

Terms of Business (“the Terms”) Royal Bank of Canada Investment Management (USA) Limited

Effective Date: 3 January 2018



**Wealth
Management**

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1. INFORMATION ABOUT US AND OUR SERVICES

- 1.1 Our full name is Royal Bank of Canada Investment Management (USA) Limited. In these Terms we are referred to either by this name or as “we”, “us” or “our” and “you” or “your” refers to the relevant client entering into these Terms upon acceptance as a client for the relevant service applied for, and refers to either or both clients in the case of joint clients, and also refers to agents, attorneys or others you properly delegate authority to in order to act on your behalf in respect of these Terms and the relevant service being provided to you in respect of notices, communications and carrying out transactions in respect of these Terms.
- 1.2 We are incorporated in England & Wales under number 03327984 and our registered office is at Riverbank House, 2 Swan Lane, London, EC4R 3BF. Our telephone number is +44 (0)20 7653 4000 and our fax number is +44 (0)20 7248 2689.
- 1.3 We are authorised and regulated by the Financial Conduct Authority, whose address is 25 The North Colonnade, Canary Wharf, London E14 5HS. We are entered on the Financial Services Register with registration number 186618. The Financial Services Register is accessible at www.register.fca.org.uk. The services we provide to U.S. Persons (as hereinafter defined) are the Non Discretionary Investment Management Service, the Discretionary Investment Management Service and the related Custody Service.
- 1.4 We provide the services listed in Clause 2. As part of the account-opening procedures you indicate in the Account Opening Documents which service(s) you require and you also have the opportunity to state limits and restrictions that you wish us to observe. Where we provide our Discretionary Investment Management Service or our Non Discretionary Investment Management Service we will also provide our Custody Service in respect of your Portfolio unless other custody arrangements are mutually agreed. If at any time you wish to change the services we provide, or any of the limits and requirements you impose, you should contact us in one of the ways referred to in Clause 5 below. We may ask you for additional information to the information you provide in the Account Opening Documents at any time in order to provide our services. We rely on information you provide to us in response to such requests or in the Account Opening Documents when providing you with our services so please ensure all information is accurate and up-to-date and that relevant details and information (and changes to it) are not withheld. These Terms apply to all the services we provide but certain sections are only relevant to certain services. Where this is the case it is indicated in the heading to the clause. Where we merely explain the term of an investment product or its performance characteristics, this does not constitute advice on the merits of a transaction in the investment product.

1.5 Definitions and Interpretation

1.5.1 In this document the following words have the meanings set against them below:

“Account Opening Documents” means the account opening documents you must complete and sign in order to become a client;

“Advisors Act” means means the U.S. Investment Advisors Act of 1940, 15 U.S.C. §80b-1 et seq. and the regulations promulgated thereunder (as each may be amended from time-to-time) and any interpretive notices and exemptions and no-action letters issued by the SEC;

“Agreement” means the documents listed in Clause 3.3 as (in each case) amended from time to time which together form the terms of a legally binding agreement between you and us;

“Associate” means any company in the Royal Bank of Canada (RBC) group of companies and the directors and employees of any such company;

“Business Day” means a weekday on which the clearing banks in the City of London are normally open for business;

“Custody Service” means our safekeeping and administration service we may provide you with as described in Clause 2.3 below and as further detailed in Clause 7 of these Terms;

“Discretionary Investment Management Service” means the discretionary investment management service we may provide you with as described in Clause 2.2 below;

“EEA” means the European Economic Area;

“Effective Date” means the date on which we send you written acceptance of your application after we have received your fully completed and signed Account Opening Documents or in the case where we only provide you with Relationship Management Services, the date we start providing you with that service (if earlier);

“Eligible Custodian” means a third party (including an Associate) appointed by us in accordance with FCA Rules to act as sub-custodian which is also a “Qualified Custodian” (as defined in the Advisors Act) to hold investments in which you have a beneficial interest pursuant to the Custody Service in accordance with the FCA Rules;

“FCA” means the Financial Conduct Authority of 25 The North Colonnade, Canary Wharf, London E14 5HS;

“FCA Rules” means the FCA Handbook of rules and guidance as amended, replaced or supplemented from time-to-time;

“Fee Tariff” means each of our tariffs of fees and charges in respect of our Non Discretionary Investment

Management Service, Discretionary Investment Management Service and Custody Service (each a “Fee Tariff” and together “the Fees Tariffs”) as the case may be and provided to you, as may be updated from time to time in accordance with Clause 22.1;

“**FOS**” means the Financial Ombudsman Service;

“**FSCS**” means the Financial Services Compensation Scheme;

“**Independent Advice**” means advice and recommendations we may give you after we have assessed your needs which will be based on a sufficient range of relevant products available on the market which are sufficiently diverse with regard to their type and issuers or product providers and not limited to relevant products issued or provided by us or our Associates or other entities with which we have close legal or economic relationships as to prevent a risk of impairing the independent basis of the advice provided;

“**Investment Policy Statement**” means the investment policy statement we agree with you, in writing, in relation to the provision of our Discretionary Investment Management Service;

“**Investment Professional**” means the individual(s) appointed by us from time to time and notified to you as your investment professional in relation to your Portfolio;

“**Liabilities**” means liabilities, losses, damages, costs, claims and expenses of any kind;

“**Non Discretionary Investment Management Service**” means the non discretionary investment management service described in Clause 2.1 below;

“**Portfolio**” means the money and investments in relation to which we are providing the Non Discretionary Investment Management Service and/or the Discretionary Investment Management Service, as applicable;

“**Professional Clients**” means clients who are classified as professional clients under the FCA Rules;

“**RBC**” means the Royal Bank of Canada and/or direct and indirect subsidiaries;

“**Regulatory System**” means the arrangements under which the FCA regulates our activities under the Financial Services and Markets Act 2000;

“**Relationship Manager**” means the individual who is appointed by us from time to time and notified to you in writing as your relationship manager in relation to the relevant services provided to you under these Terms and/or provided by our Associate;

“**Relationship Management Services**” means the limited services provided to you by your Relationship Manager (or anyone who acts for us in that capacity) as described below at Clause 2.4;

“**Restricted Advice**” means advice and recommendations we may give you after we have assessed your needs but which does not constitute Independent Advice;

“**Retail Clients**” means clients who are classified as retail clients under the FCA Rules;

“**Retail Investment Product**” means certain types of investment as set out in the FCA Rules which are:

- (a) a life policy;
- (b) unit in a collective investment scheme;
- (c) a stakeholder pension scheme;
- (d) a personal pension scheme;
- (e) an interest in an investment trust savings scheme;
- (f) a security in an investment trust;
- (g) any other designated investment which offers exposure to underlying financial assets, in a packaged form which modified that exposure when compared with a direct holding in the financial asset; or
- (h) a structured capital at risk product.

A list of the products within our investment offering falling within the definition of Retail Investment Product is available upon request. Please contact your Relationship Manager if you have any queries about the investments listed above;

“**SEC**” means the U.S. Securities and Exchange Commission;

“**Terms**” means the terms of business set out in this document (as amended from time to time in accordance with Clause 28);

“**Trading Venue**” means a regulated market, a multilateral trading facility or an organised trading facility;

“**U.S. Person**” means the definition of a “U.S. Person” under Regulation S promulgated by the SEC, as such definition may from time-to-time be amended.

- 1.5.2 A reference to a statutory provision includes a reference to such provision as amended, restated or replaced from time to time.
- 1.5.3 Words and expressions not defined in these Terms but which are defined in the FCA Rules have the same meanings as in the FCA Rules.
- 1.5.4 Reference to the singular will where the context allows include the plural.
- 1.5.5 References to clause or paragraph numbers are to clauses or paragraphs in the Terms or Schedules in which they appear.
- 1.5.6 Reference to any gender or neuter includes the other genders.
- 1.5.7 Headings are used for reference only and do not affect the meaning of the clause or paragraphs.
- 1.5.8 Reference to a time of day shall be construed as a reference to London time.
- 1.5.9 Any reference to the term “written” or “in writing” shall include email.

- 1.5.10 Any phrase introduced by the terms “including”, “include”, “in particular” or any similar expression is to be construed as illustrative only and does not limit the sense of the words preceding those terms.

2. OUR SERVICES

2.1 Non Discretionary Investment Management Service

- 2.1.1 When we provide this service we make recommendations to you and provide advice consistent with your risk profile and objectives. We will assess suitability both in relation to each individual transaction and in relation to your Portfolio as a whole. You may accept or reject our recommendations.
- 2.1.2 Clients investing through the Non Discretionary Investment Management Service should note that we provide Restricted Advice. The range of investments we may recommend to you include those listed in Clause 2.5. Our advice is Restricted Advice because it is limited to advice on investments from a limited selection of investment product providers, which includes RBC. We will advise and make a recommendation to you after we have assessed your needs. We offer advice on limited types of products (which we offer from a limited number of companies) aligned to our areas of expertise. A list of the companies and products we offer advice on is available upon request.

2.2 Discretionary Investment Management Service

- 2.2.1 When we provide this service we exercise discretion over the contents of your Portfolio (subject to the limits and requirements of the Investment Policy Statement, or which you notify to us in writing from time to time) and we deal on your behalf in a transaction to buy or sell investments for your account in accordance with our decisions.
- 2.2.2 We will agree with you an appropriate method of evaluation and comparison if you are a Discretionary Investment Management Service client to assist you in assessing the performance of your Portfolio. **We do not guarantee that your Portfolio will perform in line with any chosen benchmark or other measure.** If we do agree a benchmark we will provide you with the specification of this benchmark. However, this does not mean that your Portfolio will be based on the investments which make up the indices in the benchmark or will necessarily follow their asset allocation or performance.
- 2.2.3 We will also agree an Investment Policy Statement with you which will include your investment objectives, the level of risk to be reflected when we exercise our discretion and any constraint on our discretion. Subject to us exercising our discretion in line with your investment objectives and the restrictions we have agreed with you we may provide Discretionary Investment Management Services in relation to the investments listed in Clause 2.5.1 below.
- 2.2.4 Please note that our ability to exercise discretion over your Portfolio in accordance with such limits and requirements could be affected by events or

circumstances that we cannot reasonably control, such as market movements which affect the price or value of assets in your Portfolio. In such a case your investment restrictions could be breached and we will take such action as we think appropriate in the circumstances. Please note that we are not responsible for any breaches in relation to your investment objectives or restrictions as a result of such circumstances, unless (and to the extent that) it results from our negligence, wilful default or fraud.

- 2.2.5 Clients for this service will use the Custody Service, unless we expressly agree otherwise in writing.
- 2.2.6 We will, acting as your agent, and subject to any restrictions you impose:
- (a) have complete discretion over your Portfolio and manage it with a view to achieving your investment objectives;
 - (b) without prior reference to you buy, sell, retain, exchange or otherwise deal with investments and other assets, make deposits, subscribe to issues and offers for sale, accept placings, underwritings and sub-underwritings of any investments and execute transactions and arrange transactions on any markets (subject to our execution policies);
 - (c) negotiate and execute documentation required in connection with any transaction;
 - (d) take all routine or day to day decisions and otherwise act as we judge appropriate, subject always to our obligations under the FCA Rules including those regarding suitability and best execution.
- 2.2.7 Subject to Clause 9.6, we will not commit you to supplement the funds in your Portfolio either by borrowing money or assets on your behalf or by committing you to a contract the performance of which may require you to supplement the funds in your Portfolio.
- 2.2.8 Subject to your investment objectives and restrictions we may commit you to underwrite any issue (which means that you may be responsible for a portion of such an issue of securities) or offer for sale of investments, including where an Associate is leading or advising on the issue.
- 2.2.9 Clients investing through the Discretionary Investment Management Service should note that we may invest your Portfolio in collective investment schemes. Where we do this we use a restricted panel of investment managers and offer discretionary management in a restricted range of funds and fixed income products. A list of the managers, products and services we use is available on request.
- ### 2.3 Custody Service
- 2.3.1 We may provide this service in conjunction with our other services as described above. When we provide this service we provide services for the safekeeping and administration of your investments, which may include

arranging for the registration of your investments, the settlement of transactions, the collection of income and the appointment of a third party custodian to hold your investments. Further details are provided in Clause 7.

2.3.2 In addition, a standalone Custody Service may be provided by mutual agreement.

2.4 Relationship Management Services

2.4.1 Your Relationship Manager will assist you with relevant services provided to you under these Terms and/or provided by our Associates. Where the services are provided by our Associates (or any of them) alone and you elect not to have any other business relationship with us, these Terms shall continue to apply to the limited activities of the Relationship Manager including where:

- (a) you provide personal and other information to your Relationship Manager;
- (b) the Relationship Manager is involved with assisting with a review of the services you have with our Associates (in which case the Relationship Manager may rely on information about you provided to us by our Associates); or
- (c) your Relationship Manager arranges additional services, in each case subject to and in accordance with the FCA Rules, as applicable.

