

# Investors' Agreement

Version 4 dated 22 February 2017

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## PRELIMINARY

### 1. Introduction

- 1.1. We, UK Bond Network Limited, operate an online platform which enables eligible investors to subscribe for new issues of debt securities ("**Bonds**" as defined in this "Investors' Agreement"), typically issued by small to medium-sized UK businesses. We also offer the opportunity for an Investor to sell their Bonds through the Platform.
- 1.2. There is no charge for becoming a member of UK Bond Network Limited's platform, but only experienced and appropriate investors will be accepted. You must fulfil our eligibility requirements in order to become a member of the Platform, after which you can access investment information, transfer funds and participate in auctions for bonds. In any case, becoming a member of our online bond platform is only for investors who can show that they are sufficiently sophisticated to understand the risks involved, who can provide necessary information regarding their identity and authority and who pass regulatory anti-money laundering checks.
- 1.3. For the purposes of the Financial Services and Markets Act 2000, UK Bond Network is authorised and regulated by the Financial Conduct Authority ("**FCA**"). Settlement and custody services are currently provided by Jarvis Investment Management Limited (which is also regulated and authorised by the Financial Conduct Authority) ("**Jarvis**"). Further details about us and Jarvis are given in the Regulatory Information section of this Investors' Agreement.
- 1.4. We are required to classify you in accordance with the FCA Rules. Unless we and you expressly agree otherwise, we and Jarvis propose to treat you as a retail client for the purposes of FCA Rules, and you agree to such classification and to being treated as a retail client.
- 1.5. **You should read this Agreement carefully and print or save a copy for your future reference. Except as stated otherwise in this Agreement (including by reference to other documents), this Agreement sets out all the terms agreed between you and us in relation to your membership and use of our platform and constitutes our Client Agreement with you. In particular, you should ensure that you are aware and understand clauses relating to our liabilities to one another at clauses 21 and 22.**
- 1.6. If you are an individual, this Agreement will take effect once you confirm your acceptance of it through our on-line registration process. Do not accept this Agreement unless you agree with its terms. If you have any questions about this Agreement you should contact us by e-mail or telephone using the contact details set out in Clause 26.
- 1.7. We handle the sign-up of clients who are not individuals (for example, companies and trusts) by means of an offline process, and in such case this Agreement will take effect when it is agreed to by authorised officers of the entity concerned.

### 2. Interpretation

- 2.1. Unless the context otherwise requires, the following definitions apply in this Agreement:

"**AML Requirements**" means the requirements of our internal procedures, and of any other legislation, regulation or rule applicable to us relating to anti-money laundering, counter-terrorist financing, financial sanctions or similar regulatory issue;

"**Auction**" means an auction for Bonds to be arranged by us via the Platform pursuant to this Agreement;

"**Auction-determined Rate**" has the meaning given in clause 7;

"**Bonds**" means debt securities, debentures and other investments as defined in article 77, 77A, 79 or 80 of the RAO which are offered for subscription by Investors via an Auction on the Platform;

"**Bondholders**" means those Investors who have made valid commitments via the Platform to subscribe for Bonds pursuant to an Auction and to whom such Bonds are issued, or who are shown in the nominee register maintained by the Nominee as the holder of a particular principal amount of Bonds ;

"**Business Day**" means a day (excluding Saturdays, Sundays and public holidays) on which banks in the City of London are normally open for business;

"**Consumer**" means an individual Investor who is not using the Platform in the course of any trade, business or profession he is carrying on;

**“Custodian”** means Jarvis, or such other person as we may nominate from time to time to provide custody and settlement services in accordance with this Agreement;

**“Data Protection Act”** means the Data Protection Act 1988;

**“FCA”** means the Financial Conduct Authority or any successor body;

**“FCA Rules”** means the Handbook of Rules and Guidance of the FCA as amended from time to time;

**“Force Majeure Event”** has the meaning given in clause 23.1.

**“FSMA”** means the Financial Services and Markets Act 2000;

**“Issuer”** means a business which is willing to issue Bonds for subscription by Investors in an Auction;

**“Issuer-determined Rate”** has the meaning given in clause 7;

**“Investment Cash”** means money an Investor has deposited in the Jarvis Cash Account enabling the Investor to participate in an Auction and subscribe for Bonds up to the amount the Investor has so deposited;

**“Investor”** means a Member of the Platform who has been registered as an Investor and thus is able to view Offer Documents, participate in Auctions and subscribe for Bonds;

**“Jarvis”** means Jarvis Investment Management Limited, a company incorporated and registered in England and Wales with company number 01844601 whose registered office is at 78 Mount Ephraim, Royal Tunbridge Wells, Kent TN4 8BS;

**“Jarvis Agreement”** has the meaning given in clause 12;

**“Jarvis Cash Account”** means the Client Money Account(s) maintained by Jarvis in accordance with the Jarvis Agreement and FCA Rules;

**“Jarvis Services”** has the meaning given in clause 12;

**“Lower-rate Bidders”** has the meaning given in clause 7.5.4;

**“Nominee”** means the Nominee appointed by the Custodian to hold investments on behalf of Bondholders;

**“Offer”** means an Issuer’s indication of willingness to issue Bonds in accordance with Offer Documents;

**“Offer Documents”** means the document(s) which an Issuer prepares and makes available on the Platform to Investors in connection with its Offer, which may consist of one or a series of documents and which may be described as a presentation, term sheet, invitation memorandum, offering circular, or some similar term;

**“Offer Period”** means the period stated in the Offer Documents in which Investors can bid on the Platform to subscribe for Bonds;

**“Offer to Sell”** has the meaning given in clause 9.1;

**“Offer to Buy”** has the meaning given in clause 9.2;

**“Platform”** means our website and systems upon which we provide you with services in accordance with this Agreement;

**“Privacy Policy”** means the document of that name relating to use of the Platform and information relating to you which can be found at <https://www.ukbondnetwork.com/privacy-policy>;

**“RAO”** means the Financial Services and Markets Act (Regulated Activities) Order 2001;

**“Review”** has the meaning given in clause 6.2.

**“Security Details”** has the meaning given in clause 5.8;

“**Target Amount**” means the amount of capital which an Issuer seeks to raise by way of subscription for Bonds via the Platform, which may be a single fixed amount or an amount for which an Issuer has specified a minimum and maximum amount of capital sought;

“**Target Range**” means the range of interest rates within which, in the context of an Offer at an Auction-determined Rate, an Issuer indicates that it wishes to raise capital;

“**Termination**” means ending this Agreement in accordance with clause 19 or otherwise;

“**Terms of Use**” means the document of that name relating to use of the Platform which can be found at <https://www.ukbondnetwork.com/terms-of-use>; and

“**UKBN**”, “**we**”, “**us**” and “**our**” means UK Bond Network Limited.

- 2.2. A reference to a clause, the schedule or a paragraph is a reference to a clause, the schedule or a paragraph of the schedule of this Agreement.
- 2.3. A reference to a person includes a natural person, corporate or unincorporated body (whether or not having separate legal personality).
- 2.4. Words in the singular include the plural and vice versa.
- 2.5. Use of any gender includes other genders.
- 2.6. Headings are for reference only and shall not affect the interpretation of this Agreement.
- 2.7. A reference to a statute or statutory provision or any provision of FCA Rules is a reference to it as amended, extended or re-enacted from time to time.
- 2.8. A reference to a statute or statutory provision shall include all subordinate legislation made under that statute or statutory provision.
- 2.9. A reference to any agreement or document is a reference such agreement or document as varied, superseded or novated from time to time.
- 2.10. Terms defined in FCA Rules which are used in but not otherwise defined in this Agreement shall have the meaning set out in the Glossary of FCA Rules.
- 2.11. A reference to **writing** or **written** includes e-mail or other similar electronic communication, unless specifically stated otherwise in this Agreement.

