Client will notify Morgan Stanley promptly of any information relating to the Client's tax status or obligations which is required in order for Morgan Stanley to meet its tax or audit obligations. The Client will ensure that any information provided is accurate and will notify Morgan Stanley promptly of any change to such information.

The Client will indemnify Morgan Stanley on demand against any Claims suffered or incurred by Morgan Stanley as a result of the Client's failure to pay any such taxes or duties, or any delay or omission by the Client in paying any such taxes or duties or in the provision of such information, together with any incidental costs associated therewith, including (without limitation) any disbursements, costs, resource costs or the costs of external advisers incurred in response to investigations, enquiries, or other administrative or judicial actions, processes or procedures instigated by any revenue or other governmental authority in any jurisdiction.

#### **G.5. Default Interest**

If the Client does not pay any amount when due under the terms of this Agreement, it will be required to pay interest to Morgan Stanley on such amount (before as well as after judgment) in the same currency as such overdue amount for the periods from (and including) the original due date for payment to (but excluding) the date of actual payment, at the Default Rate. Such interest will be calculated on the basis of daily compounding and the actual number of days elapsed.

#### **G.6. Investment Adviser/Investment Manager**

The Client may appoint an Agent to purchase, sell and trade generally in, exercise, and otherwise enter into, arrange and carry out Transactions and give other instructions relating to Investments, whether electronically or otherwise, and for the Client's account and risk and in the Client's name or number on Morgan Stanley's books, including Transactions which will or may result in the Client having a short position in any such Investment. Morgan Stanley is authorised to accept and act on:

- (a) any and all orders and instructions received in connection with such Transactions whether electronically or otherwise from an Agent; and
- (b) any other instructions of the Agent in any respect concerning the Client's Account(s) (including, without limitation, delivering or otherwise transferring investments and/or paying monies as the Agent may order or direct, and whether or not any such delivery or other transfer is to be made against payment, or any such payment is to be made against delivery or other transfer).

#### **G.7. Payment, Transfer and other Instructions**

**G.7.1. Instructions:** Morgan Stanley shall be entitled without further inquiry to execute or otherwise act upon instructions or purported instructions, whether in electronic form or otherwise, received from persons who reasonably appear to Morgan Stanley to have authority to act on behalf of the Client including, without limitation, an Agent notwithstanding that it may afterwards be discovered that such instructions were not genuine or were not issued by an authorised person. Such execution or action shall, in the absence of negligence, wilful default or fraud of Morgan Stanley, constitute a good discharge by Morgan Stanley of its obligations and it shall not be liable for any actions taken or omitted to be taken in good faith in reliance on such instructions nor shall it be liable for any error, omission or inaccuracy in any transmission as received by Morgan Stanley. Subject to the foregoing, an instruction (sent by any method) will only be effective if actually received by Morgan Stanley.

**G.7.2. Cash Payments Instructions and Securities Transfer Instructions:** The Client will from time to time notify MSI plc in writing of the

names of the people who are authorised to give Cash Payments Instructions and Securities Transfers Instructions on its behalf by providing MSI plc with a Cash Payments and Securities Transfers Authorisation. Regardless of the method of instruction, until MSI plc receives written notice to the contrary, it is entitled to assume that any of those people have full and unrestricted power to give Cash Payments Instructions and Securities Transfers Instructions on the Client's behalf.

**G.7.3. Online Cash Instructions:** MSI plc may agree to accept Cash Payment Instructions from the Client through Morgan Stanley's online cash instruction system which will automatically generate an instruction to the respective agent bank. MSI plc will not check or monitor such instructions before they are issued to the agent bank and accepts no liability for any errors or omissions contained therein. It will be the Client's responsibility when using these systems to ensure that any user identifications and/or passwords used by it and/or any Authorised User are kept secure and the protection of any specific system access password will be the responsibility of the Client. MSI plc will be entitled to assume that instructions received via these systems are instructed by an authorised person.

**G.7.4. SWIFT Cash Instructions:** MSI plc may agree to accept Cash Payment Instructions from a SWIFT Bank Identifier Code specified by the Client. The Client authorises MSI plc to accept and act on such Cash Payments Instructions and acknowledges that SWIFT messages may not include the name of the person giving the instruction. MSI plc will not check or monitor such instructions before they are issued to the agent bank and accepts no liability for any errors or omissions contained therein. It will be the Client's responsibility when using SWIFT to ensure that any user identifications and/or passwords used by it and/or any authorised person are kept secure and the protection of any specific system access password will be the responsibility of the Client. MSI plc will be entitled to assume that instructions received via SWIFT are instructed by an authorised person.

**G.7.5 Other Methods of Instruction:** Transfer or Cash Payment Instructions may not be given by any other means, including by way of electronic mail, unless expressly agreed by MSI plc.

**G.7.6 Transfer Instructions:** In carrying out instructions to make transfers of assets (whether from an Account of the Client's to another prime brokerage account held by a different client or from an Account to an account held by a third party with an external custodian) MSI plc shall be performing a purely administrative function. Subject to G.7.1, MSI plc is entitled to assume that

instructions presented by the transferor in the required form are valid and it may act on such instructions accordingly. MSI plc will not undertake any review of instructions for the purposes of determining their validity including, for example, suitability or appropriateness or compliance with any investment restrictions, or for the purposes of determining that the Client receives fair value for the assets.

## **G.8. Confidentiality, and Information**

**G.8.1. Confidentiality:** Both Morgan Stanley and the Client will treat as confidential the Confidential Information learned about the other in the course of the relationship governed by this Agreement. Except as otherwise provided in this paragraph, neither the Client nor Morgan Stanley will disclose the Confidential Information to any third party without the other's written consent. The provisions of this paragraph G.8 shall replace and supersede any prior agreement between the parties as to the confidentiality of any Confidential Information.

### **G.8.2. Permitted Disclosure:**

(i) Each of Morgan Stanley and the Client authorises the other to disclose any information or take any act required by law, rule, regulation, order, directive or announcement in any jurisdiction, or that is requested by any self regulating organisation, Exchange, Clearing House or any other body having regulatory or tax or enforcement responsibility in relation to any business conducted by them except where paragraph G.8.2 (iv) applies.

(ii) The Client authorises Morgan Stanley to disclose to the Client's investment manager, investment adviser, auditor, administrator and other advisers or Agents, or to third party services providers (including Service Providers) in connection with the provision of services to the Client or to Morgan Stanley in connection with this Agreement and the services contemplated thereunder, any information relating to the Accounts or otherwise (including but not limited to Confidential Information) as they may from time to time request and Morgan Stanley may disclose any such information to other third parties, including but not limited to investors, at the direction of the Client's investment manager investment adviser, administrator and other advisers or Agents. The Client will indemnify Morgan Stanley against any loss or liability it may suffer or incur as a result of any such disclosure.

(iii) Nothing in paragraph G.8.1. shall prevent one Associated Firm disclosing such information to another Associated Firm.

- (iv) Neither Morgan Stanley nor the Client will disclose information of the kind specified in section 275(1) of the PPSA unless otherwise required by section 275(7) of the PPSA.

**G.8.3. Provision of Information:** The Client will provide Morgan Stanley on demand with all such information as Morgan Stanley may reasonably request in connection with this Agreement, any Transaction or the Client's ability to perform its obligations hereunder.

## H. EVENTS OF DEFAULT

The occurrence at any time of any of the following events will be an "Event of Default" for the purposes of this Agreement:

- (i) **Failure to Pay or Deliver:** The Client fails to make any payment or delivery or meet any Margin call, in each case, upon the due date or within the period specified;
- (ii) **Breach of Agreement:** The Client fails to perform any other material obligation hereunder and, if such failure is capable of remedy, such failure is not remedied on or before the second Notice Business Day after notice of such failure is given to the Client;
- (iii) **Act of Insolvency:** An Act of Insolvency occurs or any enforcement action is taken in respect of any security or arrangement having a similar effect to security with respect to the Client;
- (iv) **Misrepresentation:** Any representation made by the Client proves to have been incorrect or untrue in any material respect when made or repeated, or deemed to have been made or repeated;
- (v) **Admission of Inability or Unwillingness to Perform:** The Client admits to Morgan Stanley or any other person its inability to, or intention not to, perform any of its obligations under the Customer Documents and/or any Transaction;
- (vi) **Regulatory Suspensions:** The Client is suspended from membership of, or participation in, any Exchange, Clearing House or association or self-regulating organisation, or suspended from dealings in Investments by any government agency;
- (vii) **Cross Default:**
- (a) in relation to the Client or any of its affiliates, a default, event of default, termination event or the like occurs or is declared under any other agreement of whatever nature with Morgan Stanley or any Associated Firm;
- (b) in relation to the Client or any of its affiliates, any indebtedness or other financial obligation in an amount greater than U.S. \$250,000 (or its equivalent in any other currency or currencies) is not paid or met at its stated maturity (or within any applicable grace period) or by reason of any default, event of default, termination event or the like on the Client's part becomes due prior to its stated maturity or, if payable or repayable on demand, when so demanded;
- (viii) **Suspension of NAV/redemptions:** The net asset value calculation of the Client or the redemption of investor interests in respect of the Client is suspended, restricted or delayed for any reason;
- (ix) **Material Adverse Change:** The Client suffers a material adverse change in its financial condition, results, properties, business or operations as determined by MSI plc in its absolute discretion;
- (x) **Ceasing to be a Trustee:** Where the Client is the trustee of a trust, it ceases to be trustee of the trust for any reason whatsoever;
- (xi) **Insolvency of Trust Fund:** Where the Client is a trustee of a trust, the liabilities of the trust fund exceed the market value of its assets or the trustee is unable to satisfy all of its liabilities incurred as trustee in full by proper recourse to the assets of the trust fund;
- (xii) **Invalidity of Security:** MSI plc reasonably determines that the Security is or may be invalid, unenforceable, prejudiced or otherwise ineffective in whole or in part for any reason whatsoever; or
- (xiii) **Impossibility/Illegality:** The Client is prevented from making any payment or delivery or it becomes impossible, impracticable or illegal for the Client to make any payment or delivery.

The Client will notify MSI plc immediately of the occurrence of an Event of Default or of an event which with the passing of time, giving of notice, expiry of any applicable grace period or the making of any determination by MSI plc may constitute an Event of Default.

## I. USE OF INVESTMENTS

### I.1. Use of Investments

- (i) The Client hereby authorises any Morgan Stanley Company at any time or times to borrow, lend, charge, rehypothecate, dispose of or otherwise use for its own purposes any Investments which are for the time being subject to the Security in an amount up to but no greater than the Adjusted Value without giving notice of such borrowing, lending, charge, rehypothecation, disposal or other use to the Client. Such Morgan Stanley Company may retain for its own account all fees, profits and other benefits received in connection with any such borrowing, loan or use. Upon (i) a



borrowing, lending or other use, such Investments will become the absolute property of that Morgan Stanley Company (or that of its transferee) free from the Security and from any equity, right, title or interest of the Client's and (ii) a charge or rehypothecation of any of the Client's Investments, all of those Investments, including the Client's interest in those Investments, will be subject to the charge or other security interest created by such charge or rehypothecation. Upon any such use, the Client will have a right against the Morgan Stanley Company (and to the extent that such Morgan Stanley Company fails to deliver Equivalent Investments, to MSI plc) for the delivery of Equivalent Investments in accordance with paragraph I.2. No Morgan Stanley Company will be permitted to exercise its right of use in relation to any additional Client Investments at any time following the occurrence of a MSI plc Act of Insolvency.

- (ii) Where a Morgan Stanley Company borrows, lends or otherwise uses Hong Kong Securities any such borrowing, lending or use shall be effected by way of a loan of the relevant securities by the Client to the Morgan Stanley Company under the OSLA. The Morgan Stanley Company shall not be required to issue a Borrowing Request (as defined in the OSLA) in respect of any such loan made.
- (iii) MSI plc shall determine the Adjusted Value and the Equivalent Dollar Value of Investments used under I.1. on a daily basis. In valuing any Investments for the purposes of this paragraph I.1. MSI plc shall rely on the value given by any reputable pricing source and, in the absence of any such value or (if MSI plc determines that such value is, in its reasonable opinion, inaccurate), such value as MSI plc reasonably determines.

## **I.2. Redelivery of Used Investments**

The relevant Morgan Stanley Company or MSI plc on behalf of such Morgan Stanley Company may deliver, or procure the delivery of, Equivalent Investments to the Client under paragraph I.1. by causing such Investments to be transferred, appropriated or designated to the Account in which such Investments were held prior to such use or, if not possible to do so, or if an Event of Default has occurred, to such other Account or Accounts subject to the Security as it shall determine. Such Investments will upon such transfer, appropriation or designation become subject to all the provisions of this Agreement, including without limitation, those of Section J and this Section I.

## **J. SECURITY**

### **J.1. Security**

**Charge:** As continuing security for the payment and discharge of all Liabilities, the

Client charges to MSI plc for itself and as trustee for the other Morgan Stanley Companies by way of first fixed charge and assigns by way of security with full title guarantee and free from any adverse interest whatsoever:

- (i) all rights, title and interest of the Client in or in respect of Investments and other assets not falling within sub-paragraphs (ii) to (vi) below constituted by credits standing from time to time to any Account;
- (ii) all Investments which, or the certificates or documents of title to which, are for the time being deposited with or held by a Morgan Stanley Company;
- (iii) all other Investments and all rights, cash (including, without limitation, dividends) and property whatsoever which may from time to time be derived from, accrue on or be offered in respect of any Investments referred to in sub-paragraphs (i) and (ii) above, whether by way of Corporate Action or otherwise howsoever;
- (iv) all cash for the time being credited to any Account;
- (v) all rights of the Client arising in respect of any Investments or cash referred to in sub-paragraphs (i) to (iv) above, including, without limitation, any rights against any custodian, banker or other person;
- (vi) all rights of the Client under this Agreement and the Customer Documents (including those existing after any netting or set off of amounts owed under such Customer Documents) including, without limitation, all rights of the Client to delivery of Equivalent Investments and Equivalent Securities;
- (vii) all sums of money held by any Morgan Stanley Company for the Client, the benefit of all accounts in which any such money may from time to time be held and all the Client's rights, title and interest under any trust relating to such money or to such accounts as aforesaid,

but, in each case, so that the covenants implied by the Law of Property (Miscellaneous Provisions) Act 1994 in the charges contained in or created pursuant to this Agreement are construed with the omission of (A) the words "other than any charges, encumbrances or rights which that person does not and could not reasonably be expected to know about" in section 3(1) of that Act; and (B) section 6(2) of that Act.

### **J.2. Withdrawals**

- J.2.1.** The Client may request Morgan Stanley (either orally, in writing or by electronic transmission and either expressly or impliedly) to deliver

cash and/or Investments from an Account to a third party. Such request is subject to the provisions of the Security and this Agreement. If Morgan Stanley permits delivery of such cash and/or Investments from an Account to a third party then, on the relevant delivery being made, the relevant cash and/or Investments shall be automatically released from the Security.

**J.2.2.** Permitting any withdrawal of Investments and/or cash from an Account, or a series of such withdrawals, will not commit Morgan Stanley to permit any other withdrawals from the Accounts.

**J.3. Supplemental Provisions Relating to the Security**

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**J.3.1. Continuing Security:** The Security is continuing and will extend to the ultimate balance of all the Liabilities, regardless of any intermediate payment or discharge in whole or in part.

**J.3.2. Security Unaffected:** The Security is in addition to any other security, guarantee or indemnity now or subsequently held by Morgan Stanley in respect of the Liabilities and the Security is not in any way prejudiced by any other such security, guarantee or indemnity. Morgan Stanley may at any time and without reference to the Client give up, deal with, vary, exchange or abstain from perfecting or enforcing any other such security, guarantee or indemnity at any time and discharge any party thereto, and realise the same as it thinks fit without in any way affecting or prejudicing the Liabilities or the Security. The Client acknowledges that the Security shall not in any way be affected by the level of Margin required pursuant to Section G.

**J.3.3. Further Assurance:** For the purpose of perfecting or enforcing the Security, if MSI plc so requests at any time or times the Client will promptly execute and sign all such transfers, assignments, powers of attorney, further assurances or other documents and do all such other acts and things as may reasonably be required to realise the Security or vest any of it in MSI plc or to its order or to a purchaser or transferee or to perfect or preserve the rights and interests of MSI plc and the other Morgan Stanley Companies in respect of the Security (including, without limitation, the institution and conduct of legal proceedings) or for the exercise by Morgan Stanley of all or any of the powers, authorities and discretions conferred on Morgan Stanley by this Agreement. The Client hereby by way of security irrevocably appoints each Morgan Stanley Company severally as its attorney to execute any such transfers, assignments, powers of attorney, further assurances or other documents and do all such other acts and things as aforesaid for the purpose of perfecting or enforcing the

Security, or attempting to do so. The Client hereby ratifies and confirms and agrees to ratify and confirm the exercise or purported exercise by a Morgan Stanley Company of the power of attorney.

**J.3.4. Law of Property Act:** Sections 93 (restriction of right of consolidation) and 103 (restriction of right of sale) of the Law of Property Act 1925 will not apply to this Agreement. The Liabilities will become due for the purposes of section 101 of the Law of Property Act 1925, and the statutory power of sale and of appointing a receiver which are conferred on the Morgan Stanley Companies under that Act (as varied or extended by this Agreement) and all other powers shall be deemed to arise immediately after execution of this Agreement.

**J.3.5. Avoidance of Payments:** If Morgan Stanley reasonably determines that any payment received or recovered by Morgan Stanley may be avoided or invalidated after the Liabilities have been discharged in full, and after any facility which might give rise to such Liabilities has been terminated, this Agreement (and the Security created thereby) will remain in full force and effect and Morgan Stanley will not be obliged to release any cash or Investments charged under the Security until the expiry of such period as Morgan Stanley shall reasonably determine.

**J.3.6. No Release:** No payment which may be avoided or adjusted under any law, including any enactment relating to bankruptcy or insolvency, and no release, settlement or discharge given or made by Morgan Stanley on the faith of any such assurance, security or payment, shall prejudice or affect the right of Morgan Stanley to recover the Liabilities from the Client or to enforce the Security to the full extent of the Liabilities.

**J.3.7. Negative Pledge:** The Client will not create or have outstanding any mortgage, pledge, lien, hypothecation, security interest or other charge or encumbrance, or any other agreement or arrangement having the same economic effect, over or in respect of the present or future Charged Assets (other than for any security created under the Customer Documents).

**J.3.8. Continuation of Accounts:** At any time following (i) Morgan Stanley receiving notice (either actual or otherwise) of any subsequent security interest affecting any assets subject to the Security or (ii) the occurrence of any Act of Insolvency in respect of the Client, Morgan Stanley may open a new Account in the Client's name (whether or not Morgan Stanley permits any existing Account to continue). If Morgan Stanley does not open such a new Account, Morgan Stanley will nevertheless be treated as if Morgan Stanley had done so at the time, as the case may be, when the notice was received or deemed to have been received of

the subsequent security interest or at the time of the Act of Insolvency. No cash or Investments thereafter paid into any Account, whether new or continuing, shall discharge or reduce the amount receivable pursuant to this Agreement.

**J.3.9 Protection of Third Parties:** No purchaser from, or other person dealing with, Morgan Stanley shall be concerned to enquire whether any of the powers exercised or purported to be exercised has arisen or become exercisable, whether the Liabilities remain outstanding or as to the propriety or validity of the exercise or purported exercise of any power; and the title of such a purchaser and the position of any such person shall not be impeachable by reference to any of those matters and the protections contained in sections 104 to 107 of the Law of Property Act 1925 shall apply to any person purchasing from or dealing with Morgan Stanley.

**J.3.10 Receipts:** The receipt of Morgan Stanley shall be an absolute and a conclusive discharge to a purchaser and shall relieve the purchaser of any obligation to see to the application of any moneys paid to or by the direction of Morgan Stanley.

**J.3.11 Construction:** In paragraphs J.3.9. and J.3.10. "purchaser" includes any person acquiring for money or money's worth any security interest over, or any other interest or right whatsoever in relation to the Charged Assets.

**J.3.12 Certificate of Borrowings:** For all purposes, including any legal proceedings, a certificate by any officer of MSI plc as to the sums and/or liabilities for the time being due to or incurred by MSI plc shall be conclusive in absence of manifest error.

#### **J.4. Enforcement**

**J.4.1 Enforceability:** Without prejudice to Morgan Stanley's rights under paragraphs J.5., K.1. and K.2., on or at any time after the occurrence of an Event of Default in relation to the Client and without prior notice or demand on the Client, MSI plc (for itself and as agent, or as the case may be, trustee on behalf of the other Morgan Stanley Companies) may enforce the Security and exercise all the powers and rights of a mortgagee conferred by statute or otherwise and (without prejudice to the generality of the foregoing) may (i) appropriate, sell or otherwise dispose of all the title to and interest in any asset subject to the Security or (as MSI plc may elect and without prejudice to any later exercise of this power) the whole or part of the equitable interest divested of the legal title for such consideration (which may comprise or include Investments), upon such terms and generally in such manner as MSI plc may, in its sole and absolute discretion, think fit provided that (a) where Morgan Stanley sells or disposes

of any such assets Morgan Stanley shall use its reasonable endeavours to obtain a fair value where reasonably obtainable in the circumstances; and (b) where Morgan Stanley appropriates assets pursuant to this paragraph J.4.1. the value given to such assets shall be the Net Value (such appropriated assets being treated as Receivable Investments for this purpose); and (ii) apply all or any part of any cash credited to an Account or the value of any appropriated assets towards the discharge of the Liabilities upon such terms and generally in such manner as MSI plc may, in its sole and absolute discretion, think fit.

**J.4.2 Application of Net Proceeds:** The net proceeds of any enforcement will be applied towards discharge of the Liabilities in such order as MSI plc in its sole discretion shall determine. Subject to paragraph J.3.5, the Client will be entitled to any balance remaining after the unconditional and irrevocable discharge of all Liabilities. In the event of a shortfall, the Client will immediately on demand pay to each relevant Morgan Stanley Company the balance remaining due to it.

**J.4.3 Other Means of Enforcement:** If the Client fails to discharge any Liabilities when due, Morgan Stanley may, but is not bound to, resort to any other reasonable means of obtaining discharge at any time and in any manner or order it thinks fit, without thereby affecting the Security.

**J.4.4 Suspense Account:** Morgan Stanley may, for the purpose of enabling it to maximise its recoveries in any actual or potential winding-up, dissolution or analogous proceeding relating to the Client, or prior to the application of any amounts, credit any amounts received or recovered by it in exercise of its rights under this Agreement (including Section P) to, and require the same to be paid to it for crediting to, an interest bearing suspense account for so long and in such manner as it may determine.

**J.4.5 PPSA disappplied:** The provisions of the PPSA specified in paragraphs (a) to (r) inclusive of section 115 of the PPSA will not apply in relation to any Charged Assets the subject of a security interest established under or contemplated by this Agreement, to the extent that this is permitted by the relevant paragraph of section 115 of the PPSA in relation to that provision.

**J.4.6 PPSA exclusion of notice requirement:** To the extent not prohibited by the PPSA, the Client waives its right to receive any notice otherwise required to be given by Morgan Stanley under section 157 (verification statements) or any other provision of the PPSA.

#### **J.5. Limited Close-Out**

**J.5.1. Termination:** Without prejudice to Morgan Stanley's rights under paragraph K.1. and K.2., or under paragraph J.4.1., on or at any time after the occurrence of an Event of Default in relation to the Client, MSI plc may serve a notice to the Client (a "**Termination Notice**") (and so that MSI plc may serve one or more Termination Notices at any time while an Event of Default is continuing) whereupon all or such of the following as may be specified in the Termination Notice shall occur:

- (i) the Settlement Facility will be terminated and all Equivalent Securities that the Client is required to deliver under paragraph B.2.(v) will be immediately deliverable;
- (ii) all Equivalent Investments in respect of which the Client has a right of delivery under paragraph I.2. will be deliverable;
- (iii) such outstanding Exchange-Traded Derivatives Transactions as may be specified in the Termination Notice will be terminated in accordance with the terms of the MNA;
- (iv) such outstanding FX Transactions as may be specified in the Termination Notice will be terminated,

so that the performance of the respective obligations of the parties with respect to all such payments and deliveries shall be effected only in accordance with paragraphs J.5.2. to J.5.3. below.

**J.5.2. Amounts Determined.** MSI plc will establish as at the date on which the Termination Notice was served:

- (i) the Default Market Value of all Equivalent Securities and Equivalent Investments to be delivered by or to the Client under paragraph J.5.1(i) and (ii);
- (ii) the Liquidation Amount in respect of all Exchange-Traded Derivatives Transactions terminated under paragraph J.5.1 (iii); and
- (iii) the Loss of each party in respect of all FX Transactions terminated under paragraph J.5.1(iv).

**J.5.3. Netting:** On the basis of the amounts so established, an account shall be taken (as at the date on which the Termination Notice was served) of what is due from each party to the other under paragraph J.5.2. and the amounts due from one party shall be set off against the amounts due from the other and only the balance of account shall be payable by the party having the claim valued at the lower amount pursuant to the foregoing. Any such balance shall be payable by that party on demand by the other party. For the purposes of

this calculation, all sums not denominated in U.S. Dollars shall be converted to U.S. Dollars at the then current market exchange rates. Paragraphs K.2.1.(ii) and (iii) shall apply in respect of any amount payable under this paragraph as if references in those paragraphs to the Termination Amount were a reference to the amount payable under this paragraph.

**J.5.4** The provisions of J.5.1 to J.5.3. shall apply separately between each Morgan Stanley Company and the Client as if such Morgan Stanley Company were party to a separate agreement with the Client in all respects identical to this Agreement.

## **K. EARLY TERMINATION, NETTING AND SET OFF**

The provisions of paragraphs K.1. and K.2. shall apply separately between each Morgan Stanley Company and the Client as if such Morgan Stanley Company were party to a separate agreement with the Client in all respects identical to this Agreement.

### **K.1. Early Termination**

**K.1.1. Early Termination:** (i) Upon or following the occurrence of an Event of Default, without prejudice to any other rights hereunder or under any transaction, contract or law, or (ii) following the occurrence of an MSI plc Act of Insolvency, the relevant Morgan Stanley Company may by notice to the Client in the case of (i), or the Client may by notice to MSI plc in the case of (ii) (in either case a "**Close-Out Notice**"), declare that the provisions of paragraphs K.1.2. to K.1.4. and K.2. will apply.

