

Terms of Business

In accordance with the rules of the Financial Services Authority (the "FSA"), JPMorgan Cazenove Limited ("Cazenove" or "we"), a firm authorised and regulated by the FSA and on the FSA Register (number 140767), are writing to inform you that we propose to categorise you as a "per se professional client" for the purposes of the FSA's Handbook of Rules and Guidance available at www.fsa.gov.uk (the "FSA rules") in respect of all investment services and activities and ancillary services which we may conduct with or for you and to set out below the terms upon which business between us will be conducted. As you will not receive the protections afforded to retail clients under the FSA rules it is important that you contact us immediately if you do not agree with this categorisation, if there is any change in your corporate, regulatory or financial status or if there is anything you do not accept in these Terms of Business. The FSA rules provide a mechanism for clients to elect a different categorisation. If you seek to elect eligible counterparty categorisation, you will not receive all the protections afforded to professional clients, such as those relating to conduct of business, client information and communication and financial promotion, non-advised services and order execution and handling. If you elect retail client status generally, we reserve the right to withdraw services we would otherwise make available to you under these Terms of Business. If you elect retail client status for a particular transaction, you will be required to enter into additional terms and we reserve the right not to execute that transaction.

These Terms of Business incorporate a number of provisions required upon the implementation of the Markets in Financial Instruments Directive which requires, among other things, that we provide certain notifications to you. Unless the context otherwise requires, any word or expression defined in the FSA rules shall have the same meaning when used in these Terms of Business.

Your engagement in any business dealing with us following your receipt of these Terms of Business will constitute your express consent to these Terms of Business and result in these Terms of Business creating a legally binding agreement between us, which with effect from 1 November 2007 will wholly supersede any previous correspondence between us relating to the terms upon which we conduct business with or for you with respect to the services described herein.

Our Terms of Business may be amended from time-to-time. The up-to-date version of our Terms of Business, together with related documentation including a description of our Order Execution Policy, is available at www.cazenove.com/disclaimers/mifid.shtml.

Services to be provided and scope of these Terms of Business

1. These Terms of Business govern the provision by us to you of investment research and dealing and execution services in securities of all kinds and on all markets, including where such activities are conducted by our connected companies either on our behalf or directly with you. However, we will not deal for you in, futures, options (other than warrants) and contracts for differences, without first entering into a separate agreement with you for such instruments.

Corporate finance, corporate broking and capital markets services may also be provided on terms to be agreed separately for each particular matter, as may cases in which you may act as an underwriter or sub-underwriter of investments. However, unless specifically agreed otherwise, market-based activity such as executing orders on your behalf or trading with you as principal which are part of, or ancillary to, our corporate finance, corporate broking or capital markets services will be governed by these Terms of Business read in conjunction with any additional agreement or other documentation that may be entered into between us in connection therewith.

Where we execute orders for you or otherwise provide services to you through specialist communications channels (such as a FIX connection) and/or using specialist software (such as algorithmic trading), additional terms apply. The terms applicable to certain such services are set out in Schedule 1 to these Terms of Business and form part of these Terms of Business for all purposes in connection with such services. Where other such services are not covered by Schedule 1, we may notify you of additional terms specific to such services.

We will not provide any personal advice on investments based on your specific objectives or circumstances, unless you make a written request for this service to our Compliance Officer and we agree to fulfil that request. Any trading suggestion or market or other information communicated to you is incidental to the provision of other services and will not have been assessed for suitability in the light of your individual objectives or circumstances. Furthermore, where we are transacting with you or on your behalf at your initiative with respect to non-complex products such as shares, you will not benefit from the protections in the FSA rules on assessing appropriateness of these products for you. In relation to any investment services we provide to you or transactions you effect in complex products such as warrants, convertible and exchangeable bonds, nil paid rights and partly-paid shares, we will, in accordance with the FSA rules, be assuming you have the necessary experience and knowledge in order to understand the risks involved. You should bear in mind that merely explaining the terms of an investment or its performance characteristics does not itself amount to advice on the merits of the investment. In addition, we do not provide legal, regulatory, tax, accounting or actuarial advice – if you consider it necessary you should contact your own advisers in these fields.

Please be aware that there are certain risks involved in transactions in shares, bonds, warrants and other investments. A warning notice is set out in Schedule 2 to these Terms of Business.