## APPLYING FOR MEMBERSHIP OF THE PLATFORM

### 3. Description of our services

- 3.1. In accordance with the provisions of this Agreement, we shall make the Platform available to eligible Investors who wish to subscribe for Bonds and:
  - 3.1.1. make Offer Documents available on the Platform and operate Auction processes;
  - 3.1.2. in conjunction with Jarvis, arrange for settlement and custody services in respect of any Bonds for which Investors subscribe; and
  - 3.1.3. provide a facility for Investors to seek to sell their Bonds through the Platform.
- 3.2. Neither we nor Jarvis or any of our or their directors, officers, employees or agents shall provide you any personal recommendation or advice on any investments or any advice as to taxation or other issues relating to your subscribing for, holding or disposing of the Bonds.
- 3.3. Neither we nor Jarvis nor any of our or their directors, officers, employees or agents shall have any responsibility to ensure that any investment or transaction is suitable for you. You should take your own independent professional advice as whether investment in the Bonds is suitable for you.
- 3.4. We operate requirements in relation to the appropriateness for Investors of an investment in Bonds (including the requirements set out in clauses 4 and 5), but we do this only to the extent necessary to comply with FCA Rules and to ensure the Platform operates on the commercial basis intended. Our

permitting you to use the Platform is not a representation or advice to you that investment in Bonds is suitable for you.

#### **4. Eligibility criteria**

- 4.1. In order to be eligible to become an Investor, you must:
- 4.1.1. if you are an individual, be permanently resident in the United Kingdom and be aged 18 years or over;
  - 4.1.2. if you are not an individual, provide us with such confirmations of your corporate or business status and other documentation as we shall require;
  - 4.1.3. confirm your agreement with this Agreement and complete all acknowledgements of any risk warnings or other documents as required by us or Jarvis;
  - 4.1.4. if you are an individual, provide us with a statement in the form required by us that you are High Net Worth Investor or a Self-Certified Sophisticated Investor in accordance with FCA Rules, and additionally confirm to our satisfaction that you have the experience and knowledge to understand the risks involved in investing in Bonds (for the avoidance of doubt, we shall require such certification or confirmation whether or not any Bonds for which you may wish to subscribe are issued by unlisted companies or are Non-readily Realisable Securities in accordance with FCA Rules); and
  - 4.1.5. provide us with acceptable identity and other information in order for you to satisfy our AML Requirements.
- 4.2. You may not register more than once on the Platform, unless any subsequent registration is in the form of a joint account with another person, or is the corporate or trust account of a different entity (for which you are an authorised operator or controller).

#### **5. Becoming an Investor**

- 5.1. In order for us to register you as an Investor of the Platform you (and thus for you to be able to view Offer Documents, participate in Auctions and subscribe for Bonds), you must satisfy the eligibility criteria as set out in clause 4 and confirm to us that you do so.
- 5.2. In order to remain registered as an Investor, you must, on our request, provide such further information or confirmations and answer such further questions as we may ask from time to time, which may for individuals include (without limitation) your confirming that you continue to fulfil the criteria for a High Net Worth Individual or a Self-Certified Sophisticated Investor (as the case may be) in accordance with clause 4 of this Agreement.
- 5.3. You must answer truthfully all questions put to you in accordance with clauses 4 and 5. You must also provide all information required by Jarvis to provide the Jarvis Services, including details of your bank account (which must be in your name, or the name of the corporate or trust entity which is seeking membership) which you will use for transfer of funds to the Jarvis Cash Account and for receipt of any payments, and you must provide any tax or other relevant details they request. You must inform us of any changes to the details with which you have provided us or Jarvis.
- 5.4. If, as a result of your responses to our questions, it appears to us that investment in Bonds via our Platform may not be appropriate for you, we may refuse to allow you to register as an Investor or may de-register you as an Investor. Our decision as to this will be final. You agree that you will not try seek registration or re-registration as an Investor for a period of six months following such refusal (whether using alternative e-mail addresses on the Platform or otherwise).
- 5.5. Without limiting clause 5.4, we may refuse to allow you to be registered as an Investor (or to continue to be registered as an Investor) in our discretion, without giving any reason.
- 5.6. If you are a company, corporation, unincorporated association or partnership formed in any jurisdiction (whether or not having separate legal personality) you confirm that you have the appropriate internal corporate authorisation to enter into this Agreement on behalf of such entity or association and that the entity or association on whose behalf you are entering into the Agreement accepts and shall be bound by this Agreement.

- 5.7. Unless we specifically agree otherwise in writing, you invest on your own account and not on behalf of any third party. Unless we agree otherwise, you are the client of us and Jarvis, and you are not acting as trustee, broker, investment manager, agent of or otherwise acting on behalf of a third party.
- 5.8. We may arrange security details for accessing the Platform, including a user name, password and security questions (“**Security Details**”). You must keep the Security Details safe at all times and should not disclose them to any third party. You must tell us immediately if there is any breach of security, loss, theft or unauthorised use of any of the Security Details. You shall be responsible for any use of the Security Details where you have allowed another person to use them deliberately, negligently or in breach of this Agreement.
- 5.9. We shall be entitled to treat any instruction (including any bid in an Auction) as genuine if we believe in good faith that the instruction is from you or is authorised by you and is given in accordance with any Security Details agreed with you.

## THE INVESTMENT PROCESS

### 6. Offer Documents

- 6.1. All Offers of Bonds, which appear on our Platform will have Offer Documents. You should read the Offer Documents carefully to ensure that you understand the structure and characteristics of the Bonds that are being offered and the risks arising in relation to them.
- 6.2. Unless the Offer Documents provide otherwise, we will use reasonable care to ensure that the Offer Documents comply with applicable FCA Rules, including that they are fair, clear and not misleading, and as required by FCA Rules to review the Offer Documents in this respect before they are made available on the Platform (a “**Review**”). Our Review of the Offer Documents does not constitute any recommendation or advice as to the merits of investing in any Bonds.
- 6.3. In conducting its Review of the draft Offer Documents prepared by the Issuer, we may ask questions of the Issuer in order to assess the reliability of any factual statements, estimates or projections in the Offer Documents. The Review does not constitute a comprehensive audit of the Issuer and in conducting its review we are entitled to rely on assurances and confirmation from the Issuer and/or its advisers. We do not guarantee the accuracy of any information supplied by the Issuer. You should consider the risks of investing before making any bid to invest in any Bonds.

### 7. The Auction

- 7.1. The Offer Documents will state a **Target Amount** and an **Offer Period** (which will not usually be less than 7 days) as well as the rate at which the Issuer wishes to pay interest on any Bonds issued in accordance with this clause 7, which interest rate may:
  - 7.1.1. be described by a specified range (a “**Target Range**”), in which case the interest rate shall be finally determined by the Auction process in accordance with clause 7.5 of this Agreement (an “**Auction-determined Rate**”); or
  - 7.1.2. be a single interest rate stipulated by the Issuer in the Offer Documents (an “**Issuer-determined Rate**”).
- 7.2. Investors can then bid by indicating via the Platform the amount of the relevant Bonds for which they would be prepared to subscribe and (in the case of an Offer where the Offer Documents provide for an Auction-determined Rate) the interest rate (within the Target Range) that they wish to receive (in whole-number multiples of one quarter of one percent).
- 7.3. Bids made by investors may be accepted in part, to the extent that part of the bid is successful, in the Auction process.
- 7.4. An Investor may make more than one bid in an Auction, but may not amend a bid once made except that, where the Offer Documents provide for an Auction-determined Rate, an Investor may amend a bid in order to reduce (but not increase) the interest rate that they wish to receive.
- 7.5. An Investor shall not be able to make a bid or bids in an aggregate amount that exceeds the Investment Cash it has deposited in the Jarvis Cash Account.
- 7.6. Where Offer Documents indicate that Bonds will be issued at an Auction-determined Rate, then:
  - 7.6.1. the Offer Documents will stipulate a Target Range and a Target Amount.

