

COMMERCIAL BANKING

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LLOYDS BANK  
CORPORATE MARKETS  
WERTPAPIERHANDELSBANK GmbH  
PRODUCT TERMS FOR  
FINANCIAL INSTRUMENTS

These terms apply from 01 April 2019

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LLOYDS BANK

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**This document consists of the following:**

- The **Important Information** in **Part I**, which you should read before you enter into a Product with us.
- **Part II** sets out the Terms and Conditions that govern our Financial Instruments.
- There is also a **Glossary** of key terms.

# Part I - Important Information

## 1. Introduction

- 1.1 These Product Terms for Financial Instruments ("FI Terms") are supplemental to the Lloyds Bank Corporate Markets Wertpapierhandelsbank GmbH ("LBCMW", "we", "us" or "our") General Terms of Business and set out the terms and conditions that apply when LBCMW provides you with the Financial Instruments as described in paragraph 15 below.
- 1.2 LBCMW has its registered office at Thurn-und-Taxis Platz 6, 60313 Frankfurt am Main, Germany. The company is registered with the Amtsgericht Frankfurt am Main, HRB 111650. LBCMW is supervised by the Bundesanstalt für Finanzdienstleistungsaufsicht ("BaFin"). LBCMW is part of the Lloyds Banking Group ("LBG"), which comprises Lloyds Banking Group plc and its subsidiaries, associates and affiliated companies.
- 1.3 LBG has been required by legislation to conduct banking activities through two (2) separate banks, Lloyds Bank plc which is designated as the "ring fenced bank", and Lloyds Bank Corporate Markets plc which is the "non-ringfenced bank". Both are wholly owned subsidiaries of Lloyds Banking Group plc. Your contractual counterparty will be LBCMW, a wholly owned subsidiary of Lloyds Bank Corporate Markets plc.
- 1.4 Lloyds Bank plc and Bank of Scotland plc which cover all of the Group's retail and most commercial activities in the UK are separate entities to Lloyds Bank Corporate Markets plc and LBCMW. Due to its product offerings, the counterparties and the markets in which they operate, Lloyds Bank Corporate Markets plc and LBCMW may be exposed to a different degree of risk compared to Lloyds Bank plc or Bank of Scotland plc. This is a reflection of the separation of the wholesale and investment banking activities which Lloyds Bank Corporate Markets plc and LBCMW may undertake, from the retail banking activities of the other entities.
- 1.5 LBCMW has outsourced certain services that enable LBCMW to fulfil certain of its obligations to you under these FI Terms to Lloyds Bank plc, subject always to Applicable Regulations. Even in these cases, your relationship is with LBCMW and subject to these FI Terms.
- 1.6 By 'we', 'us' or 'our', we mean Lloyds Bank Corporate Markets Wertpapierhandelsbank GmbH.
- 1.7 By 'you' or 'your', we mean you as a person (if you are a sole trader) and your business or legal entity (including companies and partnerships).
- 1.8 It is important that you understand the nature of the risks involved with any of the Financial Instruments that you enter into with us. We will provide you with information on the nature and risks associated with our Financial Instruments. Our general Risk Disclosure Statement is available via our Website.
- 1.9 Not all Financial Instruments are available to, or are appropriate for all types of clients. Please see paragraph 9 (Your status) for more information on how we determine and communicate categorisations that help us to determine your eligibility for our Financial Instruments.
- 1.10 In these FI Terms:
  - i. words and expressions shall have the particular meaning, if any, given to them in the body of these FI Terms and/or the Glossary set out at the end of these FI Terms;
  - ii. reference to any statute or statutory provision includes a reference to that statute or statutory provision as from time to time amended,

- extended, re-enacted or consolidated and also to all statutory instruments or orders made pursuant to it;
  - iii. references to a person or entity include a company, corporation, firm, unincorporated or incorporated association, or statutory authority;
  - iv. unless the context requires otherwise, references to any document include reference to such document as may be amended, supplemented, novated, substituted or replaced from time to time; and
  - v. any phrase introduced by the words "including", "includes", "in particular", "for example" or "such as" or similar shall be construed as illustrative and shall not limit the generality of the related general words.
- 1.11 All communications between you and us and all information and documents from us shall be in English unless otherwise required by Applicable Regulations.
  - 1.12 We suggest you keep a copy of this document in case you want to check the terms and conditions that apply to our Financial Instruments.
- ## 2. Understanding these FI Terms
- 2.1 These FI Terms form a binding contract between you and us, and are provided to you before you are able to enter into any Transaction with us, unless amended or varied as detailed in paragraph 10 (Variation or amendments) below.
  - 2.2 You may also be required to enter into standardised market facing agreements and/or other documentation and agreements ("Product Agreements") where you wish to transact certain Financial Instruments. You will be informed when such Product Agreements are required and you must execute these before any Financial Instruments or Transactions or orders can be completed and/or executed.
  - 2.3 If there is any conflict between these FI Terms, the LBCMW's General Terms of Business or the Product Agreements, then the Product Agreements shall prevail over these FI Terms and the LBCMW General Terms of Business and these FI Terms shall prevail over the LBCMW General Terms of Business, to the extent of any such inconsistency. A copy of our General Terms of Business can be found on our Website.
  - 2.4 These FI Terms, which may be amended from time to time, supersede any other terms and conditions for Financial Instruments that may have been previously sent to you by us.
  - 2.5 We suggest you keep a copy of this document in case you want to check the terms and conditions that apply to Financial Instruments.
  - 2.6 If you have been categorised as a Professional Client or Eligible Counterparty (see paragraph 9 (Your status) you will be taken to have accepted these FI Terms by entering into any Transactions in Financial Instruments with us.
- ## 3. Your knowledge and understanding
- 3.1 Any Financial Instruments which you transact with us will be on the basis that you are able to make your own independent evaluation of the risks involved in such Financial Instruments, based upon your knowledge and experience.
  - 3.2 You agree to provide us, on an on-going basis, with the information necessary to enable us to make an assessment of your knowledge and experience. However, we are entitled to assume that Professional Clients have the necessary experience and knowledge to understand the risks involved in relation to the particular Financial Instrument(s) which they wish to transact.
- ## 4. If you have questions
- 4.1 If you have any questions about these FI Terms, need further

