

Terms of Business

Custody and Execution services

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This is an important document. Please read it carefully.

Key terms for your attention

This section highlights some of the key information that you need to be aware of, including terms setting out your obligations in respect of **custody and execution services** you receive from LGT Wealth Management UK LLP. You should still read all documents comprising the **agreement** and seek assistance from us if you do not understand any element of it.

Terminology

Bold terms are words which have a particular meaning when we use them in our **terms of business** and in the documentation you receive from us regarding your account. The meaning of these terms can be found in the Defined Terms section of these **terms of business**.

References to “we” means LGT Wealth Management UK LLP, a company incorporated in England and with its registered office at 14 Cornhill, London, EC3V 3NR, United Kingdom (references to “us”, “our” and “ourselves” have the same meaning, and includes our successors and assignees).

Where we refer to “you” in these **terms of business**, we are referring to the natural or legal person(s) to whom we will be providing the **custody and execution services**. Accordingly, this may refer to a company or trustee (including a charity) acting through an authorised person on its behalf.

By signing the **account agreement**, you confirm that you accept these **terms of business** and any supplemental terms and conditions and will be bound by this **agreement**. This **agreement** comes into effect on the date that we accept a satisfactorily completed and signed **account agreement** from you.

Our **terms of business** form part of the **agreement** between between you and LGT Wealth Management UK LLP and set out the terms on which we will provide **custody and execution services** to you in respect of such account(s) you hold with your investment manager in relation to which you may require such **custody and execution services** from time to time. The **agreement** is made up of following documents:

1. **terms of business;**
2. **account agreement;**
3. **fee schedule.**

If you have signed and returned the **account agreement** to us, then you have accepted the **agreement**. Please take time to read all documents comprising the **agreement** carefully as it will become legally binding once your **account agreement** has been received and accepted by us. Once we have accepted your **account agreement** we will also be bound by the **agreement**. We may refuse to accept any **account agreement** at our discretion.

Defined Terms

account agreement	means the form used to apply for the establishment, maintenance, and operation of your custody account under the terms of the agreement ;
agreement	means these terms of business ; the account agreement ; and the fee schedule ;
asset(s)	means the investments and money held by us as your custodian in respect of which we provide you with our custody and execution services in accordance with the agreement ;
best execution	means effecting a transaction whereby reasonable care is taken to ascertain the price which is the best available for a client in the relevant market at the time of the kind and size and, unless the circumstances require otherwise in the client's interest, where orders are executed at a price (excluding disclosed charges) which is no less advantageous to the client ;
business day	means 9am-5pm Monday to Friday on any day on which banks are generally open for business in London and Edinburgh;
client	means a natural or legal person to whom we are providing custody and execution services and whom we have identified in the account agreement as our client and in relation to joint accounts, means all joint account holders;
corporate event	means any right to attend and vote at shareholders', securities holders' or unit holders' meetings, or of any rights issues, calls, conversion, subscription or redemption rights, or take-over or other offers arising from capital re-organisations;
client bank account	means a client bank account at an approved bank as defined by the FCA regulations ;
custodian	means us as your appointed provider of custody and execution services ;
custody and execution services	means services provided by us as your custodian as described in section 2 (<i>Custody Services</i>), and execution of orders as described in section 11 (<i>Order Execution</i>);
FCA	means the Financial Conduct Authority;
FCA regulations	means all rules, regulations, orders and prohibitions imposed or issued by the FCA including the FCA Handbook of rules and guidance, non-Handbook FCA guidance and other FCA materials;



fee schedule	means the various charges, fees, and commissions applicable to you including for the provision of the custody and execution services provided by us;
ISA	means an account managed by us in compliance with the Individual Savings Account Regulations 1998 (as amended);
LGT Group	means LGT Wealth Management UK LLP and each of its subsidiaries, parent undertakings and/or associated companies;
order execution policy	means the policy relating to the execution of orders and decisions to deal on behalf of clients , as required by the FCA regulations and provided at Annex 3 (<i>Order Execution Policy</i>);
nominee	means a person or company who has been entrusted with the safekeeping of your assets by us in accordance with FCA regulations ;
product	means the investment product (for example a self-invested personal pension or offshore bond) which you hold through the product provider , the assets under which we have been appointed to manage;
product provider	means an appropriately authorised firm whose product you have invested in and which has appointed us as custodian of the assets in your product ;
qualifying money market fund	means a type of short-term money market fund that is subject to high regulatory standards regarding levels of liquidity and quality of investments like low-risk government bonds;
sub-custodian	means a third party (or its nominee) selected by us as your custodian and to whom we have delegated the provision of custody and execution services in accordance with the FCA regulations ;
terms of business	means these terms and conditions governing the provision of the custody and execution services ;
unforeseen event	means an event that is outside our reasonable control and could not be predicted or if predicted its consequences are too far-reaching to anticipate. In the agreement it includes any: <ol style="list-style-type: none">act of God, fire, earthquake, storm, or flood;explosion, nuclear accident, or collision;sabotage, riot, civil disturbance, insurrection, epidemic, national emergency (whether in fact or law) or act of war (whether declared or not) or terrorism;requirement or restriction of or failure to act by any government, semi-governmental or judicial entity;unavoidable accident;loss of supply of essential services including but not limited to electrical power, telecommunications and essential third-party services;any 'denial of service' or other targeted network attack, including a ransomware attack; andany other cause beyond our reasonable control, as a consequence of which we can no longer provide any element of the custody and execution services for a given period.

Terms of Business, custody and execution services

1. Regulatory Status

- 1.1 LGT Wealth Management UK LLP is a company incorporated in England (Registered No. OC329392) and having its registered office at 14 Cornhill, London EC3V 3NR.
- 1.2 We are authorised and regulated by the **FCA** of 12 Endeavour Square, London, E20 1JN and its website is found at www.FCA.org.uk. Our **FCA** firm reference number is 471048. The **FCA** is an independent body that regulates the financial services industry in the UK. We are a member of the London Stock Exchange (LSE). We are required to act in accordance with **FCA regulations** and the rules of the LSE where relevant.
- 1.3 We will notify you immediately if we cease to be so regulated. Nothing in the **agreement** shall exclude any liability of ours to you arising under **FCA regulations**.
- 1.4 **Your client classification**
On the basis of the information you have provided to us, we have classified you as a "retail client" for the purposes of **FCA regulations**. This provides the highest level of protection available under those rules. You have the right to request a different classification (e.g. as a "professional client"), but please note that we may not agree to such a request. If you invest in a **product** through a **product provider**, the **product provider** will be our **client**.
- 1.5 **Where you act as agent**
For the purposes of **FCA regulations**, where you are acting as agent, we will treat only you as our **client** regardless of whether or not your principal has been identified to us. However, we may at our discretion enter into a contractual relationship with your principal in certain circumstances, including without limitation where such person(s) may require provision by us of any credit facility or services.

2. Investment Services

- 2.1 We are authorised by the **FCA** to hold and safekeep your **assets** and money, and under these **terms of business** we will provide you

custody and execution services. This means that the **assets** in your account will be held on your behalf (or on the **product provider's** behalf where relevant) by us (or sub-custodians) as we deem appropriate from time to time. We will also hold money belonging to you and/or the **product provider**. We will act as a **custodian** in accordance with **FCA regulations**.

- 2.2 Wherever practicable, unless otherwise instructed, all **assets** which are purchased through us, will be registered or otherwise recorded in the name of a **nominee**.
- 2.3 We will identify, record and hold all **assets** separately from any of our own investments and funds, and in such a manner that the identity and location of your **assets** can be identified at any time. In relation to your investments registered in a **nominee's** name, that **nominee** will hold the legal title to such investments and you will at all times be the beneficial owner. We reserve the right to refuse to accept any particular **asset** into our custody.
- 2.4 We may appoint another firm to provide custody services to you (a **sub-custodian**). We will take due skill, care and diligence in selecting suitable sub-custodians to hold your **assets**, but, as long as we have taken such due care, we will not be liable to you in the event of default by or the insolvency of a **sub-custodian** unless that **sub-custodian** is a member of the **LGT Group**.
- 2.5 We accept liability for a **nominee** company controlled by us, which we shall be responsible for to the same extent as for our own acts (including, for the avoidance of doubt, losses arising from fraud, wilful default or negligence). We will not be liable for a **nominee** controlled by any other sub-custodians, unless such **sub-custodian** is a member of the **LGT Group**.
- 2.6 You will be provided with a quarterly valuation of your **assets** which are held by us or by a **nominee** or **sub-custodian** selected by us (except in the case of **assets** which are held temporarily by us or a **nominee** or **sub-custodian** pending settlement of transactions). You are requested to review the statement and to notify us of any discrepancies that it may contain.
- 2.7 Upon termination of this **agreement** in accordance with section 23 (Termination), we shall be entitled to charge a fee, as set out in our **fee schedule** from time to time, for the transfer of **assets** out of a **nominee** account.
- 2.8 Where specifically requested by you, we shall make such arrangements as you may instruct or we may deem appropriate to register or otherwise record your **assets** in your own name. This may include any services relevant to transaction handling and associated transfers of registration of certificated stock. *Holding and dealing in **assets** in your own name and/or in certificate form may cause settlement delays and incur additional cost.*
- 2.9 Where specifically requested by you, we may also be able to safeguard **assets** that you may wish to retain in certificate form. These certificates will be held securely in our safe in order to ensure your **assets** are adequately protected.
- 2.10 Occasionally share certificates and other documents of title become invalid and cease to have tradable value. This can be for various reasons from the restructuring of the company to the company ceasing to exist. Accordingly, in accepting this **agreement**, you give your consent for us to dispose of invalid documentation relating to your **assets** which may be held on your behalf, and to remove the record of such holdings from your valuations and custody reports.
- 3. Pooling**
- 3.1 Your **assets** may be pooled with those of other **clients** for administrative reasons, but they will be strictly segregated and identified in our records and they will not be used for the account of any other **client**. The effect of pooling is that individual **client** entitlements may not be identifiable by separate certificates, other physical documents of title or equivalent electronic record. In the event of an irreconcilable shortfall after the default of a **sub-custodian**, **clients** may share in that shortfall pro rata.
- 3.2 In the case of certain collective investments, pooling may result in more favourable trading terms, but may on occasion adversely affect dividend payments and result in payment of a proportionately higher share of performance fees (where applicable).
- 4. Overseas Investments**
- 4.1 Where we purchase non-UK investments for you outside the UK, these may be registered or recorded directly in the name of a **sub-custodian**, rather than that of a **nominee**. This will occur either (i) due to the legal requirements or the nature of market practice in the jurisdiction(s) concerned, (ii) where it is in your best interests to do so or (iii) it is not feasible to do otherwise. A list of the jurisdictions in which this may be done will be supplied on request.
- 4.2 As a consequence of registering your investments overseas they may not be segregated from investments belonging to us or the **sub-custodian**. The effect of this is that your protection may be less should a default occur on the part of the **sub-custodian** in whose name the investments are registered or recorded. Investments belonging to you which are held overseas may be subject to different settlement, legal and regulatory requirements than those which apply within the UK. We will not be liable for the insolvency, acts or omissions of any **sub-custodian** referred to in this sub-section.
- 4.3 In the case of transactions outside the UK, any stock held to our order on your behalf may be passed to an intermediate broker, settlement agent or counterparty located outside the UK. In these circumstances, the legal and regulatory regime applying to such an entity may be different from that of the UK. This means that in the event of the insolvency of such an entity, your **assets** may be treated differently from the manner in which they would be treated if they had been passed to an intermediate broker, settlement agent or counterparty within the UK.
- 5. Administrative services**
- 5.1 When providing our **custody and execution services** our duties include dealing with all the arrangements for settling purchases and sales. We will also supply detailed statements listing the **assets** held on your behalf by us, a **nominee** or a **sub-custodian**. We will collect the dividends on your behalf and credit them to your income account or, if you prefer, to your bank, at such frequency as you may indicate from time to time (e.g. monthly, quarterly, semi-annually, annually). We will send you regular statements of income received.