Instructions and communications

2. You may at any time give us instructions to transact business with or for you. On receiving and accepting instructions from you in respect of transactions, we shall enter into those transactions in accordance with the instructions, unless we believe that such transactions may not be practicable or might involve any party in a breach of any law, rule or regulation, upon which we shall promptly advise you of this. We shall be entitled to rely and act on any instruction or communication which purports to have been given (and which is reasonably accepted as having been given) by a person acting on your behalf and assume that such person is authorised to give such instruction on your behalf. We shall have no liability whatsoever to you or any other person for any loss that may arise from actions by us (or our failure to act) on that basis.

We shall not be under any obligation to quote, execute or otherwise enter into any particular transaction, or to accept and act in accordance with any instructions, except to the extent this is explicit in the service we hold ourselves out as providing to you. Furthermore, no contract for the purchase or sale of securities shall arise between us when we provide illustrative pricing, whether to you or another person such as your prime broker.

We shall not be responsible for any delays, inaccuracies or omissions in the receipt of your instructions or in the transmission of orders or other information to us by you except to the extent such delays, inaccuracies or omissions are caused by our negligence, fraud or wilful default. You will be solely responsible for and agree to indemnify us in respect of any loss, costs, expenses or penalties (including legal expenses) suffered or incurred by us as a result of any errors in your instructions to us.

Where you are acting as an agent or intermediary for another person, we will treat you alone as our client for the purposes of the FSA rules.

You and we may communicate electronically in connection with the services provided under these Terms of Business or otherwise. We may record telephone calls made between us. We may also retain other forms of communication such as emails, instant messaging and Bloomberg messages. You are advised that recordings of conversations and such other forms of communication may be used as evidence in the event of a dispute.

We will not treat you as a consumer (as defined in the FSA rules). The FSA rules regarding placing and receipt of orders by electronic means will not apply to the services provided to you.

Where you provide us with information relating to your order or proposed transaction, we may use that information to facilitate the execution of your orders or transactions, and will be aware of it while continuing to carry out our market making, other client facilitation activities or otherwise in carrying out our legitimate business (which may include, but is not limited to, hedging a risk or otherwise limiting the risks to which we are exposed). Client facilitation activities may include, without

limitation, us taking a principal position in relation to providing clients with quotes or as part of the ongoing management of inventories used to facilitate clients.

Reporting

3. We will issue contract notes forthwith in respect of, or otherwise confirm in writing by letter or electronically, all transactions carried out by us on your behalf.

Unless we agree otherwise, where we execute your order outside a regulated market or multilateral trading facility, whether the securities are traded with dividend, coupon or other rights will be determined by reference to how the same securities are traded, at the time of execution of the order, on the primary exchange where they are admitted to trading.

Order execution policy

4. We will comply with our order execution policy in force from time-to-time in respect of all orders from you to us to execute a transaction to which the policy applies. Details of our policy will be, or have been, sent to you under separate cover.

In compliance with our order execution policy, we may match your order with an order from another client (who may be a person connected with us) acting as agent for both parties or with ourselves for the purposes of client facilitation, market making or proprietary trading in which case we will be acting both as your agent and as principal on our own behalf. Any such matching will be effected at our rather than your discretion. The transaction may not be executed on a regulated market or multilateral trading facility, for example the instrument may be traded over-the-counter or against our proprietary book.

Where you place a limit order (as defined in the FSA rules) with us in shares that are admitted to trading and that order is not immediately executed under prevailing market conditions you hereby instruct us not to make that order public, other than for purposes of continuing to work the order in accordance with our order execution policy. We will comply with this general instruction unless you direct us otherwise in relation to a specific limit order.

If you have not expressly confirmed to us your consent to the execution matters described in the previous two paragraphs prior to effecting a transaction under these Terms of Business, the quality of the execution we are able to provide may be affected.

When executing certain types of transactions (for example, when you ask us to quote to buy or sell a particular security) we will not be executing orders on your behalf and accordingly we will not be subject to the obligation to provide best execution as set out in the FSA rules. The circumstances in which we will not be executing orders on your behalf are set out in the details of our order execution policy referred to above. In those cases, you alone will be responsible for determining whether more favourable terms could have been obtained elsewhere.

