

Service Terms: Regulated Financial Markets

CONTENTS

1. Introduction	3
2. Money Market Transactions	4
3. Foreign Exchange Transactions	5
4. Derivative Transactions	6
Annex 1: Regulatory Annex	7
1. Interpretation	
2. Client Categorisation	
3. Best Execution	
4. Title Transfer	
5. Advice	
6. Own judgement	
7. Risk warnings	
8. Order Handling	
9. Costs	
10. Confirmations	
11. Trade Reporting	
12. Transaction Reporting	
13. Legal Entity Identifier	
Annex 2: Risk Disclosure	14
1. Interest Rate Swaps	
2. Currency Spot and forward trades	
3. FX Forwards	

1. INTRODUCTION

1.1 These service terms cover the provision of financial markets services by Bank ABC (the “**Regulated FM Terms**”) as described herein. They are to be read together with Bank ABC’s General Terms and will apply to you, in addition to the General Terms, for as long as we provide such services to you.

1.2 Unless the context requires otherwise, Clause 2 (*Definitions and Interpretation*) of the General Terms shall apply to these Regulated FM Terms.

1.3 Please see the information in Annex 1 (the “**Regulatory Annex**”).

2. MONEY MARKET TRANSACTIONS

- 2.1 Any Transaction which represents a fixed deposit of funds by you with us is a money market Transaction (a “**Money Market Transaction**”). The provisions of Clause 2 of the Regulated FM Terms shall apply to any Money Market Transaction which we agree to from time to time.
- 2.2 After a deposit is placed, we will send you a Confirmation setting out the amount, the interest rate, the deposit period, and the interest payment date(s).
- 2.3 The amount of your deposit will be fixed for the deposit period stated in the Confirmation, and the deposit cannot be added to or withdrawn in whole or in part during that period without our permission, which may be: (i) given or withheld at our absolute discretion; and (ii) given on such terms, and subject to such additional charges as we may notify to you. Subject to our discretion, additional deposits will be placed as a separate Transaction.
- 2.4 You must nominate an Account to which all repayments of, and interest payments on, the deposit will be credited. If you wish to nominate an account held elsewhere, a written request must be provided to Bank ABC which will be considered at our sole discretion.
- 2.5 Subject to the terms outlined in the Confirmation, interest shall accrue in your favour from the relevant value date until the designated maturity of the deposit and will be paid up to the end of the deposit period.
- 2.6 For deposits placed in excess of one year, interim interest may apply based on terms agreed at the time of the deposit.
- 2.7 At the end of the fixed period stated in the Confirmation, the maturing deposit plus interest will be reinvested for a similar term, unless you instruct us otherwise. Any such Instruction must be received by us two business days prior to the maturity of the deposit and no later than the cut-off time for the corresponding currency as specified by Bank ABC from time to time.
- 2.8 We shall deal with you as principal in relation to any Money Market Transaction. You hereby represent and warrant that you act as principal and not as agent (or trustee) on behalf of someone else in relation to any Money Market Transactions.
- 2.9 You should ensure that you understand the nature and risks of each Money Market Transaction. You should not deal in Money Market Transactions unless you understand their nature and the extent of exposure to risk that you will incur.

3. FOREIGN EXCHANGE TRANSACTIONS

- 3.1 Any Transaction for the exchange of one currency to be delivered by you against another on a specified future date at an agreed exchange rate is a foreign exchange Transaction (an “**FX Transaction**”). The provisions of Clause 3 of the Regulated FM Terms shall apply to any FX Transaction we agree to.
- 3.2 An FX Transaction request should clearly state the necessary details which include: the currencies being bought and sold; currency amounts; value date / settlement date; and any other details that may be relevant to the FX Transaction. Incomplete requests may cause delay in the timely execution of an FX Transaction and we will not be liable for any commercial costs or losses incurred by anyone in connection with any delay.
- 3.3 Payments under an FX Transaction can be settled through your accounts held with us, or alternatively, at our sole discretion, we may agree to settle according to the settlement Instructions provided by you in writing.
- 3.4 An FX Transaction request should be received at least two business days prior to the first settlement date of the currency pair involved. Any late request received from you will be considered at our sole discretion.
- 3.5 We will not provide you with advice or recommendations in relation to any FX Transaction. We will only provide you with market information, and the decision to conduct an FX Transaction will be entirely yours.
- 3.6 You acknowledge that any payment to be made to us shall be in cleared funds. If you fail to make any payment in cleared funds we shall be entitled either to charge interest until the payment is received in cleared funds or to close out the relevant Transaction by selling out or buying in and to debit your account with our costs and losses incurred in or in connection with closing out that Transaction.
- 3.7 We shall deal with you as principal in relation to any FX Transaction. You hereby represent and warrant that you act as principal and not as agent (or trustee) on behalf of someone else in relation to any FX Transactions.
- 3.8 You should ensure that you understand the nature and risks of each FX Transaction. You should not deal in FX Transactions unless you understand their nature and the extent of exposure to risk that you will incur.

