

marketindex Terms and Conditions

These are the Terms and Conditions under which the Customer participates in marketindex. The Customer must read the Terms and Conditions carefully to ensure that they contain everything the Customers wants and do not contain anything the Customer does not agree to.

| | | |
|-----|---|----|
| 1. | Introduction | 3 |
| 1.1 | Definitions | 3 |
| 1.2 | Risks, no investment or tax advice, no best execution | 3 |
| 1.3 | Client classification | 3 |
| 1.4 | Appropriateness and qualifications for participation in marketindex | 3 |
| 1.5 | Access to and availability of marketindex | 4 |
| 1.6 | Notices and communications | 4 |
| 1.7 | marketindex access procedures | 5 |
| 1.8 | Conflicts of interest | 6 |
| 2. | Trading accounts | 6 |
| 2.1 | Primary Account and Sub-Accounts | 6 |
| 2.2 | Fees and charges | 6 |
| 2.3 | Interest on Trading Accounts | 6 |
| 2.4 | No overdraft facilities | 7 |
| 2.5 | Payments and withdrawals | 7 |
| 2.6 | Erroneous credits | 7 |
| 2.7 | Inactive Trading Account | 7 |
| 3. | Trading | 7 |
| 3.1 | Demonstration trading platform | 7 |
| 3.2 | Trades on marketindex | 7 |
| 3.3 | Orders and Trades | 8 |
| 3.4 | Initiation, acceptance and confirmation of Orders | 8 |
| 3.5 | Prices | 8 |
| 3.6 | Trading Hours | 9 |
| 3.7 | Reversing and amending Invalid Trades | 9 |
| 3.8 | Market or system disruption | 9 |
| 4. | General provisions | 10 |
| 4.1 | Contract language and governing law | 10 |
| 4.2 | Complaints and compensation | 10 |
| 4.3 | Liability of RBS N.V. | 11 |
| 4.4 | Termination | 11 |
| 4.5 | Anti-money laundering | 12 |
| 4.6 | Assignment | 12 |

| | | |
|------|---|----|
| 4.7 | Set-Off right of RBS N.V. | 12 |
| 4.8 | Outsourcing | 12 |
| 4.9 | Amendments and waivers | 12 |
| 4.10 | Rights of third parties | 13 |
| 4.11 | Severability | 13 |
| 5. | Information on the conclusion of distance contracts | 13 |
| 5.1 | Conclusion of contract for participation in marketindex | 13 |
| 5.2 | The Customer's right of cancellation | 13 |
| 6. | General information about RBS N.V. | 14 |
| 6.1 | Address | 14 |
| 6.2 | Main business activity | 14 |
| 6.3 | Competent supervisory authorities | 14 |
| 6.4 | Company registration | 15 |
| 6.5 | VAT identification number | 15 |

1. Introduction

1.1 Definitions

1.1.1 Words and expressions used in these Terms and Conditions shall have the meanings set out in Schedule 2 unless the context otherwise requires.

1.2 Risks, no investment or tax advice, no best execution

1.2.1 Customers must read the risk warnings on the marketindex Website. Margin Trades are contracts for differences which are some of the riskiest forms of investments available in the financial markets and are suitable only for sophisticated investors. It is important that the Customer understands that the profit or loss he may make on marketindex depends on marketindex Prices and these prices can differ from corresponding prices in the underlying Reference Markets. This is explained further in clause 3.5 below.

1.2.2 The Customer acknowledges that, in allowing the Customer to trade on marketindex, The Royal Bank of Scotland N.V. (RBS N.V.) will not provide any personal recommendations to the Customer in respect of, nor provide any advice on the merits of, any Trades or other transactions in financial instruments. Accordingly, the Customer should make his own assessment of any Trade or transaction that he is considering in the light of his objectives and circumstances including the possible risks and benefits of entering into that Trade or transaction. The Customer should not rely on any information, proposal or other communication from RBS N.V. as being a recommendation or advice in relation to that Trade or transaction.

1.2.3 The information given to the Customer by RBS N.V. via the internet or by other means may be information which RBS N.V. is required to provide by law or regulation. If RBS N.V. gives information to the Customer in addition to what is required by law or regulation, e.g. by providing comments on markets, charts or analyses, this information does not constitute advice and should not be relied upon by the Customer when making investment decisions, but is merely for the purpose of facilitating independent investment decisions of the Customer.

1.2.4 The information given to the Customer by RBS N.V. via the marketindex website or by other means may be information which RBS N.V. is required to provide by law or regulation. If RBS N.V. gives information to the Customer in addition to what is required by law or regulation, e.g. by providing comments on markets, charts or analyses, this information does not constitute advice and should not be relied upon by the Customer when making investment decisions, but is merely for the purpose of facilitating independent investment decisions of the Customer.

1.2.5 The Customer also acknowledges that no tax advice is given by RBS N.V. in connection with the Customer's participation in marketindex. The Customer should seek independent advice as to his own tax position in relation to trading.

1.2.6 RBS N.V. provides quotes for bespoke investment products. There may be other comparable products in the market, however RBS N.V. does not undertake or warrant that the marketindex Prices will necessarily be lower than the prices of those products. The Customer acknowledges and understands that, when executing transactions, RBS N.V. will act as an execution venue only and will not be executing orders on the Customer's behalf and accordingly RBS N.V. will not be subject to the obligation under the FSA Rules to take all reasonable steps to obtain the best possible result for the Customer.

1.3 Client classification

1.3.1 RBS N.V. shall, for the purposes of the FSA Rules, treat the Customer as a retail client thereafter.

1.4 Appropriateness and qualifications for participation in marketindex

1.4.1 Participation in marketindex is restricted to Customers having their permanent residence in the United Kingdom. In particular, RBS N.V. does not accept US citizens or any other persons subject to US Federal or State corporate or personal income taxes.

1.4.2 Trading bears high risks. RBS N.V. is required, under the FSA Rules to assess whether participation in marketindex is appropriate for the Customer. Consequently, RBS N.V. only accepts Customers for participation in marketindex who have,

according to the criteria set out in the application procedure, sufficient knowledge of and experience in the types of investment product available on marketindex and are capable of bearing the loss of all the capital invested. In order to be accepted by RBS N.V., a Customer has to meet the qualifications set out on the marketindex account opening screen.

- 1.4.3 In order to allow RBS N.V. to assess whether he meets the qualifications for participation in marketindex, the Customer shall provide to RBS N.V. all information RBS N.V. may request in relation to his knowledge and experience in relation to the relevant Trades. This information may include, where relevant, information on the types of service, transaction and investments with which the Customer is familiar, the nature, volume and frequency of his transactions and the period over which they have been carried out, and the level of his education, profession or former profession.
- 1.4.4 The Customer warrants that any information he provides to RBS N.V. is correct and shall notify RBS N.V. immediately if any of the information provided under this clause 1.4 above changes in any respect.

1.5 Access to and availability of marketindex

- 1.5.1 Access to marketindex is only possible using a web browser running on a computer with an internet connection. No alternative access methods are supported. In particular, instructions via email, telephone, fax or mail will not be accepted except in the case of a request for a Trading Account to be closed or for general inquiries. Technical set-up requirements are specified on the marketindex Website. Access to marketindex by the Customer does not require the installation of any RBS N.V. proprietary hardware or software.
- 1.5.2 marketindex is intended to be available on a 24 hour basis although Trading can only be carried out during Trading Hours. Outside Trading Hours, Customers should be able to view their Trading Accounts. However, RBS N.V. cannot guarantee this level of availability. RBS N.V. reserves the right to block access to marketindex for certain scheduled periods outside Trading Hours for operational maintenance. Maintenance periods will only be published or made known to the Customer on specific request. RBS N.V. also reserves the right, subject where practicable to reasonable prior notice on the marketindex Website, to block access to marketindex during Trading Hours in case of urgent maintenance requirements or in other cases of emergency, upon governmental or judicial intervention or in other cases where required under applicable law.
- 1.5.3 Outside normal maintenance or where access is otherwise blocked as contemplated in clause 1.5.2, RBS N.V. will endeavour to ensure that marketindex is continuously available. However, marketindex may suffer unforeseen interruptions and be unavailable for indeterminate periods of time during which no alternative access facilities may be available.
- 1.5.4 RBS N.V. cannot control the functioning or configuration of the Customer's equipment or availability or reliability of the internet connection to the marketindex server, and therefore cannot assume any responsibility in this respect.