### **K.1.2. Service of Close-Out Notice:**

(i) Service of a Close-Out Notice under paragraph K.1.1. by a Morgan Stanley Company shall constitute an immediate event of default or termination event (howsoever the same are described) under such Customer Documents as may be specified in the Close-Out Notice (each such Customer Document being a "**Designated Customer Document**"), whether or not the Event of Default in question would otherwise constitute an event of default or termination event under any such Designated Customer Document and without the need for the service of a separate notice under any such Designated Customer Document, but so that the service of a Close-Out Notice in respect of one Customer Document shall not prevent Morgan Stanley from serving a Close-Out Notice in respect of any other Customer Document at any time.

(ii) Service of a Close-Out Notice by the Client shall constitute an Event of Default under this Agreement in respect of MSI plc (but in respect of no other Morgan Stanley Company) and this

Agreement shall be a “Designated Customer Document” for the purposes of paragraphs K.1.3. and K.1.4..

**K.1.3. No Further Payments or Deliveries:** No further payments or deliveries under the Designated Customer Documents in respect of outstanding Transactions will be required to be made, but without prejudice to the other provisions of the Designated Customer Documents, and:

- (i) all outstanding Transactions under the Designated Customer Documents (other than Exchange-Traded Derivatives Transactions and FX Transactions entered into under this Agreement) will, to the extent possible, be terminated immediately in accordance with their terms and any Transactions under the Designated Customer Documents will be dealt with in accordance with the relevant default, close out or termination provisions of any such Designated Customer Document;
- (ii) where this Agreement is a Designated Customer Document, the Loan will be immediately repayable;
- (iii) where this Agreement is a Designated Customer Document, the Settlement Facility will be terminated immediately and Equivalent Securities that the Client is required to deliver under paragraph B.2.(v) will be immediately deliverable;
- (iv) where this Agreement is a Designated Customer Document, Equivalent Investments in respect of which the Client has a right of delivery under paragraph I.2. will be immediately deliverable;
- (v) where this Agreement is a Designated Customer Document, all outstanding Exchange-Traded Derivatives Transactions will, to the extent possible, be terminated immediately in accordance with the terms of the MNA;
- (vi) where this Agreement is a Designated Customer Document, all outstanding FX Transactions will, to the extent possible, be terminated immediately;
- (vii) where this Agreement is a Designated Customer Document, all outstanding Transactions not falling within any other sub-paragraph of this paragraph K.1.3. will, to the extent possible, be terminated immediately; and
- (viii) all other amounts due but unpaid under the Designated Customer Documents (including, where this Agreement is a Designated Customer Document, without limitation, any fees owing to Morgan Stanley and any amounts payable under Section P) will be immediately payable and so that where this paragraph

applies, performance of the respective obligations of the parties with respect to all the payments, repayments and deliveries shall be effected only in accordance with paragraphs K.1.4. and K.2. below.

Notwithstanding the Security and provided an Act of Insolvency shall not have occurred (in which case this sub-paragraph shall not apply), if Morgan Stanley or the Client serves a Close-Out Notice under paragraph K.1.1., all rights of the parties under each Designated Customer Document shall be subject to the provisions of paragraphs K.1. and K.2. and the Security shall be released in respect of such rights to the extent necessary under any applicable law to enable the operation of the netting pursuant to paragraph K.2..

**K.1.4 Amounts Determined:** Where this Agreement is a Designated Customer Document, the amount of the Loan to be repaid by the Client shall be determined by MSI plc. The Non-Defaulting Party will establish as at the date of the Default Event:

- (i) the Default Market Values of all Investments, Equivalent Securities and Equivalent Investments to be delivered by each party under any Transaction terminated under paragraph K.1.3.(i) and, where this Agreement is a Designated Customer Document, to be delivered by each party under paragraphs K.1.3. (iii), (iv) and (vii);
- (ii) the purchase prices to be paid by each party in respect of securities purchased by that party under transactions executed with Morgan Stanley;
- (iii) where this Agreement is a Designated Customer Document, the Loss of each party in respect of all FX Transactions and other Transactions (other than Exchange Traded Derivatives Transactions) under this Agreement terminated in accordance with this Section K (other than Transactions for the delivery of securities);
- (iv) the Liquidation Amount with respect to the Exchange-Traded Derivatives Transactions or, to the extent that it is not possible to determine the Liquidation Amount in accordance with the MNA, the Loss in respect of such Transactions; and
- (v) all other amounts payable under paragraph K.1.3.(viii).

Provided that no account shall be taken under this paragraph or under paragraph K.2.1 of any Investments which are credited to an Account and held by MSI plc as custodian or any money which the parties have agreed is to be treated as client money for the purposes of and subject to the FCA Rules.



**K.2. Netting****K.2.1. Netting:**

- (i) On the basis of the amounts established in accordance with paragraph K.1.4., an account shall be taken (as at the date of the Default Event) of (a) what is due from each party to the other under this Agreement and (b) any amounts due from one party to the other as a result of an early termination or close-out of any Designated Customer Document and the amounts due from one party shall be set off against the amounts due from the other and only the balance of the account (the “**Termination Amount**”) will be payable by the party having the claim valued at the lower amount pursuant to the foregoing. For the purposes of this calculation, all sums not denominated in U.S. Dollars shall be converted into U.S. Dollars at the then current market exchange rates;
- (ii) if the Termination Amount is payable by the Client to Morgan Stanley, that amount is immediately due and payable and will form part of the Liabilities in respect of which Morgan Stanley may enforce the Security or any of its other rights under this Agreement or otherwise; and
- (iii) if the Termination Amount is payable by Morgan Stanley to the Client, subject to K.3.2., that amount shall be paid into such Account as Morgan Stanley shall determine and be subject to the terms of this Agreement or, if the operation of this Section K is pursuant to K.1.1.(ii) then such amount shall be paid by MSI plc as the Client directs.

**K.2.2. Statement:** On or as soon as reasonably practicable following the calculations made under K.2.1., the Non-Defaulting Party will provide to the other party a statement showing such calculations in reasonable detail.

**K.3. Other Rights**

**K.3.1. Pre-condition to Payment and Deliveries:** As a separate and further protection to Morgan Stanley, the Client agrees that where the Client has failed to provide Margin demanded pursuant to paragraph G.1. or otherwise failed to perform its obligations under any Transactions or otherwise under this Agreement (whether or not the Security is enforceable or being enforced) any obligation Morgan Stanley may have to pay or repay any money or deliver or redeliver any asset (whether as Margin or otherwise) otherwise than under and in accordance with paragraphs K.1. and K.2. will be conditional upon there being no Liabilities.

**K.3.2. Set-off:** As between each Morgan Stanley Company and the Client, whether or not an Event of Default has occurred, any Liabilities

owed to that Morgan Stanley Company will, at that Morgan Stanley’s Company’s option (and without prior notice to the Client), be reduced by its set-off against any amount(s) payable (whether or not then due and owing) to the Client by that Morgan Stanley Company under the Customer Documents (and any such amount(s) payable by that Morgan Stanley Company will be discharged to the extent it is so set-off). Morgan Stanley will give notice to the Client after any set off is effected under this paragraph.

**K.3.3. Combination of Accounts:** As between each Morgan Stanley Company and the Client, a Morgan Stanley Company may, at any time following an Event of Default, without notice to the Client combine, consolidate or merge all or any of the Accounts with that Morgan Stanley Company with any Liabilities owed to that Morgan Stanley Company and may set off any amount standing to the credit of any such Accounts in or towards satisfaction of any of the Client’s Liabilities to that Morgan Stanley Company. Each Morgan Stanley Company may do so notwithstanding that the balances on such Accounts and the Liabilities may not be expressed in the same currency and a Morgan Stanley Company is hereby authorised to effect any necessary conversions in accordance with paragraph K.4..

**K.3.4 Transfers between Morgan Stanley Companies:** Each Morgan Stanley Company is authorised by the Client in its discretion at any time and from time to time to transfer any money or investments held by the Morgan Stanley Company for the Client’s account to or to the order of any other Morgan Stanley Company for the purpose of, or with a view to, application thereof in discharge of any Liabilities due from the Client to such other Morgan Stanley Company, or in order to meet any obligation of the Client to provide Margin in relation to such Liabilities.

**K.4. Conversion**

The Client agrees that Morgan Stanley may at any time for the purposes of reducing or determining a Liability, giving effect to the provisions of paragraphs K.3.2. or K.3.3., converting a payment received in a currency other than that in which it was due, or otherwise, (i) convert any Liabilities owed or cash held in one currency into another currency using Morgan Stanley’s current exchange rates or other reasonable rates as Morgan Stanley deems appropriate in good faith and/or (ii) convert any obligation to deliver non-cash property into an obligation to deliver cash in such amount as is determined by Morgan Stanley as appropriate in good faith, save that, where the delivery obligation is owed by MSI plc, MSI plc shall not be able to exercise the right to convert in this paragraph K.4. following an MSI plc Act of Insolvency provided always that this shall be without prejudice to the operation of the set-off provisions set out in paragraphs K.1., K.2. and K.3..

**L. LIMITATION OF LIABILITY****L.1. Limitation of Liability**

**L.1.1. Limitation of Exclusions:** Nothing in this Agreement will exclude or restrict any duty or liability to any extent prohibited by the FCA Rules or PRA Rules that Morgan Stanley may have to the Client under the regulatory system (as defined in the FCA Rules and PRA Rules).

**L.1.2. Limitation of Liability:** (i) Morgan Stanley and its employees and officers will not be liable for any loss, cost, charge, fee, expense, damage or liability resulting from any act or omission made in connection with this Agreement or the services provided hereunder (including, without limitation, the provision of any Software). In particular, but without limitation, Morgan Stanley will not be liable for any loss of, or any failure to insure, Investments or for the quality, quantity, condition or delivery of Investments or the correctness, validity, sufficiency or genuineness of any of the documents relating to Investments. This exclusion does not apply where such loss results directly from the negligence, wilful default or fraud of Morgan Stanley or its employees or officers. Morgan Stanley and its employees and officers will not in any circumstances be liable for any consequential loss, damage or liability (including but not limited to loss of profit) regardless of whether it is aware of the likelihood of such loss, damage or liability; (ii) without limiting the foregoing, Morgan Stanley shall have no liability whether in contract, tort (including negligence) or otherwise for any loss, cost, charge, fee, expenses, damage or liability resulting from the provision of any Software.

**L.1.3. No Liability for Others:** Morgan Stanley accepts the same level of responsibility for any nominee company controlled by it as for its own acts under this Agreement. Subject to this, Morgan Stanley will not be liable to the Client for the solvency, acts or omissions of any party in whose control any of the Client's assets (or documentation relating thereto) may be held or through whom any Transactions may be effected or any bank with whom Morgan Stanley maintains any bank account or any other party with whom Morgan Stanley deals or transacts business or who is appointed by Morgan Stanley in good faith on the Client's behalf, provided that, in the case of sub-custodians, this exclusion of liability shall not apply to loss which is directly caused by a breach of MSI plc's obligations in relation to the selection and monitoring of sub-custodians set out in paragraph A.2.1 and provided further that this exclusion shall not extend to any sub-custodian who is an Affiliate. For the purposes

of this paragraph L.1.3., "control" has the same meaning as set out in the FCA Rules and PRA Rules.

**L.2. Force Majeure**

Morgan Stanley will not be liable to the Client for any delay in performance, or for the non-performance, of any of its obligations under this Agreement by reason of any cause beyond its reasonable control, or for any loss, costs, charges, fees, expenses, damage or liabilities caused by the occurrence of any contingency beyond its reasonable control. This includes, without limitation, any breakdown or failure of transmission, communication or computer facilities, postal or other strikes or similar industrial action, the failure of any relevant Exchange, Clearing House, sub-custodian and/or broker for any reason to perform its obligations, acts of terrorism and acts of God such as adverse weather conditions or the occurrence of other natural events.

**M. MISCELLANEOUS****M.1. Notices**

**M.1.1. Form:** Any Notices may be given orally unless required in writing by the terms of this Agreement.

**M.1.2. Method of Transmission:** Any notice in writing (including, without limitation, any confirmation or demand) may be given by posting or delivering it or by sending it by facsimile transmission or any other transmission. Any notice or demand given by post will be deemed given five Notice Business Days after posting and any notice given by delivery, facsimile or electronic mail will be deemed given upon delivery, facsimile or transmission (as the case may be). In proving service of notice, it shall be sufficient to prove, in the case of delivery by post, that the letter was correctly addressed and was posted first class or, where appropriate, airmail or, in the case of delivery otherwise than by post (including transmission), that it was delivered to the correct destination.

**M.1.3. Service on Agent:** A Notice will be deemed to have been received by the Client if service of such Notice is made in accordance with paragraphs M.1.1. and M.1.2. above on the Client's Agent, at such address, facsimile number or electronic mail address as is notified to Morgan Stanley by such Agent from time to time.

**M.1.4. Change of Notice Details:** A party may change its address, facsimile number or electronic address for the purposes of this Agreement by giving another party at least 5 Notice Business Days written Notice of such change.

**M.1.5. Cases Where Actual Receipt Required:** Communications from the Client or Morgan Stanley under paragraphs G.6, K.1.1, M.1.4 or N.2.1. will be deemed received only if actually received.

**M.1.6. Conclusiveness:** Any contract note, confirmation or account statement that is given in writing by Morgan Stanley will be deemed correct in the absence of manifest error.

**M.1.7. Genuineness of Signatures:** Morgan Stanley is entitled to assume that any signatures in Notices are genuine and that any Notices received by facsimile and/or electronic transmission are genuine and sent by the persons appearing to send the same.

## **M.2. Monitoring and Recording of Communications**

For quality control and security purposes, as a record of orders / Instructions and related matters and in order to comply (and monitor compliance) with applicable laws and regulations, this Agreement and any applicable policies and procedures, Morgan Stanley, its Associated Firms and/or other persons on its or their behalf may monitor or record communications (including email, instant messaging, facsimile, telephone and other electronic communications) with the Client or its agent(s) to the extent permissible under the applicable law for legitimate business purposes or for purposes permitted by law from time to time. These records shall be prima facie evidence of any orders/Instructions or communications monitored or recorded and shall be admissible as such in any legal proceedings. The Client will not use, file, or cite as a reason for objecting to the admission of Morgan Stanley's records as evidence in any legal proceedings because they are not originals, are not in writing or are documents produced by a computer. Morgan Stanley will retain records in accordance with its operational procedures, which may change from time to time in its absolute discretion. The Client should keep adequate records in accordance with applicable laws and regulations and should not rely on Morgan Stanley to comply with its record keeping obligations.

## **M.3. Entire Agreement; Remedies Cumulative**

**M.3.1. Entire Agreement:** The Customer Documents constitute the entire agreement of the parties with respect to the subject matter thereof and supersede all prior oral and written communications.

**M.3.2. Remedies Cumulative:** Morgan Stanley's rights under this Agreement are cumulative, may be exercised as often as it considers appropriate and are in addition to its rights

under general law. Any failure to exercise or any delay in exercising any such rights will not operate as a waiver or variation of that or any other such right and any defective or partial exercise of any such rights will not preclude any other or further exercise of that or any other right.

## **M.4. Severability**

Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction will, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction will not invalidate or render unenforceable such provision in any other jurisdiction.

## **M.5. Exclusion of Equities**

Without prejudice to Morgan Stanley's rights under any other paragraph in this Agreement, each party undertakes to pay any amount payable and to deliver any assets that are deliverable under this Agreement on the due date regardless of any right of equity, set-off (other than any contractual right of set off) or counterclaim that it may have or allege against the other party.

## **M.6. Power to Return Equivalent Investments**

The Client agrees that if Morgan Stanley re-transfers or re-delivers Investments to the Client, these do not need to be the identical Investments originally deposited, charged or transferred, to Morgan Stanley, and the Client will accept Equivalent Investments.

## **M.7. Data Protection and Client Information**

**M.7.1** MSI plc shall, in connection with the Customer Documents and all transactions thereunder comply (where applicable) with the Data Protection Laws.

**M.7.2** The Client shall comply with and observe the Data Protection Laws and ensure that it has obtained all necessary consents for MSI plc to process any personal data in connection with the Customer Documents and all transactions thereunder.

**M.7.3** Morgan Stanley, its Associated Firms and/or other persons acting on its or their behalf may process and use information relating to the Client, its Accounts, Investments or Transactions and/or the relationship governed by this Agreement ("**Client Information**") to tailor, administer and operate services in accordance with the Customer Documents and Transactions thereunder (including tailoring Investments or marketing specific products of interest, authorising or confirming Transactions and for billing purposes); to help Morgan Stanley understand and continue to develop the services it is able to provide to the Client and clients generally; in the course of



the operational support and development of their businesses; to carry out credit, money laundering and conflict checks and for fraud prevention purposes (and this may include consideration of information regarding political affiliations and criminal offences committed or alleged to have been committed); to exercise and defend Morgan Stanley's legal rights; and in order to comply with legal and regulatory obligations and requests anywhere in the world (including reporting to and being audited by national and international regulatory enforcement or exchange bodies and complying with court orders or subpoenas).

**M.7.4** Morgan Stanley, its Associated Firms and/or other persons on its or their behalf, may in connection with the Customer Documents and all Transactions thereunder collect Client Information (a) directly from the Client; (b) through its Agents; and (c) from other information sources.

**M.7.5** Morgan Stanley's and its Associated Firms' processing and use of Client Information may include disclosure of Client Information between Morgan Stanley and its Associated Firms; to third parties processing Client Information on behalf of Morgan Stanley or its Associated Firms or otherwise providing it or them with professional or other services; to the Client's investment manager, investment advisor, auditor, administrator or other advisors or Agents; to third parties such as investors, potential investors, settlement agents, overseas banks, Exchanges or Clearing Houses to whom information is disclosed in the course of providing services to the Client under this Agreement; to credit reference, fraud prevention and other similar agencies, and other financial institutions, with whom information is shared for credit and money laundering checking and fraud prevention purposes; to persons to whom Morgan Stanley assigns or novates its rights or obligations under this Agreement; and to national and international regulatory, enforcement or exchange bodies or courts anywhere in the world as required by applicable law or regulations or at their request. Disclosure may involve overseas storage and other overseas transfer, processing and use of Client Information, and disclosure to these third parties, including in or to countries or territories which do not offer the same level of protection of personal information as is enjoyed within the European Economic Area.

**M.7.6** Before providing Morgan Stanley, an Associated Firm or any other person on its behalf with any information regarding an individual in connection with this Agreement, the Client should ensure that the individual (i) knows that the Client will be providing his or her information to Morgan Stanley or the Associated Firm; (ii) has the information set out in paragraphs M.2 and M.7.3 to M.7.5

above regarding the collection, use, processing, disclosure and overseas transfer of his or her information and the possibility of monitoring or recording of his or her communications; and (iii) is aware that he or she has rights of access to, and correction of, his or her personal information held by Morgan Stanley and its Associated Firms, that, if he or she wishes to exercise either of these rights, he or she can do so by written request to the Compliance Officer at MSI plc or the appropriate contact at the Associated Firm and that, in the case of a request for access to personal information, Morgan Stanley and its Associated Firms reserve the right to charge an appropriate fee.

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**M.8. Amendment**

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Morgan Stanley may amend or supplement the arrangements with the Client by sending supplemental or revised Customer Documents or by written agreement. Where an amendment or supplement is necessitated by a change of applicable law, regulation, rule, order or directive this may take effect immediately or otherwise as Morgan Stanley may specify. Any other amendment or supplement will, unless Morgan Stanley has received the Client's written objection, take effect twenty-one days after despatch or if twenty-one days is impracticable in the circumstances such shorter time (not being less than ten business days) as Morgan Stanley may specify, and will apply in respect of any commitment, Transaction or contract entered into by Morgan Stanley and the Client after that date. Any alteration which the Client may wish to make to the Customer Documents must be agreed by Morgan Stanley in writing.

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**M.9. Complaints**

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If the Client has a complaint about MSI plc it should raise the complaint in the first instance with the MSI plc employee acting for it. If the Client is not satisfied with the response of the employee (or if the Client prefers not to raise the matter with the employee) it may raise the matter with MSI plc's Compliance Officer.

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**M.10. E-Commerce**

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The Client acknowledges and agrees that unless expressly included in this Agreement and any relevant terms of use issued from time to time by Morgan Stanley the requirements of the E-Commerce Directive (00/31/EC) as implemented in the United Kingdom are excluded to the extent permissible by law.

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**M.11. U.S. Regulations**

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Notwithstanding anything to the contrary stated or implied in this Agreement, Morgan Stanley shall not be required to take any action or refrain from taking any action in connection with any Transaction or otherwise in relation to any Customer Document that would constitute non-compliance with or result in penalties under the laws of the United States (including, for the avoidance of

doubt, the U.S. laws restricting participation in or compliance with certain foreign boycotts, directly or indirectly, as contained in the U.S. Export Administration Act of 1979 and the U.S. Internal Revenue Code, as such laws are amended from time to time) or that would place Morgan Stanley or any Associated Firm in a position of non-compliance with such laws.

## N. ASSIGNMENT AND TERMINATION

### N.1. Assignment

**N.1.1. Successors and Assigns:** The obligations under this Agreement bind, and the rights will be enforceable by, the parties and their respective successors and permitted assigns.

**N.1.2. Novation to Associated Firms:** Each Morgan Stanley Company (the "**Transferor**") may at any time by delivering to the Client a written substitution notice ("the **Substitution Notice**") cause all or any part of its rights, benefits and/or obligations under this Agreement to be transferred to any other Associated Firm (the "**Transferee**") provided that (i) where the Client is listed on the Irish Stock Exchange the Associated Firm is regulated as a broker by a regulator recognised by the Irish Stock Exchange and has a specified credit rating (as defined by the listing requirements and procedures for investment funds of the Irish Stock Exchange); or (ii) in any other case, the Associated Firm has a credit standing similar to that of the Transferor or is supported by a guarantee from a company with a similar credit standing to the Transferor. Upon delivery of a Substitution Notice to the Client, to the extent that in the Substitution Notice the Transferor seeks to cause all or any part of its rights and/or obligations hereunder to be novated, the Client and the Transferor will be released from further obligations to each other hereunder in respect of those rights and/or obligations so novated and, to the extent that they have been novated in accordance with this paragraph, their respective rights and obligations against each other will be cancelled, and the Client and the Transferee will acquire the same rights and assume the same obligations between themselves as they would have had, had the Transferee been an original party hereto instead of the Transferor, with the rights and/or the obligations acquired or assumed by it as a result of such novation. The Client hereby irrevocably authorises Morgan Stanley as its attorney to acknowledge such Substitution Notice on the Client's behalf.

N.1.3 Except in respect of *de minimis* sums transferred in accordance with the Client Money Rules (where the Client's consent is not required), the Client agrees that MSI plc may transfer to another person, as part of a transfer

of business to that person, any client money balances, provided that:

- (a) The sums transferred will be held for the Client by the person to whom they are transferred in accordance with the Client Money Rules; or
- (b) If not held in accordance with (a), MSI plc will exercise all due skill, care and diligence in assessing whether the person to whom the client money is transferred will apply adequate measures to protect these sums.

**N.1.4. Assignment:** The Client may not assign, transfer or enter into any sub-participation or subordination with respect to any of its rights, benefits and/or obligations under this Agreement, any Transaction or any contract entered into under this Agreement or declare a trust of any such rights without the prior written consent of Morgan Stanley. The Client's obligations may not, without the prior written consent of Morgan Stanley, be performed by anybody else. Any purported assignment, transfer, sub-participation, subordination, declaration of trust or performance of obligations without such consent will be invalid.

### N.2. Termination

**N.2.1. Power to Terminate:** Any party can terminate this Agreement by giving at least 5 Notice Business Days prior written notice. If one or more Morgan Stanley Companies terminates this Agreement as between themselves and the Client that will not (unless any such termination is expressed to be on behalf of all Morgan Stanley Companies) operate as a termination in respect of any other Morgan Stanley Company.

**N.2.2. Illegality:** Without prejudice to the generality of N.2.1. or any other rights under the Customer Documents, Morgan Stanley reserves the right immediately to terminate any or all of the Customer Documents (including but not limited to this Agreement) or immediately cease to provide any or all of the services provided hereunder without notice if it determines in its discretion that it has become unlawful under any applicable law for Morgan Stanley or the Client to perform any or all of its respective obligations under the Customer Documents, including, without limitation, as a result of the application or any violation of ERISA.

**N.2.3. Effect of Termination:** Termination of this Agreement will not affect outstanding rights or the Liabilities. Any termination will be without prejudice to the Security and Morgan Stanley's continuing rights to all Margin. This Agreement will apply to the Liabilities until all Liabilities have been finally, unconditionally and irrevocably discharged. After the unconditional and irrevocable discharge of all Liabilities and the termination of this Agreement and subject to Morgan Stanley's

continuing rights as aforesaid, Morgan Stanley shall deliver or cause to be delivered to the Client or to its order any remaining monies and Investments held by Morgan Stanley.

**N.2.4. Survival:** Termination of this Agreement will not affect any provision of this Agreement that is intended to survive termination, including, without limitation, those provisions (i) creating the Security in Morgan Stanley's favour and (ii) granting any indemnity in favour of Morgan Stanley.

**N.2.5. Agency:** Subject to paragraph N.2.1. the Client will not terminate any appointment (whether express or implied) of Morgan Stanley as its agent for the purposes of this Agreement without the prior written consent of Morgan Stanley.

**N.2.6. Third Party Rights:**

- (i) Subject to the terms of this sub-paragraph, a person who is not a party to this Agreement has no right under the Contract (Rights of Third Parties) Act 1999 to enforce any term of this Agreement (but this shall not affect any right or remedy of any person which exists or is available apart from that Act).
- (ii) Without prejudice to any rights that a Morgan Stanley Company has as party to this Agreement or otherwise or any rights that an Associated Firm has pursuant to this Agreement, such a Morgan Stanley Company or Associated Firm, as the case may be, may enforce the terms of this Agreement in accordance with its terms and the provisions of the Contract (Rights of Third Parties) Act 1999.
- (iii) The parties do not require the consent of any third party to rescind or vary this Agreement.

**O. GOVERNING LAW AND JURISDICTION**

**O.1. Governing Law:** Unless otherwise agreed in writing, this Agreement and all Transactions entered into hereunder and any non-contractual obligations arising out of or in relation to this Agreement or such Transactions will be governed by, and construed in accordance with, English law.

**O.2. Jurisdiction:** MSI plc and the Client each hereby submit to the exclusive jurisdiction of the courts of England in respect of any suit, action or proceeding (including claims for set-off and counterclaim) which may arise out of or in connection with the creation, validity, effect, interpretation or performance of, or the legal relationships established by this Agreement or otherwise arising out of or in connection with this Agreement or (unless otherwise agreed in writing) any Transaction

entered into thereunder including, without limitation, disputes relating to any non-contractual obligations.