- 5.2 At the end of each tax year, you will receive a single Consolidated Tax Certificate which is approved by HM Revenue and Customs (“HMRC”). You will also receive a dividend summary which supports your tax return to save you the trouble of collating and listing individual tax vouchers. Registered charities and other non-taxpaying funds may, on request, receive a Consolidated Tax Certificate more frequently, to facilitate immediate tax reclaims.
- 5.3 We will be responsible for claiming and receiving dividends, interest payments and other income payments accruing to your investments. However, in the event of a scrip dividend being offered, we will elect to take the cash alternative except where you request otherwise and we, in our absolute discretion, agree to take shares. We shall be under no obligation to apply for the scrip alternative until the relevant investments are registered in a **nominee’s** name. There may be occasions when we are unable to accept the scrip option due to time constraints imposed; where this is the case, you will receive the default option of cash.
- 6. Corporate events**
- 6.1 If your investments are held by a **nominee** or are otherwise under our control and we are notified of any **corporate event** attaching to your **assets** we will request instructions from your investment manager as appropriate.
- 6.2 Unless your **assets** are held within an **ISA**, we will not be obliged to arrange for you to attend company meetings or otherwise engage with corporate events and vote in person (or to direct how a **nominee** should vote on your behalf), and we reserve the right to recover any reasonable expenses from you for making such arrangements.
- 6.3 Where corporate events (such as partial redemptions) affect some but not all **nominee** investments held in a pooled account, we shall allocate the investments so affected to relevant **clients** in such a fair and equitable manner as we consider appropriate.
- 7. Settlement**
- 7.1 Where any documents or cleared funds are not held by us as part of your account, we will not be obliged to settle any transaction or any account on your behalf until we or our settlement agents or, as the case may be, **sub-custodian**, have received all necessary documents or cleared funds. Our obligations to deliver to you, or to your account, or to account to you for the proceeds of the disposal of investments are conditional upon us receiving appropriate documentation and cleared funds.
- 7.2 Where we have acted as your agent, it is the other party to the transaction that is responsible for settling the trade with you, and not us. Delivery or payment (as the case may be) will be at your risk. Our obligation is only to pass on to you, or to credit to your account, such deliverable documents or sale proceeds (as the case may be) as we actually receive.
- 8. Non-Custody Assets**
- Where specifically requested by you, we shall make such arrangements as you may instruct or we may deem appropriate to register or otherwise record your investments in your own name. This may include any services relevant to transaction handling and associated transfers of registration of certificated stock. You should be aware that holding and dealing in stock in certificate form may cause settlement delays and incur additional cost.
- 9. Using your assets as collateral**
- 9.1 We may, where requested by you and separately agreed in writing, make arrangements to lend to third parties **assets** or documents of title or certificates evidencing title to **assets** in the account and borrow on your behalf against the security of such **assets** where we consider this is in the best interests of the account. We may deposit such **assets** with a third party by way of collateral.
- 9.2 At your request and by prior written **agreement** between you and us, and your lending bankers, where relevant, your **assets** may be used as collateral for loans or overdrafts.
- 10. Client Money**
- 10.1 We will hold and deal with your money in accordance with **FCA regulations**. Any money which is not due and payable to us, and is not paid to you will be segregated from our money and held by us in a **client bank account**. We may reclaim from your account all payments we make in error or to which you are not entitled.
- 10.2 We may place a portion of **client** money in a **client bank account** which has a fixed term or notice period of up to 95 days to obtain better rates of interest.
- 10.3 These amounts may not be immediately available for distribution to you in the unlikely event that:
- 10.3.1 we receive requests for the repayment of a significant proportion of our client money; or
- 10.3.2 our default; or
- 10.3.3 the default of one of the institutions with whom your money is held.
- 10.4 If you so agreed in the **account agreement** or in a different document, we may also invest monies held on your behalf in a **qualifying money market fund**. This means that your money will be held in accordance with the custody rules rather than the client money rules of the **FCA**.
- 10.5 To the extent that any interest is earned (or payable) on sterling, Euro and US Dollar balances held by us in a **client bank account** or **qualifying money market fund**, you agree that we will deal with the interest as follows:
- 10.5.1 if the average rate of interest received in respect of client money available on an instant access basis held in **client bank account** (the “client money interest rate”) is greater than 1%, you shall receive a proportion of the interest calculated at a rate of 1% below the **client** money interest rate in the same currency as the balance(s) held;



- 10.5.2 if the **client** money interest rate is equal to or less than 1%, but greater than zero, we reserve the right to retain the full amount of any interest that may be earned on these balances (however, we may, at our discretion, elect to pay to you a proportion of any such interest and will, on request, disclose the basis on which any amount so paid has been calculated); and
- 10.5.3 if the **client** money interest rate falls below zero, such that balances held in a **client bank account** or **qualifying money market fund** become subject to an interest charge, we reserve the right to pass on such charge to you in full or a proportion thereof.
- 10.6 Any interest that is earned on cash balances in currencies other than those referenced in section 10.5 above held by us in a **client bank account** or **qualifying money market fund** will be retained in full by us and if the interest rate on such currencies falls below zero such that balances become subject to an interest charge, we reserve the right to pass on such charge to you in full or a proportion thereof.
- 10.7 Interest due and payable under this clause will be paid to you quarterly in arrears.
- 10.8 Upon duly acknowledged receipt of notification to close one or all of your accounts, any applicable interest on such account(s) shall cease accruing and no longer be payable with immediate effect.
- 10.9 On occasion, it may be necessary or appropriate for your money to be held in a **client bank account** at a bank outside the UK or for it to be passed to an intermediate broker, settlement agent or counterparty located in a jurisdiction outside the UK. In this circumstance, the legal and regulatory regime applying to the bank, intermediate broker, settlement agent or counterparty will be different from that of the UK, and in the event of failure of any such party, your money may be treated in a different manner from that which would apply if it was held in the UK.
- 10.10 Where necessary and appropriate, and provided it is permissible under **FCA regulations**, we may, transfer your money or **assets** to a "client transaction account" (as defined in the **FCA regulations**) to be held by a third party, such as a clearing house or intermediate broker, in order to facilitate a trade requiring such transfer or to provide cash collateral (i.e. margin) to support your trades. In such circumstances, your money or **assets** will no longer be held in a **client bank account** or **qualifying money market fund** as described in section 10.2 above and the arrangements for protecting your money or **assets** will not be entirely the same. In the event of failure or insolvency of such a third-party, where your money is pooled with other **clients**, you may not receive the full entitlement and may share pro rata along with other **clients** whose money is held in this way. In the unlikely event that excess money or **assets** are transferred into such a client transaction account, such excess will be returned to you and held in our **client bank account** or a **qualifying money market fund**.
- 10.11 In the event of any sale or transfer of our business, you agree that we may transfer your client money to the purchaser of our business provided that:
- 10.11.1 we may only transfer monies held on your behalf to another firm that will hold them pursuant to **FCA regulations** (or apply adequate equivalent measures to protect such monies);
- 10.11.2 the terms of the transfer will provide that the purchaser must return the funds to you as soon as practicable if you request them to do so; and
- 10.11.3 we shall notify you within seven days of how the monies will be held by the transferee firm, together with the option to have these returned to you before the transfer.
- 11. Order Execution**
- 11.1 When we execute orders on your behalf, we will follow our **order execution policy** which is set out in Annex 3 (*Order Execution Policy*). By signing this **agreement**, you confirm that you agree to the policy.
- 11.2 You agree that we may aggregate your orders with orders of other **clients** so long as we reasonably believe that this is unlikely to work overall to the disadvantage of any **client**. Despite this, the effect of aggregation may operate on some occasions to your disadvantage in relation to a particular order.
- 11.3 In the provision of the **custody and execution services** provided for under this **agreement** we may utilise or open accounts with brokers, dealers and other counterparties at our discretion and execute transactions ourselves through accounts established for such purposes. Provided we have complied with our regulatory obligations in the appointment and monitoring of such brokers, dealers, and counterparties, we shall have no liability for any loss arising from their failure or default.
- 11.4 We will send you a market transaction report of all transactions undertaken on your behalf at least quarterly, and as frequently as you specify if you have an online account with us. You are requested to review each report and promptly notify us of any errors that it may contain.
- 11.5 We will send you a confirmation of any transaction undertaken on your behalf under execution-only or dealing with advice (one-off advice) services provided by your investment manager as soon as possible following execution. In the event that you disagree with the terms of the confirmation, you must notify us and provide a reasoned explanation verbally or in writing within 2 business days of its receipt. Failure to notify us of your disagreement within the time specified may result in your incurring liabilities in connection with the transaction in question.
- 11.6 We may, at our discretion, accept limit orders from you, details of which are described in paragraph 8.3 of Annex 3 (*Order Execution Policy*). You can set limit orders via your investment manager by communicating this to them in writing. We will use our reasonable endeavours to execute such orders; but we do not guarantee that they will be executed even if the relevant price is met.
- 11.7 You agree to accept partial completion of orders unless expressly agreed otherwise. We accept no liability for the non-completion of, or delay in completing, orders where this has been caused by systems failure outside our control, market closure or other **unforeseen**



event. If an order is not immediately executed, you hereby instruct us not to make that order public. You may override this instruction on a transaction-by-transaction basis.

- 11.8 If you wish to cancel an order which has not yet been fully or partially executed, we will, without liability, seek to cancel it with the market or agents to whom we have passed it, but we can give no assurance that we can effect such cancellation. By placing any order (including where placed in error) with us, you accept full liability for its completion unless we confirm to you cancellation of the order. You also accept that you are responsible for any costs arising from such cancellation.
- 11.9 Certificated holdings need to be transferred to a **nominee** account prior to sale. This may result in a delay in being able to effect the sale. We will not be liable for any loss you suffered arising from such a delay.
- 11.10 We reserve the right to decline dealing instructions when to follow them would cause us to breach legal or regulatory requirements or where we believe on reasonable grounds that to follow them is impractical or would cause us financial loss or reputational damage.
- 11.11 You consent to us carrying out orders outside a regulated market, multilateral trading facility or organised trading facility when we believe this to be in your best interest. In the event that we carry out orders outside a regulated market, multilateral trading facility or organised trading facility you should be aware that the order may be subject to the risk of the counterparty becoming insolvent during the course of the carrying out of the order. Additional information about the consequences of this means of execution is available on request.
- 11.12 Where we have agreed with you or decided in our discretion to execute an order on your behalf, we are required to effect or arrange the execution of the order as soon as reasonably practicable in the circumstances, unless we determine that postponement is in your best interests.

Acting as Principal

- 11.13 Where we execute any transaction on your behalf, it will, subject to **FCA regulations**, ordinarily be executed by us as your agent. However, we may, from time to time, act as a riskless principal (i.e. executing transactions as principal on your behalf in markets where trading as agent is not practicable/ permissible) including as may be more fully set out in any supplemental terms.

12. Charges and Fees

- 12.1 The **custody and execution services** provided to you by us are linked to investment management services provided to you by your investment manager. We shall, on behalf of your investment manager, collect from your account such fees and other remuneration as you may agree from time to time with your investment manager (and, if applicable, with any third-party adviser who may additionally be providing services to you) for the provision of their services.
- 12.2 In exchange for the provision of our **custody and execution services** as set out under this **agreement**, you will pay us any applicable fees or charges as set out in the accompanying **fee schedule** or as we may agree separately in writing from time to time.
- 12.3 When we enter a foreign exchange transaction on your behalf you will be responsible for paying the market quoted exchange rate together with our applicable foreign exchange fee as set out in the Schedule of Charges or otherwise notified to you from time to time.
- 12.4 In addition to our charges and fees, you agree that you will be responsible for any other fees or charges that may be incurred as a result of our provision of services to you including third-party banking fees. You agree that you will also pay any Value Added Tax ("VAT"), or any other applicable tax or levy that is due or chargeable in relation to any charges or fees.
- 12.5 As set out in section 2 (*Custody Services*) above we may exercise our right to use any cash or sell any **assets** held within your account to cover any unpaid costs losses or claims which you are responsible for under this **agreement**.