Order aggregation and allocation

5. We operate an order aggregation and allocation policy as required by the FSA rules. We seek to handle client and own account orders promptly, fairly, expeditiously and in due turn subject to market conditions. We may aggregate your orders for execution with orders of other clients and counterparties (which may include companies in the JPMorgan Chase group), where we believe this is unlikely to work overall to the disadvantage of any client whose order is aggregated. However, combining your orders in such a way may result in you obtaining a less or a more favourable result than if they had been executed separately.

Market conditions may not permit your order (whether or not aggregated) to be executed at once or in a single transaction. We may therefore execute your order as multiple transactions over such a period as we deem appropriate and may report to you a volume weighted average price for a series of transactions so executed instead of the actual price of each transaction. If an aggregated order is only partially executed, we will allocate the executions fairly in line with the approach selected by the trader in accordance with our policy.

Settlement and charges

6. Unless otherwise agreed between us, settlement of all transactions will be in accordance with accepted market practice. However, our obligation to settle transactions is conditional upon receipt by us or our agents of all necessary documents, securities or funds.

Charges shall be in accordance with the rates which have been agreed with you from time-to-time and may be shared with any of our connected companies (as defined below) or, subject to applicable law, with third parties. Any changes to these charges will be made only after consultation with you. Our charges vary according to the transaction or service and client, and may differ from those incurred by another client in a similar transaction. Charges may include a commission and/or a mark-up or mark-down.

We may pay fees or commissions to executing brokers in respect of transactions executed for you through such brokers. We will only engage in arrangements involving payment of such fees or commissions which do not impair compliance with our duty to act in your best interests. Further details are available upon request. Any other arrangements to pay brokers or other parties in connection with services provided to you will be subject to a separate agreement with you.

You are responsible for all taxes, duties and levies payable with respect to any transaction executed by us with you or on your behalf. You will reimburse us for all reasonable out-of-pocket expenses relating to our provision of services for you, including, but not limited to, the cost of travel and accommodation expenses.

In the event of default or late payment of any sum due to us, we reserve the right to charge interest at a rate not less than the effective cost to us of borrowing in the relevant money markets an amount equal to the sum due to us.

In the event of any default or late payment by us of any amount due we agree to pay on demand interest at an equivalent rate.

Managing conflicts of interest

7. In order to ensure we act in the best interests of our clients, we take very seriously the need to manage potential conflicts of interest. We operate a conflicts of interest policy which includes procedures and policies for segregation of duties and reporting lines and the operation of information barriers (Chinese walls). Our research department in particular is subject to a wide range of procedures designed to maintain the impartiality of research analyst views. If we feel we are unable to manage a conflict in relation to a particular transaction, we will notify you of this and decline to effect the transaction.

The following are examples of potential conflicts of interest, which we manage in accordance with our policy:

- Dealing as principal or making a market in a security while publishing research on the security or broking it to you and other clients
- Soliciting and receiving client orders which are inconsistent with your order or our research recommendation
- Matching your order with an order from another client (who may be a person connected with us) acting as agent for both parties or with ourselves for the purposes of client facilitation, market making or proprietary trading (in which case we will be acting both as your agent and as principal on our own behalf)
- Engaging in corporate finance (including capital markets, underwriting, sponsorship and corporate broking) activities with or for the issuer of a security or a third party with an interest or prospective interest in it, while publishing research on the security or broking it to you and other clients
- In the case of other companies in the JPMorgan Chase group, providing commercial and private banking to such issuer or seller, including asset and acquisition-related financing, or making or preparing to make a proprietary investment in it.
- Allocating a new issue of a security to you while taking into the account the interests of our issuer client

Our policy also provides for restrictions on certain activities such as the following:

- Restriction on involvement of research analysts in certain activities in relation to corporate finance business
- Prohibition on front-running client orders or dealing when aware of the pending publication of research
- Restrictions on proprietary trading during sensitive periods in certain corporate transactions involving our corporate finance department
- Prohibition on the giving or receiving of inducements which are likely to conflict to a material extent with duties to clients (which includes a gifts and entertainment policy applicable other than to small gifts and minor hospitality)
- Restrictions on outside business interests
- Procedures for approval of personal account dealing by our staff, including specific targeted restrictions on permitted trading by staff in sensitive businesses