- 7.6.2. Investors may bid the amount they wish to invest, for the interest rate they wish to receive within the Target Range, specifying whether they wish their bid to be a Full Bid or a Partial Bid.
- 7.6.3. if there are sufficient bids to equal or exceed the Target Amount, then the Issuer will, subject to this clause 7 and clause 8, issue Bonds in an amount of at least the minimum specified as part of the Target Amount (or, if no minimum is specified, the Target Amount).
- 7.6.4. any Bonds shall be issued to those Investors whose bids taken in aggregate equal or exceed the Target Amount, starting from those which are at the lowest end (as among the bids) of the Target Range ("**Lower-rate Bidders**") (until the Target Amount is met). The effect of this is that the Auction process naturally favours those who bid at lower rates within the Target Range.
- 7.6.5. any Bonds will be issued at a single interest rate, corresponding to the highest rate within the Target Range bid by those Investors whose aggregate bids make up the Target Amount.
- 7.6.6. in the event that an Offer at an Auction-determined Rate is over-subscribed, successful bids will be allocated by means of the Auction in accordance with clause 7.7 of this Agreement, which gives priority to those who bid earliest (or in such other way as is specified in the Offer Documents).
- 7.7. Where Offer Documents indicate that Bonds will be issued at an Issuer-determined Rate, Bonds will be issued at the Issuer-determined Rate to those Investors whose aggregate bids equal the Target Amount. If such an Offer is over-subscribed, then Bonds will be allocated to those who bid at the lowest interest rates, then to those investors who bid earliest, in amounts that in aggregate make up the Target Amount.
- 7.8. The Auction is operated by us on the basis of a proprietary algorithm which operates in accordance with this clause 7. The results of the Auction will be conclusive and cannot be challenged. We will inform you by e-mail whether or not your bid has been successful. In the event that the Auction has not ended but the Auction process indicates that your bid will not be successful, we may invite you to amend your bid, however we do not commit to doing so.
- 7.9. Subject to compliance with all other terms of the Offer and this clause 7, the Issuer will only issue Bonds if Investors have, in aggregate, bid amounts which equal the Target Amount, which means:
- 7.9.1. if a minimum has been specified as part of the Target Amount, the Issuer will issue Bonds for such minimum amount (and may in its discretion issue Bonds up to the amount of any maximum it has specified as part of the Target Amount); or
- 7.9.2. if the Target Amount is a single fixed amount, the Issuer will issue Bonds in such amount.
- 7.10. If Investors have not made bids which in aggregate equal or exceed the Target Amount, and which comply both with the terms of the Offer and this clause 7, before the end of the Offer Period, then the Offer will lapse.
- 7.11. When you make a bid in an Auction, your bid has the effect of confirming to us and Jarvis that all of the information that you have provided pursuant to clauses 5.1 and 5.2 remains true and accurate in all respects, and that you understand and accept all of the risks set out in clause 15 of this Agreement and in the relevant Offer Documents. You should only bid if this information and these confirmations remain true and reliable when you bid. You will also be required to provide further confirmations when you make a bid, including your acceptance of the terms of the Offer and your eligibility to invest in accordance with the terms of the Offer.
- 8. Settlement and issue of Bonds**
- 8.1. If via the Auction, there are sufficient bids to equal or exceed the Target Amount and the Issuer has determined the amount of Bonds which it is to issue, then the Issuer will arrange, in conjunction with us and Jarvis, for the issue of the Bonds. If you are a successful bidder in an Auction, the Investment Cash which you have committed to subscription will be applied by Jarvis in paying subscription monies to the Issuer. You will be sent a confirmation of your subscription(s) in accordance with FCA Rules and the Jarvis Agreement.
- 9. Selling and Buying Issued Bonds**
- 9.1. Via the Platform, we offer the opportunity for Investors to sell their Bonds to other Investors who may wish to buy their Bonds (an "**Offer to Sell**").

- 9.1.1. Investors can submit an Offer to Sell to us, specifying the bond, quantity and price of the intended offer.
  - 9.1.2. On receipt of the proposed Offer to Sell we will review the terms, at which point we have discretion not to allow the proposed Offer to Sell to be placed on the Platform.
  - 9.1.3. If we do not exercise this discretion then the details of the Offer to Sell will be made available on the Platform to other registered Investors.
  - 9.1.4. The Offer to Sell will remain on the platform until another Investor indicates that they would like to purchase the Bonds, it is withdrawn from the Platform by the selling Investor, or the bond is repaid by the Issuer.
- 9.2. A willing purchaser of the Offer to Sell, will submit a request to buy (an “**Offer to Buy**”) and we will receive a notification of the proposed Transaction request.
- 9.2.1. A proposed purchase of Bonds through the Platform is only available to eligible Investors being those persons that are registered on the Platform and as such have entered into this Agreement.
  - 9.2.2. Any purchaser will need to recompense the Seller for accrued interest already earned. The amount of accrued interest payable will be calculated by the Platform and both buyer and seller will be informed of this.
  - 9.2.3. On receipt of the notification we will review the terms of the proposed Transaction and the Investors involved, at which point we have the discretion not to allow the proposed Transaction to proceed. The agreement between the Investors is binding save for us exercising our discretion and not allowing the Transaction to proceed.
  - 9.2.4. If we do not exercise this discretion, then the transaction will proceed, and once we are in receipt of funds we will arrange with Jarvis to effect the transaction and update the nominee register.
  - 9.2.5. The nominee register will generally be updated three business days after any transaction is agreed, unless this date also falls on the date of a scheduled repayment, in which case the nominee register will be updated four business days after the transaction is agreed.
  - 9.2.6. We will not be liable to any party in the event that we decide to exercise our discretion and consequently a transaction does not take place. If we do exercise our discretion in this event, all parties will be notified, the reasons behind the decision explained, and the Offer to Sell will be relisted for other investors to view.
- 9.3. We will not undertake, or be responsible for, any verification of the terms of any proposed sale of Bonds through the Platform. Any proposed purchaser would need to decide on the merits of entering into any transaction and in particular clauses 3.3 and 3.4 apply to any transactions of Issued Bonds that take place on the Platform.

## 10. Execution

- 10.1. You agree that we may act as your agent both in executing any orders and in relation to the Jarvis Services.
- 10.2. You agree that we may pass your instructions relating to bids or Bonds for which you have subscribed to Jarvis in respect of the Jarvis Services, including arranging settlement and custody services in respect of any subscription by you of Bonds.
- 10.3. In so far as we provide any services relating to the execution of your orders, you agree that:
  - 10.3.1. we shall act on an execution-only basis and shall provide no advice or recommendation to you;
  - 10.3.2. You agree that, in connection with Bonds issued via our Platform there will be no alternative execution venues to the arrangements set out in this Agreement and the price of any Bonds shall be determined solely in accordance with the Offer Documents and clause 7, and accordingly, transactions via our Platform shall be deemed to be specific instructions to effect a transaction in accordance with this Agreement;

- 10.3.3. to the extent reasonably necessary Jarvis may aggregate orders in arranging or effecting subscription for you; and
- 10.3.4. you understand that Bonds issued via our Platform will not be issued or traded on, or in accordance with, the rules of any Regulated Market or Multilateral Trading Facility.

10.4. Where Bonds are secured on assets of the Issuer, these will in most cases be held on behalf of holders of Bonds by a security trustee. The security trustee may be us or a third party specified in the Offer Documents. Where there is a security trustee, you will have no right directly to enforce any security against the Issuer. Details of any such arrangements will be given in the Offer Documents.