2.4.2 Any information exchanged between your Relationship Manager and our Associates will be used in accordance with the privacy and/or data protection provisions set out in the terms of business of the relevant Associate. Except where we have been negligent, wilfully at fault or acted fraudulently, your Relationship Manager is not responsible for the provision of products or services provided by our Associates and, instead, the RBC entity with which you have accounts or from whom you directly or indirectly receive services will have the regulatory responsibility for the operation or delivery of such accounts and services. There is no charge for the services of the Relationship Manager in this role.

2.5 Investments

2.5.1 We may provide our services in relation to the following types of investment if appropriate for a U.S. Person under U.S. securities and tax laws:

- (a) equities, exchange traded funds, American depository receipts and global depository receipts;
- (b) convertible, commercial paper, government, sovereign, agency and corporate bonds;
- (c) foreign exchange spot, forwards and non-deliverable-forwards;
- (d) open-ended and closed-ended funds and other collective investment schemes;
- (e) warrants to subscribe for investments; and
- (f) structured notes and certificates.

2.5.2 All investments carry risks – Clause 19 contains further information regarding certain key investment risks.

3. THE BASIS ON WHICH WE PROVIDE OUR SERVICES

3.1 We are required by the FCA Rules to categorise our clients. We will treat you as a Retail Client. Retail Clients benefit from a higher degree of protection under the FCA Rules than Professional Clients. You may ask us in writing to categorise you as a Professional Client for any individual service or for all services that we provide to you. However, we are not obliged to agree to such a request. Professional Clients may request in writing to be re-categorised as a Retail Client. Please contact your Relationship Manager for more information.

3.2 If you are joint clients please see Clause 20 for important information about how we treat you.

3.3 Our legal relationship with you is governed by the following documents which together form our Agreement:

- (a) these Terms including the Schedules to these Terms and any side letters, or similar, we have agreed with you that supplement or amend the Terms;
- (b) the Fee Tariffs. These set out our transaction charges, fees and other charges for our services. Please note that you may incur additional costs or taxes that are not paid via us or imposed by us;
- (c) the Account Opening Documents;
- (d) (where we provide our Discretionary Investment Management Service) the Investment Policy Statement; and
- (e) any other document which is agreed between us in writing concerning the provision of our services.

You should read these documents carefully. If there is anything in them that you do not understand or agree to, you should discuss this with your Relationship Manager and seek clarification.

3.4 You should retain a copy of your completed Account Opening Documents and any other documents within our Agreement for your records. You can at any time ask your Relationship Manager to send you a copy of your Account Opening Documents.

3.5 These Terms will become effective on the Effective Date.

3.6 We may decide not to accept your application and may reject your application at our absolute discretion and without providing any reason.

3.7 We have powers to change these Terms and our fees and charges. The way that we can do this is set out in Clause 28 and Clause 22.1, respectively.

3.8 You confirm that you have full power to enter into the Agreement and to appoint us to act in accordance with these Terms, including where relevant, power to appoint us as custodian. We provide our services on the basis that you own the investments concerned and have full power to deal with them. Whenever you instruct us or appoint us as discretionary manager or custodian to buy, sell or hold investments, you promise that:

- (a) you are (or will be) the sole (or joint) beneficial owner (or where you are a trustee, sole legal owner) of the investments;
- (b) no one else has or will have any rights in respect of them, and they are free from any security such as a pledge, lien, charge, encumbrance or right exercisable by any third party other than as referred to under Clauses 7.20(h) and 30.3;
- (c) you will not sell, dispose of, deal with or give anyone else any rights over them while they are held by us for you, without our prior agreement; and
- (d) you will not do anything or fail to do anything which would be a breach of any law or regulation which applies to you or which you are aware could result in our breaching a law or regulation.

You must tell us immediately if any of the statements in this Clause are or become untrue.

- 3.9 You confirm that except as disclosed to us in writing you are not operating the Portfolio or accessing any of our services on behalf of any third party.
- 3.10 You will be responsible to us and our Associates for making good any Liabilities we suffer as a direct result of a breach by you of Clause 3.8 and Clause 3.9, including as a result of any third party claiming to be entitled to any or all of the investments or monies comprised in your Portfolio.
- 3.11 You warrant and represent to us that you have received a copy of our Client Brochure (the "Disclosure Statement"), as required by Rule 204-3 under the Advisors Act. You understand that if you did not receive the Disclosure Statement more than 48 hours prior to the date of execution of these Terms, you may terminate these Terms without penalty within five (5) business days after the date of such execution, provided that any investment action taken by us with respect to your account prior to any such termination will be at your risk. You understand and consent to the investment strategy intended to be followed in respect of the account.
- 3.12 It is important that we have accurate and up-to-date information about you and your circumstances as we will rely on this information when providing our services to you. You must provide full and accurate information to us and ensure that such information is not misleading and that relevant details and information (and changes to it) are not withheld. We will not be responsible to you for any actions taken by us when acting upon out of date, inaccurate or incomplete information provided by you. If you fail to provide such information we may not be able to provide our services to you. You must:
 - (a) ensure that any information you have provided to us is complete and accurate;
 - (b) notify us promptly if there is any significant change to the information provided by you

- (including information concerning your financial circumstances and your knowledge and experience of financial services and notifying us if your country of residence or nationality changes, for example if you marry a citizen of another country and thereby acquire dual nationality);
- (c) provide us with all information, documentation or copy documentation that we may reasonably require in order to allow us to carry out our account opening procedures;
- (d) provide us with any additional information as we may reasonably request from time to time in order to enable us to comply with our legal, regulatory and contractual obligations in connection with or relating to these Terms, or such further information as may be properly required by any competent authority, in each case promptly following such request.

- 3.13 You must sign and/or produce, by the time we ask you, any documents we need to enable us to carry out our duties under these Terms including documentation relating to evidence of nationality or place of residence.
- 3.14 A failure to provide information requested by us may adversely affect our ability to provide our services under these Terms, and in some circumstances mean that we are unable to provide our services.
- 3.15 You must not disclose your account details or any security information relating to your account to anyone. Please take care when storing or disposing of information about your account. You should shred copies of documents which include your signature to avoid fraud including faxes or photocopies of your signature.
- 3.16 If you think that someone has obtained any of your account details or is using or attempting to use your security information or your signature please let us know as soon as possible. We will deal with such notification once received by us.

4. SUITABILITY

- 4.1 We will provide our Non Discretionary Investment Management Service and Discretionary Investment Management Service on the basis of the information you provide to us (as applicable to each service) about:
 - (a) yourself and your knowledge and experience in certain types of investment;
 - (b) your investment objectives;
 - (c) your financial situation, including your ability to bear losses;
 - (d) the restrictions on the investments which you are prepared to hold;
 - (e) the level of risk that you are prepared to accept; and
 - (f) any other special requirements.

4.2 In accordance with Clause 3.12 above, please let us know as soon as possible if there are any changes to the information you have provided us with as we will rely on this information to determine whether an investment or transaction is suitable for you. If you fail to provide this information we may not be able to provide our advice to you, or exercise our discretion, in a suitable manner.

4.3 Where we provide you with any of these services we:

- (a) will assess whether a recommendation or decision to trade is suitable for you; and
- (b) will not recommend an investment or product to you or make a decision to trade where we consider the investment is not suitable for you.

This is so that we are able to act in your best interest.

4.4 If you are a Professional Client, when we assess the suitability of an investment or transaction for you, we are entitled to assume that you:

- (a) have the necessary level of experience and knowledge in order to understand the risks involved in the transaction or in the management of your Portfolio; and
- (b) are able financially to bear any related investment risks consistent with your investment objectives, where we provide you with our Non Discretionary Investment Management Service.

4.5 Where we provide you with our Non Discretionary Investment Management Service we will normally provide you with a suitability report before the transaction is concluded. Where prior delivery is not possible because the agreement to buy or sell is concluded by means of a distance communication:

- (a) we will give you the option to delay the transaction; and
- (b) you agree that we may provide the suitability report immediately after the relevant transaction.

The suitability report will outline the advice and how the recommendation is suitable for you, including how the advice meets your preferences, investment objectives and other characteristics. We will not usually provide you with a suitability report if you are a Professional Client.

4.6 We will also provide you with a written assessment of the suitability of the investments we have recommended to you under our Non Discretionary Investment Management Service or our Discretionary Investment Management Service on a regular basis. This assessment will take place at least annually, either as part of our annual client review process or where there is a material change to your circumstances that you have notified us of in accordance with Clause 3.12. As part of the assessment we will confirm that the information we hold about you, including the information that you have provided to us in the Account Opening Documents, is accurate and up-to-date.

We will rely on this information to assess whether the recommendations we have made to you remain suitable for you, so it is important that you provide us with full and accurate details of any changes to your circumstances.

4.7 There will be no restriction on the value or geographical location of any one investment or the proportion of your Portfolio which may be made up of one investment or any particular type of investment, unless you specify such a restriction in the Investment Policy Statement (if applicable) or Account Opening Documents or subsequently notify us that you wish us to observe such a restriction.

4.8 Your Portfolio may (but need not) include the following:

- (a) securities the issue of which may have been underwritten, managed or arranged by us or an Associate subject to compliance with Clause 10;
- (b) units in an authorised, recognised or unregulated collective investment scheme including those which may be operated by or advised by us or an Associate, if appropriate for a U.S. Person under U.S. securities laws and subject to compliance with Clause 10.

4.9 We may provide you with advice which we reasonably believe to be reliable and accurate. The information and recommendations we provide are subject to change without notice.

5. COMMUNICATIONS BETWEEN US (INCLUDING HOW YOU CAN INSTRUCT US)

5.1 We shall communicate with you using the contact information you supply on the Account Opening Documents, or such other information as you provide to us. You must notify us if any of your contact details change. We may communicate with each other in writing or by telephone.

5.2 We will record telephone calls and electronic communications with you. A copy of the recording of such conversations will be available upon request for a period of up to five years, and where requested by the FCA, for a period of up to seven years.

5.3 You may contact us by post at Riverbank House, 2 Swan Lane, London, EC4R 3BF or by telephone or fax to the numbers set out above in Clause 1.2. You will also be given the telephone and email details of your Relationship Manager and Investment Professional.

5.4 Where you send a communication to your Investment Professional we recommend that you send a copy to your Relationship Manager as well.

5.5 You must communicate with us in English. Documents and other information we supply will be in English.

5.6 If you wish to communicate with us by email, you must provide us with a valid email address, in writing. By providing us with a valid email address or sending a communication to us by email, you are indicating that you are willing for us to communicate with you by email for any purpose under these Terms.

- 5.7 You may from time to time give us oral, written or fax instructions, subject to the remaining provisions of this Clause 5.7 and 5.8, provided that where instructions are given orally, by email or by fax we may ask you to confirm such instructions. We may accept telephone instructions but will not be obliged to do so. You must call your Investment Professional that deals with your Portfolio.
- 5.8 You may give us instructions by email or fax in accordance with such procedures (including use of specific email addresses, fax numbers, security procedures and the use of passwords) for giving such instructions which we may notify to you. Please note:
- (a) urgent, time-sensitive and confidential communications should not be sent by email or fax;
 - (b) you should telephone us to confirm receipt if you have not received an acknowledgement from us within 2 Business Days after sending an email or fax;
 - (c) there are risks inherent in email and fax communications, including the risk of unauthorised interception, mis-delivery, malfunction, viruses or delay (if, for example, the recipient at our office is not available); and
 - (d) there may be a delay in processing instructions (including in any attachment) received via email or fax after we have received them which may make it impossible to implement the instructions either in the manner or time frame you specified or at all.
- 5.9 Although instructions may be given outside normal office hours (9:00am to 5:00pm on Business Days), instructions will only be deemed to be received by us during normal office hours on a Business Day and in relation to fax and emails (including instructions contained in any attachment) when manually accessed by us during such time.
- 5.10 We may not act on instructions received from you if:
- (a) to do so may involve us or you in a breach of legal, regulatory or contractual requirements (including a breach of these Terms);
 - (b) we believe on reasonable grounds that to do so would be impracticable or against your or our interests;
 - (c) we believe on reasonable grounds that the instructions are given fraudulently or in any other unauthorised manner;
 - (d) we would run the risk of suffering financial loss if we acted on them; or
 - (e) we reasonably believe that you are not the legal owner of the Portfolio.
- 5.11 We will notify you of any such refusal, provided we are able to do so under applicable law or regulation.
- 5.12 If we have any significant difficulty in carrying out your instructions promptly, we will inform you as soon as reasonably practicable upon becoming aware of such difficulty provided that we are able to do so under applicable law or regulation.
- 5.13 We may accept instructions that appear to be from you (or, if you are trustees, partners in a partnership or joint clients, from any of you, or, if the client is a company, from any director) or from your nominated agent if we hold your written instruction to accept orders from that agent. If we have acted in good faith, we shall not be liable for acting on any such instruction if it is subsequently shown not to have been from you or your agent.
- 5.14 Please make sure that your instructions are clear and that you clearly state your intentions and any conditions you wish to impose. This is important because if your instruction makes sense we may act on it without contacting you, and, provided we have acted reasonably, we will not be responsible if your instructions do not say what you mean them to say. If you have any doubt as to how to instruct us clearly please contact your Relationship Manager. Where an instruction is difficult to read or ambiguous we may not act on it until we have contacted you for clarification, which could lead to a delay. In respect of instructions received by telephone, we are not responsible for any inconsistency between telephoned instructions, and any subsequent confirmation in writing. The latter shall always prevail.
- 5.15 We do not accept instructions via any social networking account or by SMS text message and those instructions will not be acted upon.

