



STONEX FINANCIAL LTD

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Registered in England and Wales Company No. 5616586

Authorised and regulated by the Financial Conduct Authority FRN: 446717

www.stonex.com

**TERMS OF BUSINESS
INDIRECT CLEARING ADDENDUM
STONEX FINANCIAL LTD**

1. Scope and definitions

- 1.1. This Addendum is incorporated into, and forms part of, the Agreement.
- 1.2. SFL may, at its discretion, provide clearing services to the Client in circumstances where the Client is acting as clearing broker for its own clients as part of an indirect clearing arrangement relating to Agreed IC CCPs. Unless otherwise agreed with SFL, the Client agrees that its clients will not be permitted to offer related indirect clearing services.
- 1.3. Except for the amendments in paragraph 2 (Netting):
 - 1.3.1. any right, discretion or obligation of SFL in this Addendum shall apply to SFL solely in its capacity as a general clearing member in relation to Agreed IC CCPs where it is providing related indirect clearing services to the Client; and
 - 1.3.2. any right, discretion or obligation of the Client in this Addendum shall apply to the Client solely where it is providing related indirect clearing services to its clients.
- 1.4. Capitalised terms used but not defined in this Addendum or the Agreement shall have the following meaning:
 - 1.4.1. **"Agreement"** means the Client Agreement entered into by the parties for the provision of SFL's brokerage and clearing services;
 - 1.4.2. **"Agreed IC CCP"** means each Agreed CCP established in the EU or any other Agreed CCP that is agreed by the Parties from time to time to be an Agreed IC CCP for the purposes of this Addendum;
 - 1.4.3. **"Applicable Regulations"** means the MiFIR and EMIR Delegated Regulations (as defined below) and any other regulatory obligation applicable to the services contemplated under this Addendum;
 - 1.4.4. **"SFL/DC IC Transactions"** means Transactions which relate to Indirect Clearing Transactions;
 - 1.4.5. **"SFL /DC IC Transaction Set"** means Netting Transactions which are SFL/DC IC Transactions and which are recorded to the same account or, where there are sub-accounts, the same sub-account in SFL's books and records;
 - 1.4.6. **"Indirect Clients"** means clients of the Client with which the Client has entered into Indirect Clearing Transactions;
 - 1.4.7. **"Indirect Clearing Transactions"** means any transaction between the Client and any of its clients which relates to a SFL/CCP Transaction cleared on an Agreed IC CCP;
 - 1.4.8. **"MiFIR and EMIR Delegated Regulations"** means:
 - 1.4.8.1. Commission Delegated Regulation (EU) 2017/2154 of 22 September 2017 supplementing Regulation (EU) No 600/2014 of the European Parliament and of the Council with regard to regulatory technical standards on indirect clearing arrangements; and

1.4.8.2. Commission Delegated Regulation (EU) 2017/2155 of 22 September 2017 amending Delegated Regulation (EU) No 149/2013 with regard to regulatory technical standards on indirect clearing arrangements; and

1.4.9. **"Permitted Entity"** means:

1.4.9.1. a credit institution authorised in accordance with Directive 2013/36/EU;

1.4.9.2. an investment firm authorised in accordance with Directive 2014/65/EU; or

1.4.9.3. an entity established outside the EU that would be considered to be a credit institution or an investment firm if that entity were established in the EU.

1.5. References in this Addendum to the EU shall be construed to include the UK to the extent that, following withdrawal of the UK from the EU, the UK continues to apply substantially the same rules relating to the provision of indirect clearing services as the EU rules which became applicable on 3 January 2018 and references to Agreed IC CCPs shall be construed accordingly.

2. General Terms

2.1 The Client acknowledges and agrees that by executing this Addendum it is entering into a legally binding agreement which expressly confirms its election to a net omnibus indirect clearing account pursuant to the Indirect Clearing services to be provided by SFL to the Client governed by this Addendum.

2.2 All information provided by the Client to SFL in relation to the Indirect Clearing service; whether or not included a relevant questionnaire, ancillary thereto or otherwise are deemed to be representations made to SFL on which SFL has relied pursuant to this Addendum and the provision of the Indirect Clearing service.

2.3 The parties acknowledge and agree that whilst no fee is currently imposed by SFL for the provision of the services contemplated under this Addendum, SFL reserves the right to charging a fee at a later stage subject to prior notification to the Client and mutual agreement of the parties.

3. Netting

3.1 Clause 17.4 (Calculation of Liquidation Amount) of the Agreement shall be deleted and replaced with the following:

"17.4 Liquidation Amount: Upon the occurrence of a Liquidation Date, all Transactions will terminate and, following such termination, no further payments or deliveries in respect of the Transactions or the Title Transfer Collateral or any default interest, howsoever described, on such payment obligations will be required to be made, and the amounts payable following such

termination will be the Cleared Set Termination Amounts. In respect of any Transactions not included in any Cleared Transaction Set, an amount will be determined by SFL and payable as if those other Transactions constituted a Cleared Transaction Set and the provisions of clause 5.2.2 of the Clearing Agreement."