4. DERIVATIVE TRANSACTIONS

- 4.1 Before we execute certain Transactions relating to derivatives and other investments with or for you (each a “**Derivative Transaction**”), we may require you to enter into Additional Terms (which may be in the form of a master agreement in the form prescribed by the International Swaps and Derivatives Association, Inc. (ISDA)).
- 4.2 We shall deal with you as principal in relation to any Derivative Transaction. You hereby represent and warrant that you act as principal and not as agent (or trustee) on behalf of someone else in relation to any Derivative Transactions.
- 4.3 You should ensure that you understand the nature and risks of each Derivative Transaction. You should not deal in Derivative Transactions unless you understand their nature and the extent of exposure to risk that you will incur.

Annex 1: Regulatory Annex

1. INTERPRETATION

“**Applicable Regulations**” means:

- (a) the FCA Rules; and
- (b) all other applicable laws, rules, procedures, guidance, codes, standards and regulations] applicable to the services set out in Clause 2, 3 and 4 of the Regulated FM Terms.

“**FCA Rules**” means the rules and guidance of the FCA from time to time as set out in the FCA’s Handbook of Rules and Guidance.

“**MiFID II**” means Directive 2014/65/EU of the European Parliament and the Council of 15 May 2014 on market in financial instruments.

2. CLIENT CATEGORISATION

2.1 In connection with the services set out in Clause 3 and Clause 4 of the Regulated FM Terms provided by us to you we have categorised you as a “Professional Client” or an “Eligible Counterparty” (as defined under the FCA Handbook) for the purpose of the FCA Rules. You have the right to request categorisation as a “Retail Client” (as defined under the FCA Handbook) for the purpose of the FCA Rules, benefiting from a higher degree of regulatory protection.

2.2 However, we are not authorised to deal with Retail Clients and accordingly, any such request by you will mean we cannot undertake business with you.

2.3 Under the FCA Rules, Professional Clients are granted fewer protections than Retail Clients. You agree that you are responsible for keeping us informed about any changes that could affect your categorisation as a Professional Client.

Annex 1: Regulatory Annex

3. BEST EXECUTION

- 3.1 You agree that all transactions executed by us on your behalf will be carried out in accordance with our order execution policy, which is available from your relationship manager and made available on our website.
- 3.2 You hereby consent to our order execution policy. Furthermore you acknowledge that our order execution policy provides for the possibility that its orders may be executed outside a regulated market, multilateral trading facility or organised trading facility as defined in MiFID II and expressly consents to the execution of its orders in this way.

Annex 1: Regulatory Annex

4. TITLE TRANSFER

- 4.1 When you transfer money to us you agree that:
- (a) the full ownership of the money is transferred to us for the purpose of securing or otherwise covering your obligations; and
 - (b) except to the extent we have agreed in writing to the contrary, we will not hold such money in accordance with the client money rules as set out in FCA Rules, but as cash margin.
- 4.2 Money received by us from you in this way for your account will not be owed by us to you but, rather, we will be obliged to repay an equivalent amount of money back to you. Accordingly the client money rules as set out in the FCA Rules will not apply, and you will not have a proprietary claim over such money, and we can deal with it as our own.

We will transfer to you an amount equal to any difference in the amount of money which you have transferred to us if, in our discretion, we consider that such amount is more than is necessary to cover your obligations to us.

In determining the amount of collateral and the amounts of cash margin, your obligations, and our obligations to you, we may apply such methodology (including judgements as to the future movement of markets and values) as we consider appropriate and consistent with Applicable Regulations.

Annex 1: Regulatory Annex

5. ADVICE

5.1 You hereby acknowledge that, in providing services under these Regulated FM Terms, we will not, unless otherwise agreed in writing with you, be acting in a fiduciary capacity or provide any personal recommendation to you in respect of any transaction in financial instruments nor provide any investment advice (within the definition set out in MiFID II) or provide the service of portfolio management (within the definition set out in MiFID II).

Accordingly, you should make your own assessment of any transaction that you are considering in the light of your own objectives and circumstances including the possible risks and benefits of entering into that transaction.

5.2 You should not rely on any information, proposal or other communication from us as being a recommendation or advice should not rely on any information, proposal or other communication from us as being a recommendation or advice in relation to that transaction.

5.3 Any marketing communication provided to you shall not be taken as an endorsement of or advice regarding the services under these Regulated FM Terms.