## 11. Fees and commission

- 11.1. We do not currently charge Investors fees or commission for use of the Platform or our services. However, we reserve the right to charge such fees in the future.
- 11.2. Jarvis' fees for the Jarvis Services will be as notified to you from time to time, and Jarvis may vary its fees from time to time by notice to you. Currently, we pay Jarvis' fees on investors' behalf, however reserve the right to pass these fees on in future.
- 11.3. Any payments that may be made from an Issuer to each Investor (made through Jarvis) in respect of an investment in any Bonds will be rounded down to the nearest penny (or, in respect of a payment in any other currency, an appropriate small division of such currency as determined by us). A subscription by you for Bonds through two (or more) bids in an Auction shall be treated for this purpose as a subscription by you of two (or more) separate lots of Bonds such that rounding down may be applied to any payments due in respect of each such lot separately, and neither the Issuer, UKBN nor Jarvis shall be obliged to aggregate your subscriptions for Bonds into a single lot in order to ensure that the effect of such rounding is minimised.

## 12. Cancellation of this Agreement

- 12.1. Subject to the other provisions of this Agreement, all transactions you make shall be binding on you.
- 12.2. You will be obliged to subscribe for any Bonds that are issued via an Auction if you are one of the Investors to whom they are to be allocated following the Auction.
- 12.3. You will also be obliged to duly settle any Transactions agreed on the platform in purchasing from or selling to another Investor.
- 12.4. If you are a Consumer, you have a general right to cancel this Agreement within 14 days of the date on which you entered into it. In order to cancel this Agreement, you must give us notice by post or e-mail to the address provided in Clause 26. If you cancel this Agreement, we will arrange the return to you of any Investment Cash. This will not, however, cancel any instructions you have already made in respect of buying or selling bonds within these 14 days.
- 12.5. We or the Issuer may terminate an Auction and/or withdraw an Offer at any time before the issue of Bonds. In the event of termination of an Auction or withdrawal of an Offer, we will give you notice by e-mail or by posting a general notice on the Platform. No reason need be given for any such termination or withdrawal and there will be no liability on the part of us or Jarvis in the event of such termination or withdrawal.

## SETTLEMENT, CUSTODY AND CLIENT MONEY

### 13. Relationship with Jarvis

- 13.1. You agree that by entering into this Agreement you authorise UKBN, as your agent, to enter into an agreement with Jarvis on your behalf (the "**Jarvis Agreement**"), under the terms of which Jarvis will provide settlement, safe custody, nominee and associated services in connection with the Bonds (the "**Jarvis Services**"). Jarvis shall open and maintain one or more account(s) on its books in your name in connection with the Jarvis Services. Any cash and investments held for your account shall be recorded in such account(s).
- 13.2. Jarvis may, subject to applicable law and FCA Rules, decline to open any such account(s) without giving any reason for doing so.
- 13.3. The principal current terms and conditions of the Jarvis Agreement are summarized in the Schedule to this Agreement.

- 13.4. By entering into this Agreement, you agree that:
- 13.4.1. UKBN is authorised to enter into the Jarvis Agreement on your behalf as your agent;
- 13.4.2. Acceptance of this Agreement will constitute the formation of a contract between you and Jarvis, and you will be bound by the terms of the Jarvis Agreement (which are summarized in the Schedule to this Agreement); and
- 13.5. You authorise us to give instructions to Jarvis on your behalf and to provide information concerning you to Jarvis.
- 13.6. In the event of conflict between any provision of this Agreement and the Jarvis Agreement in relation to the Jarvis Services, then the Jarvis Agreement shall prevail.
- 13.7. You will remain a client of us, but will also become a client of Jarvis for the purpose of the Jarvis Services for settlement and custody purposes only. We retain responsibility for compliance and regulatory requirements regarding our own operations and the supervision of your Jarvis account. In particular, we remain responsible for those functions which this Agreement states that we are to perform and for our on-going relationship with you. Jarvis neither provides investment advice nor gives advice or offers any opinion regarding the suitability of any transaction or order. You should direct all enquiries regarding your account to us and not to Jarvis. Jarvis will not accept instructions or general queries from you directly.

#### 14. Client Money

- 14.1. UKBN do not hold Client Money. Client Money, including Investment Cash, will be held in by Jarvis in accordance with the Jarvis Agreement and FCA Rules.
- 14.2. You may withdraw Investment Cash which has not been committed to a bid at any time by giving notice to us via the Platform and we will communicate such notice to Jarvis. Withdrawals of Client Money may be subject to a fee in accordance with Jarvis' current schedule of rates.
- 14.3. The principal current terms and conditions of the Jarvis Agreement, on which Investment Cash and all other Client Money is held, are set out in the Schedule. The provisions of clause 12 relating to Custody shall apply equally to Client Money held by Jarvis.

### RISKS AND CONFLICTS OF INTEREST

#### 15. Bonds subscribed for via the Platform

- 15.1. The Bonds available through our Platform are of a type usually referred to as high-yield bonds. These are debt securities which have not been graded by any credit rating agency. They are issued by companies with lower or no credit ratings. As they represent a higher risk for the Investor, they may give higher returns or interest payments. You should, however, be aware of some of the specific risks which may be involved in investing in high-yield bonds as an asset class, some of which are given below:
- 15.1.1. **Default risk** – high-yield bonds have a higher risk of default than other debt instruments. This means that the issuer of these bonds is more likely to fail to meet payments of interest and principal and may have a higher risk of insolvency. This means a greater risk of loss of your capital or investing without return. Before any Bonds are offered on our Platform we undertake a review in accordance with clause 6 of this Agreement but this cannot guarantee that you will be paid all amounts due under a high-yield bond.
- 15.1.2. **Security may be insufficient** – some Bonds offered via the Platform will be secured as described in the relevant Offer Documents but valuations of security may be inaccurate, the prices of assets held as security may fluctuate and it may be difficult to realise any security within a reasonable time or at all. The fact that a bond is secured does not mean that repayment of interest or repayment of principal is guaranteed.
- 15.1.3. **Early Repayment by Issuer** – Issuers of bonds generally have the ability to repay at any time after the first anniversary of the Bond's issue. If you purchase Bonds from another investor at a price that is above par value, there is a risk that you will incur a loss should the Issuer exercise their repayment rights.
- 15.1.4. **Limited or no redemption rights** – if you subscribe for Bonds via our Platform, they will typically have a maturity of between one and four years (though they may be for longer terms

when so stated in an Offer Documents). You may have no rights to cash them in early or sell them at any price (see "Liquidity" in clause 15.1.5).