information, or would like another copy of these FI Terms please contact your LBCMW representative.

## 5. How we are regulated

5.1 LBCMW is registered with the Amtsgericht Frankfurt am Main, HRB 111650 and authorised and supervised by the Bundesanstalt für Finanzdienstleistungsaufsicht ("BaFin"). The address of the BaFin is Marie-Curie-Straße 24-28, 60439 Frankfurt am Main. To find out more about us, see the company database of the BaFin <https://portal.mvp.bafin.de/database/InstInfo/> or call the BaFin on 0049 (0)228 / 4108 0.

5.2 Although we are required to comply with the rules of the German supervisory authorities and other relevant regulators, they shall not give rise to any obligations or rights in contract between you and us except as provided by Applicable Regulations.

## 6. Important information about compensation arrangements

6.1 We are a member of the Compensation Scheme for Investment Service Providers (Entschädigungseinrichtung der Wertpapierhandelsunternehmen, EdW), Charlottenstrasse 33/33 a, 10117 Berlin. EdW is the compensation institution responsible under the Investor Compensation Act (AnlEntG).

The AnlEntG contains the provisions on possible compensation claims against EdW if an institution is not in a position to meet liabilities from securities transactions. It also regulates the scope of any compensation claim.

According to the AnlEntG, liabilities from securities transactions are protected up to 90% of their value, up to a maximum of EUR 20,000 per creditor. The claim for compensation does not exist to the extent that funds are not transferred into the currency of an EU Member State or denominated in euro. It only covers obligations arising from securities transactions, which are part of the Institute's main contractual obligations (primary obligations). Claims for damages resulting from consulting errors, for example, are not covered. Certain investors are not protected, for example Credit institutions and financial service providers, insurance companies, medium-sized and large corporations and enterprises of the public sector.

6.2 We are not authorised to accept client funds or to have access to client assets. Investments are always carried out via partner banks, fund companies or issuers.

Further information can be found on the website of the EdW, <http://www.e-d-w.de/>.

## 7. If you have a disability

7.1 Please feel free to contact us if you would like this information in an alternative format such as braille, large print or audio.

## 8. Complaints

8.1 If you experience a problem or wish to complain in relation to any aspect of our relationship under these FI Terms, please bring this to the attention of your LBCMW representative as soon as possible.

8.2 Once we receive your complaint we will write to you to acknowledge your complaint and let you know when you can expect a full response or to tell you what we have done to resolve the problem. Our full complaints policy is available upon request from your LBCMW representative. More information can be found on our Website.

## Part II – Terms and Conditions

### 9. Your status

- 9.1 LBCMW is subject to various regulatory regimes that require us to consider, in different ways, which Financial Instruments are appropriate to each category of client. Our determination of your status under each of these regimes will be communicated to you by letter or electronic means either shortly after or at the same time as you receive these Terms. That communication will explain the different regimes that apply, how you will be treated in accordance with them, as well as a description of how you may request to be treated differently.
- 9.2 One of these regulatory regimes requires us to categorise you as one of the following: a Retail Client, Professional Client or Eligible Counterparty. Further explanation of this will be provided to you by your LBCMW representative when discussing specific Financial Instruments with you.
- 9.3 Another of these regulatory regimes requires us to consider if you might qualify as a Relevant Financial Institution (“RFI”). We will notify you or any legal entities within your corporate structure which have been classified by us as an RFI. We will also provide you with details of the process for objecting to that classification.
- 9.4 Professional Clients or Eligible Counterparties will be taken to have accepted these FI Terms by receiving Financial Instruments from us.
- 9.5 The Products and Services we provide are not available to Retail Clients (which means any person who is not classified by us as a Professional Client or Eligible Counterparty). We shall be entitled to immediately terminate our relationship should you act in the capacity of a Retail Client in transacting under these FI Terms.
- 9.6 Not all Financial Instruments are available to, or are appropriate for all clients. Please see above paragraph 9.1 (Your status) for more information on how your categorisation is determined and communicated.
- 9.7 You agree to provide us with the information we reasonably request to enable us to categorise you or to perform our internal checks or due diligence. We may, from time-to-time, require you to provide us with up-to-date, additional or further information. You agree to respond to any requests for such up-to-date further or additional information promptly and accept that if you fail to respond within any timeframe specified then these FI Terms may terminate in accordance with the provisions of paragraph 33 (Termination).