1.6 Notices and communications

- 1.6.1 Unless expressly stated in these Terms and Conditions to the contrary, upon the Customer's admittance to participation in marketindex, any communication in connection with marketindex between RBS N.V. and the Customer shall take place in electronic form either via email or via the Online Screen. Customers should send any email communications to marketindex.uk@rbs.com, or to any other email address as notified by RBS N.V. to the Customer from time-to-time. RBS N.V. will use the Customer's email address provided with the Customer's application form, unless the Customer notifies RBS N.V. of a different email address in accordance with clause 4.9. Any communication sent to the Customer in accordance with this clause 1.6.1 will not in addition be sent or delivered to the Customer in paper form provided however that the Customer may request a paper copy of these Terms and Conditions and/or any other terms and conditions associated with marketindex, which RBS N.V. will promptly provide by post. RBS N.V. reserves the right to submit any communication to the Customer by post to the address specified in accordance with clause 1.6.2, or by any other means (such as fax) that RBS N.V. reasonably considers appropriate. The Customer specifically consents to receiving any communication in connection with marketindex via the Online Screen.
- 1.6.2 Where these Terms and Conditions require a notice to be given in writing, it must be given by post, hand, fax or, if not expressly excluded, by email. Any notice given to RBS N.V. shall be sent or delivered to the address or number specified on the market-index Website under 'contact' and if given to the Customer, shall be sent or delivered to the address or number specified by the Customer in his application form (as such addresses or numbers may be amended from time to time).

- 1.6.3 The Customer agrees to monitor the Online Screen and his email account notified to RBS N.V. on a regular and frequent basis. The Customer is required to notify RBS N.V. about possible discrepancies and irregularities concerning communications received from RBS N.V. without undue delay and, at the latest, within six (6) weeks after they have been made available on the Online Screen or have been received in the email account.
- 1.6.4 Any communication or notice made by RBS N.V. or by the Customer shall be deemed to have been duly given to the other party:
1. if sent by post, at 10.00am on the second Business Day following the date of posting;
 2. if sent by fax, upon the sending party receiving a transmission report confirming that such fax has been successfully sent;
 3. if sent by email, three hours after the email has been sent (unless there is evidence to show that the email was never received);
 4. if made available by RBS N.V. via the Online Screen, three hours after it is made available, provided that in each case where delivery by fax or by email or via the Online Screen occurs after 6pm on a Business Day or on a non-Business Day, service shall be deemed to occur at 9am on the next following Business Day.
 5. if delivered by hand, on the Business Day following the date of delivery.
- 1.6.5 The Customer acknowledges that individual hardware or software configurations may result in any print-outs of data from the Online Screen differing from the screen display and RBS N.V. accepts no liability for any such difference. RBS N.V. does not warrant the recognition of any print-outs of the Online Screen by fiscal or any other authorities.
- 1.6.6 All Transaction data will automatically be stored in the marketindex online archive for the minimum period required under FSA Rules and thereafter will be deleted without further notice to the Customer.
- 1.6.7 For Customer questions, requests and complaints RBS N.V. provides a Customer service desk which Customers can contact by post, email, fax or phone. Contact information and the hours of operation are displayed on the marketindex Website under 'contact'.

1.7 [marketindex access procedures](#)

- 1.7.1 RBS N.V. will notify the Customer by email about his acceptance as a Customer and will provide instructions on how to access marketindex and a temporary password for access to the system.
- 1.7.2 The Customer acknowledges that every person to whom the Customer's Security Codes are known is able to transfer funds held on a Trading Account and to enter into Transactions via marketindex. The Customer is solely responsible for safeguarding his Security Codes. The Customer is required to exercise all reasonable care to ensure that the Security Codes do not become known to any unauthorised person by taking appropriate precautions including:
1. not keeping, saving electronically or otherwise storing his Security Codes in any form together with other documentation relating to marketindex; and
 2. choosing a Security Code which is not simple to guess by trial and error.

Furthermore, in order to prevent unauthorised access to marketindex, the Customer shall not leave marketindex running unattended.

- 1.7.3 If the Customer discovers that his Security Codes have become known to an unauthorised person or that an unauthorised access to marketindex has taken place, the Customer must notify RBS N.V. and change the Security Codes without undue delay. If a change of the Customer's Security Codes is not possible RBS N.V. will, following notification by the Customer, lock the Customer's access to marketindex without undue delay. The Customer's access will also be automatically locked by RBS N.V. if an incorrect Security Code has been entered three (3) times in a row. The Customer may unlock access by contacting the Customer service desk to reset the Security Code. RBS N.V. will then send to the Customer a reactivation email to unlock the Customers access to marketindex.
- 1.7.4 RBS N.V. is entitled to lock the Customer's access to marketindex at any time if RBS N.V. detects an unauthorised access to marketindex or if the Customer expressly asks RBS N.V. to do so. Any lock initiated by RBS N.V. without the Customer's knowledge will be notified to the Customer without undue delay.

1.7.5 If the Customer has forgotten any of his Security Codes he may contact the Customer service desk in order to reset the Security Codes. RBS N.V. may in such circumstances require any form of appropriate identification.

1.8 Conflicts of interest

1.8.1 RBS N.V.'s conflicts of interest policy is available on the marketindex Website at:

<http://marketindex.rbs.com/uk/ExternalConflictsPolicy.aspx> The Customer will be notified of any material changes to the policy.

1.8.2 RBS N.V. will not be liable to account to the Customer for any profit, commission or remuneration made or received from or by reason of any transaction in which RBS N.V. has a material interest.

2. Trading accounts

2.1 Primary Account and Sub-Accounts

2.1.1 Trading requires the Customer to open a Primary Account.

2.1.2 A Customer may only open one Primary Account. A Customer may, however, open several Sub-Accounts. RBS N.V. may limit the maximum number of such Sub-Accounts. The Primary Account and any Sub-Account are each referred to as a Trading Account in these Terms and Conditions.

2.1.3 Every Trading Account will be opened in a chosen Base Currency as an online account. The Customer shall not allow the use of any Trading Account by any person other than the Customer himself.

2.1.4 Money held in a Trading Account will be held by RBS N.V. as banker and not as trustee and as a result, the money will not be held in accordance with the FSA client money rules.

2.1.5 Except upon termination of the Customer's participation in marketindex, deposits or withdrawals of notes and coins are not permitted and the Customer may only deposit or withdraw funds from the Primary Account by wire transfer. Withdrawals from a Sub-Account are only permitted in accordance with clause 2.5.

2.1.6 RBS N.V. fulfils its obligations arising out of a Trading Account by making credit and debit entries (i.e. profits and losses, interest, Daily Financing Amounts, deposits and withdrawals) in the relevant account. The respective entries are offset against each other in real time and the resulting balance is notified to the Customer in a statement of account via the Online Screen. All entries made by RBS N.V. are listed in the statement of account quoting the date of entry, the amount, a brief explanation of the nature of the transaction as well as the value date. The Customer may access his account balance at anytime on the Online Screen.

2.2 Fees and charges

2.2.1 RBS N.V. has the right to charge Fees and Commissions and for further information please consult our Fees and Commissions page on our website. A Daily Financing Amount charged on open Positions in relation to Margin Trades as explained in Schedule 1. Amounts payable on Trades are calculated separately for each Trade on the basis specified in Schedule 1 (for Margin Trades).

2.2.2 The Customer may be liable to pay other costs, including taxes, not imposed by RBS N.V. in connection with marketindex. These may include, but are not limited to, in particular, telephone, internet and postage costs.

2.3 Interest on Trading Accounts

2.3.1 Each Trading Account will accrue interest on the account balance at the relevant rate (accessible from the marketindex Website under the heading 'Resources and Interest Rates'). Interest rates are updated on a regular basis. The interest will be calculated on a second-by-second basis and credited to the relevant account daily at 1500 hours. All interest payments will be paid subject to any deductions or withholdings which RBS N.V. is required to make by law.

2.4 No overdraft facilities

2.4.1 No overdraft facilities are available on marketindex. If for any reason an overdraft does arise on any Trading Account, the Customer will be required to eliminate this overdraft by transferring money from the Primary Account or another Sub-Account, provided that following any such transfer the balance on the Primary Account or other Sub-Account is not less than the prevailing Margin Requirement on that account. If neither the Primary Account nor any of the Sub-Accounts have sufficient credit for such a transfer the Customer must eliminate the overdraft by transferring money from the Reference Account in accordance with clause 2.5. RBS N.V. may at any time exercise its set-off right pursuant to clause 4.7. For the purposes of determining whether or not a Trading Account is overdrawn, Unrealised Profits and Unrealised Losses are not taken into account.

2.5 Payments and withdrawals

2.5.1 A payment by the Customer into his marketindex account may only be made from the Reference Account to the Primary Account. If the Customer has opened Sub-Accounts, payments to those accounts can only be made from the Primary Account using the funds transfer form available via the Online Screen.

2.5.2 Provided that the balance on the Primary Account is greater than the prevailing Margin Requirement, the Customer may, upon notifying RBS N.V. electronically by completing an online withdrawal request on marketindex, withdraw (via wire transfer) once only on each Business Day from the Primary Account to the Reference Account any amount exceeding the Margin Requirement. Any funds held in a Sub-Account must first be transferred to the Primary Account and converted into the Base Currency of the Primary Account before they can be withdrawn. In the event that the Customer has withdrawn any such amount, but on the same Business Day wishes to request a further withdrawal, the Customer may contact the marketindex team to request such further withdrawal. At its discretion, RBS N.V. may transfer the amount requested, save that RBS N.V. may then deduct from the amount of any such subsequent withdrawal any reasonable costs or charges associated with the withdrawal.