- 15.1.5. **Liquidity** - although UKBN offer eligible Investors the ability to sell Bonds through our Platform, Bonds available for purchase through the Platform are considered Non Readily Realisable Securities under FCA Rules as they are generally not tradeable on any public market, and are unlikely to be admitted to any public market in future. Only other persons who have signed up to our Platform will be able to purchase any Bonds you are seeking to sell through our Platform, which may mean that you may find it difficult to exit your investment by selling to a third party at any price (included a discounted price).
  - 15.1.6. **Diversification** – you should consider spreading risk across different types of investments with different risks so you have a diversified portfolio, not one that consists only of high yield bonds. Likewise you should consider spreading your investment in high-risk bonds across a number of issues.
  - 15.1.7. **Factors specific to the Issuer and the industry in which the Issuer operates** – Issuers of Bonds offered through our Platform may not be major players in the industry in which they operate. They may not have been established for significant periods of time. They may therefore be more vulnerable to market downturns than their competitors.
  - 15.1.8. **Interest rates** – the price or value of any debt securities may be impacted by changes in the prevailing interest rates. Typically, bond prices rise when general interest rates fall and fall when general interest rates rise. The longer the term of the bond, the more marked this impact is.
  - 15.1.9. **Tax** – the tax treatment of investment in Bonds available through our Platform may change depending on the type of bond that is involved and your own personal circumstances. You should take appropriate independent tax advice where necessary.
  - 15.2. You should consider carefully all the information available in relation to any Bond available through our Platform and in particular the Offer Documents.
  - 15.3. Neither we nor Jarvis will in any circumstances give you investment advice – you should take independent professional advice as you consider necessary. Investment in high-yield bonds should be as part of a diversified portfolio including assets of various types and risks
- 16. Conflicts of interest**
- 16.1. It is possible that our shareholders, directors and employees may also be Members of the Platform who wish to place bids in Auctions. We believe that allowing those persons to make bids is beneficial for the Platform and for Issuers. However, we take steps to ensure that no such individual gains access to privileged information which would give them an advantage in an Auction.
  - 16.2. UKBN provide a range of services to a number of different clients. There may be times when there is a conflict between our interests and the duty we owe to a client, or a conflict between the differing interests of two or more clients to whom in each case we owe a duty. Under FCA Rules we are required to have in place arrangements with a view to taking all reasonable steps to prevent such conflicts of interest constituting or giving rise to a material risk of damage to the interests of our clients. UKBN has established a comprehensive conflicts of interest policy to identify and manage such actual or potential conflicts of interest, a copy of UKBN's conflicts of interest policy is available at [www.ukbondnetwork.com/conflicts-of-interest-policy](http://www.ukbondnetwork.com/conflicts-of-interest-policy).
  - 16.3. If a conflict of interest arises and we consider that the arrangements we have in place under our conflicts of interest policy are not sufficient to enable us to ensure that the conflict will not damage your interests or the interests of any of our other customers or clients we will refuse to act or we will make appropriate disclosures in accordance with FCA Rules.

## USE OF THE PLATFORM, CONFIDENTIALITY AND DATA PROTECTION

### 17. Terms of Use and Privacy Policy

- 17.1. Your use of the Platform is subject to the Terms of Use and the Privacy Policy.
- 17.2. If any provision of this Agreement is inconsistent with a provision of the Terms of Use or the Privacy Policy, the relevant provision of this Agreement will prevail.

## 18. Confidentiality and Data Protection

- 18.1. Neither we nor Jarvis shall be under a duty to disclose to you or to take into account any information or other matters which come to our notice or the notice of any of our or their shareholders, directors, officers employees or agents:
- 18.1.1. where this would, or we or Jarvis (as the case may be) reasonably believe that it would, be a breach of any duty of fidelity or confidence owed to any other person; or
- 18.1.2. which does not come to the actual notice of the individual providing you with the service in question.
- 18.2. We and Jarvis will each act as data controller (and in certain circumstances, data processor) within the meaning of the Data Protection Act. You hereby consent to the processing and use by us, Jarvis and/or the agents of them or us of personal data (as defined in the Data Protection Act) given by you under this Agreement which may include the transfer of such data out of the European Economic Area (as defined in the Data Protection Act). Such data may also be used by us or Jarvis and/or their or our agents to update customer records and to advise you of other products and services unless you have expressly indicated otherwise to us in writing.
- 18.3. We or Jarvis may pass to an Issuer of Bonds to which you have subscribed details of your identity where we (or any of us) reasonably consider it appropriate to do so or where we are obliged to do so by applicable law and regulation.

## CHANGING AND ENDING THIS AGREEMENT

### 19. Amending this Agreement

- 19.1. We may change the terms of amend this Agreement (known as "**Amendment**") in so far as it relates to services provided by us, by giving you written notice via the Platform or by e-mail.
- 19.2. We will only amend this Agreement for one or more of the following reasons:
- 19.2.1. making the Agreement clearer and no less favourable to you;
- 19.2.2. providing for the introduction of new systems, services, technology and products;
- 19.2.3. rectifying any mistakes or omissions;
- 19.2.4. reflecting any change in applicable law, FCA Rules or guidance or any relevant taxation treatment;
- 19.2.5. reflecting any increase in the costs in of providing any service and/or changes in economic circumstances impacting the operation of the Platform or any services provided under this Agreement; or
- 19.2.6. appointing a new Custodian or providing for us or an FCA-authorized person specified by us to assume the obligations and succeed to the role of Jarvis under this Agreement.
- 19.3. We will give you 14 days' notice of any amendment except where we reasonably determine that the change is for reasons given in clauses 18.2.1 or 18.2.4, or otherwise beneficial to you. If you are unhappy with any changes to this Agreement you may terminate this Agreement in accordance with clause 19 within the 14 day notice period, though this will not have the effect of cancelling or varying any existing bids, instructions or transactions which will continue to be governed by the previous version of this Agreement.
- 19.4. You may also be notified of changes to the Jarvis Agreement in accordance with clause 12.4.3 of this Agreement.

### 20. Ending this Agreement

- 20.1. If you no longer wish to use the Platform as an Investor then you may give us notice by post or email using the contact details set out in Clause 26. In such case this Agreement will terminate (known as "**Termination**") on the date we notify to you, subject to clause 20. This will not, however, cancel any outstanding bids you have made in respect of an Offer which is subject to an Auction-determined Rate, because the price of Bonds in such a case will be dependent on fluctuations in financial markets beyond the control of the Issuer, us and Jarvis.

- 20.2. Even where you have outstanding bids or transactions or Bonds held in custody by Jarvis, we may deregister you as an Investor on the Platform by notice to you in the following circumstances:
- 20.2.1. if you are in breach of your obligations under this Agreement in a material respect;
  - 20.2.2. if you are no longer eligible to use the Platform in accordance with clauses 4 and 5;
  - 20.2.3. if we suspect that you are involved in fraud, money laundering or other unlawful activities (whether in connection with the Platform or otherwise);
  - 20.2.4. if you use the Platform:
    - (a) In any way that causes, or in our view, is likely to cause the Platform to be interrupted or damaged in any way;
    - (b) to send, use or reuse any material that is illegal, offensive, indecent, defamatory, obscene or menacing; or in breach of copyright, trademark, confidence, privacy or any other right; or is otherwise injurious to third parties; or objectionable; or which consists of or contains software viruses, political campaigning, commercial solicitation, chain letters, mass mailings or any "spam";
    - (c) to cause annoyance, inconvenience or needless anxiety; or
    - (d) otherwise in material breach of our Terms of Use and Privacy Policy;
- and in such case this Agreement will terminate on the date we so notify to you, subject to clause 20.
- 20.3. In the event of your death, Jarvis will arrange transfer of legal ownership of any Bonds and Investment Cash (except for any Investment Cash which is used to purchase Bonds in accordance with a bid you may have made before your death, in accordance with this Agreement) which is held in its custody to your executors or personal representatives on production by them of appropriate identifying material.
- 20.4. The Jarvis Agreement summarized in the Schedule sets out further grounds for ending the Jarvis Agreement and actions that may be taken in such circumstances.

## 21. Consequences of Termination

- 21.1. In the event of the termination of this Agreement however caused, we will arrange the repayment of any Investment Cash to you (and in the event that you have not notified us of a change of address it will be sufficient for us to make a direct transfer to your nominated bank account or send a cheque to your last-known address), and we may, in conjunction with Jarvis and in our reasonable discretion:
- 21.1.1. prevent further use of the Platform by you or permit limited access until you have had such time as we consider necessary to regularize your position;
  - 21.1.2. (where we consider that it is possible to do so) require you to arrange for custody of the Bonds with another party or to arrange the redemption or transfer of the Bonds.
- 21.2. We may in our discretion and in conjunction with Jarvis permit limited access to the Jarvis Services in relation to the Bonds as we consider reasonable following Termination.
- 21.3. Even after this Agreement has ended (that is, following Termination) the following provisions of this Agreement shall remain in effect: clause 2 (*Interpretation*), clause 8 (*Cancellation of this Agreement and any Bids*), clause 9 (*Settlement and issue of Bonds*), clause 12 (*Relationship with Jarvis*), clause 13 (*Client Money*), clause 16 (*Terms of Use and Privacy Policy*), clause 17 (*Confidentiality and data protection*), clause 21 (*Your liability to us*), clause 22 (*Our liability to you*), clause 26 (*Notices and Communications*), clause 27 (*General*) and clause 29 (*English governing law and language*). Termination of this Agreement shall not affect any rights or obligations accrued up to the date of Termination.