The foregoing represents what we believe to be the most significant potential conflicts of interest which might arise in the course of our provision of the services to which these Terms of Business relate. Further details of our policy, which contains a more comprehensive description of potential conflicts, are available upon request. Provided we comply with our policy, we and our connected companies may effect transactions with or for you notwithstanding that we, or a connected company, may have an interest, relationship or arrangement that is material in relation to the transaction or investment concerned. Neither we nor our connected companies shall be liable to account to you for our profit, commission or remuneration made or received from or by reason of transactions with our clients or any connected transactions nor will our fees, unless otherwise provided, be abated. Neither these Terms of Business nor any transaction entered into between us under them shall give rise to fiduciary obligations on our part. You acknowledge and agree that we may provide our services and earn (and retain) all such profit, commission or remuneration notwithstanding the existence of material interests.

Accounts, client money and custody arrangements

8. Upon request we will set up accounts for persons for whom you act as agent, provided the identity of such persons is disclosed to us and subject to these Terms of Business. Each such account will be operated independently of those others for which you act of agent on the same basis.

We consider it unlikely that we will hold money for your account, especially since most investment business is subject to settlement on a delivery versus payment basis. Where we do so, however, we agree that such money should be treated as client money where required by, and in accordance with, the FSA rules. Client money will normally be placed on deposit though no interest will be payable unless specifically agreed between us. Client money may be deposited in a client bank account outside the United Kingdom. The legal and regulatory regime applying to such a bank will be different to that of the United Kingdom and, in the event of the failure of the bank, rules could apply which are different to those which would apply if the account were held in the United Kingdom.

We will only provide you with safe custody services by separate written agreement.

Representations, warranties and undertakings

9. You represent, warrant and undertake to us on the date of these Terms of Business and on each day that a transaction is entered into on your behalf that:
- (i) you are a per se professional client as defined in the FSA rules;
 - (ii) you have obtained all necessary consents and have authority to enter into these Terms of Business;
 - (iii) you will comply with applicable law and regulation in relation to all activities in which you involve us and will have full authority to instruct us and complete any resultant transaction on behalf of any person for whom you act as agent;

- (iv) if you acquire securities in an offering that has not been qualified as a public offering in the jurisdiction in which you are located, you do so as a qualified, professional, institutional or similar investor that is eligible to do so under the laws of that jurisdiction pursuant to applicable private placement rules (without any action being required on our part other than that which has been performed and notified to you in writing), and that any resale, sub-participation or re-hypothecation of the securities by you will also be effected only in accordance with such rules (but without reliance on any such rule which is based purely on a numerical limit of offerees or purchasers);
- (v) you are not aware (after due enquiry) that any person for whom you are acting as agent is unable to fulfil its obligations in relation to the transaction, you will inform us immediately if you become aware prior to settlement of the transaction that such person is not likely to be able to fulfil such obligations and in the event such person does so fail you will provide reasonable assistance to us in any action we deem appropriate including without limitation by facilitating prompt contact with such person;
- (vi) any information you have provided to us is complete, accurate and not misleading; and
- (vii) you will promptly notify us in writing in the event of any material change in your circumstances or in any other information you have provided to us.

Information

10. We will at all times treat any information relating to each of our clients as confidential. In providing services to you, we shall not, and shall not be obliged to, make use of information available to us which we are under any legal or moral duty not to disclose. However, we may disclose information concerning you or your investments or transactions to any government department or agency or regulatory authority, any trade or transaction reporting venue, our insurers, our associated and connected companies, and in order to seek to establish any defence in any actual or possible legal or regulatory process, and will not be liable in any way for so doing. Wherever practicable, and subject to our legal and regulatory obligations, we will inform you of any such disclosure.

If you invest in a new issue of securities, your identity and the size of your investment may be shared with the issuer and any bookrunner(s) of the issue in accordance with the FSA rules.

You shall not disclose confidential information acquired in consequence of our relationship under the Terms of Business except for such information as you are bound to disclose by law or which is requested by regulatory authorities or which you disclose to your professional advisers as information necessary for the performance of their services to you.

Amendments and termination

11. These Terms of Business may be amended at any time by written notice from us and any investment services provided to you by us or investment activity between us following the giving of such notice shall be on such amended terms. In addition, our arrangements with you under these Terms of Business may be terminated at any time by either of us giving written notice to the other. Such notice shall take effect either on receipt or on such later date as is specified in the notice. Any such termination of these Terms of Business shall be without prejudice to the full completion and prompt settlement of any transactions already initiated prior to the date of termination. Clauses 9, 12 and 18 and the paragraph which follows this paragraph shall survive termination. Furthermore, termination of these Terms of Business shall not affect accrued rights, indemnities, existing commitments or any contractual provision intended to survive termination and will be without penalty or other additional payment. You may not assign your rights or obligations under these Terms of Business without our written consent.