**O.3. Inconvenient Forum:** MSI plc and the Client hereby waive trial by jury and waive any objections on the grounds of venue or forum non conveniens or any similar grounds.

**O.4. Immunity:** To the extent that the Client may be entitled in any jurisdiction to claim for itself or for its property or assets immunity from service of process, jurisdiction, suit, judgement, execution, attachment or legal process in respect of its obligations or to the extent that in any such jurisdiction there may be attributed to it or its property or assets such immunity (whether or not claimed) the Client hereby waives such immunity to the fullest extent under the laws of such jurisdiction.

**O.5. ERISA Transactions:** In the event that any transactions pursuant to the Customer Documents become regulated under ERISA, Morgan Stanley and the Client hereby agree to submit to the jurisdiction of the New York courts with regard to any disputes or claims arising in connection with such transactions.

**P. GUARANTEE AND INDEMNITY**

**P.1. Guarantee**

In consideration of the Client undertaking on the terms of this Section P to indemnify each Morgan Stanley Company, and of each of the other guarantees contained in this Section P, each Morgan Stanley Company unconditionally guarantees to, and covenants with, each other Morgan Stanley Company that it will be liable hereunder to pay to any other Morgan Stanley Company any Liabilities from time to time owing to any of the Morgan Stanley Companies (whether or not due and payable and whether or not demand shall have been made on the Client therefor) PROVIDED ALWAYS THAT the liability of each Morgan Stanley Company hereunder shall be limited to an amount equal to the aggregate net amount owing from that Morgan Stanley Company to the Client on the date of the demand on that Morgan Stanley Company hereunder (including any amounts standing to the credit of the Client in any Account(s) maintained by that Morgan Stanley Company) after deducting all Liabilities of the Client to that Morgan Stanley Company (whether or not due and payable at the date of demand and whether or not demand for payment of such Liabilities shall then have been made on that Morgan Stanley Company).

**P.2. Sole Principal Debtor**

As between the Morgan Stanley Companies, but without affecting the Client's obligations, each Morgan Stanley Company will be liable to each of the other Morgan Stanley Companies as if it were the sole principal debtor and not merely a surety. Accordingly, no Morgan Stanley

Company will be discharged, nor will its liability be affected by anything which would not discharge it or affect its liability if it were the sole principal debtor (including (i) any time, indulgence, concession, waiver or consent at any time given to the Client by any Morgan Stanley Company, (ii) any amendment or supplement to any Customer Document, or to any security or other guarantee, (iii) the making or absence of any demand on the Client for payment, (iv) the enforcement or absence of enforcement of any Customer Documents, or of any other security or guarantee, (v) the taking, existence or release of any security or other guarantee, (vi) the occurrence of any Act of Insolvency in respect of the Client, (vii) the illegality, invalidity or unenforceability of or any defect in any provision of any Customer Document or any of the Client's obligations under them, (viii) any reorganisation or change in the constitution of the Client, or (ix) any other event which would, but for this provision, constitute a legal or equitable discharge of a guarantee).

### **P.3. Obligations Continuing**

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The obligations of each Morgan Stanley Company under this Section P are, and will remain, in full force and effect by way of continuing security until the Customer Documents have been terminated and each of the Morgan Stanley Companies has irrevocably received or recovered all amounts payable under the Customer Documents. Furthermore, the obligations of each Morgan Stanley Company hereunder are additional to, and not instead of, any security or other guarantee at any time existing in favour of any of the Morgan Stanley Companies and may be enforced without first having recourse to the Client, any other person, any security or any other guarantee.

### **P.4. Indemnification**

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**P.4.1. Indemnity:** The Client irrevocably undertakes and covenants to each Morgan Stanley Company that it will indemnify the Morgan Stanley Company on demand against any Claims relating to or arising out of this Section P. For the avoidance of doubt, the Client hereby acknowledges and confirms that its obligation to indemnify each Morgan Stanley Company pursuant to this P.4.1. will arise as soon as a liability (including any contingent liability) is incurred by a Morgan Stanley Company pursuant to this Section P, and accordingly that the obligation to indemnify a Morgan Stanley Company shall arise whether or not a Morgan Stanley Company has paid any amounts to any other Morgan Stanley Company pursuant to this Section P, and whether or not such other Morgan Stanley Company has made a demand on the Client. For the avoidance of doubt, the Client's indemnity obligations shall be Liabilities secured by and subject to the provisions of this Agreement.

**P.4.2 Clawback:** In the event that any amount is paid by a Morgan Stanley Company under the guarantee set out in paragraph P.1. and all or part of the corresponding amount payable to that Morgan Stanley Company by the Client pursuant to the indemnity set out in paragraph P.4.1. becomes repayable by such Morgan Stanley Company (the amount of such repayment being the “**Repayment**”) then, whichever Morgan Stanley Company received the guarantee payment, shall pay to that Morgan Stanley Company the amount of such Repayment, and an amount equal to such Repayment will fall due from the Client to that Morgan Stanley Company.

## INTERPRETATION AND DEFINITIONS

By entering into this Agreement, a contractual relationship is created that has legal consequences. This Agreement shall take effect when a copy thereof has been returned to MSI plc duly signed by the Client or on its behalf.

### INTERPRETATION

Except where the context otherwise requires:

1. **Definitions:** The terms defined in the Definitions Section will have the meanings specified therein;
2. **Obligations Several:** The obligations of the Morgan Stanley Companies hereunder are several only and not joint or joint and several;
3. **Persons:** References to a person includes any individual, corporation, association, partnership, government, state or agency of a state or other entity (whether or not having a separate legal personality) and its successors, transferees and assigns;
4. **Laws:** Reference to a provision of law or other rule or regulation is a reference to that provision as amended or re-enacted and in force from time to time;
5. **Documents:** Reference to a Customer Document or other document is a reference to that Customer Document or other document as amended, novated or supplemented; and
6. **Headings and Sections:** Headings and the table of contents in this Agreement are for ease of reference only. Reference to a Section will be a reference to the named Section of this Agreement.

To the extent that the terms of any other Customer Document would otherwise limit, restrict or exclude the rights or remedies given to the Morgan Stanley Companies in this Agreement or contradict the terms of this Agreement with respect to the subject matter hereof, the terms of this Agreement will prevail. The foregoing shall apply equally to any Customer Document entered into prior to, on or after the date of this Agreement and the terms of that Customer Document shall be read accordingly (and any entire agreement provision included therein shall be deemed amended to the extent it would otherwise be inconsistent with the foregoing).

### DEFINITIONS

In this Agreement except where the context otherwise requires:

- “Account”** means an account opened for the Client by a Morgan Stanley Company in respect of any service provided to the Client by a Morgan Stanley Company or any Transaction entered into by the Client and a Morgan Stanley Company, in each case, in connection with this Agreement and includes, for the avoidance of doubt, the Prime Brokerage Accounts
- “Act of Insolvency”** means (i) the passing of a resolution for the Client’s voluntary winding up (unless for the purposes of corporate reconstruction or amalgamation in respect of which Morgan Stanley has given its prior written approval); (ii) the presentation or filing of a petition for the Client’s winding up or alleging the bankruptcy or insolvency of the Client or seeking any reorganisation, arrangement, composition or similar relief; (iii) the taking of any steps for the making of an administration order in respect of the Client; (iv) the appointment of a liquidator, trustee, receiver, administrator or similar officer over any of the Client’s assets; (v) the Client calling a meeting of its creditors pursuant to Section 98 of the Insolvency Act 1986 or any other person calling a meeting pursuant to Section 3 of the Insolvency Act 1986; (vi) the Client seeking, consenting to or acquiescing in the appointment of a trustee, receiver or administrator over any of its assets; (vii) the Client making a general assignment for the benefit of, or entering into a reorganisation, arrangement or composition with, creditors; (viii) the Client becoming insolvent or unable to pay its debts, or the Client fails or admits its inability generally to pay its debts as they become due; (ix) the occurrence of any procedure equivalent, analogous or similar to the foregoing (i) to (viii) in any other jurisdiction; or (x) where the Client is the trustee of a trust, the Client is unable to pay debts incurred in that capacity out of the assets of the trust

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<b>“Adjusted Value”</b>	means, at any time, the absolute value of the amount, as determined by MSI plc, yielded by the following formula:  <i>Adjusted Value</i> = 140% x (Settlement Facility Market Value + Debits)
<b>“Affiliate”</b>	means any direct or indirect wholly-owned subsidiary of Morgan Stanley (the US incorporated holding company)
<b>"Agent"</b>	means an investment adviser, investment manager, administrator or other third party appointed by the Client
<b>"Agreement"</b>	means this Agreement (including all its Sections and attachments), Notices delivered hereunder, documents or other confirming evidence of Transactions and any additional documents relating to the services provided hereunder
<b>“Appropriate Market”</b>	means, in relation to Investments of any description, the market which is the most appropriate market for Investments of that description, as determined by the Non-Defaulting Party
<b>“Associated Firms”</b>	means any undertaking in the Morgan Stanley group of companies from time to time, and, as the context requires, any person connected with Morgan Stanley from time to time
<b>“Australian Settlement Securities”</b>	means Settlement Securities which MSI plc determines (acting in good faith) to be Australian Securities
<b>"Authorised Person"</b>	means each person authorised under the Cash Payments and Securities Transfers Authorisation to give a Cash Payment Instruction or Securities Transfer Instruction
<b>"Authorised User"</b>	means the Client and those of its employees, agents, representatives or advisers that, in connection with the services provided to the Client by MSI plc under this Agreement, need to use the Software and have been provided with the Software by MSI plc
<b>“Cash Payments and Securities Transfers Authorisation”</b>	means a written authorisation from the Client in a form acceptable to MSI plc (which shall include the form of Cash Payments and Securities Transfers Authorisation attached as Schedule V to this Agreement)
<b>“Cash Payments Instruction”</b>	means an instruction from the Client requesting MSI plc to make a free payment of cash from a Prime Brokerage Account to an account of a third party that is not made against delivery of Investments into the Prime Brokerage Account or as payment in respect of a Transaction executed with Morgan Stanley (but, excluding for the avoidance of doubt, any payment of cash in respect of a purchase of securities that is not settling on a delivery versus payment basis and where it is normal market practice for the cash to be paid before the receipt of the purchased securities)
<b>“Charged Assets”</b>	means Investments and cash transferred to Morgan Stanley and credited to any Account which is subject to the Security
<b>“Claims”</b>	means all direct and indirect costs, charges, fees, expenses, damages, liabilities and losses, including any consequential losses and damages and including any costs, charges, fees, expenses, damages, liabilities and losses incurred or sustained by Morgan Stanley from time to time in accordance with or as a result of the terminating, liquidating, obtaining or re-establishing any hedge or related trading position including, without limitation, break costs and any legal costs and costs of enforcing or protecting or attempting to enforce or protect any of Morgan Stanley’s rights under this Agreement or any Transaction
<b>“Clearing House”</b>	means any clearing house providing settlement, clearing or similar services whether or not as part of an Exchange
<b>“Confidential Information”</b>	means any proprietary and/or non-public information which shall include, without limitation, (i) in relation to the Client, information relating to the Client’s investment strategy and holdings and (ii) in relation to Morgan Stanley, details regarding the

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	Loan, products or services provided by Morgan Stanley (including, the pricing and/or fees relating to the provision of such products or services)
"Corporate Action"	means, without limitation, any conversion, subscription rights, subdivision, consolidation, redemption, merger, rights relating to takeovers or other offers or capital re-organisation, capitalisation issue, rights issue, redenomination, renominatisation or other event similar to the foregoing. Corporate Action will not include any voting rights that are exercisable, whether in connection with the foregoing, or otherwise
"Corporate Action Information"	means information relating to Corporate Actions in respect of the Client's Investments
"Currency Business Day"	means in respect of any obligations involving a payment denominated in: (i) euro, a day on which the Trans-European Automated Real-time Gross Settlement Express Transfer system operates; or (ii) any other currency, a day on which banks in the principal financial centre of the country of which the currency in which the payment is denominated is the official currency are generally open for business
"Customer Documents"	means this Agreement and any other or additional documents or agreements entered into between the Client and Morgan Stanley, whether or not expressly incorporated in this Agreement (such documents may include, without limitation, any Cash Payments and Securities Transfers Authorisation, each Schedule to this Agreement, the OSLA, an Overseas Securities Lenders Agreement, Global Master Securities Lenders Agreement, Global Master Repurchase Agreement, International Currency Options Master Agreement, International Foreign Exchange Master Agreement and International Swap and Derivatives Association Master Agreement, collateral payment or bridge agreement or any similar agreement) and any annexes, supplements or confirmations in relation thereto
"Data Protection Laws"	means the UK Data Protection Act 1998 and all other applicable data protection laws and regulations
"Debits"	means the Equivalent Dollar Value of any debit cash balances credited to the Prime Brokerage Account, and for the purposes of calculating Adjusted Value it shall be input into the formula as a positive number
"Default Event"	means the service of a Close-Out Notice with respect to any of the events set out in K.1.1. (i) or (ii)
"Default Market Value"	for the purposes of paragraph J.5.2. and paragraph K.1.4., the " <b>Default Market Value</b> " of any Investments, Equivalent Securities or Equivalent Investments shall be determined in accordance with sub-paragraphs (i) and (ii) below.  (i) If between the occurrence of the relevant Event of Default and the Default Valuation Time the Non-Defaulting Party gives to the other party a written notice (a " <b>Default Valuation Notice</b> ") which:  (A) states that, since the occurrence of the relevant Event of Default, the Non-Defaulting Party has sold, in the case of Receivable Investments, or purchased, in the case of Deliverable Investments, Investments which form part of the same issue, are of an identical type and description as those Investments, Equivalent Securities or Equivalent Investments, and that the Non-Defaulting Party elects to treat as the Default Market Value:  (aa) in the case of Receivable Investments, the net proceeds of sale after deducting all reasonable costs, commissions, fees and expenses incurred in connection therewith (provided that where the Investments sold are not identical in amount to the Investments, Equivalent Securities or Equivalent Investments, the Non-Defaulting Party may elect to treat either (x) such net proceeds of sale divided by the amount of securities sold and multiplied by the amount of the Investments, Equivalent Securities or Equivalent Investments as the Default Market Value or (y) elect to treat such net proceeds of sale of the Investments, Equivalent Securities or Equivalent Investments actually sold as the Default Market Value of that proportion of the Investments, Equivalent

Securities or Equivalent Investments, and, in the case of (y), the Default Market Value of the balance of the Investments, Equivalent Securities or Equivalent Investments shall be determined separately in accordance with the provisions of this paragraph and accordingly may be the subject of a separate notice (or notices) under this sub-paragraph (i) or sub-paragraph (ii); or

(bb) in the case of Deliverable Investments, the aggregate cost of such purchase, including all reasonable costs, commissions, fees and expenses incurred in connection therewith (provided that where the Investments purchased are not identical in amount to the Investments, Equivalent Securities or Equivalent Investments, the Non-Defaulting Party may elect to treat either (x) such aggregate cost divided by the amount of Investments purchased and multiplied by the amount of the Investments, Equivalent Securities or Equivalent Investments as the Default Market Value or (y) elect to treat the aggregate cost of purchasing the Investments, Equivalent Securities or Equivalent Investments actually purchased as the Default Market Value of that proportion of the Investments, Equivalent Securities or Equivalent Investments, and, in the case of (y), the Default Market Value of the balance of the Investments, Equivalent Securities or Equivalent Investments shall be determined separately in accordance with the provisions of this paragraph and accordingly may be the subject of a separate notice (or notices) under this sub-paragraph (i) or sub-paragraph (ii); or

(B) states that the Non-Defaulting Party (acting in good faith) has elected to treat as the Default Market Value of any Receivable Investments or Deliverable Investments prices derived from quotations obtained from market makers or dealers in the Appropriate Market (including, if commercially reasonable, prices obtained from persons acting in such capacity who are employees of the Non-Defaulting Party, and in the case of Morgan Stanley of any of its Affiliates, and in the case of the Client of its investment manager), or from such other commercially reasonable pricing source as the Non-Defaulting Party may determine, using pricing methodology which is customary or otherwise reasonably appropriate for the relevant type of security (as determined by the Non-Defaulting Party), and together with all Transaction Costs which would be incurred in connection with such a purchase or sale transaction calculated on the assumption that the aggregate thereof is the least that could reasonably be expected to be paid in order to carry out the transactions; or

(C) states:

(aa) that either (x) acting in good faith, the Non-Defaulting Party has endeavoured but been unable to sell or purchase Investments in accordance with sub-paragraph (i)(A) above or to obtain quotations or other pricing source valuations in accordance with sub-paragraph (i)(B) above (or both) or (y) the Non-Defaulting Party has determined that it would not be commercially reasonable to obtain or use such quotations, or valuations; and

(bb) that the Non-Defaulting Party has determined the Net Value of the relevant securities (which shall be specified) and that the Non-Defaulting Party elects to treat such Net Value as the Default Market Value of the relevant Investments,

then the Default Market Value of the relevant securities shall be an amount equal to the Default Market Value specified in accordance with (A), (B) or, as the case may be, (C) above.

(ii) If by the Default Valuation Time the Non-Defaulting Party has not given a Default Valuation Notice, the Default Market Value of the relevant Investments, Equivalent Securities or Equivalent Investments shall be an amount equal to their Net



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	Value on the date of the Default Event or on such other date as the Non-Defaulting Party, acting in good faith and in a commercially reasonable manner, may determine
<b>“Default Rate”</b>	means a rate per annum equal to the cost (without proof or evidence of any actual cost) to Morgan Stanley if it were to fund or of funding the relevant amount plus 1% per annum
<b>“Default Valuation Time”</b>	means for the purposes of the definition of Default Market Value, the close of business in the Appropriate Market on the twentieth (20 <sup>th</sup> ) dealing day after the day on which the Default Event occurs
<b>“Deliverable Investments”</b>	means Investments, Equivalent Investments or Equivalent Securities to be delivered by the Defaulting Party
<b>“Designated Customer Document”</b>	in the case of a Close-Out Notice served by Morgan Stanley, has the meaning given to it in K.1.2. and, in the case of a Close-Out Notice served by the Client, means this Agreement
<b>“Equivalent Dollar Value”</b>	means, (i) where any amount or value is not denominated in US Dollars, the equivalent in US Dollars reasonably determined by Morgan Stanley and (ii) where any amount or value is denominated in US Dollars, the actual US Dollar amount
<b>“Equivalent Investments” and “Equivalent Securities”</b>	Investments or securities are <b>“equivalent”</b> to other Investments or securities if they are of the same issuer, part of the same issue and of an identical type, nominal value, description and amount and have the same rights as those other Investments or securities: PROVIDED THAT, where any Investment or securities are subject to any Corporate Action, Morgan Stanley may reasonably determine what Investments, securities or other assets (which may consist of or include money or other property) are to be treated as <b>“equivalent”</b> for this purpose; and the expressions <b>“Equivalent Investment”</b> and <b>“Equivalent Securities”</b> are to be construed accordingly
<b>“ERISA”</b>	means the U.S. Employment Retirement Income Security Act of 1974 as amended
<b>“Event of Default”</b>	means any of the events described in the Events of Default Section H
<b>“Exchange”</b>	means any exchange, regulated market, multi-lateral trading facility, trading system, market or association of dealers in any part of the world on or through which Investments, commodities or currencies (including for the avoidance of doubt, spot foreign exchange) or assets underlying, derived from or otherwise related directly or indirectly to the same are bought and sold and shall include any automated trading system
<b>“Exchange Business Day”</b>	means in respect of a Transaction relating to any securities or an exchange, a day which is a dealing day in the most appropriate market for securities of that type (as determined by Morgan Stanley) or a day on which such exchange is open; provided such day is also a Notice Business Day
<b>“Exchange-Traded Derivatives Transaction”</b>	means a transaction entered into under the Terms Relating to Exchange-Traded Derivative Transactions
<b>“Executing Broker”</b>	means a broker selected by the Client to execute Transactions, which may or may not be a Morgan Stanley Company
<b>“FCA”</b>	means the Financial Conduct Authority and any successor regulator
<b>“FCA Rules”</b>	means the rules of the FCA from time to time, or any rules which replace or succeed such rules
<b>“Fee Schedule”</b>	means the schedule of prime brokerage fees described as the International Prime Brokerage Fee Schedule as amended by MSI plc from time to time
<b>“Financial Instrument”</b>	has the meaning given to it by the FCA Rules and PRA Rules
<b>“FSMA”</b>	means the Financial Services and Markets Act 2000 of the United Kingdom

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<b>“FX Transaction”</b>	means a foreign exchange transaction entered into with Morgan Stanley under Section C of this Agreement
<b>“Hong Kong Settlement Securities”</b>	means Settlement Securities which MSI plc determines to be Hong Kong Securities
<b>“Income”</b>	means any interest, dividends or other distributions of any kind whatsoever with respect to any Investments
<b>“Indemnified Person”</b>	means each Morgan Stanley Company and Associated Firm and its respective officers and employees
<b>“Investments”</b>	means all assets of any kind whatsoever, other than cash
<b>“Liabilities”</b>	means the aggregate (as determined by Morgan Stanley) of all monies, debts, liabilities and obligations which now are or have been or at any time hereafter may be or become due, owing or incurred by the Client to any Morgan Stanley Company (or, as the context may require, to any one or more Morgan Stanley Companies) under the Customer Documents, any Transaction, contract or otherwise, together with any reasonable costs, charges or expenses (including, without limitation, reasonable legal fees) which Morgan Stanley may incur in perfecting, enforcing or maintaining, or attempting to perfect, enforce or maintain, any of its rights under the Customer Documents, any Transaction or otherwise, including without limitation, amounts of principal, interest and other monies due and payable under the Loan or any other loans made by Morgan Stanley to the Client (in each case, whether alone or jointly, or jointly and severally, with any other person, whether actually or contingently and whether as principal debtor, guarantor, surety or otherwise)
<b>“Liquidation Amount”</b>	means the Liquidation Amount determined in accordance with the provisions of the MNA
<b>“Loan”</b>	means any monies (in any currency) lent by MSI plc to the Client pursuant to paragraph A.5.
<b>“Loss”</b>	means, with respect to any Transaction terminated under paragraph J.5. or paragraph K.1. (other than Transactions for the delivery of securities), the amount which the Non-Defaulting Party reasonably determines in good faith to be the relevant party’s overall total losses and costs (or gain, in which case expressed as a negative number) in connection with that terminated Transaction or group of terminated Transactions, as the case may be, including any loss of bargain, cost of funding or, at the election of the Non-Defaulting Party but without duplication, loss or cost incurred as a result of the termination, liquidation, obtaining or re-establishing of any hedge or related trading position (or any gain resulting from any of them). Loss includes losses and costs (or gains) in respect of any payment or delivery required to have been made on or before the relevant termination date of a terminated transaction and not made
<b>“Margin”</b>	means cash, Investments or other assets of a number and type determined by Morgan Stanley in its absolute discretion
<b>“Margin Requirement”</b>	means the amount of Margin that Morgan Stanley requires the Client to hold with Morgan Stanley in order for Morgan Stanley to allow the Client to maintain the Liabilities, as determined by Morgan Stanley in its sole discretion
<b>“MNA”</b>	means the Master Netting Agreement in respect of Exchange-Traded Derivatives Transactions in the form attached hereto
<b>“Morgan Stanley” and “Morgan Stanley Companies”</b>	means separately MSI plc and each of the companies set out below the Morgan Stanley signature section of this Agreement and any company to whom any rights, benefits and/or obligations are transferred pursuant to paragraphs N.1.2. or N.1.3.
<b>“Morgan Stanley Company”</b>	means any of the Morgan Stanley Companies
<b>“MSI plc”</b>	means Morgan Stanley & Co. International plc

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<b>“MSI plc Act of Insolvency”</b>	means (i) the passing of a resolution for MSI plc’s voluntary winding up (unless for the purposes of corporate reconstruction or amalgamation); (ii) the presentation or filing of a petition for MSI plc’s winding up or alleging the bankruptcy or insolvency of MSI plc or seeking any reorganisation, arrangement, composition or similar relief and such petition, (a) results in a judgement of insolvency or bankruptcy, or (b) is not dismissed, discharged, stayed or restrained within 30 days of the initiation or presentation thereof; (iii) the appointment of an administrator in respect of MSI plc (pursuant to the “special administration regime” under The Investment Bank Special Administration Regulations 2011 or otherwise); (iv) the appointment of a liquidator, trustee, receiver, administrator or similar officer over substantially all of MSI plc’s assets; (v) MSI plc calling a meeting of its creditors pursuant to Section 98 of the Insolvency Act 1986 or any other person calling a meeting pursuant to Section 3 of the Insolvency Act 1986; (vi) MSI plc seeking, consenting to, or acquiescing in the appointment of a trustee, receiver or administrator over substantially all of its assets; (vii) MSI plc making a general assignment for the benefit of, or entering into a reorganisation, arrangement or composition with, creditors; (viii) MSI plc becoming insolvent or unable to pay its debts, or MSI plc fails or admits its inability generally to pay its debts as they become due; or (ix) the occurrence of any procedure equivalent, analogous or similar to the foregoing (i) to (viii) in any other jurisdiction
<b>“Net Value”</b>	means at any time, in relation to any Deliverable Investments or Receivable Investments, the amount which, in the reasonable opinion of the Non-Defaulting Party, represents their fair market value, having regard to such pricing sources and methods (which may include, without limitation, available prices for Investments with similar maturities, terms and credit characteristics as the relevant Investments, Equivalent Securities or Equivalent Investments) as the Non-Defaulting Party considers appropriate, less, in the case of Receivable Investments, or plus, in the case of Deliverable Investments, all Transaction Costs which would be incurred in connection with the purchase or sale of such securities
<b>“Non-Defaulting Party”</b>	means MSI plc in the case of the occurrence of any of the events set out in paragraph K.1.1.(i) and the Client in the case of the occurrence of any of the events set out in paragraph K.1.1.(ii), and “Defaulting Party” for the purpose of the definitions of “Deliverable Investments” and “Receivable Investments” shall be construed accordingly
<b>“Notice”</b>	means any notice, demand, instruction, confirmation, contract note or request delivered or to be delivered pursuant to this Agreement
<b>“Notice Business Day”</b> <b>or “business day”</b>	means a day on which MSI plc and banks in London are generally open for the transaction of business contemplated by this Agreement
<b>“Open Contract”</b>	means a Contract which has not been closed out and which has not yet matured
<b>“Order Execution Policy”</b>	means the Order Execution Policy Disclosure Statement issued by Morgan Stanley as amended or supplemented from time to time
<b>“OSLA”</b>	means the Overseas Securities Lender’s Agreement between the Client and MSI plc
<b>“PPSA”</b>	means the Personal Properties Securities Act, 2009 (Cth) of Australia
<b>“PRA”</b>	means the Prudential Regulation Authority and any successor regulator
<b>“PRA Rules”</b>	means the rules of the PRA from time to time, or any rules which replace or succeed such rules
<b>“Prime Brokerage Account”</b>	means an Account opened on the books and records of MSI plc in its capacity as prime broker to the Client
<b>“Receivable Investments”</b>	means Investments, Equivalent Investments or Equivalent Securities to be delivered to the Defaulting Party
<b>“Securities Transfers Instruction”</b>	means an instruction from the Client requesting MSI plc to make a free transfer of Investments from a Prime Brokerage Account to an account of a third party that is not made against payment of cash into the Prime Brokerage Account or as a delivery

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	in respect of a Transaction executed with Morgan Stanley (but excluding, for the avoidance of doubt, any delivery of Investments in respect of a sale of Investments that is not settling on a delivery versus payment basis and where it is normal market practice for the Investments to be transferred before the receipt of the corresponding payment of cash)
<b>“Security”</b>	means the security created by or pursuant to this Agreement
<b>“Settlement Facility”</b>	means a facility made available by MSI plc pursuant to paragraph B.1.1. to enable the Client to settle its actual or anticipated obligations to transfer securities. The Client’s obligation to transfer securities being a <b>“Settlement”</b>
<b>“Settlement Facility Market Value”</b>	means the Equivalent Dollar Value of all Equivalent Securities required to be redelivered by the Client to Morgan Stanley (including for the avoidance of doubt any position which is held as an over-borrow or excess borrow), and for the purposes of calculating Adjusted Value it shall be input into the formula as a positive number
<b>“Software”</b>	means any and all computer software, programs, electronic communication or execution systems, analytical tools and associated materials such as users’ guides and any changes or upgrades thereto (including, but not limited to, ClientLink and Matrix) provided to the Client by Morgan Stanley in connection with the services to be provided under this Agreement
<b>“South African Securities”</b>	means any <i>“listed security”</i> contemplated by Item 1 of the South African Securities Transfer Tax Act No.25, 2007
<b>“Transactions”</b>	means all Loans, Settlements, FX Transactions, Exchange-Traded Derivative Transactions and any other transactions, howsoever described including without limitation any Electronic Transaction
<b>“Transaction Costs”</b>	means in relation to any Transaction contemplated in paragraphs (i) or (ii) of the definition of <b>“Default Market Value”</b> , the reasonable costs, commission, fees and expenses (including mark-up or mark-down) that would be incurred in connection with the purchase of Deliverable Investments or the sale of Receivable Investments, calculated on the assumption that the aggregate thereof is the least that could reasonably be expected to be paid in order to carry out the Transaction

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**SCHEDULES**

**Each of the following Schedules form part of the Agreement:**

- I. ELECTRONIC SERVICES
- II. TERMS RELATING TO EXCHANGE TRADED DERIVATIVES
  - PART A – DEALING
  - PART B – MASTER NETTING AGREEMENT
  - PART C – EURONEXT.LIFFE REQUIRED TERMS
  - PART D – LONDON METAL EXCHANGE
- III. REQUIRED TERMS FOR STOCK EXCHANGES
- IV. HONG KONG TRANSACTIONS
- V. CASH PAYMENTS AND SECURITIES TRANSFERS AUTHORISATION

**SCHEDULE I - ELECTRONIC SERVICES**

This Schedule forms part of the Agreement and sets forth the terms and conditions under which Morgan Stanley agrees to provide You (as defined below) with the use of one or more systems for the purpose of electronically transmitting trading instructions, including without limitation certain electronic services that may enable You to route orders and otherwise engage in electronic transactions (“**Electronic Transactions**”), electronically communicate with Morgan Stanley, receive investment research, reports and portfolio information, and any algorithms or software related thereto (collectively, the “**Services**”) either directly or through third parties, including without limitation contractors and technology, market data and content providers (“**Vendors**”). Defined terms used in the Agreement shall have the same meaning when used in this Schedule.