## LIABILITY

### 22. Your liability to us

- 22.1. If you are a Consumer, you will be liable to us for any loss or damage suffered by us as a directly foreseeable consequence of any material breach of this Agreement by you or any fraud or wilful misconduct by you.

- 22.2. If you are not a Consumer, you will indemnify us for all liability, costs, losses, expenses, claims or charges which arise as a direct or indirect consequence of your use of the Platform.
- 22.3. You should note that, under the terms of the Jarvis Agreement, you agree to indemnify Jarvis for any liability (including legal costs) which may be incurred arising from the proper performance by Jarvis of this Agreement or the Jarvis Services. UKBN is responsible under the Jarvis Agreement for the use of the Jarvis Services by its clients; if we incur any liability to Jarvis as a consequence of your use of the Jarvis Services, you shall indemnify us in respect of such liability.

### **23. Our liability to you**

- 23.1. We will only be liable to you for any loss or damage which arises as a directly foreseeable consequence of our breach of this Agreement or for our negligence or fraud.
- 23.2. UKBN will not be liable for any indirect, incidental, punitive or consequential damages, loss of business, loss of investment opportunity, loss of profits, loss or corruption of data, loss of goodwill or reputation caused by us under this Agreement.
- 23.3. Our total liability to you shall not exceed the limit of our professional indemnity insurance at the time any claim is made.
- 23.4. Any liability of Jarvis will be subject to the Jarvis Agreement.
- 23.5. Nothing in this Agreement shall limit the liability of any party for personal injury or death or for any other liability the exclusion or limitation of which is not permitted by applicable law or regulation or for any breach of FCA Rules or any liability which cannot be excluded under FCA Rules.

### **24. Events beyond the reasonable control of the parties**

- 24.1. No party shall be in breach of this Agreement nor liable for delay in performing or failure to perform any of its obligations under this Agreement if such delay or failure results from a cause beyond its reasonable control, including (but not limited to) any communications, systems or computer failure, market default, suspension, failure or closure, natural disaster, any collapse of buildings, fire, explosion or accident, any act of terrorism, civil war or commotion, riots, or the imposition or change (including a change of interpretation) of any law or governmental or regulatory requirement (each a "Force Majeure Event"), and neither we nor Jarvis shall be liable for any loss or damage that may incur as a result of any such event.
- 24.2. If we become aware of a Force Majeure Event which in our reasonable opinion affects the operation of the Platform or may involve either us or Jarvis being unable to perform their obligations under this Agreement (or which may involve a significant delay in performing any obligations under this Agreement) we shall give Notice in accordance with this Agreement about the nature of such Force Majeure Event and the steps we intend to take to mitigate the effects of such Force Majeure Event.

## **COMPLAINTS AND COMPENSATION**

### **25. Complaints**

- 25.1. If you are dissatisfied with our services, and the matter cannot be resolved by the person you are dealing with, you can send a formal complaint to UKBN's Compliance Officer at [compliance@ukbond-network.com](mailto:compliance@ukbond-network.com) or to:

The Compliance Officer  
UK Bond Network Limited  
5<sup>th</sup> Floor, CAP House  
9-12 Long Lane  
London EC1A 9HA

We shall endeavour to resolve any such complaint as quickly as possible, but in any event shall acknowledge receipt of your letter within three full business days from the day we received your complaint. If we resolve your complaint to your satisfaction within 3 business days we will send you confirmation the matter has been resolved and we believe you are satisfied with the resolution. If, however, we need more time then we will acknowledge your complaint which shall include a full copy of our internal complaints handling procedure. On conclusion of our consideration of the complaint we shall send you a final response letter.

In the event that you are dissatisfied with the handling of your complaint, you may have a right to

complain to the Financial Ombudsman Service (if you are an eligible complainant under the rules of the Financial Ombudsman Service). The Financial Ombudsman Service's address is Exchange Tower, London E14 9SR or free phone 0800 023 4567 or email [complaint.info@financial-ombudsman.org.uk](mailto:complaint.info@financial-ombudsman.org.uk). More details about the Financial Ombudsman Service can be found on its website at <http://www.financial-ombudsman.org.uk/>.

- 25.2. If you have a complaint relating to the Jarvis Services, you should address your complaint to Jarvis, at 78 Mount Ephraim, Royal Tunbridge Wells, Kent TN4 8BS, with a copy to us (using the contact details in clause 26).
- 25.3. In either case your complaint will be considered independently and dealt with in accordance with FCA Rules.
- 25.4. Copies of UKBN's (and Jarvis's) complaints handling procedures are available on request and will be provided to you when any formal complaint is acknowledged by us (or Jarvis) as the case may be.

## 26. Financial Services Compensation Scheme

- 26.1. If we or Jarvis fail to meet our financial obligations to you, you may be able to claim compensation through the Financial Services Compensation Scheme ("FSCS"). You will not be able to do so (in the absence of some liability on the part of us or Jarvis) simply because an Issuer defaults under a Bond or is insolvent.
- 26.2. In respect of investment services, an eligible claimant can currently claim up to £50,000 through the FSCS.
- 26.3. Further details about the FSCS can be found on its website at [www.fscs.org.uk](http://www.fscs.org.uk) or by telephone on 0800 678 1100.

## NOTICES AND COMMUNICATIONS

### 27. Notice and Communications

- 27.1. Except as otherwise stated in this Agreement, any notice or communication in writing to you may be given by first class post or registered airmail to the last known address that we hold for you or by e-mail to the e-mail address last notified by you to us. We may give notices or communications to you on behalf of Jarvis. We may also communicate with you by posting information on the Platform.
- 27.2. Our address for communications is [info@ukbondnetwork.com](mailto:info@ukbondnetwork.com) for email and by first class post or registered airmail to UK Bond Network Limited, 5<sup>th</sup> Floor, CAP House, 9-12 Long Lane, London EC1A 9HA, United Kingdom.
- 27.3. The address of Jarvis for communications is 78 Mount Ephraim, Royal Tunbridge Wells, Kent TN4 8BS.
- 27.4. Notices and communications shall be deemed to have been received on the second Business Day after the date of posting if sent by first class post or on the fifth Business Day after the date of posting if sent by registered airmail. Notices and communications sent by e-mail will be treated as received immediately on sending if sent between 9 am and 5.00 pm (London time) on a Business Day, or otherwise on the next Business Day, so long as the sender does not receive notice of non-transmission or non-receipt.

## OTHER IMPORTANT CLAUSES

### 28. General

- 28.1. If any provision of the Agreement is or becomes prohibited, invalid or unenforceable, the provision will be ineffective to the extent of the prohibition, invalidity or unenforceability without invalidating the remaining provisions of this Agreement or affecting the validity or enforceability of those provisions.
- 28.2. Our delay or failure to insist on you strictly complying with this Agreement or any act or omission on our part will not amount to a waiver of our rights under the Agreement.
- 28.3. The Contracts (Rights of Third Parties) Act 1999 shall not apply to this Agreement except to the extent that a term of this Agreement provides otherwise (and subject to FCA Rules), and a person who is not a party to this Agreement will have no right to enforce any of its terms. This does not affect any rights or obligations of Jarvis under this Agreement.

