



# FINANCIAL COOPERATIVE ASSOCIATION OF INTERNATIONAL CIVIL SERVANTS

COOPERATIVE SOCIETY SA - R.C. N° B35566

**REGISTERED OFFICE**  
25A BOULEVARD ROYAL  
L-2449 LUXEMBOURG

**POSTAL ADDRESS**  
BP 268  
L-2012 LUXEMBOURG

**TELEPHONE**  
(+352) 42 36 61 1

**FACSIMILE**  
(+352) 42 36 61 240

**INTERNET**  
WWW.AMFIE.ORG

**E-MAIL**  
AMFIE@AMFIE.ORG

## General Terms and Conditions

governing relations between AMFIE and its members

Relations between the Financial Cooperative Association of International Civil Servants (AMFIE) and its Members are defined in its Statutes. Business relations are governed by the General Terms and Conditions set out hereafter. The Association has its registered offices at 25A boulevard Royal, L-2449 Luxembourg. It is registered in the Luxembourg Trade Register at number B35566.

The Association is bound by a duty of professional secrecy, as defined and applicable under Luxembourg law. As an authorised professional of the financial services sector, the Association is subject to prudential supervision by the competent supervisory authorities, in particular the Commission de Surveillance du Secteur Financier.

### I. GENERAL

#### Article 1 - Application of the General Terms and Conditions and of the law

**1.1** Business relations between the Association and the Member shall be governed by the present terms and conditions, any amendments thereto, any agreements or special terms and conditions expressly entered into or agreed to by the parties as well as the laws and regulations currently in force in Luxembourg, the rules and customary practices defined by the International Chamber of Commerce, and generally accepted banking practices in Luxembourg.

**1.2** Should any of the provisions contained in the present General Terms and Conditions become unlawful, only the provision in question shall be deemed null. In that case, the Association shall promptly replace the nullified provision by a valid provision that is as close as possible to the unlawful provision. The invalidity or inapplicability of all or any part of one or more of the clauses contained in the present General Terms and Conditions shall not affect the validity or applicability of the other clauses.

**1.3** Only the French and English versions of the present General Terms and Conditions shall be authoritative and applicable to the contractual relationship between the Association and the Member. In the event of a conflict between the versions, the French version shall take precedence.

#### Article 2 - Opening of accounts

Having received and accepted an application for membership, the Association shall open one or more accounts for members as defined in Article 7 of the Statutes, on the understanding that the Association is not itself a depository of deposits in cash, financial instruments or effects of any kind. Such deposits are transferred to a depository approved by the Ministry of Finance and a partner of the Association, in accordance with the provisions of Article 11 of these General Terms. For each application to open an account accepted by the Association, it shall open an account ("root") defined by a unique series of alphanumeric characters.

Members must provide the Association with specimen signatures. Members that are legal entities must provide specimens of the signatures of any individuals empowered to legally represent them, who are duly authorised to carry out instructions on their behalf and who are authorised to deal with the Association by virtue of their

Articles of Association or any valid power of attorney.

At the start of a business relationship, and before any transactions are carried out, Members shall provide the Association with exact information as to their identity (name, occupation, domicile, place of residence, nationality, civil status) and for that purpose shall provide the Association with all required supporting documents or documentary evidence.

Members may be asked to prove their legal capacity. Legal entities and other such undertakings must provide a certified copy of their most recent Articles of Association as well as any documents designating the individuals authorised to bind them and represent them in dealings with third parties. At any time during the business relationship, the Association shall be entitled to ask the Member for any other documentary evidence and information it may consider necessary to enable it to comply with its statutory duties and to maintain a relationship of trust, including information pertaining to the Member's legal or fiscal status, domicile or registered office as well as professional and personal situation. The Member undertakes to provide the Association with this information on the Association's first request. In the event the documents are not produced, the Association shall be entitled to close out the Member's positions and close his account.

No business relationship shall exist, and no account shall be opened in the Member's name by the Association, until the Member has completed and produced the requisite documents to the Association's satisfaction, and the application to open an account has been approved by the Association.

Members undertake to notify the Association if they consider themselves to be US persons, as defined by US tax laws and regulations. The Association may under no circumstances be held liable for any prejudice arising from failure to transmit information or in the event of false or inaccurate declarations by the Member.

Furthermore, the member is advised that if he has declared himself to be a "US Person" or if, in the light of the rules in force, AMFIE deems him as such, AMFIE may be required to report certain information about him, and about his assets held and income paid by the Association to the competent tax authorities.

For the purposes of this business relationship the Member declares that he is fully aware of and undertakes to comply with all legislation and regulations, notably fiscal and social, applicable to him in Luxembourg and elsewhere in accordance with his personal situation, in particular as regards income other than salaries, wages and pension payments and

arising from investments, savings and personal income. In particular, the Member affirms that he is aware of the fiscal obligations mentioned in Article 22 of the present terms and has already undertaken any declaration, registration and publication required under the applicable laws, and has paid all due fiscal and excise liabilities.

For the purposes of this business relationship the Member declares that he is acting on his own behalf. Should the Member act on behalf of a third party, he undertakes to inform the Association thereof before applying to open an account. Such an account will only be opened after he has provided the Association with all requisite information and documents relating to the actual identity of the persons on whose behalf he is opening the account. The Member likewise undertakes to inform the Association of any change in the number and/or identity of third-party beneficiaries.

Finally, the Member undertakes to immediately notify the Association by a signed document of any changes to the information provided at the time his account was opened, particularly any changes to his legal/tax status or that of any representative, including any changes announced in published legal notices. Similarly, the Member undertakes to immediately notify the Association of any changes to the information he may have provided regarding economic beneficiaries, and to provide any further information AMFIE may require in order to understand transactions in accordance with its professional obligations relating to the prevention of money-laundering and the financing of terrorism. Changes shall only become effective in relation to the Association on the second business day following receipt of the written notice.

The Association shall be notified in writing of the legal incapacity or death of individual Members or any third party authorised to act on their behalf. Such changes shall be effective on the second business day following receipt of the information by the Association. Failing this, and even though a public notice may have been published, the Association shall decline all responsibility.

The Member shall be solely liable for any prejudice or loss whatsoever arising from failure to meet his responsibility to notify all changes as indicated above, or the provision of false, inaccurate, incomplete or obsolete information.

The Member acknowledges that, for the purpose of meeting the obligations set out in the Law of 12 November 2004 as subsequently amended on the fight against money laundering and the financing of terrorism, the Association may seek information regarding the Member's professional and personal situation from any third party.

### **Article 3 - The operation of accounts**

#### **3.1 Personal accounts**

**3.1.1** The Association may open an account only in the name of a member as defined in Article 7 (1) of the Statutes who is the holder of a member share, or of a person sponsored by such a member and after being duly admitted to the Association.

**3.1.2** Accounts opened by the Association in the Member's name are personal accounts governed by the present terms and by the documents relating to the opening of the account. Except on explicit and justified request by the Member, only one account per member is opened.

**3.1.3** In the event of the member's resignation, death or expulsion from the Association the account is automatically closed. Following a member's death the balance on the account shall be transferred to the account(s) opened in the names of the beneficiaries of the deceased.

#### **3.2 Joint accounts**

**3.2.1** The Association may open joint accounts whose operating terms and conditions are set forth in this article.

**3.2.2** All co-holders of a joint account must be members of the Association.

**3.2.3** The relationship between the Member and the joint account holder(s) and the relationship between the joint holders and the Association shall be governed by the following rules:

It is hereby formally agreed and stipulated that the joint account holders shall each have active and passive joint and several liability. As a result, each of the jointly and severally liable joint account holders

shall have an individual right, with regard to the Association and to each of the other joint account holders, to operate the account and/or dispose of all or part of the assets, including deposited assets, as he wishes and under his sole responsibility, in such a way that they may be increased, decreased or fully liquidated by any of the jointly liable account holders, acting individually under his sole signature and without the Association having any particular responsibility to inform the other joint holders of the account.

The joint account may only be closed with the consent of all joint account holders. Each of the joint account holders, acting alone, may withdraw any or all of the funds or securities credited to said account, issue any instructions regarding their use that he considers appropriate, issue orders to buy or sell financial instruments, exercise subscription rights, obtain any means of payment that may be used to operate the joint account, obtain any advances or overdraft facilities linked to the joint account and, if necessary, sign any deeds of pledge, i.e. have a de facto and de jure right to make use of the account as if he were the sole account holder.

Each of the joint account holders may also, if he so desires under his sole signature, change the address for correspondence or grant discharge in the event correspondence is held at the Association for collection. All transactions whatsoever generally carried out by one of the joint account holders, including in particular the payment of all sums and/or remittance of securities by the Association to any of the joint and several account holders in accordance with the aforesaid terms and conditions shall definitively release the Association from any obligation towards the other joint account holders and any third parties. As a result, if for whatever reason the joint account is overdrawn, the joint account holders shall be jointly and severally liable towards the Association for the debit balance plus all interest, commission, charges and incidental costs, and the Association shall be entitled to ask any one of the joint account holders to pay the full amount outstanding.

The joint account shall not be closed as a result of the death or legal incapacity of one of the joint account holders and shall continue to be fully operative as regards the incapacitated account holder or the deceased's heirs and the other joint account holders, until the Association receives instructions to the contrary. Accordingly, the Association shall continue to be validly released from any obligation with regard to any third parties, including any minor, heir, beneficiary, trustee, liquidator or any agent or attorney with a similar assignment.

**3.2.4** The foregoing provisions shall not constitute an exception to the Association's obligations under the Law of 28 January 1948, the purpose of which is to ensure the due and proper collection of all stamp duty and inheritance tax in the event of the death of a resident of the Grand Duchy (irrespective of his nationality).

**3.2.5** A joint holder wishing to renounce the joint liability of the account or oppose its operating must duly notify the Association and the other joint holders by registered letter with advice of receipt. On receipt of notification in this form the Association will provisionally block the account with immediate effect, and unblock it again once the agreed signatures are in place in the contractual documents governing the joint account.

#### **3.3 Dormant account**

AMFIE shall regard an account as dormant in accordance with legal and regulatory requirements and with applicable banking practices. AMFIE shall be entitled to pursue deduction of costs and other applicable charges in accordance with the pricing terms applicable to said account and to debit any appropriate charges resulting from proportionate measures aimed at re-establishing contact with the account holder or to locate his/her heirs. Where the credit balance of the dormant account is insufficient to cover the costs and charges of the Association referred to above, AMFIE has the right to liquidate the member share and close the account without prior notice.

### **Article 4 - Mandates and signatures**

#### **4.1 Signatures**

The Association shall only accept as valid signatures those that have been deposited with it as specimen signatures, including those of the Member's Representatives. The Association may, until it receives

written notice of revocation, rely solely on those specimens.

The Association shall not be held liable for any fraudulent use by a third party of the Member's handwritten signature, including in cases when it has been impersonated or forged. The Member shall not hold the Association responsible for any damages or losses resulting therefrom. In the event of any fraudulent or unauthorised use of the Member's signature by a third party, the Association may only be held liable in the event of malicious or fraudulent conduct or negligence attributable to the Association. Its liability shall be limited to direct losses only.

#### **4.2 Mandates or powers of attorney**

The account holder may authorise a person, referred to as an "Agent", to operate the account in the same manner as the account holder(s) would. Thus, the Member may appoint one or more Agents to represent him in dealings with the Association, by signing the appropriate power of attorney forms and returning them to the Association. The Association reserves the right not to accept the proposed agent, and to reject the power of attorney if it is not submitted on the Association's own form. In such a case, given that the account holder ("The Principal") has personally chosen the Agent(s), the Principal shall be solely liable for the consequences of the Agent's acts, acknowledging that he is aware that he and not the Association is responsible for supervising the Agent. As a result, the Association shall not be required to verify compliance with any instructions or investment restrictions agreed to between the Principal and the Agent, even if it has been informed thereof. The Member accordingly acknowledges that he is bound by all actions and instructions identified by the Association as emanating from the Agent(s) in so far as they fall within the powers conferred on the Agent by the power of attorney.

In the case where a legal entity has been appointed as Agent, the Association shall not be held liable in the event orders continue to be issued by persons initially designated although said persons are no longer authorised to do so. The Agent(s) shall promptly notify the Association by registered letter of any changes to the powers of its/their representative and shall be solely liable for the consequences of any failure to carry out this formality.

An authorisation or power of attorney granted by a Member to the Association or any third party shall cease to be valid when the Member or, in the event of the Member's death or legal incapacity, the Member's heirs or legal representatives, gives the Association due and proper notice of their cancellation. They shall also cease to be valid under the circumstances specified in article 2003 of the Civil Code, provided the Association receives due and proper notice sent by registered letter.