1. **Parties.** As used herein, the term “You” and “Your” shall mean the Client, and all other authorised representatives of the Client, individually, and each other party on whose behalf You may use the Services at any time. As a condition to using the Services, You shall ensure that any individuals and affiliates using the Services accept and agree to be bound by the provisions in this Schedule. The Services are provided by Morgan Stanley or an affiliate located or authorised to do business in the country (including state, province or other jurisdiction) where Morgan Stanley deem the Services to be accessed by You. Services are not intended to be provided to and may not be used by any party in any jurisdiction where the provision or use thereof would be contrary to applicable law, rules or regulations (“**Applicable Law**”).

2. **Binding Terms.** (a) You agree to be bound by any rules, conventions, regulations, user agreements, user guides or instructions related to the Services or of any regulatory authorities, exchanges or trading systems through which Your trades are executed, as well as any terms of use, including disclosures, disclaimers, data protection and privacy policies that are displayed by the Services or which You may click through (the “**Rules**”), all of which shall be in addition to, and not in lieu of, Your obligations under this Schedule; and (b) You shall continue to be bound by the Agreement and any other Customer Document, and nothing herein shall be deemed to supersede or modify any such Customer Document.

3. **Security.** You may be provided with user identifications, passwords, authentication codes or other security devices or procedures (collectively, “**Passwords**”) for access to the Services. You may not share Your Passwords with any third party without Morgan Stanley’s and/or the Vendors’ written approval, as applicable. Upon request, You shall provide Morgan Stanley with a list of persons authorised to use Your Passwords, and You shall promptly advise Morgan Stanley of any changes in such authorised persons. You agree not to alter, delete, disable or otherwise circumvent any Password or permit or assist any other party to do so in a manner not authorised by Morgan Stanley and/or the Vendors, as applicable. Morgan Stanley and/or the Vendors reserve the right to suspend Your access to the Services and change (or require You to change) Your Passwords at any time. You are responsible for any transmissions, instructions, information, processes, click-through consents, click stream data or other communications (“**Communications**”) attributable to Your Passwords, whether entered by Your authorised personnel or by any other person, and any agreement or consent communicated from such access shall be deemed to be a duly signed writing of Yours sufficient to bind You. You shall notify Morgan Stanley immediately upon learning or suspecting that any unauthorised party has obtained any Password used in connection with any Service. You shall maintain adequate internal procedures and controls over Your use of the Services.

4. **Placement of Orders; Objections**

(a) MSI plc or one of Morgan Stanley’s affiliates shall process requests to execute Electronic Transactions received through the Services (the “**Orders**”), and shall only be deemed to have received an Order if such Order has been received and processed, even if You have not received an acknowledgment of the Order. Morgan Stanley will use reasonable efforts to execute Orders on the terms received and in accordance with the Order Execution Policy. The applicable Service may provide You with a notice (each a “**Notice of Execution**”), which may be in addition to any confirmation or other notice required under Applicable Law, for each Order executed through the Services.

(b) You agree that Morgan Stanley has no obligation to enter into any Electronic Transaction with You or to provide a quote with respect to any Electronic Transaction with You. Unless a quotation is specifically identified as actionable, it is indicative and for informational purposes only. Morgan Stanley may cancel or reject an Order in whole or in part at any time and for any reason in Morgan Stanley sole discretion.

(c) You shall be responsible for all executions (partial or otherwise) of Orders identified by the Services as sent by You, even if You did not receive a Notice of Execution. Execution terms as reflected in any Notice of Execution are subject to adjustment by Morgan Stanley for errors, whether on Morgan Stanley’s part, the part of Morgan Stanley’s agent, any Vendor, the Services or any market to which Your Order was routed.

(d) You shall not be responsible for execution completed after Your Order has been cancelled in the applicable market and for which an acknowledgment was sent to that effect. An Order shall not be deemed to have been cancelled if Morgan Stanley receives execution of Your Order from such market prior to or subsequent to Morgan Stanley’s receipt of confirmation from such market that the Order was cancelled. System response times may vary due to market conditions, system performance, Internet traffic or other factors. During times of heavy trading volume, Orders or cancellation requests received through the Services may take longer to execute or cancel, and Orders that are executed may be at prices that diverge significantly from the market price quoted or displayed at the time the Order was entered. In the event of system

delay or failure, or otherwise in relation to any concerns You may have about Your Electronic Transactions, You are responsible for contacting Morgan Stanley by alternative means, such as telephone.

(e) Unless otherwise provided for in any Customer Document or the Rules, if You have any objections to any report of the execution of Your Orders and/or any statement of Your account(s), You must raise them with Morgan Stanley within one business day of the date on which Your report or statement was sent.

(f) You are solely responsible for Your compliance with the Rules and Applicable Law, including suitability requirements, the preparation and/or filing of any of Your reports to any relevant exchange and/or any other regulatory authority or the maintenance of records required to be maintained by You.

(g) Morgan Stanley or, where applicable, the Vendor may impose and/or change limits on the amount, size and type of trades and securities, commodities, futures, currencies, derivatives thereon or any other instruments You may trade through the Services and modify any aspect of or limit or terminate use of the Services.

(h) You shall cooperate fully with Morgan Stanley in any inquiries made by any of Morgan Stanley's third party market data suppliers, any relevant exchange, any Vendor or any other regulatory authority in relation to the provision of the Services.

(i) Unless You specifically instruct Morgan Stanley to route Your Orders directly to one or more specified markets, Morgan Stanley may, in Morgan Stanley's discretion, select any market, including one or more internal matching systems or third party trading systems.

5. Usage and Proprietary Rights. Morgan Stanley grants You, for the term of this Schedule, a personal, limited, non-exclusive, revocable, non-transferable licence to use the Services subject to the terms hereof, and the following: You have no ownership rights in the Services, which are owned by Morgan Stanley, the Vendors or their respective licensors, and are protected under copyright, trade mark and other intellectual property laws and other Applicable Law. You receive no copyright or any other intellectual property right in or to the Services, except as provided above. You may use the Services only for Your internal business purposes. You agree that Morgan Stanley and its affiliates may provide certain portions of the Services under licence from third parties, and You agree to comply with any additional restrictions on Your usage that Morgan Stanley may communicate to You from time to time, or that are otherwise the subject of an agreement between You and such licensors. Each party will treat the existence and terms of this Schedule as confidential (subject always to the terms of the Agreement) and You further agree that any information relating to the content or operation of the Services is confidential and proprietary to Morgan Stanley, and that you will refrain from disclosing such information to any third party. You grant Morgan Stanley, its affiliates and Vendors a royalty-free, perpetual, irrevocable, non-exclusive, worldwide licence to use, access and benefit from any information and data that you provide or transmit to Morgan Stanley and its affiliates (whether directly or through a Vendor) or that is otherwise accessed in connection with the Services ("Data"). Morgan Stanley shall have exclusive title and ownership rights, including all intellectual property rights, throughout the world in all derivative works that are created using the Data.

6. Change to Terms and Conditions. Upon notice to You, Morgan Stanley may add, delete or otherwise modify any portion of this Schedule in whole or in part at any time, including without limitation to impose charges for use of the Services or any portion thereof. Your continued use of the Services 10 days after receipt of such notice shall represent Your acceptance of such terms.

7. Use of the Internet. You agree that the Internet is not a secure network and that any Communications transmitted over the Internet may be intercepted or accessed by unauthorised or unintended parties, may not arrive at the intended destination or may not arrive in the form transmitted. You agree that neither Morgan Stanley nor the relevant Vendor take any responsibility for any Communications transmitted over the Internet and that there can be no assurance that such Communications shall remain confidential or intact. Any Communications transmitted to or from You through the Services shall be at Your sole risk. If You access or view the Services by means or in formats other than as originally intended or provided by Morgan Stanley, You remain responsible for reviewing all pertinent portions of the Services, including any relevant disclosures and disclaimers.

8. E-mail, Chat and Instant Messaging. E-mail, chat and instant messaging features may be provided to You as a convenience to enhance Your Communications with Morgan Stanley. Unless otherwise agreed to by Morgan Stanley, You shall not use these features to request, authorise or effect any Electronic Transaction, to send fund transfer instructions or account information, or for any other Communication that requires non-electronic written authorisation. Morgan Stanley shall not be responsible for any loss or damage that results if any such request is not accepted or processed. You agree that You shall use these features in compliance with the Rules and Applicable Law, and You shall not use them to transmit inappropriate information, including information that may be deemed obscene, defamatory, harassing or fraudulent.

9. Representations and Warranties. Each time You use the Services and with respect to each Electronic Transaction, You hereby represent and warrant that:

(a) You have the power and authority (including under any applicable investment restrictions or guidelines and on behalf of any party for whom You are using the Services) to enter into and perform Your obligations under this Schedule, and this Schedule is Your legal, valid, binding and enforceable obligation.

(b) Any Orders submitted by You are and shall comply with this Schedule, any applicable Customer Document, Applicable Law and Rules.

(c) All securities, commodities, futures, currencies, derivatives thereon and any other instruments that You offer and sell using the Services shall be free and clear of any liens, mortgages, encumbrances or restrictions of any kind (including legends or restrictions on transfer), both when they are offered or sold and upon their delivery at settlement.

(d) You are not and shall not be, at any time when You offer, buy or sell any security using the Services, an “affiliate” of the issuer thereof or, in the case of convertible or exchangeable securities, the issuer of the underlying security.

(e) Each representation and warranty made by You under any Rules shall be deemed to have been made for the benefit of Morgan Stanley.

(f) You shall not introduce, nor permit any person to introduce into the Services, any code, malicious or hidden mechanisms that would impair the operation of the Services or of Morgan Stanley’s computers or other devices or software, or would permit other users access to the Services, nor shall You use the Services to gain any unauthorised access to any computer system.

10. **DISCLAIMER OF WARRANTIES.** THE SERVICES ARE PROVIDED “AS IS”, AND MORGAN STANLEY, ITS AFFILIATES AND THE VENDORS DISCLAIM ALL REPRESENTATIONS, WARRANTIES AND IMPLIED TERMS, WHETHER IN LAW, TORT, FACT OR CONTRACT, INCLUDING WITHOUT LIMITATION (I) WITH RESPECT TO THE ACCURACY, COMPLETENESS OR TIMELINESS OF THE SERVICES OR ANY PART THEREOF; OR (II) THAT THE SERVICES OR ANY PART THEREOF SHALL BE UNINTERRUPTED OR ERROR FREE; AND (III) THOSE OF NON-INFRINGEMENT, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE RELATING TO THE SERVICES OR ANY PART THEREOF. ANY HYPERLINK TO ANOTHER SITE IS NOT AND DOES NOT IMPLY AN ENDORSEMENT, INVESTIGATION, VERIFICATION OR MONITORING BY MORGAN STANLEY, ITS AFFILIATES AND THE VENDORS OF ANY INFORMATION ON THAT SITE.

11. **LIMITATION OF LIABILITY.** TO THE FULLEST EXTENT PERMITTED BY LAW, IN NO EVENT SHALL MORGAN STANLEY, ITS AFFILIATES OR THE VENDORS OR THEIR RESPECTIVE OFFICERS, DIRECTORS, OWNERS, AGENTS AND EMPLOYEES (THE “MORGAN STANLEY PARTIES”) HAVE ANY LIABILITY TO YOU OR ANY OTHER PERSON FOR ANY INDIRECT, CONSEQUENTIAL OR SPECIAL LOSSES, COSTS, LIABILITIES OR DAMAGES OF ANY KIND, INCLUDING DIRECT OR INDIRECT LOSS OF PROFITS (TOGETHER, “COSTS”), ARISING OUT OF, OR IN CONNECTION WITH, THIS AGREEMENT OR THE PERFORMANCE OR BREACH OF THIS AGREEMENT, OR YOUR OR ANY OTHER PERSON’S USE OF, OR INABILITY TO USE, THE SERVICES. THESE LIMITATIONS SHALL APPLY REGARDLESS OF THE FORM OF ACTION, WHETHER BASED ON STATUTE EQUITY OR ARISING IN CONTRACT, INDEMNITY, WARRANTY, STRICT LIABILITY OR TORT (INCLUDING NEGLIGENCE), AND REGARDLESS OF WHETHER ANY MORGAN STANLEY PARTY KNOWS OR HAS REASON TO KNOW OF THE POSSIBILITY OF SUCH DAMAGES. NOTWITHSTANDING ANY OTHER PROVISIONS OF THIS AGREEMENT AND WITHOUT PREJUDICE TO THE FOREGOING AND TO CLAUSE 10 ABOVE, THE MAXIMUM AGGREGATE LIABILITY OF THE MORGAN STANLEY PARTIES FOR DIRECT LOSS (WHETHER UNDER STATUTE, OR ARISING IN EQUITY, CONTRACT, TORT (INCLUDING NEGLIGENCE) OR INDEMNITY, WARRANTY, STRICT LIABILITY OR OTHERWISE) UNDER THIS AGREEMENT AND WITH RESPECT TO THE SERVICES SHALL NOT EXCEED THE AMOUNT OF FEES PAID BY YOU IN CONNECTION WITH THE SPECIFIC TRANSACTION GIVING RISE TO SUCH LOSS OR DAMAGE, UNLESS CAUSED DIRECTLY BY THE WILLFUL DEFAULT OR FRAUD OF THE MORGAN STANLEY PARTIES. THIS LIMITATION OF LIABILITY IS IN ADDITION TO ANY OTHER LIMITATION PROVIDED IN ANY APPLICABLE ACCOUNT AGREEMENT OR RULES.

12. **Your Indemnification Obligations.** You agree to indemnify, defend and hold harmless the Morgan Stanley Parties from and against any and all losses, liabilities, judgments, arbitration awards, settlements, expenses, damages and costs, including attorneys’ fees and disbursements, as incurred by any of them arising in any manner out of or relating to Your use of, or inability to use, the Services or any breach or alleged breach by You of this Schedule. You shall co-operate with the Morgan Stanley Parties as fully as reasonably required in the defence of any third party claim subject to these indemnity provisions. Morgan Stanley reserves the right to assume the exclusive defence and control of any matter otherwise subject to indemnification by You. You shall not in any event settle any matter without the prior written consent of Morgan Stanley. This indemnity is in addition to any other indemnity provided in any applicable Customer Document or Rules.

13. **Governing Law; Injunctive Relief.** This Schedule, its enforcement, and any dispute arising out of or relating to the subject matter of this Schedule (including any non-contractual obligations relating thereto) shall be governed by the laws of England, and the parties irrevocably consent to the exclusive jurisdiction of the courts of England for any such disputes. You acknowledge that any breach or threatened breach by You of any provision of this Schedule may cause Morgan Stanley or its affiliates or the Vendors irreparable injury and damage and, therefore, that any such breach or threatened breach may be enjoined through injunctive proceedings in addition to any other rights and remedies that may be available to Morgan Stanley or its affiliates or the Vendors at law or in equity.

14. **Notice.** Any notices or other communications required or permitted to be given or delivered under this Schedule by Morgan Stanley to You shall be provided through the Services, by e-mail, by facsimile (with confirmation of receipt) or in writing to the address provided by You, which You are solely responsible for updating as necessary. Any notices or other communications under this Schedule by You to Morgan Stanley shall be provided in writing to Morgan Stanley & Co. International plc., 25 Cabot Square, Canary Wharf, London E14 4QA, England, Attention: Legal and Compliance Division, or as otherwise specified in writing, and, if the name of an affiliated entity appears on the signature line below, to that entity



at the address provided below as well. Notices transmitted electronically (e-mail or fax or phone) shall be effective upon transmission, provided that such notice is properly addressed; all other notices shall be effective upon receipt.

15. Assignment; Waiver. You may not assign, sublicense, delegate, subcontract or otherwise transfer Your rights, duties and obligations under this Schedule to a third party without Morgan Stanley's express written consent. Any instrument purporting to make an assignment or other transfer in violation of this provision shall be null and void. Any forbearance or delay on the part of either party hereto in enforcing any provision of this Schedule or any of its rights hereunder shall not be construed as a waiver of such provision or of a right to enforce the same for such occurrence or any future occurrence.

16. Termination. Morgan Stanley may terminate or suspend this Schedule with respect to any Service immediately, with or without cause, upon notice to You. You may terminate this Schedule, with or without cause, upon at least one day's written notice in non-electronic form to Morgan Stanley. Notwithstanding any such termination or suspension, this Schedule shall remain in effect in respect of any other Service to which You continue to have access. This Schedule shall remain in effect with respect to any Orders placed or Electronic Transactions initiated prior to effectiveness of any termination, and neither party shall be relieved of any payment or other obligation that accrued prior to termination. Sections 2, 4, 5 and 9-19 shall survive the termination of this Schedule.

17. Privacy and Cookies. Morgan Stanley, its affiliates and Vendors may process personal data as part of and/or in connection with the Services. This includes using cookies and similar technology to collect information about Your use of our Services and Your preferences. To find out more information about how Morgan Stanley processes personal data and uses cookies and how to reject cookies, see Morgan Stanley's Privacy & Cookies Policy at [http://www.morganstanley.com/privacy\\_pledge.html](http://www.morganstanley.com/privacy_pledge.html). By accessing or using the Services you consent to Morgan Stanley, its affiliates and Vendors processing your personal data and using cookies as further detailed in Morgan Stanley's Privacy & Cookies Policy. You acknowledge and agree that if You choose to reject cookies, some or all parts of the Services may not function properly or may not be accessible.

18. E-commerce Directive. Unless expressed otherwise in an individual product or Service's terms of use, no contracting or transaction information required by the E-Commerce Directive, as implemented under applicable law, will be provided in relation to business to business contracts concluded electronically as a result of Your use of the Services.

19. Miscellaneous. This Schedule, together with any applicable Customer Documents, constitutes the entire agreement between You and Morgan Stanley with respect to the Services. Solely in connection with an Electronic Transaction, in the event of any conflict between this Schedule and any Customer Document, the terms of this Schedule shall prevail. Any cause of action with respect to the Services must be commenced within one year after the claim or cause of action arises. If for any reason a court of competent jurisdiction finds any provision of this Schedule, or portion thereof, to be unenforceable, that provision shall be enforced to the maximum extent permissible so as to effect the intent of this Schedule, and the remainder of this Schedule shall continue in full force and effect. The rights and remedies of the parties hereunder are cumulative and are in addition to, and not in lieu of, all rights and remedies available at law and in equity. Except as expressly agreed in writing between us or provided in this Schedule, this Agreement and the Customer Documents do not create any rights under the Contracts (Rights of Third Parties) Act 1999, save that each of Morgan Stanley's affiliates shall be entitled to benefit from and to enforce any benefit under this Agreement as if such benefit has been expressly granted to that affiliate.

20. Foreign Exchange Trading. To the extent that You use the Services for the purposes of FX Trading, the following shall apply:

A. Services. The Services contemplated by this Section 20 include (i) services currently known as FX Trading and the foreign exchange functionality provided on Passport (formerly TradeXL) both accessible through Morgan Stanley's Client Link and (ii) any other foreign exchange service as may be offered to You by Morgan Stanley directly or through third parties, each of which shall be deemed a Vendor for purposes of this Schedule.

(a) Client Link. In connection with your use of Morgan Stanley's Client Link, Section 4, entitled "Placement of Orders; Objections", and Section 8, entitled "E-mail, Chat and Instant Messaging", of this Schedule are qualified by the following terms:

(i) For purposes of Section 4(a), FX Trading will only accept market orders as "Orders"; the foreign exchange functionality on Passport will accept market orders, requests for quotes, and dealable quotes as "Orders". We reserve the right to change the parameters established for foreign exchange dealable quotes provided on Passport at any time and without notice to you.

(ii) In the event of any inconsistency with respect to the terms of an Electronic Transaction between either a Notice of Execution or daily reports of Electronic Transactions accessible through Client Link and a confirmation, the terms of the confirmation for the relevant Electronic Transaction shall prevail.

(iii) Notwithstanding the provisions set forth in Section 4(d), You may not cancel any Orders that you submit through Morgan Stanley Client Link. Morgan Stanley Client Link does not accept on-line cancellation requests.

(iv) For purposes of Section 4(e), You will be able to access through Morgan Stanley Client Link daily reports of all Electronic Transactions executed prior to the close of business on each business day on which You execute Electronic Transactions through such Service. You shall be deemed to have accepted the terms of all such Electronic Transactions unless You object to them by contacting Morgan Stanley by telephone by the close of trading on such business day.

(v) Notwithstanding the terms of Section 8, Morgan Stanley may agree in advance to accept Orders from You that are sent to Morgan Stanley by e-mail or instant messaging. With respect to any Orders submitted to Morgan Stanley by e-mail or instant messaging, You agree to accept all risk related to the possibility that Your Order may be delayed, corrupted, or otherwise fail to reach Morgan Stanley in a timely manner in the form in which it was transmitted by You. In addition, You acknowledge that Morgan Stanley will act upon Orders that we receive from You by e-mail or instant messaging only after such Orders have been reviewed and approved by an authorised person of Morgan Stanley, who shall then, subject to the instructions contained in Your message, submit the trade for execution. You further acknowledge that Orders received by e-mail or instant messaging are subject to the rules contained in Section 4 of this Schedule, including our ability to cancel such Orders in whole or in part for any reason.

(b) Third Party Foreign Exchange Services. Section 4, entitled “Placement of Orders; Objections”, shall be qualified in its entirety by the terms of any user guide and/or product information governing the use of a third party foreign exchange service, which terms shall govern Your use of such third party service to transact with Morgan Stanley to the extent that such terms may conflict with the provisions set forth in this Schedule. In the event that the terms of this Schedule that govern what rights Morgan Stanley may assert in connection with Your use of any third party foreign exchange service are inconsistent with any third party beneficiary terms contained in the customer or user agreement that You have executed directly with a Vendor governing Your use of such third party service, the terms of this Schedule shall prevail.

B. Scope of Use. You shall be permitted to use the Services to enter into foreign exchange transactions with Morgan Stanley, and to access any information and content that Morgan Stanley and/or any Vendor may provide on, through or in connection with the relevant Services (“Service Data”).

C. Service Fees. There are currently no service fees payable by You to Morgan Stanley for use of the Services.

D. Additional Software Provided. Morgan Stanley is not providing you with any additional software in order to use the Services.

## SCHEDULE II – TERMS RELATING TO EXCHANGE-TRADED DERIVATIVES

The terms in this Schedule (consisting of Parts A, B, C, D and E) will apply if the Client trades exchange-traded derivatives with or through Morgan Stanley. Any capitalised term used in this Schedule and not otherwise defined shall have the meaning given to it in the Agreement.

### PART A – DEALING

#### 1. SERVICES

1.1 The services covered by this Schedule are dealing and clearing services in financial and commodity options, futures and contracts for differences traded on or under the Rules of an Exchange.