6. COMMISSION AND NON-MONETARY BENEFITS

This Clause applies when we provide our Non Discretionary Investment Management Service and Discretionary Investment Management Service.

- 6.1 Where we give you advice or make a recommendation to you in relation to any investment product, or provide our Discretionary Investment Management Service, we will charge you the fees that are expressly set out in our Fee Tariff for this service and, save as set out below and in accordance with the FCA Rules, we will not accept any fee or commission in connection with the provision of this service.
- 6.2 We may accept and retain minor non-monetary benefits where this is permitted by the FCA Rules, for example, the provision of product-specific information from product providers, participation in training events on the benefits and features of investments and de minimis hospitality at the same or training facilities. We will only accept and retain minor non-monetary benefits where such acceptance would not prevent us acting in your best interests.
- 6.3 We may receive materials or services, including research, in return for direct payments by us out of our own resources.

7. CUSTODY SERVICE

This Clause applies when we provide you with our Custody Service. Where you have appointed a third party custodian to provide Custody Services to you, please refer to Clause 8 below for the terms that apply.

- 7.1 Unless otherwise agreed with you in writing we will provide Custody Services for you in respect of your Portfolio.
- 7.2 In the provision of these services we will take appropriate steps to seek to protect your investments in accordance with the FCA Rules.
- 7.3 In accordance with the FCA Rules we may hold your investments:
- (a) directly in a nominee company controlled by us;
 - (b) via an Eligible Custodian which is an Associate (for example, Royal Bank of Canada (Channel Islands) Limited); or
 - (c) via an Eligible Custodian who is not an Associate.
- 7.4 You permit us as your custodian to use any person selected by us in accordance with these Terms to act as an Eligible Custodian to carry out the custodian services, including our Associates or third parties and for any such Eligible Custodian to select further sub-custodians to act as sub-custodians.
- 7.5 We have appointed our Associate Royal Bank of Canada (Channel Islands) Limited as an Eligible Custodian and normally most registerable investments will be held by Royal Bank of Canada (Channel Islands) Limited. Alternatively we may register such securities in the name of a nominee company controlled by us.
- 7.6 We notify you that we may pool all registrable securities we hold for you (as described in Clause 7.20(a) below) and those securities held by an Eligible Custodian on our behalf or one or more further sub-custodians (on behalf of our Eligible Custodian) and registered:
- (a) in the name of a nominee company controlled by a recognised investment exchange or by an Eligible Custodian; or
 - (b) in the name of an Eligible Custodian, where the investment is subject to the law or market practice of a jurisdiction outside the UK and we have taken reasonable steps to determine that it is in your best interests to register or record the investment in this way or that it is not feasible to do otherwise, because of the applicable law or market practice.
- 7.7 We will at all times maintain records to show that the investments which we hold for you are held on your behalf and that your beneficial interest in such cash and investments is separately identified in our records from our own assets and those of our clients. Your investments will only be registered or recorded in the same manner as our assets where we comply with the requirements for doing so under the FCA Rules.

- 7.8 We will ensure that when evidence of title to your investments is in uncertificated form or otherwise transferable by book entry transfer, or where title passes by delivery, evidence of title will be maintained in such a way that your investments are separately identifiable from investments held in the same way for our account or for any Associate.
- 7.9 We will ensure that any documents we hold for you in bearer form are kept separately from documents of title to our own assets in bearer form.
- 7.10 Where your investments are registered in the name of an Eligible Custodian in the circumstances described in Clause 7.6(b) above the investments may not be segregated from those of the Eligible Custodian. **Therefore, your protection may be less should a default occur on the part of the Eligible Custodian as your investments will not necessarily be separately identifiable and may be subject to third party claims made against them. Please contact your Relationship Manager if you would like to discuss this or if you have any concerns about this.**
- 7.11 We will normally appoint (or arrange the appointment of) Eligible Custodians in countries which regulate the activity of holding and safekeeping investments. However, due to local laws or the nature of the investments or the services connected with them, in some cases your investments may be deposited with an Eligible Custodian in a country which does not regulate the activity of holding and safekeeping of investments.
- 7.12 Where we appoint an Eligible Custodian we will undertake an appropriate risk assessment and we will exercise all due skill, care and diligence in the selection, appointment and periodic review of the services the Eligible Custodian provides and in agreeing the terms on which each Eligible Custodian may appoint its own sub-custodians. For Eligible Custodians we will assess their operational capabilities, their financial strength, reputation and expertise, and require them to enter into formal contractual arrangements with us. We will monitor them after appointment both in the normal course of operations and through regular reviews.
- 7.13 Where investments are registered in the name of our nominee we will account to you promptly for all dividends, interest payments and other rights accruing to you. The following actions will occur in respect of bonus issues and scrip dividends:
- (a) all bonus issues will automatically be credited to your account; and
 - (b) in the case of a scrip dividend:
 - (i) our default option is to elect to take any cash alternative and we will not be responsible for informing you that any scrip alternative exists; and
 - (ii) upon request we may use our best endeavours to obtain any scrip alternative for your account.
- 7.14 Where investments are registered in the name of an

Eligible Custodian or its nominee we will account to you promptly on receipt by us of all dividends, interest payments and other rights accruing to you which we receive on your behalf. We account to you by crediting the income to your client account or to any other account specified by you in writing.

- 7.15 Subject to Clause 17, we do not accept responsibility for any Liabilities suffered by you as a result of any act or default of an Eligible Custodian which is not an Associate unless it results from our negligence, wilful default or fraud.
- 7.16 If you suffer a loss as a result of investments being held with us due to an Eligible Custodian's failure and we do not make good the loss under Clause 7.15, you may be eligible to make a claim under the FSCS. Details of the FSCS are set out in Clause 16.
- 7.17 Except where we are appointed as discretionary investment manager, we will take all reasonable steps to obtain your instructions before exercising any corporate actions or voting rights including:
- (a) exercising on your behalf conversion and subscription rights;
 - (b) exercising on your behalf voting rights; and
 - (c) proceeding on your behalf in take-over situations, other offers or capital re-organisations.

In such cases we will state the time by which we must receive your instructions. This will be before the time set for the event by the issuer of the investments, because we need time to process instructions. If you do not give us instructions by the stated time, we may not be able to process them (though we may use reasonable efforts to do so), and the issuer of the investments may have pre-determined how your rights will be exercised or we may have to use our discretion as we consider appropriate.

- 7.18 If we receive notice of a corporate event from an overseas Eligible Custodian or sub-custodian in time for us to process the information and give you an opportunity to instruct us, then we will do so but you should be aware that we may not receive notification of rights attaching to overseas investments or there may be a delay in notification to us. In such circumstances we may not be able to inform you or to take appropriate action on your behalf in time.
- 7.19 Except to the extent that at any time you expressly permit us to do so, in writing, we will not lend, pledge or use your investments for our own purposes or those of any other client or other person.
- 7.20 You should note the following points which can affect your rights in relation to investments held under custody arrangements:
- (a) Your investments may be "pooled" with those of other clients when they are registered or recorded in the same name or held in the same account as investments belonging to other clients (such as when they are held in a

nominee). Pooling means that your individual entitlements may not be identifiable by separate certificates, physical documents or equivalent electronic entries on the register. Investments held with an Eligible Custodian or its sub-custodian may be held in an omnibus account, which also means investments are pooled with those of others. **Where Eligible Custodians are used we cannot ensure that you would not lose any investments in the event of the default or insolvency of the Eligible Custodian (or its sub-custodian). Please contact your Relationship Manager if you would like to discuss this or if you have any concerns about this.** We will take reasonable steps to ensure that the Eligible Custodian maintains differently titled accounts, or has in place other equivalent measures, to ensure that your investments are identifiable separately from any assets belonging to either that Eligible Custodian or us. We will also maintain our own records which will record your interest in investments which have been pooled.

- (b) **However, you should be aware that in the event of an irreconcilable shortfall following any default of the Eligible Custodian (or its sub-custodian) responsible for pooled investments, the manner in which such a shortfall will be dealt with may vary according to the applicable law and you may not receive your full entitlement and may share in that shortfall pro rata with other affected clients. Please contact your Relationship Manager if you would like to discuss this or if you have any concerns about this.**
- (c) Your entitlement to specific investments may not be identifiable by separate certificates, physical documents of title or equivalent electronic records and we may return to you certificates or other evidence of title which are not the same certificates or evidence which were originally deposited with us.
- (d) Where clients' investments are pooled, where possible we try to ensure that you receive the same entitlements to shares and other benefits arising from corporate events as you would have done if you held securities in your own name, **but if fractional proceeds arise or additional amounts arise that would not otherwise have occurred had the investments been registered in your own name these are retained by us.** We may not always be able to procure the same treatment for you as you would get if the investments had been in your name; for example, following an allocation or share issue that favours the small investor, **your allocation may be less than it otherwise would have been if your**

investments had been registered in your own name. Shareholder perks provided by some companies are not usually available where securities are registered in a nominee. Please contact your Relationship Manager if you would like to discuss this or if you have any concerns about this.

- (e) You should let your Relationship Manager know if you would like us to provide you with an individual segregated account for your investments. Additional terms and fees for this service will apply so please contact us for further details.
- (f) Where your investments are held overseas there may be different settlement, legal and regulatory requirements in overseas jurisdictions from those applying in the UK and there may be different practices for the separate identification of your investments and your rights may be different from those that would apply were English law to be applicable. **Where your investments are held outside of the EEA, your rights in the event of a default or insolvency may be different and may be reduced. Please contact your Relationship Manager if you would like to discuss this or if you have any concerns about this.**
- (g) If your investments or money are subject to the law of other jurisdictions, including non-EEA jurisdictions, your rights may be different from those that would apply were English law to be applicable. **In particular if your securities or money are held with a third party which becomes insolvent, the consequences will depend upon the applicable law (which may not be English law). The insolvency may result in delays in settling or transferring securities or cash held. The effect of any applicable law is outside our control and could, for example, mean that your interests are not recognised as separate from those of the third party. Please contact your Relationship Manager if you would like to discuss this or if you have any concerns about this.**
- (h) Overseas sub-custodians may take a lien (a type of security interest) over investments held by them or may be entitled to other security rights over investments or money including rights of set-off, retention or sale. We may agree that your investments may be subject to such a lien or right if the lien or right is required by applicable law in that jurisdiction. In addition we will take reasonable steps to determine that holding your investments subject to a lien or right is in your best interests.

7.21 If we agree to hold share certificates registered in your name, we will accept responsibility for their safekeeping in accordance with FCA Rules and these Terms and

will keep them segregated from our assets. Your share certificates may be held by us with an Eligible Custodian (which may be located overseas). These investments will continue to be registered in your name at your address. We may charge a fee for our safe Custody Services and if we decide to do so this will be specified on our Fee Tariff.

7.22 We may cease to provide you with safe custody of your share certificates if you fail to pay any amount due to us on demand for our services. If so, we may return any share certificates to you at your last address notified to us in writing at any time. We will not be responsible for the safe delivery of the certificates to you after we have posted them unless we agree otherwise in writing or we have acted negligently, fraudulently or have wilfully defaulted. Please contact your Relationship Manager if you require us to send the certificates to you by registered post or to arrange insurance cover.

7.23 If we cease to provide safe custody facilities and, after having made reasonable attempts to contact you and return any assets held in our possession to you, we may cease to treat any such assets as assets held on your behalf and liquidate these assets at market value and pay away the proceeds or directly pay away these assets, in either case, to a registered charity of our choice provided that (i) we have held your safe custody assets for at least 12 years and (ii) there have been no instructions received by us in relation to the assets during the 12 years immediately before being paid away to a registered charity. If you contact us after we have paid away your safe custody assets, we will return a sum equal to the value of these assets at the time they are liquidated or paid away.

8. THIRD PARTY CUSTODY SERVICE

This Clause applies where you have appointed a third party custodian to provide you with Custody Services. Please refer to Clause 7 above for the terms that apply where we provide Custody Services to you.

- 8.1 Where agreed in writing between you and us you may appoint a third party custodian in relation to your Portfolio.
- 8.2 Where we are not your custodian we will register share certificates in your name or, by express agreement, in a name notified by you to us in writing.
- 8.3 Where we are not providing you with Custody Services, it is your responsibility to select and appoint your own custodian. You permit us to give instructions to and deal with your custodian, and must provide us with the name of your custodian and any other information we reasonably require in order to do so for purposes of your account. You must ensure that such custodian will act in accordance with our instructions. In particular, you must ensure that your third party custodian regularly and on our request, promptly provides us with accurate and complete details of:
 - (a) the initial, and any changes to the composition of your Portfolio;

- (b) all income received in respect of your Portfolio;
 - (c) any events affecting the investments in your Portfolio;
 - (d) statements of cash balances; and
 - (e) all custody and settlement bank account statements in electronically readable reports for reconciliation purposes.
- 8.4 You agree to notify us in advance of any changes to this information, including where you appoint a new custodian.
- 8.5 We are not responsible for supervising your custodian and, subject to Clause 17, will have no responsibility or liability in respect of its acts or omissions.
- 8.6 We are not responsible for custody arrangements where a third party custodian is appointed, including the expenses, fees and charges of your third party custodian or the acts or omissions of your third party custodian.
- 8.7 We are not responsible for any inaccuracies or incompleteness of the information provided to us by your third party custodian and, in particular, where we have agreed in writing to provide you with information about assets not held in our custody, we will rely on the information provided to us by your third party custodian in order to compile those sections of the reports referred to in Clause 14 which relate to assets not held in our custody.
- 8.8 All transactions for the Portfolio will be settled by payment to or delivery by your third party custodian of cash or investments due to or from the Portfolio. We will advise your third party custodian of all transactions which we have effected for the Portfolio. You must ensure that your third party custodian can settle any transaction effected by us.