Without prejudice to any lien, rights of set-off or other similar rights which we may have by law or otherwise over any of your investments or money, your investments and money and those of each person for whom you act as agent shall be subject to a general lien in our favour to the extent there remains any outstanding amount owed by you or any person for whom you act as agent to us or our connected companies. We reserve the right to set-off, retain or make deductions from any amount which we or a connected company owe to you or any person for whom you act as agent in any lawful

manner which we deem appropriate. Notwithstanding the foregoing, we may not exercise such rights in relation to investments or money (i) owed to or by one person for whom you act as agent in relation to amounts owed to or by another person for whom you also act as agent or (ii) owed to or by you in relation to amounts owed to or by a person for whom you act as agent, nor consolidate the accounts of such persons, in each case where the identity of each such person has been made known to us.

Liability

12. We (and our connected companies, directors, officers and employees) shall not be liable for any loss, damage, liability or expense suffered or incurred by you arising directly or indirectly out of or in connection with our investment business with or for you save to the extent such loss, damage, liability, or expense is finally determined by a court or binding arbitration to be the result of our negligence, fraud or wilful default and does not arise from a breach of these Terms of Business by you. In no event will we be liable for any consequential, indirect or special damage. In no event shall any provision of this section have the effect of excluding or restricting any duty or liability of Cazenove under the regulatory system of the FSA.

No warranty is given by us as to the performance or profitability of any investments. The value of investments may go down as well as up and you may not get back the amount you invested. You agree to indemnify and hold us (and our connected companies, directors, officers and employees) harmless in respect of any losses, costs, expenses or penalties (including legal expenses) arising from or in connection with the failure by you and your agents (which shall include us and our connected companies except to the extent we are liable under the previous paragraph) to settle transactions within the time permitted by the relevant market authority. This may include the cost incurred by us in buying, borrowing or otherwise obtaining securities to settle your transactions together with any interest or charges associated therewith. Any such costs and/or penalties (and interest) shall be payable by you within seven days from the date of written demand from us. We may, in our discretion, pay such costs and/or penalties (and interest) without prejudice to our right to recover the same from you. In no event will we be liable to you for such costs or penalties (or interest).

Except in relation to this clause and Schedule 1, the Contracts (Rights of Third Parties) Act 1999 shall not apply to these Terms of Business and no rights or benefits expressly or by implication conferred by these Terms of Business shall be enforceable under that Act against the parties to these Terms of Business by any other person. The consent of no person other than the parties to these Terms of Business shall be required to the amendment or termination of these Terms of business.

Force majeure

13. We shall not be liable to you for the delay in performance or non-performance of any obligations under these Terms of Business by reason of any cause beyond our reasonable control, including without limitation any breakdown of transmission, communication or computer facilities

Connected companies

14. In these Terms of Business, references to connected companies shall mean any other current or future direct or indirect subsidiary of JPMorgan Cazenove Holdings or Cazenove Group Limited. We are sending you these Terms of Business on behalf of our connected companies as well as ourselves and are authorised to act on their behalf for all purposes relating to them.

Money laundering

15. If you are subject to European Union money laundering legislation, you will be responsible for the verification of identity of any third party for whom you ask us to deal. If you are not subject to European Union money laundering legislation we may require you to provide documentary evidence of your identity and/or that of such third parties.

Data protection

16. Any personal data obtained in the provision to you of our services under these Terms of Business will be held and processed by us and our connected companies in accordance with the relevant legislation.

We will hold, use and otherwise process only such of your personal data as is necessary to provide you with our services which may include the transfer of such data out of the European Economic Area. We will not pass your personal data to any other organisation unless it is necessary to do so to fulfil our obligations under these Terms of Business, or where required by any law or regulation, or with your consent. You have a right to request access to your personal data held by us at any time by writing to the Compliance Officer.

