

## CANTOR FITZGERALD EUROPE CFD TERMS & CONDITIONS

Unless otherwise advised, these Terms & Conditions set out the basis on which Cantor Fitzgerald Europe (“CFE”) will enter into contracts for difference (“CFDs”) with you.

### 1. Interpretation

- 1.1 In these Terms & Conditions, unless the context otherwise requires, the expressions set out in Annex 1 to these Terms & Conditions shall have the meanings set out therein and, where appropriate, words and phrases defined in the FSA Rules shall have the same meaning in these Terms & Conditions.
- 1.2 References to Annexes are to annexes of these Terms & Conditions and references to paragraphs are to paragraphs of these Terms & Conditions.
- 1.3 A reference to any statute or statutory provision shall be construed as a reference to the same as it may have been, or may from time to time be, amended, modified or re-enacted.
- 1.4 Any reference to a “**day**” (including within the phrase “**Business Day**”) shall mean a period of 24 hours running from midnight to midnight.
- 1.5 References to times are to London time.
- 1.6 All headings, titles and summaries are inserted for convenience only. They are to be ignored in the interpretation of these Terms & Conditions.

### 2. Introduction

- 2.1 CFE is an unlimited company incorporated under the laws of England and Wales under registration number 2505767 and whose registered address is at 17 Crosswall, London, EC3N 2LB.
- 2.2 CFE is authorised and regulated by the FSA and its FSA registration number is 149380. The address of the FSA is 25 The North Colonnade, Canary Wharf, London, E14 5HS.
- 2.3 CFE offers CFDs with various types of Contract Security.
- 2.4 The Client is a client of CFE for the purposes of the FSA Rules.
- 2.5 Where the Client is more than one person acting jointly, references in these Terms & Conditions to “**Client**” shall be construed as references to any one of the joint account holders and the Account shall be opened in the joint names of all the joint account holders. Each holder of a joint account shall be jointly and severally liable under CFE’s Terms & Conditions.
- 2.6 CFE deals on an execution only basis and does not advise on the merits of CFDs, either generally or in relation to any particular CFD. CFE is not responsible for advising on or satisfying itself as to the suitability of the CFDs a Client enters into. The Client represents and warrants that it understands the risks associated with CFDs. The Client acknowledges, in entering into these Terms & Conditions, that it understands that there is no limit on the amount it could lose in relation to a CFD.
- 2.7 These Terms & Conditions shall come into effect on the date on which CFE opens an Account for the Client and shall continue in force and effect until terminated in accordance with these Terms & Conditions.
- 2.8 By completing and signing the Application Form the Client confirms that it has read, understood and agrees to be bound by these Terms & Conditions and the Client will enter into

a legally binding agreement with CFE. Any Client not wishing to be so bound should not sign, return or otherwise submit the Application Form to CFE.

- 2.9 CFE will assess whether an applicant is a Retail Client, a Professional Client or an Eligible Counterparty (as such terms are defined in the FSA Rules) by reference to the information provided by the applicant in the Application Form and therefore the Client must inform CFE if there is any significant change in the information, which the Client has provided.
- 2.10 You may communicate with CFE in English and you will receive documents and other information from CFE in English.

### **3. Client Accounts**

*Summary: CFE will maintain a Cash Balance, a Non-cash Collateral Balance and an Unrealised P&L Balance for each Client. The Balances will start at zero when the Account is opened but will continuously increase and decrease during the course of the Client's CFD trading to reflect, in the case of the Unrealised P&L Balance, the value of the CFDs the Client has open, in the case of the Non-cash Collateral Balance, the value of any Non-cash Collateral the Client has provided to CFE as determined by CFE and, in the case of the Cash Balance, any cash the Client puts into the Account and various charges deducted from the Account and any profit or loss realised on the closure of a CFD. CFE can use the Cash Balance as Margin but any cash in excess of the Aggregate Margin Requirement will not be held as Margin. The Aggregate Margin Requirement is the sum of the Margin Requirements of each of the CFDs the Client has open. The Margin Requirement in relation to any CFD is a proportion of the Opening Contract Value of that CFD plus any unrealised loss as recorded on the Client's Unrealised P&L Balance.*

- 3.1 CFE will maintain in its books an Account for the Client. CFE will record in the Client's Account the Client's Cash Balance, Non-cash Collateral Balance and Unrealised P&L Balance. The Account will be denominated in a base currency of Euros. If the Client's Account is operated in other currencies in addition to the base currency, it is the Client's responsibility to be aware of and monitor any currency exposure arising as a result and to give instructions to convert any balances in currencies other than the base currency to the base currency. Such conversion shall be made at the relevant spot rate.
- 3.2 The Client's Cash Balance will be zero when the Client's Account is opened and will be:
- (a) increased from time to time:
    - (i) by the amount of any money payment received by CFE from a Client (including each money Margin Payment) pursuant to these Terms & Conditions; and
    - (ii) to the extent that adjustments are made in accordance with paragraphs 10.2(a)(i) below 10.2(a)(i) and 10.2(b)(ii); and
  - (b) decreased from time to time:
    - (i) by the amount of each money payment made by CFE in accordance with paragraph 3.5; and
    - (ii) to the extent that any adjustments are made in accordance with paragraphs 10.2(a)(ii) and 10.2(b)(i).
- 3.3 The Client's Unrealised P&L Balance will be zero when the Client Account is opened and will be increased or decreased from time to time by any amount of Unrealised Profit or Loss calculated in accordance with paragraphs 10.1 and 10.2.
- 3.4 The Client's Non-cash Collateral Balance will equal the market price of the Non-cash Collateral at the relevant time, as determined by CFE, less any adjustment made by CFE in accordance with its normal practice to reflect, amongst other things, the additional risk and

expense incurred by CFE in dealing with Non-cash Collateral.

- 3.5 On written request from the Client, provided that such payment does not result in that Client's Available Collateral being less than its Aggregate Margin Requirement at the time the payment is made:
- (a) CFE will pay to the Client all or part of the Client's Cash Balance. Each payment will be made by CFE by SWIFT, CHAPS or BACS transfer, net of any bank charges relating to the payment, to such account as the Client shall specify; and
  - (b) CFE will deliver to the Client all or part of the Client's Non-cash Collateral. The Client agrees that any such delivery may comprise Security that is equivalent but not identical to the Security originally comprising the Non-cash Collateral and that, if the Non-cash Collateral has matured, CFE may return the equivalent money amount.

CFE shall use its reasonable endeavours to ensure that such payment is received in full by the payee for value not later than 4.00pm on the Business Day following the day on which the request is made.

- 3.6 CFE will hold cash balances belonging to the Client in accordance with paragraph **Error! Reference source not found.**
- 3.7 CFE reserves the right to make searches with credit reference agencies to establish the Client's creditworthiness and to request that the Client provides such further information relevant to a Client's creditworthiness as CFE deems necessary or desirable including requesting a reference from the Client's bank from time to time and the Client agrees to assist CFE, where necessary, in obtaining such a reference. The Client agrees that this may result in the Client's personal information being sent to CFE's agents, who may be within or outside the European Economic Area. By signing the Acknowledgement, the Client agrees to CFE conducting the credit checks and processing and disclosing the Client's personal information in the ways described above.

#### **4. Deposits of Funds**

*Summary: This paragraph explains how funds may be paid by the Client to CFE.*

- 4.1 Other than payments of Margin, all payments to be made by a Client to CFE pursuant to these Terms & Conditions must be made by SWIFT, CHAPS or BACS transfer (or any other method of immediate and electronic funds transfer acceptable to CFE) to CFE's account, details of which will be supplied by CFE to the Client. Payments of Margin may only be made by the Client by SWIFT or CHAPS transfer. Payments must be denominated in pounds Sterling, US Dollars or Euros (in relation to any particular payment or to payments in general). Only net funds received after deduction of any bank charges which relate to the transfer will be credited by CFE as paid. For the avoidance of doubt, the Client will not retain any interest in payments made to CFE or in any Cash Balance. The Client's rights are limited to a right of repayment of an amount equal to the relevant Cash Balance on and subject to the provisions of these Terms & Conditions.
- 4.2 If the Client makes a payment to CFE in a currency ("**Payment Currency**") other than the currency in which the payment is due to be made ("**Due Currency**"), CFE may convert that payment from the Payment Currency to the Due Currency at such prevailing market rates as it may choose (after deducting commission and other charges).
- 4.3 If a third party paying agent declines to transfer funds from a Client to CFE for any reason whatsoever then CFE may treat any CFD entered into in reliance upon receipt of the funds as void and of no further effect and CFE shall be entitled to recover any losses arising from that CFD from the relevant Client.
- 4.4 A Client may not assign, dispose of, charge or subject to any encumbrance or third party right any funds that the Client deposits with CFE by way of Margin Payment or otherwise.

## 5. Opening a CFD

*Summary: Subject to CFE's absolute discretion to decline to accept any Order, CFE will open a CFD for a Client when the Client gives an Order to do so. However, CFE will not be obliged to (though it may) open a CFD if the Aggregate Margin Requirement exceeds the Client's Available Collateral. Available Collateral is the sum of the Client's Cash Balance and Non-cash Collateral Balance. The Aggregate Margin Requirement is the sum of the Margin Requirement for each CFD the Client has open, which Margin Requirement is a percentage of the Opening Contract Value of that CFD plus any Unrealised Loss as recorded in the Client's Unrealised P&L Balance.*

- 5.1 Subject to paragraphs 5.4 and 5.5, CFE will open a CFD for (i.e. enter into a CFD with) a Client when CFE receives and accepts an Order given in accordance with paragraphs 5.2 and 5.3.
- 5.2 Orders shall be communicated to CFE by telephone to one of CFE's dealers. The Order must be communicated to the dealer directly, no messages may be left and no Orders placed using CFE's answerphone or voicemail facilities. Each Order must specify:
- (a) the relevant Client and Account reference and whether the CFD is to be a Long Position or a Short Position;
  - (b) the relevant Contract Security; and
  - (c) the price at which the Contract Security notionally will be purchased if a Long Position is to be opened or sold if a Short Position is to be opened.
- 5.3 CFE will only accept Orders during dealing hours of the Stock Exchange or other market on which the Contract Security is traded or to which it relates on any Business Day. However, CFE may in its discretion accept Orders outside those hours. Depending on the nature of the Client's Order, CFE may not execute an Order on the day on which it receives such Order.
- 5.4 CFE will not generally accept any Order or open any CFD unless the Client's Available Collateral is equal to or in excess of such Client's Aggregate Margin Requirement (taking into account the Margin Requirement in respect of the CFD to which the Order relates). However, CFE may in its discretion accept any Order or open any CFD if the Client's Available Collateral is not in excess of the Client's Aggregate Margin Requirement. Acceptance of an Order by CFE does not constitute any agreement or representation by CFE that the Client's Available Collateral is sufficient to support the execution of that Order.
- 5.5 CFE may in its reasonable discretion decline to accept any Order or open any CFD.