3.2 SFL shall not be entitled to determine the Liquidation Amount as if all Transactions constituted a single Cleared Transaction Set. However, SFL shall be entitled to treat all Transactions other than SFL/DC IC Transactions as if all of those Transactions constituted a single Cleared Transaction Set and the SFL may, in its discretion, aggregate and further net Cleared Transaction Sets to the extent permitted by Applicable Regulations.

3.3 Notwithstanding anything to the contrary in the Agreement, Payment Netting will not apply to the Cleared Set Termination Amount(s) and, upon the occurrence of a Liquidation Date, Transactions in the relevant Cleared Transaction Set will be deemed not to be in the same Payment Netting Group as any other Transactions.

4. Provision of Indirect Clearing Services

4.1 The Client agrees not to enter, or instruct SFL to enter, into Indirect Clearing Transactions unless:

4.1.1 the Client is a Permitted Entity;

4.1.2 the Client publicly discloses the general terms and conditions under which it provides indirect clearing services and SFL has confirmed that it agrees to those general terms and conditions;

4.1.3 such general terms and conditions described in (b) shall include but shall not be limited to:

4.1.3.1 confirmation of the Indirect Client's financial and legal capacity to enter into the Indirect Clearing Transactions in accordance with Applicable Regulations, the policies and procedures of the Client and any relevant general conditions imposed by SFL as communicated to the Client from time to time;

4.1.3.2 unless expressly permitted by the Client, restricting the Indirect Client from entering into any further indirect clearing arrangements subject to the conditions that; such Indirect Client is a Permitted Entity and/or where such Indirect Client is proposing to enter into such further Indirect Clearing arrangements with an entity held /controlled by its group of companies;

4.1.3.3 without prejudice to (i) above, and where permission is granted in (ii) an express notification of that SFL shall not be liable for any liability arising from or connected to

such Indirect Clearing Transactions and the absence of any regulatory protections under Applicable Regulations applicable to SFL pursuant to the Indirect Clearing services;

4.1.3.4 disclosing to the Indirect Client the risks associated with the Indirect Clearing services contemplated therein as well as the risks associated with each Indirect Client account type;

4.1.3.5 an obligation to provide to the Client any and all information pursuant to the Indirect Clearing services and permission to disclose such information to disclose to SFL when reasonably requested;

4.1.3.6 disclosure of the details and risks arising out of or related to any delegated reporting arrangements which the Client may enter into with SFL pursuant to and directly related to the Indirect Clearing Service; and

4.1.3.7 details of any default management procedures generally maintained by the Client as particularly required by SFL pursuant to this Addendum

4.1.4 the Client satisfies any additional requirements set out in SFL's general terms and conditions relating to indirect clearing or as may otherwise be stipulated by SFL from time to time.

By entering into each Transaction related to an Indirect Clearing Transaction, the Client represents and warrants that these conditions are satisfied.

4.2 The Client may request a change in the type of client account in SFL's books and records and in the accounts with the Agreed IC CCP used to clear SFL/DC IC Transactions and related margin. SFL is only obliged to make that change subject to the Client agreeing any further contractual arrangements that may be required and meeting any other requirements of SFL that may apply in order for SFL to facilitate any change in that indirect client account election.

4.3 It is a condition of these terms that the Client shall notify SFL immediately if it becomes aware that the Client or its indirect clearing service does not meet the requirements of Applicable Regulations (irrespective of whether those Applicable Regulations are directly applicable to the Client).

5. Information

5.1 Following the occurrence of an Event of Default in respect of the Client, the Client shall, immediately upon request, provide SFL with such information as SFL requires (including, as a minimum, any information it requires to comply with Applicable Regulations).

5.2 The Client shall establish procedures satisfactory to SFL which will enable the Client to satisfy its obligations to SFL under paragraph 4.1.

6. Relationship with Indirect Clients

6.1 The Client acknowledges and agrees that upon the occurrence of an Event of Default in respect of the Client:

6.1.1 SFL may at its discretion communicate with the Indirect Clients directly;

6.1.2 SFL may, pursuant to Article 4(6)(b) or Article 4(7)(e), as applicable, of the MiFIR and EMIR Delegated Regulations, return proceeds from the liquidation of Transactions relating to Indirect Client Transactions where the Agreed CCP is established in the EU, and related margin, to the Client for the account of the Indirect Clients (and for these purposes, the words "for the account of" shall have the meaning given to them in Article 4(6)(b) or Article 4(7)(e), as applicable); and

6.1.3 upon request, the Client will notify its Indirect Clients that the Event of Default has occurred and pass on to the relevant Indirect Clients any notice from SFL as to the expected period of time to liquidate the assets and positions relating to the Indirect Clients on SFL's books and records.

7. Indemnity

The Client indemnifies and holds harmless SFL and its Affiliates from and against, and shall pay on demand, any losses, liabilities, costs or expenses (including legal fees), taxes, imposts and levies which SFL or its Affiliates may incur or be subjected to from time to time in connection with the provision of indirect clearing services related to any Indirect Clearing Transactions (including in relation to any claims against SFL by any Indirect Client for any reason whatsoever).

In witness whereof, the parties have executed this Addendum on the respective dates specified below with effect from the date specified on the first page of this Addendum.

8. All other terms and conditions of the Indirect Clearing Addendum and where applicable the Agreement shall remain applicable to this Addendum.



StoneX Financial Ltd

Client

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____