Any authorisation and/or power of attorney shall cease to be effective, save for transactions already in progress, on the second business day following receipt by the Association of the notice of its cancellation or withdrawal, or of any other event bringing it to an end, sent by registered letter.

In any event, unless otherwise specified by applicable legal provisions, the Association shall not be responsible or liable for the choice or appropriateness of the Agent's orders and instructions. The Principal is fully aware of the financial risks involved in authorising his Agent to manage his account. The Principal acknowledges that he unreservedly accepts the consequences of any authorisation granted, and shall bear any potential losses.

The Principal undertakes to indemnify the Association for all costs and prejudice that may result from authorisations or powers of attorney granted to third parties, including any consequences of the improper use thereof by the Agent(s). The Association may only be held liable in the event of malicious or fraudulent conduct or negligence attributable to it. The Association reserves the right, but is in no way required, to request the Member's confirmation of instructions received from the Agent(s).

The Association shall be entitled not to act on any instructions received from an Agent if such a decision is justified by ethical or compliance considerations. In such a case, the Association shall promptly notify the Member and/or the Agent.

### **Article 5 - Principle governing the operation of accounts**

#### **5.1 Principle of indivisibility of accounts**

All the accounts held by the same Member, whether denominated in Euros or in any other currency, irrespective of their type and/or name, whether they are term or current accounts, and irrespective of different interest rates that may apply, shall constitute in practice and under law component elements of a single and indivisible current account, even if they have different account numbers, and even if the overall credit or debit position as far as the Association is concerned can only be determined after conversion of the balances into the currency which is legal tender in Luxembourg on the statement cut-off date. The balance of the single account after conversion shall be guaranteed by the real and personal securities provided and attached to one of the said accounts. It shall be immediately due and payable, together with all debit interest and charges.

Debit interest and/or credit interest shall accrue separately on the Member's accounts, where applicable and in accordance with the terms and conditions set out in Article 15.

#### **5.2 Interrelationship**

It is agreed that all amounts due by the Association to the Member and all amounts due by the Member to the Association are interrelated. Any failure by either party to fulfil its obligations may give the other party legitimate cause to refuse to fulfil its own obligations. If the Member fails for whatever reason to execute any of his obligations, the Association is authorised to suspend execution of its obligations.

#### **5.3 Netting**

Without prejudice to article 5.1, it is agreed that the Association shall be entitled to offset the credit balance of an account against the debit balance of another account at any time, without any prior notice or authorisation, irrespective of the accounts and for up to the amount the second account is overdrawn, making at its sole discretion any currency conversions that may be necessary for the purpose.

Unless otherwise agreed, the Association may also exercise this right at any time as regards debts and receivables existing between the Association and the Member involving financial instruments or cash. If the compensation relates to financial instruments negotiated on a regulated market, the value applied for valuation of those financial instruments shall be the opening price on the day of the compensation, on the regulated market of the Association's choice.

In the event the Association, at its sole discretion, exercises its recognised right to offset balances at any time, this shall result in all corresponding sums falling due and immediately payable by the Member. The Member renounces his rights under Article 1253 of the Civil Code and accepts that the Association may offset all assets received from the Member against a part or the whole of the debt it proposes to extinguish. The right of offsetting shall be valid and binding on third parties, including trustees, liquidators or any similar persons, and shall be effective notwithstanding the instigation or continuation of any arrangement measures in liquidation procedures, and notwithstanding any attachment ordered by a civil, criminal or other court or any forfeiture ordered by a criminal court, or any assignment or other alleged alienation of the rights in question or concerning the said rights.

#### **5.4 Freezing of accounts**

In addition to any civil, criminal or commercial attachments that require the Association to freeze the account, the Association reserves the right to freeze the Member's assets or take any other measures it considers necessary in view of any extra-judicial orders received by the Association concerning the Member's assets; or if the Association is informed of any illegal transactions carried out by the Member or the account's economic beneficiary; or if a third party claims the assets held with the Association.

The Association is under no obligation to assess the merit of such extra-judicial orders. It shall not be held liable for the consequences of any safe-keeping measures that it takes or fails to take in view thereof.

### **Article 6 - General pledges**

**6.1** Independently of any pledge granted by the Member by means of a separate or special deed, the Member confirms that he pledges in favour of the Association, as a senior pledge, all receivables consisting of cash amounts in principal and interest, costs and ancillaries, irrespective of

their origin or type as well as all securities or other financial instruments that the Member currently owns or shall subsequently own and that have been or shall be deposited in an account opened with the Association in the Member's name or any other account that replaces or serves as a substitute for the said account, irrespective of the reason therefor.

These assets are pledged as security for the fulfilment by the Member of all of his present and future commitments, including contingent or term debts of any kind whatsoever towards the Association.

**6.2** In the event the Member fails to fulfil an obligation or commitment towards the Association by the due date, the Association may arrange for the sale of all pledged assets in accordance with the law, without any obligation to send formal notification of foreclosure or to respect a period of notice.

In the event the pledged assets consist of sums of money owed to the Association by the Member, without prejudice to the netting principle stipulated in article 5.3 above, the Association shall be entitled to offset the Member's obligations towards the Association and the Association's obligations towards the Member up to the corresponding amount, winding up in advance any forward transactions if necessary.

The Member authorises the Association to carry out all necessary formalities in order to ensure his pledge is valid and binding. The Association hereby accepts that any credit balances held by the Member in the Association's books are pledged in its favour.

**6.3** Without prejudice to any specific guarantees it may have obtained or those resulting from the foregoing, the Association shall be entitled to demand further security or an increase in existing security, to protect itself against any risks it may face in connection with the transactions carried out with the Member, whether these are spot or forward transactions, or whether they are straightforward transactions or subject to enabling or disabling conditions.

Should the Member fail to provide the requested guarantees within the requisite time period, as notified in the form agreed between the parties, the Association shall be entitled to call in the guarantees provided to it, in accordance with applicable legislation.

**6.4** The Member agrees not to grant any third party any rights whatsoever over the assets pledged under the senior pledge without the Association's prior consent.

This being the case, the Association and the Member agree that it shall not be necessary to state in the account statements issued by the Association to the Member that such assets are pledged.

#### **Article 7 - Accounts in foreign currencies**

The Association's assets corresponding to the Members' assets in currencies other than the euro are held with correspondents located either in the country of origin of that currency or in another country.

The Member expressly undertakes to bear a share proportionate to his share in the Association's assets held by its correspondents of all the economic and legal consequences which may affect the assets deposited in the Association's name in the country of the foreign currency, or in the country where the funds are invested, or in the correspondent's country of residence, as a result of measures taken by these countries or any third country, or that result from events of force majeure, insurrection or war, or any other event beyond the Association's control, including any taxes, withholdings at source, restrictions or other provisions of the laws or regulations in force in the countries of the said correspondents.

Without prejudice to the provisions of articles 5.1 and 5.3 of the present General Terms and Conditions, the Association shall fulfil its obligations in the currency in which the account is denominated.

The Member shall not be entitled to demand the return of assets in any currency other than the one in which those assets are denominated, subject to any applicable foreign exchange regulations.

In the event a given currency is unavailable, the Member accepts that the Association shall be entitled, but not obliged, to remit the equivalent in the currency that is legal tender in the Grand Duchy of Luxembourg, in which case any losses or costs, including conversion costs, shall be borne by the Member.

The Association may credit or debit any of the Member's accounts or

even open a new account if the Member does not have an account in the currency of the transaction or when the credit amount in the currency of the transaction is not sufficient.

#### **Article 8 - Term deposits**

The Member shall receive confirmation of the maturity, interest rates and terms and conditions applying to term deposits by means of the account statements.

The Association may accept the early termination in full or in part of fixed-term deposits, against payment of a penalty. The Member shall bear all resulting costs.

#### **Article 9 - Instructions**

**9.1** As a general rule, all communications, instructions and orders from the Member or his Agent(s) to the Association shall be in writing, signed and dated, by SWIFT message, post, or facsimile, or via the online AMFIE.NET system. The burden of proof of the existence and substance of any communication shall lie with the Member.

"Instruction" here means not only orders relating to the purchase, subscription or disposal of financial instruments and relating to payment services, but also any other kind of day-to-day instruction, the updating of personal information such as the list of individuals duly entitled to represent a member having legal personality, or a change to the mandates and powers of attorney under Article 4 entitling others to manage the Member's account.

The Member acknowledges that should he or one of his representatives, with a view to hastening certain particularly urgent transactions or to facilitating communications between the parties, give instructions to the Association by electronic mail, he is requesting the execution of banking and/or investment transactions, and doing so notwithstanding AMFIE's warnings:

- drawing to his attention the risks inherent in using an unsecured message system;
- and, for the purpose, offering an access to its AMFIE.net cost-free on-line services.

The Member shall bear all risks and prejudicial consequences of fraud, errors communicating or understanding the message, and errors regarding the Member's identity unless the Member can demonstrate that the fraud or negligence lie with the Association or its staff and result from the use of such means of communication. The Association may only be held liable in the event of malicious or fraudulent conduct or negligence or fault duly attributable to it.

The Member authorises the Association to record all telephone calls with the Member or his Agent(s) on magnetic tape or any other recording medium. Such recordings shall form the proof of instructions, information and contractual obligations of the parties, and may be produced in court. The Association shall not use the recordings for any purpose other than to demonstrate the tenor of conversations and instructions given, except by agreement between the parties or as a result of a legal requirement. The Association reserves the right to keep recordings in accordance with all legislation in force.

Instructions transmitted by facsimile shall be valid only if the copy in the possession of the Association bears the handwritten signature of the Member (if a natural person) or of the person or persons entitled to validly represent the Member (if a legal person) or of the Member's Agent. The burden of proof of the existence and substance of any communication shall lie with the Member.

In the event of any dispute regarding the compliance of the Association's execution with the instructions given by the Member, the Member hereby acknowledges that only instructions received by Facsimile shall be authentic.

**9.2** Unless otherwise agreed, the Member's instructions shall only be accepted during the Association's business hours. Instructions shall be executed after the Association has completed its verification and processing procedures, in accordance with the conditions of the market on which they are to be executed.

Instructions received in Luxembourg before noon, local time, will be executed the same day; those received after noon the next working day. The Member accepts that AMFIE's responsibility is limited to the means, and not to the outcome. AMFIE shall not be held responsible in

the event of faulty reception or non-reception of instructions as a result of a defective facsimile connection or technical failure.

To avoid any errors, the Member's instructions must be complete, exact and precise. In the event the Association considers that the information does not satisfy those criteria, it may suspend execution of the transactions and ask for additional instructions and even written confirmation, if it believes that the instructions are incomplete or confused or lack the necessary hallmarks of authenticity, without incurring any consequent liability.

The Member and the Association expressly agree that as an exception to article 1341 of the Civil Code either Party may use any of the means of proof allowed by law, such as witness statements or statements on oath, in order to provide proof of any facts or events, whenever this may be necessary or useful and, more specifically, in the event of a dispute.

**9.3** The Member shall inform the Association in writing of any special cases where payment is linked to compliance with a deadline and delays in execution could be prejudicial. However, such payment instructions must be issued sufficiently in advance, and are subject to the usual terms and conditions of execution.

In the event the Association cannot execute such instructions within the requisite time, its liability towards the Member shall be limited to the loss of interest due to late execution.

The Member undertakes to bear the consequences of any prejudice resulting from the use of the postal services, telephony operators and providers of express courier services resulting in loss, delays, errors, misunderstandings, alterations or duplicate transmission.

Interest shall be calculated at the market rate of the currency in question. In the absence of prior warning, the Association shall only be liable in the event of its own negligence.

**9.4** The recording of the transaction in the Member's statement of account shall be sufficient proof that an order has been executed.

**9.5** The Association may decline to execute an order, or suspend its execution, when it relates to transactions or products in which the Association does not usually deal, or when the Member has breached any of his obligations towards the Association.

**9.6** The Association may complete all transactions with its Members subject to receipt of any information it considers necessary, or delivery by Members of all documents or documentary evidence, in particular those required pursuant to its obligations with regard to the fight against money laundering and the financing of terrorism or any other requirement imposed by law. The Association may ask the Member to produce information justifying the transaction from an economic perspective. In the event the Association receives documents issued from abroad, it shall not assume responsibility regarding their authenticity, validity, translation or interpretation. Instead, the Member shall guarantee the authenticity of any documents he or his Agent(s) may submit.

As a general rule, credit and debit transactions are executed subject to a set number of value days.

**9.7** The Association uses the services of third parties to execute the Member's orders, the Member shall be bound by the usual practices as well as the general and special terms and conditions that apply between the Association and each third party, and by the terms and conditions by which the third party is bound, in particular with regard to trading on foreign MTFs (Multilateral Trading Facilities) or regulated markets.

On certain markets, local statutory or regulatory provisions may under certain circumstances require the Association to disclose the Member's identity (see article 12.10 below). The transmission of any order for execution on one of these markets automatically implies the Member's acceptance of this rule.