Notices

17. All communications will be sent to the address on these Terms of Business unless you notify us to the contrary. Any communication will be deemed to be received on the second London business day after the day of despatch if sent by first class post, upon receipt of a transmission confirmation if sent by fax or upon receipt if sent by other form of electronic communication.

Governing law and regulation

18. All transactions are subject to the rules, customs and regulations from time to time in force of the FSA and/or, where applicable, the rules, customs and regulations of the relevant exchange or market where such transactions are executed. In the event of any conflict between these Terms of Business and any market rules or requirements, the market rules or requirements shall prevail.

These Terms of Business shall be governed by, and construed in accordance with, English law and you submit for our benefit to the exclusive jurisdiction of the English courts.

Complaints and compensation

19. All formal complaints should in the first instance be made in writing to the Compliance Officer. A copy of our complaints handling procedure is available on request. As a per se professional client, you will not be able to make a complaint to the Financial Ombudsman Service.

In the event that we are unable to meet our liabilities, you will not be eligible to seek compensation under the Financial Services Compensation Scheme.

SCHEDULE 1

Additional Terms

Additional terms relating to the transmission of orders via a FIX connection

Cazenove may, by means of an electronic connection established between your and our trading systems, provide an electronic trading service consisting of receiving orders placed by you for the sale or purchase of securities, transmitting executions of the orders placed by you via the electronic connection and transmitting indications of interest to purchase or sell securities to you. The electronic connection will consist of your gateway, Cazenove's gateway and an electronic connection provided by an Electronic Communications Network Provider and will be based on the industry standard Financial Information Exchange (FIX) Protocol. The service will be subject to our FIX Rules of Engagement as notified to you from time-to-time and to these Terms of Business including, without limitation, the following provisions. Unless specifically indicated, in the event of inconsistency between the FIX Rules of Engagement and these Terms of Business, these Terms of Business shall prevail. Only order types and execution conditions set out in the FIX Rules of Engagement are supported by the service.

Use of the service is discretionary and does not replace non-electronic methods of communication for indicating interest, placing and executing orders relating to securities such as the telephone, facsimile or in writing. However, should you place an order for the sale or purchase of securities through the electronic connection, a request by you for such an order to be cancelled or amended must, in order to be effective, be transmitted by you using the electronic connection.

In using the service, you acknowledge and agree that:

- (i) Cazenove shall not be deemed to have accepted or rejected any order for the sale or purchase of securities from you until Cazenove or any of its connected companies (or in the case of trading using our algorithm service, the foregoing or the algorithm supplier) transmits an acceptance or rejection confirmation of such order through the electronic connection. Any transmission of such acceptance or rejection of an order shall only be deemed to be effective from the time that such a transmission has been transmitted by Cazenove (or such connected company or supplier) to the Electronic Communications Network Provider to which Cazenove's FIX gateway is connected;
- (ii) you may request via the electronic connection that Cazenove cancel or amend an earlier order to sell or purchase securities transmitted by you through the electronic connection and Cazenove may, but shall not be obliged to, at its sole discretion, comply with such a request. The acceptance or rejection of such a request shall only be deemed to be effective from the time that such transmission has been transmitted by Cazenove to the Electronic Communications Network Provider to which Cazenove's FIX gateway is connected; and
- (iii) Cazenove does not assume responsibility or accept liability for the performance or non-performance of any of the Electronic Communications Network Provider or of your FIX gateway.

The service will generally be available during the hours set out in the FIX Rules of Engagement or otherwise notified to you from time-to-time. For certain markets, a blackout period may be maintained during which all FIX messages will be rejected. Cazenove may change the availability of the service at any time, for any reason without notice and does not guarantee the availability of the service at any given time. Availability is also subject to all the components of the electronic connection remaining active. Each of you and Cazenove shall have the right to suspend or terminate the service by withdrawing any part of the electronic connection over which it has control at any time, for any reason and without notice. The electronic connection may also cease to be active due to the occurrence of any event beyond either party's control, such as a power failure, in which case, the service will be suspended. The foregoing provisions shall remain in effect with respect to orders placed by you and accepted by Cazenove prior to any such suspension.

The service is provided "as is" and as available. Cazenove makes no further warranty of any kind, express or implied, and excludes all such warranties or implied terms as to the content or connectivity, including but not limited to, accuracy, completeness, timeliness, merchantability, satisfactory quality and fitness for a particular purpose or use.

