

# **CAPITAL INDEX (UK) LIMITED**

**CUSTOMER TERMS AND CONDITIONS**

**AUGUST 2018**

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## GENERAL TERMS

### CAPITAL INDEX (UK) LIMITED (CAPITAL INDEX)

- 1.1 **CAPITAL INDEX** (“we”, “us”) is a company registered in the UK (company number 09532185) authorised and regulated by the Financial Conduct Authority (FCA) Registration number 709693.
- 1.2 Our registered address is King William House, 2A Eastcheap, London, EC3M 1AE, United Kingdom.
- 2. THIS AGREEMENT**
- 2.1 Terms and conditions used in this Agreement have the meanings defined in Clause 22
- 2.2 Supplemental Terms apply in respect of each product we offer. These are set out in the Schedules to this Agreement. Should there be any conflict between these General Terms and our Supplemental Terms, the Supplemental Terms will prevail.
- 2.3 This Agreement includes:
- the Application Form;
  - our Supplemental Terms relating to spread betting Terms, spread trading terms, CFDs and use of the Platform, referred to in Clause 2.2 above;
  - the Risk Warning Notice;
  - the Order Execution Policy; and
  - the Conflicts of Interest Policy.
- 2.4 This Agreement shall govern the provision of the Services (as specified by you in your Application Form) by us to you and each Transaction entered into under this Agreement. This Agreement shall come into effect on the date we open your Account. We advise you to read the Agreement carefully and to contact us if you do not understand any of the terms. By signing the Application Form or by electronically submitting your application on our website you confirm that you accept the terms of the Agreement.
- 2.5 By entering into this Agreement, you will be able to enter into transactions for Contracts for Differences (“CFDs”), including spread bets and spread trades, as further specified in the supplemental terms contained in Schedules 1 to 3. CFDs are complex instruments and come with a high risk of losing money rapidly due to leverage. We are required by law to provide you with information as to the percentage of retail investor accounts that lose money when trading CFDs with us. This information can be found in our Risk Warning and on our Website. You should consider whether you understand how CFDs work and whether you can afford to take the high risk of losing your money.
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### 3. DEALING WITH US

- 3.1 We may deal with you in our capacity as a principal but may also, at our discretion, deal with you in our capacity as a matched principal broker. The Company may receive fees and/or commissions from Liquidity Provider(s) that are based on the revenue generated by trades placed by Clients. Notwithstanding this, the criteria for selecting a Liquidity Provider are always aligned with the Company's policy of obtaining the best possible result for Clients on a consistent basis.
- 3.2 We quote a two-way price in a Size acceptable to us involving a spread between the Buy and the Sell price where you may Buy at the higher price or Sell at the lower price
- 3.3 We may refuse an instruction to trade for any reason or no reason.
- 3.4 We shall not accept Orders or Transactions received via email, text, letter or voicemail messages or verbal conversations over non recorded telephone lines (e.g. dealers' personal mobile phones) or instructions given in a personal conversation. The Metatrader platform will be regularly updated and you should download and install the updates when prompted in order to achieve the most efficient platform functionality
- 3.5 You will enter into each Transaction with us as principal and not as an agent for any other third party. You will be solely responsible for all obligations arising out of a Transaction, and we will treat you as our client in relation to the Transactions at all times. You will not allow any person to deal on your behalf unless we agree that such person (the "**Agent**") may do so. If we agree that an Agent may act on your behalf, we will be entitled to rely on any instructions given to us by the Agent in relation to your account. We may require confirmation that the Agent has authority to act on your behalf at any time.
- 3.6 In our dealings with you, we may treat you as a Retail Client, Professional Client or Eligible Counterparty. Unless we expressly agree otherwise in writing with you, we shall at all times treat you as a Retail Client. You may request a different client classification to the one allocated to you but please be aware that we may decline such a request. If you do request a different category from Retail Client and we agree to such a request, you will lose certain protections afforded by certain FCA Rules. In certain circumstances we may wish to re-categorise you but, if we do so, we will write to you explaining clearly why we are doing this and the effect this will have on your rights. We will request your consent to such re-classification.
- 3.7 You will not have any rights of ownership or otherwise in any Instrument as a result of a Transaction with us. We will not transfer any Instrument or the rights in such Instrument (such as voting rights) to you.

### 4. THE SERVICES

- 4.1 We will only deal with you on an 'execution-only' basis. This means;
- we will not be responsible for assessing the suitability of any Transaction for you; and

- you will be solely responsible for deciding whether to enter into a Transaction. We will not be liable for any Losses which you incur in relation to any Transactions.
- you are solely responsible for monitoring the status of your Transactions; and
- you are solely responsible for maintaining sufficient Margin with us.

4.2 We shall not be under any obligation to notify or inform you of any information in relation to the above.

4.3 We may, from time to time (either independently or in response to a request from you), provide you with factual information regarding a Transaction or the mechanism for entering into a Transaction and the risks associated with Transactions. This will not constitute the provision of investment advice by us, and we shall be under no obligation to provide you with this information, even if we previously have done so. You agree that you will not rely on, or treat as advice, any information provided by us, or any statements made by us, or any of our employees, in relation to any Transaction.