When the Association uses the services of third parties, its responsibility shall be limited to selecting the third party it commissions to execute orders, and transmitting clear instructions to it. When orders are executed by a third party selected by the Member, the Association assumes no responsibility.

**9.8** Securities transactions can only be carried out via an individual account opened by the Member at a selected depository bank. The

account of the Member at the Association must contain sufficient funds or securities to cover the transaction.

**9.9** As a matter of principle, instructions transmitted to the Association are irrevocable. In any event, if in exceptional circumstances the Association agrees to the revocation of instructions (provided this is still technically possible), it shall not be held liable in connection therewith.

**9.10** Similarly, and as an exception to the legal provisions on the question of proof (and more specifically Articles 1325 et seq. of the Civil Code) the Parties explicitly agree that facsimiles, telephone recordings and emails sent via any secure system will have the same probatory effect as an original signed manuscript.

## Article 10 - Transfers

The Association shall execute the Member's instructions for any type of transfer (funds, securities, etc.) within the Grand Duchy of Luxembourg and abroad. The Member shall bear all costs of the transfer calculated on the basis of the Association's schedule of fees and charges at the time of the transfer.

Unless it receives specific instructions from the Member in connection with any payment, transfer or remittance, the Association shall be free to choose the place and method of execution it considers the most suitable for the execution of each transaction (payment in cash, sending funds, transfers, issue of cheques or other means of payment used in generally accepted banking practices).

Certain international payment systems and/or correspondents require the principal and beneficiary to be identified. The Association accordingly draws the Member's attention to the fact that it has a duty to identify the Member as the principal in documents pertaining to the transfer of funds or securities and to disclose personal information on the Member in transfer documents. The Member specifically authorises the Association to provide this information. In certain circumstances, the Association may also ask the Member to provide additional proof of identity of the beneficiary of such transfers.

For all wire transfer orders, the Member is required to indicate the beneficiary's bank, including the international Bank Identifier Code (BIC) and the International Bank Account Number (IBAN) if they exist, or their equivalent if they do not, the full name of the beneficiary's account, and the name, address and account number of the instructing party. Should any of the aforementioned information fail to be provided, the Association may not be held liable for any subsequent losses or damages.

In the case of transfer instructions denominated in a foreign currency, and notably in US Dollars, the member must in addition to the payee's IBAN account number notify AMFIE of the payee's full name, address and country of residence. In the absence of this information AMFIE reserves the right not to execute the transfer instruction and will accept no liability for any resulting loss.

The Member's account shall be credited "subject to collection" of the funds. In any event, the Association reserves the right to credit the Member's account (with the applicable value dates) only after it has effectively received the funds or securities being transferred.

The Association also reserves the right to return any funds received to the issuing financial intermediary without notifying the Member, should the information required by law not have been provided.

The Association shall be entitled to reverse any account entries in respect of any unsettled transaction.

All account statements are issued subject to adjustments for errors or omissions in respect of calculations or entries and subject to all usual reservations.

## Article 11 - Deposits and withdrawals

### 11.1 Deposits

#### 11.1.1 General provisions

If requested by the Member, and in order to provide the deposit guarantee described in Article 24 of the present General Terms and Conditions, the Association may accept deposits of cash, financial instruments or bills of any kind, whether in registered or bearer form, at one of the accounts opened by the Association at a selected depository

bank in Luxembourg.

All deposits other than in cash shall be made with one of the Association's correspondents in its capacity as a third party depository partner with which AMFIE has opened one or more omnibus accounts. The Association may refuse to accept any or all of the securities remitted for deposit, without explanation.

Deposits made abroad shall be subject to the laws and customs of the place of deposit. Such deposits are systematically transferred to Luxembourg banks.

#### **11.1.2 Financial instruments**

The Association shall not hold financial instruments on behalf of its members.

Financial instruments deposited with partner third parties have to be of "good delivery", in other words, they must be genuine, in good condition, not subject to any stop order, forfeiture or escrow in any place whatsoever, and should be presented with all outstanding coupons attached. The Member shall be liable towards the Association and the third party for any prejudice sustained in the event the financial instruments deposited by the Member are not genuine, have any obvious or hidden defects or present any other problem.

As such, should the Association be debited by its depository because the financial instruments remitted by the Member are not good delivery, the Association may debit these financial instruments or assets of an equivalent market value to that of the financial instruments in question from the Member's accounts, and the Member shall reimburse the Association for any damages or losses resulting therefrom. The Member shall bear all the consequences and all the costs arising from the presentation of financial instruments which are not of good delivery. The Association reserves the right to debit the Member's account for the total prejudice and/or costs incurred, at any time and without notice.

In the event of the physical delivery of financial instruments, they shall remain unavailable for any transaction (sale, transfer, etc.) until the third party is able to confirm that they are of good delivery.

In the event the Association or the third party discovers that certain financial instruments cannot be considered of good delivery, they shall be frozen.

The Member shall bear all legal consequences of the sale of any financial instruments that are or have been the subject of a stop payment.

#### **11.1.3 Banking services**

Unless the Member issues the Association with timely instructions to the contrary, the net proceeds of any coupons payable or redeemable securities shall be automatically credited to the Member's account in the corresponding currency. When the Member has no account in that currency, the Association may either open such an account, or convert the net sum into euros.

The Member shall be responsible for carrying out any necessary formalities to protect his rights on deposited securities, in particular as regards sending instructions to convert, exercise or buy/sell subscription rights, or exercise options or conversion rights.

In the event the Association does not receive any instructions from the Member within the agreed time period it shall be entitled, but not obliged, to act for and on behalf of the Member, on the basis of its own assessment, provided the Member has sufficient available funds to carry out the transaction.

The Association shall not forward any forms of proxy or notices of meetings of shareholders or bondholders, nor shall it exercise any voting rights, unless it receives explicit instructions to do so from the Member, who shall bear all costs arising.

Unless otherwise agreed, when any payment falls due for any securities that have not been fully paid up, the Association shall be authorised to debit the amount from the Member's account.

The Association shall collect tax refunds paid pursuant to any double taxation agreements that may apply only if the Member explicitly requests this. Any such sums shall be collected in the name of the Member and at his expense.

Withdrawals of securities and foreign currencies shall be subject to a period of notice that may vary depending on the location of the deposited assets.

#### **11.1.4 Responsibility and liability**

It is for the Member to monitor transactions to be executed in respect of his/her deposited securities. The Association's obligations are limited to the custody and administration of the securities, as defined in the present General Terms and Conditions and the Discretionary Mandate referred to in Article 12. The Association shall not be held responsible for any prejudice directly or indirectly suffered by the Member as a result of his insufficient or late instructions, or for transactions effected by him affecting a financial instrument.

When the Member's assets are managed by a third party manager, the Member must open an account with the bank of his choice and the Association shall not be responsible or liable for investment instructions issued by the third party manager or for any information sent to the third party manager under the management relationship.

Any forfeiture of rights or damages resulting from any failure to exercise rights or fulfil obligations of any kind in connection with deposited securities and coupons shall be borne in full by the Member.

#### **11.2 Withdrawals**

##### **11.2.1. Declaration of withdrawals of cash**

AMFIE draws to the member's attention the rules regarding withdrawals of cash or bearer negotiable instruments exceeding EUR 10,000 or its equivalent in any other currency. If such a withdrawal is intended to be transported outside the territory of the Grand Duchy it must be declared to the Administration des Douanes et Accises ("Customs and Excise") in accordance with the Law of 27 October 2010 on the transport of cash and Regulation EC 1889/2005 on controls of cash entering or leaving the Community.

**11.2.2.** AMFIE will give instructions to its banks within two working days following receipt of a withdrawal request. When a foreign exchange transaction is also involved, the limit will be increased to four working days. For withdrawals in cash, four days' notice is recommended, and for any withdrawal exceeding EUR 50,000 or its equivalent in other currencies, an additional period of at least five working days.

**11.2.3.** Before any withdrawal request the Member must establish that he has provided the Association with a certified copy of a valid national identity document or passport.

The onus is on the member to provide the Association with the requisite statement of economic beneficiary for the account(s) concerned by the withdrawal application.

#### **Article 12 - Categorisation of members**

**12.1.** Each Member is categorised by default by the Association as a "non-professional Customer regarding financial matters". Some Members may be classified as "professional Customer regarding financial matters". In addition, certain professional Customers may be further categorised as "eligible counterparties". Should a Member not be classified as non-professional Customer regarding financial matters, he would be notified thereof.

Specific levels of protection apply to each of these three categories. The "non-professional customer regarding financial matters" benefits from the highest level of protection.

##### **12.2. Opting for stronger protection**

A Member who has been categorised as professional Customer regarding financial matters may, at any time, request the Association to be treated as a non-professional Customer regarding financial matters (and hence benefit from the higher level of protection of non-professional Customers regarding financial matters). Likewise, an eligible counterparty may, at any time, request the Association to be treated as a professional Customer regarding financial matters or as a non-professional Customer regarding financial matters. If the Association accepts such request, the Member shall enter into a written agreement with the Association. The agreement will specify the Services Concerned or transactions, or the types of products or transactions, to which this option applies.

##### **12.3. Opting for weaker protection**

**12.3.1.** Non-professional Customers regarding financial matters opting for weaker protection

A Member who has been categorised as non-professional Customer regarding financial matters by the Association may ask the Association

in writing to be treated as a professional Customer regarding financial matters (and hence may lose certain protections and investor compensation rights), either generally or in respect of a particular Service Concerned or transaction, or type of transaction or product. The Association may, at its discretion, decide not to take the request into consideration.

If the Association agrees to take the request into consideration, upon receipt of such request it will assess whether the Member meets the objective conditions for opting for weaker protection. The Association will further assess the expertise, experience and knowledge of the Member, and any other element that it deems appropriate, with a view to ensuring that the Member is capable of making his own investment decisions and understands the risks involved.

#### **12.3.2. Professional Customers regarding financial matters opting for weaker protection**

Members who have been categorised as professional Customers regarding financial matters and which meet the opt-up conditions may, with their express consent, be treated as eligible counterparties either for all Relevant Services for which such opt-up is permitted by law or in respect of a particular Relevant Service or transaction, or type of transaction or product.

#### **12.4. Changes to professional Customer regarding financial matters / eligible counterparty categorisation**

Professional Customers regarding financial matters and eligible counterparties are responsible for keeping the Association informed about any change which could affect their categorisation as professional Customers regarding financial matters or eligible counterparties.

Should the Association become aware that a professional Customer regarding financial matters / eligible counterparty no longer fulfils the initial conditions that made him eligible for a professional Customer regarding financial matters / eligible counterparty treatment, the Association may take appropriate action, including re-categorising the Member as a professional Customer regarding financial matters or a non-professional Customer regarding financial matters.

### **Article 13 - Discretionary management of deposits in the form of liquid funds**

The Association offers its members a mandate for the discretionary management of deposits in the form of liquid funds.

The Law of 13 July 2007 requires the Association to obtain from its members the requisite information regarding their understanding and experience of investment depending on the specific type of product or service, their financial situation and the individual member's investment aims.

The Member acknowledges that the Association will manage his liquid funds in accordance with the terms and procedures set out in the Discretionary Management Mandate he concludes with the Association.

Under the discretionary management mandate, the Member gives full authority to the Association to manage the assets in his best interests, as it sees fit but in accordance with the requirements of the mandate. The Member explicitly absolves the Association of all duty to consult him or obtain his prior agreement. In particular, the Association may freely choose the aim of investments and the most opportune moment to make them, so long as they fall within the management strategy.

Under the discretionary management mandate, the Member shall not instruct the Association to effect transactions on financial instruments on his behalf, recognising explicitly that AMFIE will not accept such instructions.

Any withdrawal of funds by the Member during the term of discretionary management may result in the reorganisation of his assets, beyond the responsibility of the Association. The Member recognises explicitly that any withdrawal of capital will automatically result in a reduction in interest receivable over the remaining period because of the reduced nominal amount deposited.

The Association's commitment is not to results, but to the best efforts deployed.

The Member shall remain fully and solely responsible for the

transactions undertaken by the Association in the framework of the management mandate.

The Association undertakes to execute the mandate diligently and carefully, and can be held responsible only for negligent or malicious conduct or gross negligence. The Association's conduct cannot thus be challenged on performance, including in the event of a capital loss on one or more of the assets under management, or in the event of a diminution or fluctuations in the yield, or a loss of value of instruments invested, so long as the Association has acted within the framework of and in accordance with the management objectives set out in the discretionary mandate.

### **Article 14 - Means of payment**

#### **14.1 General provisions**

The Association may on request issue the Member with credit cards or any other means of payment. The Member shall use all reasonable means to preserve such means of payment from theft, unauthorised use and fraudulent use. Special terms and conditions may apply thereto.