## 6. Contract Notes and Account Statements

*Summary: this paragraph explains that the Client will receive confirmation of each opening and closing CFD and account statements. The Client is responsible for identifying any errors in such contract notes or statements to CFE*

- 6.1 CFE will send the Client a contract note via the Client's preferred contact details containing the details of the opening and the closing of each CFD placed on the Account.
- 6.2 The Client will be sent a statement of the Account no less frequently than a monthly via the Client's preferred contact details.
- 6.3 CFE shall use its reasonable endeavours to include all CFDs opened and/or closed during the statement period on the statement however CFDs opened and/or closed on or about the time at which the statement is produced may be omitted or subject to confirmation. The value of Unrealised Profits and Unrealised Losses is likely to change between the issue of the statement and its receipt by the Client. Therefore the overall balance of the Account is unlikely to be exactly as set out in a statement and may differ substantially from the true

balance, both at the time when it is issued and at the time when it is received if the Client has open CFDs.

- 6.4 If a contract note or statement is expected but not received the Client must notify CFE without delay. Any delay on the Client's part in raising a query, particularly with regard to an open CFD where market risk exists, will be taken into account in respect of any redress offered.
- 6.5 CFE will not be liable to you for any losses that result from reliance upon the figures given in any statement; all such figures should be checked by the Client before acting upon on them.

## **7. Raising Queries**

*Summary: The Client must raise any query or dispute about a Transaction, contract note or statement with CFE as soon as possible and in any event within one Business Day of the Trade Date or of receipt as the case may be. CFE will not be liable to a Client in respect of any query or dispute notified to it more than two Business Days after the relevant Trade Date or date of receipt as the case may be.*

- 7.1 CFE shall provide the Client with contract notes and statements in accordance with paragraphs 6.1 and 6.2 in respect of the CFDs entered into with CFE.
- 7.2 Any query or dispute in respect of any Trade must be raised with CFE as soon as or the Client becomes aware of the matter in query or dispute and, in any event, within one Business Day of the relevant Trade Date as the case may be. CFE will not be liable to the Client in respect of any query or dispute notified to it more than one Business Day after the relevant Trade Date or statement date and the Client agrees that this time period is fair and reasonable. In the absence of Manifest Error, the Client will be bound by and deemed to have acknowledged the content of any statement relating to a Trade unless the Client has notified CFE to the contrary within one Business Day of the Trade Date.
- 7.3 Without prejudice to the generality of paragraph 7.2, if a contract note or statement is received by a Client for a Trade which the Client claims was not transacted by or for the Client, CFE must be notified immediately.
- 7.4 No query or dispute with regard to any Trade will be entertained unless the time and date of the Trade are provided to CFE.

## **8. Margin**

*Summary: The Client's Available Collateral is required to be at least equal to the Client's Aggregate Margin Requirement at all times. If it is not, CFE can demand the difference by making a Margin Call on the Client. However, it is the Client's responsibility to monitor the Client's position on any open CFDs at all times and the Client can pay funds into the Client's Account at any time. The Client must make a Margin Payment in cash unless CFE has agreed to accept other Non-cash Collateral and, should CFE agree to do so, such Non-cash Collateral will be valued and held by CFE on its terms, which, among other things, would allow CFE to grant security over the Client's Non-cash Collateral to a third party.*

- 8.1 The Client's Available Collateral must at all times be equal to or more than the Client's Aggregate Margin Requirement and shall be held by CFE to be applied in payment of any losses incurred by the Client in respect of a CFD. CFE is nevertheless entitled (but shall not be obliged) to allow the Client to open any CFD, or to allow the Client's CFDs to remain open, notwithstanding that the Client's Available Collateral is less than its Aggregate Margin Requirement.
- 8.2 If at any time the Client's Available Collateral is less than the Client's Aggregate Margin Requirement (for example, because there has been an adverse movement in the price of the Contract Security), CFE may make a request to the Client for the payment to CFE of additional funds and/or (in CFE's discretion) Non-cash Collateral equal to the amount of the difference between the Client's Available Collateral and the Client's Aggregate Margin Requirement.

Requirement (a “**Margin Call**”).

- 8.3 The Client may at any time make payment of funds and/or (with CFE’s prior agreement) provide Non-cash Collateral to CFE in order to increase its Available Collateral whether or not a Margin Call is made by CFE.
- 8.4 Margin Calls may be made at any time by telephone, telephone answering machine message, voice mail, letter, fax, e-mail or any other means of electronic communication. CFE shall be deemed to have made a Margin Call on the Client if a message requesting the Client to contact CFE has been left and the Client has contacted CFE within a reasonable time or if CFE is unable to leave a message and has used reasonable endeavours to contact the Client by telephone.
- 8.5 If CFE agrees to accept Non-cash Collateral as all or part of a Margin Payment, the Client shall (as CFE may determine in its sole discretion) transfer, mortgage or charge to CFE such Non-cash Collateral with full title guarantee free from any charge or other interest together with such mortgage, charging, transfer or other documentation as CFE may require in its absolute discretion. Non-cash Collateral will not be registered in the Client’s name (unless determined otherwise by CFE in its sole discretion) and CFE will not be responsible for the safe custody of documents of title and certificates evidencing title or for any other act or omission of any person who is the nominee holder of, or who directly or indirectly holds, or is responsible for the safe custody of documents of title and certificates evidencing title to, Non-cash Collateral
- 8.6 All Margin Payments and other payments of funds must be made in accordance with paragraph 4.1.
- 8.7 Additional funds and/or Non-cash Collateral requested by way of a Margin Call are due immediately and must be received from the Client by CFE in full for value not later than 4.00pm on the Business Day following the day on which the Margin Call is made.
- 8.8 The Client, and not CFE, is responsible for monitoring its positions in respect of CFDs and for ensuring its compliance with paragraph 8.1, whether or not CFE makes a Margin Call. CFE must be informed immediately if any Client cannot, or believes it will not be able to, meet a Margin Call when made. CFE has no obligation to make a Margin Call at any time or within any specific time period.
- 8.9 Margin Calls will be communicated by CFE to the Client in accordance with such procedure as CFE shall from time to time determine. CFE shall be deemed to have made an effective Margin Call if it has communicated the Margin Call to the Client in accordance with the procedure. CFE shall not, in the absence of its negligence, wilful default or fraud, be liable for any failure by it to communicate, or to attempt to communicate, any Margin Call to the Client.
- 8.10 The Client agrees that CFE may grant a Charge over any Non-cash Collateral and/or Cash Balance to a third party as security for the obligations incurred by CFE on a Client’s behalf.

## **9. Order Execution and Aggregation of Orders**

*Summary: This paragraph provides details of CFE’s order execution policy and allows CFE to aggregate Orders for the Client with those of other persons.*

- 9.1 CFE’s order execution policy for CFDs opened and closed pursuant to these Terms & Conditions is provided at Appendix 2. Because CFDs are individual bespoke contracts and are not traded on an exchange, they have unique characteristics that are not necessarily replicated across the firms that offer them. Therefore, it may not be possible to make a direct comparison from one firm to another and indeed, the time taken to make such a comparison would risk the price of the CFD moving against the Client in the meantime.
- 9.2 CFE may combine an Order for a Client with its own orders, orders of Affiliated Entities and persons connected with CFE and orders of other clients. By combining a Client’s Orders with

those of such other persons, the Client may obtain a more favourable price than if the Order had been executed separately. However, aggregation may result in the Client obtaining a less favourable price and CFE shall not be liable for any loss or cost incurred by a Client as a result.

## 10. CFD Value

*Summary: This paragraph explains how the value of the Client's CFDs are calculated. CFE will, on a continuous basis, calculate the value of any CFD the Client has open by reference to the market value of the Contract Security. If the Client has a long position (i.e. has notionally purchased the Contract Security), his Unrealised P&L Balance will increase if the value of the Contract Security increases and decrease if the value of the Contract Value decreases. If the Client has a short position (i.e. has notionally sold the Contract Security), his Unrealised P&L Balance will decrease if the value of the Contract Security increases and increase if it decreases.*

10.1 Starting on the first Business Day after the Opening Date, CFE will, continuously throughout the dealing hours on each Business Day until the Closing Date, calculate the Current Contract Value of each CFD and the following adjustments shall be made to the Client's Unrealised P&L Balance:

- (a) if the Current Contract Value of a CFD exceeds the Current Contract Value of that CFD on the immediately preceding occasion when the value was calculated:
  - (i) for a Long Position, the Unrealised P&L Balance shall be increased by an amount equal to the excess; and
  - (ii) for a Short Position, the Unrealised P&L Balance shall be decreased by an amount equal to the excess; and
- (b) if the Current Contract Value of a CFD is less than the Current Contract Value of that CFD on the immediately preceding occasion when the value was calculated:
  - (i) for a Long Position, the Unrealised P&L Balance shall be decreased by an amount equal to the deficit; or
  - (ii) for a Short Position, the Unrealised P&L Balance shall be increased by an amount equal to the deficit.

10.2 Subject to Paragraph 15, on the Closing Date of a CFD, the following adjustments shall be made to the relevant Client's Cash Balance and Unrealised P&L Balance immediately following all adjustments made to such balances pursuant to paragraphs 10.1 and 11.2:

- (a) if the Closing Contract Value of the CFD exceeds the Opening Contract Value of that CFD:
  - (i) for a Long Position, the Cash Balance shall be increased by an amount equal to the excess and the Unrealised P&L Balance shall be reduced by that amount; and
  - (ii) for a Short Position, the Cash Balance shall be decreased by an amount equal to the excess and the Unrealised P&L Balance shall be increased by that amount; and
- (b) if the Closing Contract Value of the CFD is less than the Opening Contract Value of that CFD:
  - (i) for a Long Position, the Cash Balance shall be decreased by an amount equal to the deficit and the Unrealised P&L Balance shall be increased by that amount; and

- (ii) for a Short Position, the Cash Balance shall be increased by an amount equal to the deficit and the Unrealised P&L Balance shall be reduced by that amount.
- 10.3 If, at any time, the Client's Cash Balance is negative, the amount of the deficit shall be immediately due and payable by the Client to CFE. If, in such a circumstance, the Client has a positive Collateral Balance, CFE may deduct from the amount the Client owes to CFE an amount that reflects the value (as CFE shall, in its discretion, determine) of the Client's Collateral.
- 10.4 If, while a CFD is open, a dividend is paid in respect of the Contract Security of that CFD, then an amount will be debited from or credited to the Client's Account as follows:
  - (a) in respect of a Long Position, the Client's Cash Balance will be credited with an amount equal to 100% of the dividend net of any applicable taxes and costs incurred by CFE in relation to the dividend; and
  - (b) in respect of a Short Position, the Client's Cash Balance will be debited by an amount equal to 100% of the gross dividend.