9. CLIENT MONEY

- 9.1 You may either hold your money in an account in your name and give us authority to make debits and credits to that account or we can hold your money in a client bank account together with the money of other clients. If you hold monies in an account in your name we will require you to give us a mandate over it which we will operate in accordance with FCA Rules. We may also hold your money in an account with a money market fund meeting certain conditions specified in the FCA Rules. Where we do this your money will be held in accordance with FCA Rules governing the holding of client assets and not client money and the provisions of Clause 7 above will apply. By accepting these Terms you agree that we may hold your money in a money market fund. The remaining provisions of this Clause 9 apply when we hold your money in a client money bank account as trustee and not as banker.
- 9.2 We will deal with your money in accordance with the FCA Rules relating to client money which require us to hold it segregated from our money at a central bank, an EU regulated credit institution or a bank authorised in

a third country. Any such institution will also meet the definition of a Qualified Custodian under the Advisors Act. We may hold client money in accounts with RBC either inside or outside the UK. In accordance with FCA Rules no more than 20% of the total client money held by us is held in accounts with RBC. The remaining 80% of client money is placed with third party credit institutions or banks, permitted under the FCA Rules, upon which we have carried out due diligence to establish their suitability to hold client money. We keep our use of third party credit institutions and banks under regular review. We may allow another person, such as an exchange, clearing house or an intermediate broker to hold or control client money for the purpose of a transaction for you through or with that person or to meet any obligation you have to provide collateral for a transaction.

- 9.3 Subject to Clause 17, we do not accept any Liabilities suffered by you as a result of any act or default by a third party credit institution which is not an Associate unless it results from our negligence, wilful default or fraud.
- 9.4 Where your money is held in accounts outside the UK with any person of the kind referred to in Clause 9.2, the legal and regulatory regime will be different to that of the UK and your rights in relation to the money may differ accordingly. We take reasonable care in the selection, appointment and periodic review of any person with whom such accounts are held but, for example, **if they became insolvent, your money may be treated differently from the position which would apply if the money was held in a client bank account in the UK and it may therefore be less secure. We will not be liable for any Liabilities you incur as a result of the application of such laws and regulation, unless it results from our negligence, wilful default or fraud. Please contact your Relationship Manager if you would like to discuss this or if you have any concerns about this.**
- 9.5 We will apply interest earned on client money balances that we hold on deposit for you on a monthly basis. Such interest will be earned at a rate which is updated by us from time to time. The amount of interest that you receive on your client money balances will be reported to you in your quarterly valuations. We may retain a portion of the interest earned on client money balances that we hold on deposit, and accordingly the amount of interest earned on your client money balances may be different to the amount that we pay to you. Where client money balances that we hold for you attract a negative rate of interest, you will be responsible for any charge or other payment obligation associated with such negative rate of interest. These charges or payments will be deducted from your client money balances on a monthly basis.
- 9.6 We do not provide authorised overdraft facilities or loan facilities under this Agreement; however, we may manage your Portfolio in such a manner that your client money account may become temporarily overdrawn

without a pre-arranged overdraft being in place. The provision of any such overdraft is of no specified duration and the amount of any overdraft and accrued interest will be repayable by you in full on our demand at any time. We may charge interest on the debit balance until you repay the overdraft.

- 9.7 We may release any unclaimed client money balance held for you from our client bank account and we will no longer treat it as client money and may pay it to a registered charity of our choice if:
- (a) we are unable to trace you after contacting you by writing, telephoning or emailing you with the contact details provided by you;
 - (b) there has been no movement on your balance for at least six years (except for our periodic charges or debit or credit interest); and
 - (c) we satisfy any other FCA Rules applicable to the situation.
- 9.8 Where the aggregate balance of unclaimed client money is more than £25 (or more than £100 if you are a Professional Client), we agree to make good any valid claim by you that may subsequently be made against any balances we have paid away in this manner.
- 9.9 We may transfer your client money where it relates to a business that we are transferring and provided that we receive your specific consent or instructions from you at the time of the transfer of our business or we have required the recipient to return your client money to you as soon as practicable at your request and one of the following conditions applies:
- (a) the sums transferred will be held for you by the recipient in accordance with the FCA Rules relating to client money;
 - (b) we have exercised all due skill, care and diligence in assessing whether the recipient will apply adequate measures to protect your client money; or
 - (c) the amount of your client money is equal to or less than an amount that our regulators permit us to transfer without either of the other two above conditions applying and it will be treated as client money or otherwise in the same manner as the treatment of money held in your account after the transfer.
- 9.10 If for whatever reason we are unable to give you advance notice for the purposes of Clause 9.9, we will notify you no later than seven calendar days after the transfer has taken place (or such later period as agreed with our regulators):
- (a) whether or not the client money will be held in accordance with the FCA Rules relating to client money and if not how it will be held by the recipient;
 - (b) the extent that the client money will be protected under a compensation scheme (if any); and

- (c) that you may opt to have the client money returned to you as soon as practicable.

If the transfer is to a recipient that is authorised to accept deposits, your client money will cease to be held as client money and will be held as a deposit unless otherwise set out in the notice. To facilitate this, the recipient will open an account in your name and this account may not be a fully functional current account.

- 9.11 Where we maintain more than one account for you under these Terms, we may from time to time treat all such accounts as one account and may at any time set off any credit balance against any amount you owe us (whether on a different account or not). Where the amount you owe is in a different currency to the currency of the relevant credit balance, we may effect a currency conversion at the prevailing spot rate of exchange on the day of the conversion. We will apply the proceeds of the currency conversion (less any costs or expenses of conversion) to reduce the amount you owe us. We may not need to give you notice before we take any such action.

10. CONFLICTS OF INTEREST AND MATERIAL INTERESTS

- 10.1 We will take all appropriate steps to identify and prevent or manage conflicts of interest that may arise between you and us (or an Associate) or you and another client of ours when we provide services to you. We will also operate arrangements to take reasonable steps to prevent conflicts of interest adversely affecting you.
- 10.2 We have in place a conflicts of interest policy to identify and manage our actual or potential conflicts of interest, which is regularly reviewed, as well as a supporting register of conflicts. A summary of our Conflicts of Interest Policy is included in Schedule 2 and further information about our Conflicts of Interest Policy is available on request from your Relationship Manager.
- 10.3 Where the arrangements that we have in place are not sufficient to ensure with reasonable confidence that risks of damage to you will be prevented we will disclose to you the general nature or sources of conflicts of interest or both and the steps taken to reduce those risks before we undertake the business for you.
- 10.4 We and our Associates provide a wide range of services to many different types of client. We will not disclose to you or use for your benefit any information which we or an Associate may have where to do so would or might be a breach of obligations of confidentiality to any other person. Nor will we reveal any information to you or use it for your benefit where to do so would in our opinion place us in breach of a law or regulatory obligation.
- 10.5 We shall not be obliged to take into account any information which, whilst held by us or by an Associate, does not come to the actual notice of the individual responsible for making decisions, giving recommendations or taking other action on your behalf.

11. CARRYING OUT TRANSACTIONS

This Clause applies if we carry out a transaction for you.

- 11.1 When we carry out transactions for you either by executing them, for example, accessing the execution venue, or by passing orders to third parties such as brokers, we must take all sufficient steps to obtain, when executing orders, the best possible result for you, taking into account the execution factors. In order to comply with our obligations in relation to best execution we have in place a best execution policy. Our best execution policy sets out information on our order execution policy and explains how orders will be executed. It also provides for us to execute transactions outside a Trading Venue. By accepting these terms you consent to our execution policy and to us executing trades outside a Trading Venue. Our best execution policy is reviewed not less than annually and also whenever a material change occurs that affects our ability to continue to provide best execution. A summary of our best execution policy can be found at Schedule 1.
- 11.2 Where you provide us with specific instructions in relation to the execution of an order, or part of an order (for example instructions as to execution venue, price, or timing) we will execute the order following your specific instructions and we will have satisfied our obligation under our execution policy to take all sufficient steps to obtain the best possible result for you in relation to that order (or the part of the order to which your instructions relate).
- 11.3 Some of the transactions we execute when we provide you with our services may be subject to transaction reporting requirements. You agree to provide us with all information we reasonably request promptly and to take action in a timely manner, in order to fulfil these transaction reporting requirements, if applicable. As a result of such transaction reporting requirements certain information about transactions will be reported to the FCA, in some cases via third parties, in accordance with applicable law.
- 11.4 Subject to the FCA Rules, we may trade transactions in respect of your Portfolio together with those of other clients and of our employees, and RBC and their employees, without asking you first. This process is described as 'aggregation'. We will only carry out aggregation if it is unlikely that the aggregation of the order will work overall to the disadvantage of any client whose order is to be aggregated. The effect of aggregation may work on some occasions to your advantage, and on other occasions to your disadvantage in relation to a particular order.
- 11.5 Where we combine your order with another we will allocate the transaction in accordance with our order allocation policy.
- 11.6 We shall use reasonable endeavours to execute any order promptly, but in accepting any order we do not warrant or represent that it will be possible to execute your order at all or that execution of the order will be

possible within the terms of your instructions (whether as to price or size or any other condition).

- 11.7 If you give us a limit order in respect of shares admitted to trading on a Trading Venue (an order to buy or sell at a specified price limit or better and for a specified size) and the order is not immediately executed under prevailing market conditions, you expressly instruct us not to make it public immediately unless we consider that it is in your best interests to do so.
- 11.8 If the other party to a transaction with you fails to complete the transaction on time or at all, then we will take all reasonable steps on your behalf to mitigate (reduce) the effects of such failure, but will not take any step which could involve us incurring costs and expenses on your behalf without your prior consent.
- 11.9 We are not bound by any transaction which is made (whether or not confirmed by us) at a price which was obviously incorrect at the time of the transaction; or was, or ought reasonably to have been, known by you to be incorrect at the time of the transaction.

12. SETTLEMENT

- 12.1 You shall promptly take all action necessary (including the supply of information) to enable due settlement of any transaction entered into by us under these Terms.
- 12.2 Funds for the purchase of any investment (in the correct currency for the investment concerned) must be made available to us at such time as we specify to you together with any commissions and charges due in respect of the transaction as advised to you.
- 12.3 If you wish to sell a certificated investment, you must return to us promptly a signed and completed stock transfer form together with your valid share certificate(s) and any other documentation we may request. If we hold the relevant certificates in our safe custody we will release those certificates from safe custody and deliver the certificates to the market.
- 12.4 If you wish to receive a share certificate but the investment is not capable of being held in certificated form, we may hold the investment on your behalf in our nominee company or with an Eligible Custodian in electronic form until we can contact you to determine if you wish to set up a nominee account or to sell the stock.
- 12.5 For each transaction we will agree with the other party to the transaction (the "counterparty") the day on which the transaction will be settled (the "settlement date"). There are standard settlement periods for most markets.
- 12.6 Delivery or payment by the counterparty to any such transaction will be at your risk, and our obligation to account to you for any investment or the proceeds of sale of any investment will be conditional upon receipt by us of the relevant documents or sale proceeds (as applicable) from the counterparty.
- 12.7 If we agree a settlement date that is later than the standard period for the particular market and that class

of instrument then the transaction is known as dealt for “extended settlement”. We do not normally offer extended settlement. However, at our sole discretion, we may permit it.