13. Non-UK Taxation

- 13.1 If you are a taxpayer and/or resident outside the UK or hold non-UK investments, you may be liable to account to non-UK tax authorities for any capital or income earned. These matters are solely your responsibility.
- 13.2 You agree to notify us immediately in writing of any change to your address or tax residency.
- 13.3 UK legislation and/or contractual arrangements that we have entered into with foreign tax authorities may require us to identify your tax status and/or withhold tax. You agree to provide us with all information as may be required, and you further confirm that in the absence of all requisite information, we may take steps including:
- 13.3.1 notifying the relevant foreign tax authority;
- 13.3.2 requiring the transfer of overseas investments;
- 13.3.3 arranging for the sale of such investments on your behalf; and
- 13.3.4 withholding the appropriate level of tax on such capital or income.
- 13.4 In particular, you should note that in accordance with US Internal Revenue Service regulations, we are required to identify beneficial owners of US securities. To enable us to hold US securities on your behalf, you must complete relevant US tax documentation (e.g. a W-8BEN, W-8BEN-E, W-9 or W-8IMY Form) and provide us with certified copies of your passport and proof of address. Failure to do so may result in additional tax being withheld on income or capital gains originating from US securities. We will not purchase US securities on your behalf unless we are already in possession of the relevant US tax documentation.
- 13.5 Where you are a trust or an entity that is classified as a "financial institution" under the Organisation for Economic Co-operation and



Development's Common Reporting Standard you undertake to report any reportable persons to the applicable tax authority, where such persons are tax resident in a reportable jurisdiction.

14. Client Representations and Warranties

The following section sets out personal statements, assurances and representations given by you to us on which we rely in relation to our agreement. Please read this section carefully.

- 14.1 You confirm you have full power to enter into this **agreement**, and that the cash or **assets** you invest through us shall be free from any right, claim or interest of another person (including security interests, liens, charges, mortgages, encumbrances), and confirm that no such rights, claims or interests of another person will arise from any acts or omissions on your part, other than as agreed between us from time to time
- 14.2 You agree not to deal, except through us, with any of the cash or **assets** held in your account and not to authorise anyone else to deal in any of them other than with our prior **agreement**.
- 14.3 You confirm that any information which you have provided to us in relation to your status, residence and domicile for taxation purposes is complete and correct, and you agree to provide any further information properly required by any competent authority.
- 14.4 You confirm you will notify us promptly if there is any material change in any information you have provided to us, and will provide such other relevant information or signatures as we may from time to time request to fulfil our regulatory and contractual obligations. You acknowledge and agree that any failure to provide such information may adversely affect the quality of **custody and execution services** that we may provide.

15. Our Rights Over Your Assets

- 15.1 Subject to **FCA regulations**, if, at any time, you have failed to pay us sums due under this **agreement** or any supplemental terms and conditions, or we have reason to believe that you may be unable or unwilling to meet your future liabilities under this **agreement** we, or a **sub-custodian**, shall be entitled (and are irrevocably authorised by you) to, without providing any advance notice, use any cash, or sell any investments, held by or registered with us, our **sub-custodian** or **nominee** and use the proceeds (after deducting any costs in doing so) to eliminate or reduce any debt you owe to us. If there is any money left after the debts you owe to us have been paid, we will pay this money to you. If the cash and proceeds of sales of your investments do not cover all the debt owed to us, you will still owe us the balance.
 - 15.2 We may take any of the following actions, at all times acting in good faith:
 - 15.2.1 sell investments bought on your behalf but for which you have not paid on or before the relevant settlement date;
 - 15.2.2 close open sold positions (by buying in investments or otherwise) if the relevant securities have not been delivered by you on or before the relevant settlement day;
 - 15.2.3 sell any securities held or registered by us or in a **nominee** or by a **sub-custodian** to our order or acquired on your behalf; and
 - 15.2.4 take any other steps we may consider necessary or appropriate to meet any obligations which you may have to comply with under this **agreement** or otherwise to protect our position.
 - 15.3 You agree that we may set off, transfer or apply (without further notice to you) any obligations or monies we owe you in order to satisfy in whole or in part any monies that are due from you to us.
 - 15.4 In exercising our rights under this **agreement** we may convert currencies and carry out foreign exchange transactions with you or on your behalf at such rates and in a manner that we may in our discretion determine. In such circumstances, we would be acting on our own behalf and not executing your orders. We are therefore not liable to you for the result obtained, or for our choice of which investments are to be sold.
- #### 16. Joint Accounts
- 16.1 Unless separate arrangements are put in place at the outset, we will assume that, where you have entered into this **agreement** jointly with another person or other persons, you (the joint account holders) will receive **custody and execution services** jointly. As a result all the **assets** held by us as your **custodian** will be owned jointly by all of you and will not be allocated to any particular account holder whether by name of **assets** or by percentage share of the account. Unless we are instructed otherwise and while any joint account holders survive, we will treat each surviving joint account holder as having the right to all the **assets**.
 - 16.2 This **agreement** will remain in force notwithstanding the death or other incapacity of any one or all of you until we confirm in writing that we have received either:
 - 16.2.1 written notice from your personal representative(s) of the death or legal incapacity of all of you; or
 - 16.2.2 notice of termination from any one of you.
 - 16.3 Notice issued by us will be effective in relation to each of you if served on any one of you.
 - 16.4 Unless you tell us otherwise, all communications that we send to you such as trade confirmations, reports and valuations *will be sent to the joint account holders*.
 - 16.5 If a dispute between joint account holders arises, we will continue to manage your **assets** but will not accept any new instructions and we will not make any payments out of your account (except regular payments such as standing orders which have already been set up prior to the dispute arising), until we receive further clear written instructions from all joint account holders.



- 16.6 If you or one of the other joint account holders no longer wishes to continue with the operation of a joint account, we will close the joint account and transfer the account into a new account in the name of the remaining account holder(s), unless otherwise jointly instructed.
- 16.7 Each joint account holder is liable both jointly with their surviving joint account holders, and individually, to meet all your obligations under the **agreement** and we may ask all or any one of you to pay in full any amount you owe us, not just a proportion.
- 17. Liability and Indemnity**
*Please read this section carefully. It includes details of situations where you will be responsible for making a payment to us above and beyond the charges and fees set out in the **fee schedule**.*
- 17.1 Neither we, nor any of our partners, employees, delegates (including sub-custodians) or agents, shall be liable for any loss, damage liability, claim or expense sustained by you as a direct or indirect result of the provision by us of our **custody and execution services**, save that this shall not exclude or restrict any liability to you resulting directly from our (i) negligence, (ii) fraud or (iii) wilful default or (iv) any contravention by us of **FCA regulations**. We shall not be liable for (1) any losses that are not directly caused by our actions, but which happen as a result of other issues that were not reasonably foreseeable to either of us, or (2) any losses that arise from any damage to your business or reputation.
- 17.2 You undertake to reimburse us and each of our partners, employees, delegates and agents on an after-tax basis, against any liabilities, reasonable costs and expenses (including legal costs) and all duties and taxes (other than our corporation tax) which are caused by:
- 17.2.1 the provision by us of our **custody and execution services** to you as set out in section 12 (*Charges and Fees*);
- 17.2.2 any material breach by you of any of the terms of this **agreement**;
- 17.2.3 any default or failure by you in performing your obligations to make a delivery or payment when due; or
- 17.2.4 any defect in title or any fraud or forgery in relation to any investments delivered to us as your **custodian** or a **sub-custodian** by you or on your behalf or in relation to any instrument of transfer in relation to such investments (including any electronic instruction) purporting to transfer such investments.
- 17.3 In relation to trustees, liability under this **agreement** as a whole shall be limited, in the absence of fraud, to the **assets** of the trust.
- 17.4 Neither we nor any **sub-custodian** shall be entitled to be reimbursed by you for the consequences of our own negligence or wilful default or our breach of **FCA regulations**.
- 17.5 We do not give any warranty or undertaking as to the performance or profitability of the account (or any part of it) or that any specific investment objectives can be successfully achieved.
- 17.6 You will be responsible for obtaining your own advice on the taxation, legal, regulatory or accounting consequences of any investment or investment strategy. We may occasionally engage third parties to give you advice on certain aspects of tax, but we accept no liability for third party advice and you will always be responsible for obtaining this advice in relation to your overall situation.
- 17.7 Except where investments are held in joint names or other relevant legal restrictions apply (e.g. they are held in an **ISA**), you may instruct us in writing to register investments purchased through us in the name of a specified other person who must not be connected with us (e.g. not an employee of us). You will need to provide us with documents that will allow us to verify their identity in line with our internal processes. If you instruct us to do this, the consequences of the registration are entirely at your risk and expense.
- 17.8 Nothing in these Terms shall limit our liability for death or personal injury, nor allow us to recover the same loss or cost more than once.
- 18. Unforeseen events**
Neither we, nor any of our partners, employees, delegates or agents shall be liable for any circumstance or failure to provide any of **custody and execution services** if such circumstance or failure results wholly or partly from any **unforeseen event** and, in such circumstances, any of our obligations shall be suspended pending resolution of the event or state of affairs in question.
- 19. How We Handle Conflicts of Interest**
- 19.1 We, or a member of the **LGT Group**, may provide services in relation to which we, or another member of the **LGT Group** have, directly or indirectly, a material interest or a relationship of any description with a third party which may involve a conflict of interest or potential conflict of interest with you. We will ensure that such services are effected on terms which are not materially less favourable than if the conflict had not existed.
- 19.2 We may accept minor non-monetary benefits from third parties in connection with our **custody and execution services** to you (such as information relating to investments or provision of investment activities or participation in conferences or other training events on the benefits and features of specific financial instruments or investment activities) where we believe they enhance the quality of the custody service provided to you and are of a scale and nature that they could not be judged to impair our compliance with our duty to act honestly, fairly and professionally in the best interests of our **clients**.
- 19.3 Summaries of actual and potential conflicts and conflict management policies and details of any conflicts we are not able to manage are set out in Annex 1 (*Conflicts Management Policy*).
- 19.4 We will ordinarily act as your agent and you will therefore be bound by our actions under this **agreement**. The provision of **custody and execution services** under this **agreement** shall not give rise to any fiduciary or equitable duties which would oblige us to accept responsibilities more onerous than set out in the **terms of business**, or which would prevent or hinder us in effecting transactions for you.

- 19.5 We may receive third party research material or **custody and execution services** in return for direct payments by us out of our own resources.
- 19.6 Where we believe a conflict of interest may arise that is not set out in our conflicts of interest policy, we will notify you prior to dealing and in doing so will include sufficient detail taking into account your circumstances to enable you to take an informed decision as to whether to proceed with the provision of **custody and execution services** in the context of the conflict.
- 20. Data Protection and Confidentiality of Information**
- 20.1 In providing you with **custody and execution services**, we do not have to take into consideration information that does not come to the direct attention and notice of your investment manager, even if it was disclosed to an LGT employee, officer or agent. We also do not have to disclose or take into consideration information where doing so would be a breach of confidence.
- 20.2 The information we hold about you is confidential and will not be used for any purpose other than in connection with the provision of **custody and execution services**. Information of a confidential nature will be treated as such where the information is not already in the public domain. We will only disclose your information to third parties in the following circumstances:
- 20.2.1 where required by law or if requested by any regulatory authority or exchange that we are supervised by or have to comply with;
- 20.2.2 to investigate or prevent fraud or other illegal activity;
- 20.2.3 in connection with the provision of **custody and execution services** to you;
- 20.2.4 for purposes related to servicing or administering your account, including, without limitation, for the purposes of credit enquiries or assessments or the verification of your identity and/ or any other actions or enquiries we may be obliged to undertake pursuant to our obligations under applicable anti-money laundering legislation or regulations;
- 20.2.5 if it is in the public interest to disclose this information; or
- 20.2.6 at your request or with your consent, subject to the proviso that we may disclose your information to certain permitted third parties, such as members of **LGT Group** and our professional advisers who are bound by a duty of confidentiality.
- 20.3 We will not sell, rent or trade your personal information to third parties for marketing purposes without your express consent.
- 20.4 We may use, store or otherwise process personal information provided by you or us in connection with the provision of **custody and execution services** or for the purposes of providing **custody and execution services**, administering your account or for related purposes, including, without limitation, for the purposes of credit enquiries or assessments or the verification of your identity and/ or any other actions or enquiries we may be obliged to undertake pursuant to our obligations under applicable anti-money laundering legislation or regulations. In the UK, we operate, and have made all appropriate notifications in accordance with, applicable data protection legislation. For the purposes of data protection legislation we are a data controller.
- 20.5 We are required by law to operate procedures pursuant to applicable anti-money laundering legislation or regulations, which will include requesting that you or the controllers of the entity (trustees, directors, partners, settlors and in certain circumstances beneficiaries and shareholders) provide us, if required, with documentary proof of identity, proof of address, source of funds and/or source of wealth. You agree to comply with any such requests promptly and new monies will not be accepted without these requirements being applied.
- 20.6 You agree that we may receive and retain documentary proof required by applicable anti-money laundering legislation or regulations and can disclose it to any authority that is legally entitled to request it. You further agree and consent to identity checks being carried out electronically for anti-money laundering or countering the financing of terrorism purposes.
- 20.7 To the extent that you have provided sensitive personal information to us and have explicitly consented to us using such information, either as part of your declaration in the **account agreement** or by granting consent at the time you provide us with the information, we may use this information to enable your investment manager to provide investment services to you. Sensitive personal information comprises personal data revealing racial or ethnic origin, political opinions, religious or philosophical beliefs, trade union membership, genetic data, biometric data, data concerning health or data concerning a natural person's sex life or sexual orientation.
- 20.8 Where you provide personal data relating to others (e.g. your family members, associates and contacts), you confirm that you have their consent or are otherwise entitled to provide this information to us and for us to use it in accordance with the **agreement**.
- 20.9 The legal basis for us processing your personal information will typically be because the processing is necessary: (i) to fulfil our obligations under this **agreement**; (ii) for our legitimate business interests; (iii) for compliance with a legal obligation to which we are subject; or (iv) because you have provided us with your consent or explicit consent in the case of sensitive personal information.
- 20.10 In accordance with data protection laws you are entitled to a copy of the information we hold about you and to be informed about the purposes for which it is being or will be processed and the recipients or classes of recipients to whom it is being or will be disclosed. In addition you have other rights under applicable data protection legislation that you may exercise against us along with the right to lodge a complaint with the applicable data protection supervisory authority (being the Information Commissioner's Office or any superseding or replacement body). If you would like to request copies of this information, please contact us. If you would like more information about how to exercise your other rights please contact us directly. We may charge a fee for providing this information to you (details of which are available upon request). If you make a written request to us, we will also correct, delete and/or block personal information from further processing if that information proves to be inaccurate. Where we process your personal information on the basis of your consent you can withdraw your consent at any time. Where we process your personal information on the basis of your consent you can withdraw your consent at any time.