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## 2. BASIS OF DEALING

2.1 Some futures and options Exchanges only allow dealings between members of the Exchange. If Morgan Stanley is not a member of a particular Exchange, Morgan Stanley will need to use an intermediate broker who is a member to execute a Transaction for the Client on that Exchange.

2.2 Many futures and options Exchanges require members to deal with each other as principal. Morgan Stanley will always deal as principal on an Exchange or with an intermediate Broker, unless the Rules of the Exchange actually require Morgan Stanley to trade as the Client's agent. This means that to give the Client the benefit of the contract Morgan Stanley have entered into on Exchange or with an intermediate Broker (the "**Exchange Contract**") Morgan Stanley will enter into a contract with the Client which is identical in all respects with the Exchange Contract except that it will be between the Client and Morgan Stanley (the "**Client Contract**").

2.3 Accordingly, when Morgan Stanley carries out a Transaction for the Client, Morgan Stanley will make or place an Exchange Contract on the floor of the relevant market (by open outcry on the floor of, or on an automated trading system administered by, a futures and options Exchange) or with or through an intermediate Broker, and an equivalent Client Contract will come into existence. The Client and Morgan Stanley will have equivalent rights and obligations under the Client Contract that Morgan Stanley and Morgan Stanley's counterparty have under the Exchange Contract.

2.4 Where permitted by the Rules Morgan Stanley may take the opposite side of a client order or otherwise enter into cross trades with or for the Client.

## 3. CLIENT INSTRUCTIONS AND ACTIONS

3.1 At maturity delivery obligations will (or, in the case of an option, will if it is exercised) arise. Frequently those trading for investment purposes will not wish to make or receive delivery of the underlying Investment or asset but prefer to take any profit or loss in cash, which can be achieved by closing out the contract. Subject to the requirements of the Agreement, the Rules and any further requirements Morgan Stanley notifies to the Client, the Client may at any time before the time for performance of a Client Contract request Morgan Stanley to close out the corresponding Exchange Contract or, if a purchased option, to exercise that option. If the closing out of the Exchange Contract results in a sum of money being due to the Exchange, Clearing House or Broker by Morgan Stanley, Morgan Stanley will notify the Client of that amount which will be immediately payable by the Client to Morgan Stanley under the corresponding Client Contract.

3.2 To enable Morgan Stanley to settle, deliver or, in the case of options, exercise or allocate an Exchange Contract the Client will give Morgan Stanley such instructions and take such action as Morgan Stanley reasonably requires. So that Morgan Stanley can communicate such instructions to the relevant Exchange, Clearing House or Broker, or take any other action that is necessary to effect such instructions, the Client must give Morgan Stanley the Client's instructions within any time limit Morgan Stanley notifies to the Client.

3.3 If the Client fails to give Morgan Stanley any instructions or to take any actions that Morgan Stanley has required pursuant to paragraph 3.2 of this Schedule, Morgan Stanley may: (i) close out any relevant open positions; (ii) make or receive delivery of any underlying Investment or asset; and (iii) take action to cover, reduce or eliminate any potential losses or liabilities in respect of the relevant Exchange Contract, on such terms and in such manner as Morgan Stanley, in acting in a commercially reasonable manner, deems necessary or appropriate. For the avoidance of doubt Morgan Stanley shall not be under any obligation to exercise rights under this paragraph 3.3.

3.4 The Client must decide whether or not to exercise any option. Morgan Stanley will not be responsible to the Client for the consequences of failing to exercise an option if Morgan Stanley does not receive sufficiently clear and timely instructions from the Client in relation to the exercise of such option.

## 4. ALLOCATION

4.1 If the relevant Exchange, Clearing House or Broker does not allocate Exchange Contracts at maturity directly to a specific account Morgan Stanley may allocate those Exchange Contracts at random or, exercising Morgan Stanley's commercially reasonable discretion, in a way that is equitable as between clients. If dealings on Morgan Stanley's own account are involved at the same time, then Morgan Stanley will allocate such Exchange Contracts to all of Morgan Stanley's clients first and Morgan Stanley will receive no allocation until all relevant Client Contracts have been satisfied.

## 5. DELIVERY TO THE CLIENT

5.1 Subject to the terms of the Agreement and provided that the Client has fulfilled all of the Client's obligations under the Agreement, when Morgan Stanley receives any sums and/or Investments or other assets under an Exchange Contract Morgan Stanley will pay such sums and/or deliver such Investments or other assets to the Client under the corresponding Client Contract after deduction of any Taxes or other charges.

## 6. ALTERATION OF CONTRACTS

6.1 If the relevant Exchange, Clearing House or Broker requires any terms or conditions of an Exchange Contract to be altered, Morgan Stanley may take such actions as Morgan Stanley, in Morgan Stanley's commercially reasonable discretion, consider necessary or desirable to comply with such requirements or to avoid or mitigate loss resulting from such alteration. All actions taken by Morgan Stanley will be binding on the Client, and the Client agrees that any alteration will be deemed to be incorporated into the corresponding Client Contract. Morgan Stanley will notify the Client of any alteration (in advance, where this is reasonably practicable).

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## 7. MARKET INTERVENTION

7.1 Exchange and Clearing House Rules contain broad powers in the event of the default of a member or other adverse situation which may, for example, involve the Exchange or Clearing House exercising rights of set-off, closing out, ceasing to recognise or refusing to clear any contract (including an Exchange Contract). The Client agrees that if an Exchange or Clearing House exercises its powers Morgan Stanley may take such action with respect to any affected Exchange Contracts and related Client Contracts as Morgan Stanley, in its commercially reasonable discretion, considers necessary or desirable and any such action will be binding on the Client. Morgan Stanley will not be liable to the Client in respect of any relevant Client Contract to the extent that a corresponding Exchange Contract is affected by the exercise of powers by an Exchange or Clearing House. This will not affect the Client's obligations and liabilities in respect of the relevant Client Contract.

## 8. MARGIN

8.1 The Client will pay or deliver Margin in accordance with the terms of the Agreement.

8.2 Where Cash is transferred to the Client's Listed Derivatives Account ("Cash Margin") in accordance with paragraph A.4.2 of the Agreement, such Cash Margin shall be treated by MSI plc as client money (as defined in the Client Money Rules). Among other things, this requires MSI plc to hold client money in an account at an approved bank or in a qualifying money market fund (as defined in the Client Money Rules). For the avoidance of doubt, any money that is transferred to MSI plc on a title transfer basis under the terms of this Agreement is not client money as defined by the Client Money Rules.

Cash treated by MSI plc as client money will be held in an account at an approved bank or unless the Client notifies MSI plc otherwise in writing may be placed by MSI plc in a qualifying money market fund. If MSI plc provides custody of units in such qualifying money market funds MSI plc will do so in accordance with the FCA's custody rules and not in accordance with the Client Money Rules and accordingly MSI plc shall not be liable for any restriction on redemption or diminution in value of such units in a qualifying money market fund.

MSI plc may also allow another third party (for example, an exchange, market, intermediate broker, OTC counterparty or clearing house) to hold or control client money in order to effect one or more Transactions through or with that person or to satisfy the Client's obligation to provide collateral in respect of a Transaction. MSI plc has no responsibility for any acts or omissions of any third party to whom it passes money received from the Client. The third party to whom MSI plc passes money may hold it in an omnibus account and it may not be possible to separate such money from MSI plc's money, or the third party's money. The Client agrees and acknowledges that where MSI plc allows a third party to hold or control client money, this may involve a transfer of full ownership of the money to that third party, in which case the Client will no longer have a proprietary claim to such money and the transferee may deal with it in its own right. In the event of insolvency or other analogous proceedings in relation to that third party, MSI plc will only have an unsecured claim against the third party on behalf of the Client and MSI plc's other clients, and the Client will be exposed to the risk that the money received by MSI plc from the third party is insufficient to satisfy the claims of the Client and all other clients with claims in respect of the relevant account.

MSI plc may pass client money to a person who is located outside the United Kingdom. In such circumstances the legal and regulatory regime applying to the bank, intermediate broker, settlement agent or OTC counterparty will be different from that of the United Kingdom and, in the event of failure of the bank, intermediate broker, settlement agent or OTC counterparty, this money may be treated in a different manner from that which would apply if the money was held by a bank, intermediate broker, settlement agent or OTC counterparty in the United Kingdom. Where this is necessary to provide the services you have requested under this Agreement, the Client requests MSI plc to deposit its client money with such third parties.

MSI plc may pass client money to an exchange or clearing house, inside or outside the United Kingdom. Certain exchanges or clearing houses may not acknowledge the notice which MSI plc is required to serve on them which confirms that they have no right of set-off or counterclaim between MSI plc's client accounts and any other accounts that MSI plc may maintain with them. In such circumstances the Client's money might not be protected as effectively where an acknowledgement is provided.

MSI plc is required to limit the client money that it deposits or holds with relevant group entities (as defined in the FCA Rules) so that those funds do not at any point in time exceed 20 per cent of the balance on (1) all of MSI plc's general client bank accounts (as defined in the FCA Rules) considered in aggregate; (2) each of its designated client bank accounts (as defined in the FCA Rules); and (3) each of its designated client fund accounts (as defined in the FCA Rules).

Where MSI plc agrees to effect transactions, in a jurisdiction outside the United Kingdom, then it may need to appoint a settlement agent to undertake those transactions. In order to meet the settlement obligations to the relevant Exchange or Clearing House, MSI plc will need to pass the Client's money or Investments to a settlement agent in that jurisdiction. In that event the Client's money might not be protected as effectively when held by such a settlement agent as if it were held in a client bank account in the United Kingdom. The Client should note that in the event of a shortfall arising on the money available to meet the claims of segregated clients the Client's claim will be restricted to the money held in MSI plc's client bank accounts in respect of transactions carried on through that settlement agent and to any money received from the settlement agent relating to those transactions.

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The Client agrees that MSI plc may, in its sole discretion, decide to pay away to a registered charity of MSI plc's choice any money that MSI plc holds for you as client money and, accordingly, release it from its client bank account(s) and cease to treat the Client's money as client money if there has been no movement in the Client's balance for a period of six years (notwithstanding any payments or receipts of charges, interest or similar items) and MSI plc has been unable to contact the Client having taken reasonable steps in accordance with the Client Money Rules to trace the Client and return the money. MSI plc undertakes to make good any valid claim against released balances.

## 9. MORGAN STANLEY'S POWERS

9.1 Without prejudice to Morgan Stanley's rights under the Agreement, following an Event of Default Morgan Stanley may (with prior notice to the Client if this is practicable) take such steps as Morgan Stanley, in its absolute discretion, consider necessary or desirable to comply with, perform or cancel any of Morgan Stanley's obligations to the relevant Exchange, Clearing House or Broker in respect of any Exchange Contract, including:

- (a) buying or selling the Investment or asset underlying the Exchange Contract;
- (b) buying or selling futures or options contracts;
- (c) opening new long or short positions in order to establish a spread or straddle;
- (d) applying any Margin;
- (e) cancelling, terminating or otherwise liquidating any Transaction; and/or
- (f) setting off any obligation of Morgan Stanley's against an obligation of the Client's.

Any amounts that Morgan Stanley incurs in exercising rights under this paragraph 9 will be immediately due by the Client to Morgan Stanley and Morgan Stanley may apply any Margin, including realising Margin, in satisfaction of the Client's liability.

9.2 Morgan Stanley may convert any funds realised under this paragraph 9 at such rate and into such currencies as Morgan Stanley may reasonably consider appropriate.

9.3 The Client agrees that following an Event of Default Morgan Stanley will not be obliged to deliver to the Client under any Client Contract the underlying Investment or asset or any money received or receivable on closing out until the Client have satisfied or discharged all of the Client's liabilities to Morgan Stanley under the Agreement.

## 10. TERMINATION

10.1 Termination of the Agreement will be without prejudice to our rights to Margin and the relevant terms of the Agreement will continue to apply until all Exchange Contracts and matching Client Contracts have been closed out, settled or delivery effected and all liabilities in respect of such contracts discharged.

## 11. REPRESENTATIONS

The Client represents, warrants and undertakes that:

- (a) any orders or instructions given by it to MSI plc in respect of exchange traded derivatives transactions pursuant to this Agreement will represent speculative transactions as defined in the CFTC Rule 1.3(z); and
- (b) if the Client is domiciled in the United States of America the Client shall only enter into non-US futures transactions and non-US CFTC approved listed options with MSI plc pursuant to this Agreement.

The representations and warranties contained in this clause 11 shall be deemed to be repeated each time an order or instruction is given by the Client under this Agreement.

### *Exchange-Traded Derivative Supplement*

#### **Definitions**

**"Broker"** means a member of an Exchange and/or Clearing House that is instructed by us to execute, clear or settle a transaction and may be an Associated Firm;

**"Client Contract"** has the meaning given in paragraph 2.2 of Part A this Schedule;

**"Exchange Contract"** has the meaning given in paragraph 2.2 of Part A of this Schedule;

**"Rules"** means:

- (a) all applicable laws and regulations;

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- (b) all applicable rules, orders, announcements, decisions, directions, guidelines, provisions, requirements, terms and customs of a governmental, regulatory or self-regulatory authority, Exchange, Clearing House, Broker or other body having regulatory or enforcement responsibility (including requirements resulting from agreements entered into by us, an Associated Firm or Broker with or in favour of the relevant Exchange, Clearing House, regulatory or self-regulatory authority, Broker or other body);

“**Taxes**” means taxes, duties, imposts and fiscal and regulatory charges of any nature, wherever and whenever imposed including value added taxes, stamp and other documentary taxes and Exchange, Clearing House, regulatory and industry levies.

“**Transaction**” means for the purposes of this Schedule the entering into of an Exchange Contract, closing out or effecting delivery and/or settlement of an Exchange Contract (including the exercise or allocation of an option contract).

## **PART B – MASTER NETTING AGREEMENT**

**THIS MASTER NETTING AGREEMENT (“MNA”)** is made as of the date of the Agreement of which it forms part and is between (A) the **Client**; and (B) **MSI plc**.

The Futures and Options Association is an industry association. It publishes the following form of Master Netting Agreement which provides for the close-out and netting of the parties’ obligations under exchange-traded derivatives contracts.

### **IT IS HEREBY AGREED AS FOLLOWS:**

#### **1. Scope of this Agreement**

- 1.1** Unless otherwise agreed in writing by the Parties in Annex 1 of this MNA or otherwise and subject to the next sentence, this MNA and the particular terms agreed by the Parties govern each Transaction (as defined in Annex 1 of this MNA) entered into or outstanding between any two Designated Offices of the Parties on or after the date of execution of this MNA. In the case of Transactions within paragraph (i), (ii), (iii) or (iv) of the definition of “Transaction” in clause 13 of this MNA, this MNA governs only those Transactions where the Exchange mentioned in such definition is a Specified Exchange.
- 1.2** This MNA, the particular terms of, and applicable to, each and every Transaction governed by this MNA, the annexes to this MNA and all amendments to any of such items shall together constitute a single agreement between the Parties. The Parties acknowledge that all Transactions governed by this MNA, which are entered into on or after the date of execution of this MNA, are entered into in reliance upon the fact that all such items constitute a single agreement between the Parties.
- 1.3** All defined terms in this MNA shall have the meaning given to them in Clause 13 of this MNA.

#### **2. Settlement and Exchange of Clearing Organisation Rules**

- 2.1** Unless a Liquidation Date has occurred or has been effectively set, a Party shall not be obliged to make any payment or delivery scheduled to be made by that Party under a Transaction governed by this MNA for so long as an Event of Default or Potential Event of Default with respect to the other Party has occurred and is continuing.
- 2.2** Unless otherwise agreed in writing by the Parties, if the Parties enter into any Transaction governed by this MNA to close out any existing Transaction between the Parties then their obligations under such Transactions shall automatically and immediately be terminated upon entering into the second Transaction, except for any settlement payment due from one Party to the other in respect of such closed-out Transactions.
- 2.3** This MNA shall not be applicable to any Transaction to the extent that action which conflicts with or overrides the provisions of this agreement has been started in relation to that Transaction by a relevant Exchange or clearing organisation under applicable rules or laws and is continuing.

#### **3. Representations, Warranties and Covenants**

- 3.1** Each Party represents and warrants to the other Party as of the date of execution of this MNA and, in the case of the representation and warranty in (v) of this Clause 3.1 of MNA relating to the entering into of Transactions, as of the date of entering into each Transaction governed by this MNA that: (i) it has authority to enter into this agreement; (ii) the person entering into the agreement on its behalf has been duly authorised to do so; (iii) this agreement and the obligations created under this agreement are binding upon it and enforceable against it in accordance with their terms (subject to applicable principles of equity) and do not and will not violate the terms of any agreements to which such Party is bound; (iv) no Event of Default or Potential Event of Default has occurred and is continuing



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with respect to it; and (v) it acts as principal and sole beneficial owner (and not as trustee) in entering into this MNA and each and every Transaction governed by this MNA.

- 3.2** Each Party covenants to the other Party that: (i) it will at all times obtain and comply with the terms of and do all that is necessary to maintain in full force and effect all authorisations, approvals, licences and consents required to enable it lawfully to perform its obligations under this agreement; and (ii) it will promptly notify the other Party of the occurrence of any Event of Default or Potential Event of Default with respect to itself or any credit Support Provider in relation to it.

## **4 Termination and Liquidation**

**4.1** If, at any time:

- (i) a Party fails to make any payment when due under or to make or take delivery of any property when due under, or to observe or perform any other provision of, this MNA (including any Transaction governed by this MNA) and such failure continues for two business days after notice of non-performance has been given by the other Party to the defaulting Party;
- (ii) a Party commences a voluntary case or other procedure seeking or proposing liquidation, reorganisation, an arrangement or composition, a freeze or moratorium, or other similar relief with respect to itself or to its debts under any bankruptcy, insolvency, regulatory, supervisory or similar law (including any corporate or other law with potential application to an insolvent Party), or seeking the appointment of a trustee, receiver, liquidator, conservator, administrator, custodian, examiner or other similar official (each a "Custodian") of it or any part of its assets; or takes any corporate action to authorise any of the foregoing; and, in the case of a reorganisation, arrangement or composition, the other Party does not consent to the proposals;
- (iii) an involuntary case or other procedure is commenced against a Party seeking or proposing liquidation, reorganisation, an arrangement or composition, a freeze or moratorium, or other similar relief with respect to it or its debts under any bankruptcy, insolvency, regulatory, supervisory or similar law (including any corporate or other law with potential application to an insolvent Party) or seeking the appointment of a Custodian of it or any part of its assets and such involuntary case or other procedure either (a) has not been dismissed within five days of its institution or presentation or (b) has been dismissed within such period but solely on the grounds of an insufficiency of assets to cover the costs of such case or other procedure;
- (iv) a Party dies, becomes of unsound mind, is unable to pay its debts as they fall due or is bankrupt or insolvent, as defined under any bankruptcy or insolvency law applicable to such Party; or indebtedness of a Party is not paid on the due date therefore or becomes, or becomes capable at any time of being declared, due and payable under agreements or instruments evidencing such indebtedness before it would otherwise have been due and payable, or proceedings are commenced for any execution, any attachment or garnishment, or any distress against, or an encumbrancer takes possession of, the whole or any part of the property, undertaking or assets (tangible and intangible) of a Party;
- (v) a Party or any Credit Support Provider in relation to a Party (or any Custodian acting on behalf of a Party or any Credit Support Provider in relation to a Party) disaffirms, disclaims or repudiates any obligation under this agreement (including any Transaction governed by this MNA) or any Credit Support Document;
- (vi) any representation or warranty made or deemed made by a Party pursuant to this agreement or pursuant to any Credit Support Document proves to have been false or misleading in any material respect as at the time it was made or given;
- (vii) (a) any Credit Support Provider in relation to a Party or the relevant Party itself fails to comply with or perform any agreement or obligation to be complied with or performed by it in accordance with the applicable Credit Support Document; (b) any Credit Support Document relating to a Party expires or ceases to be in full force and effect prior to the satisfaction of all obligations of such Party under this agreement (including any Transaction governed by this MNA), unless the other Party has agreed in writing that this shall not be an Event of Default; (c) any representation or warranty made or deemed made by any Credit Support Provider in relation to a Party pursuant to any Credit Support Document proves to have been false or misleading in any material respect as at the time it was made or given or deemed made or given; or (d) any event referred to in (ii) to (iv) or (viii) of this Clause 4.1 of MNA occurs in respect of any Credit Support Provider in relation to a Party;
- (viii) a Party is dissolved, or in respect of a Party whose existence is dependent upon a formal registration, such registration is removed or ends, or any procedure is commenced seeking or proposing a Party's dissolution or the removal or ending of such a registration of a Party; or

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- (ix) any event of default (however described) occurs under any terms of business in place between the Parties or any other event specified for these purposes in Annex 1 of this MNA or otherwise occurs,

THEN the other Party (the “**Non-Defaulting Party**”) may exercise its rights under Clause 4.2 of MNA, except that, if so agreed in writing by the Parties (whether by specifying as such in Annex 1 hereto or otherwise), in the case of the occurrence of any Event of Default specified in paragraph (ii) or (iii) above the provisions of Clause 4.3 of MNA shall apply.

- 4.2 Subject to Clause 4.3 of this MNA, at any time following the occurrence of an Event of Default, the Non-Defaulting Party may, by notice to the Defaulting Party, specify a Liquidation Date for the termination and liquidation of Transactions in accordance with the provisions of Clause 4.4 of this MNA.
- 4.3 If the Parties have so agreed, the date of the occurrence of any Event of Default specified in paragraph (ii) or (iii) of Clause 4.1 of this MNA shall automatically constitute a Liquidation Date, without the need for any notice by either Party and to the intent that the provisions of Clause 4.4 of this MNA shall then apply.
- 4.4 Upon the occurrence of a Liquidation Date:
  - (i) neither Party shall be obliged to make any further payments or deliveries under any Transactions governed by this MNA which would, but for this Clause, have fallen due for performance on or after the Liquidation Date and such obligations shall be satisfied by settlement (whether by payment, set-off or otherwise) of the Liquidation Amount;
  - (ii) the Non-Defaulting Party shall (on, or as soon as reasonably practicable after, the Liquidation Date) determine (discounting if appropriate), in respect of each Transaction governed by this MNA, its total cost, loss or, as the case may be, gain, in each case expressed in the Non-Defaulting Party’s Base Currency (and, if appropriate, including any loss of bargain, cost of funding or, without duplication, cost, loss or, as the case may be, gain as a result of the termination, liquidation, obtaining, performing or re-establishing of any hedge or related trading position), as a result of the termination, pursuant to this MNA, of each payment or delivery which would otherwise have been required to be made under such Transaction (assuming satisfaction of each applicable condition precedent and having due regard to, if appropriate, such market quotations published on, or official settlement prices set by, a relevant Exchange or clearing organisation as may be available on, or immediately preceding, the date of calculation); and
  - (iii) the Non-Defaulting Party shall treat each cost or loss to it, determined as above, as a positive amount and each gain by it, so determined, as a negative amount and aggregate all of such amounts to produce a single, net positive or negative amount, denominated in the Non-Defaulting Party’s Base Currency (the “**Liquidation Amount**”).
- 4.5 If the Liquidation Amount determined pursuant to Clause 4.4 of this MNA is a positive amount, the Defaulting Party shall pay it to the Non-Defaulting Party and if it is a negative amount, the Non-Defaulting Party shall pay it to the Defaulting Party. The Non-Defaulting Party shall notify the Defaulting Party of the Liquidation Amount, and by which Party it is payable, immediately after the calculation of such amount.
- 4.6 Unless the Parties specify otherwise in Annex 1 of this MNA or otherwise, where termination and liquidation occurs in accordance with Clause 4.4 of this MNA, the Non-Defaulting Party shall also be entitled, at its discretion, to apply the provisions of Clause 4.4 to any other Transactions entered into between the Parties which are then outstanding, as if each such Transaction were a Transaction governed by this MNA.
- 4.7 The amount payable by one Party to the other Party pursuant to the provisions of Clause 4.5 of this MNA, or any applicable laws or regulations, shall be paid in the Non-Defaulting Party’s Base Currency by the close of business on the business day following the completion of the termination and liquidation under Clause 4.4 of this MNA, or any laws or regulations having a similar effect, (converted as required by applicable law into any other currency, any costs of such conversion to be borne by, and (if applicable) deducted from any payment to, the Defaulting Party). Any such amount which is not paid on the due date therefore shall bear interest, at the average rate at which overnight deposits in the currency of such payment are offered by major banks in the London interbank market as of 11.00 a.m. (London time) (or, if no such rate is available, at such reasonable rate as the Non-Defaulting Party may select) plus 1% per annum, for each day for which such amount remains unpaid.
- 4.8 For the purpose of any calculation hereunder, the Non-Defaulting Party may convert amounts denominated in any other currency into the Non-Defaulting Party’s Base Currency at such rate prevailing at the time of the calculation as it shall reasonably select.
- 4.9 The Non-Defaulting Party’s rights under this Clause 4 of this MNA shall be in addition to, and not in limitation or exclusion of, any other rights which the Non-Defaulting Party may have (whether by agreement, operation of law or otherwise).

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## **5 Set-Off**

Without prejudice to any other right or remedy which it may have, either Party may, on or after the occurrence of a Liquidation Date and the determination of the Liquidation Amount, set off any amount owing by it (whether actual or contingent, present or future and including, if applicable and with out limitation, the Liquidation Amount and any amount due and payable on or before the Liquidation Date but remaining unpaid) to the other Party against any amount owing by such other Party (whether actual or contingent, present or future and including, if applicable and without limitation, the Liquidation Amount and any amount due and payable before the Liquidation Date but remaining unpaid) to the first Party.

## **6 Currency Indemnity**

If a Party (the first Party) receives or recovers any amount in respect of an obligation of the other Party (the second Party) in a currency other than that in which such amount was payable, whether pursuant to a judgement of any court or otherwise, the second Party shall indemnify and hold harmless the first Party from and against any cost (including costs of conversion) and loss suffered by the first Party as a result of receiving such amount in a currency other than the currency in which it was due.

## **7. Assignments and Transfers**

Neither Party may assign, charge or otherwise transfer or purport to assign, charge or otherwise transfer its rights or obligations under this agreement (including the Transactions governed by this MNA) or any interest therein without the prior written consent of the other Party, and any purported assignment, charge or transfer in violation of this Clause shall be void.

## **8. Notices**

Unless otherwise agreed, all notices, instructions and other communications to be given to a Party under this agreement shall be given to the address, telex (if confirmed by the appropriate answerback) or facsimile (confirmed if requested) number and to the individual or department specified in Annex 1 of this MNA, the Customer Signature page or by notice in writing by such Party. Unless otherwise specified, any notice, instruction or other communication given in accordance with this Clause shall be effective upon receipt.