- 12.8 If you require extended settlement, the counterparty may levy a charge which will be reflected in the price shown on the contract note provided to you under Clause 14.1 below. However, we may at any time request payment, delivery of securities and transfer forms, or acceptable collateral in advance of the agreed settlement date.
- 12.9 If you fail to provide delivery of certificates or payment, or to make alternative arrangements, we may close the position with no liability on our part. You will remain responsible for any outstanding costs, payments and any Liabilities incurred. We will try (but are not obliged) to contact you in advance of closing such open positions.
- 12.10 If an investment is returned to us unpaid or there is an operational error, we may without prior notice to you:
- (a) reverse entries; and
 - (b) correct errors made in any documents.
- 12.11 Where we have authority to effect transactions or take steps on your behalf we may need to agree such reasonable terms as we think fit with the counterparty or other person involved (which may be a member of RBC) and for that purpose we may:
- (a) give representations and warranties on your behalf;
 - (b) execute agreements, confirmations, terms of business, master documentation and enter into other contractual arrangements binding on you;
 - (c) take any steps in accordance with market practice or custom as we think fit for the purpose of effecting or settling those transactions, and all such matters will be binding on you.
- 12.12 We will carry out transactions in investments on your behalf in accordance with the rules and regulations of the relevant market or exchange. We will take all steps that may be required or permitted by the market or exchange concerned and will otherwise act in accordance with good market practice.
- 12.13 We will execute your instructions or transfer funds by any conventional means we consider suitable, including banking channels, electronic or manual funds transfer systems, mail, courier, or telecommunications services, and other methods. We may, without prior notice to you, use the services of any institution, exchange, or correspondent bank in carrying out your instructions and may pass on their charges.
- 12.14 You will be bound by the rules and regulations that govern the applicable exchanges, funds transfer systems or institutions and accept their normal charges and other responsibilities which arise from the operation of their rules and regulations. None of these

is our agent, and we are not responsible for their acts or omissions or any delay or suspension of their operation, unless it results from our negligence, wilful default or fraud.

13. MARKET ABUSE

- 13.1 You must not deliberately, carelessly or negligently by act or omission engage in market abuse or insider dealing, or require or encourage another person to do so. If you are uncertain as to whether your dealings or proposed dealings are lawful, you must take your own legal advice.
- 13.2 You must disclose to us the name of any listed company or any other investment where you are or maybe an “insider” and you must obtain all necessary clearances to deal prior to instructing us to deal in such investments for you.

14. REPORTING TO YOU

- 14.1 If you are a Non Discretionary Investment Management Service client, you will receive a contract note confirming the details of any transaction made for you. It will be sent to you no later than the first Business Day after the transaction, or if relevant, after we receive confirmation of the transaction from a third party. You will also receive periodic statements every three months.
- 14.2 Discretionary Investment Management Service clients will normally receive periodic statements every three months. However, if you have authorised us to use leverage in your Portfolio we will provide you with periodic statements on a monthly basis.
- 14.3 Additionally, where we provide you with our Discretionary Investment Management Service we will inform you where the overall value of your Portfolio (as evaluated at the beginning of each reporting period) depreciates by 10% and thereafter at multiples of 10%. Such reports will be provided to you no later than the end of the Business Day upon which the threshold is exceeded or where the threshold is exceeded on a non-Business Day the close of the next Business Day.
- 14.4 You agree that if your Portfolio includes positions in leveraged financial instruments or contingent liability transactions we may report to you on the basis described in Clause 14.3 above rather than on an instrument-by-instrument basis.
- 14.5 Where we provide you with the Custody Service we will provide you with details of the investments and client money we hold in a periodic statement every three months.
- 14.6 Periodic statements will include a valuation of your Portfolio, details of transactions carried out with regards to your Portfolio and a statement regarding your account(s).
- 14.7 You must review any periodic statement, report or contract note we send you and to let us know promptly if you have any queries or if you consider that there are inaccuracies in it.

14.8 Unless we agree otherwise with you, valuations will be based on the middle market price supplied by an external information provider as at the close of business on the valuation date. In cases where a middle market price is not available we may need to value an investment using a different basis, for example, the last trade price or an estimation of the price or at cost.

15. COMPLAINTS

15.1 You should contact your Relationship Manager immediately if you are dissatisfied in any way with any aspect of our services. You can also at any time contact our Compliance Officer at Royal Bank of Canada Investment Management (USA) Limited at Riverbank House, 2 Swan Lane, London, EC4R 3BF. Full details of our complaints policy are available on request.

15.2 A complaint can be made in writing, by telephone, by fax, by email or in person. Your complaint will be handled in accordance with FCA Rules and our complaints policy. We treat any complaint very seriously and aim to resolve a complaint fairly and promptly. We hope to resolve all complaints amicably. However, if you are unhappy with how we deal with your complaint you may also be able to direct your complaint to the Financial Ombudsman Service at Exchange Tower, London E14 9SR. Further information is available on request and from www.financial-ombudsman.org.uk or contact the FOS on 0800 023 4567 or 0300 123 9123.

16. COMPENSATION

We are covered by the Financial Services Compensation Scheme. You may be entitled to compensation from the scheme if we cannot meet our obligations. This depends on the type of business and circumstances of the claim. Most types of investment business are covered up to a maximum limit of £50,000. For further information about the compensation provided by the FSCS (including the amounts covered and eligibility to claim) please call us on 020 7653 4000 or contact your Relationship Manager, refer to the FSCS website at www.fscs.org.uk or call the FSCS on 020 7741 4100 or 0800 678 1100. Please note only compensation related queries should be directed to the FSCS.

17. THE EXTENT OF OUR RESPONSIBILITY AND LIABILITY

17.1 Our obligation to you is to provide our services and perform our responsibilities under these Terms with the reasonable skill and care expected of an FCA-regulated investment professional who provides services of the kind we provide and we will therefore be responsible for Liabilities suffered by you to the extent that such Liabilities are caused by our negligence, wilful default or fraud or arise from breach of our duties under the Regulatory System. We accept the same level of responsibility to you for our nominee companies (including with respect to the requirements of the FCA custody rules) and for Eligible Custodians who are our Associates as we do for ourselves.

17.2 As long as we act in accordance with such standards and with your instructions we cannot and do not accept any responsibility for other Liabilities which arise from the provision of services for and on your behalf.

17.3 Where we are required to comply with the terms of any applicable law (including a court order (for example a freezing order)) in respect of your Portfolio, funds and/or accounts, we shall not be responsible for any Liabilities you may suffer as a result.

17.4 We have no responsibility or obligation to participate in or process class action litigation claims or similar matters, but may so participate if, in our absolute discretion we see fit. Please note that in the event of a payment to you in settlement of any such action this will be less any associated costs. We will not necessarily inform you about any such litigation claims which come to our notice.

17.5 We will normally act as your agent and you will therefore be bound by our actions. Nevertheless none of the services we are to provide will give rise to duties which would prevent or hinder us or RBC in transactions with or for you including programme trades, acting as both market maker and broker or as principal or agent in dealing with other Associates or clients.

17.6 You may also have rights against us if we fail to comply with our obligations under the Regulatory System. We do not seek to exclude or limit our duties or liabilities under the Regulatory System. Your rights under the Regulatory System or any other statutory rights you may have are not affected in any way by these Terms. For further information about these rights you can contact your local authority Trading Standards Department or Citizens Advice Bureau. The FCA website www.fca.org.uk also has a consumer section.

17.7 Nothing in these Terms shall be read as excluding or restricting any liability we may have for fraud or fraudulent misrepresentation or for death or personal injury caused by negligence.

17.8 We will not be liable to you if we cannot perform our obligations by reason of any cause beyond our reasonable control, which could include any act of God, fire, act of Government or supranational bodies or authorities, war, civil commotion, insurrection, act of terrorism or threat thereof, embargo, industrial dispute, inability to communicate with market makers, unanticipated dealing volumes, failure of any telecommunication, computer dealing or settlement system, prevention from or hindrance in obtaining any energy or other supplies, labour disputes of whatever nature, late or mistaken delivery or payment by any bank or counterparty or any other reason beyond our reasonable control. If an event of this kind occurs, we will take reasonable care to take such steps as are reasonable and practicable in the circumstances with a view to minimising the effect of the event on our customers.

18. THE EXTENT OF YOUR RESPONSIBILITY AND LIABILITY

- 18.1 If you breach our Agreement, are negligent, wilfully at fault or act fraudulently, you are responsible for any reasonably foreseeable Liabilities we incur as a result. However, you will not be responsible for any Liability to the extent:
- (a) it arises out of our own fraud, negligence or breach of these Terms;
 - (b) it is unreasonably or improperly incurred by us; or
 - (c) a regulatory body or court of law subsequently finds our actions or omissions to be the cause of that loss or liability.
- 18.2 Without limiting the extent of Clause 17 above, you are responsible for any Liabilities we suffer where we have carried out instructions we reasonably believe to have been given or authorised by you. You are responsible for any Liability we incur as a result of us acting on any instruction apparently/pretending to be given by you by any method, whether or not such instruction was in fact given by or authorised by you.

19. RISKS

19.1 General

All investments involve a degree of risk of some kind. This section describes some of the risks which could be relevant to the services we provide to you. We may provide further risk information during the course of our services to you, as appropriate.

Our services relate to investments whose price depends on fluctuations in the financial markets outside our control. Investments and the income from them may go down and you may get back less than the amount you invested. Past performance is not a guide to future performance.

19.2 Risks to consider

While you may choose to either delegate portfolio management responsibility (Discretionary Investment Management Service) or retain decision making authority over your investments (Non Discretionary Investment Management Service), it is important that you understand the nature of the risks you are undertaking. The recent financial crisis has highlighted that risks to a portfolio are multi-faceted and we highlight below some of the main potential risk factors. Furthermore, while each investment component will have specific characteristics, investors should also consider the overall portfolio which may either increase or decrease the risk of each holding.

19.3 Types of risk

Each Portfolio may contain certain risks, which are described and summarised below. Your Relationship Manager or designated Investment Professional will discuss these risks with you.

- (a) Market risk: Any investment is subject to market fluctuations and there can be no assurance that

an investment will return its original value or that appreciation (increase) will occur.

- (b) Concentration risk: Where significant percentages of a portfolio are held in a single security or asset class or highly correlated securities, volatility may be very high relative to broader market indices. Concentrations may occur with counterparties (issuer), asset class, issuer, industry, or currency.
- (c) Credit risk: This risk is typically associated with fixed income instruments but applies to any instrument where repayment depends on the ability of an entity to settle an obligation. The risk borne is that the issuer may default in part or in full on their obligation.
- (d) Counterparty risk: Conceptually the same as 'Credit risk', but generally used to describe the risk of less direct exposures such as the issuer on a structured product, some Exchange Traded Funds (ETFs), or the entity behind a derivatives contract.
- (e) Currency risk: Currency can either directly or indirectly affect an investment. The value of a holding will be directly affected by foreign exchange movements where the investor's reference currency is different from the investment currency. For investments such as equities, the value of the underlying investment may also be indirectly affected by currency where foreign exchange movements influence the market economy and competitiveness of companies.
- (f) Liquidity risk: There are two types of 'liquidity risk'. Firstly, by design, a structure may render funds inaccessible to the investor over certain periods of time as a result of lockups or redemptions, leaving the investor open to market risk during these interim periods. Secondly, if market volumes in an investment are low, an investor may be unable to find a buyer or seller to match their position or may only be able to buy or sell at disadvantageous prices.
- (g) Political risk: Countries with political instability or where political bodies can exert a strong influence on markets and business practices may be subject to greater volatility. Political risk is present if the potential returns on an investment could be significantly affected by a political entity's decisions rather than by predominantly economic and market factors. Political risk may include the potential for currency controls, expropriation, and insufficient legal or regulatory infrastructure.
- (h) Rollover risk: Rollover risk is faced by countries and companies when their debt is close to maturity and must be 'rolled over' into new debt. If conditions for the issuer

have deteriorated since the issue to be refinanced, the costs of the new financing may be considerably higher, or it may not even be possible to find new buyers to provide refinancing for maturing debt.

- (i) Inflation risk: Erosion of real capital value relative to its future purchasing power.
- (j) Transparency complexity risk: Some products such as hedge funds, structured products, fund of funds, and private equity may not give clients full or real-time transparency on holdings or have complex underlying positions. Investors should take particular care in understanding the structure of these holdings and the nature of the product prior to investing.
- (k) Leverage risk: Where lending is either secured by a portfolio or is embedded in a product, investors may be particularly exposed to increased market risk and liquidity risk in adverse markets.

and through us, and from other financial institutions including payment history and credit worthiness;

- (c) information you provide on an application for any products and services; and
- (d) where you are a corporate customer or other legal entity, the details we hold about persons with an interest in you, including shareholders, partners, trustees, settlors, protectors, beneficiaries, staff and corporate contacts (including their individual customers and such customers' family members).

21.2 We may collect and confirm your information during the course of our relationship with you and will only use personal information which constitutes personal data in accordance with the UK Data Protection Act 1998, as amended (the "Data Protection Law"). We may obtain this information from a variety of sources including from you, from service arrangements you make with or through us, from credit reporting agencies and financial institutions, from registries, from references you provide to us and from other sources, as is necessary for the provision of our products and services.