2.5.3 The Customer may change his Reference Account from time to time by giving notice in writing to RBS N.V. accompanied by such documentary evidence as RBS N.V. may require including details of the Customer's name and address and his new bank details. If a Customer changes his Reference Account or if a Reference Account ceases to exist, RBS N.V. reserves the right to require additional information, including, but not limited to, additional personal identification or bank confirmations.

2.6 Erroneous credits

2.6.1 If RBS N.V. credits a payment to a Trading Account but subsequently discovers that the credit was made in error to that Trading Account or, in respect of a payment by the Customer from the Reference Account, that the funds were not received by RBS N.V., RBS N.V. reserves the right to reverse any such credit and/or cancel any Trades which could not have been made but for that credit.

2.7 Inactive Trading Account

2.7.1 If the Customer has not participated in Trading for a period of at least two (2) years, RBS N.V. may designate the Customer's Trading Account(s) as 'inactive' and block the Customer's access to marketindex. Upon the Customer's request, RBS N.V. may reactivate the Customer's Trading Account(s) provided that the Customer agrees to supply whatever information and execute whatever additional documentation RBS N.V. may reasonably require.

3. Trading

3.1 Demonstration trading platform

3.1.1 RBS N.V. offers the Customer an online demonstration trading platform available on the marketindex Website which enables the Customer to get an understanding of how marketindex works without actually trading. Before Trading for the first time, RBS N.V. strongly advises the Customer to use the demonstration trading platform.

3.2 Trades on marketindex

3.2.1 There is one type of Trade that a Customer may enter into on marketindex: Margin Trade.

3.2.2 A Trade does not entitle the Customer or RBS N.V. (as the case may be) to any rights in relation to the Reference Item. In particular, under a Trade, neither the Customer nor RBS N.V. will be entitled to delivery of any Reference Item nor will either of the parties acquire any ownership or other rights in relation to it.

3.2.3 Additional specific terms applying to Margin Trades can be found at Schedule 1 to these Terms and Conditions.

3.3 Orders and Trades

3.3.1 Trades on marketindex are only effected between the Customer and RBS N.V., acting as principal, and not between the Customer and any other Customer of RBS N.V. (or, for the avoidance of doubt, between the Customer and RBS N.V.).

3.3.2 The Customer initiates Trades with RBS N.V. by placing Orders via the Online Screen in accordance with these Terms and Conditions. Before the Customer sends an Order, marketindex permits the Customer to amend the details of his Order (whether to correct input errors or otherwise).

3.3.3 RBS N.V. reserves the right at any time to determine and change the details for any Reference Item as set out in the relevant Reference Item Information Sheet but this right is subject:

1. to any specific restrictions set out in these Terms and Conditions on any such changes (these are changes to the spread in clause 3.5.5, the applicable Leverage Factor in paragraph 4.2 of Schedule 1 and the financing rates in paragraph 5(e) of Schedule 1); and
2. in the case of any other changes not subject to such specific restrictions, to a requirement that the change shall not apply to open Positions if the result would be to materially prejudice the Customer.

3.4 Initiation, acceptance and confirmation of Orders

3.4.1 Any Order on marketindex must be initiated electronically via marketindex. It is the Customer's responsibility to observe the marketindex User Manual and any trading instructions on the marketindex Website prior to submitting an Order to marketindex.

3.4.2 Each Order of the Customer will need to be accepted and executed by RBS N.V. to form a Trade. RBS N.V. reserves the right without further explanation to reject any Order. RBS N.V. accepts any Order by way of a corresponding screen message and/or entry shown in the list of Trades on marketindex.

3.4.3 The details of all Orders are accessible from the activity tab on the Online Screen. In addition, if the Customer indicates this as his preference within the Online Screen, RBS N.V. will display an additional confirmation message electronically through marketindex detailing the particulars of the execution of such Order. The failure by RBS N.V. to provide such confirmation shall not prejudice or invalidate the terms of such Order or its execution.

3.5 Prices

3.5.1 RBS N.V. will quote to the Customer, via marketindex, prices at which RBS N.V. is willing in principle to enter into Trades as follows:

1. marketindex Bid Prices;
2. marketindex Offer Prices.

3.5.2 marketindex Prices are RBS N.V. prices only and RBS N.V. makes no warranty, express or implied, that the quoted marketindex Prices represent prices available elsewhere in the market. marketindex Prices are derived by RBS N.V. in its commercially reasonable discretion from prices in the underlying Reference Markets in accordance with the relevant Reference Item Information Sheet. However, even though marketindex Prices will be derived from such Reference Markets, they can differ from corresponding prices on those markets.

3.5.3 So for example, for Trades relating to oil, the reference price RBS N.V. uses to set the applicable marketindex Offer Price and marketindex Bid Price is a theoretical cash price derived from the Brent Crude Oil Future price traded on the Intercontinental Exchange (ICE) and this may differ from the market spot price for oil.

3.5.4 The Reference Markets and sources for reference prices shown on the Reference Item Information Sheets are for information purposes only and should not be relied upon as suitable for use in any other context; in particular, they are not intended as being suitable for use for trading outside marketindex.

3.5.5 The spread between the marketindex Bid Price and marketindex Offer Price for a Reference Item will be determined by RBS N.V. from time to time in a commercially reasonable manner taking into account various market-related factors including liquidity and volatility (spreads will increase as liquidity decreases and as volatility increases).

3.5.6 Each marketindex Price is valid only at the exact time that such marketindex Price is quoted to the Customer on marketindex. The Customer acknowledges that in a rapidly changing market the marketindex Price quoted to the Customer on marketindex may no longer remain in effect at the time an Order is received by RBS N.V. If an Order is accepted by RBS N.V., the Customer agrees that it shall be executed at the marketindex Price prevailing at the time such Order is received by the marketindex trading server subject however to the application of the Price Bounds as described in paragraph 1.2 of Schedule 1.

3.6 Trading Hours

3.6.1 Subject to clause 3.6 it is only possible to enter into a Margin Trade during Trading Hours as specified for each Reference Item in the Reference Item Information Sheet. RBS N.V. reserves the right to change the Trading Hours for each Reference Item without prior notice.

3.6.2 Since there is often a period after the opening of the Reference Market for trading in any given Reference Item and before it closes during which there is no orderly price tick, RBS N.V. may open marketindex for Trading with respect to any given Reference Item some time after the start of the published Trading Hours, and it will usually close Trading approximately 10 seconds before the end of the published Trading Hours for the relevant item.

3.7 Reversing and amending Invalid Trades

3.7.1 The Customer will notify RBS N.V. without undue delay if he becomes aware of any Invalid Trade. RBS N.V. reserves the right to correct entries in a Trading Account that have been based on Invalid Trades. The right to take such corrective action includes, without limitation, the right to reverse or (with the Customer's consent) amend:

1. an Invalid Trade; and
2. any subsequent Trades executed prior to RBS N.V.'s corrective action and which are affected by any such Invalid Trade.

3.7.2 If RBS N.V. reverses or amends any Trade, RBS N.V. will use commercially reasonable efforts to restore the relevant Trading Account to the status it would have had if such Invalid Trade had not been executed, or had been correctly executed, as the case may be. The fact that RBS N.V. has confirmed any Trade(s) shall not prevent RBS N.V. from taking corrective action to reverse or amend any Invalid Trade.

3.8 Market or system disruption

3.8.1 If RBS N.V. becomes aware of a Market Disruption Event or a System Failure Event, it will halt trading on marketindex in respect of any affected Reference Item (and clause 3.7 may also apply if any Trades have been entered into before the halt but after the occurrence of the relevant event). Once Trading has been halted, the Customer will not be able to place any new Orders.

3.8.2 The marketindex Price on a resumption of Trading following a halt in accordance with clause 3.8.1 may significantly differ from the marketindex Price at the time of the halt (and that at the start of the relevant Market Disruption Event or System Failure Event which may be earlier).

Margin Trades

3.8.3 If a Market Disruption Event or a System Failure event occurs, RBS N.V. may close the Customer's open Positions at any time, if, at such time, RBS N.V. reasonably expects the Market Disruption Event or System Failure Event to continue for a period longer than 24 hours. RBS N.V. will use prices determined by RBS N.V. taking into account the Market Disruption Event or System Failure Event, the prevailing market conditions at the time of the closing and other factors relevant in RBS N.V.'s view according to its commercially reasonable discretion.

3.8.4 If RBS N.V. closes open Positions in accordance with clause 3.8.3, open Limit Orders and Market-if-Touched Orders which have not been executed at the time of the close-out will be cancelled.

- 3.8.5 Any loss which the Customer may suffer on the closing of an open Position under clause 3.8.3 is limited where a Stop Loss Price has been specified, to the amount which would result from closing the Position at that price.
- 3.8.6 On a resumption of Trading following a Trading halt imposed by RBS N.V. in accordance with clause 3.8.1, the marketindex Prices prevailing at the time of resumption will be used to determine whether any Limit Order, Market-if-Touched Order, Stop Loss Price or Take Profit Price in place before the start of the relevant Market Disruption Event or System Failure Event has been triggered, and where any such order or price has been triggered:
1. subject to any Price Bounds specified by the Customer in respect of a Limit Order or Market-if-Touched Order, the Order will be executed by reference to the marketindex Price at the resumption of Trading in accordance with paragraph 1.4 of Schedule 1;
 2. for Stop Loss Prices and Take Profit Prices, a Position will be closed out by reference to the marketindex Price at the resumption of Trading in accordance with paragraph 1.5 of Schedule 1.
- 3.8.7 Where a Trading halt has occurred due to a System Failure Event, RBS N.V. may in some cases subsequently be able to determine for the period during which Trading was halted the marketindex Prices which would have applied had there been no halt.