- 20.11 We will retain your personal information for as long as is reasonably necessary for the purposes listed above or as required by local applicable law. Usually, we will retain our file and information in relation to you and your account after the termination of our **agreement** for such period as may be required by law or for 6 years (whichever is longer). All papers and files, including important original documents will be stored in our archive storage facilities. Please contact us directly for further details of applicable retention periods.
- 20.12 For more information on how we treat personal information and what your rights are, please read our Privacy Policy at www.lgtwm.com/uk-en/data-privacy-notice or contact our Data Protection Officer by post: 14 Cornhill, London EC3V 3NR, or by email to: dpo-uk@lgt.com. If you do not have access to the internet and would like more information on how we handle your data, please contact us.

21. Complaints and Investor Compensation

Complaints regarding our services

- 21.1 We have an established complaints procedure which conforms to the **FCA regulations** for the proper handling of complaints. All complaints should be directed in the first instance to our Compliance Officer: compliance@lgt.com

The Compliance Officer
LGT Wealth Management UK LLP
14 Cornhill
London EC3V 3NR

- 21.2 We will endeavour to resolve your complaint as quickly as possible. We will discuss your issue with you and attempt to resolve it. If we cannot resolve your complaint in this manner we will pass it to a dedicated complaint handler for further investigation. We record details of your complaint centrally and make sure your complaint is thoroughly investigated by someone who has been trained in complaints handling.
- 21.3 If we are unable to resolve a complaint within three (3) **business days** of the day we received it, we will issue you with a written acknowledgment together with a copy of our internal complaints handling procedure and provide you with regular updates as to our progress with our investigation into your complaint.
- 21.4 Within eight weeks of receiving your complaint we will send you one of the following two responses:
- 21.4.1 a final written response in which either: we offer you a remedy, whether or not we accept your complaint; or we reject your complaint and give you our reasons for doing so. This letter will include a copy of the Financial Ombudsman Service's standard explanatory leaflet and inform you that if you remain dissatisfied with our response, you may be able to refer your complaint to the Financial Ombudsman within six months; or
- 21.4.2 an interim written response which will explain why we are not in a position to make a final response, and indicate when we expect to be able to provide you with one. This letter will also inform you that you may be able to refer your complaint to the Financial Ombudsman Service and will include a copy of the Financial Ombudsman Service's standard explanatory leaflet.
- 21.5 Details of our complaints handling procedure is available on request. The Financial Ombudsman Service may be contacted on 0800 0234 567 or at www.financial-ombudsman.org.uk. The address of the Financial Ombudsman Service is Exchange Tower, Harbour Exchange Square, London E14 9SR. Complaining to the Financial Ombudsman Service will not affect your rights. In general, you have six months from the date of our final response to refer your complaint to the Financial Ombudsman Service.

Financial Services Compensation Scheme

- 21.6 We are covered by the Financial Services Compensation Scheme (FSCS). Compensation may be available from the FSCS if we are unable to meet our obligations to you. Your entitlement to compensation will depend on the type of business and the circumstances of the claim.
- **Cash deposits** with authorised banks, building societies, or credit unions are protected up to £120,000 **per person per firm** (effective from 1 December 2025).
 - **Investment business** is generally protected up to £85,000 **per person per firm**.

For more information about the FSCS, including details of your eligibility and applicable levels of cover, please refer to www.fscs.org.uk/what-we-cover/ or call 0800 678 1100. Please note that call charges may vary.

22. Notices

- 22.1 We will send any notices that we are required to send to you to the address (or, if you prefer, email address) that we hold for you in our records. This is also the address to which any trade confirmations, reports or valuations will be sent. You agree to notify us of any change of address or notice details (including email address) immediately.
- 22.2 Where you have informed us that you prefer notices to be sent to your email address, you agree that you are responsible for ensuring that your email address is up-to-date and functional. You consent to us making information available to you via a website, where appropriate to do so, including information about us, the terms of your **agreement** with us, the services, financial instruments, fees and charges and our **order execution policy** (including changes we may make in accordance with section 26. We will send you details for accessing a website where applicable to your email address. You agree that the content of any information accessed via a website using the access details we provide to you will be deemed to be received and acknowledged by you.
- 22.3 If you have any questions or would like to make any changes to **custody and execution services**, you should contact us. Our primary telephone number is +44 (0)20 3207 8000. Please have your account reference number ready when calling. Calls may be monitored and/or recorded to protect us both and to help with our training. Call charges will vary.
- 22.4 Our main contact address is LGT Wealth Management UK LLP, 14 Cornhill, London, EC3V 3NR, United Kingdom. Email is not a secure method of transferring personal information, and so we recommend you contact us by telephone or in writing where possible.



22.5 Unless stated or agreed otherwise, we will communicate with you in English and any documents we provide to you will be in English.

23. Termination

- 23.1 Termination of your **agreement** with your investment manager automatically terminates your **agreement** with us. Any **assets** held in custody will either be re-registered in your name or transferred to another **custodian** on your instruction.
- 23.2 Where you invest directly with your investment manager we may terminate the **agreement** on ninety (90) calendar days prior written notice. We may agree a different notice period in our agreements with **product providers**.
- 23.2.1 We may terminate the **agreement** by immediate written notice to you and close your account if:
- (i) you fail to comply with the **agreement** and fail to remedy this within thirty (30) **business days** of being asked by us to do so; or
 - (ii) you fail to make any payments due to us after we notified you of the amount you owe us and have given you a further thirty (30) **business days** to make the required payments.
- 23.2.2 We may terminate the **agreement** by immediate written notice to you if we reasonably believe that our on-going relationship with you could cause reputational risk to us or our other **clients**, where the anti-money laundering requirements have not been met, where the conditions of section 24 (*Dormant Accounts*) are met or where the **FCA** (or any other regulator) requires us to do so.
- 23.3 Termination of this **agreement** shall in addition automatically terminate any custody service provided under any supplemental terms and conditions.
- 23.4 Additional services provided under supplemental terms and conditions may also be terminated in accordance with such supplemental terms and conditions without terminating this **agreement**.
- 23.5 In the case of a sole account holder, this **agreement** will terminate automatically if we are notified of his or her death.
- 23.6 the case of our **client** being a company, this **agreement** will terminate automatically if we are notified of, or become aware of:
- a. the calling of a meeting to consider a resolution for winding up the company;
 - b. the presentation of a petition for winding up the company;
 - c. the making of, or any proposals for the making of, a composition or arrangement with any one or more of your creditors;
 - d. the company is struck off from the relevant registrar of companies;
 - e. an application for the appointment of an administrator or trustee in bankruptcy; or
 - f. the appointment of a receiver (whether an administrative receiver or a receiver appointed over particular property).
- 23.7 Upon termination, unless you provide us with specific instructions, any money owing to you following any termination, netting or set-off process under this **agreement** (including under any supplemental terms and conditions) will be processed by electronic transfer and securities held on your behalf will be re-registered in accordance with your instructions. You agree that you remain responsible for ensuring that any fees or costs associated with termination may be deducted from your account or paid to us before this **agreement** is terminated.
- 23.8 Where a party has given notice to terminate, any outstanding transactions will need to be settled, and any charges or amounts due under this **agreement** must be paid.
- 23.9 The following sections will remain in force following any termination of these **terms of business**: section 12 (*Charges and Fees*), section 15 (*Our Rights Over Your Assets*), section 17 (*Liability and Indemnity*), section 20 (*Data Protection and Confidentiality of Information*), section 21 (*Complaints and Investor Compensation*), section 22 (*Notices*) and section 27 (*General*).

24. Dormant Accounts

- 24.1 We may liquidate any and all **assets** held by us as your **custodian**, at market value, and pay away such balance to a registered charity of our choice, provided:
- 24.1.1 the **assets(s)** has/have been in our custody for 12 years or more;
 - 24.1.2 no instruction has been received for you in respect of the **assets(s)** for 12 years or more; and
 - 24.1.3 we have exhausted all reasonable steps to contact you pursuant to **FCA regulations**.
- 24.2 We will retain records of any monies coming out of the sale of these **assets(s)** and undertake unconditionally to make good any valid claims against any released balances.
- 24.3 We may cease to treat any balances held in your account as "client money", and pay away such balance to a registered charity of our choice, provided:
- 24.3.1 there has not been any movement on your account for 6 years (other than any payment or receipt of charges, interest or similar items); and
 - 24.3.2 we have exhausted all reasonable steps to contact you in line with **FCA regulations**.
- 24.4 We will retain records of all balances released from **client bank accounts** and undertake unconditionally to make good any valid claims against any released balances.

25. Delegation, Appointment of Agents and Assignment

- 25.1 We may delegate **custody and execution services** that we are required to provide under this **agreement** to a third party, including a member of the **LGT Group**, and may provide information about you for this purpose. Any such delegation will not affect our liability to



you or our obligation to provide **custody and execution services** under this **agreement**. We will not be required to provide you with any notice of any arrangements that we may make to delegate any function. When we make any delegation under this **agreement**, you can still hold us responsible for the actions of the third party we have delegated to.

- 25.2 We may employ agents including another member of the **LGT Group** to perform any administrative dealing or ancillary services to enable us to perform our **custody and execution services** under this **agreement**. We will act in good faith and with reasonable skill and care in the selection of agents.
- 25.3 We may assign any part of our rights or obligations under this **agreement** where permitted by applicable law and **FCA regulations** to any member of the **LGT Group** without your consent. However, should we do so, we will provide you with written notice of any assignment. You agree that you will enter into any documentation that we may require you to enter into in order to facilitate such an assignment. If you are unhappy with our decision to assign, we remind you that this **agreement** will terminate automatically if you terminate **agreement** with your investment manager (see section 23.1 (*Termination*)).
- 25.4 You may not assign or transfer any rights or obligations under this **agreement** without our prior consent.