21.3 We may at any time use or process your information for the following purposes:

- (a) to verify your identity and investigate your personal background;
- (b) to facilitate or otherwise assist in the provision of the accounts or any service provided under these Terms;
- (c) to service any of your other relationships with RBC;
- (d) to provide you with information regarding products, services or any other offerings that we believe may be of interest to you, if you do not wish to receive this information you must notify us in writing as described below;
- (e) to meet our or RBC's regulatory and/or legal and/or financial and/or other reporting obligations in the United Kingdom (UK) or in any other jurisdiction (as applicable);
- (f) to comply with laws, regulations, or court orders in any jurisdiction (whether or not the same is strictly binding or capable of being enforced against us);
- (g) to prevent or detect fraud, money laundering, terrorist financing or other criminal conduct (including, without limitation, compliance with RBC's internal know your client, anti-money laundering and anti-bribery and corruption policies);
- (h) to recover a debt;
- (i) for us and RBC to assess and manage our operations and financial and insurance risks;
- (j) to maintain the accuracy and integrity of information held by a credit reporting agency

20. JOINT CLIENTS

- 20.1 If an account is opened in joint names we will accept instructions from any one of the joint clients. These instructions will bind all joint clients and we will treat any instruction, authority, request or prohibition received from one joint client as having been given on behalf of all joint clients. If you wish us only to act if we have instructions from all joint clients please contact us. We reserve the right to request written authority from all joint clients.
- 20.2 It is our policy that an account in the name of two or more persons is set up as a joint tenancy account. This means that upon the death of one joint client, the total Portfolio is then passed to the surviving joint client(s). Please let us know, in writing, if this arrangement is unsatisfactory.
- 20.3 All joint clients are bound by these Terms and each joint client will be jointly and severally liable to us. This means that you are each responsible for yourself and for each other and we may take action against one or more of you for any breach of the obligations which apply to a client.
- 20.4 We will send notices and communications only to the first named account holder, who will be treated by us as having been given to all joint clients. You should let us know if you require different arrangements.

21. DATA PROTECTION AND CONFIDENTIALITY

- 21.1 Your information includes information about you and your account such as:
 - (a) information establishing your identity (for example, name, address, phone number, date of birth, etc.) and personal background (and may include personal information concerning your family members, if provided to us);
 - (b) information related to transactions or financial behaviour arising from your relationship with

and to perfect any security interest granted over an account;

- (k) to develop new products and services;
- (l) to bring or defend any dispute or litigation concerning an account or the services provided under these Terms;
- (m) to determine your suitability for products and/or services offered by us or RBC; and
- (n) to satisfy any health, education, social work or related regulatory requirements, or for the sake of research or history or to prepare or contribute to high-level anonymised statistical reports.

21.4 You agree that we are entitled to hold and keep a record on our computer database or structured paper file of any information obtained from or about you in the course of our relationship and we may use RBC's centralised systems and/or systems resources and/or specialist employees, consultants or contractors to allow for certain efficiencies including operating and managing systems, systems back-up and data recovery, risk evaluations, know your client procedures to verify client identity, and anti-money laundering screening. This may result in certain parts of your information including personal data and sensitive personal data being transmitted through or stored or processed in other jurisdictions which may be outside the European Economic Area, and also being subject to the laws of those jurisdictions whether or not those jurisdictions have equivalent or adequate data protection to the UK. In this event, we shall use our reasonable endeavours to ensure that your information, including any personal data, is protected to the standards which we apply in the UK.

21.5 In the event you believe that any of the centrally held information, including your personal data, is incorrect or inaccurate, you must promptly notify us so that the information can be updated or corrected, as appropriate.

21.6 We will only retain the information gathered for as long as we consider to be necessary, having regard to relevant laws and regulations, including those relating to record keeping and prescription periods, in the UK. Such information may be retained after the account has been closed, and for customer identification purposes in accordance with our record keeping policy.

21.7 We may wish to send to you information on services or other offerings which we believe will be of interest to you. Where you do not wish to receive such marketing information you should contact your Relationship Manager, or write to our Data Protection Officer and request the cessation of this activity.

21.8 You and any individual in respect of whom we hold personal data has, subject to any exemptions provided for by the Data Protection Law, a right to a copy of the personal data, including sensitive personal data (as such terms are defined under the Data Protection Law) about them held by us. Such personal data may be obtained by writing to our Data Protection Officer, and,

in accordance with the Data Protection Law, paying the applicable fee, if any, and providing further information (including appropriate proof of identity) as requested by us.

21.9 We may make searches with licensed credit reference agencies, which will keep a record of that search. If you are a body corporate or a partnership, we may also make enquiries with licensed credit reporting or fraud prevention agencies about your directors or partners (as the case may be). In connection with any request for credit or an authorised overdraft, we may make searches on public registers of mortgages, charges, liens or other security interests, and the relevant registrar may keep a record of that search. We may also disclose information to credit reporting agencies about you and details of how the account is operated in instances such as where you have fallen behind with repayments on a debt or other liability owed to us.

21.10 We may only disclose or transfer your information for the purposes set out in these Terms to:

- (a) our and RBC's employees, agents and service providers, who are required to maintain the confidentiality of this information;
- (b) companies and organisations that assist us to process transactions under these Terms including stock exchanges and clearing houses;
- (c) regulatory, police authorities or law enforcement and fraud prevention agencies, where we or RBC are compelled or permitted or required to do so by order of a court or governmental or administrative tribunal or by law, regulation or any other legal requirement;
- (d) credit reporting agencies, who we provide credit, financial and other related information and who may share it with others;
- (e) any joint client with whom you hold a joint account, and/or any person you nominate in the Account Opening Documents (or otherwise) as having authority on your account;
- (f) any person to whom we may assign or transfer our rights and/or obligations under these Terms or any third party as a result of a restructuring, sale or acquisition of the Royal Bank of Canada or any of its direct or indirect subsidiaries, provided that the recipient uses the information for the same purpose as it was originally supplied to us and/or used by us;
- (g) such persons as we believe is necessary where a failure to make such disclosure would result in damage to our reputation or good standing, expose us to civil or criminal prosecution in any jurisdiction or where failure to make such disclosure would in our opinion be prejudicial to us, RBC, our nominees, advisors or agents or to such other person that we or RBC believe in good faith have a right to make a request for disclosure; and

(h) any other person where disclosure is made at your request or with your consent (including your advisors or agents), or if otherwise permitted by these Terms.

21.11 By agreeing to these Terms you confirm that you consent to the collection, use, processing, disclosing or transferring of your information as described in these Terms provided that we obtain an individual's express consent in relation to the individual's personal information that constitutes sensitive personal data (as defined in the Data Protection Law). If you provide us with personal data concerning other individuals (such as a spouse or civil partner) you confirm that you have obtained their express consent to our collection and processing of their personal data as described in these Terms, and can demonstrate this to us if requested. Where you are a corporate customer you confirm this in respect of each individual whose information you provide to us (such as a director or beneficial owner).

21.12 By agreeing to these Terms you also confirm that you consent to our use of third parties to provide you with information and/or to process transactions, some of which may require your information. You agree to such disclosure and further agree that we and/or any member of RBC shall not be liable for any direct or indirect technical or systems issues, consequences, or damages arising from your use of any third party's website or information you or we provide to such third party to process your transactions.

21.13 You agree that in the event that you communicate to us using email or by other electronic means, then we may monitor email or other electronic traffic to gather information for the purposes of security, statistical analysis and systems development.

22. FEES

22.1 Unless otherwise expressly agreed in writing, the fee payable by you to us in relation to our services shall be calculated in accordance with our Fee Tariff from time to time applicable to the type of service afforded under these Terms. Details of our Fee Tariff at the date of these Terms were given to you before these Terms were entered into. Any changes to the Fee Tariff will be notified to you and will become effective 10 Business Days after notification.

22.2 You are responsible for paying any additional expenses properly and reasonably incurred by us in providing our services under these Terms including reasonable commissions, transfer and registration costs and taxes and other fiscal liabilities as well as Liabilities we incur as your custodian. The amount of such additional expenses will be notified to you together with the amount of our fee for the relevant period or in exceptional cases (such as irregular Liabilities, claims, costs and expenses we suffer in connection with providing the services under these Terms) by notice to you.

22.3 In accordance with all applicable law and the FCA Rules we will provide you with information relating to

costs and charges before providing our services to you. Where this information is not included in the Fee Tariff, it will be provided separately and in good time before we provide the relevant service to you.

22.4 We will also provide you with an annual report setting out aggregated information on the cost and charges you have incurred for our services so that you are able to understand the overall cost and the cumulative effect on the return of your investments.

22.5 Where we agree in our discretion to provide additional services to you relating to a specific transaction or investment we will discuss and agree with you the type of service we will provide. In addition, if such additional services will require us to incur any fees, costs and charges which are not set out in our Fee Tariff, we shall provide to you information on any fees, costs and charges which will apply in good time, before carrying out the relevant transaction or providing the relevant service.

22.6 Where we provide you with information relating to fees, costs and charges before providing our services and information relating to actual costs are not available to us, we may need to use reasonable estimates and assumptions in order to provide you with this information. While we take care to ensure our estimates are reasonable and review any assumptions used on an ongoing basis, fees, costs and charges incurred may vary from the information initially provided due to reasons beyond our control, such as changes in the market which are hard to predict.

22.7 Where the information we have provided to you relating to our fees, costs and charges under Clauses 22.3, 22.4 22.5 or 22.6 has been aggregated you may also ask us to provide you with an itemised breakdown of the information.

22.8 Fees, costs and expenses under Clauses 22.1 and 22.2 above are calculated on a Sterling basis save that where valuations are prepared or transactions effected in a currency other than Sterling we may, at our discretion, charge such fees, costs and expenses in that currency.

23. TAX

23.1 All payments made to you related to income arising from investment and all monies and assets contained in the Portfolio shall be subject to deduction of any applicable taxes or other levies and we may account for the same to the appropriate authorities as required by law or practice.

23.2 All fees charged by us to you are exclusive of any tax, duty or levy which may arise on them and in particular are exclusive of Value Added Tax which will be levied according to legal requirements.

23.3 We do not provide tax advice and strongly recommend that, if appropriate, you should seek independent professional tax advice relevant to your particular circumstances before deciding to receive any service from us, or instructing us to execute any transactions

on your behalf. You are entirely responsible for the management of your own affairs for tax purposes, seeking your own tax advice in respect of any service and for advising us of any matter which you wish us to take into account when providing services to you.

- 23.4 Please note that taxes and/or other costs may exist in relation to a Portfolio and/or other services we provide that are not paid via us or withheld by us.
- 23.5 The tax treatment of any Portfolio depends on your individual circumstances and may be subject to change.
- 23.6 You are responsible for any tax liability and reasonable costs (including, without limitation, legal expenses) arising in relation to any tax liability that may be incurred by us in respect of transactions entered into by us on your behalf. Amounts paid to your account may also be subject to tax withheld at source in or on behalf of the jurisdiction from which the payment originates.
- 23.7 We may be required by legislation, regulation, order or agreement between governments or tax authorities of various countries to report on an ongoing basis certain financial account information about you and your Portfolio and assets on an individual or aggregated basis in accordance with the tax reporting regimes applicable to you. If you are not an individual, we may also have to report financial account information about persons connected with you such as your direct and indirect shareholders or other owners or interest holders and, if you are a trust, your beneficiaries, settlors, protectors or trustees. In particular, your financial account information will be reported to HM Revenue & Customs ("HMRC"). HMRC may also pass the financial account information to the tax authorities in the country that requires it in accordance with the applicable tax reporting regime. If we are required to report financial account information, this may include financial account information about you, for example your name, address and jurisdiction(s) of residence and your social security number/taxpayer identification number(s) or similar (if applicable), and details of your accounts and assets, for example your account number(s), the amounts of payments including interest, dividends, gross proceeds and other amounts paid or credited to your account(s), and the account balance(s) and asset value(s).
- 23.8 We reserve the right to request further proof of identity and residence of the account holder (and all beneficiaries of the account) and all controlling and/or ultimate beneficial owners, regardless of when the account was opened. In the absence of such documentary evidence, the relevant tax reporting regime's default position will be applied.
- 23.9 Joint account holders should note that in the event that one or more account holders is determined to be reportable under one or more tax reporting regimes, we may be required to report information regarding the reportable account holders and financial information regarding the account as a whole.
- 23.10 Where you are a corporate customer or other legal

entity, we may be required to identify and report under one or more tax reporting regimes, persons with an interest in you, including shareholders, partners, trustees, settlors, protectors, beneficiaries or other persons exercising control, including senior managing officials. If reporting applies, we will be required to report information regarding you and underlying reportable persons.

- 23.11 Unless the relevant Liability is caused by our negligence, wilful default or fraud, we will not be responsible to you for any Liabilities suffered or incurred as a result of our complying with legislation, regulations, orders or agreements with tax authorities in accordance with these Terms, or if we make an incorrect determination as to whether or not you should be treated as being subject to tax or tax reporting obligations where the incorrect determination results from our reliance on incorrect information provided to us by you or any third party.