If this is the case, RBS N.V. may in its reasonable discretion compensate the Customer for loss he incurs directly by reference to the difference in the marketindex Price used for the execution of a Limit Order or Market-if-Touched Order or for the close-out triggered by a Stop Loss Price or Take Profit Price and the marketindex Price which would have applied had there been no halt. RBS N.V. may exercise this discretion on its own initiative (without a request from the Customer) where RBS N.V. is reasonably able to determine that the Customer has suffered such loss or on request by the Customer. It is important the Customer monitors his Trading Accounts during and after a Trading halt.

If the Customer believes he has suffered loss by reason of being unable to place an Order during a Trading halt (for instance, to close an open Position), then he may inform RBS N.V. of this. RBS N.V. will then investigate the Customer's claim, and may where it believes it to be reasonable in all the circumstances of the case, compensate the Customer with such amount as RBS N.V. believes to be reasonable in those circumstances.

4. General provisions

4.1 Contract language and governing law

- 4.1.1 The language of these Terms and Conditions and of any communication between the Customer and RBS N.V. shall be English.
- 4.1.2 These Terms and Conditions shall be governed by English law.

4.2 Complaints and compensation

- 4.2.1 If the Customer has a complaint or wants to dispute a Transaction or other matter, he should raise the complaint or dispute as soon as reasonably practicable and in any case within 5 Business Days of the date of the relevant Transaction or other matter.
- 4.2.2 Any complaint or dispute should in the first instance be referred to the marketindex team of RBS N.V. (see 'contact' tab on marketindex Website for contact details). If the complaint or dispute is not resolved to the Customer's satisfaction, the Customer may refer the matter in writing to RBS N.V.'s Head of UK Compliance at 250 Bishopsgate, London, EC2M 4AA.
- 4.2.3 If the Customer is dissatisfied with RBS N.V.'s handling of any complaint, he may refer the matter to the Financial Ombudsman Service, South Quay Plaza, 183 Marsh Wall, London, E14 9SR.
- 4.2.4 The Customer should keep his own record of the dates and times of each Transaction as that will assist RBS N.V. to investigate any complaint or dispute relating to it. It may be difficult or not reasonably possible for RBS N.V. to locate records/tapes in relation to transactions in the absence of reasonable information as to dates and times.
- 4.2.5 A copy of the marketindex UK complaints handling procedures is available on request from the marketindex team (see 'contact' tab on marketindex Website for contact details).

4.2.6 RBS N.V., as the UK branch of The Royal Bank of Scotland N.V., Amsterdam, The Netherlands, falls within the scope of the Dutch Deposit Guarantee Scheme (*Depositogarantiesetstelsel*). The scope of liabilities protected by the Dutch Deposit Guarantee Scheme is described in the Dutch Financial Supervision Act (*Wet op het financieel toezicht*), as implemented by the Dutch Decree on special prudential measures, investor compensation and deposit guarantee (*Besluit bijzondere prudentiële maatregelen, beleggerscompensatie en depositogarantie Wft*). The Dutch Deposit Guarantee Scheme provides a maximum compensation of EUR 100,000 per account holder. Outstanding claims against RBS N.V. arising from Margin Trades (including Unrealised Profits) are not covered by the Dutch Deposit Guarantee Scheme or the Dutch Investor Compensation Scheme (*Beleggerscompensatiestelsel*).

4.3 Liability of RBS N.V.

4.3.1 The liability of RBS N.V. to the Customer in connection with marketindex shall be limited to cases of RBS N.V.'s negligence, fraud and wilful default provided however that RBS N.V. shall not be liable for any losses the Customer may suffer that were not a reasonably foreseeable result (to both RBS N.V. and the Customer at the time the Customer's participation in marketindex became effective under clause 5.1.4) of any such breach by RBS N.V.

4.3.2 RBS N.V. is not liable to the Customer for any losses the Customer may suffer because of anything outside RBS N.V.'s reasonable control to prevent and the effect of which is beyond its reasonable control to avoid including, but not limited to, the introduction of or any change to any law, acts of terrorism, war, civil unrest, acts of God, market conditions and (to the extent not within its reasonable control) failure or breakdown in any machine or equipment and strikes and industrial disputes.

4.3.3 For the avoidance of doubt, RBS N.V. shall not be liable for any losses that the Customer may suffer in connection with or arising out of anything in these Terms and Conditions, nor shall it be liable for any breach of these Terms and Conditions by RBS N.V.

4.4 Termination

Termination by RBS N.V.

4.4.1 RBS N.V. may at any time terminate the relationship with the Customer in relation to the Customer's participation in marketindex by giving not less than six (6) weeks' notice in writing. The Customer is required to ensure that there are no unexecuted Orders or open Trades or Positions at the end of the notice period.

4.4.2 RBS N.V. may terminate the relationship with the Customer in relation to the Customer's participation in marketindex without having to give notice (but subject to clause 4.4.3) in any of the following cases:

1. the death or legal incapacity of the Customer;
2. the Customer becoming bankrupt or otherwise unable to pay his debts as they fall due or if RBS N.V. reasonably believes that the Customer may not be able to meet its obligations to RBS N.V. (in connection with marketindex or otherwise);
3. a material breach of these Terms and Conditions by the Customer;
4. if the Customer has supplied false or misleading statements regarding his financial status or investment experience and knowledge or has acted fraudulently;
5. the Reference Account is closed without the Customer having nominated a suitable alternative account;
6. the seizure of a Trading Account by any enforcement agency or other third party; or
7. any misuse of marketindex by the Customer.

4.4.3 if RBS N.V. intends to terminate in accordance with clause 4.4.2, it shall by giving notice to the Customer allow the Customer a reasonable time period for the closing and settlement of any open Positions, unless that would expose RBS N.V. to further financial risk or otherwise be unacceptable to RBS N.V. (for instance because RBS N.V. has reasonable grounds for suspecting that the Customer has acted fraudulently). During the settlement period, the Customer may not enter any new Orders (apart from Orders to close an existing Position).

Termination by the Customer

4.4.4 The Customer may at any time terminate the relationship with RBS N.V. in relation to its participation in marketindex by giving not less than 5 Business Days notice in writing to RBS N.V. If the Customer gives notice to terminate, the Customer may not enter any new Orders (apart from Orders to close existing Positions).

Consequences of termination

4.4.5 Upon:

1. the expiry of the notice period in the case of a termination pursuant to clause 4.4.1 or 4.4.4; or
2. a termination pursuant to clause 4.4.2, or where RBS N.V. has specified a settlement period pursuant to clause 4.4.3, on the expiry of that period,

RBS N.V. is entitled to close any open Trade or Position of the Customer, cancel any unexecuted Orders for Margin Trades, without further notice.

4.5 Anti-money laundering

The Customer acknowledges that in accordance with United Kingdom anti-money laundering requirements, as well as RBS N.V.'s own internal anti-money laundering policies, RBS N.V. may require the Customer to furnish further identification concerning the beneficial ownership of the funds in a Trading Account and/or information concerning the Reference Account before RBS N.V. can process a deposit to or, as the case may be, a withdrawal from a Trading Account.

4.6 Assignment

4.6.1 The Customer shall not assign or charge any of his rights against RBS N.V. (including in relation to any balance on a Trading Account or any other rights arising in relation to a Trading Account or any Trade or Position), unless it has received prior written consent from RBS N.V. to such assignment, such consent not to be unreasonably withheld.

4.6.2 RBS N.V. is entitled to assign or charge its rights against the Customer (including in relation to any balance on a Trading Account or any other rights arising in relation to a Trading Account or any Trade or Position).

4.7 Set-Off right of RBS N.V.

4.7.1 If the Customer has opened one or more Sub-Accounts, RBS N.V. is entitled to set-off its potential claims against the Customer arising from the marketindex relationship, such as its claims against the Customer in relation to a particular Sub-Account against the Customer's claims against RBS N.V. in relation to (another) Sub-Account or the Primary Account. Other set-off rights of RBS N.V. remain unaffected.

4.8 Outsourcing

4.8.1 RBS N.V. may outsource the provision of its services in relation to marketindex, including administration, control, technology and Customer support services (such as the processing of the account opening documentation, anti-money laundering checks and general Customer services) to external service providers which may include other branches of The Royal Bank of Scotland N.V., Netherlands.