Subject to the limitation of liability laid down by law, the Member shall have sole liability for all the consequences of loss, theft or unauthorised use, or the unlawful or fraudulent use of any of the means of payment issued to the Member, or gross neglect on his own part.

Should a means of payment be lost or stolen, the Member is required to inform the Association thereof immediately he becomes aware of the fact, by registered post.

The Association may request the return of any means of payment issued, at any time and without prior notice.

#### **14.2 Credit cards**

The Association may issue the Member, holder of an account, with one or more credit cards against payment of a fee or without charge. Bank cards can be used in Luxembourg and/or abroad to withdraw money from ATMs or to pay for goods or services purchased from a member of the card network. To limit the risk of any fraudulent use of the credit cards and to ensure the security of payments by credit card, the Association may set and apply a maximum cash amount that can be withdrawn per week using the credit card.

Members wishing to obtain one or more credit cards must complete and sign the corresponding form. The card or cards requested shall be issued subject to the Association's acceptance of the Member's application. The characteristics and terms and conditions of use of the credit card shall be set out in a separate agreement. The Association shall be authorised to send the form for the credit card(s), signed by the Member, to the credit card company/ies. The Member accepts that the form shall indicate his name and the name of any other joint holders of the credit card(s). The Association shall remain the owner of any cards throughout the period for which they are issued to the Member.

The Member shall be responsible for the safe keeping of his card and PIN code, and may be held liable if he acts negligently. The Member should not communicate his PIN code to any person whomsoever, or write the code on the card or on any other document.

By signing a credit card slip or using his PIN code the Member acknowledges that he owes the sum resulting from use of the credit card to the member of the card network in question and simultaneously instructs the Association to transfer the corresponding sum from his account and credit it to the card network member's account.

The Member undertakes only to use the credit card for an amount not exceeding the funds on his account. When the card is issued, AMFIE will open an account in euros in the Member's name, if he does not already have one. The usage conditions of the card are defined in the Conditions and Prices of the Association.

The Association may grant any credit card holder a credit facility, up to a limit set by the Association or up to the maximum authorised credit facility.

In the event the account does not contain sufficient funds, the Association may block use of the card, and may terminate the credit facility authorisation and/or demand the return of the card or cards issued, no later than two business days after sending a notice stating that the funds available are insufficient.

The Member should immediately report to SIX Payment Services

(Europe) S.A. any dispute concerning card payments. The Association shall not be liable for the consequences of any delay by the Member in submitting a claim.

Payments made by bank card may be stopped only if the card or the data needed to use it has been lost, stolen or used fraudulently.

The Member shall be responsible for stopping payment by calling SIX Payment Services (Europe) S.A. as soon as possible at (+352) 49-10-10. In the event of theft or fraudulent use of the card, the Member shall be required to report the fact to the police or consular authorities and send proof of the report to the Association.

In the event the Member or the Association decides to terminate the agreement for the use of one or more credit cards, the Association shall be authorised to withhold a sum corresponding to two times the authorised monthly withdrawal or overdraft facility until all payments made using the card have been settled and no further payment requests have been recorded for two statement months.

The Member shall no longer be entitled to use the card after termination of the credit card agreement or the contractual relationship with the Association, and must return the card to the Association immediately. Once all payments have been settled, the Association shall release the remainder of the credit balance corresponding to the amount referred to in the previous paragraph.

#### Article 15 - Cheques

The amount of any draft is, in principle, paid to the remitter or credited to his account only after actual collection of the sum. The Association may nevertheless pay the remitter "subject to collection". The net proceeds shall become the property of the remitter or be credited to his account only when the Association has actually received the sums. When cheques are credited "subject to collection" and are not paid (whether or not protested for non-acceptance or non-payment), the Association may debit the Member's account without prejudice to his right to recourse by any lawful means against the drawer, the drawee, the endorsers or any other obligees of the cheques, which it shall retain in its possession until any debit balance is finally cleared in full.

This right to make reverse entries and retain possession of all cheques may be exercised in any circumstances, including when any bankruptcy, recovery or insolvency proceedings of any kind have been started against the Member, irrespective of the Member's credit or debit balance with the Association prior to the reverse entry.

Sums recovered after a reverse entry has been made shall not be charged against the debit balance resulting from the reverse entry, which the Association is entitled to claim in bankruptcy proceedings.

A fee shall be charged per unpaid cheque, together with any costs incurred by the drawee bank that returned the cheque. The Member authorises the Association to debit the amount of this fee and any charges invoiced by the drawee bank from his account, or undertakes to pay said fee and any drawee bank charges when requested by the Association.

The Association shall not be held liable for any damage or loss resulting from:

- the loss of cheques due to events deemed to be force majeure (war, fire, strikes, etc.) or due to postal errors, the loss or theft of mail or, generally, any event beyond the Association's control; any failure for the same reasons to present cheques remitted to the Association for collection;
- the incorrect presentation of cheques due to errors in the drawees' addresses;
- the irregularity of cheques arising from the form in which they were created or any other reason;
- any incorrect information provided by intermediaries.

The Association shall be entitled, but not obliged, to honour, on maturity, any draft domiciled at the Association and presented, by debiting the drawee's account at the drawee's risk, even if no notice of domiciliation is provided.

Documentary drafts must be accompanied by clear instructions concerning the delivery of documents, either against payment or against acceptance. The Association shall take all due care when documentary drafts are presented, complying to the extent possible

with any instructions given, but without accepting any responsibility or liability as regards the authenticity or validity of the documents or the quantity, quality or value of the goods.

The Association reserves all rights to recourse in all circumstances.

#### Article 16 - Interest and schedule of charges

The Association shall invoice its services to the Member on the basis of the type of transaction and its currently applicable schedule of charges, which is permanently available to the Member at the Association. The Member may request and obtain the Association's current schedule of charges at any time and undertakes to study beforehand the fees charged by the Association for the transactions which he is interested in executing. The Member undertakes to pay to the Association all interest, commission, fees and incidentals that may be chargeable, together with all incidental costs to the Association or incurred by the Association in providing the service in the interests of the Member or his beneficiaries. The Association reserves the right to amend its conditions at any time as regards interest charges, commission, remuneration and all other costs and incidental expenses in the light of market conditions and its own policies.

The list of fees charged by the Association may be updated from time to time and will be made available to members in accordance with the above conditions. Where the law establishes such an obligation, the Association shall notify the Member of the amendments to its schedule of charges. Nevertheless, by executing transactions or maintaining a business relationship with the Association, the Member shall be deemed to have accepted this schedule of charges as applicable at the time of the implementation of said transaction or of its renewal.

Current accounts in euros and other currencies do not yield interest.

**16.1** Unless otherwise agreed, debit interest shall automatically accrue, without any formal notice, on all accounts showing a debit balance, without prejudice to the usual closing charge and notwithstanding the provisions of article 5.1.

**16.2** In the event any sum is not paid on its due date and, in the case described in paragraph 16.1 above, from the date of the formal demand to pay, the agreed rate of interest or the debit interest as specified in this paragraph shall be increased by a penalty percentage calculated in accordance with currently applicable charges.

**16.3** Unless otherwise agreed, debit interest shall automatically accrue, without any formal notice, on all debit balances at the rate specified on the schedule of charges.

This clause may not be construed as authorising an account holder to overdraw his account. All debit interest accrued on accounts shall be capitalised.

Interest charged on overdrawn accounts shall be debited from the Member's current account and shall be due and payable immediately.

**16.4** When calculating credit or debit interest, the Association shall take into consideration the value dates, which may differ depending on the type of transaction, as specified on its schedule of charges or in accordance with accepted banking practice.

**16.5** Interest, fees, the cost of transmitting messages, insurance costs, taxes, levies, stamp duty and any other direct or indirect costs relating to the account, including those invoiced to the Association by its correspondents, shall be debited from the Member's current account. The Member shall also bear the costs of all correspondence, telecommunications, searches and all other costs, including judicial and extra-judicial costs which the Association may incur in connection with the operation of the Member's account or which may be incurred by the Association in conjunction with any legal procedures filed against the Member with the aim of adjusting or recovering an outstanding debt, or as a result of measures taken against the Member by the authorities, as well as any fees charged by the Association in the interest of the Member or his beneficiaries.

**16.6** The Association draws the Member's attention to the possibility of other costs for the Member, including taxes, in connection with transactions linked to financial instruments or investment services, which are not paid or charged directly by the Association's intermediary. Account statements and/or notices of account entries shall be deemed valid as invoices, specifically for services rendered. The Member may

be asked to pay such charges even after the account has been closed.

**16.7** The Association hereby informs the Member that it may receive commissions or retrocessions as a result of its dealings with other professionals in the context of transactions executed for the Member. It is hereby agreed that the Association shall retain these commissions and retrocessions as an additional form of payment without being required to notify the Member.

**16.8** Interest on late payment

In the absence of any contractual provisions to the contrary in a credit agreement entered into between the Member and the Association, Article 12 of the Law of 18 April 2004 as subsequently amended on payment deadlines and interest on late payment will be applied by the Association. In this regard, the amount stated on the notices (enclosed with account statements) showing sums owed under any credit agreement shall automatically be increased by interest at the statutory rate at the end of the third month following the due date for each sum owed, as determined in the credit agreement.

**Article 17 - Communication - Mail held by the Association - Claims**

**17.1** The usual languages in which the Member and Association may communicate and receive documents over the course of their business relationship are English and French. Should there be any discrepancy between these two languages, the French version shall take precedence.

**17.2** Unless otherwise agreed, the Association will send to the Member without charge all statements of account and other account documents, using the Amfie.net online system.

Should the Member not succeed in consulting such documents using the Amfie.net online system he shall advise the Association without delay.

On written request, the Association will send duplicate statements and other account documents by letter post to the last address of domicile notified by the member. This request may generate additional Member's expenses.

All other correspondence will be sent by letter post to the last address of domicile notified by the member. On written request and at the Member's expense the Association will send duplicates of such correspondence to an address other than that address of domicile.

Proof of dispatch of mail and proof of the date of dispatch to the Member shall be established by the Association producing a copy of the correspondence or a record of its dispatch. For correspondence sent by fax, the transmission report shall constitute evidence that the Association has sent the document and that the Member has received it.

The date indicated on the copy or dispatch list held by the Association shall be taken as the date of dispatch. Any mail sent by the Association to the Member's last known address shall be deemed to have reached its addressee after the time period usually necessary for postage by ordinary mail.

Correspondence concerning accounts with several joint account holders shall be sent to the single mailing address indicated by the joint account holders, or to any of the joint account holders.

In the event the Member does not receive any documents, account statements or other notices relating to a given transaction within the usual time period necessary for postage by ordinary mail, the Member shall immediately inform the Association. The Member shall inform the Association in writing of any change of address or place of residence for tax purposes. The Association shall take into account any changes it has received at the close of the second business day following receipt of notice.

When mail is returned to the Association with the indication that the addressee is not known at the address or has moved without leaving a forwarding address, the Association shall be entitled to hold this proof in its files and keep at the Association all subsequent mail intended for the Member at the same address, under the Member's responsibility.

Upon termination of the business relationship between AMFIE and the Member (hereinafter referred to as the "leaving member"), the latter's attention is drawn to the fact that he will no longer be able to

consult his/her account(s) statement(s), or even access to the member Area of AMFIE website. It is therefore up to him/her to proceed with the safeguarding of these account statements online before the effective termination of the business relationship.

It will however, be possible for the leaving member to receive the aforementioned statements in paper format for a fee. These fees are available on the AMFIE website.

**17.3** The Member undertakes to regularly consult his electronic mailbox, the Association's website and the Amfie.net website, and to draw to the Association's attention any anomaly in the data transmitted and to any event or change liable to affect or curtail proper communications with the Association, e.g. change of e-mail address, loss of internet access, etc.).

In this context the Member understands and accepts that if any information and documents are provided to him in any medium other than paper, he shall be deemed to have accepted their content as though they had been provided on paper, unless he explicitly indicates otherwise.

**17.4** When so instructed by the Member, the Association shall hold all letters, correspondence, account statements or portfolio statements and any other documents issued by the Association and intended for the Member, for a fee. The Member unreservedly acknowledges that such mail held by the Association shall be deemed to have been effectively delivered on the day after the date indicated on said correspondence. In such case, the Association shall not be required to print out account statements and other Association documents, and shall simply be required to hold them available to the Member.

The Member undertakes to collect his mail regularly, and the Association shall be entitled to destroy any printed documents that have not been collected five years after the date shown thereon and/or five years after closure of the account in question. If an account has several joint account holders, each joint account holder shall be individually authorised to collect mail and to individually sign receipts upon collection of mail.

The Association shall continue to hold mail for collection until it receives written instructions to the contrary from the Member.