### 10. Variation or Amendments

- 10.1 We reserve the right at all times, subject to any rules of our regulators, to amend or vary these FI Terms by providing you with prior notice in writing. Any such amended or varied FI Terms will also be posted on our Website.
- 10.2 Any amendments of these FI Terms shall be offered to you no later than two (2) months before their proposed date of entry into force. The amendments shall be deemed to have been approved by you unless you have indicated disapproval before their proposed date of entry into force. We shall expressly draw your attention to this consequent approval when we submit to you any amendment offers. Different notice provisions may apply in the case of Additional Terms which are applicable to any Products and/or

Services.

### 11. How we will communicate with you and provide you with information

- 11.1 We will communicate with you and provide notices, Confirmations and information to you via electronic mail or other electronic means (including by way of posting to a website) unless you ask us to communicate with you in writing by post or by fax and provide us with the address or fax number.
- 11.2 You will provide us with your electronic mail address and/or any other information required enabling the transmission of information by electronic means, and you will update us with any changes. You confirm that you have regular access to the internet.
- 11.3 You confirm that we may contact you from time-to-time by electronic means to provide you with information about our Financial Instruments.
- 11.4 Any communications by us to you may be directed to whomever we consider appropriate in your organisation in the circumstances for the purposes of the communication.
- 11.5 Unless otherwise agreed, you consent to our providing you with information via our Website. We will notify you in accordance with paragraph 10 (Variation or Amendments) of material changes.

### 12. How you will communicate with us

- 12.1 Unless we agree otherwise, all communications by you to us will be in writing or via agreed electronic means, and sent to the address set out below or such electronic mail address as such as we may notify you in writing. Our address for the purposes of this paragraph is: Commercial Banking Markets Client Services, Thurn-und-Taxis Platz 6, 60313 Frankfurt am Main, Germany.

### 13. Confirmations

- 13.1 Confirmations will be provided by electronic means unless you give us five (5) working days’ notice in writing that you wish to receive Confirmations via a different method. Confirmations will be sent to the last electronic mail address you provide, except where provided via other agreed electronic means (for example, SWIFT).
- 13.2 Confirmations are provided no later than one (1) business day following execution. You should review the Confirmation and tell us if it is not correct before settlement. If you enter into a Transaction and do not receive a Confirmation, please contact us immediately.

### 14. Our Financial Instruments

- 14.1 LBCMW does not provide investment advisory services and neither we nor any Associate will provide you with tax, legal regulatory or investment advice with respect to any Financial Instruments. Please seek your own independent advice in relation to such matters.
- 14.2 We will only enter into Transactions with you on either a non-advised or on an execution-only basis. We will not owe you a duty to advise on the merits or suitability for you of any our Financial Instruments or Transactions.
- 14.3 We will provide you with appropriate information about our Financial Instruments, including guidance on and warnings of the risks associated with our Financial Instruments so that you are reasonably able to understand the nature and risks of the specific type of Financial Instruments we may provide you with and,

consequently, to take any decisions on an informed basis.

14.4 You should only enter into Financial Instruments and/or Transactions with us that you fully understand including the risks associated with such Financial Instruments and/or Transactions, and which are consistent with your financial standing, investment objectives and the level of risk which are you are willing to accept. All clients should ensure that they have appropriate investment knowledge and experience of the Financial Instruments and/or Transactions they wish to transact. Before entering into any of our Financial Instruments and/or Transactions you should read our General Risk Disclosure Statement, which is available via our Website.

14.5 You agree to provide us, on an on-going basis, with the information necessary to enable us to make an assessment of your knowledge and experience.

14.6 We will not consider whether any Financial Instruments is appropriate for an Eligible Counterparty.

## 15. Types of Financial Instruments

15.1 These include but are not limited to:

### i. Debt Securities

A debt security represents a contractual obligation of the issuer to the holder of the debt security. Debt securities may have different features which affect the expected return, risk and value of such debt securities. Examples of debt securities include but are not limited to asset backed securities and credit linked securities, covered bonds, collateralised debt obligations and corporate or government bonds.

### ii. Repurchase Transactions

A repurchase transaction is a form of short term borrowing where one party sells to the other a specific quantity of certain financial instruments for a certain period of time and on certain terms and conditions, and at the same time commits to repurchase those financial instruments at a certain date in the future at a specified price and for a pre-agreed amount of money.

### iii. Money Market Instruments

A money-market instrument with a borrowing for a period, generally no longer than six (6) months but occasionally up to one (1) year, in which the lender takes a deposit from the money markets in order to lend (or advance) it to the borrower.