## 5. ASSESSMENTS

5.1 As CFD's, Spread trades and Spread bets are complex financial investments, we are required to assess whether or not these products are appropriate for you in the light of your understanding of the risks of such investments and your experience before allowing you to proceed with the opening of the execution only account. The assessment only relates to the appropriateness of the execution only service for you and does not relate to the appropriateness of individual Transactions entered into by you. **The Risks are set out in the Risk Warning Notice that is associated with complex financial investments which in summary explain they are high risk investments and you can rapidly lose money due to leverage. As such you should only invest in complex investments if you are happy to assume a high level of risk of losing your money and understand how CFDs and Spread Bets work.**

5.2 We shall base our assessment of your knowledge and experience of the risks of CFDs, Spread trades and Spread bets on the responses you provide on your Application Form. If you choose not to provide us with the information we request or if you provide insufficient information, we may not be able to open an account for you. We shall assume that all information you provide on the Application Form and in any further document provided to us is accurate and complete. Please review the information provided on the Application Form regularly to ensure that it is up to date. You must immediately notify us of any changes to the information provided in writing. Any changes to the information will take effect upon receipt by us.

5.3 From time to time we may offer accounts to you with specific eligibility criteria, or different characteristics or features. Subject to giving you prior notification, you agree that we may convert your account to another account should you no longer meet any of the eligibility criteria and that we may, convert your account to a different type of account if we believe that a different type of account would be more appropriate for you.

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## 6. QUOTES

- 6.1 Our Client Trading 'Platform' supplies real time quotes being the buy and the sell price for markets we offer on which you can trade as long as you hold sufficient funds with us.
- 6.2 Our quotes will include a buy price and a sell price and there are generally no other fees or commissions save for those that have been disclosed that might be applicable to certain professional clients. A 'buy' position may also be referred to as a 'long' position or 'going long' and will be the higher of the figures quoted by us to you. A 'sell' position may also be referred to as a 'short position' or 'going short' and will be the lower of the figures quoted by us to you.
- 6.3 You may not enter into a transaction on the basis of any price which is described as "indication only", "indicative" or by words or messages to the same effect.
- 6.4 We will at all times execute Transactions in accordance with our Order Execution Policy.

## 7. TRANSACTIONS

- 7.1 You agree that all Transactions entered into with us shall be subject to:
- the fees, commissions or spreads specified in our market information sheets which are available on the Website or on request;
  - our Order Execution Policy; and
  - the CFD or Spread Trade / Spread bet Schedule relevant to the Transaction.
- 7.2 If, before you enter into a Transaction with us our quote moves in your favour you agree that we can, but are not obliged to, pass such price improvement on to you. This will result in the level at which you are trying to open or close a Transaction being altered to the move favourable price. You acknowledge that it is in your best interests to alter the level in this manner and this is a fully binding agreement between us.
- 7.3 When we enter into Transactions on your behalf, if you have an open long Transaction and enter into a short Transaction on the same Instrument, you will have both a long and a short position in the same instrument (unless you have selected to close an existing open position).
- 7.4 If you have an open long Transaction and enter into an additional long Transaction on the same Instrument, we will combine these positions resulting in a larger long Transaction on the Instrument.
- 7.5 Where you have an open short Transaction, the provisions of Clause 7.2 above shall apply equally when an opposing long Transaction is entered into on the same Instrument.
- 7.6 You can only close out a Transaction by utilizing the close function on the Metatrader platform. On the closing out of a Transaction:
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- if the closed position results in a positive balance, we will credit this amount to your account with us; or
- if the closed position results in a negative balance, we will debit this amount to your account with us.

- 7.8 Following the acceptance by us of a Transaction, you will receive an onscreen Confirmation.
- 7.9 You will be provided with a Confirmation Statement by email by no later than the end of the following business day.
- 7.10 Please check the Confirmation Statement immediately on receipt to see that it accurately reflects your instructions. Unless we receive notice from you disputing the Confirmation within 24 hours of the date of your deemed receipt of the Confirmation we shall assume that the terms of the Transaction contained in the Confirmation are accurate and binding. Non-receipt of a Confirmation shall not affect the validity of a Transaction, and you should contact us as soon as possible if you have not received a Confirmation within three Business Days of entering into a purported Transaction.

### **Our Rights**

- 7.11 Subject to clause 7.13, you agree that, we may refuse to enter into a Transaction with you, or even after we have entered into a Transaction with you, we may close out of the Transaction, or treat that Transaction as void if:
- the Transaction has been entered into other than in accordance with the terms of Clause 6 and this Clause 7;
  - we have not provided you with a quote through the Platform;
  - the offer and acceptance of the Transaction was not made during the validity period displayed by the Platform;
  - any quote provided to you is subject to a Manifest Error;
  - the Transaction (or, in the case of part closure of the Transactions, the residual Transaction) does not comply with any Minimum and Maximum Size Requirements agreed between us;
  - a Force Majeure event has occurred;
  - an Event of Default has occurred;
  - the Transaction would result in you failing to comply with your Margin Requirements; or
  - the Transaction would result in a breach of any Applicable Rules and
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Regulations.

- 7.12 Subject to clause 7.13, we shall have complete discretion in deciding whether to void any Transaction in accordance with this Clause 7, and all Transactions shall remain binding on you notwithstanding a Transaction being in breach of the above until we notify you in writing that we have elected to treat such Transaction as void.
- 7.13 If you are classified as a Retail Client, we will close out one or more of your open Transactions when the sum of funds and the unrealised net profits in your account falls to less than half of the total Initial Margin Protection for all of the open Transactions. Your open Transactions will be closed out on a basis of largest loss first.
- 7.14 If you are classified as a Retail Client, your aggregated liability for all Transactions connected to an account will be limited to the funds in that account. This means that, if the net balance of the profit and loss attributable to any open Transactions is at or near zero, we will close out any open Transactions to avoid the balance in your account becoming negative.
- 7.15 If you are classed as a Retail Client, it is possible that your account may reflect a negative balance during the course of the Business Day. In compliance with Clause 7.14, we will ensure that any such negative balance is credited to bring the overall balance back to zero by the close of the Business Day.
- 7.16 We shall be entitled, at our absolute discretion, to amend any Transaction in order to:
- correct any Manifest Error;
  - comply with any Applicable Rules and Regulations; or
  - take into account any Corporate Action.

and you agree to immediately return to us any monies previously paid to you to which you are no longer entitled under a Transaction amended pursuant to this Clause.