The Member understands that the Association may transmit any kind of information via its hold mail service (including notices that a given investment service is not considered appropriate for the Member, it being understood that the Association will make every effort to transmit this information in the manner best suited to the context). The Member shall bear full responsibility for his instructions to hold mail at the Association, and shall assume all the consequences of any failure to collect mail held at the Association, even if the correspondence concerns deadlines or events that may have negative consequences for the Member. The Member waives all rights to claim that he was not aware of the contents until collection, and accordingly exempts the Association from any liability as to the use of the Association's hold mail service.

Notwithstanding the existence of instructions to hold mail, the Association shall be entitled to contact the Member by any means whatsoever (including by sending correspondence by post, fax, electronically or telephonically) in the event of an emergency, if it considers this is in the interests of the Member, in order to assert its rights in connection with its relationship with the Member, or if the Association is required to do so by any law or regulation. In the aforementioned cases, the Association reserves the right to send the Member all correspondence held by it. The Association shall only be subject to a duty of best efforts in these circumstances, and shall not be responsible if it is unable to contact the Member at the address or number given.

**17.5** In the event the Association issues one or more credit cards, the Member undertakes to provide SIX Payment Services (Europe) S.A. or any other issuer with the address of AMFIE – 25A boulevard Royal, L-2449 Luxembourg – to which card statements should be sent. The Member acknowledges that he has been informed by the Association that the holding of correspondence relating to bank cards by the Association can prevent the Member from exercising his right of recourse within thirty days from the date on which the bank card statement is sent, as

provided in the general terms of use for the bank card, or any similar provisions, and hereby exempts the Association from liability in the event it does not send such statements to his address.

#### **17.6 Correcting errors - Claims**

The Member is required to immediately notify the Association in writing of any errors discovered in documents, account statements and other correspondence sent to the Member or made available by the Association.

Except where specifically stated in these General Terms and Conditions and unless a written claim is submitted within 30 calendar days from the date on which the documents and account statements were sent or made available, the information contained therein shall be deemed exact, save for any manifest errors, and the Member shall be considered to have approved those documents and statements, and all the transactions reported therein.

If the Member fails to report errors contained in correspondence, or fails to report that he has not received the documents that the Association is legally or contractually required to provide, or delays doing so, he shall be fully responsible and liable and shall assume all the consequences resulting from said failure or delay.

The Association may at any time correct any errors it has made, without giving the Member prior notice. Accordingly, whenever a transfer instruction has in error been executed more than once, the Member authorises the Association to rectify the situation, by recovering the amount received in error.

The Member is responsible for personally verifying the information provided by the Association. Such information is given for information purposes only, and the Association is liable only in the event of negligent conduct.

The information provided by the Association, particularly concerning the valuation of assets in the Member's account, may be based on data supplied by third parties. In such cases, the information is given for information purposes only and should not be interpreted as a confirmation by the Association or as a reflection of the precise monetary value of the financial instrument in question. The Association therefore assumes no responsibility or liability with regard to the quality or relevance of such information.

#### **17.7 Complaints**

Any member may make a complaint either in writing (by letter, fax or e-mail) or orally by telephone or in person, setting out the grounds for complaint. An acknowledgment of receipt will be sent within three days following receipt of the complaint, and a reply within a maximum of fifteen business days. The written response must bear the signatures of the secretariat employee responsible for the handling of the complaint, and of an Authorised Manager. The Member may also address a complaint to the Authorised Manager responsible for the handling of complaints, whose name and contact details may be obtained from the Secretariat. Should the Association not respond, or its response be unsatisfactory, Members should note the existence of a CSSF regulation on the extrajudicial resolution of complaints (Regulation CSSF N°13-02 of 15 October 2013 and Circular 14/589 of 27 June 2014, both available at [www.cssf.lu](http://www.cssf.lu)).

#### **Article 18 - Confidentiality**

The Member authorises the Association to display data relating to his account(s) on his personal secure section of the AMFIE.net website, to which he alone has access.

AMFIE shall not be held liable in the event of fraudulent accessing of the Amfie.net site or of unauthorised persons using the data visible on the site, regardless of the consequences. The same disclaimer applies to the intrusion of any virus affecting AMFIE's computer resources made available to the member. Any online access and consultation is at the member's own risk.

The Association shall be bound by a duty of professional secrecy, as defined and applied pursuant to the laws of Luxembourg.

The Association shall treat all information relating to the Member's account and all related transactions as strictly confidential.

To guarantee this confidentiality, the Association reserves the right to withhold any information it is asked to disclose unless the requesting

party or end user of the information is entitled to receive such information.

No information relating to members or their transactions will be transmitted to third parties except under a legal requirement or authorisation, or with the explicit or tacit agreement or implicit request of the Member, or on the order of a Court acting within its competence. The Member understands and accepts that the Association may entrust the installation, maintenance and/or operation of information technology systems to specialised contractors, within the strict observance of the applicable laws and the circulars of the CSSF. The Member also understands and accepts that when executing transfer and other payment orders for and on behalf of the Member, the Association may, and may even be required to call on the services of specialised enterprises whose operations centres are outside Luxembourg territory, and to whom all data needed for execution of the transaction will be transferred. In consequence, the authorities of such countries may demand, or receive demands for access to personal data processed in those centres for the purposes of the fight against terrorism and any other legally approved end. A Member instructing the Association to transfer funds, or using a payment card made available to him by the Association, accepts that the data needed for such a transaction may be processed outside the Grand Duchy of Luxembourg.

Except in the event of its own negligence, the Association accepts no responsibility vis-à-vis the Member in the exercise of its right to maintain the confidentiality of information regarding the Member's account.

#### **Article 19 - Proof and recording of telephone conversations**

**19.1** The Association shall keep the originals or, at its discretion, copies of all documents, accounting records, correspondence, personal data and archives for the period of time required by law. All the aforesaid documents shall have conclusive value, unless proven otherwise.

Proof to the contrary, including copies made by the Association, must take the form of documents of a similar kind or written records produced by the Member.

Should the Member wish to receive information or a copy of any documentary evidence, he must submit a request before expiry of the period during which the Association is required by law to keep its documents, in which case the Member shall pay all search costs.

**19.2** The Member acknowledges and accepts that AMFIE conducts recordings of telephone communications. The purpose of these recordings is to provide proof, in the event of dispute, of a transaction or commercial communication.

AMFIE will retain these recordings for a maximum period of 10 years, in accordance with current regulations.

In relation to investment advice and order execution services, AMFIE is required by law to record and store incoming and outgoing telephone and electronic communications with Members as well as written minutes of face-to-face conversations with Members, whether or not such communications result in transactions. A copy of such records is kept by AMFIE and is available to Members upon their request, for a period of five years or longer if so required by the competent authority.

#### **Article 20 - Protection of personal data**

The Member declares having read, understood and accepted the Data Protection Notice on AMFIE's website.

When Members communicate Personal Data to AMFIE relating to natural persons (e.g. family members, relatives, representatives, employees, company's shareholders or Ultimate Beneficiary Owners), the Members must inform these persons about the Data Protection Notice and any updates thereto.

The Data Protection Notice is subject to amendments from time to time in accordance with the rules set out therein.

The proper functioning of accounts is subject to the existence of full and up-to-date Member documentation.

AMFIE reserves the right to block an account if some information relating to the Holder, representatives, or Ultimate Beneficiary Owners are missing or not up to date.

The Member agrees to inform AMFIE as soon as possible of any change in Personal Data collected and to supply AMFIE upon request with any additional information it deems useful to the maintenance of a business relationship and/or that is required by the laws or regulations. The refusal to communicate such Personal Data to AMFIE and the objection to the Association's recourse to data processing techniques, notably in respect of information technology, when this is left to the Member's discretion, would be an impediment to the creation of a relationship or the maintenance of an existing relationship with the Association.

Banking secrecy principles prevent AMFIE from disclosing data and information about the Members, either a natural person or a legal person (the "Information") to third parties, except when provided for in law and/or in order to act as an intermediary for the collection and transmission of such information for a third party, unless the Member has formally instructed such disclosure or it is required by virtue of a mandatory legal obligation.

Any Member who gives an order to AMFIE to execute a payment or any other transaction de facto accepts that the Association, any correspondents, and other specialized companies such as the Society for Worldwide Interbank Financial Telecommunication (SWIFT) participating in the transmission or the execution of the instruction proceed all Information necessary for the proper execution of said payment or transaction.

When executing a transfer, AMFIE may communicate the account number, the name and the address of the Member to the beneficiary of the transfer.

In accordance with its legal and regulatory duties regarding the automatic exchange of information with signatory countries, AMFIE may be liable to share certain personal information with the Luxembourg tax authorities, as stipulated by the applicable legal provisions. The Luxembourg tax authorities will share the data submitted by AMFIE with each foreign tax authority entitled to receive such data by virtue of the legal and regulatory obligations applicable in Luxembourg.

#### **Article 21 - Limitations on liability**

Without prejudice to the following provisions, the Association shall only be liable in the event of malicious or fraudulent conduct or negligence being attributable to it. In particular, the Association shall not be liable for any damage or loss that may result from or be sustained in connection with:

**21.1** Any signatures on orders submitted to the Association being found not to be genuine or in the event of any fraudulent use of the Member's actual or forged signature by a third party;

**21.2** Errors or delays in transmitting orders, or any delay in executing orders, unless the Member has specifically informed the Association of the deadline by which the order should be executed;

**21.3** Any failure to issue a protest or delay in so doing;

**21.4** Any irregularity in judicial or extra-judicial proceedings;

**21.5** The failure to make any applicable tax withholdings or to carry out the correct application thereof;

**21.6** Anything done by a third party commissioned by the Association to execute the Member's orders;

**21.7** Non-receipt by the Member of any communication from the Association;

**21.8** Any technical, social, political or economic event that could interrupt, disorganise or disturb any or all of the Association's services or those provided by its local or foreign correspondents, even if such events do not qualify as events of force majeure. More specifically, the Association shall not be liable for any damage caused by provisions or measures introduced by public authorities, whether or not they are officially recognised, exchange controls or measures relating to the transfer of funds or the freezing of assets, acts of war, revolution, insurrection, civil war, acts of state, strike, social unrest, lock-outs, boycotts, interruptions to communications systems or any other similar event regardless of whether the Association itself is party to the conflict or whether its services are only partially affected;

**21.9** Any indirect prejudice suffered by the Member;

**21.10** The legal incapacity of the Member, his beneficiaries, next-of-kin, legatees and dependents;

**21.11** The death of the account holder, for an individual Member, so long as it has not been notified to the Association;

**21.12** Transactions executed under a mandate, before receipt of notice of termination of the mandate;

**21.13** False statement by the proxy holder of a deceased member that he has notified the next-of-kin of the existence of such mandate, and/or incorrect indications of the names of those so informed;

**21.14** Lack of authenticity or validity of the authorisations presented by the agents, statutory bodies and representatives of bodies having legal personality, or of the legal representatives of incapacitated persons, and enterprises in bankruptcy, under management, in liquidation or otherwise involved in management or winding-up proceedings under applicable law;

**21.15** The Member's failure to meet correctly and fully his tax obligations in the country of his residence, or any other country regarding him as fiscally resident or liable to obligations of a fiscal nature.

#### **Article 22 – The Member's tax obligations**

As set out in Article 2 above, every account holder, whether or not he is the economic beneficiary of the account (hereafter "Account Holder" and "Economic Beneficiary") undertakes to inform the Association spontaneously and within 30 days of any change in his personal situation, notably in his civil status, domicile, nationality and residence for tax purposes. It is for the Member to consult his own tax advisers and experts to identify the tax declaration requirements he faces, and to meet the tax obligations arising from his assets.

The Account Holder undertakes to comply with the tax laws and regulations of all the jurisdictions applicable to him. He confirms that the Association has informed him that by failing to meet his tax obligations he could become liable to financial and criminal penalties, according to the legislation applicable to him.

The Association cannot be held responsible if the Account Holder fails to meet correctly and fully his tax obligations in the country of his residence, or any other country regarding him as fiscally resident or liable to obligations of a fiscal nature. The Account Holder undertakes to indemnify the Association for any prejudice it might suffer as a result of his failure to meet obligations and guarantees he has acknowledged under the terms of the present article, or his failure to meet his tax obligations.

The Association draws the Account Holder's attention in particular to the fact that in application of international agreements reached by the Grand Duchy of Luxembourg, his identity and the information held by the Association in connection with one or more of his accounts may, if a valid request is received, be transmitted to the competent authorities, including tax authorities, abroad. The Association can accept no liability for any prejudice the Account Holder may suffer as a result of his legal or tax situation, or his failure to meet his obligations in that regard.

If the Account Holder is affected by an international agreement establishing deduction at source, he must notify the Association, giving full relevant details and guaranteeing their accuracy.