24. TERMINATION

- 24.1 Our relationship under these Terms is for no fixed duration.
- 24.2 Unless we have told you that restrictions apply to a particular service or product, you may end your relationship with us, or any service or product, at any time by giving us written notice without having to give us any reason. Unless the service or product is for a fixed term, we may terminate individual services, or our entire relationship with you, by giving you 30 calendar days' prior written notice by mail to your last address shown in our records, and we may do this without giving you any reason.
- 24.3 We may also terminate individual services, or our entire relationship with you or freeze any accounts without giving notice in advance if we reasonably believe that you have seriously or persistently broken any terms of the Agreement, including by way of example where:
- (a) you are the subject of an investigation by any legal, regulatory or governmental authority;
 - (b) our relationship with you exposes us or RBC to action or censure from any government, regulator or law enforcement agency, or we reasonably believe that maintaining our relationship with you, providing the service or maintaining the account might be prejudicial to our broader interests or to the interests of RBC;
 - (c) you give us any false or inaccurate information (or withhold information) which we determine in our sole discretion to be relevant information;
 - (d) you are convicted (or charged but not yet convicted) of fraud or dishonest conduct or dealing;
 - (e) you fail to comply with the terms of any transaction entered into with us;
 - (f) we are not permitted or authorised to provide the service under the law of the country where

- you are registered or to which you are subject;
- (g) you have failed to report, notify or file relevant documentation in the jurisdictions required in accordance with these Terms;
 - (h) you have a bankruptcy petition presented against you (if an individual) or you suffer a receiver, administrative receiver, administrator or liquidator being appointed over you or any of your assets (if a body corporate) or you are subject to any equivalent procedure in any jurisdiction;
 - (i) you are unable to pay your lawful debts as they fall due;
 - (j) you or your assets are declared bankrupt;
 - (k) you take up residence in a country or become subject to the laws of a country where we are not permitted or authorised to provide the service;
 - (l) unless you have notified us in writing that you are acting on behalf of any third party or parties and have provided us with the name or names of the third party or parties concerned, you operate the account on behalf of any third party or parties who are not the legal and beneficial owner of the account; or
 - (m) any information which you have provided to us in relation to your status, residence and domicile for taxation purposes is not complete and correct in all respects.
- 24.4 Except where we have been negligent, wilfully defaulted or acted fraudulently, we are not responsible for Liabilities you may sustain as a result of the termination or suspension of a service, our refusal to provide a service to you or to accept monies or assets into an account or the liquidation of your assets or delivery of the proceeds of liquidation by cheque or any other means to you in accordance with Clause 24.14.
- 24.5 Upon the termination taking effect, we shall cease to provide the relevant service to you in accordance with these Terms. Amongst other things, this means that we will not accept any further instructions to deal, will not arrange any further transactions and will no longer provide the relevant service. Transactions in progress at the time of termination will be executed in accordance with these Terms, save that if we terminate because we consider that an event has occurred which may affect your ability to settle transactions, we shall take such action as is appropriate in the circumstances.
- 24.6 You will only be eligible to use the benefits and services provided to you under these Terms subject to your status and after you have complied with any relevant eligibility criteria. Details of any applicable eligibility criteria may be varied by us in accordance with these Terms. If at any point, you fail to meet any eligibility criteria, we may terminate our relationship with you, stop providing the relevant service or product or move you to an alternative service or product for which you do meet the eligibility criteria.
- 24.7 We will be entitled on termination to charge you:
- (a) a proportion of any management fee payable by you to us corresponding to the part of the period in respect of which the management fee is payable which has expired when termination has taken effect;
 - (b) (except where you terminate these Terms within 30 calendar days of notice being served of an assignment in accordance with Clause 26) any expense necessarily incurred by us directly attributable to the termination of our relationship including any for transfer of cash and securities; and
 - (c) any losses necessarily realised in settling or concluding outstanding obligations.
- 24.8 You will remain responsible for prompt settlement of all outstanding transactions, fees, charges and obligations related to services provided by us prior to termination. No penalty or other additional payment will be payable by you or us in respect of the termination. We will return the balance of any monies we hold to you, subject to our rights set out in Clause 30.
- 24.9 These Terms shall, even after termination, continue to govern any legal rights or obligations which have already arisen or which relate to our services under these Terms or which arise in consequence of termination.
- 24.10 In the event we become aware of your legal incapacity, our relationship under these Terms will terminate automatically unless you have granted a power of attorney under which we can continue to act. We may require proof or further details of your legal incapacity.
- 24.11 Where a power of attorney has been granted over your account, we will administer the account in accordance with the attorney's instructions until such time as we become aware that the power of attorney has been revoked, or until we are notified of your death.
- 24.12 Upon receipt of written notification of your death your account will be suspended and we will close any open position including any which carries a contingent liability.
- 24.13 Unless otherwise agreed with us, we will not accept any instructions over any account in your name until a grant of probate or its equivalent has been issued and we have received a certified copy. Thereafter, under these Terms your executor or personal representative may only instruct us to sell, transfer or materialise the investments subject to payment of our normal charges and these Terms will be binding on your executor or personal representative.
- 24.14 In the event of termination in accordance with this Clause 24, you will be required to provide us with instructions as to where to transfer the assets and cash held by us or any Eligible Custodian. If you provide us with such transfer instructions within the period specified by us, we will promptly effect such instructions (or direct our nominee and any Eligible Custodian to do likewise), except that where assets are not freely

transferable, we will sell or liquidate them at our discretion and account to you such proceeds in cash. We are entitled to retain and/or realise (or direct our nominee and any Eligible Custodian to do the same) such assets as may be required to settle transactions already initiated and to pay any of your outstanding liabilities. If you do not provide transfer instructions to us within the period specified by us or your instructions cannot be effected for any reason: any cash in your account may be liquidated or withdrawn and the proceeds will be sent to you in the form of a cheque or by direct transfer to any account held in your name; and any other assets in your account may be liquidated by us and the sale proceeds will be sent to you by cheque or by direct transfer to any account held in your name. Any assets that are liquidated will be liquidated at current market prices. Liquidation of assets may be a taxable event and may incur fees. You should consult a tax advisor to determine what result, if any, liquidation may have on your tax position. Any cash or assets that remain with us following termination will be held by us or our Eligible Custodian as bare trustee and we or they will be entitled to levy charges for so doing. In such circumstances, we will provide reasonable information in order to allow you to issue transfer instructions but will provide no further analysis regarding your cash or assets. We may, in our sole discretion, maintain cash accounts for a further 90 calendar days after the relationship is terminated to ensure that dividends, interest, coupons or other income relating to the Portfolio previously held by us is collected on your behalf.

25. CANCELLATION RIGHTS

- 25.1 In relation to any account opening or where we enter into an agreement with you in circumstances where we have no face-to-face contact with you and you are a consumer, you have the right to change your mind and cancel these Terms (and our legal relationship) within a period of 14 calendar days from the Effective Date and without having to give us any reason.
- 25.2 You agree that we may begin to provide services under these Terms notwithstanding your right to cancel them.
- 25.3 If you would like to cancel these Terms please write to your Relationship Manager, before the end of the 14 calendar day cancellation period, or (if you are unsure about which office to contact) to our registered office set out in Clause 1.2.
- 25.4 By exercising your right to cancel you will withdraw from these Terms and all the services provided under these Terms will be terminated.
- 25.5 Cancellation will not affect the completion of transactions initiated prior to receipt by us of written notice of cancellation. Cancellation will not affect accrued rights, indemnities, existing commitments or any other contractual provision intended to survive termination of this Agreement.
- 25.6 If you exercise your right to cancel, you will not incur any additional charges or penalty and any pre-payments will

be returned to you. However, you agree to pay our fees and charges pro rata to the date of cancellation and any additional expenses incurred by us (or a third party) in cancelling these Terms and any losses necessarily incurred in settling or concluding outstanding transactions. You acknowledge that you may suffer market losses in respect of your Portfolio between the Effective Date and the date of receipt by us of your written cancellation notice and that such losses will be borne by you and not us.

- 25.7 We will pay to you without delay, and no later than 30 calendar days after the date on which we received notice of cancellation from you, any sum which you have paid to us or for our benefit in connection with these Terms (including sums paid by you to our agents) less associated costs and charges described above at Clause 25.6.
- 25.8 The 14 calendar day cancellation rights are in addition to your right to terminate these Terms by notice in writing given at any time as provided for in Clause 24. Your 14 calendar day cancellation right, the arrangements for exercising that right and the charges that we may levy upon the exercise of that right are confined to the beginning of our relationship and are governed by this Clause 25.

26. ASSIGNMENT

- 26.1 You may not assign or transfer these Terms. Subject to Clause 9.10, we may after not less than 30 calendar days prior written notice to you assign these Terms to another company or firm which at the time of such transfer is authorised under the Financial Services and Markets Act 2000 (as amended, replaced or substituted from time to time). By providing you with 30 calendar days' notice, you will have sufficient time to consider the assignment and transfer and provide us with notice under Clause 24.2 if you wish to terminate our Agreement as a result. On such assignment we shall be released from future responsibility to you and you will be released from any further obligation to us under these Terms and you will be bound by these Terms (as amended by any written notice) as if the assignee had originally been named in these Terms as a party to the same instead of us and the assignee will acquire all the rights, powers, obligations and liabilities it would have had, if it had been an original party to the Agreement in substitution for us. For the purposes of giving you written notice under this Clause, if we are not reasonably able to serve written notice on you personally, we may instead give you notice by publishing a notice of the transfer in any newspaper of general circulation.
- 26.2 In addition, we may transfer, assign the benefit of, or delegate the performance or exercise of any or all rights or obligations under these Terms to any Associate, provided that such Associate has all relevant authorisations. In the case of such transfer, you agree to the novation of these Terms, or the relevant parts of them, to such Associate. We shall notify you in writing of any such transfer, assignment or delegation (and

in particular we will provide you with prior written notice if we transfer, delegate or assign the exercise of our Discretionary Investment Management Service). Following any such notice, these Terms, or the parts of them specified in the notice, shall be read and construed as if they had been made between you and the relevant Associate.

27. RIGHTS OF THIRD PARTIES

Any clause which confers a benefit on an Associate shall be enforceable by him/it accordingly but The Contracts (Rights of Third Parties) Act 1999 shall not otherwise apply to these Terms and accordingly no part of these Terms shall be directly or indirectly enforceable by any third party other than an Associate, nor are they intended to confer a benefit or any rights on any third party other than an Associate. We and you shall remain free to vary or terminate these Terms without the consent of any third party.

28. CHANGES TO THESE TERMS

We may change these Terms from time to time in whole or in part and we will give you at least 30 calendar days' notice in writing of any changes before providing services to you under the changed terms. This will give you enough time to consider the changes and to provide notice under Clause 24.2 if you wish to terminate our Agreement as a result. No change will affect any outstanding order or transaction or any other legal rights or obligations which may have arisen before the date of the change. Such changes could arise, for example, (a) to comply with changes in applicable laws or regulations, (b) to comply with changes in the requirements of any exchange, depository or clearing system, (c) to reflect changes in our services.

29. DELEGATION AND USE OF AGENTS

- 29.1 We may delegate any of our functions to a third party and may provide information about you and the Portfolio to any such third party but our responsibility to you for all matters so delegated shall not be affected thereby. We will give you written notice of any such delegation of a function which involves the exercise of our discretionary investment management powers and will not, without your prior written consent, delegate the whole or substantially the whole of such powers.
- 29.2 We may employ agents to perform any administrative dealing or ancillary services required to enable us to perform our services under these Terms. We will act in good faith and with due diligence and reasonable care in the selection, use and monitoring of agents.

30. OUR RIGHTS AND DEFAULT REMEDIES

- 30.1 We may at our discretion realise (sell) the assets of the Portfolio in the following circumstances:
- (a) upon request by you;
 - (b) upon termination in accordance with Clause 24 in order to apply the proceeds in payment or reduction of outstanding fees and expenses due to us in accordance with Clauses 18, 22 or 24, or of any unpaid overdraft due to us in accordance with Clause 9.6;

- (c) to discharge any security interest over the Portfolio which is granted by any other agreement in favour of us or any of our Associates; or
- (d) where required to do so in fulfilment of obligations at law.

- 30.2 Where you owe us any money, if there is a dispute over ownership of investments or cash credited to your account and where you are potentially liable due to a claim being made against us for which you would be responsible under Clauses 18 or 22 (subject to the occurrence of an event or a determination being made or you have failed fully to perform any other obligation under or in connection with these Terms) then:
- (a) we are not obliged to, and you have no right to instruct us to, pay or deliver your cash or investments to you or any other person; and
 - (b) we may withhold payment or delivery of your cash or investments, although we may in our absolute discretion decide to make such payment or delivery without affecting our rights as provided by this Clause 30.
- 30.3 We shall retain a lien and security interest over all assets within your Portfolio to the extent that any charges, costs, losses or claims for which you are liable to us remain unpaid. You also agree that, subject to Clause 7.20(h) above, assets within your Portfolio may be subject to a lien or security interest in favour of an Eligible Custodian, nominee or agent appointed by us in respect of charges relating to the administration and safekeeping of such assets or of any depository or settlement system. The lien or security interest will apply in respect of each asset or type of asset or class of asset.
- 30.4 We will notify you of any disposal of investments of yours pursuant to rights under a lien or security interest. Such disposal may occur upon 14 calendar days' notice if you fail to make payments to us when due. In this event we shall not be responsible for any loss or reduction in price. We may set off any obligation owed to us by you under these Terms against any obligation owed by us to you, regardless of the currency of either obligation. If the obligations are in different currencies, we may convert either obligation at a market rate of exchange in our usual course of business for the purpose of the set off.
- 30.5 In the absence of a separate written agreement with you, if you fail to pay any sum due to us under the Terms when due we may charge you interest at a rate of 3% per annum above the RBC base rate or any successor, such interest to accrue on a day-to-day basis.
- 30.6 We may appoint an agent to recover any unpaid sums due from you to us and will pass on any costs and expenses in this respect (including the agent's fees and expenses and any legal fees) incurred by us to you which you agree to pay.