Unlike in an overdraft, the borrower must specify the exact amount and the period for which they wish to borrow. Similarly to debt securities (see paragraph above), money market instruments may be exposed to risks, in particular credit and interest rate risk.

### 15.2 Contingent Convertible Instruments

Contingent Convertible Instruments (CoCos) are highly complex, hybrid, capital instruments with unusual loss-absorbency features that present investment risks that are exceptionally challenging to evaluate, model and price. One key characteristic of these instruments is an equity conversion of a fixed income instrument if a pre-specified trigger event occurs.

In 2015, the Financial Conduct Authority ("FCA") introduced rules that restricted the sale of these kinds of instruments to ordinary retail investors. Consequently, LBG will not enter into CoCo Transactions with Retail Clients.

As a Professional Client, you will be deemed, when placing an order or transacting with LBCMw in these securities after receipt of these FI Terms to have agreed, undertaken and consented that:

- you are not a Retail Client in the European Economic Area ("EEA"); and
- you will not communicate or approve an invitation or inducement to participate in, acquire or underwrite an investment where that invitation or inducement is addressed to or disseminated in such a way that it is likely to be received by a Retail Client in the EEA; and
- you will not sell or offer any such securities (or any beneficial interest therein) to Retail Clients in the EEA; and
- you will at all times comply with all Applicable Regulations and regulatory guidance (whether inside or outside the EEA) relating to the promotion, offering, distribution and/or sale of these securities (or any beneficial interests therein), including (without limitation) any such laws, regulations and regulatory guidance relating to determining the appropriateness and/or suitability of an investment in these securities (or any beneficial interests therein) by investors in any relevant jurisdiction.

## 16. Execution-only transactions

16.1 We will only transact a limited number of Financial Instruments on an execution-only basis. In doing so:

- i. you request to proceed on an execution-only basis at your own initiative;
- ii. your request does not result in our being unable to manage our conflicts of interest; and
- iii. any request is limited to the following Transactions:
  - a. Bonds, or other forms of securitised debt (excluding those with an embedded derivative);
  - b. Other Non-complex Financial Instruments. This excludes derivatives, repurchase agreements, or other kinds of non-transferable securities.

16.2 Where we transact on an execution-only basis, we will not assess whether any Financial Instrument is appropriate or suitable for you and you will not benefit from associated regulatory protections.

## 17. Trading requests

17.1 Requests to enter into, cancel or amend trades, but for the avoidance of doubt, not the acceptance by you of any firm price offered by us ("Requests") should be given to us by electronic message. However we, or you, may request or agree that such Requests are provided in writing (by fax or post) or verbally.

17.2 We retain the right to decline to act on any Requests, except where it is to cancel a deal before we have started to effect the relevant Transaction. Verbal Requests will be acknowledged orally and your and our verbal acceptance will be legally binding. We will acknowledge Requests by acting on them and you authorise us to rely on, and treat as binding any Requests (by whatever means transmitted) and which are given by you or by any person acting (or purported to be acting) on your behalf, and which are accepted by us in good faith. You accept responsibility for and will be bound by all contracts entered into following such Request.

17.3 We reserve the right to decline to trade, accept or to delay accepting Requests, without giving you prior notice on such conditions as we deem appropriate.

17.4 Where you send us a Request or an order via electronic message, we shall only be treated as having received your electronic message once we acknowledge receipt. This acknowledgement does not, however, indicate any agreement on our part to act in



accordance with any requests or orders contained in your electronic message.

## 18. Market orders

18.1 For certain Financial Instruments we may be willing to accept an "order" from you at a specific price, value or market level. Whether we will agree to accept your order is completely at our discretion.

18.2 Where we are willing to accept an order from you, the price at which we will do so may include relevant charges which will be added to the price at which we transact, or may have been transacted, in the market. We will inform you of any relevant charges in advance.

18.3 Where an order is accepted, we will endeavour to execute it as soon as reasonably practicable, but we will not be liable for any Loss, where you suffer or incur that Loss in connection with any change in market conditions between receipt and execution of the order. We may postpone execution of an order if we believe on reasonable grounds that it is in your best interests to do so.

18.4 We may aggregate orders with orders for other clients or our own orders. Aggregation may work to your advantage on some occasions and to your disadvantage on other occasions. Market conditions may mean that the entire aggregated order is not executed in one transaction at a single price, in which case we may average the prices paid or received and we may report to you a volume weighted average price for the transactions instead of the actual price of each transaction.

18.5 Orders include: "limit orders", which are orders to buy or sell when the market reaches a specified level; "at best" or "market" orders to buy at the best rate available; "stop loss" orders to buy or sell at a specified price and "benchmark" orders to buy or sell at a reference price established by a third party at a particular point in time.

18.6 Unless we agree otherwise, each open order will remain in effect until we have fully executed it or you have cancelled it. An open order will not be cancelled automatically by a subsequent order relating to the same Financial Instruments and it is your responsibility to cancel an open order where a substitute order has been entered. A Transaction resulting from the execution of any order which you have not cancelled will be entered in your account.