6. OWN JUDGEMENT

FCA Rules require us to assess the appropriateness of any product or service for you. However, as you are deemed to fall under the regulatory classification of Professional Client, or Eligible Counterparty, we are entitled to assume that you

have, and we deem you to have, the necessary knowledge and experience to understand the risks involved in any service and/or product provided or offered to you under these Regulated FM Terms.

Annex 1: Regulatory Annex

7. RISK WARNINGS

Please see the information in Annex 2. In addition risk warnings relating to the financial instruments that we offer are available on our website.

8. ORDER HANDLING

We refer to our order execution policy which is available from your relationship manager and which is made available on our website. We may combine your orders with our own orders and the orders of other clients.

We shall only combine orders in this way where we reasonably believe that the aggregation is in the best interests of all our clients overall.

However, you acknowledge that such aggregation may result you suffering a less favourable price in relation to a particular order. Please refer to our order execution policy for further information which is available from your relationship manager and available on our website.

9. COSTS

We price a Transaction taking into account comparable market data within the relevant market price ranges, including established costs and margins, which constitute the final price notified to you before we execute a Transaction.



Annex 1: Regulatory Annex

10. CONFIRMATIONS

Where we execute a Transaction with you we shall send you Confirmations on that trading day, to your address as shown in our records or by electronic mail to the email address we have on record for you.

It is your responsibility to inform us of any change to your email address, the non-receipt of a Confirmation, or whether any Confirmations are incorrect before settlement.

Annex 1: Regulatory Annex

11. TRADE REPORTING

Under Applicable Regulations, we may be obliged to make information about certain transactions public.

You agree and acknowledge that any and all proprietary rights in such information are owned by us, and you waive any duty of confidentiality attaching to the information which we reasonably disclose.

12. TRANSACTION REPORTING

Under Applicable Regulations, we may be obliged to report the details of certain transactions to the FCA or other competent authority.

Where we are required to file a transaction report, you undertake to provide in a timely fashion all such information (including, but not limited to, your LEI) and documentation and to promptly take all such action as we may from time to time reasonably require.

13. LEGAL ENTITY IDENTIFIER

Before you can trade any financial instrument as defined in MiFID II with us, you must have provided us with a valid LEI for the entity that will face us.

It is solely your responsibility to obtain all relevant LEIs and to ensure such LEIs are renewed and remain valid.

Annex 2: Risk Disclosure

As either a Professional Client or Eligible Counterparty, you are deemed to have the relevant expertise, experience and knowledge of the relevant market to make decisions and understand the risks involved. If this is not the case, you must let us know immediately.

We have set out below a brief overview of the nature of and inherent risks involved with certain potentially high risk products. You should be aware that the product information contained herein is not necessarily a comprehensive description and it is worth remembering that all investments may be influenced by external risk influences such as political risk, and global or local economic trends.

You should not deal in derivative products unless you understand the nature of the contract you are entering into and the potential extent of your exposure to risk. You should also be satisfied that the particular derivative contract is suitable for you in the light of your circumstances and financial position and that it fulfils your particular requirements.

Although derivative contracts can be utilised for the management and mitigation of risk, some of these products are unsuitable for many investors. Derivative products may not always act in the same way. Different products involve different levels of exposure to risk. Risks involved in derivative products may include any of, or a combination of, the following:

- **settlement risk**
- **credit risk**
- **market risk**
- **interest rate risk**
- **insolvency risk**
- **regulatory risk**

Specific definitions of all of the above risks are available upon request.

Annex 2: Risk Disclosure

1. INTEREST RATE SWAPS

Interest rate swaps are transactions under which streams of fixed or floating rate payments, determined using a fixed or floating interest rate, are exchanged for each other.

The payments due from each party are determined by applying the fixed or floating rate to a specified “notional amount” for a series of successive calculation periods, usually starting on the effective date of the interest rate swap and ending on its termination date.

2. CURRENCY SPOT & FORWARD TRADES

All currency transactions have a counterparty risk in that the counterparty to the trade might default before settlement.

This risk is greater in the case of a forward currency trade (anything over two days) than spot trades (which typically settle in two days).

3. FX FORWARDS

An FX forward is a contract between two parties who agree that at a certain time in the future one party will deliver a pre-agreed quantity of some underlying asset and the

other party will pay a pre-agreed amount of money for it. This amount of money is called the forward price.

T: +44 (0) 20 3765 4000
F: +44 (0) 20 7606 9987

www.bank-abc.com

Arab Banking Corporation House, 1-5 Moorgate, London, EC2R 6AB, United Kingdom.

Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

Bank ABC is the trademark of Arab Banking Corporation (BSC) which ABC International Bank plc is licensed to use.

For details of how we process your personal data, please see our [data privacy notice](#).