

COMMERCIAL BANKING

LLOYDS BANK
CORPORATE MARKETS
PLC

PRODUCT
TERMS FOR
DUAL
CURRENCY
INVESTMENTS

These terms apply immediately for new clients and are effective from
1st March 2020 for existing clients.



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 Dual Currency Investment with us.
- **Part II** sets out the terms and conditions that govern Dual Currency Investments.
- There is also a **Glossary** of key terms.
- **Part III** sets out the client signature and declaration

Part I - Important Information

1. Introduction

- 1.1 These Product Terms for Dual Currency Investments (“DCI Terms”) are supplemental to the Lloyds Bank Corporate Markets plc (“LBCM”) General Terms of Business and set out the terms and conditions that apply when LBCM provides you with the Dual Currency Investments (“DCIs”).
- 1.2 Lloyds Bank Corporate Markets plc has its registered office is at 25 Gresham Street, London EC2V 7HN and it is registered in England and Wales under No.10399850. LBCM 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 separate banks, Lloyds Bank plc which is designated as the “ring fenced bank”, and Lloyds Bank Corporate Markets plc is the “non-ringfenced bank”. Both are wholly owned subsidiaries of Lloyds Banking Group plc. Your contractual counterparty will be Lloyds Bank Corporate Markets plc.
- 1.4 Lloyds Bank Corporate Markets plc has appointed Lloyds Bank plc to provide certain services that enable LBCM to fulfil certain of its obligations to you under these DCI Terms, subject always to Applicable Regulations. Even in these cases, your relationship is with LBCM and subject to these DCI Terms.
- 1.5 By ‘we’, ‘us’ or ‘our’, we mean LBCM. 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).^{1.6} These DCI Terms), the DCI Product Summary (“DCI Product Summary”) and the commercial terms that we and you will agree in relation to any individual Dual Currency Investment transaction will govern such individual transaction (each a “Transaction”). For each Transaction a written confirmation of the commercial terms agreed (“Confirmation”) will be sent from us to you. Each Transaction is separate from other agreements you may enter with us. To the extent that such other agreements (or any other applicable terms and conditions), are in conflict with the DCI Terms, the DCI Terms will prevail. To the extent that the Confirmation is in conflict with the DCI Terms the Confirmation will prevail and to the extent of any conflict between the Product Summary and the Confirmation the Confirmation will prevail.
- 1.7 A DCI is an investment made in a product that is linked to the exchange rate movement of the Currency Pair that the holder has selected.
- 1.8 A DCI that you enter into with us pursuant to these DCI Terms is a high risk investment which could result in you getting back significantly less than the amount you invested. You are accepting foreign exchange risk and would lose the entire principal sum invested in the event that the Alternative Currency had no value against the Investment Currency on maturity. By investing in a DCI you are investing in a product that is linked to the exchange rate movement of the Currency Pair that you have selected. An enhanced yield is offered in return for you accepting foreign exchange risk. At maturity, your investment and return may be paid in the weaker currency within your Currency Pair and at the Strike Rate you agreed when you made the investment. You should not assume that the yield that is offered by us in return for the foreign exchange risks that you are accepting is the best available yield. DCIs are provided without advice from us to you as to its suitability to you. If you have any questions about the suitability of this product for you, or you have any concerns around the tax or accounting treatment of the product or any other concern or doubt, we strongly recommend you seek financial and tax advice from your professional advisers.
- 1.9 When you invest in a DCI, there is no cooling-off period and you cannot withdraw your money until the end of the investment term (although in exceptional circumstances we may, in our discretion, consider buying the Dual Currency Investment back from you but the price we offer may be less than the Investment Currency Amount).
- 1.10 It is important that you understand the nature of the risks involved with any of the DCIs (as described in paragraphs 1.7 and 1.8 above) that you enter into with us. Further information on the nature and risks associated with our DCIs is available in our General Risk Disclosure Statement on our website (“Website”):

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

1.11 DCIs are only appropriate for clients categorised as Professional clients as defined in the FCA Handbook. 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 DCIs.

1.12 In these DCI Terms:

- i. words and expressions shall have the particular meaning, if any, given to them in the body of these DCI Terms and/or the Glossary set out at the end of these DCI 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.

1.13 All communications between you and us and all information and documents from us shall be in English unless otherwise required by Applicable Regulations.

1.14 We suggest you keep a copy of this document in case you want to check the DCI Terms that apply to our DCIs.

2. Understanding these DCI Terms

2.1 These DCI Terms apply to DCIs you enter into with us and form a binding contract between us and you once you have signed and returned them to us. These DCI Terms are only provided to you before you enter into your first DCI with us. They will not be provided when you enter into subsequent DCIs.