## 11. CFD Charges

*Summary: This paragraph explains in generic terms which amounts will be deducted from the Client's Account in relation to any CFD and when. The Client should remember that the calculations apply to all CFDs the Client has open.*

- 11.1 Subject to paragraph 15, on the Opening Date of a CFD, CFE shall deduct from the Client's Account an amount equal to the applicable CFE Commission payable on the opening of the CFD.
- 11.2 On the first Business Day after the Opening Date and on each subsequent Business Day until the Closing Date of a CFD, interest shall be calculated by reference to the Opening Contract Value of the CFD and shall accrue and be credited to or deducted from the relevant Client's Account as follows:
  - (a) in relation to a Short Position, CFE will pay to the Client or the Client will pay to CFE (depending upon the rate) at the Short Funding Rate; and
  - (b) in relation to a Long Position, the Client will pay to CFE at the Long Funding Rate.
- 11.3 Subject to Paragraph 15, on the Closing date of a CFD, CFE shall deduct from the Client's Cash Balance an amount equal to the applicable CFE Commission payable on the closing of the CFD.
- 11.4 The Client shall pay to CFE interest on any sums due in respect of any CFD which it fails to pay on the due date for payment (including Margin). Interest payments shall be calculated by CFE on a daily basis from and including the date on which the sums fall due to be paid until and excluding the date on which such sums are paid in full, at the rate of 1% per month. Interest shall be payable to CFE by the Client on demand. The Client shall indemnify CFE against any cost or expense (including any legal costs) which CFE may incur, either before or after the commencement of any legal proceedings, to recover the requisite payment as a result of the Client's failure to make payment on or by the date for payment.

## 12. Closing a CFD

*Summary: This paragraph explains the circumstances in which CFDs can be closed by the Client and CFE. If the Client wishes to close a CFD, the Client must give CFE a Closing Notice. However, CFE may also give the Client a Closing Notice, which allows CFE to close the Client's CFD on the following Business Day. On an event of Default, CFE may take certain action, which includes closing one or more of the Client's CFDs immediately and realising any*

*Collateral CFE holds. This paragraph lists the circumstances and events that are Defaults.*

- 12.1 Subject to paragraph 15.7, the Client may close a CFD during dealing hours of the Stock Exchange or other market on which the Contract Security is traded or to which it relates on any Business Day by giving CFE a Closing Notice. A Closing Notice must be communicated by the Client to a CFE dealer by telephone. CFE shall give effect, subject to prevailing market conditions, to any Closing Notice and close the relevant CFD upon the Closing Notice being communicated to CFE pursuant to this paragraph 12.1. Any Closing Notice given by the Client must specify the CFD to be closed and the amount of that CFD to be closed.
- 12.2 CFE may close a CFD during dealing hours of the Stock Exchange or other market on which a Contract Security is traded or to which it relates on any Business Day by giving the Client a Closing Notice. A Closing Notice must be communicated by CFE to the Client either by telephone, email, fax or in writing. A Closing Notice served pursuant to this paragraph 12.2 shall take effect one Business Day following giving of the Closing Notice.
- 12.3 On or any time after a Default, CFE may in its absolute discretion:
- (a) immediately close one or more of the Client's CFDs without the need to serve a Closing Notice provided that CFE shall thereafter promptly notify the Client in such manner as CFE may determine;
  - (b) decline to enter into any further CFDs with that Client;
  - (c) realise any Collateral, Securities or other assets of the Client in accordance with paragraph 12.7;
  - (d) exercise its right pursuant to paragraph 13 to net certain amounts due; and/or
  - (e) charge interest in accordance with paragraph 11.4.
- 12.4 Each of the following events or circumstances is a Default:
- (a) the Client does not pay on the due date any amount payable (including any Margin Payment) pursuant to the Client Documents at the correct place and in the correct currency;
  - (b) the Client does not comply with any other provision of the Client Documents;
  - (c) any representation or statement made or deemed to be made by the Client in the Client Documents or any other document delivered under or in connection with the Client Documents is or proves to have been incorrect or misleading when made or deemed to be made;
  - (d) any indebtedness of the Client or an Affiliated Entity of the Client is not paid when due, or as a result of an event of default (howsoever described), becomes due and payable prior to its specified maturity;
  - (e) a Client or an Affiliated Entity of the Client is unable or admits inability to pay its debts as they fall due, suspends making payments on any of its debts or, by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors with a view to rescheduling any of its indebtedness;
  - (f) the value of the assets of a Client or an Affiliated Entity of the Client is less than its liabilities (taking into account contingent and prospective liabilities);
  - (g) any corporate action, legal proceedings or other procedure or step is taken in relation to:
    - (i) the suspension of payments, a moratorium of any indebtedness, winding up,

dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of the Client or any Affiliated Entity of the Client;

- (ii) a composition, compromise, assignment or arrangement with any creditor of the Client or any Affiliated Entity of the Client;
- (iii) the appointment of a liquidator, receiver, administrative receiver, administrator, compulsory manager, trustee in bankruptcy, or other similar officer in respect of any of its or their assets;
- (iv) enforcement over any assets of the Client or any Affiliated Entity of the Client of any Charge;

or any analogous procedure or step is taken in any jurisdiction;

- (h) any expropriation, attachment, sequestration, distress or execution affects any asset or assets of the Client or any Affiliated Entity of the Client and is not discharged within seven days;
- (i) it is or becomes unlawful for the Client to perform any of its obligations under the Client Documents and/or, if it is regulated by the FSA or any other body, CFE has reason to believe that the Client has committed a serious or material breach of the FSA Rules or the rules of such other body;
- (j) the Client repudiates a Client Document or evidences an intention to repudiate a Client Document;
- (k) the Client is an individual and the Client dies;
- (l) CFE is unable to establish or maintain a hedge position in respect of a CFD; and
- (m) CFE believes that any Default is likely to happen and believes that it is necessary or desirable to take any or all of the steps described in paragraph 12.3.

12.5 The occurrence of a Default will be an event of default (howsoever described) under all Client Documents.

12.6 CFE may apply the rights contained in this Paragraph 12 regardless of the currency of any Account, profit, loss, exposure or liability and if the currency is other than the base currency of the Client's Account then on the exercise of CFE's rights the amount or value of any such Account, profit, loss, exposure or liability shall be converted into that base currency at the spot rate for the relevant currency at the time of conversion.

12.7 Where CFE exercises its right under paragraphs 12.3 and 19 to realise any Securities or other assets of the Client held by CFE, CFE shall be entitled to sell or purchase those Securities or assets at the market price (as determined by CFE in its absolute discretion) at the time the sale or purchase takes place and to convert any amount realised on such sale or purchase into the base currency of the Client's Account. CFE shall have the right to choose the time, place and method of such sale or purchase at its absolute discretion. Any costs of sale shall be borne by the Client.

### **13. Netting**

*Summary: This paragraph explains CFE's ability to net off amounts due to CFE and any of its Affiliated Entities against amounts due from CFE to the Client.*

13.1 The Client agrees with CFE, on behalf of CFE and each Affiliated Entity of CFE, that upon and at any time after the occurrence of a Default:

- (a) CFE may determine in its sole discretion, the amounts due (as at such date as CFE determines) to CFE and to each Affiliated Entity of CFE from the Client (together, the "**Cantor Amount**") and from CFE and each Affiliated Entity of CFE to the Client (the "**Client Amount**") in respect of all CFDs and all other Client Documents; and
- (b) the Cantor Amount will be netted off against the Client Amount and the balance shall be paid by the owing party within two Business Days of CFE's determination under paragraph (a).

13.2 For the purpose of exercising CFE's rights in accordance with this paragraph 13:

- (a) CFE may require that any obligation that was (or would have been but for the Default) required to be settled by delivery, shall be settled by payment of an amount equal to the fair market value, as determined by CFE, of that which was required to be delivered; and
- (b) if obligations to pay amounts are in different currencies, CFE may convert any of the obligations at a market rate of exchange in its usual course of business.

#### **14. Adjustment, Take-Over Offers & Suspension**

*Summary: This paragraph explains how CFE will adjust the Client's Cash Balance and Unrealised P&L Balance on one of the events described in paragraph 14.2 occurring in relation to the Contract Security.*

- 14.1 If any Contract Security in respect of any CFD becomes subject to possible adjustments as the result of any of the events set out in this paragraph 14, CFE shall in its reasonable discretion determine in accordance with this paragraph 14 the appropriate adjustments, if any, to be made to the Current Contract Value and/or the Contract Quantity of that CFD and any consequential adjustments to the Unrealised P&L Balance and/or Cash Balance of the relevant Client necessary to preserve the economic position prior to that event. Any adjustments shall be effected from the date reasonably determined by CFE to be the appropriate date.
- 14.2 The events to which this paragraph 14 refers are the declaration by or on behalf of the issuer of a Contract Security of any of the following:
  - (a) a subdivision, consolidation or reclassification of shares, or a free distribution of shares to existing holders by way of bonus, capitalisation or similar issue;
  - (b) a distribution to existing holders of shares of such issuer of additional shares, other share capital or Securities granting the right to payment of dividends and/or proceeds of liquidation of the issuer equally proportionately with such payments to holders of shares of such issuer, or Securities, rights or warrants granting the right to a distribution of shares or to purchase, subscribe, or receive shares, in any case for payment (in cash or otherwise) at less than the prevailing market price per share as reasonably determined by CFE; or
  - (c) any event in respect of the Contract Security analogous to any of the foregoing events or otherwise having a dilutive or concentrative effect on the Contract Security Price.
- 14.3 If the event for which an adjustment is to be made pursuant to this paragraph 14 is the grant of a right to purchase, subscribe for or receive shares in any case for payment (in cash or otherwise) at less than the prevailing market price per share CFE may, in relation to a Long Position, consult with the Client to determine whether the Client wishes the adjustment to be based on a notional sale, take-up or lapse of the rights and, in making the adjustment, CFE has the right but not the obligation to act on the wishes of the Client, as communicated by the Client to CFE. In relation to Short Positions, CFE will determine at its discretion whether or not the adjustment should be based on a notional sale, take-up or lapse of the rights and will

make the adjustment in accordance with its determination.