- 28.4. No change to or amendment of this Agreement shall be effective unless made in writing agreed by both parties or in accordance with clause 18.

**29. Assignment and delegation**

- 29.1. The provisions of this Agreement are personal to you and you shall not assign or transfer any of your rights and obligations under this Agreement.
- 29.2. Subject to FCA Rules, we or Jarvis may delegate our functions and responsibilities under this Agreement. In such case, but except where stated otherwise in this Agreement, we or Jarvis will remain responsible to you for the performance of such function or responsibility.
- 29.3. We or Jarvis may assign any of our rights and obligations under this Agreement to an third party by giving you not less than 30 days' notice in accordance with this Agreement.

**30. English governing law and English language**

- 30.1. This Agreement, and any dispute, controversy, proceedings or claim of whatever nature arising out of or in any way relating to this Agreement or its formation (including any non-contractual disputes or claims), shall be governed by and construed in accordance with English law. English law shall apply to any communications between us and between you and Jarvis including any communication, discussion or negotiation before entry into this Agreement.
- 30.2. In the event of any matter or dispute arising out of or in connection with this Agreement (including non-contractual disputes), you and we submit to the jurisdiction of the courts of England and Wales. However, if you are a Consumer who is a resident of Northern Ireland you (or we) may also bring proceedings in Northern Ireland, and if you a Consumer who is are resident of Scotland, you (or we) may also bring proceedings in Scotland.
- 30.3. This Agreement is supplied in English and all notices and communications between us, including documentation, shall be in English.

**REGULATORY INFORMATION**

**UK Bond Network Limited** is authorised and regulated by the Financial Conduct Authority (reference number 719193). UK Bond Network Limited is incorporated in England and Wales with company number 08247737. Our registered office is at 5<sup>th</sup> Floor, CAP House, 9-12 Long Lane, London, EC1A 9HA. Further details can be found at [www.ukbondnetwork.com](http://www.ukbondnetwork.com)

**Jarvis Investment Management Limited** is authorised and regulated by the Financial Conduct Authority under number 116413. It is incorporated in England and Wales with company number 01844601 and its registered office is at 78 Mount Ephraim, Royal Tunbridge Wells, Kent, TN4 8BS. Further details can be found at [www.jarvisim.co.uk](http://www.jarvisim.co.uk).

The **Financial Conduct Authority** is located at 25 The North Colonnade, Canary Wharf, London E14 5HS and its website is <http://www.fca.org.uk>.

## SCHEDULE

### JARVIS AGREEMENT: PRINCIPAL PROVISIONS

1. This is a summary of the principal provisions of the Jarvis Agreement, referred to in clauses 12 and 13 of this Agreement. If you have any other relationship with Jarvis in relation to other investments or services, then you may be subject to additional terms and obligations under the Jarvis Agreement.

#### Custody

2. UK-registered securities which Jarvis holds for you will be held either in their physical possession or in uncertificated form and if so will normally be registered in the name of Jarvis' nominee.
3. You consent to the fact that any overseas investments may be registered or recorded in the name of an eligible custodian or in the name of Jarvis in one or more jurisdictions outside of the United Kingdom, where, due to legal requirements or the nature of market practice in the jurisdictions concerned, it is in your best interests, or it is not feasible to do otherwise. As a consequence of this, your investments will not be segregated from investments belonging to Jarvis and therefore, your protection may be less should a default occur on the part of the person in whose name the investments belonging to you are so recorded. Investments belonging to you which are held overseas may be subject to different settlement, legal and regulatory requirements than those that apply in the United Kingdom. Jarvis will not be held liable in the event of a default by a custodian. However, Jarvis does not disclaim responsibility for losses arising directly from its own fraud, willful default or negligence.
4. Investments registered or recorded in the name of a nominee or custodian (as outlined above) will be pooled with those of one or more of Jarvis's other clients. Accordingly, your individual entitlements may not be identifiable by separate certificates, physical documents or equivalent electronic entries on the register. In the event of an irreconcilable shortfall following any default of the eligible custodian responsible for pooled investments, you may not receive your full entitlement and may share in that shortfall pro-rata. A further effect of pooling can be that following an allocation or share issue that favours the small investor, your allocation may be less than it otherwise would have been, had your investments been registered in your own name.
5. You should note that, in extremely restricted circumstances, investments held by Jarvis on your behalf may be registered in your own name, usually where law or market practice dictates, or where it has been specifically agreed between Jarvis and UKBN that such option for such registration will be provided.
6. Jarvis uses a wide range of eligible custodians globally to hold your investments. You should be aware that Jarvis may use another company in the group of companies to which Jarvis belongs as an eligible custodian.
7. Please note that your bearer investments may not be held by Jarvis, but by a third party. Such third party will be an eligible custodian in accordance with the rules of the FCA. Jarvis does not accept responsibility, in the absence of its own fraud, negligence or willful default, for the safe custody obligations of any third party, but prudence will be exercised in the selection of such agents.
8. Jarvis is responsible for the acts of its nominees to the same extent as for its own acts, including, for the avoidance of doubt, for losses arising from fraud, willful default or negligence.
9. Should you instruct Jarvis in writing that investments purchased through Jarvis be registered in the name of some other person whom you specify (which must not be Jarvis or us, or an affiliate of Jarvis or us), the consequences of registration carried out in accordance with your instructions, are entirely your risk. The legitimacy of such registrations also remains your responsibility.
10. Your investments are held on a pooled basis, additional amounts may arise that would not otherwise have occurred had such investments been registered in your own name (for example, following certain corporate actions). Consequently, you are not entitled to these additional amounts. Jarvis allocates such shares to an account which we administer and may use them to offset against any debits arising on dividends or other corporate events.
11. Some companies provide benefits to shareholders or investors relating to the nature of their business. These benefits will not necessarily be available to you automatically, as your investments will be registered in the name of a nominee company. Should you wish to receive these additional benefits, let us know and we will make the necessary arrangements with Jarvis on your behalf.

12. All instructions regarding the administration of investments held by Jarvis on your behalf should be made in writing, to us, for onward transmission to Jarvis. UKBN do not accept instructions from, or send instructions to, third parties, unless a valid power of attorney has been established for this purpose.
13. Jarvis will be responsible for claiming and receiving any dividends, interest payments and other entitlements accruing. We will be responsible for instructing Jarvis to:
  - 13.1 exercise conversion and subscription rights;
  - 13.2 deal with takeovers or other offers or capital reorganizations; and
  - 13.3 exercise voting rights.

The consequences of a failure on your part to provide any relevant instructions to us by the stated time in any notification to you are entirely your own responsibility.
14. On a six-monthly basis, Jarvis will provide you with a statement detailing all investments held on your behalf in safe keeping. This statement will also provide details of any cash balance held for you as Client Money by Jarvis.
15. Any fees or costs payable by you in relation to the Jarvis Services will be notified to you via the Platform or by email.

### Settlement

16. Without prejudice to your obligations under this Agreement to maintain sufficient Investment Cash in relation to any bids you make, you undertake to procure that Jarvis will receive all cash and securities when due with respect to any transaction which it is to settle on your behalf and that all cash or investments held by, or transferred to, Jarvis will be and remain free of any lien, charge or encumbrance. This requirement is additional to your obligation under the Agreement to maintain sufficient Investment Cash to cover any bids or subscriptions you may make. All payments due to Jarvis will be made without set-off, counterclaim or deduction.
17. Jarvis will provide to us (and we shall arrange distribution to you) of:
  - (i) a confirmation of any subscription, in accordance with FCA Rules; and
  - (ii) periodic statements of account (no less frequently than on a six-monthly basis, in accordance with paragraph 14 of this Schedule).
18. You should check the accuracy of any information provided to you in accordance with paragraph 17 of this Schedule and notify us or Jarvis if you believe anything to be incorrect.