- 7.17 We will exercise our rights in this Clause 7 as soon as reasonably practicable after we become aware of any of the existence of any of the matters listed at 7.11. You agree to notify us immediately if you become aware of the existence of any such matter. In the absence or fraud, wilful deceit or gross negligence by us, we will not be liable to you for any Losses resulting from the exercise by us of our rights under clause 7.11.

## 8. ORDERS

- 8.1 You may request that, in relation to any Transaction, any of the following Orders are applied:
- a Limit Order which is essentially an order to open a new position or to close an existing position at a predetermined price specified in the Order;
  - a Stop Order which is essentially an order to open a new position or to close an
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existing position when a predetermined trigger price specified in the Order is attained or surpassed;

- a Stop Loss Order which is designed to limit your loss to a certain level at a price specified in the Order; or
- a trailing stop similar to the standard stop order however tracks the price (in one direction) for the benefit of the trade. The tracking of the price is done in steps stipulated on the platform. Be aware the stop will only trail while you are logged in on the MT4 Platform.

8.2 It is your responsibility to understand the features of an Order and how the Order will operate before you place it. Before you place an Order for the first time, we recommend that you educate yourself about the Order by reading trading examples on the Website so that you fully understand the features of the Order.

8.3 The range of Orders we will accept shall be decided by us in our absolute discretion and we will have total discretion as to whether to agree to allow you to place an Order in relation to a Transaction. Certain Orders may only be available for certain types of contract.

8.4 We will endeavour to fill Orders once the price specified in the Order has been reached or at the occurrence of the event or condition specified in the Order. However, we may not be able to execute Orders if there is an event beyond our control in relation to the underlying investment. For all Orders, we may not be able to execute your Order at the price level you specify in the Order. In such circumstances, we will use our best endeavours to execute your Order at a price nearest to your specified price. This price may be either a better or worse price.

8.5 If the price your Order is filled is a better price we can, but are not obligated to, pass the improvement on to you.

8.6 Order will be "Good until Cancelled" unless you specify at the time of placing the Order that it is only "Good for the Day" or "Good for the Time". Unless an Order is cancelled or ceases to have effect, we will regard it as valid and execute it when the price reaches the price specified in the Order or the specified event or condition occurs.

8.7 You can only cancel or amend an Order if we have not acted upon it and that market is currently trading at that time. You may, subject to prior consent by us, cancel or amend an Order at any time before we act upon it.

8.8 Capital Index does not offer Guaranteed Stop losses.

## **9. MARGIN**

9.1 You are required to deposit sufficient funds prior to trading on the MetaTrader Platform. You are required to have sufficient Trading Resources to cover the Initial Margin Requirement to facilitate a Transaction. The amount of the Initial Margin Requirement will depend upon the level of leverage assigned to your account and may be calculated by reference to the Market Information Sheets available on the Website.

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- 9.2 You agree, upon entering into a Transaction, to pay Margin to us in relation to that Transaction (“**Initial Margin**”). You agree to maintain such Margin at the level required by us during the term of the Transaction.
- 9.3 The Initial Margin and your ongoing Margin Requirement shall be calculated by us with reference to the Market Information Sheets which are available on the Website.
- 9.4 Initial Margin shall be due and payable by you immediately upon entering into a Transaction.
- 9.5 Your Margin Requirement will change depending upon the performance of your open Transactions. We will calculate an indicative profit and loss amount (your “**P&L**”) based on your unrealised trading profits and losses. If your account equity (Cash Balance + Credit Allocation + Profit and Loss) is less than your Margin Requirement, you agree to make an additional Margin payment to us. The additional Margin payment shall be due and payable to us immediately upon your Margin Requirement being less than your equity amount, unless specifically agreed otherwise with you in writing.
- 9.6 Details of your current Margin requirement and P&L are available through the MetaTrader Platform. You agree that you are solely responsible for monitoring your Margin requirement, P&L and account balance.
- 9.7 It is your responsibility to ensure you maintain sufficient Margin in your account at all times. Although we are not charged to, we may contact you in relation to making additional Margin payments (a “**Margin Call**”). We may make a Margin Call to you at any time and in accordance with Clause 9.5 above.
- 9.8 Subject to clause 9.9, if you fail to maintain sufficient Margin, we may, at our absolute discretion, allow you to maintain your open Transactions with us. However, we reserve the right to subsequently close out any open Transactions should you fail to provide sufficient Margin. You acknowledge and agree that you may incur further Losses should we allow you to maintain an open Transaction in the absence of you having sufficient Margin.
- 9.9 If you are classified as a Retail Client and the sum of funds and the unrealised net profits in your account falls to less than half of the total Initial Margin Protection for all of the open Transactions, we will close out one or more of your open Transactions. We will close the Transactions in order of those with the largest open loss.
- 9.10 Margin payments must be made in a Currency in cleared funds in accordance with Clause 10 below. You agree to reimburse us any Losses we may incur in relation to the failure of a payment mechanism.
- 9.11 We may amend the Margin Requirements in relation to any Instruments at any time, and you agree that any additional Margin following such amendment shall immediately be due and payable to us, unless we have agreed otherwise in writing with you. Any such changes to our Margin Requirements shall be made to our Market Information Sheets which are available on the Website or on request.
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## 10. PAYMENTS