If the Account Holder has taken no steps to avoid deduction at source, by authorising the Association to transmit the requisite information in accordance with the terms of the applicable agreement, the Association will be required to act as paying agent and apply the deduction to the income considered to be taxable. In order to determine the amounts subject to the deduction, the Association shall rely on information provided in particular by the Member and by the suppliers of approved data.

If the Account Holder and the Economic Beneficiary are not one and the same person, it is for the Account Holder to notify the Economic Beneficiary of his obligations and responsibilities, and of the warnings set out in this Article.

It is for the Account Holder to ask the Association for statements and documents required for tax purposes. The provision of such documentation may be subject to a fee.

#### **Article 23 - Termination - Closing accounts**

**23.1** The Association's account agreements are entered into for an unlimited term.

Their relationship being *intuitu personae*, the Association and the Member may unilaterally terminate all or any parts of their business relationship at any time, without explanation, by means of a letter sent by registered post, subject to the notice period specified in the letter, which must be at least ten business days.

However, the Association may terminate the relationship with the Member with immediate effect, without prior notice, if *inter alia* the Member fails to fulfil his contractual obligations, or if the Association considers that the Member's solvency is compromised, the security provided is not sufficient or the security requested is not provided, or if the Association observes that it could be held liable if it continued a relationship with the Member, or the Member's transactions appear to be in breach of public policy or decency, or if the Member does not comply with his obligation to act in good faith, in which case all the Member's obligations to be performed at any agreed date shall fall immediately due and payable.

Any member who chooses unilaterally to end all or part of the business relationship with the Association in accordance with the terms of this Article must provide the Association with a certified copy of a national identity document or passport valid on the date of the closure application.

The onus is on the member to provide the Association with the requisite statement of economic beneficiary for the account(s) concerned by the closure application, failing which the Association will refuse the application.

Whenever an account is closed the Member must return to the Association all the means of payment he has received (notably credit cards). The Member undertakes to return all such means within one month of termination of the contractual relationship or of the closure of the account.

**23.2** The Member must withdraw his assets from the Association or issue appropriate instructions for their transfer within the period determined by the Association in the letter of termination of the account relationship.

After the aforesaid time period, the Association shall be entitled, at any time, to sell deposited securities on behalf of the Member and convert any cash receivables into a single currency, and/or transfer the funds and securities or the resulting proceeds of any sale to the Caisse de Consignations.

Any resulting losses shall be borne by the Member.

Funds that have not been withdrawn within the statutory time limit shall revert to the Caisse de Consignations. The funds shall be locked in a zero-interest account for the duration of the statutory limitation period.

**23.3** Whenever the Association is required to close out positions in advance for any forward transaction or any deposited securities on behalf of the Member, the Association shall do its utmost to ensure that this is achieved on the best possible terms, although the Member shall not be entitled to hold the Association liable for any shortfall or capital loss resulting from such early unwinding of positions.

**23.4** The General Terms and Conditions shall remain applicable for all transactions to be wound up, until the final settlement of the accounts. The contractual interest rate and the fees and charges shown in the Association's schedule of charges shall continue to apply to all the Member's transactions and debits after termination of the business relationship and until final settlement.

#### Article 24- Conflicts of interest

In accordance with current regulations, the Association has established a policy for the prevention, identification and management of conflicts of interest. A conflict of interest is a situation in which the Association exercises activities whose aims are apparently contradictory, the achievement of which may be prejudicial to the interests of a Member or category of Members if the activities are not appropriately organised and monitored. To forestall this risk and strengthen Members' trust, the policy comprises a system which allows:

- prevention of the occurrence of conflicts of interests which might result in an activity, a transaction or a mandate being abandoned,
- the Association's various activities whose aims are apparently

contradictory to be exercised continuously and independently whilst respecting the primacy of the Member's interests and the confidentiality of information. The main features of this arrangement are:

- a "Chinese Wall" organisation for services and procedures ensuring the physical separation of the principal activities likely to give rise to conflicts of interest, prohibiting the undue circulation of confidential information and preventing its use to the detriment of the integrity of the market or the interest of members,
- specific rules, predefined to prevent any conflict of interest in the framework of the Association's activities,
- administrative and organisational methods which ensure the independence of judgement of the various professionals advising members, as well as transparency in the situations likely to be perceived by third parties as conflicts of interests,
- procedures implementing the principle of equity in the execution of Members' instructions, notably as regards the allocation of assets or financial instruments, and their primacy over own-account transactions,
- remuneration policies for the Association's staff which in particular prohibit any direct or indirect financial interest in the success of a given transaction or the performance of a specific type of portfolio,
- the requirement of transparency as regards commissions,
- procedures implementing the fundamental principles of management for third parties, notably as regards independence and the primacy of the Member's interests in the management of mandates.

Should it appear despite this that in certain circumstances, these arrangements are insufficient to guarantee that there is no risk of a conflict of interest, the Association will refrain from acting or, if the requirements of confidentiality so permit, will before acting inform the Member of the general nature or the source of the conflict of interest, so that the Member may reach his decision in the light of the facts.

This arrangement aims to prevent with a reasonable degree of certainty any failings *vis-à-vis* the principles and rules of proper professional conduct. It is updated regularly in the light of changes in regulations and the Association's own policy of risk anticipation. The Association aims in all circumstances to respect the integrity of the market and the primacy of its Members' interests. The Association likewise remains vigilant to the defence of its Members' interests by ensuring the implementation of protective measures resulting from regulation, such as policies on best practice and matching its services and products to the needs of its Members.

The Association's policy on the management of conflicts of interest is available on request by the Member. Members may also request any additional information on the measures adopted by the Association in the event of a conflict of interest, notably with a view to ensuring that the interests of members are sufficiently and properly protected and that appropriate measures exist to deal with the existence of conflicts of interest.

#### Article 25 - Guarantee of deposits

**25.1** AMFIE deposits the liquidities of its members with depositary banks which are members of the Luxembourg Deposit Guarantee Fund (Fonds de Garantie des Dépôts Luxembourg (FGDL)), which insures the protection of member's deposits should one or several depositary banks fail.

Depositors can expect to be compensated up to a maximum of EUR 100.000 (in the event of occurrence of one or more of events provided by law, this indemnity is raised to EUR 2.500.000). The form with all the information on the protection of member's deposits is available on the AMFIE website. Some information are also available on the FGDL website (<http://www.fgdl.lu/>).

**25.2** AMFIE is also a member of the Luxembourg investor compensation scheme (Système d'Indemnisation des Investisseurs Luxembourg (SIIIL)), which insures the member's funds and financial instruments in connection with investment transactions should the Association fail. The information concerning this protection is available on the FGDL website (<http://www.fgdl.lu/>) and will be provided to the member

upon request.

#### **Article 26 - Amendments to the General Terms and Conditions and Schedule of Charges**

These General Terms and Conditions as well as the Schedule of Charges may be amended by the Association at any time. In particular the Association reserves the right to amend the present General Terms and Conditions and/or add new stipulations in the event of changes in laws or regulations applicable to the banking sector, banking practices or conditions on the financial market. The Member shall be informed of any such amendment by means of a notice enclosed with the account statement sent to the Member by the Association, or in any other way the Association considers suitable.

Any planned changes or additions to the General Terms and Conditions may also be implemented via a separate document, which shall subsequently become an integral part of these General Terms and Conditions.

The Member shall be deemed to have approved such amendments if he does not object thereto in writing. Objections must be received by the Association within 30 days from the date of notice of the amendments.

#### **Article 27 - Place of business**

Unless otherwise stated, the place of transaction of the Association's obligations towards the Member and the Member's obligations towards the Association shall be the Association's registered office.

#### **Article 28 - Governing law and jurisdiction**

Unless specifically agreed otherwise, the business relationship between the Association and the Member and the related accounts shall be governed by the laws of Luxembourg.

All disputes between the Association and the Member shall be referred to the courts of Luxembourg in the Grand Duchy of Luxembourg, which shall have exclusive jurisdiction, except in that the Association shall be entitled to refer a dispute before any other court that would otherwise have jurisdiction, including the courts with jurisdiction in the Member's country of residence.

Legal action against the Association shall be prescribed after three years. The statutory limitation period shall begin to run from the date of the Association's disputed action or failure to act. Any legal action brought after that date shall be prescribed.

## **II. FINANCIAL INSTRUMENTS**

#### **Article 29 - Transactions in financial instruments**

**29.1** The Association may, if explicitly asked by the Member, consider offering investment advice, relating both to market opportunities and more generally as regards the acquisition, keeping and disposal of financial instruments or the coverage of investments of any kind.

In all events, the Association will not, even at the request of the Member, offer advice relating to speculative investments on leveraged products or derivatives.

The Association will not exercise any discretionary mandate to manage the Member's assets outside the terms of Article 12 of these General Terms.

In accordance with current legislation, and notably the regulations on markets in financial instruments, the Member undertakes to provide the Association with all necessary and pertinent information regarding himself, in particular as regards his understanding and experience of financial instruments, his investment objectives (aim of the investment, length of ownership, and preference in terms of risk profile, etc.), together with his financial capacity to face the risks inherent in such investments (source and recurrence of income, regular and anticipated outgoings, financial base and distribution of assets, etc.). Failing to provide such necessary information, the Member cannot claim any inadequacy in the advice received.

The Member is furthermore entirely liable for any prejudice that may result from a failure to communicate any changes in the information he has provided to the Association, notably under Articles 2 and 21 of these General Terms and Conditions.

Any order to buy or sell relating to financial instruments, including transactions on derivative products negotiated on a regulated market, will be executed by the Association applying the principle of the best interest of the Member.

In the absence of cover or delivery, the Association may, but is not required to, transmit or suspend orders at the Member's sole risk.

If, 24 hours after execution of the order, cover or delivery has still not been effected, the Association may, but is not explicitly required to, unwind the transaction at the Member's own risk. The Member shall then be required to indemnify the Association or partner third party for any resulting prejudice.

**29.2** In the absence of special instructions from the Member, the Association or partner third party shall choose the place and form for execution of the order. The Member gives the Association his explicit assent to the partner third party executing orders outside a regulated market or MTF, at his discretion.

The partner third party shall execute all orders in accordance with the principle of the Member's best interest, and following the rules and customs of the regulated market or MTF in question. Costs arising from the order shall be borne by the Member.

The Association cannot accept liability for any reasonable delay in executing orders, if the delay results from legal requirements, e.g. the obligation to determine whether a proposed service or investment product is appropriate for the Member.

The Association draws the Member's attention specifically to the fact that if he decides not to provide the information needed to determine whether or not a particular proposed service or investment product is appropriate for him, or if the information he provides regarding his understanding and experience is inadequate, the Association will be unable to determine whether the service or product is appropriate for him.

If the Association considers that a service or investment product is not suitable for the Member, it will warn him to that effect. The Association is nevertheless authorised, but not required, to forward the Member's order to the partner bank for execution, once the warning has been sent. In this context, the Association cannot be held liable for any prejudice the Member may suffer as a result of the order being executed. The Member is required to inform the Association on his own initiative of any changes in his financial situation and/or understanding and experience of investment, and in particular any changes which have or may have an impact on determining whether

or not a service provided to the Member by the Association is suitable and adequate. The Association cannot be held liable for any prejudice the Member may suffer as a result of omitting to inform the Association of such changes. The Association furthermore advises the Member that for services provided at the Member's request and involving no investment advice, but solely the reception and transmission of instructions relating to financial instruments of no complexity (such as shares traded on a regulated market, bonds or UCITS), the Association is not required to assess whether the instrument is suited to the Member's investment profile and the Member accordingly does not benefit from the protection afforded by the relevant rules of conduct (the "Suitability obligation").

When the Member's subscription order relates to a UCITS available on the Association's website [www.amfie.org](http://www.amfie.org), the Member undertakes, before subscribing, to consult the Key Investor Information Document (KIID) available on line or to apply to the Association to consult the paper KIID. When the UCITS is not shown on the Association's website, the Member undertakes to obtain the KIID from the investment or management company for consultation prior to transmitting any order to the Association.

**29.3** Unless agreed otherwise, the Association may transmit a Member's orders in one or more stages depending on market conditions.

All the Member's instructions shall be transmitted according to the market prices obtained at the moment of the transaction, unless the Member has stated specific price limits.

Instructions received from different members relating to the same category of financial instruments will be transmitted in chronological order of receipt, unless this is not possible on account of the nature of the instruction or because the Member's interests require otherwise.

When the Association has been unable to transmit a Member's limited-price instruction relating to shares immediately under the prevailing market conditions, it is agreed that the Association is not obliged to place the order immediately on the open market in order to facilitate its execution.

Although the Association is required to act in the best interests of its members, it is not bound either to check the timeliness, quality and risk of transactions, or to advise the Member on his investment decisions, or to warn him of events affecting the issuer of financial instruments deposited by him.