18.7 Where we accept an order, we will act in accordance with our "Best Execution Approach", in accordance with paragraph 19 below. We shall notify you of any material changes to our "Best Execution Approach".

## 19. Best execution

19.1 The best execution obligation, referred to in our "Best Execution Approach" (which sets out our policy on best execution), may be owed to you where you are a Professional Client and where we deem that you are reliant on us to protect your interest. As you are aware, we always deal with you as principal and operate primarily in request for quotes markets as outlined in our "Best Execution Approach". If you are an Eligible Counterparty, then best execution will not apply.

19.2 Subject to paragraphs 19.1, 19.4 and 19.6, we will take all sufficient steps to provide you with best execution in accordance with our "Best Execution Approach".

19.3 A summary of our "Best Execution Approach" can be found on our Website and is available upon request from your LBCMW

representative.

19.4 Unless you notify us otherwise, we shall consider the continued placement of orders by you to constitute your acceptance of, and continued consent to, our "Best Execution Approach".

19.5 Where we receive your specific instructions in relation to how you want us to execute your order or Transaction, we will act in accordance with those specific instructions. By following your specific instructions, our regulatory duty of best execution in these circumstances will be affected by the specifics of your order and your instructions to us. Where we act in accordance with your specific instruction, we may not be able to comply with our "Best Execution Approach".

19.6 We will for some Financial Instruments, provide (i) a quarterly report on our execution quality and/or (ii) an annual report of our top execution venues.

## 20. Execution Venue

20.1 We operate on a principal to principal basis, therefore any order or Transaction you enter into with us, is with us as your execution venue. We do not direct orders as agent to other execution venues. However, we will have regard to the wider market in the relevant Financial Instruments when complying with our obligations for providing best execution in accordance with our "Best Execution Approach". You expressly consent to our executing orders outside of a Regulated Market, Multilateral Trading Facility or Organised Trading Facility.

20.2 Certain Transactions may be subject to restrictions under Applicable Regulations which will require them to be concluded on a Market (including equivalent third country trading venues). In these circumstances, we will only execute these Transactions on such a Market.

## 21. Systematic Internaliser

21.1 We act as a systematic internaliser ("SI") where we execute client orders on an organised, frequent, systematic and substantial basis, outside of a trading venue (such as a Regulated Market, an Organised Trading Facility ("OTF") or a Multilateral Trading Facility ("MTF"). When executing client orders as a SI, we deal on our own account, which means we will be trading against our capital. This does not include engaging in riskless back-to back matching of transactions (e.g. acting like an exchange).

21.2 When acting as a SI, we will make public, firm quotes in bonds, structured finance products, or derivatives traded on a trading venue. In order to provide these quotes, we may limit:

- i. the number of Transactions we undertake to enter into at the published quote; and
- ii. the total number of Transactions that we undertake with other clients at the published quote.

21.3 If we are a SI and providing pre-trade transparency, then details of our approach on SI transparency will be available to you on our Website.

## 22. Incorrect pricing

22.1 In the event that any indicative prices quoted by us are incorrect due to being unrepresentative of the current market value for a Transaction of that size and nature, we will not be bound by that quote (whether or not confirmed by us), where it is recognised by us within two (2) Business Days of any Transaction.

## 23. Settlement

## Method of settlement

23.1 Standard settlement will be on a delivery versus payment basis. We may, at our discretion, agree alternative settlement arrangements with you.

23.2 Unless otherwise agreed, cash settlement must be in immediately available, freely convertible funds of the relevant currency.

## Payment and deliveries

23.3 Payments and, where not already held by us, certificates or other documents required to settle Transactions must be delivered by you in time to enable us to complete settlement within the time frames specified.

23.4 Where you are required to deliver or re-deliver an asset, you must ensure that the necessary documents (including the appropriate and duly stamped instruments of transfer) are executed and that all instructions required are given to procure that all rights, title and interest will pass from you to the transferee and that these are free from any and all liens, charges and encumbrances.

23.5 Delivery and transfer of title will take place in accordance with the rules and procedures applicable to the relevant asset and market, as in force from time to time.

23.6 Where these documents, or immediately available funds, are not provided in the timeframe required for settlement we will not be obligated to settle any Transaction or account to you.

## 24. Transaction and trade reporting

24.1 Where we are obliged, by Applicable Regulations, to make transaction information public and/or available to a relevant regulator, you agree and acknowledge that:

- i. any and all proprietary rights in such transaction information is owned by us; and
- ii. you waive any duty of confidentiality with respect to that information which we are required to disclose.

24.2 You must provide us with a LEI Code before we will undertake any Transactions for you unless you qualify for an exemption. Please contact your LBCMw representative for information on whether you will qualify for this.

24.3 If you are an Investment Firm and/or subject to post trade reporting then, subject to paragraph 24.4, where we execute a reportable Transaction with you on an OTC basis, we both agree that the party acting as seller shall post trade report the Transaction in accordance with Applicable Regulations.

24.4 Where only one of us is acting as a SI and that party is also acting as the buyer in the Transaction, we both agree that the buyer will report the Transaction in accordance with Applicable Regulations.