### PAYMENT AND WITHDRAWAL OF FUNDS

**We do not accept cash payments. We do not accept payments from, or make any payments to, third parties or other client accounts unless agreed in advance. Any such agreement will be at our discretion and under such terms as we may require. Funds deposited by way of transfer of monies between client accounts can only be carried out, with all due care, after signed written authority has been received from the paying client.**

#### Payments to Us

- 10.1 All debit balances or Margin Calls are due immediately, regardless of whether or not you have received a request from us. All payment to us must:
- be made in a Base Currency; and
  - be made with either a debit or credit card, or via a bank transfer. We will not, unless explicitly agreed in advance with you, accept cheques. Full details of any charges can be found in the payments FAQ's section of the website.
- 10.2 We reserve the right to pass on to you any process costs incurred by us in relation to any payment mechanism used by you to transfer funds to us. In addition, if you transfer funds to us that are not in a Base Currency, we may, at our absolute discretion, either refuse the transfer, or convert the transfer into a Base Currency using a rate based on the prevailing market rate, +/- 0.5%.

#### Payments to You

- 10.3 We shall, on receipt of a request by you, transfer to you any funds available on your account. However, we shall be entitled to deduct from any such payment any and all outstanding amounts owed to us, and any bank charges incurred in making the payment to you. We shall have absolute discretion in the choice of payment mechanism for remitting funds to you. You acknowledge and agree that we shall be under no obligation to make any payment to you if the amount of such payment would reduce the equity on your account to below the amount of Margin required for you to maintain your open Transactions.
- 10.4 Without prejudice to any other rights to which we may be entitled, we may, at any time and without notice to you, set off any amount (whether actual or contingent, present or future) at any time owing between you and us, including against any joint accounts held by you. We have the right to exercise the right of set off in relation to all your accounts and or positions which have been closed. If the right of set off has been exercised, all the payment obligations will be consolidated into either an obligation for you to pay a net sum to us or for us to pay a net sum to you, depending on whether there is positive or negative balance on the account.
- 10.5 Interest shall accrue on a daily basis on any overdue payments until they are made in
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full at a rate of 4% above the base lending rate of the Barclays Bank, and will be payable on demand.

- 10.6 Certain Transactions may result in you incurring profits or losses which are not in a Base Currency. We will convert all such profits or losses into a Base Currency amount based on the prevailing market rate. You agree and acknowledge that any Transaction which is not in a Base Currency exposes you to an additional currency risk.
- 10.7 Capital Index has restricted the maximum withdrawals to two per client per day. We will not process more than two withdrawals without our prior consent.

## 11. CLIENT MONEY

- 11.1 In accordance with the Applicable Rules and Regulations, we will hold all money received from you in accordance with the FCA Rules.

### **Retail Clients**

- 11.2 Subject to Clause 11.3 below, any money transferred to us by you, or on your behalf, will be held by us on trust for you and will be segregated from our own money. In the event of our insolvency, your money will be excluded from our assets.
- 11.3 We may hold client money on your behalf in an account with a bank or third party. Should the third party become insolvent, or suffer a similar failure, there is a risk that the client money will be subject to the insolvency proceedings of the third party.
- 11.4 We may hold client money on your behalf in an account with a bank or third party located outside of the European Economic Area (“**EEA**”). Where the third party is subject to the charges of a jurisdiction other than that of an EEA State, the legal and regulatory rights and protections which apply to your client money will be different to those applicable in the EEA. Should the third party become insolvent or suffer a similar failure, these rights and protections may not be as effective in protecting your money as the law of an EEA State.
- 11.5 We shall be responsible under the Applicable Rules and Regulations for the acts or omission of any third party in relation to your client money. Should such third party become insolvent, you would still have recourse against us under the Applicable Rules and Regulations.

### **Professional Clients and Eligible Counterparties**

- 11.6 If you have been categorised as a Professional Client or an Eligible Counterparty, the following shall apply, unless otherwise agreed:
- (a) When you transfer money to us or money is paid to us on your behalf or is credited by us to your account, you acknowledge and agree that the full ownership of the money is transferred to us for the purpose of covering your obligations as provided in this Agreement. Accordingly, the Client Money Rules will not apply and the money will not be segregated from money held in our account(s) and may be used in the course of our business. In the event of our insolvency, you will rank as general creditor in respect of such money. We will not be liable for the solvency, acts or omissions of any bank or
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other third party holding your money.

(b) Money transferred to us will be recorded by us as a cash repayment obligation owed by us to you. On your request, we will transfer an equivalent amount of money back to you where, in our discretion, we consider that the amount of money you have transferred to us is more than is necessary to cover your obligations to us. In determining the amount of collateral and the amounts of cash margin, your obligations, and our obligations to you, we may apply such methodology (including judgments as to the future movement of markets and values) as we consider appropriate, consistent with Applicable Regulations. You acknowledge and agree that you waive any entitlement (under the client money rules or otherwise) to receive interest on any money that we hold for you.

### **General**

- 11.7 Unless we have otherwise agreed, we will not pay interest on any money held by us.
- 11.8 You will not grant any security interest in or over your account, or the money in it, to any person other than us.
- 11.9 If there has been no movement initiated by you in relation to your account for a period of six years, and we have been unable to trace you in relation to the balance on your account, you agree that such funds shall irrevocably be transferred to us.