**29.4** If the Association believes that it is in the Member's interest, it may:

- decline to transmit instructions to sell until the partner third party has received the financial instruments;
- transmit orders to buy only within the limit of the Member's account balance;
- repurchase at the Member's expense any instruments sold which were not of good delivery, and those not delivered in time;
- treat as a new order any instruction not specifically described as confirmation or amendment of an existing order;
- delay the issue of an order to buy or sell. In this case the Association shall inform the Member immediately, if the order was for execution on a specific date.

**29.5** The Member understands and accepts:

- that financial instruments issued by companies that have business relations with the Association may be bought or sold on behalf of the Member ;
- that the Association may buy and sell on behalf of the Member units in investment funds managed by the Association itself, on condition that it has analysed the existence of a possible conflict of interest and communicated with the Member on the matter;
- that the Association may — provided it complies with the legal and regulatory conditions established by law — buy from and sell to one Member of the Association financial instruments held on an account by another, executing their respective instructions outside the regulated market, and even acting as counterpart for the buyer or seller;
- that the Association may receive a commission or inducement on the sale to a Member of financial instruments or products, on condition that the Member has been informed of the existence

and scale (e.g. as a percentage) of this benefit in a simplified information document.

**29.6** In relation with the maintenance of an investment account with a banking partner, the Association charges an administration commission corresponding to a percentage of the value of securities registered with the Member's account, excluding liquid funds, payable quarterly.

Any broker's and other usual fees will be notified to the Member. Any changes in the fees and commissions charged are notified to members by an update on the Association's website.

Securities and other assets remitted to a partner third party are deposited in the Member's name. They are subject to any custody and other fees charged by the partner third party unless otherwise specifically agreed and notified to the Member.

**29.7** Members' assets and financial instruments deposited on an individual account are registered in the Member's name in the books of one or more partner depository third parties, and in the systems for compensation of financial instruments depending on the type of asset. The Member shall bear all the economic, legal, political and other consequences which might affect the assets generally of the partner third party registered in the books of the sub-depositaries and compensation systems in the countries in question. Such consequences can flow, for example, from liquidation and receivership proceedings, measures adopted by the authorities of the sub-depository's country or its compensation system, or even from third countries, but also from cases of force majeure and any other event beyond the Association's control.

Similarly, a Member whose account shows a credit balance in euros or another currency bears proportionately to and up to the amount of that balance the direct and indirect consequences of any of the aforementioned events affecting the Member's credit balance in that currency.

In addition to the restrictions and other measures ordered by the authorities of the country of the depository or the financial instruments compensation system, these assets may also become liable to a tax, levy, charge or some other form of fiscal or social contribution.

The Association shall make every effort to take account of the Member's interest when selecting partner third party depositories, but can give the Member no guarantee as to the preservation of his assets should an event beyond the Association's control such as those indicated above occur, and cannot accept liability in this respect vis-à-vis the Member.

**29.8** Complaints relating to stock exchange orders must be made to the Association in writing:

- complaints relating to an order that has been transmitted, immediately after the Member has received the notice or statement, and no later than one week after the notice or statement was posted or made available;
- complaints relating to an order that has not been transmitted, no later than one week after the day the notice or statement should have been posted or made available to the Member.

If the Association receives no written objection within these time limits, the Member will be presumed to have approved and ratified the order's execution or non-execution.

**29.9** Members are advised that on certain markets abroad, transactions in financial instruments may involve the application of local legal provisions. This may be either because local law applies to such sales and purchases, or because the financial instruments are redeposited by the partner third party with a local correspondent within the jurisdiction (this being a standard practice on the market). Local law may permit certain local supervisory authorities or the issuer of the financial instruments to ask for the identity of the individual shareholder or bondholder holding the financial instruments through the Association, or even the instruments' Economic Beneficiary.

Failure to meet these obligations may result in the application of coercive measures under the local regulations affecting the financial instruments (the exercise of voting or other rights, and/or the distribution of dividends may be blocked, sale or other forms of disposal may no longer be possible, etc.)

By accepting these General Terms and Conditions, the Member thus

formally authorises the Association to disclose his identity and/or that of the Economic Beneficiary and their holdings in financial instruments and similar rights, on request by any competent authority (including tax authorities) if domestic or foreign laws so require, without further reference to the Member. The Association cannot be held liable for any prejudice the Member might suffer as a result of such disclosure. On receipt of a request for identification, and unless prohibited by the law, the Association reserves the right to contact the Member and seek his agreement to his identity or contact details being disclosed to the person or body making the request.

**29.10** The Association's partner bank will inform the Member without delay of the successful execution of instructions on financial instruments transmitted by the Association, except in the case of instructions given under a discretionary management mandate.

### **Article 30 – Financial instruments and stock market orders by internet: the facts and the risks**

If the Member's investor profile allows, the Association may offer him the opportunity to carry out transactions or purchase market products through its intermediary, including in derivatives and/or structured products. The Member recognises prior to submitting any order that he has carefully studied the terms of the information and risk brochure or notice, and any other descriptive documents made available to him for the purpose of informing him and drawing his attention to the characteristics and risks inherent in such transactions and products.

The Association hereby informs the Member that whilst derivatives and/or structured products allow investments and transactions covering the risks of a downturn in the markets, they can also be used for dynamic or speculative investment entailing greater risks according to fluctuations in the price of the underlying asset (exchange-rates, interest rates, stock and market indices, bonds, commodities, etc.) Such products, whether traded on the regulated market or privately, are thus intended only for professionals and experienced investors.

The Association draws the Member's attention to the leverage effect inherent in derivatives, which results in amplification of the effect of a variation in value of the underlying asset (whether up or down) by the basic mechanism of derivatives.

If the trend is adverse, and depending on the product selected, the amount lost can even exceed the initial investment. Any venture onto the regulated market or private trading therefore requires a good understanding of the mechanisms involved.

In the case of a dynamic or speculative strategy, Members are advised to commit only a small proportion of their assets to such transactions. The Association also recommends that before each transaction the Member should seek specialist advice on the risks involved and the legal and fiscal environment, in order to evaluate the match between the proposed transaction and his requirements, and the advisability of proceeding, on the basis of his own judgment or the recommendations of the advisers he chooses to consult.

The Association accepts no liability in respect of such transactions, notably as regards any financial, legal or fiscal consequences of such products, or for their performance even when market information relating to them may have reached the Member via the Association.

## **III. CHARACTERISTICS AND FUNDAMENTAL RISKS OF FINANCIAL INSTRUMENTS**

This section considers the characteristics and fundamental risks of the financial instruments AMFIE may consider using to invest its treasury in the framework of a Discretionary Management Mandate (see Article 12 of these General Terms and Conditions).

### **1 – THE BASIC RISKS**

These are the risks that apply to any kind of investment. That said, depending on the financial instrument in question, one or more of the risks described below may apply cumulatively, resulting in an overall increase in the level of risk facing the investor.

#### **1.1 - Economic environment risk**

Changes in the level of activity in a market economy have always affected the price of financial instruments, and exchange rates. Prices fluctuate more or less in step with the economy's cycle of expansion and recession. The length and amplitude of the expansion/recession cycle can vary, as can the repercussions on the various sectors of the economy. And the economic cycle can differ between countries.

Failure to take the economic cycle into account, or incorrect analysis of its trend, when making an investment decision can result in losses. In particular, account must be taken of the cycle's repercussions on the trend in investment prices.

This means that an investor must constantly check that his investments are matched to the economic situation, and if necessary make the necessary reallocations.

#### **1.2 - Inflation risk**

An investor can suffer financial loss on his investments if the currency loses value. The loss of value can affect both the true value of the existing asset, and the true yield it should be returning. It is therefore wise to be guided by true yields, i.e. for fixed-rate products, the difference between the interest rate and the inflation rate.

When the inflation rate is greater than return on a financial instrument (capital gains plus interest), the result will be a loss of value for the capital actually invested.

#### **1.3 - Country risk and transfer risk**

It is possible that a foreign-based debtor, while solvent, is unable to make payment of interest and capital on maturity, and may even remain in default solely on account of his country's lack of capacity or resources for transfer, due for example to local economic, political or social instability.

Thus, the payments to which an investor is entitled may not arrive due to lack of currencies or restrictions on making transfers abroad. For financial instruments issued in a foreign currency, the investor may receive payments in a currency which is no longer convertible due to foreign-exchange restrictions.

Moreover, even without any instability, state intervention in certain sectors of the economy (e.g. through nationalisation) can affect the value of investors' assets. In certain extreme cases, investors' assets can be confiscated or frozen by the local authorities, or investors' rights restricted.

In principle there is no way to protect oneself from such risks. However, the country ratings published in the financial press can provide a useful indication for investors.

Finally, and more generally, political and/or economic and/or social instability in certain countries can lead to rapidly fluctuating markets.

#### **1.4 - Liquidity risk**

For an investor, liquidity is the ability to sell his financial instruments at market value at any moment.

This means that when the market is insufficiently liquid, the investor may not be able to sell his financial instruments at market price. In theory we should distinguish between a lack of liquidity resulting from supply and demand, and a lack of liquidity inherent in the characteristics of the financial instrument or market customs.

A lack of liquidity resulting from supply and demand occurs when there is a supply but little or no demand (a buyers' market) or demand but little or no supply for a given instrument at a given price (sellers' market). When this happens, a sale or purchase will not be possible immediately, or will be possible but only in part, or will be possible but

only on unfavourable terms. Higher transaction costs are also likely. A lack of liquidity inherent in the characteristics of the financial instrument or market customs will happen, for example, in the case of a long procedure to transcribe transactions in registered shares, long execution periods because of market customs or other restrictions on trade, the need for short-term liquidity which cannot be covered by the sale of financial instruments, or long advertising periods before being able to proceed to a transaction, notably in the case of alternative funds.

#### 1.5 - Psychological risks

Irrational factors can affect markets, including trends, opinions or rumours which can significantly depress prices, although there has been no change for the worse in the financial situation and prospects for the companies in question.

#### 1.6 - Interest-rate risk

Generally speaking, a change in the interest rate, whether short- or long-term rates, can have significant negative effects on the value of financial instruments.

#### 1.7 - Solvency risk of the issuer and the payment-and-compensation system

The insolvency of the issuer or of the payment and compensation system on which the instruments are traded can result in a partial or total loss of the funds invested.

#### 1.8 - Other fundamental risks

Risks arising from information

This is the risk of making the wrong investment decision for lack of information, or because of incomplete or inaccurate information. This may be because the investor has used unreliable sources, or has misunderstood the information he has been given, or perhaps because of communication errors.

## 2 – SPECIFIC RISKS RELATING TO INVESTMENTS

### 2.1 - TERM DEPOSITS

This means depositing funds to be remunerated at a predetermined date and rate.

#### a. Characteristics

- Yield: payments of interest;
- Duration: short term (<4 years), medium term (4-8 years) or long term (>8 years) ;
- Interest: depends on the terms of each deposit; e.g. interest fixed for the entire term or variable, which often tracks money market rates (e.g. LIBOR or EURIBOR).

#### b. Advantages

Depending on the market conditions, can generate more attractive returns than other fixed-return products.

#### c. Risks

These products are exposed above all to the inflation, exchange, rates and counterparty risks set out in I. above.

### 2.2 - BONDS

Bonds are negotiable securities which may be registered to the owner or "bearer" bonds, issued by a corporation or a public authority to persons who lend them capital. The nominal value of the bond on issue corresponds to a fraction of the total amount borrowed. Some bonds are at a fixed rate of interest, others at variable rate. The bond's duration and repayment procedure are determined in advance. Certain structured products adopt the legal form of a bond, but will be dealt with under the chapter on structured products.

The purchaser of a bond (creditor) holds a right of credit vis-à-vis the issuer (debtor).

#### a. Characteristics

- Yield: payments of interest, possible increases in value (difference between purchase/issue price and sale/redemption price);
- Duration: short term (<4 years), medium term (4-8 years) or long term (>8 years);
- Currency: the investor's national currency or a foreign currency. In some cases the repayment of the principal and the payment of interest may be in different currencies. In such cases, the bond may carry an option to limit the exchange-rate risk;
- Form: individual certificate with a stated nominal value (which may be remitted to the investor) or represented collectively by a

- global certificate deposited with a depositary bank;
- Issue value: at par (100% of nominal value), sub-par (issue price below nominal value) or over par (issue price above nominal value);
- Place of issue: can be the investor's domestic market or a foreign market;
- Payment: on pre-established dates, unless otherwise provided or in the event of the issuer's bankruptcy, the loan is repaid either on maturity of the bond or in annuities (usually after being blocked for a time) or on differing dates by the drawing of lots (usually after being blocked for a time), or on unspecified dates, the issuer reserving the right to repay at a later date of his own choosing.;
- Interest: interest depends on the terms of the loan, e.g. fixed rate for the entire duration or variable rates which often track money market rates (e.g. LIBOR or EURIBOR). In the latter case, minimum and maximum rates may be stipulated;
- Specific characteristics (e.g. relations between issuer and investor) : established in the terms of issue of the bond in question.