2.2 Should we make any changes to these DCI

Terms (in accordance with paragraph 14 (Changes to these DCI Terms), the revised document will be available on our Website.

2.3 If there is any conflict between these DCI Terms and the LBCM General Terms of Business then these DCI Terms shall prevail to the extent of the inconsistency.

3. Your knowledge and understanding

3.1 Any DCI that 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 DCIs, 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 DCIs which they wish to transact.

4. If you have questions

4.1 If you have any questions about these DCI Terms or our DCIs, need further information, or would like another copy of these DCI Terms please contact your LBCM representative.

5. How we are regulated

5.1 LBCM is authorised by the Prudential Regulation Authority ("PRA"), and regulated by the Financial Conduct Authority ("FCA") and the Prudential Regulation Authority. The address of the FCA is 12 Endeavour Square, London E20 1JN. The address of the PRA is 20 Moorgate, London EC2R 6DA. Our authorised firm reference number is 763256. To find out more about us, see the Financial Services Register: www.fca.org.uk or call the FCA on 0800 111 6768.

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

6. Important information about compensation arrangements

6.1 You may be protected by the Financial Services Compensation Scheme (FSCS) if you are an eligible investment business. This means that FSCS may pay compensation if a firm is unable, or likely to be unable, to meet its obligations to you under one or more transactions.

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- 6.2 You will not be able to make a claim on the FSCS if you qualify as large corporate or large partnership, or are not otherwise an eligible claimant for the purpose of the rules on FSCS eligibility set out in the FCA Handbook.
 - 6.3 Further information about the scheme (including the amounts covered and eligibility to claim) can be obtained from our Website and from the FSCS via its website www.FSCS.org.uk.

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.
- 7.2 If you have a hearing or speech impairment you can use Text Relay (previously TypeTalk) 6458. 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.

8. Complaints

- 8.1 If you experience a problem or wish to complain in relation to any aspect of our relationship under these DCI Terms, please bring this to the attention of your LBCM 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 LBCM representative.
- 8.3 Some customers will be “eligible complainants” and may be able to refer their complaint to the Financial Ombudsman Service. The Financial Ombudsman Service will only consider your complaint once you have tried to resolve it with us, so please take up your concerns with us first and we will do all we can to help.
- 8.4 The Financial Ombudsman Service can be reached at Exchange Tower, Harbour Exchange, London, E14 9SR. Tel: 0800 023 4567. Further details are available at financial-ombudsman.org.uk

Part II – Terms and Conditions

9. Your status

- 9.1 LBCM is subject to various regulatory regimes that require us to consider, in different ways, which products and services 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 DCI 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, Professional or Eligible Counterparty Client.
- 9.3 Our DCIs are only available to clients categorised as Professional.
- 9.4 As a result of the ring-fencing legislation (see paragraphs 1.3 and 1.4), we are required to consider if you might qualify as a Relevant Financial Institution ("RFI"). Unless an exception applies, LBCM will be the only LBG entity which will have exposures to RFIs. Unless agreed in writing between you and us, 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.
- 9.5 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 further or additional information promptly and accept that if you fail to respond within any timeframe specified then these DCI Terms may terminate in accordance with the provisions of paragraph 15 (Termination).

10. Eligibility

- 10.1 To enter into a DCI, you must be a professional client, as defined in the FCA Handbook.
- 10.2 We are under no obligation to enter into a

DCI with you.

- 10.3 We may agree to enter into a DCI with you in joint names. In that situation we would be able to act on the instructions received from any one of the joint parties to the DCI, unless we have been made aware of a dispute between you. Any act or omission of one joint party to the DCI would be deemed the act or omission of the other joint parties and all the joint parties would be jointly and severally liable to us for the obligations of the joint parties to us under the DCI.

11. Your investment

- 11.1 When you enter into a DCI we will ask you to select the Investment Currency Amount, the Investment Currency, the Alternative Currency, the Maturity and the Strike Rate. On the basis of these selections we will quote an Interest Return.
- 11.2 If we both agree to the economic terms for the DCI, we will enter into the DCI. Where you have an account with us, you authorise us to debit the Investment Currency Amount from that account. Please note that if sufficient cleared funds are not received by us by the Investment Value Date we have the right to cancel the DCI and you agree to indemnify us for any and all losses we may incur as a result.
- 11.3 We will send you a Confirmation of your DCI shortly after the Trade Date.
- 11.4 Our records are conclusive. This means that, in the absence of any obvious error, the information held on our computer systems, voice recordings and the Confirmation for a particular Transaction, are the only valid evidence of the DCI. If you become aware or believe that in the information Confirmation is incomplete or incorrect, you must tell us as soon as possible so that we can rectify any missing or incomplete information if we agree with your correction.
- 11.5 A DCI is an investment, not a deposit. Once we have executed a DCI you will not be able to withdraw your Investment Currency Amount, or to cancel or terminate the Transaction (in exceptional circumstances we may, in our discretion, consider buying the DCI back from you but the price we offer may be less than the Investment Currency Amount).
- 11.6 Under a DCI you agree to accept payment of

the Return Amount in either the Investment Currency or the Alternative Currency. Our decision to pay your Return Amount in the Investment Currency or the Alternative Currency will depend on how the prevailing Spot Rate at Determination Time on the Determination Date compares to the Strike Rate.