- 14.4 CFE shall determine any adjustment or amendment to the Current Contract Value and the Contract Quantity under this paragraph 14 and CFE's determination shall be conclusive and binding on the Client. Notice of any adjustment or amendment under this paragraph 14 shall be given promptly to the Client in such manner as CFE may determine.
- 14.5 If at any time a take-over offer is made in respect of the issuer of a Contract Security, then at any time prior to the closing date of the take-over offer, CFE may in its discretion close any related CFD. If CFE does not exercise its right pursuant to this paragraph to close a CFD, it may, if you request, elect to accept the offer in respect of its hedge position. If CFE so elects you agree that your Funding Cost in relation to the relevant CFD may increase. Paragraph 12 shall apply in relation to the closing of any such CFD. The words "**offer**" and "**take-over**" when used in this Paragraph 14.5 shall have the meanings given to those terms in the City Code on Take-Overs and Mergers (as amended from time to time).
- 14.6 If at any time trading is suspended in any Contract Security on a relevant Stock Exchange or other market on which a Contract Security is traded or to which it relates, then the Current Contract Value for any related CFD shall be the Current Contract Value of that CFD at the time of suspension. If the suspension continues for five Business Days or more, CFE may in its discretion close any related CFD, and in those circumstances, the Closing Contract Value shall be calculated by reference to the price at the time of suspension and to information available at the time the CFD is closed from the relevant Stock Exchange or other market on which the Contract Security is traded or to which it relates and other sources regarding the suspension. In the event CFE does not exercise its discretion to close a CFD, the CFD shall remain open until such time as the suspension is terminated or until the issuer of the suspended Contract Security goes into liquidation, administration or is otherwise dissolved. If and for so long as a CFD remains open CFE shall be entitled to call for Margin with reference to a deemed market price which shall be the price determined by CFE in the reasonable exercise of its discretion to be a fair and reasonable price but for the suspension.
- 14.7 If the issuer of a Contract Security goes into liquidation, administration or is otherwise dissolved, CFE shall close any related CFDs on the date on which such event occurs and the Closing Price shall be the value of any distribution a holder of a Security of the same type as the Contract Security would receive in respect of that Security.
- 14.8 If due to illiquidity in any Contract Security, CFE is unable for whatever reason to establish or maintain a hedge in respect of that CFD, CFE may close that CFD at the then prevailing market price for the Contract Security. CFE hedges its CFDs by purchasing, selling, borrowing or lending an equivalent amount of the relevant Contract Security in the market. CFE will use its reasonable endeavours to notify the Client promptly if any CFD is closed pursuant to this paragraph 14.8. Any costs or expenses incurred by CFE in connection with its inability to establish or maintain a hedge may be passed on to the relevant Client.

## 15. CFDs relating to Foreign Exchange

*Summary: This paragraph sets out the terms and conditions applicable to foreign exchange CFDs, (i.e. those where the Contract Security is a currency) that are different from the Terms & Conditions.*

- 15.1 CFE will enter into CFDs in respect of such Currencies as it may offer from time to time. Foreign exchange CFDs expose the Client to changes in exchange rates.
- 15.2 If a Client wishes to enter into a foreign exchange CFD, the Client must place an Order using the procedure set out in paragraph 5 and in addition must advise CFE of the two Currencies (identifying one as the Currency which the Client wishes to sell for or purchase with the other Currency ("**Base Currency**")) and the amount of the Base Currency which the Client wishes to sell or purchase ("**CFD Size**"). CFE will quote a rate ("**Exchange Rate**") in relation to the two Currencies at which a single unit of the Base Currency may be bought with and sold in units of the second Currency. CFE's quotation is not guaranteed to be within any specific percentage of any quotation on the London inter-bank foreign exchange market or any other relevant

market in which Exchange Rates are traded (each an “**Underlying Market**”).

- 15.3 The Client may request a quote for a foreign exchange CFD at any time during CFE’s normal hours of trading for the relevant Exchange Rate which CFE shall notify to the Client from time to time. CFE shall be under no obligation to, but may in its absolute discretion, provide a quote and accept and act on the Client’s offer to enter into a foreign exchange CFD outside CFE’s normal hours of trading for the relevant Exchange Rate.
- 15.4 No quote made by CFE constitutes an offer by CFE to enter into a foreign exchange CFD at the quoted levels. A foreign exchange CFD will be initiated by the Client placing an Order to enter into a foreign exchange CFD with CFE at the level quoted. A foreign exchange CFD will be deemed to have been entered into between CFE and the Client when the relevant Order has been received and accepted by CFE, evidenced by CFE’s confirmation of the terms of the foreign exchange CFD to the Client.
- 15.5 A Client will enter into a foreign exchange CFD by buying or selling the Base Currency at the rate at which the Base Currency is sold or purchased (“**CFD Rate**”). If a Client opens a foreign exchange CFD where it buys the Base Currency, the CFD Rate will be the higher figure quoted by CFE for the Exchange Rate and if a Client enters into a foreign exchange CFD where it sells the Base Currency, the CFD Rate will be the lower figure quoted by CFE for the Exchange Rate. This definition will not apply where the Exchange Rate is inverted.
- 15.6 To close a foreign exchange CFD in whole or in part the Client must enter into a second foreign exchange CFD in relation to the same two currencies as the first foreign exchange CFD and must sell if the first foreign exchange CFD was a buy and buy if the first foreign exchange CFD was a sell. The first foreign exchange CFD will be closed to the extent of the CFD Size of the second foreign exchange CFD. The Client must serve a Closing Notice in accordance with paragraph 12 during normal trading hours for the relevant Exchange Rate. The Client must advise CFE of the foreign exchange CFD the Client wishes to close giving the two Currencies, identifying the Base Currency and the CFD Size. CFE will then quote an Exchange Rate at which a Client can buy, if the foreign exchange CFD it wishes to close is a sell and an Exchange Rate at which a Client can sell if the foreign exchange CFD it wishes to close is a buy. The Client will close a foreign exchange CFD by the Client placing an Order to enter into a foreign exchange CFD with CFE at the Exchange Rate quoted. A foreign exchange CFD will be deemed to have been entered into, and the Client’s foreign exchange CFD closed, when the Order has been received and accepted by CFE evidenced by CFE’s confirmation of the terms of the closing foreign exchange CFD to the Client.
- 15.7 Realised profit or loss in respect of the foreign exchange CFD will be calculated by reference to the difference between (i) the product of the Contract Size and Contract Rate of the opening CFD and (ii) the product of the Contract Size and Contract Rate of the closing CFD and shall be denominated in the second named currency.

## **16. CFDs on Futures**

*Summary: This paragraph sets out the terms and conditions applicable to CFDs on futures whose Contract Security has an expiry date to the extent these are different from the Terms & Conditions.*

Most of the CFDs which CFE offers are of unlimited duration and the Client can leave the CFD open for as long as the Client wishes. However, the CFDs that CFE offers whose Contract Security is a futures derivative, have an expiry date by which they have to be closed or extended or, in the case of futures where the underlying Security is deliverable on expiry, allowed to expire. If a Client enters into such a CFD, the Client must instruct CFE whether the Client wishes CFE to close or extend the CFD on expiry of the Contract Security. If the Client does not do so by the day preceding the expiry date of the Contract Security, CFE will use its reasonable endeavours to contact the Client to determine whether the CFD is to be closed or extended or, in the case of futures where the underlying Security is not deliverable on expiry, whether the CFD is to be allowed to expire. If CFE fails to obtain instructions within a reasonable time prior to expiry of the relevant Contract Security, CFE will close the CFD in the case of futures where the underlying Security is deliverable and allow the CFD to expire where

the Security is not deliverable on expiry.

## **17. Indemnity, Representations and Warranties**

*Summary: the following paragraph sets out the representations and warranties the Client is deemed to have made and the Client indemnifies CFE in respect of losses CFE suffers or incurs.*

- 17.1 Each Client shall be directly and personally responsible for performing its obligations under these Terms & Conditions (including under any CFD) and each Client irrevocably indemnifies CFE in respect of all losses, liabilities, costs, claims demands and expenses of any kind whatsoever (including any legal costs), taxes, imposts and levies which may be suffered or incurred by CFE as a direct or indirect result of any failure by such Client to perform any such obligation and of any fraud, negligence or willful default on the part of such Client and as a result of CFE performing its obligations under the Terms & Conditions.
- 17.2 Each Client represents and warrants to CFE and agrees that each representation and warranty is deemed repeated each time the Client places an Order and enters into and closes a CFD, that:
- (a) the Client is duly authorised to enter into and be bound by these Terms & Conditions and to perform its obligations hereunder and that it has taken all necessary action to authorise the same;
  - (b) the Client enters into these Terms & Conditions and each CFD as principal (on its own behalf);
  - (c) the Client has obtained any necessary governmental and other authorisations and consents and such authorisations and consents are in full force and effect;
  - (d) by entering into these Terms & Conditions and each CFD will not violate any law, ordinance, charter, by-law, articles or memorandum of association to which the Client is subject;
  - (e) the information the Client provided to CFE in the Application Form or at any time thereafter (including any statements of assets or other financial statements) is true and accurate in all material respects;
  - (f) the Client acts as principal and any person representing the Client in opening a CFD will have been, and any person signing the Application Form on the Client's behalf is, duly authorised to do so; and
  - (g) if the Client is an individual, he or she is over 18 years old.

## **18. Material interests and conflicts**

*Summary: This paragraph explains that, even though there may be circumstances where CFE has a conflict of interest or a potential conflict of interest, it may continue to enter into CFDs with the Client and other persons.*

- 18.1 CFE or any of its Affiliated Entities may perform its obligations under these Terms & Conditions in circumstances where it or any of them has a material interest or a relationship with a third party that might involve a conflict of interest or potential conflict of interest with the Client. The Client agrees that nothing in or pursuant to these Terms & Conditions shall give rise to any fiduciary or other equitable duties by CFE or any of its Affiliated Entities to the Client and no such conflict of interest or potential conflict of interest shall prevent CFE or any of its Affiliated Entities carrying on any transaction for, or providing any service to, the Client or any other person.
- 18.2 In particular, a conflict of interest may arise in circumstances that include, but are not limited

to, those where CFE or any of its Affiliated Entities:

- (a) is the counterparty to a transaction that is executed following the receipt of an Order;
- (b) has a long or short position in investments to which any Order relates; or
- (c) is connected to or acts for the issuer of an investment to which an Order may relate.

18.3 Neither CFE nor any of its Affiliated Entities is required to disclose or account to the Client for any profit made as a result of performing its obligations under these Terms & Conditions.