### Client Money

19. Your money (including Investment Cash) will be held by Jarvis as Client Money, in accordance with FCA Rules which, among other things, require Jarvis to hold your money in a bank account on trust. Your funds will therefore be segregated from Jarvis's own funds at an approved bank, as defined in FCA Rules. The approved bank may hold such money with money of Jarvis' other clients in a pooled account. This means that client money is held as part of a common pool of money, so you do not have a claim against a specific sum in a specific account unless it has been agreed that a specific account will be opened in your name; otherwise your claim is against the client money pool in general and in the event of default on the part of the approved bank which causes an unreconciled shortfall in the monies held in the pooled account you may share proportionately in the shortfall.
20. Client money in a foreign currency may be held in the country of origin, or the sterling equivalent protected in a UK bank. Money held in the country of origin will be held by an approved bank or depository, even though in a small number of countries, that bank or depository has failed to acknowledge that clients' funds will be afforded trust status, and as such has not accepted that it has no right of set off or counterclaim against money held in that client account, in respect of any sum owed on any other account of Jarvis. The legal and regulatory regime applying to such an approved bank or depository will be different to that of the United Kingdom. In the event of a default or failure of that foreign bank or depository, your money may be treated differently to the way in which it would be treated if it were held at an account in the United Kingdom and may not be separately identifiable.
21. In certain circumstances, Jarvis may hold your money in a bank outside the UK which does not meet the criteria of an approved bank. These circumstances are governed by strict conditions set out by the FSA.

Any client money held for you at non-approved banks outside the UK must relate only to the settlement of transactions or the distribution of income. Client money will only be held in such banks because it is not possible to use approved banks due to the applicable law or market practice. In these circumstances, your money will only be held in such banks for as long as it takes to effect the necessary transactions. Such a bank may have failed to acknowledge that clients' funds will be afforded trust status, and as such has not accepted that it has no right of set off or counterclaim against money held in that account, in respect of any sum owed on any other account of Jarvis. The legal and regulatory regime applying to such a non-approved bank will be different to that of the United Kingdom. In the event of a default or failure of that foreign bank, your money may be treated differently to the way in which it would be treated if it were held at an account in the United Kingdom and may not be separately identifiable.

22. No interest will be paid on Client Money.
23. In certain circumstances, Jarvis may hold Client Money for you which has been allocated to you but has not been claimed by you. Jarvis will cease to treat as Client Money any unclaimed balances after a period of six years. However, this will only occur if Jarvis has taken reasonable steps to determine that there has been no movement on the balance during this period (not including any payments or receipts of charges, interest or similar items). We or Jarvis will attempt to contact you at your last known address, and you will be given 28 days from the date of notification of the intention to cease to treat the balance as client money to make a claim. You should note that Jarvis undertakes to make good any valid claim against balances that were released from being treated as client money, upon the provision by you of information to evidence the validity of your claim.
24. Overdraft charges may be applied by Jarvis on any overdrawn balances and are calculated at the published unauthorised overdraft rate charged by HSBC Bank Plc. Overdraft interest accrued each calendar month will be applied to the account at the end of the calendar month. No interest will be paid on credit balances.

#### **Security and Default**

25. Jarvis will take a general lien or security interest over your investments held in safe custody.
26. You confirm that in the event of Jarvis not receiving either cash or securities when due, in respect of any transaction which is to be settled or executed or in the event of you or us not taking all such steps as may be necessary to secure the due and prompt execution and settlement of any such transaction, Jarvis may cancel, close out, terminate or reverse all or any contracts and sell, charge, pledge or otherwise dispose of any investment held for you, at whatever price and in whatever manner we or Jarvis see fit in our or its absolute discretion (without being responsible for any loss or diminution in price), and may enter into any other transaction, or do, or not do anything (including the application of client money to you) which would, or could have the effect of reducing, or eliminating any liability under any transaction, position or commitment undertaken for you.
27. For the avoidance of doubt, any asset held for you can be realised in order to discharge any obligation you have to Jarvis, including any investment held in custody by Jarvis, and investments held in the course of settlement.
28. You hereby grant to Jarvis a first fixed charge (with full title guarantee) and a general lien and right of set-off with respect to all cash, investments or other assets of any description paid or delivered (or which are due to be paid or delivered) to Jarvis for your account in settlement of any transaction. You warrant that all such cash, investments or other assets are beneficially owned by you or are paid or delivered to Jarvis with the beneficial owner's consent and free and clear of any charge, lien or encumbrance and that you will not charge, assign or otherwise dispose of or create any interest in such cash, investments or other assets other than in accordance with these terms without Jarvis' prior consent.
29. You agree at Jarvis' request to take such action as Jarvis may require to perfect or enforce any security interest referred to above and you hereby irrevocably appoint Jarvis as your attorney to take any such action on your behalf. You acknowledge and agree that if you fail to comply with any of your obligations under these terms, the security interests referred to above shall be enforceable and the powers conferred by Section 101 of the Law of Property Act 1925 (as varied and extended by these terms) shall be exercisable. Section 103 of the Law of Property Act 1925 shall not apply to these terms.
30. In the event that Jarvis does not receive cash or investments when due (as shown in the relevant confirmation, contract note or advice) or in the event of you not taking all such steps as may be necessary to secure the due and prompt settlement of any such transaction (or if Jarvis reasonably consider that you have not or are unlikely to perform your obligations under these Terms), Jarvis may, inter alia, without further notice to you, enforce its security and/or cancel, close out, terminate or reverse all or any contracts or transactions and sell, charge, pledge or otherwise dispose of any investment or other assets held by

Jarvis at such time for the purposes of settlement at whatever price and in whatever manner Jarvis, acting in good faith, sees fit in its absolute discretion (without being responsible for any loss or diminution in price) and may enter into any other transaction or do or not do anything which would or could have the effect of reducing or eliminating liability under any transaction, position or commitment undertaken for you.

31. For the avoidance of doubt, any asset held for you by Jarvis can be realised in order to discharge any obligation you have to Jarvis, including any investments held in safekeeping by Jarvis and any investments held in the course of settlement. Jarvis shall not be liable to you in respect of any choice made by Jarvis in selecting the investments sold. The proceeds of sale (net of costs) will be applied in or towards the discharge of your liabilities and Jarvis will account to you for any balance. In the event that such proceeds are insufficient to cover the whole of your liabilities, you will remain liable to Jarvis for the balance.
32. You hereby authorise Jarvis to set-off, transfer or apply (without prior notice) any indebtedness, liabilities or obligations of Jarvis to you in or towards the satisfaction of any indebtedness, liabilities or obligations or any sum that is due from you to Jarvis in any respect whatsoever (whether or not expressed in the same currency and including, without limitation, any payment of fees or charges due to us or Jarvis and payments pursuant to any indemnity).
33. Jarvis is authorised to effect such currency conversions and enter into such foreign exchange transactions with, or on behalf of you, at such rates and in such manner as Jarvis may, in its absolute discretion, determine. You acknowledge and accept that in exercising any right or remedy pursuant to these terms Jarvis will be acting on its own behalf rather than executing your orders. Neither Jarvis nor we shall be liable to you in respect of any choice made by Jarvis or us in selecting the investments sold. The proceeds of sale (net of costs) will be applied in or towards the discharge of your liabilities and Jarvis or us will account to you for any balance. In the event that such proceeds are insufficient to cover the whole of your liabilities, you will remain liable for the balance.

#### **Liability and Indemnity**

34. You undertake to indemnify Jarvis against any liability (including legal costs) which may be incurred arising from the proper performance of the Jarvis Services, any breach by you of the provisions of this Agreement or the Jarvis Agreement or any failure to make delivery or payment when due.