Additional terms relating to algorithmic trading

These terms apply to the supply to you of algorithms and brokerage services based thereon by Cazenove, and the use of such algorithms and services, regardless of the identity of the supplier of the algorithm (the "Algorithm Service"). We acknowledge that the Algorithm Service is not exclusive and you may use other algorithms including those of our supplier. In connection with the Algorithm Service, you acknowledge and accept the following:

- (a) all right, title and interest in and to the Algorithm Service, including any derivatives and enhancements thereto, all patents, copyrights, trade secrets and other intellectual property rights thereto shall remain the exclusive property of the algorithm supplier (or its suppliers and licensors);
- (b) you will access the Algorithm Service through a FIX connection with us (on our terms relating to transmission of an order via a FIX connection);
- (c) you may not (i) reverse engineer, decompile, disassemble, or in any way attempt to derive the source code for the Algorithm Service (or any component thereof) or (ii) make the Algorithm Service available to any third party as part of a time-sharing or service bureau arrangement;
- (d) the Algorithm Service is provided "as is" and all express and implied warranties regarding the Algorithm Service, the algorithm supplier (and its affiliates, suppliers and licensors) are disclaimed;
- (e) none of Cazenove, its connected companies, the algorithm supplier (and its affiliates, suppliers and licensors) or any third party provider of information, software or hardware shall in any event be liable for any loss, cost (including court costs), consequential, special, incidental, punitive or indirect damages or other alleged breach of warranty or action brought in tort or strict liability or under any other theory of liability regardless of whether such person or any of its affiliates has been advised or is otherwise aware of the possibility of such damages;
- (f) all direct damages and all consequential, special, and indirect damages are disclaimed on behalf of Cazenove, its connected companies and the algorithm supplier (and its suppliers and licensors). In the event that the foregoing disclaimer of damages is found by any court to be unenforceable for any reason, each of Cazenove's and the algorithm supplier's total damages with respect to any trade or transactions shall be limited to the fees paid or payable to Cazenove or the algorithm supplier, respectively, in respect of such transaction; and
- (g) the algorithm supplier is a third party beneficiary of the foregoing acknowledgements and agreements (and any provisions of these Terms of Business required for the interpretation of such acknowledgements and agreements) for the purposes of these additional terms and, with our prior approval, shall have the right to enforce these additional terms directly against you.

SCHEDULE 2

Risk Warning Notice

This notice is provided to you in compliance with the FSA rules. Please be aware that there are certain risks involved in transactions in shares, bonds and warrants. You should not deal in these products unless you understand their nature and the extent of your exposure to risk. This notice cannot disclose all those risks. You should also be satisfied that the product is suitable for you in the light of your circumstances and financial position. Different instruments involve varying levels of exposure to risk and in deciding whether to trade in such instruments you should be aware of the applicable risks, some of which are described below. Furthermore, the level of risk also varies by the nature of the investment strategy deployed. For example, a 'short' sale exposes you not only to price changes but also to the risk that you are unable to obtain the relevant instrument for the purposes of settling the sale. Certain strategies, such as a 'spread' position or a 'straddle', may be as risky as a simple 'long' or 'short' position. Overseas securities and securities denominated other than in sterling are exposed to movements in exchange rates. You should be aware of the additional risks associated with investment in emerging and developing markets. Although certain financial instruments can be utilised for the management of investment risk, some of these products are unsuitable for many investors. In almost all cases, the price or value of investments will depend on, among other things, fluctuations in the financial markets outside our control and may fall as well as rise. Past performance is no indicator of future performance and you may not receive the original amount invested in return.

Shares

A share is an ownership interest in a public or private limited company or similar corporate entity. Shares carry certain rights associated with partial ownership of the company, though the extent of these rights (such as entitlements to vote and receipt of dividends and other distributions) do vary and are governed by the articles of association or other constitutional documents of the company.

Typically, shares rank behind all secured, preferential and unsecured creditors in distributions and upon winding up of the company. Ordinary shares (and depositary interests or receipts that represent ordinary shares) typically rank behind preference shares. Accordingly, you should not buy a share unless you are prepared to sustain a total loss of the money you have invested plus any commission or other transaction charges.

The price of shares may be more volatile than that of fixed income investments such as bonds.

Similar considerations apply in relation to units in collective investment schemes. It should be noted, however, that some investment funds are incorporated entities and therefore the traded security is a share rather than a unit.