17.4 Further details regarding CFE's Conflict of Interest policy are set out in Appendix 4.

## **19. Right to Retain Client Funds and Set-Off**

*Summary: This paragraph explains CFE's rights to retain moneys and other assets that CFE holds for the Client (including any amounts standing to the credit of the Client's Account) and to sell assets until CFE has received all amounts which the Client owes to CFE of any of its Affiliated Entities. They also give CFE various other rights to use whatever moneys and assets it has control over in the event that the Client has not discharged its obligations to CFE in full.*

19.1 In order to set-off debts owed by the Client to CFE, CFE reserves the right to retain, or make deductions from or sell (in accordance with Paragraph 12.7) Non-cash Collateral, Securities or other assets which CFE owes to that Client or is holding for that Client.

19.2 In addition to any other right to which CFE may be entitled CFE may retain and not repay any amount whatsoever which may now or at any time hereafter be owing by CFE to the Client or any moneys whatsoever which CFE may at any time hold for that Client or may be standing to the credit of all or any of that Client's Accounts and CFE shall be entitled to retain any Securities or other assets held by CFE or a nominee and not repay the proceeds of sale or disposition of such Securities or other assets unless and until all the Client's indebtedness and all other liabilities present or future, actual or contingent, whether under these Terms & Conditions or otherwise to CFE or any Affiliated Entities shall have been ascertained and repaid or discharged in full.

19.3 CFE may, at any time at the Client's risk and without notice to the Client, combine, consolidate, merge or set-off against each other all or any of that Client's Accounts with, and liabilities to, CFE. Further CFE may set-off or transfer or use any moneys held for the Client or standing to the credit of any Accounts of that Client in or towards the satisfaction of any liability of the Client whether arising under these Terms & Conditions or otherwise to CFE or to any of CFE's Affiliated Entities or in respect of any Accounts or any obligation to make payments including Margin Payments under these Terms & Conditions. CFE may exercise its rights pursuant to this paragraph 19 notwithstanding that no demand for payment has been made or that the balance held for the Client on such Accounts and the liabilities may not be expressed in the same currency.

19.4 For the purpose of exercising CFE's rights in accordance with this paragraph 18:

- (a) CFE may require that any obligation that was (or would have been but for the Default) required to be settled by delivery, shall be settled by payment of an amount equal to the fair market value, as determined by CFE, of that which was required to be delivered; and
- (b) if obligations to pay amounts are in different currencies, CFE may convert any of the obligations at a market rate of exchange in its usual course of business.

19.5 The provisions of this paragraph 19 are in addition to any right of set-off or other rights to which CFE is entitled under these Terms & Conditions or at law.

## 20. Manifest Errors

*Summary: This paragraph explains that, if a Manifest Error occurs, CFE can close or void any CFD that is affected and amend the details of any trade to reflect what CFE determines would have been the correct details had the Manifest Error not occurred. CFE shall not be liable to the Client in relation to Manifest Errors.*

- 20.1 A “**Manifest Error**” means a misquote by CFE having regard to the current market conditions at the time a CFD is opened or closed. CFE may, for this purpose, take into account all information including, without limitation, information concerning all relevant market conditions, any error in, or lack of clarity of, any information, source or announcement.
- 20.2 CFE will, when making a determination as to whether a situation amounts to a Manifest Error, act fairly towards any Client affected by such Manifest Error but the fact that a Client may have entered into, or refrained from entering into, a corresponding financial commitment, contract or CFD in reliance on a Trade (or that such Client has suffered or may suffer any consequential or indirect loss) shall not be taken into account by CFE in determining whether there has been a Manifest Error. CFE reserves the right to close any CFD that is affected by the Manifest Error, void any CFD involving or deriving from a Manifest Error or to amend the details of any Trade to reflect what CFE considers in its sole discretion would be the correct details of that Trade had the Manifest Error not occurred.
- 20.3 CFE shall in no circumstances be liable to any Client for any loss, cost, claim, demand or expenses such Client suffers (including any indirect or consequential losses) resulting from a Manifest Error save where CFE has acted fraudulently, negligently or in wilful default.

## 21. Force Majeure

*Summary: This paragraph sets out the types of events which could constitute a Force Majeure Event and allows for CFE to take certain actions if a such an event occurs, including, but not limited to, closing the CFD and increasing the Margin Requirement. CFE limits the extent to which it could be liable to the Client in relation to action taken or not taken in the event of a Force Majeure Event.*

- 21.1 CFE may in its reasonable discretion determine that an exceptional or unusual market condition exists (a “**Force Majeure Event**”), including but not limited to:
- (a) any act, event or occurrence (including without limitation any strike riot or civil commotion, interruption of power supply or electronic, communication or information system) which in CFE's reasonable opinion prevents CFE from maintaining its CFDs in relation to one or more Contract Securities;
  - (b) the suspension or closure of any market or the abandonment or failure of any event upon which CFE bases, or to which CFE may relate, its quotes in respect of any Security, or the imposition of limits or special or unusual terms on the trading of any Security in any such market or on any such event; or
  - (c) the occurrence of an excessive movement in the level of, or the excessive loss of liquidity in any Contract Security and/or any corresponding market or CFE's reasonable anticipation of the occurrence of the same.
- 21.2 If CFE determines that a Force Majeure Event exists, CFE shall inform the Client as soon as reasonably practicable.
- 21.3 If CFE determines that a Force Majeure Event exists, CFE may in its reasonable discretion (without prejudice to any other rights it may otherwise have) and for so long as such Force Majeure Event continues:
- (a) increase the Margin Requirement in relation to any CFD;

- (b) close in accordance with paragraph 12 any or all CFDs to such extent as CFE in its discretion considers necessary in the circumstances;
- (c) suspend or modify the application of any or all of these Terms & Conditions to the extent that it is impossible or impractical for CFE to comply with them;
- (d) alter the hours during which a Trade may be effected; and
- (e) take or omit to take all such other actions as CFE, acting reasonably and in good faith, deems appropriate in the circumstances to protect itself and its Clients.

21.4 If CFE determines that a Force Majeure Event exists, it shall not, in the absence of fraud, negligence and wilful default, be liable to the Client for any failure, hindrance or delay in performing its obligations under these Terms & Conditions or for taking or omitting to take any action under paragraph 21.2.

## **22. Data Protection**

*Summary: This paragraph acknowledges that CFE may acquire certain types of data about the Client and the Client consents to the processing and use of that data by CFE and its Affiliated Entities for certain purposes.*

22.1 Each Client acknowledges that in opening an Account and by undertaking Trades, personal data relating to the Client (possibly including personal sensitive data) within the meaning of the Data Protection Act 1998 will be provided to CFE, and consents to the processing of that data by CFE and/or on CFE's behalf for the purposes of performing its obligations under these Terms & Conditions and administering its relationship with the Client including the disclosure of that information to any Affiliated Entity of CFE or, where CFE is required by law or regulation, the disclosure of that information to the FSA and other regulatory authorities, any of whom may be located within or outside the European Economic Area.

22.2 Without prejudice to Paragraph 22.1, the Client consents to the processing of personal data (including any sensitive personal data) the purpose of keeping accounts relating to any business or other activity carried on by CFE, or deciding whether to accept any person as a customer or supplier, or keeping records of purchases, sales or other transactions for the purposes of ensuring that the requisite payments and deliveries are made or services provided by CFE or to CFE in respect of those transactions, or for the purpose of making financial or management forecasts to assist CFE in the conduct of any such business or activity.

## **23. Information and Intellectual Property**

*Summary: this paragraph is about CFE's intellectual property rights.*

The Client acknowledges and agrees that:

- (a) all copyrights, trademarks and all other intellectual property or other rights of CFE in any information distributed to or received by the Client whether or not sent by or on behalf of CFE and in any databases that contain or constitute the information, shall remain the sole and exclusive property of CFE; and
- (b) it shall not permit or facilitate, and shall take steps to prevent any sale, re-distribution, dissemination, re-publication or re-display of any such information however received to any third party.

## **24. Complaints**

*Summary: This paragraph explains that the Client can make a complaint to either CFE and that the Client may have a subsequent right to make the complaint to the Financial Ombudsman Service.*

- 24.1 If the Client has any dispute or complaint relating to the services provided by CFE, the Client should notify CFE as soon as practicable. If the dispute or complaint is not resolved by CFE to the satisfaction of the Client, it should be made by the Client in writing to CFE's Compliance Officer.

## **25. Termination**

*Summary: Both CFE and the Client can terminate the Terms & Conditions with immediate effect on notification. However, the Terms & Conditions shall continue to apply to any CFDs that remain open until they are closed.*

These Terms & Conditions cease to bind and apply to any Client immediately upon the Client notifying CFE or CFE notifying the Client in writing to such effect. Any such cessation will be without prejudice to accrued rights and remedies of CFE and the Client arising under these Terms & Conditions and these Terms & Conditions shall continue to apply until all CFDs and the Account are closed.

## **26. Liability**

*Summary: This paragraph sets out the extent of CFE's liability.*

- 26.1 CFE shall not be liable to the Client for any losses, damages, costs, claims, demands, expenses of any kind whatsoever (including legal expenses), taxes, imposts or levies suffered or incurred by the Client in consequence of any act or omission on the part of CFE unless CFE has acted fraudulently, is in wilful default of its obligations or has been negligent.
- 26.2 CFE shall not be liable to the Client, whether under this paragraph 26 or otherwise, for any loss of profits or any indirect or consequential losses incurred by the Client.
- 26.3 Nothing in these Terms & Conditions shall exclude or restrict any duty or liability owed by CFE to the Client under the Act, the FSA Rules or any other applicable laws, rules or regulations.

## **27. Client Money**

*Summary: The Client's money will receive Client Money protection in accordance with FSA Client Money Rules. The Client will not be entitled to interest but may be paid interest in CFE's discretion.*

- 27.1 Any money received by CFE in respect of the Client's Account shall be treated as 'Client Money' in accordance with the FSA's Client Money Rules. As a consequence, the Client's money will be afforded the protections conferred by the Client Money Rules and will be segregated from CFE's own money and will not be used by CFE in the course of its own business.
- 27.2 CFE may hold Client Money in an account with an approved bank or third party which is subject to the laws of a jurisdiction other than that of an EEA state. Any such accounts would be segregated from CFE's own assets. The legal and regulatory regime applicable to such accounts may differ from that applicable in the UK or any other EEA state with the effect that in the event of the insolvency or equivalent failure of that bank or third party the treatment afforded to Client Money may be different to the treatment afforded to Client Money held in an account with an approved bank or third party subject to UK or EEA state laws. CFE will not be liable for any failure or insolvency of any bank or third party however, applicable investor compensation or deposit protection schemes may protect a proportion of Client Money held with any bank or third party.
- 27.3 The Client acknowledges that CFE shall be under no obligation to pay interest on balances on the Client's account and that the Client therefore waives any entitlement to interest under the FSA Client Money Rules or otherwise. However, CFE may at its discretion pay interest at a rate and basis of calculation as it determines.