#### b. Advantages

Depending on the market conditions, can generate more attractive returns than other fixed-return products.

#### c. Risks

##### c.1) Insolvency risk

There is a risk that the issuer may become temporarily or permanently insolvent, and thus unable to pay interest and/or repay the loan. The issuer's solvency can change as a result of changed circumstances during the lifetime of the loan. This includes changes in the economic situation, changes to the issuer's business, sector or activity, and change in the country, as well as political changes producing major economic consequences.

The scale of the risk depends on whether the bonds are issued by a public authority or a private body. For public bodies it also depends on the country, and for private institutions the issuer's sector of activity (banking, industry, etc.) and, more generally, the issuer's financial soundness.

The risk is less when the bonds come with a guarantee. But in this case the investor's additional protection will depend on the status and solvency of the guarantor.

It should be noted that as a general rule, bonds issued by bodies rated as safe offer lower yields. The risk of a total loss on the investment is, however, relatively lower.

A worsening in the issuer's solvency also negatively affects the price of the financial instruments in question.

##### c.2) Rates risk

Uncertainty regarding the future direction of interest rates means that the buyer of a fixed-rate financial instrument faces the risk of the market price falling if interest rates rise. A bond's sensitivity to changes in rates depends very much on how long it still has to run, and its nominal rate of interest.

##### c.3) Early repayment risk

The issuer of a bond can include an early repayment option, and exercise it especially if market interest rates decline. Early repayment in this way may affect the yield expected by the investor.

##### c.4) Premium or lottery bond risks

It is difficult to predict the duration of loans repayable by the drawing of lots, and this can mean unpredictable changes in the yield to be expected from the bond.

##### c.5) Country risk

A bond issued abroad will in principle be subject to the laws of the country of issue. The investor should accordingly be aware of the impact that could have on his rights.

##### c.6) Risks specific to certain bonds

Additional risks can be present with certain types of bond such as floating rate notes, reverse floating rate notes, zero coupon bonds, bonds in foreign currencies, convertible bonds, bonds on indices or options, subordinate bonds etc.

For these types of bond, the investor is advised to acquaint himself with the risks set out in the issuer's prospectus and not to buy until he has assessed all the risks. The following comments provide only a

brief review of the additional risks the investor faces with these special bonds.

#### c.6.1) Floating rate bonds

Floating rate bonds can assume various forms. One such is the floor floater bond, which guarantees a minimum rate of interest. With these bonds, if the sum of the reference rate and the margin is below a given level, the investor will receive interest at least at the minimum fixed. Conversely, with the cap floater the maximum interest the investor will receive is limited to a pre-set maximum.

The effective yield on bonds of this type is impossible to predict at the time of issue, since it will depend on how market rates perform;

- there are also variable-yield bonds where the yield varies inversely with the market rates (reverse floating rate bonds). For these medium or long-term bonds the interest rate paid to the investor is computed from the difference between a fixed rate and a reference rate (e.g. 16% minus LIBOR). This means that the amounts paid to the investor rise as the reference rate falls. The value of these bonds is generally more volatile than fixed-rate bonds of the same maturity;
- there also exist convertible floating rate bonds which give either the investor or the issuer (depending on the issue terms), the right to convert the bond to a classic fixed rate. If the right lies with the issuer, the bonds' yield can fall short of the investor's expectations.

#### c.6.2) Zero coupon bonds

This type of bond comes without coupons. Instead of periodical interest, the investor receives the difference between the redemption price and the issue price, (as well as the repayment of his capital). Bonds of this type are generally issued below par and redeemed at par. The size of the discount at which they are sold to the investor thus depends on the bond's maturity date, the borrower's solvency and the rates generally available on the markets.

Such bonds thus confer the right to a single payment at a future date, provided the bond is kept until its maturity (which can have different tax consequences in certain countries). But if the bond is sold before maturity the investor will receive only the bond's sale price.

This means that if the market price falls, the value of these bonds falls more steeply than for other identical bonds with the same maturity. Moreover, if they are denominated in a foreign currency, the exchange-rate risk is greater because there are no regular intervening payments of interest, only a single amount at a stated future date.

#### c.6.3) Combined-interest or step-up bonds

With bonds of this type, the investor does not receive interest payments at a flat rate throughout the lifetime of the bond. The bond does nevertheless resemble a fixed-rate bond in so far as the rate is set at issue and does not vary with market rates. In fact it changes over the lifetime of the bond in accordance with a schedule determined at the moment of issue.

For combined-interest bonds, there are no interest payments during the first years of the bond's lifetime. For the remaining years, though, the investor will be entitled to payment of interest at an above-average rate. These bonds are generally issued and redeemed at par.

For step-up bonds, relatively low rates of interest are paid at first, with a high rate payable later. These bonds are generally issued and redeemed at par.

#### c.6.4) Phased interest rate bonds

These bonds are in effect a mix of fixed-rate and variable-rate. They are generally for ten years, giving entitlement to payment of interest at a fixed rate for the early years. For a few years the investor then receives interest at a variable rate according to market rates, and for the final years interest is calculated at a fixed rate.

#### c.6.5) Index-linked bonds

With these bonds the redemption price and/or the interest are determined from the level of a specified index or managed account at the time of the payment, and are thus not fixed. Such bonds are often of the zero coupon type.

As a rule such bonds are issued in two tranches: bull bonds (bonds whose value rises if the index rises) and bear bonds (whose value rises if the market falls). The risk for the investor is thus that the value of his bull bond will fall if the index falls, or of his bear bond if the index rises.

#### c.6.6) Subordinate bonds

For bonds of this type, investors are advised to find out the bond's ranking vis-à-vis the issuer's other bonds. This is because if the issuer becomes insolvent, subordinate bonds will be redeemed only after all other higher-ranked creditors (preferential bonds and others ranking *pari passu*).

As a rule, however, the more favourable the investor's position in the event of insolvency, the lower the bond's yield will be.

### 2.3 - INVESTMENT FUNDS

An investment fund is a co-ownership or company which collects the funds of a number of investors with a view to investing it in a range of assets in accordance with the principle of risk-sharing, and to allow shareholders or members to benefit from the results of their assets' management.

#### a. Characteristics

*Open funds:* in an open fund the number of units, and thus of participants, cannot in principle be determined. The fund may issue new units or repurchase those already issued. From the investor's point of view, the fund is required to repurchase units at its own expense at the agreed price and in accordance with the agreed terms.

#### b. Advantages

The Unit holder receives a share of the fund's income. The diversification of the underlying investments made by the fund increases the chances of gains, or at least limits the risk of losses.

As a rule the fund benefits from more favourable terms on the investments it makes (notably costs) than the investor could by making the same investments himself.

#### c. Risks

##### c.1) Management risk

Since the return on investment of an investment fund depends inter alia on the skills of the managers and the quality of their decisions, errors of appreciation in management of the fund can lead to losses or capital losses.

##### c.2) Risk of unit values falling

Units in investment funds are subject to the risk of their market value falling, that fall reflecting a fall in the corresponding value of the securities or currencies making up the fund's portfolio, and all other things being equal. Theoretically, the greater the investment diversification, the smaller the risk of losses. Inversely, the risks rise the more the fund is specialised and the less it is diversified. The investor must therefore be attentive to the general and specific risks attached to the financial instruments and currencies making up the fund.

The investor should study the fund prospectus to be aware of risks specific to each fund.

### 2.4 - STRUCTURED PRODUCTS OR EMTNs

Structured products are a combination of two or more financial instruments, which together make a new product. At least one of the instruments must be a derivative.

The most frequently traded structured products are those which benefit from some protection of capital.

Such products can be traded on the market or privately. Because of the many possible permutations, each structured product presents its own risks, insofar as the risks inherent in each of its component instruments may be eliminated, attenuated or accentuated by the combination. It is thus for the investor to inform himself about the risks specific to the structured product in question. Such information is available, for example, in the marketing brochures or form sheets describing the product.

#### 2.4.1 Specific case of structured products with capital protection

##### a. Characteristics:

*Dual components:* such products usually comprise two components: a fixed-yield instrument (e.g. bonds or monetary investments) and an option or combination of options. This allows the investor to benefit from rises in the value of one or more underlying components whilst restricting the risk of losses.

The capital protection aspect can sometimes cover only part of the funds invested. In addition, the capital protection aspect and the units aspect may be divided into distinct components in order to ensure their separation, or even to be able to sell them separately;

*Capital:* partly or fully guaranteed on maturity. The protection of capital component sets the proportion of the product's nominal value to be returned to the investor on maturity, irrespective of any change in the value of the units component;

*Yield:* the option or direct investment component, for investment in the risky underlying asset, determines how and to what extent the investor may benefit from any rise in the value of the underlying asset. This allows the potential for gain to be evaluated, over and above the capital protection component;

*Flexibility:* products can be adapted to the client's needs and to any type of underlying asset.

#### b. Advantages

Investing in a market whilst reducing the risks of capital loss which would exist if the investor invested directly in the same market. Yields can be higher than those on the money or bond markets, with an equivalent level of protection.

#### c. Risks

##### c.1) Risks in the capital protection component

Capital protection depends on the product's nominal value, not on its issue price or purchase cost on a secondary market. The investor's guarantee only extends to that nominal value, and "capital protection" does not necessarily mean 100% repayment of the capital invested. The protection is consequently less if the issue or purchase price is greater than the nominal value, and greater if the issue or purchase price is less than the nominal value. This is especially the case with subscriptions other than at par, or following a transaction after the initial issue. The strength of the guarantee depends on the solidity of the guarantor, so the capital is guaranteed only if the guarantor can face his commitments. The maximum potential loss is thus only the difference between the price paid and the capital guaranteed on maturity. However, during the product's lifetime its market price may fall below the level of the guarantee, and there is thus a greater risk of loss if the product is sold before maturity. Capital protection for the investor is a certainty only if he keeps the product until it matures, and there is no guarantee if he seeks early repayment.

If the capital is not 100% guaranteed on maturity, the investor will not be repaid the whole of his initial outlay.

##### c.2) Risks in the option/direct investment component

Depending on the markets, this component can be worthless on maturity. The risks relating to this component are the same as the risks relating to the option or combination of options or direct investment employed.

As a counterpart to the capital protection, the investor may obtain a yield lower than he would have obtained had he invested directly in the underlying asset.

##### c.3) Liquidity risk

As a rule the liquidity of this investment is assured only beyond a certain value, usually with a Bid/Offer spread and/or a penalty for early exit.

## 2.5 EMTNs (Certificates)

#### a. Characteristics

*Diversification:* an EMTN allows the investor to buy a debt security constructed from several underlying assets or whose value is made up from several indicators;

*Some common certificates:*

- index-based certificates: reflecting an entire market, and built on an official index (e.g. DAX, CAC, etc) ;
- Regional certificates: made up of corporations or indices from a given region (e.g. Eastern Europe, Pacific Zone, etc) ;
- Basket certificates: made up from a selection of national or international corporations in the same branch (e.g. biotechnology, telecoms, etc.), of indices, bonds or other underliers;

*Guarantees:* certificates such as this are guaranteed;

*Negotiability and maturity:* certificates usually mature at between one and three years. They are however tradable at any moment;

*Limited duration:* certificates have a limited lifespan;

*Investor's rights:* no voting rights and no right to dividend or interest from the underlying assets;

*Repayment:* on maturity, based on:

- certain amount per index point, in the case of an index-based certificate;
- the difference between the market value on maturity and the cash-in price, in the case of a regional or basket certificate.

#### b. Advantages

Even a modest amount available for investment can be allocated over several instruments or risk factors, thus minimising the risk.

This type of investment offers the same potential for gains or losses as direct investment in the underlying assets, but with the diversification of the index it is possible to restrict and even eliminate the risks specific to the companies making up the index, and thus avoid the risk of a total loss of the investment.

They are usually low-cost products, in particular because they have no attached rights to dividends/interest or voting rights.

#### c. Risks

##### c.1 Transferred risks

Investments in certificates based on an index, region or basket present the same risks as direct investment in the same stocks. They do, however, allow the risk to be spread.

But the risks does not go away completely, and can be transferred to the market or branch on which the certificate is based.

##### c.2 Absence of rights

In contrast to direct investment, the investor has no voting rights and receives no dividend or interest arising from the underlying assets.

Consequently, a fall in the certificate's market value will not be offset by the receipt of dividends or interest.

##### c.3 Issuer risk

In addition to the risk of insolvency in the corporations whose stocks form the underlying assets, the investor is exposed to the issuer risk, i.e. the credit risk of the financial institution issuing the certificates.