24.5 You must inform us where any proposed Transaction would constitute a Short Sale, at or before you instruct us on, or enter into, the Transaction.

24.6 We will not make any trade or transaction reports on your behalf in respect of any Transactions unless otherwise agreed with you in writing.

## 25. Distribution arrangements

25.1 You agree and represent that you will only enter into Transactions in Financial Instruments for your own account and not in the capacity of Distributor unless we agree otherwise.

25.2 In the event that we agree, you acknowledge that we and you may have certain obligations under the Markets in Financial Instruments Directive II and related rules ("MiFID II") and you agree that you will provide us with, and we may provide you with, certain

information which may be necessary for us to meet our obligations under MiFID II.

25.3 Should you wish to distribute any of the Financial Instruments provided by us please contact your LBCMw representative.

25.4 Depending upon your individual circumstances, you may also be liable for any relevant taxes and costs that are incurred as a result of the tax treatment of any Financial Instruments and/or Transactions.

## 26. Costs and charges

26.1 In accordance with Applicable Regulations, we will disclose our costs and charges (including any fees or commissions where applicable) and/ or the basis upon which we charge you, prior to and/or following, execution of Transactions in our Financial Instruments as agreed between us. Information will be provided in "Our Approach to Costs and Charges" which is available from our Website or on request, and you can request a breakdown of our aggregated costs at any time.

26.2 You will be responsible for any liabilities, costs, charges and expenses, including the payment of any tax, brokerage, transfer fee, registration fee, or stamp duty payable and properly incurred by us in connection with any Transactions.

26.3 Depending upon your individual circumstances, you may also be liable for any relevant taxes and costs that are incurred as a result of the tax treatment of and Financial Instruments and/or Transactions.

## 27. Limited disclosure of details of costs and charges – Professional Clients and Eligible Counterparties Only

27.1 If you are a Professional Client or an Eligible Counterparty, you agree that we can provide you with limited costs and charges information in accordance with Applicable Regulations, except where:

- i. you are a Professional Client entering into Transactions in any Financial Instrument that embeds a derivative (e.g. a credit linked note); or
- ii. you are an Eligible Counterparty Client which intends to offer Financial Instrument(s) that embed(s) a derivative to your own clients, then you will receive full cost and charges information in accordance with paragraph 26 (Costs and charges). Further information on our approach is available upon request from your LBCMw representative.

27.2 If you are an Eligible Counterparty Client you must notify us if you intend to offer Financial Instruments to your clients and, upon receiving such notification from you, we will disclose our costs and charges to you in accordance with paragraph 28 (Costs and charges). If you do not notify us that you intend to offer your clients our Financial Instrument, then we will be entitled to assume that you will not be offering them to your clients and we will provide you with limited disclosure of our costs and charges accordingly.

## 28. Full disclosure of details of costs and charges –Professional Client or Eligible Counterparties who request additional disclosure

28.1 Where we provide you with full disclosure of costs and charges, this means that we will:

- i. provide you with a general description of how we price Transactions and the factors that impact our costs and

charges in relation to the Financial Instrument and Transactions we provide;

- ii. provide you in writing with pre trade details of the actual or estimated costs and charges that will be applied to your Transaction or Transactions in accordance with Applicable Regulations; and
- iii. provide you in writing with post trade information on the actual costs and charges of the Transaction that you have entered into with us in accordance with Applicable Regulations.

## 29. Agency

29.1 Your relationship with LBCMW is based upon you acting as principal in respect of the Products and/or Services that we transact with you. Where you act as agent on behalf of someone else you agree to disclose this to us and the identity of the person you are acting for before entering into these Terms. Where this disclosure is not made we will continue to treat you, and not any underlying principal, as our client.

29.2 If you act as agent on behalf of one or more principals, whose identity you shall disclose:

- i. you accept these Terms for yourself and each principal;
- ii. you confirm that you have been authorised to disclose the identity of each principal and to accept these Terms on their behalf; and
- iii. you accept that you alone, and not the underlying principal, are our client.

29.3 Where you act as agent, references to “you” in these FI Terms means you as agent, and not your principals.

## 30. Inducements

30.1 Except as provided in paragraph 30.2 below, we are not permitted to receive or provide any inducements from or to third parties. Inducements include any fees, commissions, monetary or non-monetary benefits in relation to any Transactions under these FI Terms or any Additional Terms where to do so may impair our duty to act honestly, fairly and professionally, in accordance with the best interests of our clients.

30.2 Any inducements may only be accepted where they enhance the quality of our service provision, they do not impair compliance with our duty to act honestly, fairly and professionally in accordance with the best interests of our clients, and where we have made the necessary disclosures about the inducement to our clients ahead of any Transactions.

30.3 When you are an Investment Firm, which is subject to MiFID II, you will need to make your own assessment to determine whether any of the restrictions on inducements apply to you and whether you are able to receive and/or retain such benefits.