27.4 The Client agrees that CFE may cease to treat as Client Money any unclaimed Client Money balances allocated to the Client where there has been no movement on the balance for a reasonable period of time (notwithstanding any payments or receipts of charges, interest or similar items) and CFE has taken reasonable steps to return the Client Money to the Client. CFE undertakes to make good any valid claim by the Client against any released balances.

## 28. Taxes

*Summary: CFE is not responsible for the Client's payment of taxes that arise in relation to CFDs. If CFE or any Affiliated Entity incurs any stamp duty or other taxes to which the Client is subject in entering into a hedge, the Client will reimburse CFE or the Affiliated Entity.*

28.1 The Client is responsible for payment of all taxes (UK or foreign) that may arise in respect of any Trade or other matter the subject of these Terms & Conditions, whether under current or changed law or practice. CFE shall not be responsible for notifying the Client of a change in tax law or practice.

28.2 If CFE or an Affiliated Entity of CFE becomes liable to pay any stamp duty, stamp duty reserve tax or any other similar documentary tax or duty in any jurisdiction (collectively "**Stamp Duty**") in respect of any shares purchased or otherwise acquired by CFE or an Affiliated Entity of CFE in order to hedge any CFD between CFE and the Client, the Client shall reimburse CFE on demand in full for the amount of such Stamp Duty paid by CFE or an Affiliated Entity of CFE. If the Client purchases any shares from CFE, the Client shall pay any Stamp Duty payable in respect of that purchase of shares together with any interest and penalties due in respect of any late payment of Stamp Duty.

28.3 In addition, the Client shall indemnify CFE and any Affiliated Entity of CFE ("**Indemnified Party**") and keep the Indemnified Party indemnified from and against all costs, claims, demands and expenses arising in connection with (i) any failure by the Client to reimburse the Indemnified Party in accordance with this paragraph 27 and (ii) any late payment or non-payment of any Stamp Duty payable by the Client in respect of any shares purchased by the Client from the Indemnified Party.

## 29. Entire Agreement and Amendment

29.1 The Terms & Conditions set out herein (and in any other document incorporated by reference or into which these Terms & Conditions are incorporated), together with any agreement between CFE and the Client referred to in paragraph 8.5, shall constitute the whole agreement between CFE and the Client.

29.2 CFE may amend these Terms & Conditions with immediate effect in circumstances where such amendment is required to comply with any legal or regulatory obligation to which CFE is subject. In such circumstances, CFE shall provide a copy of the amended Terms & Conditions to the Client as soon as reasonably practicable.

29.3 Without prejudice to paragraph 29.2, CFE may amend these Terms & Conditions by giving written notice to the Client. In such circumstances, the Terms & Conditions as amended shall not come into effect until the date specified by CFE, which date shall not be less than ten Business Days after the date on which the Client receives the amended Terms & Conditions.

## 30. Waiver and Remedies

30.1 No delay or omission by CFE to exercise its right, power or remedy shall affect that right, power or remedy or operate as a waiver of it. In particular, without limitation, where these Terms & Conditions specify certain limits or parameters to the Client's trading activities or Margin Requirements, CFE shall be entitled from time to time and with or without notice to the Client to allow the Client to breach such limits.

30.2 The single or partial exercise of any right, power or remedy provided by law or under these

Terms & Conditions by CFE shall not preclude any other or further exercises of such right, power or remedy or the exercise of any other right, power or remedy. The rights, powers and remedies provided in these Terms & Conditions are cumulative and not exclusive of any rights, power and remedies provided by law.

### **31. Notifications regarding Client CFDs**

In order to comply with its obligations under the Companies Act 1985, the Act, the FSA Rules, the United Kingdom Listing Authority's Listing Rules, the City Code on Takeovers and Mergers, the Rules Governing Substantial Acquisitions of Shares and any other applicable law or regulation of the United Kingdom (together the "**UK Legislation**") CFE may be required to make certain disclosures relating to the Client's CFDs, which may or may not include disclosing the identity of the Client. In addition to complying with its obligations under the UK Legislation, CFE may comply with any request for information regarding CFDs from the Takeover Panel, the FSA or any other relevant regulatory or governmental authority in so far as such compliance does not cause CFE to breach any obligation of confidentiality which CFE owes to the Client pursuant to these Terms & Conditions.

### **32. Notices**

32.1 Any notice from CFE (including without limitation any demand or statement or Margin Call) under or in connection with these terms and conditions may be verbal or in writing and made to the Client's last known home address, place of work, telephone number (including a telephone answering machine), fax number, e-mail address or other contact details. Margin Calls, if made, will usually be made verbally.

32.2 Any notice shall be deemed to have been duly given when received or given as follows, whichever is the earlier:

- (a) when left at the Client's last known home or work address;
- (b) if given by leaving a telephone answering machine message or voice mail message, one hour after the message being left on the relevant medium;
- (c) if sent by first class post, in the ordinary course of the post and in any event on the next day (or third day in the case of air mail) after posting (excluding Sundays and public holidays);
- (d) if sent by e-mail, one hour after sending, provided no "not sent" or "not received" message is received from the relevant e-mail provider/s.

### **33. Assignment**

These Terms & Conditions shall inure to the benefit of, and be binding upon the Client, CFE and their respective successors. CFE may without notice assign its rights under and the benefit of any CFD and/or these Terms & Conditions to any of its Affiliated Entities which is authorised or permitted for the purposes of the Act to carry on the relevant regulated activities. No such assignment shall relieve CFE or the Client of any of its obligations or liabilities hereunder. The Client hereby instructs CFE that upon any such assignment, any monies held as client money shall be transferred to the assignee to be held as client money on the Client's behalf. No Client may assign or transfer its rights or duties under any Client Documents.

### **34. Severability**

If any provision of these Terms & Conditions (or any part of any provision) is held by a court of competent jurisdiction to be unenforceable then such provision shall, to that extent, be deemed severable and not form part of these Terms & Conditions and the enforceability of the remainder of these Terms & Conditions shall not be affected.

**35. Contracts (Rights of Third Parties) Act 1999**

Except as specified in this paragraph 35, neither CFE nor any Client intends that any term of these Terms & Conditions should be enforceable by virtue of the Contracts (Rights of Third Parties) Act 1999 by any person who is not a party to these Terms & Conditions. Notwithstanding the foregoing, any Affiliated Entity of CFE may enforce paragraphs 12.5 and 13 of these Terms & Conditions.

**36. Governing Law**

These Terms & Conditions and all business transactions between CFE and each Client pursuant to these Terms & Conditions shall be governed by, and shall be construed in accordance with, the laws of England and Wales.

**37. Jurisdiction**

CFE and the Client each irrevocably submit to the exclusive jurisdiction of the English courts. Any claim arising out of or in connection with these Terms & Conditions shall be referred to such courts.

## ANNEX 1 DEFINITIONS

"Account"	means an account opened and maintained by CFE for a Client;
"Act"	means the Financial Services and Markets Act 2000 as amended from time to time;
"Affiliated Entity"	means any person, company or partnership controlled by, or controlling, or in common control with another company and a person, company or partnership shall be deemed to control another person, company or partnership if the former person, company or partnership possesses, directly or indirectly, the power to direct, or cause the direction of, the management and policies of the other person, company or partnership whether through the ownership of voting securities or partnership interests, representation on its board of directors or similar governing body, by contract or otherwise;
"Aggregate Margin Requirement"	means the sum of the Margin Requirement for each CFD that is open at any time in respect of each CFD to which a Client is a party;
"Application Form"	means the application form provided with these terms and conditions signed by the Client inter alia agreeing to the Terms and Conditions;
"Available Collateral"	means the aggregate of a Client's Cash Balance, its Collateral Balance and its Unrealised P&L Balance at any time;
"Business Day"	means a Stock Exchange dealing day (as defined in the rules and regulations of the relevant Stock Exchange) or a dealing day on any market on which a Contract Security is traded or to which it relates;
"Cash Balance"	means the cash balance recorded in a Client's Account as calculated in accordance with paragraph 3.2;
"CFD"	means a contract for difference entered into between CFE and a Client in accordance with these Terms & Conditions;
"CFE Commission"	means a percentage of the Opening Contract Value and Closing Contract Value at a rate determined by CFE from time to time either generally or in relation to a specific CFD;
"Charge"	means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect;

"Client"	means a person for whom an Account is opened;
"Client Documents"	means any agreement that the Client has with CFE or any Affiliated Entity of CFE including, without limitation, any CFD and these Terms & Conditions;
"Closing Date"	means the date on which a CFD is closed in accordance with these Terms & Conditions;
"Closing Notice"	means a notice given by either the Client or CFE to close all or any part of a CFD;
"Close of Business"	means on any Business Day the time on that day at which dealings cease on the relevant Stock Exchange or other market on which the Contract Security is traded or to which it relates;
"Closing Price"	means the Contract Security Price at the time a Closing Notice takes effect or, if a CFD is closed in circumstances where a Closing Notice is not given, the Contract Security Price at the time closing is effected as determined by CFE;
"Closing Contract Value"	means the Contract Quantity multiplied by the Closing Price;
"Contract Quantity"	means the number of Securities to which a CFD relates;
"Contract Security"	means the Security that forms the subject of a CFD;
"Contract Security Price"	means the current market price of a Contract Security from time to time;
"Current Contract Value"	means the Contract Security Price multiplied by the Contract Quantity from time to time;
"Currency"	means any money circulated within an economy, including coins and paper notes;
"Default"	shall have the meaning given in paragraph 12.4;
"FSA"	means the Financial Services Authority or any successor or replacement organisation or authority for the time being responsible for the regulation of investment business in the UK;
"FSA Rules"	means the rules issued by FSA from time to time and for the time being in force;
"Funding Cost"	means the charges made pursuant to paragraph 11.2 to fund Long and Short Positions;
"LIBOR"	the London Interbank Offered Rate as published by British Bankers' Association at 11 am daily;