Bonds

A bond is a security representing a debt obligation of the issuer, which may be a company or any other incorporated, unincorporated, statutory or governmental entity. A bond is typically an unsecured senior obligation of the issuer, which will rank behind all secured and preferential creditors but ahead of subordinated creditors and shareholders. However, some bonds are secured and others are subordinated to other unsecured creditors (including senior lenders, bondholders and trade creditors). It is important that you take care to understand the ranking of the bond you are trading.

Bonds represent contractual obligations of the issuer so it is important that you understand their terms and conditions, which will contain provisions which are relevant to your investment decision, including regarding maturity and early repayment (which may not be at the full principal or face amount), interest, ranking, governing law and a number of other matters.

Instruments such as debentures and loan stock have some characteristics similar to those of bonds. As stated above, it is important that you understand the terms and conditions of these instruments for purposes of your investment decision.

Even if a bond has a fixed principal amount repayable at maturity, its trading price and hence its yield will vary in accordance with a number of factors including the current credit quality of the issuer and market conditions. Investments in higher yielding bonds issued by borrowers with lower credit ratings may result in a greater risk of default and have a negative impact on income and capital value. Bond prices may be volatile, especially in illiquid securities. Bond prices may be volatile, especially in illiquid securities. Furthermore, bonds (including convertible and exchangeable bonds described further below) are not commonly traded on a stock exchange but rather by and among dealers, and therefore are subject to similar pricing characteristics to unlisted securities, as to which see below.

Convertible bonds are bonds which include in their terms and conditions an embedded option to acquire another security, typically ordinary shares, at a strike price that is pre-established but which may vary. Alternatively the number of shares obtained upon exercise of the option may vary. The security acquired will be newly-issued by the issuer of the bond. An exchangeable bond has many of the same characteristics as a convertible bond but the underlying security is an existing security issued by an entity other than the issuer of the bond. The prices of convertible and exchangeable bonds will therefore adjust in accordance with the characteristics (and volatility) of both their bond and option elements. Exercise of a convertible or exchangeable bond will give rise to a financial commitment to acquire the underlying security at the strike price.

It is essential for anyone who is considering purchasing convertible or exchangeable bonds to understand that the right to subscribe or purchase the underlying security which the bond confers is usually limited in time with the consequence that if the investor fails to exercise this right within the predetermined time scale then the option element of the investment becomes worthless. If, however, the option element is out of the money, the value of the bond element will typically less than that of a “plain vanilla” bond issued by the same issuer. On the other hand, certain convertible or exchangeable bonds have terms under which they must convert into equity at a certain date, such that the capital distribution characteristics of these mandatory convertible or exchangeable bonds are closer to shares than bonds.

Warrants

A warrant is a time-limited right to subscribe for shares, bonds, debentures, loan stock or other securities and is exercisable against the original issuer of the underlying securities. A relatively small movement in the price of the underlying security results in a disproportionately large movement, unfavourable or favourable, in the price of the warrant. The prices of warrants can therefore be volatile.

It is essential for anyone who is considering purchasing warrants to understand that the right to subscribe which a warrant confers is invariably limited in time with the consequence that if the investor fails to exercise this right within the predetermined time scale (or the strike price of the warrant does not fall below the market price of the underlying security during that time scale) then the investment becomes worthless. Exercise of a warrant will give rise to a financial commitment to acquire the underlying security at the strike price of the warrant.

You should not buy a warrant unless you are prepared to sustain a total loss of the money you have invested plus any commission or other transaction charges.

Some other instruments are also called warrants but are actually options (for example, a right to acquire securities which is exercisable against someone other than the original issuer of the securities, often called a ‘covered warrant’).

Unlisted instruments

Transactions in unlisted securities and other financial instruments may involve greater risk than dealing in exchange traded instruments because there is no exchange market through which to liquidate your position or to assess the value of the instrument or the exposure to risk. Bid and offer prices need not be quoted, and even where they are, they will be established by dealers in these instruments and consequently it may be difficult to establish what is a fair price. Price volatility may be greater than for exchange-traded products.

Foreign markets

Foreign markets will involve different risks from the UK markets. In some cases the risks will be greater. The potential for profit or loss from transactions on foreign markets or in foreign denominated contracts will be affected by fluctuations in foreign exchange rates.