## **12. REPRESENTATIONS AND WARRANTIES**

- 12.1 You warrant and represent to us on the entering into of this Agreement and the giving of an instruction to us and the entering into of each Transaction with us that:
- if you are an individual, that you have reached the age of 18 years or over and have full capacity to enter into this Agreement and each Transaction;
  - if you are a body corporate, that you are validly existing in accordance with all applicable law;
  - all information provided by you to us is true and accurate and not misleading in all material respects and that you will inform us immediately, in writing, of any changes to the information you have previously provided that may affect our dealings with you;
  - you have all necessary authority, powers, consents, licences and authorisations and have taken all necessary action to enable you lawfully to enter into and perform this Agreement and each Transaction;
  - you are acting in your capacity as principal in relation to entering into this Agreement and each Transaction unless you have agreed otherwise in writing;
  - any other person entering into this Agreement and each Transaction on your behalf have been duly authorised by you to do so;
  - this Agreement, each Transaction and the obligations created under them both
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are binding upon you and enforceable against you in accordance with their terms and do not and will not violate the terms of any law, regulation, order, charge or agreement by which you are bound or subject (including any restrictions imposed on your dealing activities by your employer);

- you fully own all money you may transfer to us in accordance with this Agreement and no other person has any interest in such money;
- you are willing and financially able to sustain a total loss of funds resulting from Transactions and trading of such Transactions is a suitable investment vehicle for you;
- you will only use quotes provided by us for your own personal dealing purposes, and will not distribute our quotes to any other person; and
- you will not use any automated device or trading strategy which manipulates or takes unfair advantage of our Services, and shall only use our Services and the Platform in good faith and for the purpose they are provided to you for.

### **Market Abuse**

12.2 You acknowledge that, as we currently hedge all our liability to clients by opening analogous positions with other institutions, your transactions with us can have an impact on the external market for the relevant Instrument and on the buy and sell price which we offer in relation to an Instrument. This creates a possibility of market abuse. For the purpose of preventing such abuse, you represent and warrant to us you will not and have not entered into a Transaction with us if to do so would result in you, or others with whom you are acting in concert having an interest in the price of the Instrument which exceeds the prevailing level or percentage set by law or any facility on which the Instrument is traded, at which financial or other interests in an Instrument must be publicly disclosed;

- you will not and have not entered into a Transaction in connection with:
  - (i) a placing, issue, distribution or other similar event;
  - (ii) an offer, takeover, merger or other similar event; or
  - (iii) any corporate finance activity.
- you will not and have not entered into a Transaction that contravenes any law or regulation prohibiting insider dealing, market manipulation or any other form of market abuse or market misconduct.

12.3 You acknowledge that it would be improper for you to deal in the Instrument if the sole purpose of such a transaction was to manipulate our buy or sell prices, and you agree not to conduct any such transactions.

12.4 You acknowledge that we are entitled (and in some cases required) to report to any relevant regulatory authority details of any Transaction or Order entered into or

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requested by you. You undertake to make any such disclosures required of you.

12.5 You will be deemed to repeat the representations and warranties contained in Clause 12 at the time you enter into this Agreement, every time you enter into a Transaction and every time you give us any other instruction.

### 13. INDEMNITY

13.1 To the extent permitted by law, you agree to indemnify us in respect of all Losses that may be incurred by us as a result of:

- any failure by you to perform any obligation, or failure to comply with any term of, this Agreement or of any Transaction;
- any reliance placed by us on any information or declaration provided by you to us, or any third party; and
- any other person obtaining access to your account using your account details and/or password, whether or not they are authorised by you or not.

13.2 In the absence of fraud, wilful deceit or gross negligence by us, we will not be liable for any Losses caused by any act or omission of ours under this Agreement, or in relation to any Transaction.

### 14. EVENTS OF DEFAULT

14.1 Each of the following shall be an event of default:

- the failure by you to make any payment to us in accordance with this Agreement;
- the failure by you to maintain sufficient Margin in your account;
- the failure by you to comply with any term of this Agreement;
- the failure by you to respond to any notice or correspondence from us for any period considered reasonable by us;
- your death or incapacity;
- the initiation of bankruptcy proceedings against you, or the making of arrangements or composition with your creditors, or any such similar or analogous proceedings taking place; or
- you become unable to pay your debts (whether or not arising under this Agreement) as and when they fall due.

14.2 If an Event of Default occurs we may, at our absolute discretion:

- enforce any or all of your Transactions against you;
  - close out all or some of your open Transactions at our current prevailing prices
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or quotations;

- suspend or cancel any Orders you may have in relation to your Account;
- exercise our right of set-off in accordance with Clause 10.5 and refuse to enter into any further Transactions with you;
- close all or some of the accounts you have with us.

14.3 We shall endeavour, where reasonably possible, to give you as much notice as possible before taking any action under this Clause. However, we retain absolute discretion to take any action under this Clause without prior notice to you.

14.4 Where we are unable to close out a Transaction pursuant to this Clause 14 with one additional Transaction, we may be required to close the Transaction in tranches, which may result in multiple Transactions at different prices. This may incur additional Losses in relation to the Transaction being closed out. You agree that we shall not be liable to you for any Losses in relation to closing out a Transaction in this way.

## 15. COMMUNICATIONS

### How to Contact Us

15.1 Subject to any other communication requirements specified in relation to any of the Services, we can be contacted in relation to this Agreement:

- by writing to Capital Index (UK) Ltd at King William House, 2a Eastcheap, London, EC3M 1AA, United Kingdom
- by telephone on +44 (0)20 7060 5120
- by e-mail: [clientservices@capitalindex.com](mailto:clientservices@capitalindex.com),
- or on such other contact details as we send to you from time to time. All such communications will only be deemed to have been received by us on the actual date of receipt.

15.2 All communication with us shall be in English, and all documents and other information sent from us shall be in English.

15.3 In relation to Transactions, please contact our Client Services department:

- by telephoning +44 (0)20 7060 5120
- or via email [clientservices@capitalindex.com](mailto:clientservices@capitalindex.com)
- or on such other contact details as we send to you from time to time.