4.8.2 In performing their services some external service providers might have access to the Customer's personal data.

4.9 Amendments and waivers

4.9.1 RBS N.V. may by giving notice via the Online Screen amend these Terms and Conditions in the following circumstances:

1. to take account of any change in applicable law or regulation, or changes in accepted insolvency guidance and codes of practice which have as their objective consumer protection;
2. to accommodate any technical changes to the marketindex Website;
3. to amend any of the information about RBS N.V. specified in clause 6;
4. to clarify trading instructions following a Customer request;

5. to correct minor typographical errors (provided that any such amendment does not have a material impact on the rights and obligations of the Customer); or
6. to make such other amendments RBS N.V. reasonably considers necessary or appropriate subject to the consent of the Customer which consent shall be deemed to have been given if the Customer continues to participate in marketindex following the expiry of the period of notice of the amendment given in accordance with clause 4.9.2 below.

4.9.2 RBS N.V. will give the Customer 10 Business Days' notice before it conducts business with the Customer under an amendment made in accordance with clause 4.9.1 above, unless it is impracticable in the circumstances for it to do so.

4.9.3 The Customer may amend its contact details by telephone, or in writing in accordance with clause 1.6.2.

4.9.4 A failure by RBS N.V. to insist on the Customer strictly complying with these Terms and Conditions or any act or omission on the part of RBS N.V. will not amount to a waiver of RBS N.V.'s rights under these Terms and Conditions.

4.10 Rights of third parties

4.10.1 A person who is not a party to these Terms and Conditions shall have no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any of its terms.

4.11 Severability

4.11.1 Each provision of these Terms and Conditions is severable. To the extent that any provision is or becomes invalid, unenforceable or contrary to any applicable law, then it will be given no effect and will be deemed not to be included in these Terms and Conditions but without invalidating any of the remaining provisions of these Terms and Conditions.

5. Information on the conclusion of distance contracts

5.1 Conclusion of contract for participation in marketindex

5.1.1 By completing the online account opening application the Customer submits to RBS N.V. an application to participate in marketindex on these Terms and Conditions. The Customer must verify the correctness of his entries in a separate online confirmation page.

5.1.2 Upon submission of the online account application an email is automatically generated and sent to the email address specified by the Customer in his application. This email contains a link to a web page that gives access to these Terms and Conditions, certain risk warnings and the completed application form and other relevant materials including for example the marketindex User Manual.

5.1.3 The Customer must print and sign a copy of the application form and return that to RBS N.V. at the address specified at the 'contact' tab on the marketindex Website.

5.1.4 The Customer's participation in marketindex on these Terms and Conditions is effective from when RBS N.V. has given the Customer notice by email of acceptance of his application but RBS N.V. shall not be required to perform any obligations relating to marketindex until after expiry of the Customer's two-week cancellation period (see clause 5.2) unless the Customer either expressly or impliedly (for instance by placing an Order) requests an earlier start date for performance. There is no fixed period or minimum term for the Customer's participation in marketindex.

5.2 The Customer's right of cancellation

5.2.1 The Customer is entitled to cancel his application to open a Trading Account and to participate in marketindex by giving notice in writing to RBS N.V. within a two week cancellation period. The Customer need not give any reasons for the cancellation and the right to cancel applies even if the Customer has already received services from RBS N.V. before the cancellation period expires.

5.2.2 The period for cancellation begins on the date on which the contract on these Terms and Condition is concluded between RBS N.V. and the Customer in accordance with clause 5.1.4.

- 5.2.3 The notice of cancellation may be given by any of the means specified in clause 1.6.2. If the Customer gives a notice of cancellation in accordance with the requirements set out above, the notice will be treated as given to RBS N.V. on the date on which it was sent by the Customer (but subject to clause 5.2.5).
- 5.2.4 If the Customer does not exercise his right of cancellation, the Customer's participation in marketindex will continue in accordance with these Terms and Conditions.
- 5.2.5 Since RBS N.V. provides services under marketindex the price of which depends on fluctuations in the financial market outside of RBS N.V.'s control which may occur during the cancellation period, the Customer shall have no right to cancel if any Order placed by the Customer has been executed prior to a notice of cancellation being received although the Customer may in those circumstances terminate its participation in marketindex on giving notice in accordance with clause 4.4.4.
- 5.2.6 In the case of a valid cancellation by the Customer, RBS N.V. will refund any deposit the Customer has made prior to notice of cancellation being received.

6. General information about RBS N.V.

6.1 Address

UK Branch

The Royal Bank of Scotland N.V., London Branch
250 Bishopsgate
London
EC2M 4AA

Telephone: 020 7678 8000
Fax: 020 7678 1907
Internet: www.rbs.com

Head Office Netherlands

The Royal Bank of Scotland N.V., Amsterdam
GustavMahlerlaan 10
1082 PP Amsterdam

Telephone: +31 20 628 989
Fax: +31 20 629 9111
Internet: www.rbs.com

6.2 Main business activity

RBS N.V. conducts banking business and financial services of all kinds (in particular deposit-taking business, giro business, trading for own account, etc.) and related transactions.

6.3 Competent supervisory authorities

In the United Kingdom:

Financial Services Authority
25 The North Colonnade
Canary Wharf
London E14 5HS

Internet: www.fsa.gov.uk

In the Netherlands:

De Nederlandsche Bank N.V.
Attn. Mr. C. Verkoren
P.O. Box 98
1000 AB Amsterdam

Internet: www.dnb.nl

Authorised by De Nederlandsche Bank N.V. and by the Financial Services Authority; regulated by the Financial Services Authority for the conduct of UK business.

6.4 Company registration

- The Royal Bank of Scotland N.V., London Branch. Companies House: BR001029
- The Royal Bank of Scotland N.V., Amsterdam: Amsterdam 33002587

6.5 VAT identification number

- The Royal Bank of Scotland N.V., London Branch: GB 5778 99939
- The Royal Bank of Scotland N.V., Amsterdam: 3027144B01

Schedule 1: Additional Terms and Conditions for Margin Trades

| | | |
|-----|---|----|
| 1. | Orders and prices | 17 |
| 1.1 | Types of Orders | 17 |
| 1.2 | Trigger Price and Price Bounds | 17 |
| 1.3 | Time of execution | 17 |
| 1.4 | Price of execution | 17 |
| 1.5 | Take Profit Price and Stop Loss Price | 18 |
| 1.6 | Trailing Stop Loss | 18 |
| 2. | Close-out level (Airbag) | 18 |
| 3. | Opening a position | 19 |
| 4. | Margin requirement and determination of the leverage factor | 19 |
| 4.1 | Margin Requirement | 19 |
| 4.2 | Leverage Factor | 19 |
| 5. | Daily financing amount | 20 |
| 6. | Adjustments | 21 |
| 7. | Closing a position | 21 |
| 8. | Payments at closing of a position | 21 |

1. Orders and prices

1.1 Types of Orders

There are three types of Margin Trading Orders that a Customer may submit to marketindex:

1. Market Orders;
2. Limit Orders; and
3. Market-if-Touched Orders.

For Limit Orders and Market-if-Touched Orders, the Customer must specify a period of time of between one hour and one month during which, if the conditions in paragraph 1.3(b) are satisfied, marketindex must send the Order to the marketindex Trading Server for execution. If, on expiry of that period of time the conditions in paragraph 1.3(b) have not been satisfied, marketindex will automatically cancel the Order.

1.2 Trigger Price and Price Bounds

Trigger Price

- a) A Customer must set a Trigger Price for Limit Orders and Market-if-Touched Orders. The Trigger Price is the price at which marketindex will automatically send a Limit Order or a Market-if-Touched Order to the marketindex Trading Server for execution.
- b) For a Limit Order which is a Buy/Long Order, the Trigger Price will always be lower than the marketindex Offer Price prevailing at the time the Order is placed on marketindex. For a Limit Order which is a Sell/Short Order, the Trigger Price will always be higher than the marketindex Bid Price prevailing at the time the Order is placed on marketindex.
- c) For a Market-if Touched Order which is a Buy/Long Order, the Trigger Price will always be higher than the marketindex Offer Price prevailing at the time the Order is placed with marketindex. For a Market-if-Touched Order which is a Sell/Short Order, the Trigger Price will always be lower than the marketindex Bid Price prevailing at the time the Order is placed with market-index.

Price Bounds

- d) Customer may also specify Price Bounds for any type of Margin Trading Order. Price Bounds are a range of upper and lower price limits within which an Order is to be executed.

1.3 Time of execution

- a) Subject to paragraph 1.3(c) an Order will be executed as soon as it is received by the marketindex Trading Server.
- b) Orders will be sent to the marketindex Trading Server for execution when the following conditions are satisfied:
 1. in the case of a Market Order, as soon as the Customer submits the Order to marketindex; and
 2. in the case of a Limit Order or a Market-if-Touched Order, as soon as the marketindex Bid Price or marketindex Offer Price, as the case may be, reaches or crosses the Trigger Price.
- c) If the Customer has set Price Bounds for an Order, the Order will be automatically cancelled if, when it is received by the marketindex Server in accordance with paragraph 1.3(b), the marketindex Bid Price or marketindex Offer Price, as the case may be, is outside the Price Bounds.