31. INTERPRETATION

- 31.1 If a court decides that any clause or part of any clause is not valid or enforceable for any reason, the remaining clauses will not be affected.
- 31.2 If you or we do not exercise or if you or we delay in exercising a right, power or remedy provided by these Terms or at law, this will not mean that we or you have agreed to waive or give up that right, power or remedy. If you or we exercise any right, power or remedy provided by law or under these Terms, this will not prevent us or you from exercising any other right, power or remedy that we have.

32. GOVERNING LAW

These Terms are legally binding and shall be governed and construed in accordance with English law. We and you submit to the non-exclusive jurisdiction of the English Courts.

33. MONEY LAUNDERING

We are obliged under relevant anti-money laundering laws, rules and regulations to implement systems and controls which are designed to prevent and detect money laundering, terrorist financing and breaches of economic sanctions, such as those issued by the European Union or the UK government. We are also obliged to report incidents of money laundering, terrorist financing or economic sanctions to the relevant government agencies and may also have to cease to act without explanation in certain circumstances. We will have no responsibility to you in respect of any Liabilities to the extent that they arise out of or in connection with our taking any action that we in good faith consider is required under anti-money laundering, anti-terrorism or economic sanctions laws.

34. BRIBERY

We are committed to compliance with all applicable anti-bribery laws, rules or regulations, such as the UK Bribery Act 2010. We do not tolerate instances of bribery in our business and we have robust anti-bribery policies and processes in place, which are designed to prevent bribery and corruption throughout our business.

SCHEDULE 1

Order execution disclosure statement

The purpose of this order execution disclosure statement is to provide you with information about how we handle transactions for you in accordance with our Order Execution Policy (“the Policy”), which has been established to implement the best execution obligations contained within the Second EU Markets in Financial Instruments Directive (Directive 2014/65/EU) (“MiFID 2”).

The Policy applies from January 3, 2018 if you have been classified as a retail or professional client of Royal Bank of Canada Investment Management (USA) Limited and you place an order with us or we carry out a transaction acting as a discretionary portfolio manager, in each case in a financial instrument covered by MiFID 2.

We will either execute transactions on your behalf by accessing trading venues via Direct Market Access (“DMA”) or by passing your order to another person (such as a broker, which may include an affiliate of Royal Bank of Canada Investment Management (USA) Limited) to execute in accordance with the Policy. DMA is an arrangement where a member of a trading venue allows the electronic transmission of orders directly to a trading venue through the use of the member’s IT infrastructure.

The FCA rules that implement the best execution obligations require us to take all sufficient steps to obtain, when executing orders, the best possible result for clients, taking into account relevant execution factors; this is referred to as “best execution”. This obligation applies where we execute orders via DMA or where we pass orders to other persons for execution. We aim to achieve this by following the Policy and supporting procedures which have been designed to obtain the best possible execution result, subject to any specific instructions you may provide.

Our regulatory obligation to provide you with “best execution” does not mean that we owe you any fiduciary obligations over and above the specific regulatory obligations placed upon us or as may be otherwise contracted between us. In determining what the best possible result is for you, we will not compare the results that would be achieved for you under our own Policy with the results that might be achieved for you by another firm on the basis of their execution policy.

Client specific instructions

Where we agree to execute your order in accordance with specific instructions you give us (including specifying the characteristics of a bespoke product or the execution venue), you should be aware that this may prevent us from taking the steps we have designed and implemented to obtain the best possible result for the execution of those orders in respect of the element covered by those instructions.

Execution factors

Subject to any specific instructions that we accept from you, the FCA rules require us to take into account a range of factors (known as “execution factors”) in deciding where to execute your order. These include price, costs, speed, likelihood of execution and settlement, the size and nature of the order and any other considerations relevant to the execution of the order. In determining the relative importance of these factors the FCA rules require us to take into account your status as a retail or professional client, together with the characteristics of your order, the financial instruments that are the subject of that order and the execution venues to which that order can be directed.

If you are a retail client, in executing your orders we will generally give the highest priority to total consideration, representing the price of the financial instrument and the costs related to execution. In some circumstances (including for clients categorised as professional clients), speed, likelihood of execution and settlement, the size and nature of the order and any other considerations may be given precedence over the immediate price and cost consideration where we determine they are instrumental in delivering the best possible results for the execution of your orders.

Execution arrangements and venues

The Policy includes the various sources of liquidity we access to obtain on a consistent basis best execution for your orders. These sources of liquidity are referred to as “trading venues” and are markets where financial instruments are bought and sold. These can include Regulated Markets, Multilateral Trading Facilities (“MTF”) or Organised Trading Facilities (“OTF”).

Where we direct your order to a trading venue via DMA, the order will be routed to the most liquid market, generally the primary domestic trading venue. We may rely on the Smart Order Routing technology of the DMA provider to help us achieve best execution and, where available and appropriate, we may also use proprietary algorithms made available by the DMA provider to help facilitate best execution.

In selecting an execution venue, we take into account the execution factors and the following qualitative and quantitative factors, as appropriate.

Quantitative Factors

- transaction costs and price are a primary consideration for equity and equity-like instruments but may be less important for other products, including fixed income instruments;
- execution quality performance measured in accordance with the Policy;
- information leakage or toxicity, where trading on a particular venue or venues could lead to an adverse impact on the price; and
- availability of algorithms.

Qualitative Factors

- whether or not the venue is a systematic internaliser will rank highly for fixed income or FX instrument client orders;
- reliable and prompt execution will rank highly for equity and equity-like client orders but is less important for fixed income products;
- reliable, prompt and efficient settlement will be a more important consideration for fixed income instruments than it will be for equity and equity-like instruments;
- geographical expertise and location when executing client orders in overseas equity markets; and
- the creditworthiness of an approved broker will be a primary consideration for fixed income and structured products.

You should be aware the Policy provides for the possibility that your orders may be executed on a venue that is not an EU regulated market, an MTF or an OTF under MiFID 2. Whilst we anticipate that your orders will not generally be executed outside an EU regulated market, an MTF or an OTF, there may be circumstances in which this is in your best interests.

When trading outside of a trading venue, client orders may be exposed to greater risks. For example, there may be no active market on which to carry out such transactions and, as a result there may be an increase in liquidity risk. Other relevant risk factors include the difficulty to assess the value of a position following such a transaction and the clearing and settlement of such trades, which may be left to the client, unlike transactions undertaken on a trading venue, where trades are matched up and guaranteed by the venue.

We have set out in an Appendix to this Schedule the execution venues where we will most regularly execute your orders. Please note that this is not an exhaustive list but comprises those execution venues on which we place significant reliance. Execution may occur on other venues from time to time provided those venues are consistent with the Policy.

When we execute your orders we may either access the venue directly or transmit your order to a broker or dealer that has been approved in accordance with the firm's broker selection policy. This includes conducting proper due diligence on financial, compliance and regulatory issues on all new brokers being selected. We only trade with brokers that have been approved in this way.

Where we transmit your order to a broker or dealer for execution we may determine the ultimate execution venue ourselves, in line with the Policy, and then instruct the broker. We will satisfy ourselves that the broker has arrangements in place to comply with the best execution obligation. In selecting the most appropriate venue or approved broker, the FCA rules require us to take into account the execution factors relevant to your order.

In relation to some financial instruments there may only be one possible execution venue. In executing an order on your behalf in such circumstances it will be assumed that we have achieved best execution. Orders for units in a fund will be dealt with directly with the fund manager or administrator.

While the FCA rules require us to take all sufficient steps, based on the resources available to us, to satisfy ourselves that the arrangements we have in place will provide you with the best possible result on a consistent basis, we cannot guarantee that we will be able to provide you with best execution for every order we execute on your behalf.

Monitoring and review of the Policy and order execution arrangements

Where we identify any deficiencies in the Policy and the order execution arrangements as part of our monitoring and review process we will, where appropriate, make changes to our arrangements.

FCA rules require us to establish processes, systems and controls to enable us to assess at least annually, and whenever a material change occurs, the effectiveness of our execution arrangements and the Policy and, where appropriate, to correct any deficiencies. We will assess whether the execution venues and the approved brokers to whom we transmit orders allow us to achieve best execution on a consistent basis.

Our arrangements include multi-asset class trade level execution outcome monitoring, timely execution monitoring and annual review of the execution quality provided by the execution venues and approved brokers to ensure they continue to provide the best possible result for clients.

Where such monitoring or review indicates that a venue or an approved broker is not enabling us to deliver the best possible result for our clients, the execution arrangement will be amended with a view to improving execution quality.

FCA rules require us to notify you of any material changes to the Policy or our order execution arrangements.

Consent to the Policy

You give us your consent to the Policy by providing orders to us following receipt by you of these Terms of Business. This includes consent to the possibility that transactions may be executed outside EU regulated markets, MTFs and OTFs as explained above.

Further information

Information regarding order execution quality can be accessed here: www.rbcwealthmanagement.com/gb/en/terms-and-conditions. If you would like further information on any aspect of our order execution policy please contact your Relationship Manager directly.

SCHEDULE 2

Summary of Conflicts of Interest Policy

Royal Bank of Canada Investment Management (USA) Limited (RBCIM (USA)) maintains a Policy framework to govern the identification and management of conflicts of interest which may exist between it, its employees, its clients and the wider RBC Group (RBC), including RBC's own employees and clients. This framework consists of an overall Conflicts of Interest Policy, underpinned by various detailed policies to address specific areas of potential conflict arising out of its and RBC's structure and various lines of business.

RBCIM (USA) senior management maintain a view of the types of conflicts that might arise across RBCIM (USA) and form a view of how conflicts are being managed and controlled. Guidelines and procedures are in place to ensure RBCIM (USA) senior management are alerted to newly identified areas of conflict of interest and that there is adequate segregation of duties and sufficient supervision of employees as well as effective information barriers and other measures to ensure that potential areas of conflict are effectively mitigated.

The principal policies in place to address conflicts of interest, and their purpose, are as follows:

Employee Code of Conduct

This Code requires the highest possible standards of honesty and ethical behaviour among employees. All employees are required to attest to having read the Code upon joining and are periodically tested on their knowledge of the Code.

Outside Activities and External Directorships Policy

This Policy requires pre-approval of any employee wishing to take up an outside employment (including a directorship or trusteeship) whether remunerated or not. Approval will not be granted if the proposed appointment presents a conflict with our business or our clients (for example, a directorship at a competitor firm is unlikely to be approved).

Personal Account Dealing Policy

This policy is designed to prevent conflicts that might otherwise arise where our employees are trading on their own account in securities which we could be buying or selling on behalf of our clients. The policy requires employees to follow strict internal rules, including pre-approval, when they wish to trade in securities on their own account.

Gifts and Entertainment Policy

This Policy places restrictions on the type and value of gifts and entertainment received or given by our employees, in order to prevent employees from being improperly influenced in the performance of their responsibilities.

Anti-Bribery Anti-Corruption Policy

This policy details RBC's approach to implementing the anti-bribery anti-corruption requirements of Canada's Corruption of Foreign Public Officials Act, the UK Bribery Act, the U.S. Foreign Corrupt Practices Act, and similar anti-bribery and anti-corruption legislation in other jurisdictions in which RBC conducts business. RBCIM (USA) does not tolerate instances of bribery and this policy is designed to prevent employees from engaging in or being improperly influenced by instances of bribery.

Suitability and Appropriateness Policy

This Policy details RBCIM (USA)'s approach to complying with the FCA's suitability and appropriateness requirements for advised and non-advised services. Included in this Policy are details of what information will be gathered from you to assess suitability (for advised services) or appropriateness (for non-advised services). The Policy also details what monitoring and record keeping arrangements are in place to ensure that investment recommendations to purchase related RBC products or services are suitable to meet your needs.

Market Abuse and Information Barriers Policies

This Policy places tight restrictions on the ability to share client, portfolio and trading information among different parts of RBC.

As such, it facilitates the effective management of conflicts arising where RBCIM (USA) deals with other entities within RBC, for example:

- By enabling RBCIM (USA) to place trades through RBC as a broker on an arm's length basis, subject to meeting our best execution and trade allocation policies
- By preventing the situation where confidential information received by another part of RBC becomes known within RBCIM (USA), thereby potentially affecting its ability to act in the best interests of its clients
- By ensuring confidentiality and independence between RBC's principal investing activities and RBCIM (USA)'s fiduciary activities.

Order execution and allocation policies

All trading activity is subject to strict internal rules based upon the FCA requirements. These include, inter alia, the need to take all sufficient steps to obtain, when executing orders, the best possible results for clients, to execute client orders in due turn and the operation of a pro rata allocation policy, all of which are designed to ensure that no one client is favoured over another.

If you require further information concerning our Conflicts of Interest Policy or our conflicts management framework, please contact your Relationship Manager.

Royal Bank of Canada Investment Management (USA) Limited is registered in England and Wales No. 03327984. Registered Address: Riverbank House, 2 Swan Lane, London, EC4R 3BF. Authorised and regulated by the Financial Conduct Authority.

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