- 11.7 Where the Spot Rate is higher than the Strike Rate at the Determination Time on the Determination Date, the Return Amount will be converted using the Strike Rate and paid in the Alternative Currency. Where the Spot Rate is lower than or equal to the Strike Rate at the Determination Time on the Determination Date, the Return Amount will be paid in the Investment Currency.
- 11.8 You acknowledge that if you choose to convert the Return Amount from the Alternative Currency back to the Investment Currency, you may lose part of the Investment Currency Amount. A DCI is a "structured capital-at-risk product" within the meaning set out in the FCA Handbook.
- 11.9 You authorise us to appropriate the Investment Currency Amount and convert it into the Alternative Currency to satisfy your obligation to accept the Return Amount in the Alternative Currency.
- 11.10 We will pay you the Return Amount, either in the Investment Currency or the Alternative Currency, on Maturity by crediting your account denominated in the relevant currency.

12. Best execution and pricing

- 12.1 Best execution does not apply to DCIs but we will ensure any costs and charges are fair and reasonable.
- 12.2 Any cost and charges of offering this investment to you will be broadly reflected in the indicative Interest Return figure that we quote to you when you express an interest in a particular Currency Pair and tenor of Transaction.

13. Right of Set-Off

- 13.1 If you owe money to us, we may, without prior notice, use money in all or any of your DCIs with us to reduce or repay what you owe to us under any other agreement between you and us. If we need to make a currency exchange in order for us to do so, we will use the equivalent amount in the relevant currency.
- 13.2 We will not use this right where doing so would contravene any law or regulation.

14. Changes to these DCI Terms

- 14.1 We may change any provision in these DCI Terms where we are obliged to do so by law, regulation, or any codes of practice which apply to us, or for any other reason.
- 14.2 Where we reasonably believe that a change is to your benefit, we will make the changes without prior notice and the change will be effective immediately. We will notify you of the change as soon as is practicable.
- 14.3 Where we reasonably believe that a change is not to your advantage we will provide thirty days' prior notice to you of a change which will be effective on the day after you receive notice.

15. Termination

- 15.1 We reserve the right to terminate any Transaction immediately if any of the following occur:
 - a) We have reason to believe that you are entering into a Transaction for personal reasons not connected to your business, trade or profession;
 - b) Any information you have given us (whether in connection with the DCI Terms or not) is inaccurate;
 - c) If any material litigation is being taken against you at and you have not informed us;
 - d) If you are a sole trader and you die, become of unsound mind or become insolvent (or, in Scotland, apparently insolvent), or if a bankruptcy petition (or in Scotland, a petition for sequestration) is presented against you, or steps are taken to appoint an administrator, judicial factor or similar officer to you or you apply to the court for a moratorium or make a proposal to creditors for a voluntary arrangement or you grant a trust deed for creditors or take any action (including entering negotiations) with a view to readjustment, rescheduling, forgiveness or deferral of any part of your indebtedness;
 - e) If you are a limited company or limited liability partnership, you have a petition presented or resolution passed for winding up or an administration order or a notice of intention to appoint an administrator is issued or notice of appointment of an administrator is filed with the court or you have a receiver appointed over all or part of your assets or you cease to trade, or you are deemed by law unable to pay your debts, or you

make an application in connection with a moratorium or a proposal to creditors for a voluntary arrangement or take any action (including entering into negotiations) with a view to readjustment, rescheduling, forgiveness or deferral of any part of your indebtedness, including in Scotland granting a trust deed for creditors;

- f) If you are a partnership (including a limited liability partnership) or unincorporated association, you dissolve or a petition is presented for an order to be made for the winding-up of the partnership or an application or a petition is presented or made for an administration order against the partnership;
- g) If you are a limited liability partnership, any member ceases without our written consent to be a member or you cease for any reason to be a limited liability partnership;
- h) We have reasonably established that you have failed at any time meet any material legal or regulatory requirements;
- i) If termination of the Transaction is required by the order of any court or by direction or decision of a regulator; or
- j) You breach the term of a Transaction, these DCI Terms or any other agreement entered with us.

16. Limitation of liability

- 16.1 No LBCM Person will be liable to you or any third party in accordance with paragraph 25 of the LBCM General Terms of Business.