26. Changing or Replacing the Agreement

- 26.1 We reserve the right to make reasonable and appropriate changes to the **terms of business** (including any supplemental terms and conditions) at any time by providing you with thirty (30) **business days'** notice of the changes before they become effective if:
- 26.1.1 the legal or regulatory requirements applying to our **custody and execution services**, the account or any product change;
- 26.1.2 decisions of the courts or Financial Ombudsman Service need to be reflected in the **agreement**;
- 26.1.3 new industry guidance and codes of practice which are to raise standards of consumer protection need to be reflected in the **agreement**;
- 26.1.4 it becomes impossible or impractical, in our reasonable opinion, to carry out any of these terms as a result of a change in the law or regulation or other circumstances beyond our control;
- 26.1.5 the tax treatment of any of the **assets** changes or is due to change or we have to pay a government levy;
- 26.1.6 we are reflecting changes in the Bank of England base rate, or to changes in other specified market rates or indices or tax rates;
- 26.1.7 we are reflecting the increase of our incurred costs associated with providing **custody and execution services**;
- 26.1.8 we are reflecting changes to **custody and execution services** as a result of changes to technology, internal systems or propositional enhancements;
- 26.1.9 if we are subject to a change of ownership or business restructure.
- 26.2 We reserve the right to provide you with shorter notice than that required in section 26.1 above where:
- 26.2.1 giving longer notice is in our reasonable opinion impracticable assessed in the light of the reason for the change;
- 26.2.2 necessary to allow us to comply with laws and regulations.
- 26.2.3 for minor technical changes.
- 26.3 Changes to the **terms of business** that we notify to you will take effect from the end of the notice period provided. If you do not agree with proposed changes, you may terminate the **agreement** by terminating your **agreement** with your investment manager.
- 26.4 We may make minor technical changes to the **terms of business** that are immaterial without provision of notice to you.
- 26.5 We may change our fees and charges set out in the **fee schedule** in accordance with section 12 (*Charges and Fees*).
- 26.6 You may not amend these **terms of business** unless we confirm in writing that any proposed amendment is acceptable to us. This confirmation will also set out details of the date from which such an amendment will become effective.

27. General

- 27.1 This **agreement** shall replace all previous agreements entered into between you and us.
- 27.2 Our obligations to you shall be limited to those set out in this **agreement** and that are imposed by applicable law which we have not excluded in this **agreement**. In particular we will not owe you any wider duties of a fiduciary nature.

28. Severability

If any provision or term of this **agreement** is declared to be illegal, invalid or unenforceable for any reason, that term or provision shall be treated as though it had never been part of this **agreement** and will be ineffective without prejudice to the remainder of the term or any other term or provision thereof. Any deletion shall be considered not to materially affect this **agreement**.

29. Third Party Rights

A person who is not a party to this **agreement** shall have no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any of its terms.



30. No Waiver

Any failure by us (whether continued or not) to insist upon strict compliance with any of the terms of this **agreement** shall not constitute nor be deemed to constitute a waiver by us of any of our rights or remedies. The rights and remedies conferred upon us shall be cumulative and the exercise or waiver of any part thereof shall not preclude or inhibit the exercise by us of any other additional rights and remedies.

31. Governing Law

- 31.1 If you live in the UK, the **agreement** will be governed by and construed in accordance with the applicable UK law which is determined by where you live. Any dispute between us will be heard by the courts of the country where you live.
- 31.2 If you live outside the UK, the **agreement** will be governed by and construed in accordance with English law and the courts of England will have non-exclusive jurisdiction to settle any disputes or claims which may arise out of or in connection with this **agreement**.

Annex 1

Conflicts Management Policy

1. Our Duties

Our main business is the provision of wealth management financial advisory services. In this context a variety of conflicts arise between our interests and those of our **clients**, or between the duties owed by us to different **clients**. Therefore we must:

- 1.1 Take all reasonable steps to identify conflicts of interest between (i) us and our **clients**, and (ii) one **client** and another;
- 1.2 Operate effective organisational and administrative arrangements in order to take all reasonable steps to prevent such conflicts from giving rise to a material risk of damaging **clients'** interests. If the conflicts of interest are so great that they cannot reasonably be managed by a combination of these and/ or other steps in such a way as to ensure fair treatment for a **client**, then we will decline to act for that **client**;
- 1.3 Disclose any conflicts that cannot be managed effectively by our organisational and administrative arrangements to ensure that **clients'** interests will not be damaged; and
- 1.4 Keep records of the firm's services and activities in which conflicts may arise.

2. Identifying Conflicts of Interest

To identify conflicts that may arise, and which may entail a material risk of damage to **clients'** interests, we take into account whether we, or another member of the **LGT Group** or employee of ours:

- 2.1 Are likely to make a profit or avoid a loss at the expense of the **client**;
- 2.2 Have an interest in the outcome of a service provided to the **client** or of a transaction carried out on behalf of a **client**, which is distinct from the **client's** own interest in that outcome;
- 2.3 Have a financial or other incentive to favour the interest of another **client** or group of **clients** over the interests of the **client**;
- 2.4 Carry on the same business as the **client**; or
- 2.5 Receive or will receive from a person other than the **client** an inducement in relation to a service provided to the **client**, in the form of monies, goods or services, other than the standard fee or commission for that service.

3. Personal Conduct

Employees' personal holdings of, or dealings in, securities may conflict with their obligations to either corporate or investing **clients**. We have policies and procedures in place to monitor employees' personal account dealing and to restrict it in certain circumstances. Our employees do not solicit or accept inducements that could conflict with our obligations to our **clients**, nor offer or give inducements which could conflict with the recipient's obligations to its own **clients**. Gifts, corporate hospitality and similar benefits could fall within this category and we have detailed policies and procedures in place on the giving and receiving of gifts and hospitality.

Further details of our Conflicts Management Policy are available on request.

Annex 2

Risk Warnings

It is important that you understand the risks involved in investing in various instruments. All investments involve a degree of risk to your capital and/or income, but the level of risk can vary significantly. You should be aware that, even when an investment is labelled as capital protected, it does not mean that the return of your initial investment is guaranteed. There are few investment products which provide total capital protection. This document cannot cover all risks but is meant to act as a general guide to the most significant aspects of the risk associated with any investments and services we may offer to you. Should you have any questions that are not dealt with herein, you should raise them with your investment manager.

1. Product Risks

1.1 Equities

If you buy shares or equity in a company, you become a member of the company and therefore share in the financial risk of that company. Equity-based investments are subject to general risks (political risk, interest rate risk, dividend risk, price risk, exchange rate risk, changes in the economic or regulatory environment, tax changes) as well as risks specific to the particular company. If a company issues a dividend, you will be entitled to receive one. However, the dividend per share depends on the issuing company's earnings and on its dividend policy. In cases of low profit or losses, dividend payments may be reduced or suspended. In the event of the company going into insolvency, your claim for recovery of your investment will rank behind various creditors of the business, whether secured or unsecured. The value of the equity can go down as well as up and you may lose part or all of your capital. There are specific risks associated with particular equities:

1.1.1 Penny Shares

There is an additional risk of losing money when buying shares in some smaller companies, including penny shares (unquoted securities with a bid/offer spread of 10% or more). Usually, there is a big difference between the buying price and the selling price of these shares. If you have to sell immediately, you may get back much less than you paid for them. Prices may change very quickly.

1.1.2 AIM Shares

AIM is a market operated by the London Stock Exchange for small and growing companies. AIM-traded shares may carry a higher degree of risk than those listed on the main market as AIM is less regulated and less information is available. Shares in smaller companies tend to be traded less frequently and in smaller amounts than those of larger companies. Price volatility may be greater, making the timing of sales and purchases more difficult.

1.1.3 Foreign Stocks

As well as the risks associated with the underlying company's business, there are additional risks associated with stock listed overseas, and these are covered in section 17 (*Foreign Markets*) and section 18 (*Emerging Markets*) below.

1.1.4 Regulation S Securities

We may on occasion purchase securities for your account which are exempt from the requirement of registration in the United States pursuant to Regulation S of the Securities Act 1933, as amended. These securities are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act 1933, as amended, and the applicable state securities laws, pursuant to registration or exemption there from. You should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time.

Regulation S Securities can only be held by non-US residents and citizens and cannot be registered in the United States for twelve months from date of issue. The effect of this is that you can only sell these securities off-exchange during the twelve month period and only to non-US persons. Thereafter the securities can only be sold into US markets pursuant to securities registration or an applicable exemption from registration. No hedging transactions with respect to the securities may be conducted unless in compliance with US securities laws.

Consequently, in addition to the high risks inherent in dealing in small capital market securities, you run an extra risk of losing money when you buy shares in "restricted" or "non-readily realisable" securities due to the difficulties in selling such securities. We and other members of the **LGT Group** may receive an additional fee, ultimately paid by the issuing company, in respect of our role as introducing broker for these securities.

1.2 Fixed Income/Debt Securities

In buying fixed income/debt securities, you are, in effect, lending money to a company or government, and you will be entitled to receive the interest payable on that security and for the principal sum to be repaid to you at the maturity date. Interest rates may be fixed or variable. If you buy or sell a fixed income security, other than at issue, you may pay more than the principal sum and therefore could suffer a reduction in the capital value on maturity or at any time you sell it before maturity. In the event of insolvency, you will share with other creditors of the firm in a claim against the firm's **assets**. Your ranking in the order of creditors will depend on the nature of the security. Dealing in fixed income/debt securities may involve risks such as insolvency risk, interest rate risk, credit risk or early redemption risk.

Additional risks may be associated with certain types of bonds, including without limitation floating rate notes, zero coupon bonds (bonds on which no interest is paid), convertible bonds; for these bonds you are advised to make inquiries about the risks referred to in the issuing prospectus.

1.3 Collective Investment Schemes

Collective investment schemes such as investment funds and open ended investment companies and unit trusts invest monies on a pooled basis in a basket of investments, which typically might include gilts, bonds and quoted equities, but depending on the type of scheme, may also include derivatives, real estate or any other **assets**. The collective investment scheme then issues shares or units in the vehicle holding the pooled funds and investments. They allow for diversification at a lower cost than might be achieved otherwise.



However, you still remain exposed to the risks associated with the underlying investments that the collective investment scheme makes, though potentially to a lesser degree. A collective investment scheme that holds a number of different **assets** will thus spread its risk and reduce the effect that a change in the value of any single component investment will have on the overall account.

1.3.1 Investment Trusts

Investment trusts are companies listed on stock exchanges whose main business activity is investing in other companies. Most investment trusts can, and some do, borrow money to make investments. This can increase the volatility of the price of the shares of the investment trust itself, and can increase the risk of the investment in the trust.

The effect of the borrowing is that where there is a rise in the price of the underlying securities, the value of the net **assets** attributable to each investment trust security rises by a greater percentage, and when the value of the underlying account falls, the net **assets** attributable to each investment trust security falls by a greater percentage. Investment trusts often pursue a policy of "cross-investing" in other investment trusts, which in turn may also be borrowing money to leverage themselves. Where an investment trust uses a higher degree of direct or indirect leverage, its securities are likely to be subject to significant fluctuations in value, and as a result, holdings in such an investment trust may be subject to sudden falls in value.

1.3.2 Exchange Traded Funds (ETFs)

ETF's are open-ended investment companies comprised of units traded on a regulated market or designated investment exchange. Like an index fund, an ETF represents a basket of stocks that reflects an index such as the FTSE100. Unlike a typical collective investment scheme (e.g. a unit trust), it trades like any other company on a stock exchange. An ETF's price changes throughout the day, fluctuating with supply and demand. This is different from a typical collective investment scheme that has its net-asset value calculated at the end of each trading day. It is important to note that while an ETF attempts to replicate the return on indices, there is no guarantee that they will do so exactly. It is not uncommon to see a 1 % or more difference between the actual index's year end return and that of an ETF. By owning an ETF, you get the diversification of an index fund with the flexibility of an equity investment. Because ETFs trade like stocks, you can margin them and purchase them in very small quantities. The expense ratio of an ETF is often lower than that of a typical collective investment scheme.

1.3.3 Venture Capital Trusts (VCTs)

VCTs are professionally managed collective investment schemes listed on the London Stock Exchange, and are similar to investment trusts. They invest in fledgling venture capital backed unquoted companies. These unquoted companies will ordinarily be at an earlier stage of development than larger quoted companies and will therefore carry a greater risk of failing.

VCTs must be approved by HMRC for the purpose of the scheme. Once invested an investor may be entitled to various income tax and capital gains tax (CGT) reliefs, and VCTs are exempt from corporation tax on any gains arising on the disposal of their investments. However, in order to take advantage of the tax relief associated with VCTs, you should be aware that you must hold your investments therein for at least 5 years from the date of purchase.

1.3.4 Enterprise Investment Schemes (EISs)

EISs are tax efficient schemes approved by HMRC to encourage investment into small unquoted companies carrying on a qualifying trade in the United Kingdom. Investment in companies that are not listed on a stock exchange often carries a high risk and the tax relief is intended to offer some compensation for that risk. As such, EIS investments are inherently high risk in nature. The specific risks vary depending on the particular EIS (e.g. an EIS based on investment in a single company is, of its nature, riskier than a more widely diversified EIS). Because the underlying holdings are not listed, the manager of an EIS cannot sell them, and unlike a VCT, the EIS itself is not traded on any market. Investors accordingly have to wait until the manager realises the cash value of the underlying holding(s) before they can redeem the value of their investment. Investors also face risk in relation to CGT. If a capital gain is deferred by means of investment in an EIS, the same gain is re-crystallised when the EIS is sold. If the CGT rate falls, investors benefit, but if it rises then they will lose out.

1.3.5 Property Funds

These funds are often structured as limited liability partnerships which are not regulated and invest in properties directly (although they may also be set up as unit trusts or open ended investment companies). As such they may also be set up to be highly illiquid and you may not be able to realise your investment immediately or the price may reflect a forced seller discount. They also carry many of the risks detailed immediately below in section 1.4 (*Alternative Investments (including Hedge Funds and Private Equity Funds)*).

1.4 Alternative Investments (including Hedge Funds and Private Equity Funds)

1.4.1 Hedge funds and other alternative investment funds ("alternative investments") may involve complex tax and legal considerations and can give rise to considerable risks. Such schemes may deal infrequently and may limit redemptions.

It is not possible to generalise on the associated investment risk of such schemes. Alternative investment vehicles are often operated in offshore centres where the level of investor protection is unlikely to be equivalent to that available in the UK. If established in the EU they are regulated as Alternative Investment Funds but are not subject to the same regulatory requirements or oversight as other regulated collective investment schemes, such as Undertakings for the Collective Investment in Transferable Securities fund. Additionally, the tax status of such funds, which often will not have reporting fund status, should be considered prior to investment.

1.4.2 Alternative investments often engage in leverage and other speculative investment practices, which involve a high degree of risk. Such practices will often increase the volatility of the performance of the alternative investment and the risk of investment loss, including the loss of the entire amount that is invested. Interests in alternative investments are often highly illiquid as there is no public market for such interests and are often only transferable with consent. The illiquid nature of such investments can mean interests can be difficult to value and can render transfer (particularly within a required timeframe) difficult.



- 1.4.3 Investors in alternative investments may also have limited rights with respect to their investment interest, including limited voting rights and participation in the management of the alternative investment.
- 1.4.4 Alternative investments will often invest in other products or vehicles that may be highly illiquid and difficult to value. Alternative investments may not be required to provide you with regular periodic pricing or valuation information. This may limit your ability to redeem or transfer your investment or delay receipt of redemption proceeds.
- 1.4.5 It should be noted that alternative investments may impose significant charges and fees, including management fees that are based upon a percentage of the realised and unrealised gains or management fees that are set at a fixed percentage of **assets** under management regardless of performance returns.

1.5 Warrants

- 1.5.1 A warrant ordinarily gives the holder of the warrant the right to subscribe for shares, debentures, loan stock or government securities at a specific price within a certain time frame and is exercisable against the original issuer of the underlying securities. The prices of warrants can be volatile as a relatively small movement in the price of the underlying security may result in a disproportionately large movement, unfavourable or favourable, in the price of the warrant.
- 1.5.2 It is essential when considering purchasing warrants to understand that the right to subscribe which a warrant confers is invariably limited in time with the consequence that if you fail to exercise this right within the predetermined timescale then the investment becomes worthless.
- 1.5.3 You should not buy a warrant unless you are prepared to sustain a total loss of the money you have invested plus any commission or other transaction charges.

1.6 Covered Warrants

A covered warrant is a type of warrant that allows the holder to buy or sell a specific quantity of shares, currency or other financial instruments from an issuer, usually a bank or similar financial institution at a specific price and time. The main differences between normal and covered warrants are:

Normal Warrant

- only have the issuing company's stock as their underlying **assets**
- only issued by the company that issued the underlying stock
- ordinarily have only one exercise price
- allow the warrant holder only to buy the underlying **assets**

Covered Warrant

- can have a wide variety of underlying **assets**
- only issued by financial institutions
- can have a variety of exercise prices depending on the conditions set forth in each issue
- allow the warrant holder to buy or sell the underlying **assets**

1.7 Futures

Futures involve the obligation to make, or to take delivery of the underlying physical **assets** of the contract at a future date, or in some cases to settle the position with cash. The 'gearing' or 'leverage' often obtainable in futures trading means that a small deposit or down payment can lead to large losses as well as gains and carry a high degree of risk. It also means that a relatively small movement can lead to a proportionately much larger movement in the value of your investment, and this can work against you as well as for you.

Futures transactions have a contingent liability, meaning that you may be called upon to pay additional sums during the life of the contract and on maturity. It is very important that you understand the potential amounts you could be liable for, and are comfortable that you will be able to afford to pay such amounts when they fall due if required to do so. Futures are different to options as options give the holders the right to buy or sell an underlying **assets** at expiration while the holder of a futures contract is obligated to fulfil the terms of their contract.

1.8 Options

- 1.8.1 An option is the right either to buy or to sell a specified amount or value of a particular underlying interest at a fixed exercise price by exercising the option before its specified expiration date. An option that gives the right to buy is called a "call" option, an option which gives the right to sell is called a "put" option.
- 1.8.2 There are two types of options - physical delivery options and cash settled options:
 - Physical Delivery Option*
 - Gives the owner the right to receive physical delivery (if it is a call) when the option is exercised
 - Gives the owner the right to make physical delivery (if it is a put) of the underlying interest
 - Cash Settled Option*
 - Gives the owner the right to receive a cash payment based on the difference between the determined value of the underlying interest at the time the option is exercised and the fixed exercise price of the option
 - You may be required to pay monies as well as receive monies
- 1.8.3 Buying options involves less risk than selling options because, if the price of the underlying **assets** moves against you, you can simply allow the option to lapse. The maximum loss is limited to the premium, plus any commission or other transaction charges. However, if you buy a call option on a future contract and you later exercise the option, you will acquire the future. This will expose you to the risks described under section 1.7 (*Futures*) above and section 2 (*Contingent Liability Investment Transactions*) below.



- 1.8.4 If you write or sell an option, the risk involved is considerably greater than buying options. You may be liable for margin to maintain your position and a loss may be sustained well in excess of the premium received. By writing an option, you accept a legal obligation to purchase or sell the underlying **assets** if the option is exercised against you, however far the market price has moved away from the exercise price. If you do not already own the underlying **assets** which you have contracted to sell the risk can be unlimited. Only experienced persons should contemplate writing uncovered options, and then only after securing full details of the applicable conditions and potential risk exposure.
- 1.8.5 Certain London Stock Exchange firms under special exchange rules write a particular type of option called a 'traditional option'. These may involve greater risk than other options. Two-way prices are not usually quoted and there is no exchange market on which to close out an open position or to effect an equal and opposite transaction to reverse an open position. It may be difficult to assess its value or for the seller of such an option to manage their exposure to risk.
- 1.8.6 Certain options markets operate on a margined basis, under which buyers do not pay the full premium on their option at the time they purchase it. In this situation you may subsequently be called upon to provide margin on the option up to the level of your premium. If you fail to do so as required, your position may be closed or liquidated in the same way as a futures position.
- 1.9 **Contracts for Differences (CFDs)**
- 1.9.1 A CFD is a derivative contract that gives the holder exposure to the underlying equity or index, but without paying the full price of the total value of the position. Contracts for difference are traded on margin, and the profit/loss is determined by the difference between the buy and the sell price. CFDs may be suitable for short-term trading but become expensive for holding long-term positions.
- 1.9.2 When trading on margin, a sudden drop in the price of an instrument (i.e., the underlying equity) could cause you to receive a margin call. In that case, you would be required to deposit additional collateral into your account. If you do not respond in a timely manner, the existing collateral in your account could be sold, or your positions liquidated, in order to cover the call, and you would be responsible for any losses to your account.
- 1.9.3 Some CFDs are known as swaps. Typical forms of this type of contract can be similar to an **agreement** to purchase or sell a series of options over an underlying **assets** or index at an average price specified today. Swaps and other CFDs are contingent liability investments, meaning that if the underlying price moves in an unfavourable direction, an investor can be called to pay additional cash on final settlement.
- 1.10 **Structured Products**
- 1.10.1 Structured products are synthetic investments specially created to meet specific needs that ordinarily cannot be met from the standardised financial investments available in the markets. Structured products can be used: as an alternative to a direct investment; as part of an **assets** allocation process to reduce the risk exposure of an account; or to take advantage of a current market trend.
- 1.10.2 A structured product is ordinarily a pre-packaged investment strategy, which is based on derivatives (i.e. options and, to a lesser extent, swaps). They may feature protection of the principal if held to maturity. You should always check whether a structured product is principal protected or not.
- 1.10.3 More often than not structured products are not 100% principal protected. The return of the capital you initially invested may be linked to the performance of an index, a basket of selected stocks or other factors. If the product has performed within specified limits, you will be repaid the capital you initially invested but if not, you could lose some or all of your initial capital. Investing in these products can put the capital you invested at risk.
- 1.10.4 The range of products may include those where the return is linked to an index or indices, a basket of securities or other specified factors which relate to one or more of the following: equity or debt securities, interest rates, currency exchange rates or commodities.
- 1.10.5 As mentioned above, some of the products include an element of principal protection, at a level which is stated at the time of the initial investment, so that on maturity of the investment you are assured of the return, at a minimum, of the stated proportion of your initial capital invested (subject always to the credit of the issuer of the product). In respect of some products which include an element of principal protection, the return of the stated proportion of your initial capital invested may depend on a pre-agreed level of performance being achieved or the product being held to maturity. If the performance is not attained or the product is not held to maturity the element of principal protection will not apply.
- 1.10.6 Different products involve different levels of exposure to risk (and reward) and in deciding whether to trade in such products you should be aware of the following points.
- 1.10.7 There is no guarantee that all of the initial capital invested by you will be returned to you on maturity of the investment. You may therefore get back a lesser amount than you originally invested.
- 1.10.8 These investments may involve a degree of gearing, which means that a small percentage fall in the related index may result in a larger reduction in the amount paid out to you.
- 1.10.9 Investments linked to the performance of an index do not include an allowance for any return or reinvestment of dividend income from the underlying constituents of the index.
- 1.10.10 If you decide to redeem or sell the investment before its stated maturity, you may not gain the maximum benefit of the investment and may receive a poor return or less than the initial capital invested. Early redemption penalties may apply in some circumstances



as some investments are targeting investors who will hold the investment for a set period of time and their terms aim to discourage early withdrawals.

- 1.10.11 The initial capital you invest may be placed into high risk investments such as non-investment grade bonds/ instruments linked to commodities or indices on commodities.
- 1.10.12 The stated rate of growth or income in relation to an investment may depend on specified conditions being met, including the performance of the relevant index/indices, basket of selected stocks or other specified factor(s).
- 1.10.13 You should not deal in these investments unless you are prepared to sustain a loss of the money you have invested (a loss which may be total or may be partial as specified in the relevant terms and conditions) plus any commission or other transaction charges.
- 1.10.14 Some structured products may have a limited secondary market; it may therefore be difficult to deal in such investments or to obtain reliable information about their value.

1.11 Securitised Derivatives

1.11.1 These instruments may give you:

- a time-limited right or an absolute right to acquire or sell one or more types of investment, which is normally exercisable against someone other than the issuer of that investment; or
- Rights under a contract for difference, which allows for speculation on fluctuations in the value of the property of any description or an index, such as the FTSE 100 index.

In both cases, the investment or property may be referred to as the “underlying instrument”.

- 1.11.2 These instruments often involve a high degree of gearing or leverage, so that a relatively small movement in the price of the underlying investment results in a much larger movement, unfavourable or favourable, in the price of the instrument. The price of these instruments can therefore be volatile.
- 1.11.3 These instruments have a limited life, and may (unless there is some form of guaranteed return to the amount you are investing in the product) expire worthless if the underlying instrument does not perform as expected.
- 1.11.4 *You should only buy this product if you are prepared to sustain a total or substantial loss of the money you have invested plus any commission or other transaction charges.*
- 1.11.5 *You should consider carefully whether or not this product is suitable for you in light of your circumstances and financial position, and if in any doubt please seek professional advice.*

1.12 Listed Securities Where Gearing is Involved

In relation to listed securities where the use of ‘gearing’ is involved (meaning use of derivative products that can magnify the gains (and losses) on the money invested), the gearing strategy used by the issuer may result in movements in the price of the securities being more volatile than the movements in the price of the underlying investments. Your investment may be subject to sudden and large falls in value and you may get back nothing at all if there is a sufficiently large fall in your investment.