"Long Funding Rate"	means an amount determined by CFE from time to time as the funding rate for Long Positions;
"Long Position"	means a CFD pursuant to which a Client notionally purchases a Security;
"Manifest Error"	has the meaning set out in Paragraph 20;
"Margin"	means any payments or additional payments or provision of Collateral to be made by a Client in accordance with paragraph 6;
"Margin Call"	has the meaning set out in paragraph 8.2;
"Margin Payment"	means a payment or provision of Margin either pursuant to a Margin Call or otherwise to increase a Client's Available Collateral;
"Margin Percentage"	means the percentage of the Opening Contract Value notified to the Client from time to time that CFE requires to open and maintain a CFD determined either generally for the purposes of these Terms & Conditions or specifically in relation to a CFD. The percentage may be varied by CFE from time to time during the term of the CFD or CFDs.
"Margin Requirement"	means (i) at the time that a CFD is opened, the product of the Opening Contract Value of that CFD and the Margin Percentage and (ii) at any other time, the product of the Current Contract Value of that CFD and the Margin Percentage;
"Non-cash Collateral"	means (i) such Security or Securities as are acceptable to CFE and provided by a Client pursuant to paragraph 6, together with such charging, transfer or other documentation as CFE may require in its absolute discretion less (ii) any collateral or equivalent Security that is from time to time delivered by CFE to the Client;
"Non-cash Collateral Balance"	shall have the meaning given to it in paragraph 3.4;
"Opening Contract Value"	means the Contract Quantity multiplied by the Opening Price;
"Opening Date"	means the date on which a CFD is opened;
"Opening Price"	means the Contract Security Price specified in the Order and accepted by CFE pursuant to paragraph 5.1;
"Order"	means a request from the Client to open a CFD;
"Security"	means either (i) a registered instrument, or a Currency, commodity or share currently listed on a recognised Stock Exchange or traded off-exchange or (ii) an index, option or future;

"Short Funding Rate"	means an amount determined by CFE from time to time as the funding rate for Short Positions;
"Short Position"	means a CFD pursuant to which a Client notionally sells a Security;
"Stock Exchange"	means the exchange where the Contract Security has its primary listing;
"Trade"	means the opening or closing of a CFD in accordance with these Terms & Conditions;
"Trade Date"	means the Opening Date or the Closing Date; and
"Unrealised P&L Balance"	means the aggregate unrealised profit or loss recorded in a Client's Account at any time calculated in accordance with paragraph 3.3.

## **ANNEX 2 ORDER EXECUTION POLICY**

### **1 Introduction**

This Execution Policy applies to Cantor Fitzgerald Europe (“CFE”) in respect of contracts for differences (“CFDs”).

In this document we use “we” or “us” to refer to CFE; and we refer to clients as “you”.

This document gives you information on our execution policy and procedures. We are required to give you information on our execution arrangements in accordance with the Markets in Financial Instruments Directive (“MiFID”), a European-wide measure, as implemented by our regulator, the Financial Services Authority (“FSA”).

In order to indicate your acceptance of this Execution Policy please sign and return the enclosed acceptance form to us prior to 1 November 2007.

### **2 Application**

#### **2.1 General**

The MiFID best execution obligation applies in relation to financial CFDs. It does not apply in the circumstances set out in Appendix 1 as explained below.

#### **2.2 CFDs**

##### **2.2.1 Direct market access**

If we have provided you with direct market access via Fidessa, where you execute the trade in the financial instrument which is to underlay the CFD through the Fidessa system, you are relying solely yourself to achieve best execution. We will simply take the price of that transaction in writing the CFD with you and, as referred to in paragraph 5 of Appendix 1, we will not owe you any best execution obligation. On top of that price we will charge you a fee in accordance our agreement with you. Details of these fees are available on request.

##### **2.2.2 Single venue instruments**

If the CFD that you request relates to a financial instrument that is obtainable only from a single venue, for example it is listed only on one exchange, then our best execution obligation will relate only to execution on that venue. This is explained in paragraph 3 of Appendix 1.

### **3 The execution obligation in relation to CFDs and non-guaranteed price orders**

#### **3.1 Achieving best execution**

Where the best execution obligation applies, in executing the transaction in the underlying financial instrument/asset we must take all reasonable steps to obtain the best possible result on a consistent basis taking into account the factors and criteria set out in 3.2 to 3.4 below. Subject to those factors and criteria, the price at which we execute with you will be the price at which we obtain the underlying financial

instrument/asset (“the underlying hedge”) plus our fee. Details of these fees are available on request.

### **3.2 The factors**

In achieving best execution of the underlying hedge, we will, as relevant and appropriate, take into account a number of factors in choosing the venue, including:

- the price available and the depth of liquidity available at that price;
- transaction costs (i.e. the fees charged for executing an order on a particular venue, clearing and settlement) which are passed on to you indirectly in our fee;
- speed of execution on the market;
- likelihood of execution and settlement (e.g. market liquidity for the particular product);
- the creditworthiness of the venue or the counterparty or central counterparty;
- clearing and settlement arrangements; and
- any other consideration relevant to the execution of the order.

The relative importance of these factors varies between different financial instruments.

Price and costs will determine best execution, although the other factors above may take priority on occasions. The other factors in paragraph 3.2, subject to the criteria in paragraph 3.3, are relevant in achieving that best price.

Where there is only one possible venue where the transaction can be executed, best execution is achieved by execution on that venue.

There is no guarantee that the best possible price will be obtained in all circumstances and, in any event, the factors may lead to a different result in a particular transaction. In particular, the obligation will not apply at a time of severe market turbulence, and/or internal or external system failure where instead the ability to execute orders on a timely basis, or at all, will become the primary factor. In the event of system failure we may not be able to access all of our chosen execution venues.

### **3.3 Criteria relevant in relation to a particular trade**

We will take into account the following criteria in relation to any particular transaction:

- Your characteristics as a client, including your credit risk;
- the characteristics of the order, for example:
  - buy/sell;
  - limit, duration and strategy;
  - on exchange/ off exchange transactions;

- size of the order and likely impact;
- the characteristics of the financial instrument, for example:
  - equities or fixed income securities;
  - liquid or illiquid;
- the characteristics of the venues (if there is more than one); and
- any other circumstances relevant at the time.

### 3.4 Trading venues

Execution venues are a regulated market, multilateral trading facility (MTF, which operates like an exchange), a firm itself acting as a market maker or dealing for its own account, a systematic internaliser, or other liquidity providers either within or outside the EU.

The venues on which we place significant reliance, i.e. the venues on which we will typically execute transactions, are as follows:

- Equity:
  - listed or exchange traded equity instrument: on the exchange with the principal pool of liquidity or the only exchange of listing or trading;
  - over the counter (OTC) (i.e. off exchange) equity instrument: with an appropriate vendor/purchaser;
- Fixed income instruments:
  - listed or exchange traded instrument: on the exchange with the principal pool of liquidity or the only exchange of listing or trading;
  - over the counter (OTC) (i.e. off exchange) instrument: with an appropriate vendor/purchaser;
- FX: CFE operates an FX business and we are satisfied that based on the prices and spreads we are able to obtain from our liquidity providers, the availability, quality of service and speed of execution provided, we are able to comply with our best execution obligations where any FX price is required. A historic analysis of our FX prices is available on request.
- Commodity:
  - commodities traded on a single exchange: on the relevant exchange;
  - all other commodities: on the exchange with the principal pool of liquidity and which is open at the time an order requires execution;
  - over the counter (OTC) (i.e. off exchange): with an appropriate vendor/purchaser.
- Derivatives over indices:

- derivatives over indices traded on a single exchange: on the relevant exchange;
- all other derivatives over indices: on the exchange with the principal pool of liquidity and which is open at the time an order requires execution.

A list of the main trading venues by class of instruments is included in Appendix 2. These lists are not exhaustive and execution may occur on alternative venues or with alternative broker-dealers from time to time provided that those venues or broker-dealers are consistent with this Policy.

#### **4 Monitoring best execution**

We review our policy and procedures annually and where there is a material change in execution arrangements to see whether best results are achieved for all clients as a whole on a consistent basis.

#### **5 Other execution matters**

##### **5.1 Carrying out client orders**

Otherwise comparable client orders communicated to us in the same form will be carried out sequentially and all client orders handled in a timely fashion unless the characteristics of the order or prevailing market conditions make this impracticable, or the interests of the client require otherwise.

##### **5.2 Transactions executed outside a regulated market or MTF**

In some instances, orders relating to financial instruments admitted to trading on a regulated market or traded on a multilateral trading facility may be executed outside that regulated market or multilateral trading facility.

#### **6 Amendment**

This Execution Policy may be amended by us from time to time and will be either sent to you or posted to our website (with a postal or email notification to you).

**APPENDIX 1**  
**CIRCUMSTANCES WHERE BEST EXECUTION DOES NOT APPLY OR WHERE ITS**  
**APPLICATION MAY BE LIMITED**

**1 Client categorisation**

Best execution applies if you have been categorised as a Retail or Professional Client, but not if you have been categorised as an Eligible Counterparty. To determine your categorisation you should refer to the categorisation letter sent to you.

**2 Dealing on an “RFQ” basis**

MiFID applies the best execution obligation where we receive from you an “order” to buy or sell for you, and not where we quote a price to you on request. This is called dealing on a “Request for Quote” or “RFQ” basis. The distinction is between:

- where you are relying on us to get you the best price, i.e. for us to act on your behalf in protecting your interests. Here, the best execution obligation would apply, and
- where you merely request a price from us, or take a price from us, making your own decision as to whether it is the best price. In this, RFQ, situation we do not owe you best execution.

**3 Single venue transactions**

The nature of the transaction may result in there being only one place where it possibly could be executed and, therefore, the only pricing consideration will be time of execution. It, therefore, precludes the use of comparable prices. An example is a share which is listed or traded on only one exchange.

**4 Specific instructions**

Where we have accepted specific instructions from you we will follow them, and therefore will not be obliged to provide best execution to the extent of the specific instructions. For example, we may be told to execute the trade in XYZ securities on a specific venue or market or at a specific price (whether or not a limit order). We will have no further responsibility for selecting the venue of execution or price, as the case may be, but will retain any discretion over other aspects of the execution, such as timing.

You may give us specific instructions in relation to (for example):

- a specific venue; or
- a specific broker for execution; or
- a specific timeframe; or
- a specific price.

You should be aware that any such specific instruction may, by its very nature, prevent us from taking the steps set out in this Execution Policy to obtain the best possible result for the execution of orders.

**5 Direct market access**

Where you have direct market access through an electronic interface provided by us, then you have taken responsibility for achieving best execution and the timing and price and other

aspects of execution are not part of the service that we provide to you. We regard this as a particular example of Specific Instructions in paragraph 4 above.

## **6 Unwinding a position for you**

Where we are required to unwind a position for you otherwise than on your specific instructions (for example, where you are in default under your Terms of Business) it is not an order subject to best execution. However we will observe when unwinding positions all other relevant obligations under the rules of the FSA with which we must comply.