## **9. Termination, Waiver and Partial Invalidity**

**9.1** Either of the Parties hereto may terminate this agreement at any time by seven days' prior notice to the other Party and termination shall be effective at the end of such seventh day; provided, however, that any such termination shall not affect any then outstanding Transactions governed by this MNA, and the provisions of this agreement shall continue to apply until all the obligations of each Party to the other under this MNA (including the Transactions governed by this MNA) have been fully performed.

**9.2** A Party may waive any right, power or privilege under this MNA only by (and to the extent of) an express statement in writing.

**9.3** If, at any time, any provision of this MNA 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 MNA nor the legality, validity or enforceability of such provision under the law of any other jurisdiction shall in any way be affected or impaired thereby.

## **10. Time of Essence**

Time shall be of the essence in this MNA.

## **11. Payments**

Every payment to be made by a Party under this MNA shall be made in same day (or immediately available) and freely transferable funds to the bank account designated by the other Party for such purpose.

## **12. Governing Law and Jurisdiction**

**12.1** These terms and any non-contractual obligations relating thereto shall be governed by, and construed in accordance with, the laws of England and Wales.

**12.2** With respect to any Proceedings, each Party irrevocably (i) agrees that the courts of England shall have exclusive jurisdiction to determine any Proceedings and irrevocably submits to the jurisdiction of the English courts and (ii) waives any objection which it may have at any time to the bringing of any Proceedings in any such court and

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agrees not to claim that such Proceedings have been brought in an inconvenient forum or that such court does not have jurisdiction over such Party.

- 12.3** Each Party irrevocably waives to the fullest extent permitted by applicable law, with respect to itself and its revenues and assets (irrespective of their use or intended use), all immunity on the grounds of sovereignty or other similar ground from (i) suit, (ii) jurisdiction of any courts, (iii) relief by way of injunction, order for specific performance or for recovery of property, (iv) attachment of its assets (whether before or after judgement) and (v) execution or enforcement of any judgement to which it or its revenues or assets might otherwise be entitled in any Proceedings in the courts of any jurisdiction and irrevocably agrees to the extent permitted by applicable law that it will not claim any such immunity in any Proceedings. Each Party consents generally in respect of any Proceedings to the giving of any relief or the issue of any process in connection with such Proceedings, including, without limitation, the making, enforcement or execution against any property whatsoever of any order or judgement which may be made or given in such Proceedings.

## **13. Interpretation**

### **13.1** In this MNA:

“**Base Currency**” means, as to a Party, the currency specified as such in Annex 1 of this MNA or agreed as such in relation to it in writing between the Parties or, failing any such specification or agreement, the lawful currency of the United Kingdom;

“**Credit Support Document**” means, as to a Party (the first Party), a guarantee, hypothecation agreement, margin or security agreement or document, or any other document containing an obligation of a third party (“Credit Support Provider”), or of the first Party, in favour of the other Party supporting any obligations of the first Party under this agreement;

“**Credit Support Provider**” has the meaning given to it in the definition of Credit Support Document;

“**Custodian**” has the meaning given to it in Clause 4.1 of this MNA;

“**Defaulting Party**” means the Party in respect of which, or related to a Credit Support Provider in respect of which, an Event of Default has occurred;

“**Designated Office(s)**” means, as to a Party, the office identified with its name on page 1 of this MNA and any other office(s) specified in Annex 1 of this MNA or otherwise agreed by the Parties to be its Designated Office(s) for the purpose of this agreement;

“**Liquidation Date**” means a day on which, pursuant to the provisions of Clause 4 of this MNA, the Non-Defaulting Party commences the termination and liquidation of Transactions or such a termination and liquidation commences automatically;

“**Potential Event of Default**” means any event which may become (with the passage of time, the giving of notice, the making of any determination hereunder or any combination thereof) an Event of Default;

“**Proceedings**” means any suit, action, or other proceedings relating to this agreement and any non-contractual obligations arising out of or in relation to this agreement;

“**Specified Exchanges**” means the exchanges specified in Annex 2 of this MNA and any other exchanges agreed by the Parties to be Specified Exchanges for the purpose of Clause 1.1 of this MNA; and “**Specified Exchange**” means any of them;

“**Transaction**” for the purposes of this MNA means:

- (i) a contract made on an Exchange or pursuant to the rules of an Exchange;
- (ii) a contract subject to the rules of an Exchange; or
- (iii) a contract which would (but for its term to maturity only) be a contract made on, or subject to the rules of, an Exchange and which, at the appropriate time, is to be submitted for clearing as a contract made on, or subject to the rules of, an Exchange,

in any of cases (i), (ii), (iii) being a future, option, contract for differences, spot or forward contract of any kind in relation to any commodity, metal, financial instrument (including any security), currency, interest rate, index or any combination thereof;

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- (iv) a transaction which is back-to-back with any transaction within paragraph (i), (ii) or (iii) of this definition; or
- (v) any other transaction which the Parties agree shall be a Transaction.

**13.2** In this MNA, “**Event of Default**” means any of the events listed in Clause 4.1 of this MNA; “**Liquidation Amount**” has the meaning ascribed to it in Clause 4.4; and “**Non-Defaulting Party**” has the meaning ascribed to it in 4.1.

**13.3** Any reference in this MNA to:

a “**business day**” shall be construed as a reference to a day (other than a Saturday or Sunday) on which:

(i) in relation to a date for the payment of any sum denomination in (a) any currency (other than euro), banks generally are open for business in the principal financial centre of the country of such currency; or (b) euro, settlement of payments denominated in euros is generally possible in London or any other financial centre in Europe selected by the Parties; and

(ii) in relation to a date for the delivery of any property, property of such type is capable of being delivered in satisfaction of obligations incurred in the market in which the obligation to deliver such first property was incurred;

a “**Clause**” or “**Annex**” shall be construed as a reference to, respectively, a clause or Annex of this MNA, unless the context requires otherwise;

a “**currency**” shall be construed so as to include any unit of account;

“**indebtedness**” shall be construed so as to include any obligation (whether present or future, actual or contingent, as principal or surety or otherwise) for the payment or repayment of money;

“**Parties**” shall be construed as a reference to the parties to this agreement and shall include their successors and permitted assigns; and “**Party**” shall be construed as a reference to which of the Parties is appropriate in the context in which such expression may be used;

a Party to which a Credit Support Provider relates shall be construed as a reference to the Party whose obligations under this agreement are supported by that Credit Support Provider; and

References to this “**MNA**” shall be construed as including the Annexes and as a reference to this MNA as the same may be amended, varied, novated or supplemented from time to time.

## ANNEX 1 TO MASTER NETTING AGREEMENT

### 1. Scope of the MNA

- (a) Each of the following shall be a Transaction for the purpose of paragraph (v) of the definition of “Transaction” in Clause 13.1 of this MNA: *Not applicable*.
- (b) For the purposes of Clause 1.1, this MNA shall not apply to the following Transactions outstanding between the Parties on the date of execution of this MNA: *Not applicable*.
- (c) In the event of a discrepancy between this MNA and the Agreement, this MNA will govern in relation to close out netting of Transactions but without prejudice to any other rights that MSI plc may have under the Agreement.

### 2. Designated Offices

Each of the following shall be a Designated Office: *The offices specified in the Client Signature page of the Agreement.*

### 3. Representations, Warrants and Covenants

Clause 3.1 of this MNA is hereby amended by deleting the words “in the case of the representation and warranty in (v) of this Clause 3.1 of MNA relating to the entering into of Transactions.”

### 4. Additional Event(s) of Default

Each of the following shall be an Event of Default for the purpose of paragraph (ix) of Clause 4.1 of this MNA: Any of the events described in the Events of Default Section of the Agreement to which this MNA forms part.

### 5. Automatic Termination

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Upon the occurrence of any Event of Default specified in paragraph (ii) or (iii) of Clause 4.1 of this MNA, the provisions of Clause 4.3 shall not apply.

## **6. Termination of Other Transactions**

The provisions of Clause 4.6 of this MNA shall not apply.

## **7. Notices**

Clause 8 of this MNA is hereby deleted and replaced with the following: Unless otherwise agreed, all notices, instructions and other communications to be given to a Party under this Agreement shall be given in accordance with paragraph M.1.2. of the Agreement to the address, facsimile and/or email address specified for each Party pursuant to the Agreement.

## **8. No Reliance**

In connection with this MNA and Part A of Schedule II of the Agreement, each Transaction and any other documentation relating to this MNA, both Parties represent and acknowledge that (i) it is entering into each Transaction with a full understanding of all material terms and risks thereof, and it is capable of assuming those risks; (ii) it has made its investment and trading decisions (including decisions regarding the suitability of any transaction) based upon its own judgement and upon any advice from such advisors as it has deemed necessary, and not in reliance upon any view expressed by the other Party; (iii) the other Party is not acting as a fiduciary or an advisor for it, and all decisions have been the results of arm's length negotiations between the Parties; and (iv) the other Party has not given to it any assurance or guarantee as to the expected performance or result of any Transaction.

## **9. Base Currency: US Dollars**

## **10. Credit Support Document:** The Agreement shall constitute a Credit Support Document for the purposes of Clause 4.1(vii) of this MNA.

## **11. Selected Financial Centres for Euro Settlements:** Not Applicable

## **12. FDICIA Representations**

The following provisions shall not apply to this MNA. Each Party represents and warrants to the other Party that it is a financial institution under the provisions of Title IV of the Federal Deposit Insurance Corporation Improvement Act of 1991 ("FDICIA"), and the Parties agree that this MNA shall be a netting contract, as defined in FDICIA, and each receipt or payment or delivery obligation hereunder shall be a covered contractual payment entitlement or covered contractual payment obligations, respectively, as defined in and subject to FDICIA.

## **ANNEX 2 TO MASTER NETTING AGREEMENT**

### **Specified Exchanges**

The following Exchanges are Specified Exchanges for the purposes of Clause 1.1 of this MNA;

Any Recognised Investment Exchange, Recognised Overseas Investment Exchange, Designated Investment Exchange as recognised, specified or defined by the FCA Rules or any other EEA exchange.

## **PART C – EURONEXT.LIFFE REQUIRED TERMS**

The provisions of this Part C apply with regard to futures and options dealing under this Exchange-Trade Derivatives Supplement where the Exchange Contract as defined in Part A is a futures or options contract subject to the Rules of Euronext.LIFFE ("LIFFE"). MSI plc is an individual clearing member of LIFFE.

Any requirements referred to in this Part C shall refer to requirements currently in force. They cover matters that (i) Morgan Stanley is required to deal with pursuant to LIFFE General Notice 399 and (ii) other LIFFE related terms. Please note that most of the LIFFE required terms set out in General Notice 399 have been incorporated into the main body of this part of this Schedule.



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## *General provisions for all transactions*

### **1. EXCLUSION OF LIABILITY**

Pursuant to the exclusion of liability provisions contained in the LIFFE Rules, as amended from time to time by General Notice, the Client understand that business on the LIFFE market (the “**LIFFE Exchange**”) operated by LIFFE Administration and Management (“**LIFFE**”) may from time to time be suspended, restricted or closed for such period as may be determined in the interests of maintaining a fair and orderly market in accordance with the Rules of LIFFE. Any such action may result in Morgan Stanley, and through Morgan Stanley, the Client being prevented from or hindered in entering into contracts in accordance with the Rules of LIFFE. Furthermore, failures or malfunction of LIFFE communications or equipment, market facilities or the ATS central processing system, or software provided by LIFFE may result in Morgan Stanley being hindered in or prevented from entering into contracts in the terms of Exchange Contracts, or may result in errors in orders or in contracts in the terms of Exchange Contracts. Morgan Stanley and LIFFE wish to draw the following exclusion of liability to the Client’s attention:

Unless otherwise expressly provided in the Rules of LIFFE or in any other agreement to which LIFFE is party, Morgan Stanley and LIFFE shall not be liable to the Client for any loss, damage, injury or delay, whether direct or indirect, arising from any of the circumstances described above or any failure of some or all market facilities or from any act or omission of LIFFE, its officers, employees, agents or representatives under the Rules of LIFFE or pursuant to the LIFFE’s obligations under statute or from any breach of contract by or any negligence howsoever arising of LIFFE, its officers, employees, agents or representatives.

### **2. ARBITRATION**

Notwithstanding any other agreement between the Client and Morgan Stanley, any dispute arising from or relating to this Agreement, insofar as it relates to contracts made subject to the Rules of LIFFE, and any dispute arising from or relating to any such contract, unless resolved between Morgan Stanley and the Client, be referred to arbitration under the Rules of LIFFE, or to such other organisation as LIFFE may direct before either of Morgan Stanley or the Client resort to the jurisdiction of the courts (other than to obtain injunction or an order for security for a claim).

## *General Provisions for specific types of Transactions*

The terms set out in this part of this Schedule shall apply (in addition to paragraphs 1 and 2 above), as set out below, in respect of:

- (i) all Linked LIFFE Contracts and Linked Participating Exchange Contracts (both as defined below), pursuant to LIFFE General Notice 880;
- (ii) all Three Month Euroyen Interest Rate Contract (the “**Euroyen Contract**”) where the Client is a customer in respect of the LIFFE contract, pursuant to LIFFE General Notice 807;
- (iii) all Three Month Euroyen Interest Rate Contract (the “**Euroyen Contract**”) where the Client is a customer in respect of the LIFFE contract and the TIFFE Contract, pursuant to LIFFE General Notice 807.

In the case of conflict between terms set out in General Notice 399, the terms set out in General Notice 807, and the terms set out in General Notice 880, the terms of General Notice 399 shall prevail.

### **3. EXCLUSION OF LIABILITY**

LIFFE shall have no liability whatsoever to any member or client in contract, tort (including, without limitation, negligence), trust, as fiduciary or under any other cause of action (except in respect of gross negligence, wilful default or fraud on its part), in respect of any damage, loss, cost or expense of whatsoever nature suffered or incurred by any member or client, as the case may be, as a result of: any suspension, restriction or closure of the market administered by either a Participating Exchange, the LIFFE Exchange, or TIFFE (as the case may be) whether for a temporary period or otherwise, or as a result of a decision taken on the occurrence of a market emergency; any failure by a Participating Exchange, the LIFFE Exchange, LCH or TIFFE (as the case may be) to supply each other with data or information in accordance with arrangements from time to time established between all or any of them; the failure of communications facilities or technology supplied, operated or used by either a Participating Exchange, the LIFFE Exchange, LCH or TIFFE (as the case may be) for the purposes of the Link; any event which is outside its or their control; any act or omission of either a Participating Exchange (where a Participating Exchange is acting otherwise than in connection with its clearing function) or the LIFFE Exchange in connection with any Participating Exchange Contract, Linked LIFFE Contract or Linked Participating Exchange Contract, or any act or omission of the LIFFE Exchange or TIFFE in connection with any TIFFE Euroyen contract or LIFFE Euroyen Contract; any act or omission of a Participating Exchange, the LIFFE Exchange, LCH or TIFFE (as the case may be) in connection with the operation of the Link or the arrangements for the transfer of contracts

### **4. MARGIN AND CLIENT MONEY/ASSETS**

Following the transfer of a Linked LIFFE Contract and the creation of a Participating Exchange Contract or prior to the transfer of a Linked Participating Exchange Contract and the creation of a LIFFE Contract, margin requirements will be determined in accordance with the rules of the Participating Exchange rather than the Rules of LIFFE. Any money or assets

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held in any country outside the UK may be subject to the applicable law of that country and UK client money and other assets rules may not apply. The Client should satisfy itself that this is acceptable to the Client before instructing Morgan Stanley to transact any such business.

Following the transfer of the LIFFE Euroyen contract and the creation of a TIFFE Euroyen contract, margin requirements will be determined in accordance with TIFFE Rules rather than the Rules of LIFFE. Any money or assets held in Japan will be subject to applicable Japanese law rather than English law, and the Client should satisfy itself that this is acceptable to the Client before instructing Morgan Stanley to transact Euroyen business.

## ***Transfer Provisions***

### **5. OUTWARD TRANSFERS OF LINKED PARTICIPATING EXCHANGE CONTRACTS**

Morgan Stanley shall endeavour to secure the transfer through the relevant Link of each Linked LIFFE Contract made between Morgan Stanley which is intended for transfer. Upon confirmation by the relevant Participating Exchange of receipt of trade/position details from LCH, rights and obligations under such contract, save for outstanding obligations with respect to fees and margin and those rights and obligations referred to in the Rules of LIFFE and the Regulations of LCH, shall be discharged and there shall arise simultaneously a Participating Exchange Contract between Morgan Stanley. The Participating Exchange Contract shall be subject to the rules of the relevant Participating Exchange and shall not be subject to the provisions of this Agreement.

### **6. DELAYED OUTWARD TRANSFERS OF LINKED PARTICIPATING EXCHANGE CONTRACTS**

In the event that, on any LIFFE trading day or Participating Exchange Day (as appropriate), LCH or the Participating Exchange is unable for whatever reason to transmit details of all Linked LIFFE Contract, Linked Participating Exchange Contract, or LIFFE Euroyen Contract, or LCH or TIFFE or the relevant Participating Exchange is unable to receive or acknowledge receipt of all such details, any such contract made between Morgan Stanley on that day shall remain as an undischarged Linked LIFFE Contract, a Linked Participating Exchange Contract or an undischarged LIFFE Euroyen Contract, (but without prejudice to any default provisions agreed between Morgan Stanley which may be operated to discharge such contract), subject to the Rules of LIFFE and the General Regulations and Default Rules of LCH, or the rules of the Participating Exchange (as appropriate) as from time to time in force, until such time as transfer can be achieved.

### **7. INWARD TRANSFERS OF LINKED PARTICIPATING EXCHANGE CONTRACTS**

In respect of each Linked Participating Exchange Contract made between Morgan Stanley which is intended for transfer through the relevant Link, rights and obligations under such contract, save for outstanding obligations with respect to fees or margin and any other rights or obligations referred to in the Rules of the Participating Exchange, shall be discharged upon confirmation by LCH of receipt of trade/position details from the Participating Exchange and there shall arise simultaneously a LIFFE Contract between Morgan Stanley. The LIFFE Contract shall be subject to the Rules of LIFFE and the General Regulations and Default Rules of LCH.

### **8. TRANSFERS OF EUROYEN CONTRACTS: IN RESPECT OF LIFFE CONTRACTS**

In respect of each Euroyen Contract made between Morgan Stanley, Morgan Stanley shall endeavour to secure its transfer through the Link. Upon confirmation by LIFFE of receipt of trade/position details from LCH, rights and obligations under such contract (save for outstanding obligations with respect to fees or margin and those rights and obligations referred to in the Rules of LIFFE and the Regulations of LCH) shall be discharged.

### **9. TRANSFERS OF EUROYEN CONTRACTS: IN RESPECT OF BOTH LIFFE AND TIFFE CONTRACTS**

In respect of each Euroyen Contract made between Morgan Stanley and the Client, Morgan Stanley shall endeavour to secure its transfer through the Link. Upon confirmation by TIFFE of receipt of trade/position details from LCH, rights and obligations under such contract (save for outstanding obligations with respect to fees or margin and those rights and obligations referred to in the Rules of LIFFE and the Regulations of LCH) shall be discharged and there shall arise simultaneously a TIFFE Euroyen contract between Morgan Stanley and the Client. The TIFFE contract shall be subject to the Rules of TIFFE.

## ***LIFFE's Block Trade Facility (Summary of LIFFE General Notice 1384)***

### **10. BLOCK TRADE FACILITY**

The Client represents and warrants to Morgan Stanley that the Client fully understand the Block Trading Facility and its implications, issued under cover of LIFFE General Notice 1384 and amended from time to time. On the basis of this representation and warranty and the information which Morgan Stanley have about the Client's expertise and knowledge, Morgan Stanley hereby give the Client notice that Morgan Stanley shall treat the Client as a Wholesale Client (as defined in the Block Trade Trading Procedures) and that Morgan Stanley may conduct Block Trades on the Client's behalf using LIFFE's Block Trading Facility.

- The Block Trade Facility (the "Facility") was introduced by LIFFE to enable LIFFE members and their clients to arrange business of significant size alongside the LIFFE CONNECT™ central order book, at a price consistent with fair

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market value for a transaction of that nature, and submit such business to the LIFFE Exchange via LIFFE CONNECT for authorisation during the normal trading hours of the contract concerned. LIFFE will designate those contracts eligible for execution as Block Trades from time to time and will prescribe minimum volume thresholds for each, which are subject to change from time to time by LIFFE General Notice.

- LIFFE members must ensure that any Block Trade price quoted satisfies fair market value principles.
- LIFFE will require justification of any trades negotiated at apparently abnormal levels and will reserve the right to refuse to register any such trades. LCH reserves the right to make an additional intra-day margin call in respect of any Block Trade submitted for registration.
- There are no restrictions upon members entering into Block Trades (provided that the member seeking to register the trade has the requisite trading right). However, only Wholesale Clients (i.e. those with sufficient knowledge, expertise and understanding of the implications of the Facility) will be able to participate. Before a non-member may participate, the member is required to satisfy himself that the client meets these criteria and to notify the client in writing, in advance, that he is to be treated as a Wholesale Client. Following authorisation, the Block Trade will be published on LIFFE CONNECT<sup>TM</sup> and via Quote Vendors.

## *Definitions*

“**Exchange Contract**” is as defined in Part A of this Exchange-Traded Derivative Schedule;

“**LCH**” means The London Clearing House Limited;

“**LIFFE Contract**” means an Exchange Contract to which a Linked Participating Exchange Contract is linked;

“**Linked LIFFE Contract**” means an Exchange Contract made available for trading on the market pursuant to a Link, which is specified as such in a General Notice published from time to time by the LIFFE Exchange and is linked to a Participating Exchange Contract;

“**Linked Participating Exchange Contract**” means a Participating Exchange Contract which is specified as such in a General Notice published from time to time by the LIFFE Exchange and is linked to an Exchange Contract;

“**Participating Exchange**” means an exchange which has concluded one or more agreements in relation to a Link with the Exchange and/or LCH pursuant to which:- (i) contracts in the terms of one or more Linked LIFFE Contracts are to be transferred to, for clearing by, such exchange or its clearing house; or (ii) contracts in the terms of a Linked Participating Exchange Contract are to be transferred to, for clearing by, LCH. The term “Participating Exchange” shall include any clearing house, which from time to time provides clearing services to such exchange;

“**Participating Exchange Contract**” in respect of a Participating Exchange, means a class of contract permitted to be made by Participating Exchange members under Participating Exchange rules;

“**TIFFE**” means the Tokyo Financial Exchange.

## **PART D - A GUIDE TO THE STRUCTURE AND MARKET TERMINOLOGY OF THE LONDON METAL EXCHANGE**

### *Introduction and Purpose*

This section is designed to provide clients trading on the London Metal Exchange (“**LME**”) with an overview of the structure of the LME, market terminology, and a guide to how its members execute orders. It is not a comprehensive trading guide, nor a complete guide to market terminology. Clients should always ensure that their requirements are explained in detail to the member responsible for order execution.

### *The LME*

#### *Principal Nature*

There are two types of contracts traded on the LME - Exchange Contracts and Client Contracts. Exchange Contracts are contracts between clearing members of the LME. Client Contracts are contracts between clients and ring dealing members (“**RDM**”), or associate broker clearing members (“**ABCM**”), or associate broker members (“**ABM**”) <sup>1</sup>. Only RDMs, ABCMs and ABMs may issue Client Contracts. Statements that they issue to clients must state clearly ‘**THIS IS AN LME REGISTERED CLIENT CONTRACT**’. Contract criteria pertaining to LME contracts, including metal/plastics

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<sup>1</sup> For the purposes of this notice these categories of members will be referred to as LME members, members or by the appropriate abbreviation.

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specifications, acceptable currencies, prompt dates, option strike prices for metals etc are detailed in the LME rulebook and appropriate notices.

Exchange Contracts are traded between members, **matched** in the LME matching and clearing system (“**LMEMS**”) and margined by LCH.Clearnet (“**LCH**”). Client Contracts are **registered** at the LCH but margining arrangements are left to members to agree with their customers (subject to LME rules).

All LME contracts are between parties acting as principals. This prevents any party entering into an LME Contract as agent for someone else but does not prevent an agent effecting a contract between two parties if the resulting LME contract is between disclosed parties, each acting as a principal. It is an essential requirement of an LME Client Contract that one party must be an RDM, ABCM or ABM. MSI plc is an ABCM. A list of members is available from the LME and on the LME website: [www.lme.com](http://www.lme.com). A principal relationship does not mean that members do not take on quasi-fiduciary responsibilities when they effect trades for customers. In particular, if a member undertakes to deliver a particular service, for example deal a specific number of lots ‘in the Ring’ (see below), then it should take care to ensure that it complies with all the terms of such a transaction.

In respect of Exchange Contracts, an LME broker buying metal or plastic under an Exchange Contract from another LME broker cannot do so as agent for his client. Where an LME broker buys metal or plastic under an Exchange Contract with a view to selling that metal or plastic to his client, this is achieved by entering into a back-to-back Client Contract with the client. Brokers and customers can agree the conditions that apply to their Client Contracts. For example, a client may make it a condition of his Client Contract that the broker must enter into a back-to-back Exchange Contract for the metal or plastic being bought or sold. This does not make the client a party to the Exchange Contract but does create additional duties and obligations owed by the broker under the Client Contract.

Clients should be clear about conditions that apply to their Client Contracts and about the obligations and duties that the broker owes as a result of those conditions.

Brokers should be clear about the duties and obligations they owe as a result of conditions attaching to their Client Contracts. They should also be clear about the duties they owe to their clients under the FCA’s conduct of business rules.

## *Dual Capacity*

LME members may act both in the capacity of market maker and broker. They may act in a particular manner depending on a number of circumstances, including the size of the order, the liquidity of the market at the time the order was placed, and, not least, the client’s instructions. Client orders may be filled directly from a member’s ‘book’ or following the purchase/sale of metal or plastic in the LME market. Furthermore, client orders may be offset, amalgamated, broken-up or netted for execution. These methodologies apply equally to orders whether any resulting exchange contract is effected in the ring, in the inter-office market, or on LME Select.

Clients with specific order requirements must make these known to the member at the time the order is placed. Clients wishing to know how their order was executed should request such information from the member.

## *Trading on the LME*

Trading takes place on the LME by open outcry in the rings and kerbs, between members in the inter-office, and over the Exchange’s electronic trading system LME Select.