## 31. Limitation of liability

31.1 Under these FI Terms, any LBCMW Person shall only be liable to you for damages resulting from their wilful misconduct and gross negligence, their legal representatives or their agents, unless those damages result from a breach of a material contractual obligation. Material contractual obligations are obligations whose performance by a party is (1) necessary for the execution of the contract and (2) the other party can rely upon and regularly relies upon. If a breach is caused by simple negligence, the liability will be limited to an amount equal to the amount of typically foreseeable damages. Nothing in this paragraph shall limit or exclude our or

any LBCMW Person’s liability for injury to life, body or health caused by us or such LBCMW Person.

31.2 No LBCMW Person will be liable to you or any third party in connection with any Transaction, the Financial Instruments Terms or any Additional Terms for:

- i. any loss of profits or opportunity due to an increase in the value, or any Loss due to a decline in the value, of any Financial Instruments which are or were the subject of a Transaction or a potential Transaction;
- ii. the solvency, acts or omissions of any broker, nominee, custodian, settlement agent, securities depository or other third party through or with whom a Transaction is carried out or in whose control any of your Financial Instruments or documents or certificates giving or evidencing title to them may be held, or any bank with whom we maintain any bank account, or any other third party with whom we deal or transact business or whom we appoint on your behalf, other than any such entity which is an Associate of ours, but to the extent that you reasonably request us to do so, we will make available to you any rights that we may have against any such person;
- iii. any communication or document produced or information provided by you in relation to a Transaction; or
- iv. any action or omission by you or by any third party under or in connection with these FI Terms or any Additional Terms, including any failure to provide us with accurate information and/or documentation that we may need to fulfil our obligations under these FI Terms. These FI Terms and any Additional Terms set out the full extent of our duties and no LBCMW Person is subject to any fiduciary or equitable duties which: (i) are more extensive than the obligations set out in these FI Terms or, any Additional Terms; or (ii) would prevent us or any Associate from carrying out any services or activities with or for other persons.

31.3 Nothing in these FI Terms or, any Additional Terms will require any LBCMW Person to take or not to take any action which would in our opinion breach Applicable Regulations.

31.4 The provisions of this paragraph 31 (Limitation of liability) will only limit the liability of any LBCMW Person to the extent permitted by Applicable Regulations.

31.5 Nothing in these FI Terms or any Product Agreements shall exclude or restrict any duty or liability that we owe to you under the regulatory system established under applicable German regulatory law and the Applicable Regulations. Notwithstanding any provision of these Terms or, any Additional Terms, we shall be entitled to take any action that we consider reasonably necessary to ensure compliance with Applicable Regulations.

## 32. Indemnity

32.1 You will indemnify, and keep indemnified, us and any LBCMW Person (each, for the purposes of this paragraph 32, an “Indemnified Person”) on demand against all Loss which such Indemnified Person may suffer or incur in connection with or arising out of: (i) these Terms and any Transaction effected on your instructions; or (ii) the conversion of an obligation under these Terms or any Transaction into a currency other than the one in which such obligation was originally due; or (iii) any increased costs suffered or incurred, or reduction in amount received, following

the introduction of, any change in, or change in interpretation of Applicable Regulations. You will not be required to indemnify any Indemnified Person to the extent that any such costs, expenses, damages, liabilities and losses result directly from the wilful misconduct or gross negligence of the Indemnified Person.

### 33. Termination

33.1 These FI Terms may be terminated in circumstances set out in paragraphs 9.3, 12.4 and 30 of the LBCMW General Terms of Business. Product Agreements may have differing termination provisions.

### 34. General provisions

#### Entire agreement

34.1 These FI Terms supersede any previous written or verbal agreement between us (except any Product Agreements) in relation to the matters dealt with in these FI Terms and, except as expressly stated, comprise the whole agreement between us relating to the subject matter of these FI Terms.

#### Severability

34.2 If any provision of these FI Terms is found by any court or regulatory or administrative body of competent jurisdiction to be invalid or unenforceable, then:

- i. the invalidity or unenforceability of that provision will not affect the other provisions of these FI Terms, which will remain in full force and effect; and
- ii. you and we agree to negotiate in good faith to substitute for any invalid or unenforceable provision a valid and enforceable provision which achieves to the greatest extent possible in accordance with the underlying provisions the same effect as would have been achieved by the invalid or unenforceable provision.

#### No Waiver

34.3 A failure or delay by us in exercising any right in respect of these FI Terms will not be presumed to operate as a waiver. In addition a single or partial exercise of any right, power or privilege will not be presumed to preclude any subsequent or further exercise of that right or of any other right under these FI Terms.

#### Force majeure

34.4 We will not be liable for any delay in performance or non-performance of any of our obligations under these Terms as a result of any cause beyond our reasonable control or for any Loss or liabilities caused by the occurrence of any contingency beyond our reasonable control. This includes, without limitation, any breakdown of communication, transmission or computer facilities, strikes or similar industrial action or the failure of any relevant exchange, clearing house or broker or sub-custodian to perform its obligations, acts of God such as adverse weather conditions or the occurrence of other natural events, acts of terrorism or acts of state.