15.4 We provide you with an 'execution only' service and you are responsible for monitoring, opening and closing your Transactions with us at all times. Therefore you should ensure

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you have alternative means of accessing the Platform should your usual means of communication be unavailable. We will not accept any communications in relation to any Transaction received by us which is not received in accordance with Clause 15.3 unless we specifically agree otherwise with you. We shall not be responsible for any Losses incurred by you in relation to any failure on our part to act, or delay in acting, in relation to any communication relating to a Transaction which is not received in accordance with Clause 15.3, unless such Loss is a result of our fraud, wilful deceit or gross negligence.

- 15.5 You agree that we may rely on any communication received by us which we reasonably believe to be from, or authorised by you. You agree that your account details and password are confidential, and that we may assume that any person contacting us with these details has been authorised by you. Please contact us immediately if you suspect the confidentiality of your account details and/or password have been compromised.

### **How We Can Contact You**

- 15.6 We may contact you via telephone, e-mail, letter, text message or (where applicable) through the Platform in accordance with the information provided by you on the Application Form, or such other contact details subsequently notified by you to us in writing in accordance with this Agreement. You agree that it is your responsibility to ensure that we have your most recent contact details.
- 15.7 Where we communicate with you via e-mail, text message, through the Platform or via other electronic means, we will not be obliged to also provide you with a paper copy of any such communication.
- 15.8 All communication will be deemed to have been received by you:
- in the case of a telephone call, e-mail, text message, communication through the Platform or other electronic means, immediately after such communication has been sent by us to the contact details last notified by you to us; and
  - if sent by post, the following Business Day after being posted by us to the address last notified by you to us.
- 15.9 You agree that all information we are required to provide to you under the Applicable Rules and Regulations may be sent to you electronically or made available to you on our Website or through the Platform. You agree that you are responsible for reading all notices and communications posted by us on our Website or the Platform.
- 15.10 You agree that we shall not be liable for any Losses incurred by you in relation to the failure of any electronic communication mechanism, unless such failure is due to our fraud, wilful deceit or gross negligence.
- 15.11 You agree to the recording and retention by us of all telephone conversations with us, and that, in the absence of Manifest Error, you agree that all such recordings shall be evidence of the communications between us.

### **Financial Conduct Authority (FCA)**

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- 15.12 The Financial Conduct Authority is the regulator for the UK's financial services industry, and its agents or any successor body or bodies, which can be contacted at 12 Endeavour Square, London E20 1JN or through its website: [www.fca.org.uk](http://www.fca.org.uk).

### **Complaints**

- 15.13 Capital Index is authorised and regulated by the FCA and is required to establish procedures for handling expressions of dissatisfaction from eligible complainants. Whereas we endeavour to offer our customers the highest standards of service in all aspects of its business, there may be elements of our service that do not meet your satisfaction. Any queries or complaints in relation to his Agreement or the Services should initially be raised with our customer services team as soon as possible but in any event within 2 business days. We reserve the right not to entertain any queries brought to our attention after that time. If Customer Services is unable to resolve your dispute to your satisfaction, you should direct your complaint or grievance in writing to the Compliance Officer.

Our Compliance Officer will follow our Complaints Procedure in accordance with FCA Rules and if you are unhappy with the decision reached by our Compliance Officer, and you have been categorised as a Retail Client, you are entitled to refer your complaint directly to the Financial Ombudsman Service. Information on the Financial Ombudsman Service, including how to make a complaint, eligibility criteria and the procedures involved, is available from the Financial Ombudsman Service website at: [www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk) or by contacting them at: The Financial Ombudsman Service, South Quay Plaza, 183 Marsh Wall, London E14 9SR.

- 15.14 During the investigation into any complaint made by you we reserve the right to suspend your trading account for the term of the investigation.
- 15.15 As an FCA regulated firm, we are covered by the protected investment business scheme operated by the Financial Services Compensation Scheme (FSCS). This scheme may in certain circumstances pay compensation to clients if they are eligible and if the regulated firm is unable or is likely to be unable to meet its liabilities to clients including when the firm becomes insolvent. Compensation may be available to eligible investors in respect of protected claims up to a maximum of £50,000 per claimant. Further information is available on the FSCS website at: [www.fscs.org.uk](http://www.fscs.org.uk) or by contacting them at: Financial Services Compensation Scheme, 10th Floor, Beaufort House, 15 St Botolph Street, London EC3A 7QU.

## **16. GENERAL TERMS AND CONDITIONS**

- 16.1 This Agreement contains the entire understanding between the parties in relation to the Services. If any part of this Agreement is held to be unenforceable for any reason, the unenforceable part shall be deemed to not form part of this Agreement, and the remainder of this Agreement shall remain in full force and effect.
- 16.2 We may amend this Agreement at any time by giving you written notice via email and we will also publish the amendments on the website. You shall be deemed to have accepted any such amendments by trading on the Platform after the amendments have come into effect. If you reject any of our amendments, we shall be entitled to terminate
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- this Agreement in accordance with Clause 16.3. Any amendments shall generally come into force on the expiry of the 10 business day period, unless a longer period is specified in the notice, or a shorter period due to the nature of the required change.
- 16.3 Either party may terminate this Agreement by giving the other written notice of termination. Such termination shall, unless a later date is specified in the notice, have immediate effect. Termination shall not affect any current Transactions between the parties, or any other rights and obligations which have accrued prior to termination.
- 16.4 The Agreement, the Services, all Transactions and all non-contractual liabilities shall be governed and construed by English law. You agree that the Courts of England and Wales shall have exclusive jurisdiction over any claims arising out of this Agreement, the Services or the Transactions.
- 16.5 If you are situated outside England and Wales, process by which any proceedings in England are begun may be served on you by being delivered to the address nominated by you for this purpose in your Application Form. This does not affect our right to serve process in another manner permitted by law.
- 16.6 We may, at any time, suspend all or any part of this Agreement and/or your account with immediate effect. Suspension will result in you being unable to enter into any new Transactions or being able to access the Platform. We may also, in our absolute discretion, suspend any individual Transaction.
- 16.7 You will be responsible for the payment of all taxes arising out of your activities with us, and will be solely responsible for providing the tax authorities with copies of any information or records required in relation to your activities with us. You acknowledge and agree that any information provided by us will not be deemed to be tax advice, and you shall not rely on it as such.
- 16.8 Any exercise or waiver of any of our rights or remedies under this Agreement shall not preclude us from exercising any additional right or remedy. Our failure to enforce any right under this Agreement shall not be deemed to be a waiver of our right or prohibit us from taking any subsequent enforcement action. The exercise of any of our rights under this Agreement shall not affect any of our other rights under this Agreement or under the general law.