**APPENDIX 2  
PRINCIPAL LIST OF VENUES**

**1 Equity**

UK: LSE

France, Belgium, Portugal and Holland: Euronext

Italy: Borsa Italia

Sweden, Finland, Denmark and Norway: OMX

Switzerland: Virt-X and SWX

Germany: Xetra

Spain: IBEX

Austria: Vienna Bourse

Greece: Athens Stock Exchange

Turkey: Istanbul Stock Exchange

USA: NYSE, NASDAQ and AMEX

Canada: TSX

South Africa: JSX

Japan: TSE and OSX

Hong Kong: Hang Seng

Australia: ASX

Singapore: STIX

**2 Fixed income**

Bund, Bobl and Schatz: Eurex

Short Interest Rate Futures: CME

Fixed Income Futures: CBOT

**3 FX**

Cantor Fitzgerald Europe

**4 Commodities**

Light Sweet Crude: Nymex

Natural Gas: Nymex

Heating Oil: Nymex

RBOB Gasoline: Nymex

Gold: COMEX

Silver: COMEX

Platinum: COMEX  
Copper: COMEX  
Palladium: COMEX  
Frozen Orange Juice: NYBOT  
Cocoa: Euronext LIFFE  
Coffee: NYBOT  
Robusta Coffee: Euronext LIFFE  
Sugar No.11: NYBOT  
White Sugar: Euronext LIFFE  
Cotton No. 2: NYBOT  
Corn: CBOT  
Wheat: CBOT  
Oats: CBOT  
Soybean: CBOT  
Soybean Oil: CBOT  
Live Cattle: CME  
Cattle Feeder: CME  
Pork Bellies: CME

## **5 Derivatives over indices**

FTSE 100 Index: LIFFE  
Dow Jones Index: CBOT  
Dow Jones Index Mini: CBOT  
DAX 30: Eurex Deutschland  
CAC 40: Euronext  
S & P 500: CME  
Mini S & P: CME  
NADAQ 100: CME  
Mini NASDAQ 100: CME  
Nikkei 225: SGX  
Nikkei 225 (CME): CME  
Hang Seng: Hong Kong Futures Exchange

### **ANNEX 3 CONFLICTS OF INTEREST POLICY**

#### ***Disclosure to you***

We shall not be obliged to disclose to you or take into consideration any fact, matter or finding which might involve a breach of duty or confidence to any other person, or which comes to the notice of any of our directors, officers, employees or agents but does not come to the actual notice of the individual or individuals dealing with you. In accordance with the FSA Rules and our own Conflicts of Interest Policy, we have in place arrangements to manage conflicts of interest that arise between ourselves and our clients and between our different clients. Where we do not consider that the arrangements under our Conflicts of Interest Policy are sufficient to manage a particular conflict, we will inform you of the nature of the conflict so that you can decide how to proceed.

Cantor has established procedures which are designed to identify and manage any conflicts of interest. These include organisational and administrative arrangements to safeguard the interests of clients. A key element of this policy is that persons engaged in different business activities involving a conflict of interest must carry on those activities independently of one another. Where necessary, Cantor maintains arrangements which restrict the flow of information to certain employees in order to protect its clients' interests and to prevent improper access to client information.

#### ***No fiduciary duties***

The relationship between you and us is as described in these Terms. Neither that relationship, nor the services we provide nor any other matter, will give rise to any fiduciary or equitable duties on our part or on the part of any Affiliate which would prevent or hinder us or any Affiliate in doing business with or for you, acting as both market maker and broker, principal and agent, or in doing business with any Affiliate connected clients and other investors whether for our own account, your account or for the account of any Affiliate connected clients and other investors, and generally acting as provided in these Terms.

**ANNEX 4**  
**GENERAL RISK DISCLOSURE NOTICE**

**1. Understanding the risks of Contracts for Difference**

- (a) You should not deal in contracts for differences (CFDs) unless you understand the nature of the contract you are entering into and the extent of your exposure to risk. You should also be satisfied that the contract is suitable for you in light of your circumstances and financial position.
- (b) Although CFDs can be utilised for the management of investment risk, they may be unsuitable for many investors. In deciding whether to trade in CFDs you should, among other things, consider the matters contained in this notice.
- (c) The general description of the nature and risks of trading in CFDs contained in this notice is not necessarily a comprehensive description of all aspects of CFDs.

**2. CFDs**

- (a) A CFD is a contract between two parties (you and CFE) to exchange cash equal to the difference between the price of an underlying instrument (eg a share, index or commodity) at the opening of the contract and the instrument's price at the closing of the contract multiplied by the number or amount of the instrument to which the contract relates.
- (b) CFDs allow you to trade on the upward or downward movement in price of an underlying instrument. If you trade on the upward movement of an underlying instrument (referred to as "buying a CFD), you benefit when the closing price of the CFD is higher than the opening price. Alternatively, if you trade on the downward movement of an underlying instrument (referred to as "selling a CFD" you benefit when the closing price of the CFD is lower than the opening price.
- (c) It is important to note that when you trade in CFDs, you are not buying or selling the underlying instrument, rather you are trading on the upward or downward movement in price of the underlying instrument. CFDs are always settled in cash.
- (d) The risk of loss in trading CFDs can be substantial. The 'gearing' or 'leverage'

often obtainable in CFDs means that a small deposit or down payment can lead to large losses as well as gains, far in excess of the deposit amount. 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.

- (e) CFDs have a contingent liability. And you should be aware of the implications of this, in particular the margining requirements. You may sustain a total loss of the funds that you deposit with us to establish or maintain a position in the CFD market, and you may incur losses beyond these amounts. If the market moves against your position, you may be called upon by us to deposit a substantial amount of additional margin funds on short notice in order to maintain your position. If you do not provide the required funds within the time required by us, your position may be liquidated at a loss, and you will be liable for any resulting deficit in your account.

### **3. Foreign Markets**

Foreign markets will involve different risks from the UK markets. In some cases the risks will be greater. The potential for profit or loss from transactions on foreign markets or in contracts denominated in foreign currency will be affected by fluctuations in foreign exchange rates. Such transactions may also be affected by exchange controls that could prevent or delay performance.

### **4. Liquidating Positions**

Under certain trading conditions it may be difficult or impossible to liquidate a position. This may occur, for example, at times of rapid price movement if the price rises or falls in one trading session to such an extent that under the rules of the relevant Market, trading is suspended or restricted or if the systems of the relevant Market cannot function for any reason.

### **5. Insolvency**

Our insolvency or default may lead to positions being liquidated or closed out without our consent. In certain circumstances, you may not get back the actual assets which you provided as collateral and you may have to accept any available payments in cash.

## **6. General Information**

- (a) The price and liquidity of any investment depends upon the availability and value of the underlying instrument, which can be affected by a number of extrinsic factors including, but not limited to, political, environmental and technical factors. Such factors can also affect the ability to settle or perform on time or at all.
  
- (b) Any payments made or received in relation to any investment may be subject to tax and you should seek professional advice in this respect.

## **ANNEX 5 COMPLAINTS HANDLING**

CFE operates and maintains the procedure set out below with the aim of dealing with complaints promptly, reasonably and fairly in a manner that satisfies the FSA's complaints handling procedures.

Any complaints relating to business carried out under the Cantor Fitzgerald Europe CFD Terms & Conditions (the "Terms") is eligible for consideration under this procedure.

### **What is a complaint?**

For the purposes of the Terms, a complaint will be construed as having its literal meaning, and will include an expression of dissatisfaction with regard to business carried out in pursuance of the Terms.

### **Availability of the CFE Complaints Handling Procedure**

Whilst details of the CFE Complaints Handling Procedure are made available as part of the Terms which must always be executed prior to any business being conducted with CFE, the Complaints Handling Procedure will also always be made available by CFE to an eligible complainant on request or when acknowledging a complaint.

### **How should a complaint be made?**

Complaints in the first instance should be addressed to the Client Services department of CFE CFDs. Should the complainant not receive a satisfactory response from the Client Services department, or the Client Services department believe the complaint to be of a nature or content that is best handled by the Compliance Department, the complaint should be referred to the Head of Compliance of CFE. Complaints can be addressed to the Client Services or Compliance departments by any reasonable means.

### **How will CFE act on a complaint?**

Once a complaint has been received by CFE, it will:

1. investigate the complaint competently, diligently and impartially;
2. assess fairly, consistently and promptly:
  - 2.1 the subject matter of the complaint;

- 2.2 whether the complaint should be upheld;
  - 2.3 what remedial action or redress (or both) may be appropriate;
  - 2.4 if appropriate, whether it has reasonable grounds to be satisfied that another FSA regulated firm may be solely or jointly responsible for the matter alleged in the complaint;
- taking into account all relevant factors;
3. offer redress or remedial action when it decides this is appropriate;
  4. explain to the complainant promptly and, in a way that is fair, clear and not misleading, its assessment of the complaint, its decision on it, and any offer of remedial action or redress; and
  5. comply promptly with any offer of remedial action or redress accepted by the complainant.

Factors that may be relevant in the assessment of a complaint might include the following:

1. all the evidence available and the particular circumstances of the complaint;
2. similarities with other complaints received by CFE;
3. relevant guidance published by the FSA, other relevant regulators, and the Financial Ombudsman Service; and
4. appropriate analysis of decisions by the Financial Ombudsman Service concerning similar complaints.

CFE aims to resolve complaints at the earliest possible opportunity, minimising the number of unresolved complaints which need to be referred to the Financial Ombudsman Service.

### **Time limits for dealing with complaints**

Where possible, and assuming the nature of the complaint facilities this, CFE will aim to resolve complaints prior to close of the next business day. The criteria noted above under “How will CFE act on a Complaint?” will be applied in this regard. A complaint will be regarded as closed once the complainant has indicated acceptance of CFE’s response. Such acceptance need not be in

writing, although where this is the case CFE will make a written record of the Complainant's acceptance.

Should it not be possible to conclude a complaint prior to close of the next business day, CFE will:

1. Promptly acknowledge the complaint in writing and advise that it is investigating the issue.
2. Keep the Complainant apprised of progress of the investigation as appropriate.

CFE will investigate complaints in accordance with the criteria noted above ("How will CFE act on a complaint?") and issue a final response to the Complainant within 8 weeks of the date of receipt of the complaint. The final response should cover the following:

1. Offer redress or remedial action if appropriate, or reject the complaint explaining the reasons why.
2. Advise the Complainant that if CFE does not receive a response to the complaint within 8 weeks it will consider the complaint closed.
3. Refer the complainant to the availability of the Financial Ombudsman Service should they remain unhappy with CFE's final response, and that referrals must be made within 6 months of receipt of the final response.

Should CFE be unable to respond to a complainant within 8 weeks for any reason, CFE will write to the Complainant and advise:

1. Why CFE is unable to provide a final response and when it anticipates being able to issue one.
2. The Complainant of their right to refer the complaint to the Financial Ombudsman Service (as part of this a copy of the Financial Ombudsman Service standard explanatory leaflet will be supplied).