## *Open Outcry*

Historically, during ring and kerb sessions, the majority of client business reflects prices traded in the open outcry sessions. Clients can follow the market activity by monitoring quoted and traded prices disseminated via the LME market data system (MDS), or by listening to the simultaneous floor commentary provided by member(s). The MDS publishes prices traded during ring and kerb times on price vendor information services such as Reuters.

Members can continue to ‘make a market’ on request to a client whilst the ring and kerb sessions are in operation, although this is entirely at the member’s discretion. Alternatively, the client can decide whether to place an order using the ‘order styles’ mentioned below.

## *Inter-office*

Inter-office trading is conducted between members by telephone or by electronic means. On contacting an LME member for a quote, clients will usually be provided with the member’s current bid and offer. The client may trade on this quote, or call another member in an attempt to improve the quote, or wait and monitor prices on the LME market data system, or leave an order with a member. If an order cannot be filled from the member’s book, it may be executed via a back-to-back Exchange Contract agreed via a telephone deal with another member or executed via an electronic trading system.

## *LME Select*

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LME Select allows members to trade LME futures Contracts in metals and plastics, traded options and Traded Average Price Option contracts (TAPOs), and an index future and option. MSI plc also offers an order routing facility to clients via an Application Protocol Interface (API) which allows them to view Select prices, execute trades, and place resting orders. All trading on LME Select is in US dollars.

LME Select replaces neither inter-office trading nor trading in the ring. Depending on the time of day, it is possible for members to deal by telephone or electronically in the inter-office market, by LME Select, or in the rings. Clients should specify which mechanism their broker should use to effect an order, where they have a preference.

Firm prices of the best bid and offer available on LME Select, the total volumes available at these prices, and the price and volume of each trade transacted are distributed to and displayed in real time by information vendors. Only LME Select prices are displayed, not those of other third party electronic trading system providing LME prices. Only RDMs and ABCMs are eligible to become LME Select Participants and to have direct access to the system. Clients may effect back-to-back client contracts based upon prices available on LME Select, whether on the telephone or via electronic order-routing systems.

## **Order Styles**

### *Ring*

**Client orders are not traded in the rings or kerbs**, so an order using the term 'in/on/during the ring/kerb' will be executed on the basis of the prices traded/quoted during the particular session. If a client requires their order to be 'shown' or traded across the ring/kerb then they should make this requirement known to their executor, who may or may not accept this as a term of the order. The equivalent Exchange Contract for a client order may not replicate its terms. As the client is **not** a party to any Exchange Contracts i.e. those traded in open outcry between members in the ring/kerb sessions, in specifying ring/kerb, the client is merely identifying a pricing mechanism. A member which undertakes to match a price traded in the ring/kerb is not necessarily undertaking that it will trade during that ring/kerb, only that it may do so. However, a client may place an order with the specific request that the member trades an Exchange Contract replicating its order in the ring. In such circumstance the RDM can only trade this order by open outcry in the ring.

If a client trades at the prevailing market quote proffered in the ring/kerb, their executor is not necessarily obliged to effect an Exchange Contract at the same price. This can lead to situations where the client has traded at the prevailing market quote, without that same price trading in open outcry across the floor of the Exchange. However, if the instructions from the client are to achieve a specific price i.e. close of ring 2, then this is the price that should be given, if that specific order is accepted.

### *Market*

In normal circumstances a market order is one executed on a timely basis at the prevailing market price. As mentioned above, at certain times of the business day, trading is taking place simultaneously in the ring or kerb, on LME Select, and in the inter-office market. Traditionally, when open outcry trading is in course, the market is defined by activity within the ring/kerb. At other times, the market is split between inter-office trading and trading on LME Select. During inter-office sessions, indicative quotes are available on the MDS and firm prices available on LME Select and the LME Select page on information vendors' systems. The indicative prices might not be available to all parties.

### *Best*

Order styles on the LME using the word 'best' confer some discretion upon the members when executing the order, requiring them to use their 'best endeavours' on the client's behalf. The extent of the discretion is fixed by the terms of the order. This type of order is distinct from 'best execution' as defined by the FCA.

Best orders may be executed both in rings/kerbs, inter-office and on LME Select. Inter-office trades rely upon the members' skill in determining the level of the market at any particular time. Best orders received during ring/kerb times may not result in the client receiving the 'best' price achieved during the session if the price improves after the member has booked the metal or plastic intended to fill the order. At any given time, the best price on LME Select will be displayed on the system and by the information vendors. Clients should be aware that depending on market conditions, the best price may move during the period from when the order was placed and when it was executed.

### *Close*

Most orders placed 'on the close' are for either the close of the second ring (official LME prices) or the second kerb (closing prices). Both these prices are demonstrable because of the publication of official and closing prices. Closing prices of other sessions are harder to determine, although the LME does also publish unofficial prices which are established at the close of the fourth ring. In all circumstances, clients and members need to agree the style of execution i.e. bid/ask, mean or traded price. Members may not always be able to guarantee execution (price or volume) due to prevailing market conditions. A closing price on LME Select is the last price traded before the system closes.

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## *Open*

Clients placing orders to trade on the opening of a market session must provide clear instructions to the LME member which indicate how this order should be activated i.e. basis the opening bid/ask or basis the first trade in the session. Clients will also need to inform their executor of their requirements if the executor is unable to fill the order basis the 'opening' price in its entirety due to market constraints such as insufficient liquidity. Clients may place orders with members for LME Select that can be placed into the system for activation when the market opens.

## *Resting Orders*

When placing resting orders such as 'good til cancelled' ('GTC', or any derivations thereof) or stop loss orders, clients should ensure that they are in agreement with their executor's definition of the 'trigger' point of the order. Usually, this is interpreted as being the point when the order price is seen to be trading in the market, but it is possible to request the order be activated when the order level is either bid or asked as appropriate, via the prevailing market quote. Stop loss orders become market orders when a trade, or a bid or an offer triggers the stop, with members then executing the order at the current market price.

It is possible for a client not to receive a 'fill' on a resting order despite the 'trigger' point being 'touched'. This could be due to a number of circumstances such as order priority, illiquidity, prevailing market conditions etc. Whatever the reason, the executor should be able to provide the client with a full explanation of why it was unable to fill the order.

Clients should be aware that resting orders might be activated during periods of illiquidity in the market. As previously mentioned this could result in the trade not being filled, or for 'stop' orders, a worse fill than anticipated ('slippage'). Clients should ensure the executor is fully aware of their requirements regarding the execution of an order, and adheres to any limitations, especially if the client is not in contact with the market/member when the trigger point is reached.

It is possible for clients to ask members to place resting orders in LME Select. Where the broker has an order routing system into Select, clients will be able place orders more directly. The system accepts GTC and Good for Day ("DAY") orders. DAY orders are automatically deleted from the system at close of trading.

## *Conclusion*

The above order styles do not represent all possible methods of order execution on the LME. Members and clients should ensure that orders are communicated in meaningful terms that deliver the required execution in accordance with LME rules.

### **Part E - Contracts for Physical Settlement - Additional Provisions**

1. Where any contract comprises a contract for physical delivery (a "Contract"), Client acknowledges and agrees that:
  - 1.1 Unless otherwise agreed by Morgan Stanley, Morgan Stanley will not make or take delivery of any commodities or other instruments in respect of any Contracts including but without limitation any EUA. The Client agrees that, where any open positions consist of Contracts for physical settlement, the Client shall, prior to the relevant deadline advised by Morgan Stanley to the Client from time to time (the "Morgan Stanley Cut-Off Time"), either instruct Morgan Stanley to terminate such Contracts prior to expiry or instruct Morgan Stanley to transfer such Contracts to an alternative clearing broker.
  - 1.2 If the Client has not terminated or otherwise traded out of the relevant Contracts or provided instructions for the transfer of such Contracts as set out in paragraph 1 above prior to the Morgan Stanley Cut Off Time, Morgan Stanley shall be entitled to take such steps as it deems necessary in its sole discretion to terminate any open Contracts as of the Morgan Stanley Cut Off Time. Any loss incurred as a result of closing such Contracts shall be borne solely by the Client.
2. If Morgan Stanley agrees to take delivery of any EUA, the Client represents and warrants on a continuous basis that each such EUA has been issued at source and are eligible for delivery on ICE at the time of settlement.

For the purposes of this paragraph 2, an EUA has been issued at source if the EUA has been issued to the Client directly by the competent authority of a member state of the European Union pursuant to such member state's National Allocation Plan.
3. If Morgan Stanley agrees to take delivery of any EUA or any commodities or other instruments in respect of any Contract, funds sufficient to take delivery pursuant to any such Contract must be received by Morgan Stanley at such time and in accordance with such procedures as Morgan Stanley may require in connection with any such delivery. If the Client fails to comply with this obligation, Morgan Stanley may terminate any open position, make or receive delivery of any commodities or instruments, or exercise the expiration of any options, in such manner and on such terms as Morgan Stanley deems necessary or appropriate acting in its sole discretion.



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4. For the purposes of this Part E, the following defined terms apply:

“Directive” means Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the Community and amending Council Directive 96/61/EC, as amended from time to time.

“EUA” means an "allowance" as defined in the Directive that has been issued by a competent authority pursuant to Article 11(4) of the Directive.

"National Allocation Plan" means the plan for allocating allowances developed by a member state pursuant to Article 9(1) of the Directive.

## SCHEDULE III - REQUIRED TERMS FOR STOCK EXCHANGES

Where Morgan Stanley transact business for the Client on the following Exchanges, the following additional terms will apply:

### 1. Euronext

- 1.1 Morgan Stanley reserves the right to monitor all orders placed directly by the Client.
- 1.2 The Client agrees that Morgan Stanley is permitted to access and monitor the Client's systems in respect of the Client's use of the Electronic Services as defined in Schedule I.
- 1.3 The Client agrees that Morgan Stanley is permitted to keep records of all relevant information relating to the Client's use of the Electronic Services as defined in Schedule I and, together with Euronext and/or the relevant regulatory authority, perform any required checks so that Morgan Stanley is able to fulfill its responsibilities to Euronext and any relevant regulatory authority.
- 1.4 The Client hereby agrees that Morgan Stanley may inform Euronext of each of the electronic order routing terminals made available by Morgan Stanley to the Client.
- 1.5 Morgan Stanley is responsible to Euronext for any orders made by the Client.

### 2. Norex

- 2.1 The risk which Morgan Stanley accept in relation to the Client's use of the Electronic Services as defined in Schedule I is as set out in Schedule I. Morgan Stanley may also check that the Client has sufficient amounts in the Client's account with Morgan Stanley to support the Client's trading activity.
- 2.2 Morgan Stanley may immediately suspend the Client's access to the Electronic Services in accordance with Schedule I.
- 2.3 Morgan Stanley may cancel trades which fail to meet Norex's requirements concerning the quality and pricing for Orders and Trades. Norex may also cancel trades in the circumstances set out in its Rules.
- 2.4 The Client hereby agree that the Client will not disseminate Public Market Information (as defined in the Norex Rules) obtained from Norex's electronic trading systems.
- 2.5 The Client hereby represents and warrants that the Client shall not place orders which, individually or together:
  - (a) are intended to improperly influence the price structure of the trading systems;
  - (b) which are devoid of commercial purpose; or
  - (c) which are intended to delay or prevent access to the trading systems by other members.

### 3. London Stock Exchange and Virt-X

All persons to whom the Client has made the Client's Passwords available must undergo a training programme on the use of the Services as defined in Schedule I.

### 4. Euronext.LIFFE Paris

- 4.1 Morgan Stanley shall inform the Client by e-mail, telephone or fax if an order is rejected by Morgan Stanley's filtering process.
- 4.2 In addition to paragraph 4(h) of Schedule I, the Client shall permit Euronext Paris SA to verify that the Client's equipment conforms to the requirements of the rules of Euronext.LIFFE as relevant.

### 5. International Petroleum Exchange

Any contracts entered into between Morgan Stanley shall be subject to the rules and regulations of the International Petroleum Exchange.

### 6. MEFF

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- 6.1 The Client understand that MEFF SOCIEDAD RECTORA DE PRODUCTOS FINANCIEROS DERIVADOS DE RENTA VARIABLE, S.A. / MEFF SOCIEDAD RECTORADE PRODUCTOS FINANCIEROS DERIVADOS DE RENTA FIJA, S.A. (“**MEFF**”) will act as counterparty to all Transactions taking place on this market for all orders transmitted by Morgan Stanley in accordance with the requirements of MEFF.
- 6.2 MEFF excludes all liability for loss caused by force majeure or by suspension or disruption of the market.

### 1. HONG KONG SCHEDULE

To the extent that the Client is dealing in any capacity with Morgan Stanley Asia Limited (“**MSAL**”) or Morgan Stanley Hong Kong Securities Limited (“**MSS**”), the relevant terms of this Schedule will apply. Any capitalised term used herein and not otherwise defined shall have the meaning given to it in the Agreement

This Schedule has been prepared to comply with the Hong Kong regulatory regime. The Hong Kong regulatory regime requires MSS and MSAL to make the following regulatory disclosures which apply where the client deals with MSS or MSAL. Such disclosures and agreements are contained in this Schedule.

To the extent that the provisions of this Schedule conflict with those of the Agreement, the provisions of this Schedule shall prevail. This Schedule and any non-contractual obligations relating thereto shall be governed by English law

### 2 Introducing Broker

2.1 Clients dealing with Morgan Stanley’s Hong Kong office may have been introduced to the services of MSI plc and other Morgan Stanley Companies by **MSAL** or, in the case of futures contracts (such as, but not limited to, futures contracts over the Hang Seng Index, 3-month HIBOR or the S&P 500 Index), by **MSS**, each located at 46/F International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong. Both MSAL and MSS are licensed by the Securities and Futures Commission (the “**SFC**”) in Hong Kong, MSAL (CE Reference No. AAD291) is licensed by the SFC to conduct, amongst others, the regulated activities of dealing in securities, advising on securities, advising on futures contracts, advising on corporate finance and providing automated trading services. MSS (CE Reference No. AAD401) is licensed by the SFC to conduct the regulated activities of dealing in securities and dealing in futures contracts. Please refer to the SFC website at [www.sfc.hk](http://www.sfc.hk) for updated details of the licensing position. MSS is also regulated by the Stock Exchange of Hong Kong Limited (“**SEHK**”) and the Hong Kong Futures Exchange Limited (“**HKFE**”) as their respective exchange participants.

2.2 The Client may continue to use us MSAL and MSS points of contact in connection with accounts with the Morgan Stanley Companies. MSAL and MSS act as the agent of other Morgan Stanley Companies to facilitate the provision of services to customers in the Asia Pacific region. When the Client trades futures contracts, our sales persons in Hong Kong act as representatives of MSS. For all other products, our sales persons in Hong Kong act as representatives of MSAL.

2.3 MSAL and MSS do not operate accounts for customers. Other Morgan Stanley Companies outside Hong Kong maintain the Client’s accounts. Accordingly, the Client acknowledges that those other Morgan Stanley Companies, and not MSAL and MSS, will be responsible for executing, clearing and settling transactions and for the custody or safe-keeping of cash and investments in accordance with the terms of the relevant Customer Document. The Client acknowledges that it has no right of recourse against MSAL or MSS in respect of its transactions, cash and investments, save for matters arising from our own negligence, willful default or fraud.

### 3 Client Identity Rule

As part of the Hong Kong Government’s measures to strengthen the order and transparency of its securities and futures markets, the SFC, The Stock Exchange of Hong Kong Limited (“**SEHK**”) and the HKFE (the “**Hong Kong Regulators**”) have enacted the Client Identity Rules (the “**Rules**”).

The Rules require Hong Kong licensed or registered persons to ascertain and record identifying details of the ultimate person(s) (*i.e.*, the beneficial owner(s)) for whom a transaction is processed (except as provided below) as well as the person(s) who give(s) instructions in relation to the transaction (these details together, the “**Client Information**”). Under the Rules, as Hong Kong licensed persons, MSAL and MSS are required to provide such Client Information to the Hong Kong Regulators within two business days of their request. MSAL and MSS are expected to have a system in place whereby the required information can be provided to the Hong Kong Regulators within the required time frame. In exceptional market circumstances, the information may have to be available very shortly after the request.

MSAL and MSS understand that if a Client acts for third parties as an agent, that Client might not wish to disclose such Client Information to MSAL or MSS. The Hong Kong Regulators have recognised this and have introduced a policy whereby MSAL and MSS can comply with the Rules if you agree to provide the Client Information to the Hong Kong Regulators directly.

In accordance with the Rules, counterparties who undertake transactions through the Morgan Stanley Companies in securities or futures contracts listed or traded on one of the Hong Kong exchanges, or in derivatives of such instruments, agree to conduct transactions on the following basis:

# Morgan Stanley

- 3.1 If the Client is not the ultimate beneficial owner of the assets which are the subject of such a transaction or if the Client effects transactions for the account of its own clients, whether on a discretionary or non-discretionary basis, and whether as agent or by entering into matching transactions as principal with your clients, the Client hereby agrees that, in relation to a transaction where MSAL or MSS have received an enquiry from the Hong Kong Regulators, the Client shall, immediately upon request by MSAL or MSS (which request shall include the relevant contact details of the Hong Kong Regulators), inform the Hong Kong Regulators of the identity, address, occupation and contact details of the client for whose account the transaction was effected and (so far as known to you) of the person with the ultimate beneficial interest in the transaction. The Client shall also inform the Hong Kong Regulators of the identity, address, occupation and contact details of any third party (if different from the client/the ultimate beneficiary) who originated the transaction.
- 3.2 If the Client effected the transaction for a collective investment scheme, discretionary account or discretionary trust, the Client shall:
- 3.2.1 immediately upon request by MSAL or MSS (which request shall include the relevant contact details of the Hong Kong Regulators), inform the Hong Kong Regulators of the identity, address and contact details of the scheme, account or trust; and
- 3.2.2 as soon as practicable, inform MSAL or MSS when the Client's discretion to invest on behalf of the scheme, account or trust has been overridden. In the case where the Client's investment discretion has been overridden, the Client shall immediately upon request by MSAL and/or MSS (which request shall include the relevant contact details of the Hong Kong Regulators), inform the Hong Kong Regulators of the identity, address, occupation and contact details of the person(s) who has or have given the instruction in relation to the transaction.
- 3.3 If the Client is aware that its client is acting as intermediary for underlying client(s), and the Client does not know the identity, address, occupation and contact details of the underlying client(s) for whom the transaction was effected, the Client confirms that:
- 3.3.1 the Client has arrangements in place with its client which entitles the Client to obtain the information set out in paragraphs 3.1 and/or 3.2 above from its client immediately upon request, or procure that it be so obtained; and
- 3.3.2 the Client will, upon request from MSAL and/or MSS in relation to a transaction, promptly request the information set out in paragraphs 3.1 and/or 3.2 above from the Client's client on whose instructions that transaction was effected, and provide the information to the Hong Kong Regulators as soon as received from the Client's client or procure that it be so provided.
- 3.4 If the Client is in a jurisdiction with client secrecy laws, the Client confirms that it and its clients waive the benefit of the secrecy laws, in relation to any enquiry by the Hong Kong Regulators. the Client confirms that such waivers are valid and binding under the laws of such jurisdiction.
- 3.5 The Client's obligations under this paragraph 3 shall survive termination (howsoever caused) of any agreement the Client has with MSAL, MSS or any of the Morgan Stanley companies.

## 4 Privacy

The following information is provided in accordance with the requirements of the Hong Kong Personal Data (Privacy) Ordinance (the "**Ordinance**") and only applies to living individuals.

### 4.1 Use of Personal Data

All personal data concerning the Client's or any Agent's directors, officers, employees, customers, contractors, service providers and other contractual counterparties (each, a "**Data Subject**") (whether provided by the Client or any other person) may be used by any of the following companies or persons (each, a "**User**"):

- 4.1.1 MSAL, MSS and/or any Morgan Stanley Company;
- 4.1.2 any director, officer or employee of a Morgan Stanley Company, but only when carrying out the business of a Morgan Stanley Company; and
- 4.1.3 any agent, contractor, third party service provider or other person (such as lawyers, advisers, etc.) authorised by a Morgan Stanley Company, but only when carrying out the business of that Morgan Stanley Company.

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## 4.2 Purposes

All personal data concerning Data Subjects may be used by any User for the following purposes:

- 4.2.1
- new or existing client verification procedures;
  - credit and money laundering checking and fraud prevention;
  - marketing Morgan Stanley Company products and services to you, subject to any ‘opt out’ or other rights you may have under the Ordinance;
  - any other purpose relating to or in connection with the business or dealings of any Morgan Stanley Company.
- 4.2.2
- Use of the Client’s personal data may include disclosure between Morgan Stanley Companies including, without limitation, to persons providing Morgan Stanley Companies with professional or other services; to third parties such as settlement agents, overseas banks or exchange or clearing houses, intermediate brokers and sub-custodians to whom Morgan Stanley Companies disclose the Client’s personal data in the course of providing the services to the Client; to any person for audit purposes; to credit reference, fraud prevention and other similar agencies, and other financial institutions, with whom information is shared for credit and money laundering checking and fraud prevention purposes; to persons to whom Morgan Stanley Companies assign or novate rights or obligations under any agreement with the Client; and to national and international regulatory, enforcement or exchange bodies or courts anywhere in the world as required by applicable laws, regulations, court orders or at their request or other persons if required by applicable laws or regulations. These disclosures may involve overseas storage and other overseas transfer, processing and use of your personal data, and disclosure to these third parties, including in or to countries or territories which do not offer the same level of protection of personal information as is enjoyed within Hong Kong other jurisdiction applicable to the Client;

## 4.3 Rights of Access and Correction

Under the Ordinance, the Client has a right to request access to, and to request correction of the Client’s personal data. If the Client wishes to exercise these rights, it should address its request to MSAL Legal and Compliance Division who will then supply the Client with a personal data access form for completion and return.

## 5 Other Provisions

The Client agrees and acknowledges the following:

### 5.1 Services

The services provided by MSAL and MSS are general investment and dealing services in securities, futures, where relevant, and other investment instruments, together with related clearing and settlement and foreign exchange facilities and any other services agreed between MSAL, MSS and the Client. The functions and activities conducted by MSAL and/or MSS in relation to the above services include, but are not limited to, acting as agent for the Morgan Stanley Companies in effecting or introducing investment transactions, preparing and dispatching documentation and performing such additional activities and administrative functions as are necessary to effect the Client’s activities and transactions.

### 5.2 Derivative products

In relation to derivative products, MSAL or MSS will provide upon request product specifications and any prospectus or other offering document and an explanation of margin procedures and the circumstances under which positions may be closed without the Client’s permission.

### 5.3 Short selling

The Client will comply with Hong Kong’s restrictions on short-selling. The Client warrants (on a continuing basis) that, at the time it places an order with any Morgan Stanley Companies to sell securities at or through a Hong Kong exchange, the Client has a presently exercisable and unconditional right to vest those securities in a purchaser of them. The Client will inform Morgan Stanley if any order is a short selling order (as defined by the SFO) and will provide an assurance as to that order within such time, in such form and with such information as Morgan Stanley require.

### 5.4 Liability

Except to the extent permitted by applicable laws and regulations, nothing in this Schedule removes, excludes or restricts any of the Client’s rights or MSAL’s or MSS’ obligations under the laws of Hong Kong. For the avoidance of doubt, neither MSAL nor MSS is liable to the Client or anyone else for any default by any third party, including (respectively) any other Morgan Stanley Company. Any Morgan Stanley Company may do or omit to do anything which it believes is necessary or desirable to ensure compliance with any applicable law or

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regulatory requirement, guidance or request. The Client shall comply with all applicable law and regulatory requirements and requests.

## 5.5 External dispute resolution

If you have made a written complaint and have not received a response, or if you are unhappy with the proposed resolution, you may have the right to take your complaint to the Financial Dispute Resolution Centre Limited (“**FDRC**”), subject to the eligibility criteria set out in the FDRC’s Terms of Reference. FDRC is an independent complaints resolution body of which we are a member. Complaints made to FDRC by an eligible claimant are subject to a monetary limit of HK\$500,000. For more information relating to FDRC, please contact:

Financial Dispute Resolution Centre Limited  
15/F, Stanhope House,  
734 King's Road,  
Quarry Bay,  
Hong Kong

Tel: 3199 5100  
Email: [fdrc@fdrc.org.hk](mailto:fdrc@fdrc.org.hk)  
Internet: [www.fdrc.org.hk/en/index.html](http://www.fdrc.org.hk/en/index.html)

## 5.6 Trade capacity and execution information

Morgan Stanley companies may execute a trade with or for the Client, either as:

- (a) principal,
- (b) agent, or
- (c) a combination of both agent and principal.

Where a Morgan Stanley Company agrees that a trade will be undertaken on a principal basis, Morgan Stanley may put capital at risk. With regard to trades where a guaranteed price has been agreed, each Morgan Stanley Company may realize a profit or loss on the principal transactions entered into to offset the risk of the guarantee and that gain or loss will be allocated to such Morgan Stanley Company’s account.

In order to efficiently and effectively achieve the Client’s trading objectives, unless the Client instructs otherwise, each Morgan Stanley Company may access internal sources of liquidity including, without limitation, crossing against any of the following: (i) client order flow, (ii) client facilitation or market making books, or (iii) a proprietary trading strategy. In these circumstances, such Morgan Stanley Companies may be trading as agent, principal or both agent and principal.

Morgan Stanley puts great emphasis on client order handling and endeavour to achieve the best available terms for clients in accordance with accepted client instructions. In certain circumstances, Morgan Stanley Companies may work orders alongside other client or internal orders, fairly allocating executions between orders. Wherever possible this will be discussed with the Client in advance, and where required, such Morgan Stanley Companies will obtain prior approval. Where a Morgan Stanley Company is engaged to execute client orders in international markets, such Morgan Stanley Companies may execute transactions through one or more of its foreign affiliates or through unaffiliated third parties. The foreign affiliate or unaffiliated third party may act in a principal or agency capacity. Further information regarding any charges levied by that foreign affiliate or third party will be provided upon written request.

## 5.6 Material Interests

Neither our prime brokerage relationship nor the services MSAL, MSS and each Morgan Stanley Company provide nor any other matter will give rise to any fiduciary or equitable duties which would prevent or hinder us or each Morgan Stanley Company, in transactions with or for the Client or in other services provided to the Client, acting as market maker/dealer or broker, principal or agent, doing business with or for you whether for our or its own account or between ourselves and/or with affiliates, connected customers, and/or other customers or investors, and generally acting as provided in this Notice.

MSAL, MSS and each Morgan Stanley Company are entitled to enter into any transaction for or with the Client or provide any service to the Client notwithstanding that any of MSAL, MSS or a Morgan Stanley Company has or may have a material interest in the transaction or any resulting transaction or a relationship which gives rise to a conflict of interest. However, in any such case we may in our absolute discretion decline to act.



