



Version: July 2011

## FIXED INCOME SECURITIES MODULE

### 1. SCOPE

- 1.1 **Transactions:** The clauses in this Module apply to Transactions in Fixed Income Securities. For these purposes, "**Transaction**" means a transaction relating to a Fixed Income Security.
- 1.2 **Netting:** Any Transaction to which this Module applies shall be deemed included in the definition of "Netting Transaction" for the purposes of this Agreement and subject to termination and liquidation under the clause headed "Netting" following an Event of Default.

### 2. DEALING AS PRINCIPAL

**Execution and capacity:** Every order which we may take is accepted and executed on the basis that we act on our own account as principal and not as agent for you.

### 3. TRADING ARRANGEMENTS

- 3.1 **Bond market liquidity:** You acknowledge that fixed income instruments may be illiquid and that the market price of any particular instrument may be difficult to ascertain. In agreeing to our best execution policy in respect of your instructions you accept that price will not typically be the primary factor in determining whether best execution has been achieved.
- 3.2 **ICMA Rules and Recommendations:** All Transactions in "international securities" as that term is defined in the Rules and Recommendations of the International Capital Market Association and unless agreed otherwise at the time of trade in non-US debt or convertible instruments shall be subject to such Rules and Recommendations, which are included within the meaning of "Applicable Regulations" for the purposes of this Module.

### 4. SETTLEMENT AND OWNERSHIP

- 4.1 **Purchases:** You shall pay for any Fixed Income Securities purchased for you on or before the settlement date. If, by the time due for settlement of a Transaction (as determined by us), there is insufficient cash in your account to enable us to meet the settlement obligations, we shall not be obliged to settle the Transaction. Where there is insufficient cash in your account and we do proceed to settlement, we may accept delivery of the Fixed Income Securities, charge your account for the payment to satisfy your obligation, sell the Fixed Income Securities at a price we believe to be reasonable,

and credit your account with the net proceeds thereof (after deduction of commission and other costs).

- 4.2 **Sales:** You shall make Fixed Income Securities sold by you available for settlement on or before the settlement date. If, by the time due for settlement of a Transaction (as determined by us), there are insufficient Fixed Income Securities held for your account, we shall not be obliged to settle the Transaction. Where there are insufficient Fixed Income Securities in your account and we do proceed to settlement, we may buy the Fixed Income Securities required for delivery at a price we believe to be reasonable, charge your account for the cost thereof, deliver the Fixed Income Securities to satisfy the delivery obligation, and credit your account with the net proceeds thereof (after deduction of commission and other costs).
- 4.3 **Title:** If in any Transaction we deliver Fixed Income Securities or pay money on your behalf, but your obligations in respect of that Transaction are not performed simultaneously with or prior to our own delivery or payment, then we shall not be obliged to credit your account with any Fixed Income Securities or money received by us from any third party until your own obligations to us are fully performed; and any such Fixed Income Securities or money received by us shall be our property not yours.
- 4.4 **Finality:** We shall owe no payment or delivery obligation and shall not be deemed to hold any property belonging to you as a result of settlement of a Transaction until we have received, with finality, the cash or Fixed Income Securities to which you are entitled.
- 4.5 **Non-DvP Markets:** In some securities markets, delivery of Fixed Income Securities and payment may not be made simultaneously. In such markets we may make payment or delivery of Fixed Income Securities at such time and in such manner as is in accordance with relevant local law and practice or with the customs prevailing in the relevant market. You shall bear the risk that the counterparty to the Transaction may not pay or perform on time or at all.
- 4.6 **Fails:** We will notify you if settlement of a Transaction fails to take place on the contractual settlement date, whether because of a default by a counterparty to that Transaction or otherwise.