### **Data Protection**

- 16.9 You agree to provide us with such information as we reasonably request from time to time to enable us to comply with Applicable Rules and Regulations and provide the Services.
- 16.10 We will treat any information that we receive from you or otherwise obtain which relates to you, your Account or our provision or your use of the Services ("**Your Information**") as confidential and will not disclose it to any person except with your consent (which you provide by entering into this Agreement), as described in Clause 16.14. We will abide any applicable data protection laws and regulations in respect of the personal data comprised in Your Information.
- 16.11 We shall collect, store and use Your Information as set out in our Privacy Policy, from
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time to time, which is held on our website.

- 16.12 You acknowledge that it is your responsibility to keep any account numbers, passwords and other information required to identify you for the purposes of trading with us under this Agreement confidential and agree that you will not disclose such information to any other person. You must inform us immediately you become aware or suspect that an unauthorised third party has had access to your username, account number or password or that any person other than you (or your Authorised Third Party) is dealing on your account.
- 16.13 Our records shall, in the absence of any Manifest Error, be conclusive evidence of the dealings between us in relation to this Agreement, and you agree that you shall not object to the admissibility of our records in any legal or regulatory proceedings. You agree that you shall not challenge the validity of any of our records by virtue of them being copies, composites or electronic reproductions. We may, at our absolute discretion, provide you with copies of our records, but you agree that you shall be entirely responsible for your own record keeping.

## 17. MARKET DISRUPTION

Market disruption will be deemed to have occurred on the occurrence of any of the following:

- any event which disrupts the trading of the security or derivative, or the relevant market or exchange including the suspension of or limitation of trading by reason of movements in price exceeding limits permitted by the relevant exchange, or of regulatory or other intervention, or otherwise, and/or any other event causing market disruption and which in any such case is a material disruption (in the sole determination of Capital Index).

- 17.1 In the event of a market disruption, Capital Index may in its absolute discretion, with or without notice to you, (and without prejudice to any other rights and remedies it may otherwise have under this Agreement or at law):

- close any or all open positions and refuse to open new positions;
  - in the event of suspension or other material disruption of the underlying market, Capital Index reserves the right to value the relevant position at zero;
  - suspend or modify the application of any terms of this Agreement to the extent that it is impossible or not reasonably practicable for Capital Index to comply with them;
  - immediately require payment of any Margin and/or any other amounts owed by you to Capital Index; or
  - take or omit to take all such other actions as it deems appropriate in the circumstances, and in the absence of fraud or bad faith Capital Index will not be liable to you for any loss arising for any reason including by reason of Capital Index negligence or otherwise notwithstanding Capital Index had been advised of the possibility of the loss and/or the loss was reasonably foreseeable.
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17.2 You should also note the terms of our execution policy. When you trade with us, we may enter into a hedging transaction on the underlying market to manage our risk. One of the implications of this is that you may not be able to trade with us if, for any reason, the market in the underlying security is not trading. This could occur for a number of reasons including suspension of the stock exchange or a Force Majeure affecting the market on which it is traded. This may prevent you from closing a position which you have opened.

## 18. ASSIGNMENT

18.1 You may not assign or transfer any of your rights or obligations under this Agreement without our prior written consent. We may assign and transfer all or any of our rights and obligations under this Agreement upon notice to you, without any obligation to obtain consent from you. Any such transfer or assignment shall be subject to the assignee undertaking in writing to be bound by and perform our obligations under this Agreement

## 19. TCF (TREATING CUSTOMERS FAIRLY)

19.1 We are committed to providing the best service we can to our clients. As part of this process we continually monitor our procedures and the way in which we do business in order that we meet the highest standards.

To this end:

- We ensure all staff have the highest levels of training and product knowledge at all times.
- We ensure that clients are made aware of the risks associated with their trading or betting activity.
- We provide products that are clearly defined and easy to understand and trade.
- We constantly update our website with product and market information.
- We provide tutorials and literature to help inform and educate clients.
- We ensure that all promotions are clear and not misleading.
- We have a clear and simple procedure in place for clients to follow in the event of a complaint.
- We actively encourage feedback to ensure that clients fully understand all areas of our service.

## 20. RESPONSIBLE TRADING

20.1 We want you to trade successfully, but we are fully aware that this does not always happen, and we actively encourage responsible trading. In those situations it is important that you are responsible in your actions to make sure you do not lose more money than you can afford to. You should only ever speculate with money you can afford

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to lose and it is imperative that you have read and understood our Risk Warning notice. We do not recommend borrowing money, spending more than you can afford or using money set aside for other purposes for trading or spread betting. If you do feel that you need help in this area then the following web sites may be useful to you. They are confidential and contain information, email addresses and help lines.