#### Governing Law

34.5 These FI Terms and all Transactions entered into under them and any contractual obligations arising out of or in relation to these FI Terms or the Transactions entered into under them shall be governed by and construed in accordance with German law. Any non-contractual obligations arising out of or in relation to these FI Terms or the Transactions entered into under them shall be governed by and construed in accordance with German law.

#### Jurisdiction

36.7 Each party irrevocably agrees that the Courts of Frankfurt am Main, Germany ("the Courts") shall have exclusive jurisdiction in relation to any dispute, controversy or claim, whether contractual or non-contractual, arising out of or in connection with the underlying these Terms (including a dispute regarding the existence, validity, interpretation, breach, termination or enforceability of these Terms) or Transactions. Each party irrevocably waives any right that it may have to object to action being brought in those Courts, to claim that the action has been brought in an inconvenient forum, or to claim that those Courts do not have jurisdiction.

# Glossary

**Additional Terms** means Product Terms and Product Agreements.

**Associate** means any undertaking in a group of companies (whether a holding company, subsidiary, subsidiary of any holding company, or representative and branch office in any jurisdiction) or a person whose relationship with the group might reasonably be expected to give rise to a conflict of interest in dealings with third parties.

**Applicable Regulations** means any applicable laws, rules and regulations including without limitation, German regulatory laws, the circulars of the BaFin, any rules, policies, guidelines and practices of a relevant regulator, the rules of a relevant Market and all other applicable laws, rules, procedures, codes, standards and regulations (including without limitation, accounting rules, anti-money laundering and economic sanctions legislation).

**Business Day** means a day (other than a Saturday or Sunday) in which we are open for normal business in Frankfurt am Main, Germany.

**Confirmation** means a confirmation, contract note, statement or note issued or made available by us to you confirming the details of a Transaction. Unless otherwise notified to you Confirmations include Confirmations provided to you by SWIFT or similar electronic messaging, subject to the Applicable Regulations.

**Distributor** means an Investment Firm which offers, recommends or sells Financial Instruments or provides Investment Services to clients.

**EEA** means the European Economic Area.

**Eligible Counterparty** means a client that we have classified as an eligible counterparty client (*Geignete Gegenpartei*) in accordance with the German Securities Trading Act (Wertpapierhandelsgesetz, "WpHG") as amended from time to time.

**Financial Instruments** means "Finanzinstrumente" (financial instruments) in accordance with the German Securities Trading Act (Wertpapierhandelsgesetz, "WpHG") as amended from time to time).

**Investment Advice** means personal recommendations in respect of transactions relating to certain Financial Instruments where the recommendation is based on an evaluation of the investor's personal circumstances or is presented as being suitable for the investor and is not

provided exclusively via information distribution channels or for the general public.

**Investment Firm** means any legal person whose regular occupation or business is the provision of one or more investment services to third parties and/or the performance of one or more investment activities on a professional basis.

**LEI Code** means a legal entity identifier code as required by Applicable Regulations.

**Loss** means any loss, damage, cost, charge, expense, claim, counter-claim, action, suit, judgment or other liability which a person may incur or which may be made against such person.

**LBCMW Person** means LBCMW and any of its Associates and its or their directors, contractors, officers, employees, associates and agents.

**Market** means a Regulated Market, a Multilateral Trading Facility and an Organised Trading Facility each as defined in accordance with MiFID II.

**MiFID II** means Markets in Financial Instruments Directive II (Directive 2014/65/EU) and related rules and regulations.

**Non-complex Financial Instruments** means Financial Instruments classified as "non-complex" by Applicable Regulations.

**Professional Client** means a client that we have classified as a professional client (*professioneller Kunde*) in accordance with the German Securities Trading Act (Wertpapierhandelsgesetz, "WpHG"), as amended from time to time.

**Product Agreements** means standardised market-facing agreements that you will be required to enter into if you wish to transact certain Financial Instruments.

**Product Terms** means terms and conditions that are specific to our Financial Instruments.

**Retail Client** means a client that we have classified as "Privatkunde" in accordance with the German Securities Trading Act (Wertpapierhandelsgesetz, "WpHG"), as amended from time to time.

**Short Sale** means a Transaction where clients borrow securities in anticipation of a price decline and are required to return an equal number of securities at some point in the future.

**Transaction** means any transaction you enter into with us for the provision of Financial Instruments.

**Website** means:

<https://commercialbanking.lloydsbank.com/important-information/commercial-banking-regulatory-information/>

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### Important Information

Your call may be monitored or recorded in case we need to check we have carried out your instructions correctly and to help improve our quality of service. Please remember we cannot guarantee security of messages sent by email.

Lloyds Bank is a trading name of Lloyds Bank Corporate Markets Wertpapierhandelsbank GmbH, which is a wholly-owned subsidiary of Lloyds Corporate Markets plc. Registered office: Thurn-und-Taxis Platz 6, 60313 Frankfurt am Main, Germany.

### Our service promise

If you experience a problem, we will always try to resolve it as quickly as possible. Please bring it to the attention of any member of staff. Our complaints procedures are published on the Website.



**LLOYDS BANK**