1.4 Price of execution

- a) If the Customer has not set Price Bounds for an Order, the Order will be executed at the marketindex Bid Price or marketindex Offer Price, as the case may be, prevailing at the time the Order is received by the marketindex Trading Server.
- b) If the Customer has set Price Bounds for an Order, the Order will be executed at the marketindex Bid or marketindex Offer Price, as the case may be, prevailing at the time the Order is received by the marketindex Trading Server, provided that that price is within the Price Bounds.
- c) Due to market fluctuations, the price at which Orders will be executed in accordance with paragraphs 1.4(a) and 1.4(b) may not be the Trigger Price or the marketindex Price quoted on the Online Screen at the time the Order is sent to the marketindex Trading Server.

1.5 Take Profit Price and Stop Loss Price

- a) When a Customer places an Order with marketindex, or at any time during which the Customer has an open Position on marketindex, the Customer may set a Take Profit Price and/or a Stop Loss Price. Take Profit Prices and Stop Loss Prices allow the Customer to set the level at which marketindex must close out the Customer's Position with the objective of either generating a Realised Profit or limiting a Realised loss.
- b) The Take Profit Price and the Stop Loss Price only become relevant once the Customer's Opening Order is executed to create an open Position in accordance with paragraph 1.3(b).
- c) If the Customer sets a Take Profit Price for an Order or Position, marketindex will send an instruction to the marketindex Trading Server to close out the Customer's Position as soon as the marketindex Bid Price or marketindex Offer Price, as the case may be, reaches or crosses the Take Profit Price.
- d) If the Customer sets a Stop Loss Price for the Order or Position, marketindex will send an instruction to the marketindex Trading Server to close out the Customer's Position as soon as the marketindex Bid Price or marketindex Offer Price, as the case may be, reaches or crosses the Stop Loss Price.
- e) When Positions are closed out by marketindex in accordance with paragraph 1.5(c) or 1.5(d), they will be closed at the marketindex Bid Price or marketindex Offer Price, as the case may be, prevailing at the time the relevant instruction is received by the marketindex Trading Server which due to market fluctuations may not be the Take Profit Price or the Stop Loss Price set by the Customer. Accordingly, the Customer's objective to generate a particular Realised Profit or limit a Realised Loss at a particular level may not be met.
- f) Price Bounds cannot be set in relation to Stop Loss Prices or Take Profit Prices.

1.6 Trailing Stop Loss

- a) If a Customer places an Order with marketindex, or at any time during which the Customer has an open position on marketindex, the Customer may manually set a Trailing Stop Loss Distance for the purpose of creating a Trailing Stop Loss. The Trailing Stop Loss is in optional addition to the Stop Loss described in 1.5 above. A Trailing Stop Loss follows by a specified Trailing Stop Loss Distance from (plus spread) the marketindex Price if it moves in a favorable direction, but stays unchanged if the marketindex Price suddenly moves in an unfavorable direction. If the marketindex continues to move in an unfavourable direction an automatic instruction is sent to the marketindex Trading Server to close the relevant Position if the marketindex Price is equal to or exceeds the Trailing Stop Loss. For example, if a Customer creates a Long Position by placing an Order with marketindex, the marketindex Price is 100 and the Customer specifies a Trailing Stop Loss Distance of 10, a Trailing Stop Loss of $(100-10=)$ 90 is created. If subsequently the marketindex Price increases to 108 the Trailing Stop Loss will follow by the specified Trailing Stop Loss Distance (plus spread) and will become 98. (Please note that for ease of reading in this example it is assumed that the spread will be zero). If thereafter the marketindex Price decreases to 106 the Trailing Stop Loss will remain unchanged (in this example 98). (Please note that this means that the Trailing Stop Loss Distance has now decreased from 10 to 8). Should the marketindex Price increase again the Trailing Stop Loss will follow by the specified Trailing Stop Loss Distance (plus spread) and move up again as soon as the marketindex Price exceeds the sum of the Trailing Stop Loss and the Trailing Stop Loss Distance (plus spread) (i.e. The Trailing Stop Loss of 98 will move up again as soon as the marketindex Price reaches 109. The Trailing Stop Loss will then become 99). If the marketindex Price then falls and equals the Trailing Stop Loss of 99 a Closing Order will be automatically sent to the marketindex Trading Server to close the relevant Position even if the Customer is not logged on to marketindex.
- b) A Trailing Stop Loss only becomes relevant once the Customer's Opening Order is executed to create an open Position in accordance with paragraph 1.3(b).
- c) When Positions are closed out by marketindex in accordance with paragraph 1.6(a) or 1.6(c), they will be closed at the marketindex Bid Price or marketindex Offer Price, as the case may be, prevailing at the time the relevant instruction is received by the marketindex Trading Server which due to market fluctuations may not be the relevant Trailing Stop Loss. Accordingly, the Customer's objective to generate a particular Realised Profit or limit a Realised Loss at a particular level may not be met.
- d) Price Bounds cannot be set in relation to a Trailing Stop Loss.

2. Close-out level (Airbag)

- a) marketindex enforces a mandatory close-out of all open Positions for each Trading Account if at any time the Net Balance on the relevant Trading Account falls below the Close-out Level or 'Airbag'. The Airbag is 50% of the aggregate Margin Requirement for all open Positions on the Trading Account at that time. For example if the Net Balance on the account is £100 and the aggregate Margin Requirement is £120, there will be no Available Margin but the Airbag will not have been triggered. If, however, the Net Balance fell to £55 (which is less than 50% of £120), the Airbag would be triggered.
- b) The Airbag applies separately to each Trading Account, so that a close-out of Positions may occur on one Trading Account without affecting the others.

3. Opening a position

- a) A Position is opened when marketindex executes an Opening Order which the Customer places with marketindex and which RBS N.V. accepts in accordance with clause 3.4 of these Terms and Conditions.
- b) To place an Opening Order, the Customer must specify the following:
 1. whether the Order is a Buy/Long Order or a Sell/Short Order;
 2. the Reference Item;
 3. the Trade Size;
 4. whether the Order is a Market Order, Limit Order or Market-if Touched Order;
 5. the Trigger Price and Price Bounds (if any); and
 6. the Take profit Price and Stop Loss Price (if any).
- c) Each Reference Item Information Sheet sets out the Maximum Trade Size (if any) and the maximum Leverage Factor (see paragraph 4).
- d) RBS N.V. will accept an Opening Order only if, taking into account the Margin Requirement which would arise if the relevant Order were executed, there is sufficient Available Margin on the relevant Trading Account at the time the Order is placed and when it is to be executed.
- e) Accordingly, if the Customer wishes to place an Opening Order at a time when there is insufficient Available Margin on the relevant Trading Account, he must transfer further funds into that account. However, the Customer may also choose not to transfer further funds into a Trading Account and in these circumstances RBS N.V. has no right to call for further margin even where the aggregate Margin Requirement on the account exceeds the Net Balance on the account provided however that:
 1. the Customer may not then open any new Positions on that Trading Account;
 2. RBS N.V. may close out the Positions on the Trading Account if the Airbag is triggered in accordance with paragraph 2;
 3. the Customer will remain liable to RBS N.V. for any amount owing to RBS N.V. on the closing of any Positions in that Trading Account (whether on a close-out pursuant to the Airbag or otherwise);
 4. RBS N.V.'s right of set-off in clause 4.7 of these Terms and Conditions remains unaffected.

4. Margin requirement and determination of the leverage factor

4.1 Margin Requirement

- a) The Margin Requirement (M) is determined for each open Position on a Trading Account according to the following formula:

$$M = (S \times P_o) \times C/L$$

where:

- | | | |
|-----------|---|---|
| S | = | Trade Size (on marketindex expressed in units); |
| PO | = | Opening Trade Price (for an FX Position, Po = 1) |
| L | = | Leverage Factor; and |
| C | = | The prevailing applicable RBS N.V. bid or offer exchange rate as quoted on marketindex to convert to the Base Currency of the relevant Trading Account. |

4.2 Leverage Factor

- a) Subject to any maximum Leverage Factor specified in the relevant Reference Item Information Sheet (which will prevail), the Customer may for each Trading Account select the Leverage Factor applicable to his Margin Trades. If no selection is made the Leverage Factor will be 20/1.

The Customer may subsequently change the Leverage Factor applicable to any Trading Account provided that there are no open Positions on that account at the time of the requested leverage change.

- b) RBS N.V. may from time to time change the maximum Leverage Factor applying to a Reference Item, any reduction in a maximum Leverage Factor will apply to all of the Customer's Positions which are open at the time of the change.
- c) A reduction of the maximum Leverage Factor may result in the closure of open Positions where there are insufficient funds to meet the new Margin Requirement of open Positions calculated in accordance with paragraph 4.1(a) on the basis of the new Leverage Factor.

- d) Any reduction of a maximum Leverage Factor under paragraph 4.2(c) will be posted on the marketindex Website at a reasonable time before its implementation. The notice period may vary between a number of days or a day and in exceptional cases a few hours according to RBS N.V.'s assessment of the relevant risk. Such a reduction may have an impact on the Available Margin in the Customer's Trading Accounts and the Customer is referred to paragraph 3 above for an explanation of the implications of this.

5. Daily financing amount

- a) For each open Position a Daily Financing Amount (Fd) is calculated in the manner described below. If Fd is positive it is payable to the Customer by RBS N.V. and if it is negative, it is payable to RBS N.V. by the Customer and is then credited to or, as the case may be, debited from the relevant Trading Account at or about 1500 hours.

Calculation of Daily Financing Amount

- b) There are two elements to the calculation of the Daily Financing Amount for an open Position (i) the financing amount on the Reference Item notionally bought or sold and (ii) the financing amount on the currency notionally paid or received in connection with that Trade. For example, the purchase of Gold creates a Long Position in Gold on which notional financing is paid to the Customer and an effective short position in USD on which the Customer pays financing. Conversely, the sale of Gold creates a Short Position in Gold on which notional financing is paid by the Customer and an effective long position in USD on which the Customer receives financing.
- c) The Daily Financing Amount is calculated for each open Position in accordance with the following formula:

$$F_d = F_r - F_p$$

Where:

- i. Financing receivable by Customer

F_r is the financing receivable by Customer (i.e. on the Reference Item notionally bought or on the currency notionally received when a Reference Item is sold) calculated as follows:

$$F_r = (S \times P_o \times R_b \times d / t) \times C$$

- ii. Financing payable by Customer

F_p is the financing payable by the Customer (i.e. on a Reference Item notionally sold or on the currency notionally paid when a Reference Item is bought) calculated as follows:

$$F_p = (S \times P_o \times R_o \times d / t) \times C$$

where:

- S** = Trade Size
- P_o** = Opening Trade Price (see paragraph (d) below for FX Trades)
- R_o** = applicable offer financing rate
- R_b** = applicable bid financing rate
- t** = the actual number of seconds in the calendar year in which the relevant calculation period falls
- C** = the prevailing applicable RBS N.V. bid or offer exchange rate as quoted on marketindex to convert the Base Currency of the relevant Trading Account. If the Opening Trade Price is denominated in the Base Currency, C=1
- d** = the period in seconds between (i) the opening of the Position and the first daily calculation time and, subsequently, between (ii) a daily calculation time and the next consecutive daily calculation time and where the daily calculation time is 1500 hours.

However, if the applicable financing rate (R_o or R_b as the case may be) changes during this period 'd' then the calculation set out above will be performed separately for each period within the overall period 'd' in respect of which a particular financing rate applies. The value for F_r or F_p as the case may be will be the aggregate of the separate amounts calculated.

For example, if the applicable rate is say 2% for 1500-1700 hrs and then 2.1% until 1500 hours on the following day then the relevant financing calculation would be carried out separately for the period 1500-1700 hours using 2% and for the

period from 1700 hours on day 1 to 1500 hours the next day using 2.1% and the results of these two calculations would be added to produce the relevant financing amount.

Opening Trade Price for FX Trades

- d) If the Reference Item is a currency, for example a USD/JPY trade, the Opening Trade Price for the purposes of calculating the financing applying to the first currency of the pair is one (1) and for the second currency of the pair is the price (i.e. the exchange rate) at which the Trade was executed. For example, assume a Long Position of 100 units of USD/JPY at a price of 140 per unit. When calculating the financing:
- i. receivable by the Customer (Fr) on the long USD position, $P_o = 1$ USD;
 - ii. payable by the Customer (FP) on the JPY notionally paid by the Customer to RBS N.V., $P_o = 140$ JPY.

Financing rates

- e) The financing rates applicable to the relevant Margin Trade are determined by RBS N.V. in its commercially reasonable discretion and displayed on marketindex. The financing rates depend upon the Reference Item taking into consideration various factors including, among others, interest rates, dividends (if applicable), the storage costs that would be payable on an actual purchase of the relevant Reference Item, and opportunity costs. The financing rates may change from time to time. These changes might be quite substantial, and may be triggered by, for example, changes in the interest rate environments and/or dividend payments. Therefore, the Customer must monitor the financing rates applicable to his open Positions.

Payments

- f) Except for payments at the closing of an open Position according to paragraph 7 and arising in relation to the Daily Financing Amount as set out above, there are no ongoing payment obligations between the parties and no ongoing settlement shall occur in relation to Margin Trades.

6. Adjustments

If an Adjustment Event occurs, RBS N.V. will in its commercially reasonable discretion make any appropriate calculations and adjustments (including adjustments to the marketindex Price at which Orders to open the affected Positions were executed). If RBS N.V. determines that those calculations and adjustments cannot be made in a commercially reasonable manner or at all, RBS N.V. may close the affected Positions.

7. Closing a position

- a) The Customer can close any open Position at any time by placing an appropriate Order on marketindex. This may be effected during the Trading Hours for the relevant Reference Item by:
1. placing an Order using the marketindex 'close' function in relation to that Position (to close the whole position); or
 2. placing an opposing Order (to open a new net position). For example if the Customer has a 100 unit Long Position and enters a Sell/Short Order for 50 units of the same Reference Item, on execution this will lead to a net Long Position of 50 units.
- b) Closing Orders will be executed in accordance with paragraph 1 of Schedule 1.

8. Payments at closing of a position

- a) On the closing (in part or in whole) of a Position, the Settlement Amount is determined by calculating the Difference Amount (D) and the End Financing Amount (Fe). Both D and Fe are amounts which may be payable to the Customer by RBS N.V. or by the Customer to RBS N.V. The Settlement Amount (A) is:

$$A = D + Fe$$

If A is positive it is payable to the Customer by RBS N.V. and if it is negative, it is payable to RBS N.V. by the Customer and is then credited to or, as the case may be, debited from the relevant Trading Account following the closing of the Position.

- b) The Difference Amount will be calculated as follows (and, if necessary, converted into the Base Currency of the relevant Trading Account at the prevailing RBS N.V. bid or offer exchange rate as quoted on marketindex):
1. If a Long Position is closed, the Difference Amount (D) is equal to (i) the Trade Size (S) multiplied by (ii) the Closing Trade Price (Pc) minus the corresponding Opening Trade Price (Po):

$$D = S \times (P_c - P_o)$$

2. (ii) If a Short Position is closed, then the Difference Amount (D) is equal to (i) the Trade Size (S) multiplied by (ii) the corresponding Opening Trade Price (O) minus the Closing Trade Price (C):

$$D = S \times (P_o - P_c)$$

Take as an the example a Long Position of 100 units of USD/JPY at a price (i.e. marketindex Offer Price) of 140 per unit which is closed at a price (i.e. marketindex Bid Price) of 120 per unit. The Difference Amount would then be $D = 100 \times (120-140) = - 2000$ JPY. It follows that 2000 JPY converted to the Base Currency is payable by the Customer to RBS N.V. (if the Base Currency is, for example, EUR, the applicable conversion rate would be the EUR/JPY bid rate).

- c) The End Financing Amount will be calculated in accordance with the formula in paragraph 5(c), save that for these purposes:

d = the period in seconds between (i) the daily calculation time immediately preceding the closing of the Position (or if later, the time at which the Position was opened) and (ii) the time at which the Position is closed.

Schedule 2: Definitions and Interpretations**Definitions**

In these terms and conditions (Terms and Conditions), the following words and expressions shall have the following meanings:

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| RBS N.V. | means The Royal Bank of Scotland NV, having its head office at GustavMahlerlaan 10, 1082 PP Amsterdam, Netherlands and having its UK branch at 250 Bishopsgate, London, EC2M 4AA. |
| Adjustment Event | means (i) in relation to a Reference Item which is an index, any change to the index or the announcement of a successor index and (ii) in relation to any Reference Item, such events (if any) that may be specified in the relevant Reference Item Information Sheet. |
| Available Margin | means for each Trading Account, an amount displayed on the Online Screen which is equal to the balance on the account plus any Unrealised Profits less (i) any Unrealised Losses and (ii) the aggregate Margin Requirement for all open Positions on that account. |
| Base Currency | means the currency in which a Trading Account is denominated. |
| Business Day | means a day (other than a Saturday or Sunday) on which banks generally are open in London for the transaction of normal banking business. |
| Buy/Long Order | means a Margin Trade Order that the Customer places on marketindex to notionally buy a Reference Item. |
| Chart | means, in respect of a specified, a graphical representation of marketindex Prices (on the y-axis) against time (on the x-axis). |
| Close-Out Level or Airbag | means the level of exposure at which marketindex will automatically close out the Customer's open Positions on a particular Trading Account in accordance with paragraph 2 of Schedule 1 |
| Closing Order | means a Margin Trade Order to close in part or in whole an open Position. |
| Closing Trade Price | means, in relation to a Margin Trade, the marketindex Bid Price (to close a Long Position) or the marketindex Offer Price (to close a Short Position) at the time at which a Closing Order is executed. |
| Customer | means a Customer of RBS N.V. for whom a Trading Account is opened to permit Trading in accordance with these Terms and Conditions. |
| Daily Financing Amount | means, in respect of Margin Trading, an amount calculated for each open Position in accordance with paragraph 5 of Schedule 1 and which may be payable to the Customer by RBS N.V. or to RBS N.V. by the Customer. |
| Difference Amount | means the amount calculated in accordance with paragraph 8(b) of Schedule 1. |
| End Financing Amount | means the amount calculated in accordance with paragraph 8(c) of Schedule 1. |
| FSA Rules | means the FSA Handbook of Rules and Guidance as amended from time to time. |
| Invalid Trade | means any Customer Order, or any order initiated by marketindex when a Stop Loss Price or Take Profit Price is triggered, which: was executed while a Market Disruption Event or System Failure Event subsists; or was otherwise executed at a price which RBS N.V. reasonably believes was a corrupted price whether due to a malfunction in marketindex or due to a corruption of market price data received by RBS N.V.; or was executed as a result of a fraudulent or unlawful act of the Customer; or is void by reason of law. |
| Leverage Factor | means a preset factor that applies to all Margin Trades (other than Closing Orders) of the Customer for the purposes of calculating the Margin Requirement. |
| Limit Order | means an Order that has a Trigger Price below the marketindex Offer Price for a Buy/ Long Order, or above the marketindex Bid Price for a Sell/Short Order, as compared with the marketindex Prices quoted on the Online Screen at the time the Order is submitted to marketindex. |

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| Long Position | a Customer has a long position where following the execution of a Margin Trade Order he is (after taking into account any previous open Position in the same Reference Item) a net notional buyer of the relevant Reference Item. |
| Margin Requirement | means a cash amount determined for each open Position on a Trading Account in accordance with paragraph 4.1(b) of Schedule 1. |
| Margin Trade | (sometimes also referred to as a 'Power Trade') means a contract for differences between RBS N.V., acting as principal, and the Customer under which the Customer notionally buys or sells a Reference Item and thereby gains an economic exposure to the performance of that Reference Item without actually acquiring and/or disposing of the Reference Item and Margin Trading shall be construed accordingly. |
| Market Disruption Event | means any market disruption in respect of the Reference Items or Reference Markets on which marketindex Prices are based, or RBS N.V.'s commercially reasonable anticipation of the occurrence of such disruption, and which in RBS N.V.'s commercially reasonable opinion materially affects the determination of marketindex Prices. |
| Market-if-Touched Order | means an Order that has a Trigger Price above the marketindex Offer Price for a Buy/ Long Order, or below the marketindex Bid Price for a Sell/Short Order, as compared with the marketindex Prices quoted on the Online Screen at the time the Order is submitted to marketindex. |
| Market Order | means an Order to buy at the marketindex Offer Price or to sell at the marketindex Bid Price quoted on the Online Screen at the time the Order is submitted to marketindex. |
| marketindex | means the interactive trading platform, including its internet-based interface, offered by RBS N.V. to the Customer and available at the marketindex Website. |
| marketindex Bid Price | means, in relation to Margin Trading, the marketindex Price at which the Customer may notionally sell one unit of a Reference Item. |
| marketindex Mid Price | means at a specific time the mid-price between the marketindex Bid Price and the marketindex Offer Price for a specific Reference Item as quoted by RBS N.V. on marketindex. |
| marketindex Offer Price | means, in relation to Margin Trading, the marketindex Price at which the Customer may notionally buy one unit of a Reference Item. |
| marketindex Price | means a marketindex Bid Price, a marketindex Offer Price, a marketindex Mid Price. |
| marketindex Trading Server | means the computer server which effects the execution of Orders on marketindex. |
| marketindex User Manual | means the manual provided to Customers of marketindex providing details of, inter alia, procedures for the initiation of Orders. |
| marketindex Website | means the website at www.rbs.co.uk/marketindex |
| Maximum Trade Size | means the maximum amount, expressed in units of the Reference Item, of any single Opening Order relating to that Reference Item as set out in the relevant Reference Item Information Sheet. |
| Net Balance | means the balance on the relevant Trading Account plus any Unrealised Profits less any Unrealised Losses. |
| Online Screen | means the marketindex user interface as displayed in the Customer's internet browser. |
| | means an Order to open a Position (or to increase an existing open Position). |
| Opening Order | means, in relation to a Margin Trade, the marketindex Bid Price (for a Sell/Short Order) or |
| Opening Trade Price | the marketindex Offer Price (for a Buy/Long Order) at the time at which an Opening Order is executed. |
| Order | means any type of order the Customer may place with marketindex as set out under and in accordance with these Terms and Conditions |
| Position | means, in relation to Margin Trading, either a Long Position or a Short Position. |
| Price Bounds | means a range of upper and lower price limits within which an Order is to be executed, and a reference to a price being within the Price Bounds means that |

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| | that price is either within the range or at the level of the upper or lower price limit. |
| Primary Account | means the Customer's account with RBS N.V. maintained solely for the purpose of the Customer's participation in marketindex. It is the main Trading Account to which the Reference Account is linked and to which deposits and from which withdrawals can be made. |
| RBS | The Royal Bank of Scotland Group plc |
| Realised Profit and Realised Loss | mean respectively the Customer's profit (Realised Profit) or loss (Realised Loss) which is realised on closing (in part or in whole) an open Position. |
| Reference Account | means the account of the Customer, maintained either with RBS N.V. or with another bank, which is to be used to transfer any payments from or to the Primary Account. |
| Reference Item | means the underlying to which an individual Trade relates, in each case as specified in the applicable Reference Item Information Sheet. Such underlyings may include indices, commodities, currencies, bonds, shares or corresponding futures. |
| Reference Item Information Sheet | means an information sheet setting out certain details relating to the relevant Reference Item as published by RBS N.V. on marketindex (as updated or changed from time to time in accordance with these Terms and Conditions) and including available Reference Items, Maximum Trade Sizes, the calculation of Financing Amounts, the Reference Markets, the Trading Hours and Adjustment Events. |
| Reference Market | means any market, including any exchange, on which a Reference Item is traded. |
| Security Codes | means the Customer's user name, password and six-digit security code to access marketindex. |
| Sell/Short Order | means an Order that the Customer places on marketindex to notionally sell a Reference Item. |
| Settlement Amount | means the amount calculated in accordance with paragraph 8(a) of Schedule 1. |
| Short Position | a Customer has a short position where following the execution of a Margin Trade Order he is (after taking into account any previous open Position in the same Reference Item) a net notional seller of the relevant Reference Item. |
| Stop Loss Price | means a marketindex Price as specified by the Customer at which marketindex must automatically send an order to the marketindex Trading Server to close out the Customer's Position with the objective of limiting the Customer's loss (and as more fully explained in paragraph 1.5 of Schedule 1). |
| Sub-Account | means a sub-account of the Primary Account. |
| System Failure Event | means any failure or malfunction of a technical system or a computer facility (other than the Customer's) or any other event such as riot, war, terrorism, natural events which in any case has the result that marketindex ceases to be available for Trading. |
| Take Profit Price | means a marketindex Price as specified by the Customer at which marketindex must automatically send an order to the marketindex Trading Server to close out the Customer's Position with the objective of generating a profit (and as more fully explained in paragraph 1.5 of Schedule 1). |
| Trade | means a Margin Trade and Trading shall be construed accordingly. |
| Trade Size | means the number of units of a Reference Item to which a Margin Trade relates. |
| Trading Account | means the Primary Account or any Sub-Account. |
| Trading Hours | means the times for each Reference Item during which marketindex is open for Trading as specified under clause 3.6. |
| Trailing Stop Loss | A flexible stop loss level that is created by a Customer by setting a Trailing Stop Loss Distance and that follows the marketindex Price by the specified Trailing Stop Loss Distance (plus spread) if it moves in a favourable direction; stays unchanged if the marketindex Price moves in an unfavourable direction; and will be closed if the marketindex Price equals or exceeds the Trailing Stop Loss |
| Trailing Stop Loss Distance | The difference as specified by the Customer between a marketindex Price and the Trailing Stop Loss, which may be decreased if the marketindex Price moves in an unfavourable direction and may be increased or decreased by the Customer by |

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| | setting a Stop Loss Price (as further described in paragraph 1.6 of Schedule 1). |
| Transaction | means any deposit into or withdrawal from the Primary Account and any transfer between the Primary Account and a Sub-Account and any Trade or Order placed or executed through marketindex (including the placing and triggering of a Stop Loss Price or a Take Profit Price). |
| Trigger Price | means the price specified by the Customer at which a Limit Order or a Market-if-Touched Order is to be submitted to the marketindex Trading Server for execution. |
| Unrealised Profit or Loss | means, for any Position at any given point in time, the (positive or negative) Difference Amount calculated for a hypothetical closing of the Position based on the Closing Trade Price at such point in time. A negative Difference Amount represents an 'Unrealised Loss' and a positive Difference Amount an 'Unrealised Profit'. |

Interpretation

1. A reference in these Terms and Conditions to any time is a reference to London time.
2. A reference in these Terms and Conditions to an enactment or statutory or regulatory provision shall include a reference to any subordinate legislation made under an enactment or statutory provision and is a reference to that enactment, statutory or regulatory provision or subordinate legislation as from time to time amended, consolidated, modified, re enacted or replaced.
3. References in these Terms and Conditions to any document or to any information on the marketindex Website (other than these Terms and Conditions) include that document or that information as amended or supplemented from time to time.

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