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## 5.7 Agreement

In dealing or continuing to deal with MSAL, MSS or any Morgan Stanley company, the Client is taken to have agreed to, and undertakes on a continuing basis to comply with, the terms set out in this Schedule IV. The terms of this Schedule IV shall supplement and amend the agreement (to the extent inconsistent) and shall apply to all transactions effected through MSAL, MSS or with any Morgan Stanley Company.

## 5.8 Notice of Change

Morgan Stanley may rely on the accuracy and completeness of all information provided to any Morgan Stanley Company. The Client will notify Morgan Stanley from time to time of any material changes to the information provided by the Client to Morgan Stanley, including, but not limited to, investment objectives and financial situation.

## 6 **Position Limit and Large Open Position Reporting Requirements for Options and Futures Traded on the Hong Kong Exchanges**

The Hong Kong regulatory regime imposes position limit and reportable position requirements for stock options and futures contracts traded on the SEHK and on the HKFE.

These requirements are set out in the Hong Kong Securities and Futures (Contracts Limits and Reportable Positions) Rules (as amended) (the “**Hong Kong Rules**”) made by the SFC under the SFO. The Hong Kong Rules impose monitoring and reporting obligations with regard to large open positions. For the purposes of the Hong Kong Rules, a client is the person who is ultimately responsible for originating instructions the Client receives for transactions, i.e. the transaction originator.

Further guidance on the Hong Kong Rules and what they require is set out in the SFC’s Guidance Note on Position Limits and Large Open Position Reporting Requirements. Copies of the Hong Kong Rules and Guidance Note can be downloaded from the SFC’s website ([www.sfc.hk](http://www.sfc.hk)).

### **Purpose of the Hong Kong Rules**

The purpose of the Hong Kong Rules is to avoid potentially destabilizing market conditions arising from an over-concentration of futures/options positions accumulated by a single person or group of persons acting in concert, and to increase market transparency.

Some of the major requirements of the Hong Kong Rules and Guidance Note are summarised below. However, the Client should review the Hong Kong Rules and Guidance Note in their entirety, and consult with the Client’s legal counsel in order to ensure that the Client has a full understanding of the Client’s obligations in connection with trading in Hong Kong.

Please note that the Hong Kong Rules make the Client responsible for ensuring that the Client complies with the Hong Kong Rules. Section 8 of the Hong Kong Rules makes it a criminal offence not to comply with the Hong Kong Rules (subject to a maximum fine of HK\$100,000 and imprisonment for up to 2 years).

In 2004, the SFC investigated 6 breaches of the Hong Kong Rules, including a breach by a non-Hong Kong fund manager which was referred to the fund manager’s overseas regulator. It should be noted that the SFC has expressly stated that it is not sympathetic to claims by overseas persons that they are not aware of the Hong Kong restrictions, and that a failure to trade within the limits or make reports reflects badly on a firm’s internal control measures (which might itself lead to disciplinary action).

### **Position Limits**

The Hong Kong Rules say that the Client may not hold or control futures contracts or stock options contracts in excess of the prescribed limit, unless the Client has obtained the prior authorisation of the Hong Kong regulators. For example, the prescribed limit for Hang Seng Index futures and options contracts and Mini-Hang Seng Index futures and options contracts is 10,000 long or short position delta limit for all contract months combined, provided the position delta for the Mini-Hang Seng Index futures contracts or Mini-Hang Seng Index options contracts shall not at any time exceed 2,000 long or short for all contract months combined. For many futures contracts and stock options contracts, the position limit is set at 5,000 contracts for any one contract/expiry month.

The prescribed limit for each contract traded on the Hong Kong exchanges is set out in the Hong Kong Rules.

### **Reportable Positions**

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If the Client holds or controls an open position in futures contracts or stock options contracts in excess of the specified level, the Hong Kong Rules require the Client to report that position in writing to the relevant Hong Kong exchange (i) within one day (ignoring Hong Kong public holidays and Saturdays) of first holding or controlling that position, and (ii) on each succeeding day on which the Client continues to hold or control that position.

The specified reporting level for each contract traded on the Hong Kong exchanges is set out in the Hong Kong Rules. The report must state:

- (a) the number of contracts held or controlled in respect of the position in each relevant contract month; and
- (b) if the position is held or controlled for a client, the identity of the client, and the number of contracts held or controlled for such person in respect of the reportable position in each relevant contract month.

## **Scope of the Hong Kong Rules**

The Client should note:

- (a) The prescribed limits and reportable position requirements apply to all positions held or controlled by any person, including positions in any account(s) that such person controls, whether directly or indirectly. The SFC takes the view that a person is regarded as having control of positions if, for example, the person is allowed to exercise discretion to trade or dispose of the positions independently without the day-to-day direction of the owner of the positions. (Section 4 of the Hong Kong Rules and Para. 2.6 of the Guidance Note).
- (b) If a person holds or controls positions in accounts at more than one intermediary, the Hong Kong Rules require him to aggregate the positions for the purposes of applying the prescribed limits and reportable position requirements. (Para. 6.1 of the Guidance Note).
- (c) The person holding or controlling a reportable position in accounts at more than one intermediary has the sole responsibility to notify the relevant exchange of the reportable position. The person may request its intermediary to submit the notice of the reportable position. If a firm agrees to submit the notice on his behalf, the person should provide to the firm its total positions held at other intermediaries so that the firm can submit the notice of the reportable position. Alternatively, the person should ask all of his intermediaries to report the positions in each of the accounts separately to the exchange, even if the positions in the individual accounts do not reach the reportable level. (Paras. 4.6 and 6.2 of the Guidance Note).
- (d) Where the Client is holding a reportable position for the Client's client, the Hong Kong Rules state that the Client must disclose the identity of the client. The SFC's view is that, for the purposes of the Hong Kong Rules, a client is the person who is ultimately responsible for originating the transaction instructions - i.e., the transaction originator. (Para. 6.4 of the Guidance Note).

The Hong Kong Rules apply separately to the positions held by each of the underlying clients of an omnibus account, except where the omnibus account operator has discretion over the positions in which case the account operator must also aggregate these positions with his own positions. Positions held by different underlying clients should not be netted off for purposes of calculating and reporting reportable positions or determining compliance with the prescribed limits. (Para. 6.8 of the Guidance Note).

## HONG KONG RISK DISCLOSURE STATEMENT

This Risk Disclosure is provided in accordance with the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission of Hong Kong.

(a) RISK OF SECURITIES TRADING

The prices of securities fluctuate, sometimes dramatically. The price of a security may move up or down, and may become valueless. It is as likely that losses will be incurred rather than profit made as a result of buying and selling securities.

(b) RISK OF TRADING FUTURES AND OPTIONS

The risk of loss in trading futures contracts or options is substantial. In some circumstances, you may sustain losses in excess of your initial margin funds. Placing contingent orders, such as "stop-loss" or "stop-limit" orders, will not necessarily avoid loss. Market conditions may make it impossible to execute such orders. You may be called upon at short notice to deposit additional margin funds. If the required funds are not provided within the prescribed time, your position may be liquidated. You will remain liable for any resulting deficit in your account. You should therefore study and understand futures contracts and options before you trade and carefully consider whether such trading is suitable in the light of your own financial position and investment objectives. If you trade options you should inform yourself of exercise and expiration procedures and your rights and obligations upon exercise or expiry.

(c) RISK OF TRADING IN LEVERAGED FOREIGN EXCHANGE CONTRACTS

The risk of loss in leveraged foreign exchange trading can be substantial. You may sustain losses in excess of your initial margin funds. Placing contingent orders, such as "stop-loss" or "stop-limit" orders, will not necessarily limit losses to the intended amounts. Market conditions may make it impossible to execute such orders. You may be called upon at short notice to deposit additional margin funds. If the required funds are not provided within the prescribed time, your position may be liquidated. You will remain liable for any resulting deficit in your account. You should therefore carefully consider whether such trading is suitable in light of your own financial position and investment objectives.

(d) RISK OF TRADING GROWTH ENTERPRISE MARKET STOCKS

Growth Enterprise Market (GEM) stocks involve a high investment risk. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. GEM stocks may be very volatile and illiquid.

You should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Current information on GEM stocks may only be found on the internet website operated by The Stock Exchange of Hong Kong Limited. GEM Companies are usually not required to issue paid announcements in gazetted newspapers.

You should seek independent professional advice if you are uncertain of or have not understood any aspect of this risk disclosure statement or the nature and risks involved in trading of GEM stocks.

(e) RISKS OF CLIENT ASSETS RECEIVED OR HELD OUTSIDE HONG KONG

Client assets received or held by a licensed person outside Hong Kong are subject to the applicable laws and regulations of the relevant overseas jurisdiction which may be different from the Securities and Futures Ordinance (Cap. 571) and the rules made thereunder. Consequently, such client assets may not enjoy the same protection as that conferred on client assets received or held in Hong Kong.

(f) RISK OF PROVIDING AN AUTHORITY TO REPLEDGE YOUR SECURITIES COLLATERAL ETC.

There is risk if you provide the licensed or registered person with an authority that allows it to apply your securities or securities collateral pursuant to a securities borrowing and lending agreement, repledge your securities collateral for financial accommodation or deposit your securities collateral as collateral for the discharge and satisfaction of its settlement obligations and liabilities.

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If your securities or securities collateral are received or held by the licensed or registered person in Hong Kong, the above arrangement is allowed only if you consent in writing. Moreover, unless you are a professional investor, your authority must specify the period for which it is current and be limited to not more than 12 months. If you are a professional investor, these restrictions do not apply.

Additionally, your authority may be deemed to be renewed (i.e. without your written consent) if the licensed or registered person issues you a reminder at least 14 days prior to the expiry of the authority, and you do not object to such deemed renewal before the expiry date of your then existing authority.

You are not required by any law to sign these authorities. But an authority may be required by licensed or registered persons, for example, to facilitate margin lending to you or to allow your securities or securities collateral to be lent to or deposited as collateral with third parties. The licensed or registered person should explain to you the purposes for which one of these authorities is to be used.

If you sign one of these authorities and your securities or securities collateral are lent to or deposited with third parties, those third parties will have a lien or charge on your securities or securities collateral. Although the licensed or registered person is responsible to you for securities or securities collateral lent or deposited under your authority, a default by it could result in the loss of your securities or securities collateral.

A cash account not involving securities borrowing and lending is available from most licensed or registered persons. If you do not require margin facilities or do not wish your securities or securities collateral to be lent or pledged, do not sign the above authorities and ask to open this type of cash account.

(g) **RISK OF PROVIDING AN AUTHORITY TO HOLD MAIL OR TO DIRECT MAIL TO THIRD PARTIES**

If you provide a licensed person with an authority to hold mail or to direct mail to third parties, it is important for you to promptly collect in person all contract notes and statements of your account and review them in detail to ensure that any anomalies or mistakes can be detected in a timely fashion.

(h) **RISK OF MARGIN TRADING**

The risk of loss in financing a transaction by deposit of collateral is significant. You may sustain losses in excess of your cash and any other assets deposited as collateral with the licensed or registered person. Market conditions may make it impossible to execute contingent orders, such as "stop-loss" or "stop-limit" orders. You may be called upon at short notice to make additional margin deposits or interest payments. If the required margin deposits or interest payments are not made within the prescribed time, your collateral may be liquidated without your consent. Moreover, you will remain liable for any resulting deficit in your account and interest charged on your account. You should therefore carefully consider whether such a financing arrangement is suitable in light of your own financial position and investment objectives.

(i) **RISK OF TRADING NASDAQ-AMEX SECURITIES AT THE STOCK EXCHANGE OF HONG KONG LIMITED**

The securities under the Nasdaq-Amex Pilot Program (PP) are aimed at sophisticated investors. You should consult your dealer and become familiarised with the PP before trading in the PP securities. You should be aware that the PP securities are not regulated as a primary or secondary listing on the Main Board or the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

# Morgan Stanley

## SCHEDULE V – CASH PAYMENTS AND SECURITIES TRANSFERS AUTHORISATION

DATED [DATE]

Morgan Stanley & Co. International plc  
International Prime Brokerage  
25 Cabot Square  
Canary Wharf  
London E14 4QA

Re: [Fund name] (the “Client”)

This Cash Payments and Securities Transfers Authorisation (“CPSTA”) is notification from the Client to MSI plc pursuant to Section G.7 of the International Prime Brokerage Agreement entered into between the parties (the “Agreement”). Any capitalised term used herein and not otherwise defined shall have the meaning given to it in the Agreement.

The Client hereby authorises MSI plc to accept and act on Cash Payments Instructions and Securities Transfers Instructions in accordance with Section G of the Agreement, using one or more facilities mentioned below.

### **Cash Payments Instructions and Securities Transfers Instructions**

The Client hereby authorizes the personnel designated herein as Authorised Persons to provide Cash Payments Instructions and/or Securities Transfers Instructions (as the case may be) on behalf of the Client pursuant to the Agreement.

The Client further authorizes the Designated Persons specified herein to enter into any agreement on behalf of the Client in connection with this CPSTA (including any agreement to amend or terminate or replace this CPSTA in whole or in part).

### **Application**

This Cash Payments and Securities Transfers Authorisation shall benefit MSI plc and MSI plc’s successors and assigns and shall replace any existing Cash Payments or Cash Payments and Securities Transfers Authorisation(s). This Cash Payments and Securities Transfers Authorisation shall become effective from the time MSI plc acknowledges the terms of such form by returning a copy executed by it to the Client or its Agent.

### **Designated Persons (optional)**

*(in the event that the client does not complete this section, only authorized signatories for the Client will be able to amend the CPSTA from time to time)*

[Any one person] / [Any two persons acting together] specified below as Designated Persons [is]/[are] authorised on behalf of the Client to agree in writing (including by fax or e-mail (with pdf attachment) or post) with MSI plc any amendment to the terms of any, Cash Payments and Securities Transfers Authorisation (including, without limitation, a revised list of persons who are to be “Designated Persons” for the purpose of this paragraph, a revised list of the persons who are to be “Authorised Persons” for the purpose of Section I and/or Section IV, subject in each case to MSI plc agreeing the relevant revision or agreeing to provide the requested functionality, if applicable).

MSI plc is entitled without further enquiry to act upon any instruction or notice or request from a Designated Person on behalf of the Client.

Designated Persons:

<u>Name:</u>	<u>Signature:</u>
<u>Name:</u>	<u>Signature:</u>

# Morgan Stanley

<u>Name:</u>	<u>Signature:</u>
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Any proposed amendment to the terms of the CPSTA shall be subject to the provisions hereof (including but not limited to the section titled “*Amendment of the CPSTA*”)

## **Instructions from an Administrator/Service Provider of the Client**

Where the Client wishes to authorise the Client’s administrator or third party service provider (an “**Administrator**”) as an Authorised Person, the Client shall complete the relevant section(s) for each of the methods for effecting Cash Payments Instructions and/or Securities Transfers Instructions of their choice accordingly, and follow the appropriate instructions in each such section. References to the Client herein shall include the Designated Person(s) acting on behalf of the Client.

## **Persons authorized to add, delete and categorise Mandatory Delivery Instructions (mandatory)**

(defined as the details of accounts held with third parties to which transfers can be effected on behalf of the Client, hereafter referred to as “**MDIs**”)

The Client confirms that [Any one person] / [Any two persons acting together] specified below [is]/[are] authorised to instruct Morgan Stanley in writing (including by fax or e-mail (with pdf attachment) or post) to add, delete and categorise MDIs that apply to the payment and transfer methods permitted under Section I and Section IV of this Cash Payments and Securities Transfers Authorisation

<u>Name:</u>	<u>Signature:</u>
<u>Name:</u>	<u>Signature:</u>
<u>Name:</u>	<u>Signature:</u>
<u>Name:</u>	<u>Signature:</u>

The Client acknowledges and agrees that in the event that the Client has specified details of an Administrator to instruct Cash Payments and/or Securities Transfers Instructions under Section I and/or Section IV, the Administrator may from time to time add, amend and/or delete MDIs.

## **Amendment of the CPSTA**

The Client may amend or supplement the CPSTA by completing a CPSTA amendment form provided by Morgan Stanley upon request (or using such other form as may be accepted by MSI plc from time to time), and sending such form to the Client’s account representative at Morgan Stanley. Any such amendment or supplement shall become effective from the time MSI plc acknowledges the terms of such form by returning a copy executed by it to the Client or its Agent.

References to the Client herein shall include the Designated Person(s) acting on behalf of the Client.

Regardless of the method of instruction, until MSI plc acknowledges receipt of written notice from or on behalf of the Client in accordance with the foregoing provisions hereof in relation to amendment of this CPSTA, MSI plc is entitled to assume that any Authorised Person has full and unrestricted power to give Cash Payments Instructions or Securities Transfers Instructions on the Client’s behalf.

## **Termination**

This Cash Payments and Securities Transfers Authorisation may be terminated by:

- (a) written notice of termination from the Client, whereupon this authorization shall terminate at close of business on the fifth business day following actual receipt of such notice from the Client by MSI plc;
- (b) agreement in writing between MSI plc and the required number of Designated Persons on such date as may be agreed in writing between MSI plc and the Designated Person(s).

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Termination of this Cash Payments and Securities Transfers Authorisation shall not prejudice or otherwise affect any right, obligation or liability of any party arising from any Cash Payments or Securities Transfers Instructions prior to such termination.

## **Miscellaneous**

The authorisations herein are in addition to (and in no way limit or restrict) any rights which any Morgan Stanley Entity may have under any agreement with the Client.

This Cash Payments and Securities Transfers Authorisation and any non-contractual obligations arising out of or in relation to it shall be governed by, and construed in accordance with, English law. MSI plc and the Client each hereby submit to the exclusive jurisdiction of the courts of England in respect of any suit, action or proceeding.



## SECTION I – ONLINE CASH INSTRUCTIONS (CASH ENTRY)

*For Cash Payments Instructions only*

*Complete this section to use Online Cash Instructions, hereafter referred to as “Cash Entry”*

### **Instructions from the Client’s Authorised Persons in accordance with paragraph G.7.3 of the Agreement.**

Each online Cash Payments Instruction in respect of a Prime Brokerage Account must be input and approved as follows

<b>Access Levels</b>	<b>Description of access supported</b>
View Only	Individual may only view all cash wires
Import	Individual may import/upload a wire file
Entry Only	Individual may use the Cash Entry function to enter cash wires
Authorise Only	Individual may authorise cash wires; no entry permitted
Enter and Authorise Restricted	Individual may enter and authorise any cash wire except those entered by themselves
Enter and Authorise	Individual may enter and authorise any cash wires

<b>Authorised Persons: <i>First and Last Name or Client Link id</i></b>	<b>e-mail address</b>	<b>Access Level:</b>	<b>Authorisation Group Membership (optional): <i>If Authorisation Groups are defined, list the Group or Groups to which each Authoriser will belong. NOTE: An authoriser may belong to more than one Group, but may only authorise once.</i></b>
<i>[Name of Administrator]*</i>			

The Client requests each Cash Payments Instruction to be approved by the following number of Authorised Persons:

**1      2      3      4      5**      (circle number)

*\* in the event that the Client has appointed the Administrator to instruct Cash Payments Instructions under this Section I, the Client must insert the full legal name of the Administrator.*

*In the event that the full legal name of an Administrator has been inserted in this Section I, the Client acknowledges and agrees that a list of Authorised Persons and any limits or approval requirements (including without limitation the number of Authorised Persons or additional payment rules) **will be separately provided by the Administrator, and that such list, limits and approval requirements may be amended by the Administrator from time to time.***

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**Additional Payment Rule Definitions (Optional):**

PAYMENT CONDITIONS				APPROVAL LOGIC				
Rule:	Threshold Cash Limit*: (e.g. 1,000,000).	Threshold Currency: The currency in which the limit is to be applied (e.g. USD, EUR)  NOTE: This limit will be applied to all currencies using the equivalent in Currency stated.	MDI Category:  NOTE: If left blank, the rule will apply to all payment instructions..	Authorisation Group 1:	Number of Online Approvers Required :	Sequence Logic: And, Or, Followed By  NOTE: By selecting Followed By, users within Authorisation Group 2 will not be able to view the payment until approved by Authorisation Group 1.	Authorisation Group 2:	Number of Online Approvers Required:
e.g. 1	1,000,000	USD	3 <sup>rd</sup> Party	A	1	And	B	1
[if Threshold Cash Limit and MDI Category do not apply, insert "All Payments" here]								

\* Authorisers may be optionally arranged to create a Threshold Cash Limit. This can be helpful if the Client wishes to further control authorisations based on cash limits (e.g. User A within the Authorisation Group A will be able to authorise USD wires over \$1,000,000 while User B within the Authorisation Group B will be able to authorise cash wires below \$1,000,000, with \$1,000,000 USD being the currency limit).

**SECTION II - SWIFT CASH PAYMENTS INSTRUCTIONS**

*For Cash Payments Instructions only  
Optional - complete this section to use SWIFT*

**Instructions using SWIFT in accordance with paragraph G.7.4 of the Agreement**

The Client hereby authorises MSI plc to treat any entity with access to the Bank Identifier Code(s) specified below (each a “BIC”) as an Authorised Person with authority to issue Cash Payments Instructions in accordance with paragraph G.7.4 of the Agreement.

Bank Identifier Code\*:

*\* Incorporate BIC (and in the event that the Client’s Administrator has been appointed by the Client to perform this function, insert the Administrator’s BIC) or specify “Not Applicable”*

**SECTION III – FILE TRANSFER PROTOCOL (“FTP”)**

*For Cash Payments Instructions only  
Optional - complete this section to use FTP*

The Client hereby authorises any persons with authority to access and use the PGP encryption key(s)\* provided by the Client to MSI plc from time to time (each a “PGP”) as its agent and attorney-in-fact to issue cash payments instructions with respect to the Client’s Prime Brokerage Account under the Agreement utilizing any of the FTP cash payments instruction methods specified below which MSI plc has agreed may be utilized by the Client. The Client authorises MSI plc to accept and act on cash payments instructions received from the PGP, and may accept newly authorised PGPs from persons who Morgan Stanley reasonably believes to be an authorised signatory of the Client. The Client agrees that FTP messages may not include the name of its personnel and that MSI plc may treat any message from the PGP as a genuine instruction of the Client’s authorised personnel. The Client further agrees that MSI plc shall not be responsible for any alterations or deletions to instructions received from the PGP(s) or any delays, faulty encryption or decryption, or non-delivery of instructions from the PGP(s), as well as any associated loss of market opportunity.

**Authorisation Methods**

Authorisation via Interactive Cash Entry

Auto-Authorisation: Straight through processing with no further  
authorisation required

*\* in the event that the Client has appointed the Administrator to instruct Cash Payments Instructions by FTP, the Client must provide the Administrator’s PGP encryption key*

**SECTION IV - WRITTEN CASH PAYMENTS AND SECURITIES TRANSFERS INSTRUCTIONS*****For Cash Payments Instructions and Securities Transfers Instructions  
Required - please complete this section***

For enhanced security the Client is required to instruct Cash Payments Instructions using Cash Entry, FTP and/or SWIFT. However, as a backup, MSI plc may agree to accept Cash Payments Instructions and Securities Transfers Instructions in writing. The Client hereby authorises the persons specified below as Authorised Persons to issue Cash Payments Instructions or Securities Transfers Instructions in writing (including by fax or e-mail (with pdf attachment) or post) in accordance with paragraph G.7.2 of the Agreement.

**Authorised Persons**

<b>Name:</b>	<b>Title:</b>	<b>Signature:</b>	<b>Authorised to instruct Cash Payments: <i>Yes, No</i></b>	<b>Authorised to instruct Securities Transfers: <i>Yes, No</i></b>
<i>[Name of Administrator *]</i>				

Written Cash Payments Instructions or Securities Transfer Instructions must be signed by the following number of Authorised Persons:

**1      2      3      4      5**      (circle number)

*\* in the event that the Client has appointed the Administrator to instruct Cash Payments and Securities Transfers Instructions under this Section IV, the Client must insert the full legal name of the Administrator. In the event that the full legal name of an Administrator has been inserted in this Section IV, the Client acknowledges and agrees that **a list of Authorised Persons and any limits or approval requirements (including the number of Authorised Persons) may be separately provided by the Administrator and that such list, limits and approval requirements may be amended by the Administrator from time to time.***

The Client specified in the signature block below agrees to the terms of this Cash Payments and Securities Transfers Authorisation.

**Clients signature(s)****[Fund Name]****Authorised  
signatory/signatories****Acknowledged by Morgan Stanley & Co. International plc**

Signature:

**CLIENT SIGNATURE**

The Client hereby agrees to the terms of this Agreement and has executed the Agreement as a deed. The Client’s signature will constitute an authority for Morgan Stanley to date this Agreement following its signature and to deliver this Agreement on behalf of the Client.

*Please note, the required number of persons authorised to sign this Agreement as a deed on behalf of the Client must sign below and all information must be completed before returning this Agreement*

*[name of client]*

Signed as a Deed and delivered on behalf of the Client by persons who in accordance with the laws of the territory set out below are acting under the authority of the Client

Signature: .....

Name (print name): .....

Title: .....

For and on behalf of (Legal Entity Name): *[name of client]*

Registered Under the Laws of:

Registered Address:

Telephone:

Facsimile:

In the Presence of:

Name and address of Witness: .....

.....

.....

Signature of Witness: .....

Details for Notices:

Telephone:

Facsimile:

**MORGAN STANLEY SIGNATURE**

Signed by **Morgan Stanley & Co. International plc.** for itself and as agent for the other **Morgan Stanley Companies** listed below:

Signature: .....

Name (*print name*): .....

Title: .....

Details for Notices:

Address	25 Cabot Square, Canary Wharf, London E14 4QA
Tel No:	+44 (0) 207 425 8000
Fax No:	+44 (0) 207 425 3985
Attention:	International Prime Brokerage – Head of Client Services

**The Morgan Stanley Companies**

Morgan Stanley & Co. LLC	Morgan Stanley Capital Group Inc.
Morgan Stanley Asia (Singapore) Securities Pte Ltd	Morgan Stanley Bank AG
Morgan Stanley Securities Limited	Morgan Stanley Capital Services LLC
Morstan Nominees Limited	Morgan Stanley Asia Limited
MS Equity Finance Services I (Cayman) Ltd.	Morgan Stanley Bank N.A.
Morgan Stanley Australia Securities Limited	Morgan Stanley MUFG Securities Co., Ltd
Morgan Stanley Hong Kong Securities Limited	
Morgan Stanley Bank International Limited	

and such other entities within the Morgan Stanley group of companies with which the Client transacts or which provide execution or similar services to the Client or provide custodial services in respect of the Client's Investments.