2. Contingent Liability Investment Transactions

Contingent liability investment transactions are derivative transactions (such as futures, contracts for differences or options) which are structured so that the investor will or may be liable to make further payments when the transaction is to be completed or on closing out a position.

If you undertake contingent liability investment transactions using “margin” (i.e. money you are borrowing to purchase securities), you may sustain a loss of the margin you deposit to establish or maintain a position. If the market moves against you, you may be called upon to pay additional margin at short notice to maintain a position. If the request for additional margin is not met, your position may be liquidated at a loss, and you will be responsible for the resulting deficit.

Save as specifically provided by the **FCA regulations**, we may only carry out margined contingent liability transactions with or for you if they are traded on or under the rules of a recognised or designated investment exchange. Contingent liability investment transactions which are not so traded may expose you to substantially greater risks.

3. Margin for Purchasing Securities

If you purchase securities using “margin” (i.e. money you are borrowing to purchase securities), you are subject to a greater risk than you would be if you purchased fully paid for securities.

If the value of the **assets** in your account(s) falls then you may be required to deposit additional securities or monies to secure the loan, which has been made to you to purchase securities. If you fail to meet the additional requests for payment, then we may realise your **assets** to pay down or pay off your loan (without prior notice and potentially at a loss or lower price than in other circumstances). You are liable for any debits as a result of such enforced sales.

4. Stabilisation

- 4.1 We may, from time to time, recommend transactions in securities to you, or carry out such transactions on your behalf, where the price may have been influenced by stabilisation.
- 4.2 Stabilisation enables the market price of a security to be maintained artificially during the period when a new issue of securities is sold to

the public. Stabilisation may affect not only the price of the new issue but also the price of other securities relating to it. The **FCA** allows stabilisation in order to help counter the fact that, when a new issue comes onto the market for the first time, the price can sometimes drop for a time before buyers are found.

- 4.3 Stabilisation is carried out by a “stabilisation manager” (ordinarily the firm chiefly responsible for bringing a new issue to market). As long as the stabilising manager follows a strict set of rules, they are entitled to buy back securities that were previously sold to investors or allotted to institutions which have decided not to keep them. The effect of this may be to keep the price at a higher level than it would otherwise be during the period of stabilisation.
- 4.4 **The stabilisation rules:**
- 4.4.1 Limits the period when a stabilising manager may stabilise a new issue;
- 4.4.2 Fixes the price at which they may stabilise (for shares and warrants but not bonds); and
- 4.4.3 Requires managers to disclose that they may be stabilising but not that they are actually doing so.
- 4.5 The fact that a new issue or a related security is being stabilised should not be taken as any indication of the level of interest from investors, nor of the price at which they are prepared to buy the securities.
- 5. Clearing House Risk**
On many exchanges, the performance of a transaction by us (or third party with whom we are dealing on your behalf) is ‘guaranteed’ by the exchange or clearing house. However, this guarantee is unlikely in most circumstances to cover you, the **client**, and may not protect you if we default on our obligations to you or another party defaults on its obligations to you. On request, we will endeavour to explain any protection provided to you under the clearing guarantee applicable to any on- exchange derivatives in which you are dealing. There is no clearing house for traditional options, nor ordinarily for off- exchange instruments which are not traded under the rules of a regulated market.
- 6. Trading Facilities Risk**
Most open-outcry and electronic trading facilities are supported by computer-based component systems for the order-routing, execution, matching, registration or clearing of trades. As with all facilities and systems, they are vulnerable to temporary disruption or failure. Your ability to recover certain losses may be subject to limits on liability imposed by the system provider, the market, the clearing house and/ or member firms. Such limits may vary: you should ask the firm with which you deal for details in this respect.
- 7. Electronic Trading Risk**
Trading on a particular electronic trading system may differ not only from trading in an open-outcry market but also from trading on other electronic trading systems. If you undertake Transactions on an electronic trading system, you will be exposed to risks associated with that system including the failure of hardware and software. The result of any system failure may be that your order is either not executed according to your instructions, is not executed at all and a lack of capability to keep you informed continuously about your positions and fulfilment of the margining requirements.
- 8. Off-Exchange Transactions in CFDs**
These transactions are not carried out on a recognised exchange or designated exchange and this may mean a higher level of risk is incurred by the investor. It is important that you fully understand the risks involved before making a decision to enter into an off-exchange transaction in a CFD with us. The structure of a CFD and the roles of the parties to a CFD are established solely by us. This means, for example, that if you wish to close the CFD earlier than at the time at which it would otherwise automatically expire, you will have to close it at our quotation, which may reflect a premium or discount to the underlying market. When the underlying market is closed, our quotation can be influenced by the weight of other **clients** buying or selling. CFDs entered into with us can only be closed with us, and are not transferable to any other person. No CFDs provide any right to the underlying instruments or voting rights.
- 9. Off-Exchange Transactions in Derivatives**
It may not always be apparent whether or not a particular derivative is arranged on exchange or in an off-exchange derivative transaction. We must make it clear to you if you are entering into an off-exchange derivative transaction.
- While some off-exchange markets are highly liquid, transactions in off- exchange or non-transferable derivatives may involve greater risk than investing in on-exchange derivatives because there is no exchange market on which to close out an open position. It may be impossible to liquidate an existing position, to assess the value of the position arising from an off-exchange transaction or to assess the exposure to risk. Bid prices and offer prices need not be quoted, and, even where they are, they will be established by dealers in these instruments and consequently it may be difficult to establish what a fair price is.
- 10. Non-Readily Realisable Investments**
We may arrange or enter into transactions in non-readily realisable investments. This means that the investment is neither a government security, nor a listed investment, nor an investment that regularly trades on an exchange. In this case there may be no secondary market available, and it may be difficult to obtain any reliable independent information about the value and risks associated with such an investment. *You may have difficulty selling this investment at a reasonable price and, in some circumstances, it may be difficult to sell it at any price. Do not invest in such an investment unless you have carefully thought about whether you can afford it and whether it is right for you.*
- 11. Insolvency Risk**
Our insolvency or default, or that of any other brokers involved in transactions undertaken by us on your behalf, may lead to positions being liquidated or closed out without your consent. In certain circumstances, you may not get back the actual **assets** which you lodged as collateral and you may have to accept any available payments in cash. On request, we will endeavour to provide an explanation of the



extent to which we will accept liability for any insolvency of, or default by, other firms involved in transactions undertaken by us on your behalf.

12. Past Performance

You should be aware that the price of the financial instruments that you are dealing with depends on fluctuations in the financial markets outside of our control and that past performance is no indicator of future performance.

13. Suspension of Trading

Under certain trading conditions it may be difficult or impossible to liquidate a position. This may occur, for example, at times of a rapid price movement if the price rises or falls in one trading session to such an extent that under the rules of the relevant exchange trading is suspended or restricted. Placing a stop-loss order will not necessarily limit your losses to the intended amounts, because market conditions may make it impossible to execute such an order at the stipulated price.

14. Volatility of Returns

The value of investments and the amount of income derived from them may go down as well as up. All investments can be affected by a variety of factors, including macro-economic market conditions such as the interest or exchange rate environment, or other general political factors in addition to more company or investment specific factors.

15. Tax Risks

You have sole responsibility for the management of your tax and legal affairs including making any applicable filings and payments and complying with any applicable laws and regulations.

16. Investment Leverage, or Gearing

Use of borrowing to invest increases both the volatility and the risk of an investment. This applies if a company has significant borrowings, or if an investment vehicle otherwise allows an investor to gain much greater economic exposure to an **assets** than is paid for at the point of sale. It also applies if an investor borrows money for the specific purpose of investing. The impact of leverage can be as follows:

- movements in the price of an investment leads to much greater volatility in the value of the leveraged position, and this could lead to sudden and large falls in value;
- the impact of interest costs could lead to an increase in any rate of return required to break even; or
- a **client** may receive back nothing at all if there are significantly large falls in the value of the investment.

17. Foreign Markets

Foreign markets will involve different risks from UK markets and non-European Economic Area markets will involve different risks from European Economic Area markets. In some cases the risks will be greater in foreign markets. On request, we will endeavour to provide an explanation of the relevant risks and protections (if any) which will operate in any foreign markets, including the extent to which we will accept liability for any default of a foreign firm through whom it deals. The potential for profit or loss from transactions undertaken by us on your behalf on foreign markets or in foreign denominated contracts will be affected by fluctuations in foreign exchange rates.

18. Emerging Markets

Emerging markets can carry significantly greater risks than those typically associated with investing in more developed markets. The nature and extent of these risks will vary from country to country. Emerging markets in respect of financial investments are those countries that may possess one or more of the following characteristics:

- a certain degree of political instability;
- relatively unpredictable financial markets and economic growth patterns; or
- a financial market that is still at the development stage.

The list of emerging markets is constantly changing and may be ascribed this status according to criteria set by several different organisations, such as the International Finance Corporation or the World Bank. Broadly, they include any country other than Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Italy, Japan, Luxembourg, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the UK and the US. These countries' markets are regarded as developed markets.

Before making any investment in these markets, you should independently satisfy yourself that you understand and appreciate the significance of the relevant risks, and that such an investment is suitable for you. This statement is intended to summarise some of these risks, but it does not purport to be an exhaustive list.

18.1 Market Characteristics

- 18.1.1 The securities markets of emerging countries are in the early stages of development and many of them often lack the levels of transparency, liquidity, efficiency and regulation characteristics of the more developed markets. In some of these markets, standard practices, market customs and usages have yet to evolve and be readily identifiable as such by market participants. The credit rating of local financial institutions may not be high and there is often limited trust in such institutions.
- 18.1.2 Government supervision of securities markets, investment intermediaries and of quoted companies may be considerably less well developed than in many countries with well-established markets and, in some cases, effectively non-existent. Many regulations are unclear in their scope and effect, and there may be a greater risk than in more developed countries of activities conducted in good faith on the basis of professional advice, subsequently being regarded as not in compliance with fiscal, currency control, securities, corporate or other regulatory requirements. In addition, where a system of regulation is present, it may lack any, or any adequate, mechanism to enforce compliance by participants.
- 18.1.3 The valuation of both enterprises and securities in some of these countries has sometimes proved problematic in the absence of efficient secondary markets. In particular, the illiquidity of the markets in general or of particular securities in some of these



countries may make it difficult to determine an accurate valuation for a particular security or whether such security could actually be sold at such a price. In addition, due to historic difficulties in acquiring securities in certain of these countries, depository receipts or derivatives relating to certain of such securities have been created which may not be fungible with each other or the securities underlying or relating to such depository receipts or derivatives. This might lead to such depository receipts or derivatives trading at substantial premiums or discounts to the underlying or related securities.

18.2 Economic Risk

18.2.1 Many emerging countries lack a strong infrastructure. Telecommunications generally are poor, and banks and other financial systems are not always well developed, well regulated or well integrated. These countries may also have considerable external debt, which could affect the proper functioning of their economies with a corresponding adverse impact on the performance of their markets. Tax regimes may be subject to the risk of a sudden imposition of arbitrary or onerous taxes, which could adversely affect foreign investors.

18.2.2 Businesses in these countries may have a limited history operating in market conditions. Accordingly, when compared to companies in more developed markets, such businesses may be characterised by a lack of management who are experienced in market conditions and a limited capital base with which to develop their operations.

18.3 Political Risk

18.3.1 The political systems in the majority of emerging countries have been the subject of substantial and positive reforms. The relative infancy of some of these political systems may mean that they are more vulnerable in the face of popular dissatisfaction with reform, political or diplomatic developments, or social, ethnic or religious instability. Such developments, if they were to occur, could in turn lead to a reversal of some or all of the democratic reforms, a backlash against foreign investment and, in a worst case scenario in some countries, a return to a centralised planned economy and state ownership of **assets**. This could involve the compulsory nationalisation or expropriation of foreign-owned **assets** without adequate compensation, or the restructuring of particular industry sectors in a way which could adversely affect private investors in such sectors.

18.4 Investment, Foreign Exchange and Repatriation Restrictions

Foreign investment in emerging countries is in some cases restricted. Some of these countries have non-convertible currencies and the value of investments may be affected by fluctuations in available currency rates and exchange control regulations (which could change at any time). The repatriation of investors' funds and profits may therefore be restricted or difficult and could involve significant cost. Moreover, considerable delays may occur in the transfer of funds within, and with repatriation of monies out of, these countries.