17. Indemnity

- 17.1 You agree, on demand, to reimburse and indemnify any LBCM Person for any Loss that we have or may suffer or incur in connection with any DCI as a direct result of:
 - i. any breach or alleged breach by you and/or any person acting on your behalf of any provision of these DCI Terms or any Applicable Regulations; and
 - ii. any actual or alleged unauthorised action by you and/or by any person acting on your behalf, except to the extent that the gross negligence, fraud or wilful default of an LBCM Person has directly caused that Loss.

18. General provisions

Entire agreement

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

Severability

- 18.2 If any provision of these DCI 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 DCI Terms, which will remain in full force and effect;
 - ii. if that provision would be valid or enforceable if part of it were deleted, then the provision in question will apply with such modification(s) as may be necessary to make it valid and enforceable; and
 - iii. if paragraph 18.2(ii) does not apply, then 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 the same effect as would have been achieved by the invalid or unenforceable provision.

No Waiver

- 18.3 A failure or delay by us in exercising any right in respect of these DCI 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 DCI Terms.

Rights of Third Parties

- 18.4 Subject to paragraph 32.4 of the LBCM General Terms of Business, the Contracts (Rights of Third Parties) Act 1999 shall not apply to these DCI Terms.

Force majeure

- 18.5 We will not be liable to you for any delay in performance, or for the non-performance, of any of our obligations hereunder by reason of any cause beyond our reasonable control. This includes without limitation any breakdown or failure of transmission, communication or computer facilities, strikes or similar industrial action and the failure of

any relevant exchange, clearing house, data service provider and/or broker for any reason to perform its obligations.

Governing Law

- 18.6 These DCI Terms and any non-contractual obligations arising out of, or in connection with it, shall be governed and construed in accordance with the laws of England and Wales.

Jurisdiction

- 18.7 The courts of England and Wales shall have exclusive jurisdiction to settle any dispute arising out of or in connection with these DCI Terms (including any dispute relating to any non-contractual obligation arising out of or in connection with these Terms).

Glossary

Applicable Regulations means any applicable laws, rules and regulations including without limitation, the Financial Services and Markets Act 2000, the rules of the FCA and the PRA, any rules, policies, guidelines and practices of a relevant regulator, the rules of a relevant Market and all other applicable laws, including but not limited to international regulations such as MiFID and US Dodd Frank Act / Commodity Futures Trading Commission (CFTC) rules, rules, procedures, codes, standards and regulations (including without limitation, accounting rules, anti-money laundering and economic sanctions legislation) as amended or superseded.

Alternative Currency means the currency within your Currency Pair which is not the Investment Currency.

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.

Currency Pair means the Investment Currency and the Alternative Currency.

Confirmation means a confirmation, contract note, statement or note issued or made available by us to you confirming the details of a Transaction.

Determination Date means the date on which we determine whether we will convert the Investment Currency into the Alternative Currency.

Determination Time means the time specified in accordance with conventions of the Spot Market for the Currency Pair

on the Determination Date when we determine whether we will convert the Investment Currency into the Alternative Currency.

FCA Handbook means the FCA's handbook of rules and guidance.

Investment Currency means the currency that the Investment Currency Amount is denominated in.

Investment Currency Amount means the initial principal sum you invest in a Transaction.

Interest Return means the interest accrued on the Investment Currency Amount between the Investment Value Date and the Determination Date, as calculated by us in accordance with the Confirmation.

Investment Value Date means the value date as agreed between you and us.

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.

LBCM Person means Lloyds Bank Corporate Markets plc and any of its Associates and its or their directors, contractors, officers, employees, associates and agents.

Maturity means the date, as agreed between you and us, on which we pay you the Return Amount.

Repayment Currency means the currency in which the Transaction is settled, as determined pursuant to the calculation of Return Amount.

Return Amount means the amount (including the Interest Return) that we will pay you at Maturity, as calculated in accordance with paragraph 11.7 of the DCI

Terms and the Confirmation.

Spot Market means the global spot foreign exchange market, which, for these purposes, shall, unless otherwise agreed, be treated as being open continuously from 5:00 a.m. Sydney time on Monday in any week to 5:00 p.m. New York time on the Friday of that week.

Spot Rate means the rate of exchange quoted by us for foreign exchange transactions in the Spot Market for the Currency Pair either by reference to the rate of exchange for the Currency Pair or to cross rates constituting the Currency Pair.

Strike Rate means the exchange rate we agree in relation to the Currency Pair.

Trade Date means the day we enter into the Transaction.

Transaction means a Dual Currency Investment transaction.

Part III - Client signature and declaration

Please sign this document in the signature block provided below and return to your LBCM representative:

I hereby confirm my agreement with these DCI Terms.

[insert client name]
Signature: Date:
Name: Title: