

Important Information – Changes to your Terms of Business



Introduction

This document contains important information in relation to the transfer of your Kleinwort Benson Bank Limited (**KBBL**) services and investment and/or bank account or other accounts to SG Kleinwort Hambros Bank Limited (**Kleinwort Hambros**).

We are updating your terms of business to bring them in line with those of other Kleinwort Hambros customers. This means that we need to make a lot of changes to the form and structure of the terms of business that govern your relationship with us and also some substantive changes that affect how your account will be administered in the future, as well as to your rights and our rights.

These updated terms of business (the **Terms of Business**) form part of your contractual relationship with us and this document explains the implications these changes have on your account(s) with us.

Summary of the main changes

Although these updated Terms of Business may look different to your old KBBL terms of business we believe many of the changes are stylistic, making our Terms of Business clearer and easier to understand.

We have summarised the more material amendments below, in particular we have divided the changes into three different categories which we hope you will find helpful.

1 Administrative changes

In many places these Terms of Business change the way we operate your account to reflect the Kleinwort Hambros way of doing things. Please see pages 1–3 of this booklet.

2 Your rights and obligations

We want to make sure you have the same rights as Kleinwort Hambros customers. This means that you now have some new rights which benefit you and there are also additional obligations that you should be aware of. Please see pages 3–4 of this booklet.

3 Our rights and obligations

We want to treat you the same way as we treat Kleinwort Hambros customers. This means that our rights under the agreement are changing and we also have additional obligations to you. Please see pages 4–5 of this booklet.

Although the Terms of Business look different they still contain the same or similar information setting out your and our rights and responsibilities. To help you find the information you need we set out in Annex 1 to this document a high level summary of where the corresponding clauses are in your existing KBBL Terms of Business. If you cannot find what you are looking for please contact us.

What should you do next?

This document details a summary of the changes we propose to make, why we want to make them and the effect they may have on you. We enclose a full copy of the updated Terms of Business, this is also available on our website at:

<https://www.kleinwortbenson.com/en/bank-transfer/>

If you require additional copies, please contact us and we will be pleased to send you one.

If you have any questions or concerns in relation to the updated Terms of Business, please contact your designated private banker in the usual way, or our dedicated team at the address and/or phone numbers below.

By phone:

UK clients: please call us on 0800 085 7138.

Clients calling from overseas: please call us on +44 203 207 7045.

The lines will be open from 09:00 to 17:00 Monday to Friday (excluding bank holidays).

By post:

If writing from within the UK:

Freepost KLEINWORT BENSON BANK TRANSFER

If writing from overseas:

Kleinwort Benson Bank Transfer
8 St James's Square, London SW1Y 4JU,
United Kingdom

By email:

banktransfer@kleinwortbenson.com

For all normal service or account enquiries please contact your designated private banker in the usual way.

Please make sure you read through the summary carefully and keep this information in a safe place for future reference. It is also important that you read and familiarise yourself with the updated Terms of Business.

Subject to the court's approval of the proposed transfer scheme (as described in the accompanying documents) these Terms of Business will become effective on **6 November 2017**.

1 Details of the changes – administrative changes

1 How to get in touch with us

Our contact details have changed. This means there are new telephone numbers, addresses and email addresses for when you need to tell us about issues relating to your account, such as lost cards or security. You can also still contact your designated private banker as usual.

In addition to using different contact details sometimes we would like you to contact us in a specific way. When you have to send us a notice (for example if you wish to terminate the agreement) please write us a letter and send it by first class post.

2 When will we treat you as having received a notice we have sent you (and vice versa)?

The updated Terms of Business clarify when, once a notice is sent under these terms, the sender can assume that the recipient has received it. Please note that time periods are different to the previous terms of business, which means we and you will be able to notify each other more quickly if needed.

3 How to give us instructions

You will be able to choose to submit instructions to us by email or fax (or other electronic means). This is in addition to being able to give us instructions by post or over the telephone.

4 How to make complaints

Our contact details have changed, please send any complaint you have to our new address. You can find this, and more information about our complaints handling procedure, at Part 1, Clause 28.

5 If you have a joint account or are a joint trustee

Your application form sets out how you will give us instructions, for example if more than one of you needs to sign the instruction for it to be effective. This is changing for new customers but, as you are an existing customer this will not apply to you.

6 What happens if you die?

The way your account is treated if you die is different under the updated Terms of Business. Under your previous terms of business, we would have stopped carrying out transactions for you and closed your account after two years. Under the updated Terms of Business, we will continue to manage any portfolio in accordance with what we agreed with you, until instructed otherwise by your executor. However, if we do not receive any instructions within one year of the date of death we will close the account and hold any proceeds as banker.

Additionally, we have the right to terminate the agreement immediately if you die.

7 How we manage your accounts and services

Although we will be providing you with the same services, the way we do so and manage this will sometimes be different.

Under the updated Terms of Business we will continue to have the right of set-off between your accounts (and have clarified which accounts this applies to). In most cases we would provide you with information in advance of exercising this right. However, we will no longer do so for wealth management accounts.

Under your previous terms of business, when you received a new card, you had to call us to confirm you had received it safely. You no longer have to do this.

The updated Terms of Business clarify that the two month notice period for account closures by Kleinwort Hambros applies to all accounts (and not just Call Accounts as it did under the previous terms of business). We think this change makes the position clearer.

When we close your account we may ask you to return the card associated with that account and/or your chequebook and you must do so. These are technically our property and we are entitled to their return.

8 What are the risks?

To reflect the expanded range of products which are now available to you (or which may become available to you) under these Terms of Business, we have included some additional information about certain investments and risk warnings relating to those investments (Annex to Part 3 of the Terms of Business). Not all of the investments which are described in the Annex may be available to you at any particular time.

9 Statements (accounts)

If you have an account which provides a debit card or chequebook with us we will send you a monthly statement for that account. This is different to the previous terms of business (although you may have been receiving monthly statements anyway). For other types of account you will receive statements quarterly (unless we have separately agreed a different frequency).

10 Statements (investment services)

Where we provide you with our Discretionary Portfolio Managed Service your periodic reports will increase in frequency. You will now receive them quarterly. These reports will continue to be consolidated with any annual custody statement you are also due to receive.

We will also send you a statement every six months with information about your cash balance and the investments we hold for you.

In relation to your annual custody statements, the updated Terms of Business will allow you to increase the frequency of these statements (this may be subject to a fee).

11 Overdrafts

The updated Terms of Business clarify the ways in which you can arrange an overdraft with us.

You can do this in advance so as to increase the funds available in your account by agreement (this is a **Planned Overdraft**).

Also, if a payment or withdrawal is requested that would cause your account to become overdrawn, or go over any Planned Overdraft limit, we will treat this as a request for an **Unplanned Overdraft**. We may refuse such instructions. All overdrafts are subject to application and approval. Overdrafts should only be used for emergencies or short term borrowing.

Unless we agree otherwise, the charges and interest rates applicable to Unplanned Overdraft are as set out in our Tariff Document (which we may update from time to time). You may also be required to pay our reasonable costs (for instance, legal costs) and reasonable administration costs.

Overdrafts are always repayable on demand. This means we can ask you to repay all or part of your overdraft (and any interest or fees) at any time, even if we have agreed a period for the overdraft with you. We can also reduce your overdraft at any time and we will normally give you 30 days' notice before doing either of these things.

12 Making payments – by cheque

We clarify that if a cheque is presented six months after the issue date we will treat it as being out-of-date and we will return it to you unpaid.

When a cheque is paid in it does not clear straight away and we explain the process for this in more detail (and the process that will apply when the new “image clearing system” for cheques is introduced). We confirm that the way we calculate your available balance is based on all transactions for your account, including ones that are waiting to be cleared.

The processing times for cheques have been updated and these are explained in Part 2, Clause 2. We also confirm how interest is calculated on cheques that you deposit with us.

13 Making payments – by card

Where we have issued you a debit card you are no longer required to maintain a minimum balance on the account the card is used for.

After we have issued you a debit card we can withdraw, suspend or cancel it in certain circumstances. If possible we will inform you in writing that we plan to do this (otherwise we will inform you immediately after doing so).

If we issue you a new card following the introduction of these Terms of Business it may have contactless functionality. There is more information on this at Part 2, Clause 20.

Please be aware that different fees and charges will apply to your account(s) and the services we provide you with, this includes charges for certain card transactions and withdrawals.

14 Making payments – in a foreign currency

If you ask us to make payments in a foreign currency by way of a paper payment order this will take us a little longer to process. Your updated Terms of Business are more specific about how long this will take and the time it will add to the transaction. They also include additional detail on how amounts credited to your account in a foreign currency will be calculated and when interest will start being paid on these amounts.

15 New services

These Terms of Business set out the details of the new services which may be available to you. If you would like more information on these services please contact your designated private banker who can discuss them with you.

16 Your security measures

Throughout the updated Terms of Business we explain the security measures we expect you to take in relation to your account. Please remember that if your chequebook or card is lost or stolen or security information becomes publicly available (or you suspect it has) you should call your designated private banker or our helpline, the telephone number of which has changed.

17 Tariff Document

The updated Terms of Business formalise how we tell you about our fees and charges which will be contained in a Tariff Document.

18 Details of our policies

The previous terms of business provided summaries about our conflicts of interest policy and execution policy. We no longer summarise our conflicts of interest policy or execution policy in the Terms of Business.

An explanation of how we manage conflicts of interest can be found at Part 3, Clause 17.

A new Order Execution Policy will apply to your orders and we have enclosed a copy with this document, please read it carefully and contact your designated private banker if you have any questions. Our Order Execution Policy can also be found on our website, www.kleinworthambros.com/en/order-execution/.

19 Terms which apply at the beginning of your relationship with us

We have also made changes to the Terms of Business to reflect our new processes for the opening of accounts and on-boarding of customers. As you are already a customer these do not affect you and therefore we do not explain the details in this document. However, if you would like more information please contact us.

20 Definitions

The updated Terms of Business contain a number of definitions which are new to you. We think these make the terms clearer and better explain what certain words and phrases mean.

We have deleted several definitions which no longer apply because of the changes we have made (as summarised in this document).

We have also adopted a number of defined terms which have the same meaning as previous terms but are expressed differently. This is to make sure that words used in your agreement with us have the same meaning as for other Kleinwort Hambros customers.

However, for a few defined terms the meaning of the word or phrase has materially changed, for example:

- “Card” now means a Kleinwort Hambros VISA Debit Card.
- “Reference Rate” now means the Bank of England bank rate or another rate that we notify to you.
- “Applicable Regulations” sets out a number of different pieces of legislation we think you should be aware of.

2 Details of the changes – your rights and obligations

1 Your capacity

We expect that usually you will act for yourself. The updated Terms of Business contemplate that on occasion you might act or place orders ‘as agent’ i.e. on behalf of someone else, if you do so there are certain conditions that apply and these are set out at Part 3, Clause 15.

2 Your representations

The updated Terms of Business have an additional set of personal statements which we require you to make when these Terms of Business take effect, and which you will be deemed to repeat to us each time you place an order with us to enter into any transaction. Please read the statements in

Part 1, Clauses 7 and 31 and Part 3, Clause 16 carefully to ensure that you are able to truthfully make them.

3 Settlement of transactions

We have clarified that delivery and payments required to settle orders are your responsibility and at your own risk. Under the updated Terms of Business this is a more express obligation. We have also made it clear that the basis of the settlement of your transactions will be the rules of the London Stock Exchange or other relevant exchange. If an exchange takes an action which affects your transaction you agree that we can take a corresponding action to mitigate any losses.

4 Exclusion of sections 93 and 103 of the Law of Property Act 1925

Where the Law of Property Act 1925 applies to any of your accounts or transactions you will no longer be able to benefit from certain protections set out in that act (which relate to consolidation of accounts and how we exercise our power of sale).

5 Transferring your rights and/or obligations

The previous terms of business contained a provision that allowed you to transfer your rights and/or obligations with our consent. There is no equivalent provision in the updated Terms of Business. However, if you do wish to make such a transfer please discuss it with your designated private banker and we will consider whether, in the circumstances, your request can be accommodated. This will be at our sole discretion.

6 Disputes

The updated Terms of Business require you to provide us with any assistance or information we need if we decide to bring a claim or have to defend a claim made under them.

7 Derivatives and Structured Product Service

We no longer provide a separate derivatives and structured product service. Where we execute transactions in or advise you on these products this will be in relation to our other services and subject to the relevant appropriateness and suitability assessments (as applicable).

8 Discretionary Investment Management Service

Under your previous terms of business we could occasionally provide you with advice in relation to our discretionary investment management service. Under the updated Terms of Business we will no longer do this.

3 Details of the changes – our rights and obligations

1 Transferring our rights and/or obligations

The updated Terms of Business have a different provision stating that we may transfer or assign our rights and/or obligations under the Terms of Business, provided that this is to a suitably authorised or regulated person. This means that we no longer require your consent to make a transfer.

We also clarify that the Terms of Business will still apply to you if we merge or combine with another entity.

2 Amending these terms

The updated Terms of Business clarify the circumstances in which we may make changes to them. Specifically, they

explain in more detail that we may change the Terms of Business, our Tariff Document and the interest rates that apply to our products.

The updated Terms of Business also set out whether we will give you prior notice (and explain the circumstances where we will not give you prior notice please see Part 1, Clause 2) and what your rights are when we amend the terms.

3 What you should do if your details change

It is important that you inform us when your details change (e.g. your address, domicile, nationality etc.). The updated Terms of Business clarify that you must do so within 30 days and are more specific about the possible consequences of such changes to your details.

4 Notices we will give you

Under the updated Terms of Business we have additional notification obligations to you, including:

- Events of default – the circumstances described in Part 1, Clause 24 will only be an event of default when we have given you notice of this.
- Power of sale – when we exercise our power of sale in relation to any collateral we hold for you we will always give you at least 3 days' notice.
- Execution of orders – if we encounter a material difficulty in executing your order we will notify you promptly.
- Card transactions – we will notify you of any refusal to authorise a card transaction.

5 Your money

When we hold cash for you, the legal status of that cash will be different under the updated Terms of Business. This (and its legal consequences) is explained in detail in Part 3, Clause 30.

6 Your default

There are a few differences in the circumstances in which you will be in default of the terms that apply to your account. It is important that you read these carefully as meeting the circumstances under Part 1, Clause 24 triggers a number of our rights under the Terms of Business, including the right to immediately terminate the agreement. One of these differences is that the updated Terms of Business do not allow you a grace period to fix a default. Although we may grant you one at our discretion this depends on the circumstances and is no longer an automatic right.

7 Our liability to you

We have clarified when we are and are not liable, and have no responsibility for, among other things any losses you may suffer. We have confirmed that we shall not be responsible to you for (among other things):

- Unauthorised or incorrectly executed transactions.
- Your card being declined or any loss suffered in relation to your card which is beyond our control.
- Our failure to totally fill a client limit order.
- Passing your money to third parties to complete transactions for you.
- Acting on your instructions (if your instructions result in a loss you will be responsible to us for it).

- Appointing third parties to provide services to you (such as intermediary brokers and sub-custodians).
- Our selection of investments to sell when terminating outstanding transactions.
- Your failure to exercise an option before cut-off time (unless we failed to inform you of the cut-off time).
- The failure of any sub-custodian (unless it is an affiliated company).

If we are negligent and this causes you a loss, under the updated Terms of Business we will only be liable to reimburse you for that loss if there was gross negligence. This is a higher standard than under the previous terms of business and could result in us paying you less money in compensation.

The updated Terms of Business allow you longer to inform us if any transactions detailed in your periodic statements are incorrect.

8 How much notice will we give you when we want to terminate our agreement?

If there has not been an event of default, we will give you at least two months' notice if we wish to terminate the agreement between you and us. We think this is fairer to you and will give you more time to put in place alternative arrangements.

9 How we execute orders

The updated Terms of Business give you additional information on how we arrange for your transactions to be executed, in particular that your counterparty in the transaction may be another client of ours or an affiliate.

10 When we close out your transactions

Part 3, Clauses 22, 27 and 34 clarifies when we might close out positions you may hold and what the consequence of this is.

11 How we treat collateral

For transactions in some investments you may have to provide collateral (cash or securities) to reflect the changing risk of the transaction. Under the previous terms of business, in certain circumstances, we could take full ownership of this collateral. Under these Terms of Business we will only ever hold securities provided as collateral as client assets. If we default this gives you additional protection under the FCA rules. Part 3, Clause 19 sets out what this means in more detail.

We may also require you to grant us (and no one else) security over the collateral. This gives us additional protections if you default.

We also require you to agree that we might return collateral to you in a different form (but with the same value).

12 Who will we pool your investments with?

We will no longer pool your investments with the investments of other clients of sub-custodians, only with our other clients.

13 When we terminate transactions

We have extended our ability to terminate your outstanding transactions. Under the updated Terms of Business we will be able to do so in a wider variety of situations (not only upon your default) and we may not always provide you with notice of our intention to do so.

14 When we use our records

We are required to keep records of the services we provide to you (including records of telephone calls). The updated Terms of Business explain how these records could be used as evidence in legal proceedings and highlight that we are not responsible for you meeting any record keeping requirements which apply to you.

15 Appointments of third parties

Occasionally we will appoint a third party to assist us in providing services to you. Under the updated Terms of Business we are not limited to appointing another member of the Societe Generale Group but can appoint any third party. However, we will take care in the selection of the appointee and we will have a greater responsibility for any losses the appointed third party causes you. Any agent will act on your behalf.

Where you nominate or appoint a third party custodian you are no longer obliged to ensure that custodian meets certain criteria and will comply with our instructions etc. However, we would recommend that you continue to do so as good practice.

Annex 1: Where can I find the information I need?

This is a high level overview, we strongly recommend that you read the Terms of Business in full.

KBBL Terms of Business

Kleinwort Hambros Terms of Business

Section A: Specific Terms

- Information on our **discretionary investment management services** (Clause 1) can now be found at Part 3, Clause 3 (Discretionary Portfolio Managed Service).
- Information on our **managed advisory services** (Clause 2) can now be found at Part 3, Clause 4 (Advisory Services).
- Information on our **execution only service** (Clause 4) can now be found at Part 3, Clause 5 (Execution Only Service).
- Information on our **individual savings accounts (ISAs)** (Clause 5) can now be found at Part 3, Clause 36 (Stocks and Shares Individual Savings Account). These apply only to your existing stocks and shares ISAs held with KBBL.

The Terms of Business no longer contain specific clauses about corporate finance advice, derivatives and structured products, mortgages or insurance products.

Section B: General Terms

We set out below some of the key provisions from Section B and where they can now be found in the updated Terms of Business (this does not cover all the provisions from Section B).

- Information on **communications and how to give us instructions** (Clause 1) can now be found in Part 1, Clauses 17 (Instructions), 19 (Contacting each other) and 20 (Notices).
- Information on **when we will report to you** (Clause 9) can now be found in Part 3, Clause 13 (Reporting).
- Information on the **confirmations and statements** (Clause 4) you must make to us can now be found in Part 1 Clauses 7 (Representations, Warranties and Undertakings) and 31 (Your Obligations and Responsibilities in Relation to Tax Matters) and Part 3, 16 (Representations, Warranties and Undertakings).
- Information on **how we deal on your behalf** (Clause 6) can now be found in Part 3, Clauses 9 (Execution of Orders), 10 (Client Limit and Stop-Loss Orders), 11 (Aggregating Orders), 12 (Exchange Required Terms), 14 (Our Capacity) and 15 (Your Capacity).
- Information on **our and your liability for losses** (Clauses 13 and 14) can now be found in Part 1, Clauses 16 (Liability for Unauthorised or Incorrectly Executed Transactions) and 25 (Responsibility for Losses).
- Descriptions of the circumstances which are **events of default** (Clause 15) and when we each may **terminate the agreement** (Clause 29) can now be found in Part 1, Clauses 24 (Events of Default) and 27 (Termination).
- Information on the **remedies** that are available to you and us (Clauses 16 and 17) can now be found in Part 1, Clause 29 (Financial Services Compensation Scheme), Part 2, Clause 17 (Right of Consolidation and Set-Off) and Part 3, Clause 31 (Right of Consolidation and Set-Off).
- Information on **exchange controls** (Clause 18) can now be found in Part 2, Clause 3 (The Clearing System and General Conditions about Payments).
- Information on our **fees and charges** (Clause 19) can now be found in Part 2, Clause 13 (Charges and Interest) and Part 3, Clause 8 (Charges and Payments).
- Information on **how we treat your information** (Clauses 20–21) can now be found in Part 1, Clauses 10 (Confidentiality and Data Protection) and 11 (Disclosure of Information).
- Information on **what happens when you die** (Clause 25) can now be found in Part 1, Clause 32 (Deceased Clients).
- Rights of **transfer and assignment** (Clause 26) can now be found in Part 1, Clause 15 (Assignment).

- Information on **when we can amend the Terms of Business** (Clause 27) can now be found in Part 1, Clause 2 (Changes to these Terms of Business).
- Information on when and how we use agents (Clause 11) can now be found in Part 3, Clause 7 (Intermediate Brokers and Other Agents).
- The process you must follow to **make a complaint** (Clause 28) can now be found in Part 1, Clause 28 (Complaints).

Section C: Glossary	Terms with defined meanings are explained in Part 1, Clause 1 (Scope and Definitions).
Section D: Risk Warnings	The risk warnings associated with financial instruments we may transact in for you can now be found in Part 3.
Section E: Policy Summaries	We have decided not to summarise our policies in the Terms of Business. However, information about conflicts of interest can now be found in Part 3, Clause 17 (Conflicts of Interest). Information on our Order Execution Policy can now be found in Part 3, Clause 9 (Execution of Orders).
Section F: UK Schedule	<p>The updated Terms of Business do not have a specific UK schedule and some of the provisions previously found in this section apply more generally to all our services and products.</p> <ul style="list-style-type: none"> • The provisions that apply to ISAs (Clause 7) can now be found in Part 3, Clause 36 (Stocks and Shares Individual Savings Account). These apply only to your existing stocks and shares ISAs held with KBBL. • Information on custody arrangements and treatment of collateral (Clauses 36–45) can now be found in Part B of Part 3 (Your Assets).
Section G: Banking Terms	<ul style="list-style-type: none"> • The provisions that apply to fixed term deposits (Clause 3) can now be found in Part 2, Clause 28 (Fixed Term Deposits). • Information on payments into and out of your bank account (Clause 6) can now be found in Part 2, Clauses 2 (Payment Instructions), 3 (The Clearing System and General Conditions About Payments), 4 (Available Balances and Dishonored Cheques), 5 (Chequebooks) and 9 (Foreign Exchange and International Transfers). • Information about payment countermands (Clause 8) can now be found in Part 2, Clause 6 (Stopping Payment of Cheques and Other Payments). • Information about our credit facilities (Clause 9) can now be found in Part 2, Clause 11 (Provision of Credit). • Information about our chequebook facilities (Clause 12) can now be found in Part 2, Clause 5 (Chequebooks). • Information about our debit card facilities (Clauses 13–19) can now be found in Part 2, Clauses 20–27 (VISA Debit Cards) and 13 (Charges and Interest) and Part 2, Clause 7 (Security Information). • Descriptions of the circumstances in which we may freeze your bank account(s) (Clause 23) can now be found Part 1, Clause 18 (Freezing Accounts).

Annex 2: Client Order Execution Policy

1 Application

This order execution and transmission policy (“**Execution Policy**”) applies to clients of SG Kleinwort Hambros Bank Limited (“**Kleinwort Hambros**”) who held investment accounts with Kleinwort Benson Bank Limited prior to 6 November 2017.

2 Best Execution Obligation

- 2.1 Order execution and transmission is provided as part of the investment services provided by Kleinwort Hambros to clients.
- 2.2 When executing orders in financial instruments on behalf of its clients (in the absence of any specific instructions from the client), Kleinwort Hambros will seek to attain what is called “best execution”.
- 2.3 When passing on orders to other institutions for execution on behalf of its clients (in the absence of specific instructions from the client), Kleinwort Hambros will seek to attain the best overall result for the client.
- 2.4 This Execution Policy applies to retail and professional clients. The Execution Policy and procedures are designed to obtain the best possible execution result on a consistent basis, providing the best balance across a range of sometimes conflicting factors.
- 2.5 The factors considered in attempting to achieve “best execution” include, but are not limited to:
 - (a) price
 - (b) costs
 - (c) speed
 - (d) size
 - (e) likelihood of execution or settlement
 - (f) market liquidity
 - (g) nature of the transactionHowever, the total consideration will be dominant amongst these factors.
- 2.6 Whilst Kleinwort Hambros will take all reasonable steps, based on the resources available to it, to satisfy itself that procedures are in place that may be expected to lead to the delivery of best execution of client orders, it cannot guarantee that these will provide “best execution” for each and every order executed.
- 2.7 The obligation to obtain “best execution” does not extend to the primary issuance of securities.

3 Warning about Specific Instructions

It should be noted that where specific dealing instructions have been received from the client, these may prevent Kleinwort Hambros from following the Execution Policy and procedures and consequently may result in a failure to achieve what otherwise would have been “best execution”.

4 Considerations affecting all financial instruments

- 4.1 With regard to likelihood of settlement, Kleinwort Hambros maintains an approved counterparty limit list to be utilised by the business. The “Approved Counterparty” list is reviewed on a regular basis by the Risk Department. Any exceptions to this have to be individually considered and approved by the Executive Risk Committee or the Broker Committee. There is daily monitoring undertaken by the Operations Department to ensure full settlement with a clear escalation process to Risk and senior management if there are any identified issues
- 4.2 For certain types of financial instruments, e.g. derivatives, factors such as the quality of service and arrangements regarding margining procedures will also be significant in determining “Approved Counterparty” status.
- 4.3 All orders have to be executed through the Dealing Department, exceptions are only permitted for a limited number of individuals to deal “out-of-hours” when there are no dealers available. Such trades must be reported as soon as possible to the Dealing Department. The Dealing Department is responsible for ensuring that all orders are executed in line with this Execution Policy. In addition, the Kleinwort Hambros Compliance Department will carry out a regular independent review of adherence to this Execution Policy.

5 Considerations affecting specific financial instruments

When executing orders for retail clients (in the absence of specific client instructions) in UK listed equities:

- 5.1 The total consideration, representing the price of the financial instrument and the costs related to execution, will normally be the primary factor considered in delivering best execution. However where the order is of such a size or nature that the Dealing Department believes that its immediate execution would lead to a poorer total consideration for the client due to market impact, then the Dealing Department will seek to manage the order in such a way as to deliver the best total consideration for the client. The speed of execution will then be a lesser factor in the execution decision.
- 5.2 Kleinwort Hambros will use as its primary execution venue(s) for UK equities:
 - (a) The London Stock Exchange (all markets);
 - (b) Plus Markets; and
 - (c) Multilateral Trading Facilities (Chi-x, Turquoise, BATS Europe).A Multilateral Trading Facility (“**MTF**”) means a multilateral system, operated by an investment firm or a market operator, which brings together multiple third-party buying and selling interests in financial instruments in a way that results in a contract in accordance with applicable regulations.
- 5.3 All execution venues are reviewed at least annually.

When executing orders for retail clients (in the absence of specific client instructions) in non-UK listed equities:

- 5.4 Kleinwort Hambros will act as an order transmitter, and appoint an agent (who is an “Approved Counterparty” as set out above) to seek best execution for it in the appropriate international market. Commissions are typically payable in international markets to such agents, and within each market, e.g. US, France, Japan, Hong Kong, a similar rate of commission will be paid to agents. Total consideration will normally be the primary factor considered in achieving the best overall result for the client. Where the order is of such a size or nature that the Dealing Department believes that its immediate execution would lead to a poorer total consideration for the client due to market impact, then the Dealing Department will seek to manage the order in such a way as to deliver the best total consideration for the client. The speed of execution will then be a lesser factor in the execution decision.
- 5.5 We may place reliance on third party brokers to execute transactions when we act as agent on a client’s behalf. When we do so, we will take reasonable steps to ensure that the dealing arrangements of the brokers we use are sufficient to provide appropriate execution quality, having regard to this Execution Policy where relevant.
- 5.6 In most circumstances our EEA Approved Counterparty will be expected to execute our orders either in a regulated market or MTF.

When executing orders for retail clients (in the absence of specific client instructions) in bonds:

- 5.7 Kleinwort Hambros will seek to identify at least three Approved Counterparties who make a market in the relevant instrument, and will ask for a price quotation from them. Total consideration will normally be the primary factors considered in delivering best execution. Where the order is of such a size or nature that the Dealing Department believes that its immediate execution would lead to a poorer total consideration for the client due to market impact, then the Dealing Department will seek to manage the order in such a way as to deliver the best total consideration for the client. The speed of execution will then be a lesser factor in the execution decision.
- 5.8 In normal circumstances our execution will be outside of a regulated market or MTF which clients have expressly consented to in our Terms of Business. The Counterparties with whom Kleinwort Hambros will execute will be part of the Approved Counterparty list.

When executing orders for retail clients (in the absence of specific client instructions) in exchange-traded derivatives:

- 5.9 Kleinwort Hambros will act as an order transmitter, and appoint an agent (who is an “Approved Counterparty” as set out above) to obtain best execution for it in the appropriate international market. Commissions are typically payable in derivative markets to such agents. Total consideration and speed of execution will normally be the primary factors considered in achieving the best overall result for the client.

- 5.10 In normal circumstances our EEA Approved Counterparty will be expected to execute our orders either in a regulated market or MTF.

When executing orders for retail clients (in the absence of specific client instructions) in OTC derivatives:

- 5.11 Kleinwort Hambros will make a decision on how many counterparties should be approached to provide a quotation. Normally Kleinwort Hambros will seek to identify at least three Approved Counterparties who make a market in the relevant instrument, and will ask for a price quotation from them. Total consideration will normally be the primary factor considered in delivering best execution. However there will be occasions when the nature of the transaction is so complex and/or proprietary that, taking into account the whole nature of the transaction, Kleinwort Hambros believes that it would be appropriate to involve only one or two counterparties.
- 5.12 In normal circumstances our execution will be outside of a regulated market or MTF which clients have expressly consented to in our Terms of Business. The counterparties with whom Kleinwort Hambros will execute will be part of the Approved Counterparty list.

When executing orders for retail clients (in the absence of specific client instructions) in Collective Investment Schemes (funds):

- 5.13 Generally the fund itself is the only venue in which to execute a transaction in a particular fund. Individual funds will state in their prospectus the manner in which subscriptions and/ or redemptions should be effected. This information will normally include how frequently liquidity is provided and the time frames for the calculation on the net asset value and receiving orders.
- 5.14 Where the subscription and redemption rules for a fund require that the subscription or redemption application be submitted before a particular time, we may operate our own cut-off time for the acceptance and processing of the order. Where an order is received from you after our cut-off time, the order will be dealt with at the valuation point on the next available dealing day. Furthermore, where the subscription and redemption rules require that the subscription or redemption application be submitted in a particular manner (including, but not limited to, a requirement for further documentation being entered into by any relevant party) this may delay the order being dealt with in accordance with the procedure described above.

6 Order Handling

Kleinwort Hambros has implemented procedures and arrangements to handle all client orders promptly, fairly and in an expeditious manner. Otherwise comparable client orders will be executed sequentially in accordance with the time of their receipt unless:

- (a) otherwise instructed by the client;
- (b) the characteristics of the order or the prevailing market conditions make this impracticable; or
- (c) the interests of the client require otherwise.

Copies of this Important Information – Changes to your Terms of Business document, and all the documents relating to the Transfer, are available in large print or on audiotape on request by calling 0800 085 7138 (UK clients) or +44 20 3207 7045 (overseas clients).

Important information

Kleinwort Benson and Kleinwort Hambros are the brand names of Kleinwort Benson Bank Limited, which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. The firm reference number is 119269. The company is incorporated in England and Wales under number 2056420 and its registered address is 14 St. George Street, London W1S 1FE. Telephone calls may be recorded.