18.5 Tax Risks

In some countries the tax position is complex and subject to more frequent change than in Western countries. It may not be possible to reclaim tax even where this is theoretically possible due to practical and timing issues.

18.6 Legal Risks

Many emerging countries do not yet have a legal system comparable to those of more developed countries. Legal reforms may not always correspond to market developments, resulting in ambiguities and inconsistencies which increase the risk of investing in these countries. Legislation to safeguard the rights of private ownership and control as well as establishing intellectual property concepts may not yet be in place, and there is risk of conflicting rules and regulations. Laws and regulations governing investment in securities markets may not exist or may be subject to inconsistent or arbitrary interpretation or application. The independence of the judicial systems, and their susceptibility to economic, political or nationalistic influences, remains largely untested. It may be impossible to predict whether a foreign investor would obtain effective redress in the local courts in respect of a breach of local laws or regulations, or in an ownership dispute.

18.7 Settlement Risk

The concepts of ownership of and procedures for the transfer of securities in emerging countries may differ radically from those in more developed markets. In some markets, for example, the term "dvp" (delivery versus payment) does not imply that securities and cash move at the same time. Registration of shares may not be subject to standardised procedures or to a centralised system, and may be effected on an ad hoc basis. The concept of **nominee** ownership is undeveloped and, in some cases, not recognised at all. As a result, registration can be administratively cumbersome and time consuming, leading to delays in settling trades, ownership disputes and constraints on trading. The realisation of rights of ownership, for example the exercise of shareholders' rights, cannot be assumed. Moreover, in some markets the risk of conflicts of interest on the part of those responsible for the conduct of the registration procedures, and the risk of fraud (for example, in connection with physical certificates) or of a registrar refusing to effect registration without justification (or of a registrar deleting a registration once it has occurred, with a consequential total loss of investment) is higher in many cases than in more developed markets.

18.8 Shareholder Risks

Rules in emerging countries regarding ownership and corporate governance of domestic companies (for example, limiting the ability of management to effect transactions with affiliates or to sell or otherwise dispose of their company's **assets**) may not exist or may confer little practical protection on minority shareholders. Disclosure and reporting requirements are in many cases less stringent than in more developed countries and may be non-existent or rudimentary. Anti-dilution protection may also be very limited. Redress for violations of shareholder rights may be difficult in the absence of a system of derivative or class action litigation.

18.9 Accounting Practices

Accounting, auditing and financial reporting standards in many emerging countries are not yet equivalent to those applicable in more developed countries and in some of these countries are of virtually no assistance to an investor. The availability, quality and reliability of corporate information (including official data) is likely to be lower than that in respect of investments in more developed markets.

18.10 Custody and Asset Servicing in New Markets

18.10.1 The custody of **assets** and **assets** servicing in new markets can carry significantly greater risks than those typically associated



with more developed markets. The nature and extent of these risks will vary from country to country. Before investing in these markets, you should independently satisfy yourself that you understand and appreciate the significance of the relevant risks, and that such an approach is suitable for you and any **clients** for whom you are acting in a fiduciary capacity. This statement is intended to summarise some of these risks, but does not purpose to be an exhaustive list.

- 18.10.2 In accordance with the **agreement**, we may hold **assets** with a **sub-custodian** in a new market jurisdiction. The **sub-custodian** may hold your **assets** either directly through registration with the relevant registrar or via local depositories. As a result, you may be exposed to operational and other risks associated with the market infrastructure of new markets including registrars and local depositories and you should make yourself familiar with the relevant infrastructure before deciding to invest in any emerging market. Registration processes in emerging markets can be administratively cumbersome and time consuming, leading to constraints on trading.
- 18.10.3 The concept of beneficial ownership is not yet fully developed in many new markets and it is possible that the law of a new market will not recognise your beneficial ownership of **assets** held at a **sub-custodian** in such jurisdictions in a segregated account for our **clients**. The consequence of this is that if a valid order is served on the **sub-custodian** seeking to freeze, attach or otherwise restrict **assets** belonging to us, a court in any such market may treat your **assets** as belonging to us and open to seizure or arrest and you may lose your beneficial interest.

18.11 Asset Servicing

- 18.11.1 Ownership of securities may only transfer under the law of a new market upon settlement and registration of the securities in question. However, under the **agreement**, we may undertake **assets** servicing in respect of income, dividends, coupons, stock distributions and other entitlements from the trade date. As a result, your corporate action entitlements and obligations may not correspond with legal ownership of the securities in question.
- 18.11.2 Corporate actions in a new market may be subject to a "record date" on which we or you will be required to be the legal owner of the security in question in order for you to be entitled to participate in the event. Where such "record date" considerably precedes the date of the event and/or where re-registration of securities ownership occurs a considerable time period after trade date, your ability to participate in the event may not correspond with your current holdings on our books and records or include all trades undertaken by us on your behalf prior to "record date".
- 18.11.3 There may be no central source of disclosure of corporate action events in certain markets and corporate action events of local issuers may only be notified in national or local newspapers or the websites of local exchanges. In such cases, we will not be responsible or liable for the failure to locate or identify relevant events.
- 18.11.4 Tender offers by issuers in new markets may be subject to particular requirements, for example: (i) a requirement upon us to present copies of its constitutional documents to the issuer, and/or (ii) taxation rates which may only be determined following elections being submitted to the issuer. In the former case, our ability to participate in any such tender offer on your behalf may be dependent on the ability and our willingness to disclose its constitutional documentation to the issuer. You acknowledge our right to refrain from such disclosure at its sole discretion.
- 18.11.5 We may not be able to offer a proactive proxy voting service to you in respect of new market securities of which we are the legal owner. We may only be able to vote on your behalf where all other beneficial owners of the relevant security on our books and records advise that they wish to vote in the same manner as you.
- 18.11.6 The Russian market has certain nuances in respect of the distribution of dividends of which you should be aware. If a Russian issuer has not distributed dividends within one year of such dividends being approved, the legal owners of the securities in question may never receive their dividend entitlements. In addition, during the above one year period, a Russian issuer may pay registered owners of the entitled securities at different times. As a result, we may only pay distributions to you in respect of Russian securities of which we are the legal owner upon (i) full payment being received from the issuer; or (ii) one year having passed from the date of the issuer's company meeting where the distribution was declared. In the latter case, we may pro-rate your entitlement in accordance with the funds we have received. Due to such nuances in the Russian market, we may not be able to participate (whether entirely or partially) in all events to which you may be entitled.

Annex 3

Order Execution Policy

Under the **FCA regulations**, we are required to put in place an **order execution policy** and to take all sufficient steps to obtain the best possible result on behalf of our **clients** when executing orders or receiving and transmitting orders for execution. The purpose of this document is to inform you about our **order execution policy**.

1. Quality of Execution

- 1.1 When executing orders on your behalf, we will take all sufficient steps to achieve **best execution**. We have in place a policy and procedures designed to obtain the best possible result for you, taking into account the nature of your orders, the nature of the markets and financial instruments concerned, and any specific instructions from you.
- 1.2 Where we follow your specific instructions in relation to all or part of an order, this may prevent us from taking all the steps we have designed and implemented in our **order execution policy** to obtain the best possible result for you.

2. Summary of Order Execution Policy

- 2.1 We owe a duty of **best execution** when we execute orders on your behalf - that is, when you give us an instruction that causes us to owe you contractual or agency obligations and/or we exercise discretion in relation to the execution of an order for you.
- 2.2 In executing an order under our **order execution policy**, we will take into account the execution factors as set out below in a manner we believe will result in the best outcome for you. We will determine the relative importance of these factors having regard to your status as a retail **client**, the nature of the order itself, the financial instrument involved and the execution venues available.

3. Execution Criteria

- 3.1 Total Consideration: Price combined with cost (also referred to as total consideration) is the primary factor in obtaining the best outcome for you. We look to execute the order on the venue which will offer the best price viewed in combination with execution venue costs.
- 3.2 Speed: The speed of execution may be important for some types of orders, such as in a fast moving market, and in those situations, speed will be a high priority if it will achieve the best possible result for you.
- 3.3 Likelihood of execution and settlement: With some financial instruments, the ability to execute the order at all or to execute it within a time-period which will result in the best outcome may be considered as the primary execution criteria.
- 3.4 Size: The size of an order in relation to the liquidity of the financial instrument may change the application of the execution criteria. Where an order is larger than the average daily volume, we will use our discretion as to the execution strategy in the absence of any **client** instruction.
- 3.5 Nature and other considerations: We take into account any other relevant factor that we believe warrants consideration in order to seek **best execution**.

4. Execution Venues

- 4.1 Subject to any specific instructions received from you, we will use our discretion to determine the appropriate execution venue for an order, which may, without limitation, include an organised trading facility, an exchange, a Retail Service Provider, Direct Market Access facility, a multilateral trading facility or a broker. For UK equities, investment trusts, exchange traded funds and government bonds, our main execution venue will be the London Stock Exchange. Unit trusts will be traded via Co-Funds and Allfunds (unit-trust trading venues), where possible, or directly through the fund administrator. Foreign stock will be traded via members of overseas investment exchanges. We may also deal directly with certain execution counterparties, a current list of which will be maintained on our website (www.lgtwm.com).
- 4.2 Occasionally, we may wish to execute orders outside a regulated market or multilateral trading facility or organised trading facility, for example if a particular bank or investment firm is offering the **best execution** terms but intends to trade off-exchange. We require your prior consent to do this - please see below. If we are not a member of or participant in a particular execution venue, for example, for non-UK investments, we may place your order with a member or participant of the venue that we consider to be suitable for the execution of the order.
- 4.3 Factors we consider when selecting execution venues include prices available, liquidity, volatility, speed of execution, cost of execution and the quality and cost of clearing and settlement.
- 4.4 We take steps to ensure we do not structure or charge commission in such a way as to discriminate unfairly between execution venues.

5. Limit Orders

If you place a limit order (explained in paragraph 8.3 (*Limit Order*) below) with us and we are unable to execute it immediately, we may choose not to make the order public, subject to your prior consent.

6. Review and Monitoring

- 6.1 We will review the effectiveness of our order execution arrangements (including the venues that we use) and the execution policy on an annual basis (and also on an ad hoc basis in response to any material change affecting a relevant execution venue). We will monitor our compliance with the policy, making enhancements to it or to our order execution arrangements where necessary and advising you of such changes and/or our ongoing compliance with the policy, as appropriate.
- 6.2 In exceptional circumstances, such as technical faults leading to loss of connections with an execution venue, we may have to use other execution methods than those listed above. Our obligation to provide **best execution** does not mean that we owe you any fiduciary duties other than those specifically arising by contract or regulatory obligation. other than those specifically arising by contract or regulatory obligation.



7. Consent

- 7.1 By appointing us to provide **custody and execution services**, as indicated in the **account agreement**, you will be deemed to have accepted the terms of our execution policy.
- 7.2 To achieve the best result for you, we may execute your order via an execution venue other than a regulated market or multilateral trading facility or organised trading facility. However, where the financial instrument is admitted to trading on a regulated market, multilateral trading facility or organised trading facility, we must obtain your prior express consent before doing so.
- 7.3 We also require your express consent where you place a limit order with us and we choose not to make it public despite being unable to execute it immediately.
- 7.4 Such consents shall be provided upon your signing and returning to us the **account agreement**, as indicated on the signature page therein.

8. Order Types

- 8.1 In view of the risks that arise when trading in volatile markets, you should consider the various types of orders that are available to you that can be utilised to limit or manage any risk or investment strategy. Please note that not all order types may be accepted for investment instruments that are offered by us and remember, in the event of placing any order instructions over the telephone, you should ensure that any instruction is provided clearly and any subsequent instruction to amend or cancel an existing instruction is clearly communicated to us.
- 8.2 Market Order: An order to buy or sell a specified instrument as soon as possible at the price obtainable in the market.
- 8.3 Limit order: Limit orders are commonly used to enter a market and to take profit at predefined levels. Limit orders to buy are placed below the current market price and are executed when the ask price hits or breaches the price level specified. Limit orders to sell are placed above the current market price, and are executed when the bid price breaches the price level specified. When a limit order is triggered, it is filled as soon as possible at the price obtainable on the market. Note that the price at which your order is filled may differ from the price you set for the order if the opening price of the market is better than your limit price.