[www.gamcare.org.uk](http://www.gamcare.org.uk)  
[www.gamblersanonymous.org.uk](http://www.gamblersanonymous.org.uk)  
[www.gambleaware.co.uk](http://www.gambleaware.co.uk)  
[www.gamblingtherapy.org](http://www.gamblingtherapy.org)

## 21. BRIBERY AND CORRUPTION

The **Client** shall:

comply with all applicable laws, statutes, regulations and codes relating to antibribery and anti-corruption including but not limited to the UK Bribery Act 2010 (“Relevant Requirements”);

not engage in any activity, practice or conduct which would constitute an offence under sections 1, 2, 6 and/or 7 of the UK Bribery Act 2010 if such activity, practice or conduct had been carried out in the UK;

promptly report to Capital Index any request or demand for any undue financial or other advance of any kind received by the client in connection with the performance of this agreement;

(where the client is a corporation) immediately notify Capital Index in writing if a foreign public official becomes an officer or employee of the client or acquires a direct or indirect interest in the client, and the client warrants that it has no foreign public officials as officers, employees or direct or indirect owners at the date of this agreement. For this purpose, foreign public official means as defined in the Bribery Act 2010.

## 22. INTERPRETATION

“**Agreement**” means this agreement, the schedules to this agreement, all Transactions and all related documents mentioned therein;

“**Applicable Rules and Regulations**” means the FCA Rules and all other applicable laws, rules and regulations in force from time to time which apply to the Agreement;

“**Application Form**” means the paper or electronic application form provided by us and submitted by you to us in relation to the Services;

“**Associated Companies**” means all or any of Capital Index (UK) Ltd.’s associated body corporates within the meaning of section 256 of the Companies Act 2006;

“**Base Currency**” means pounds sterling;

**“Business Days”** means any day (other than a Saturday or Sunday) in which our office is open for business in London;

**“Business Hours”** means the period of time from Sunday 22.00 (London time) through to 21.30 Friday (London time);

**“Charges Sheet”** means the details of our charges applicable from time to time and available on the Website;

**“Confirmation”** means a communication sent to you containing the key terms of a Transaction entered into by you;

**“Corporate Action”** means any action taken in relation to an Instrument by an issuer of that Instrument which would have an effect on the value, legal characteristics, or ability to trade that asset, including distributions to holders of rights in that asset, such as dividend payments, rights issues, bonus issues, capitalisation issues, mergers or takeovers, splits, reductions, consolidations, reclassifications, restructuring or cancellation of the listing of an Instrument;

**“Event of Default”** means the events listed in Clause 14 of this Agreement;

**“Force Majeure”** means any event which in our reasonable opinion results in an emergency situation or unusual market condition which is beyond our control;

**“FCA”** means the UK’s Financial Conduct Authority, or any other successor body;

**“FCA Rules”** means the FCA’s Handbook in force from time to time, or any other successor Handbook or set of Rules;

**“Initial Margin”** means the net amount of money we will require you to provide to us upon opening a Transaction;

**Initial Margin Requirement** means the amount of Initial Margin required to enter into a Transaction, as determined in accordance with your classification as a Retail Client, Professional Client or an Eligible Counterparty and the classification of the underlying Instrument;

**“Instrument”** means any investment in relation to which we are willing to offer a Transaction in relation to;

**“Losses”** means all direct and indirect liabilities, losses, or costs of any kind or nature whatsoever, including any related legal or administrative costs;

**“Manifest Error”** means any Transaction term (including a quote or price) which we reasonably believe to contain an obvious mistake or error, taking into consideration such factors as we consider relevant, including but not limited to, the current underlying market in the product and our market information sheets which are available on the Website or on request.

**“Margin Requirement”** means the net amount of money required maintain a Transaction with us, which will vary ;

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**“Margin Call”** means our request to you to provide additional money to maintain the Margin on an open Transaction at the level of the Margin Requirement

**“Margin Requirement”** means the amount of money required to maintain an open Transaction with us;

**“Market Information Sheets”** means the information we make available on the Website that will include among other items the amount of the Initial Margin Requirement and the ongoing Margin Requirement for each category of Investment and class of client;

**“Maximum Size Requirements”** means the maximum size transaction (unless otherwise agreed by us) for a particular market.

**“Minimum Size Requirements”** means the minimum size transaction (unless otherwise agreed by us) for a particular market.

**“Order Execution Policy”** means any order execution policy as we publish from time to time;

**“Platform”** means any electronic trading platform offered by us in relation to the provision of the Services to you, including the entering into of Transactions;

**“Limit Order”** has the meaning given in Clause 8.1

**“Retail Client”** a client who is neither a professional client nor an eligible counterparty.

**“Risk Warning Notice”** means the notice as publish from time to time, detailing the risks of the Services;

**“Services”** means the services provided by us and applied by you in your Application Form

**“Stop Loss Order”** has the meaning set out in Clause 8.1

**“Stop Order”** has the meaning set out in Clause 8.1

**“Supplemental Terms for use of the Platform”** means the supplemental terms and conditions at Schedule 3, as amended from time to time;

**“Transaction”** means any contract offered by us over an Instrument;

**“Trading Hours”** means the hours during which we are prepared to provide quotes for our price and execute trades in a Market;

**“Underlying Instrument”** means the instrument, index, commodity, currency or other instrument, asset or factor whose price or values provides the basis for us to determine our price for a Market.

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## SCHEDULE 1

### SUPPLEMENTAL SPREADBETTING TERMS

#### SPREAD BETTING

1. A spread bet is a bet on the difference between the opening and closing price of a contract. The price of the Spread Bet is determined by reference to the price of underlying financial instruments, such as FX, indices, commodities or fixed income securities. Features of our spread bets are described below.
2. Spread bets are classified as investments and firms dealing in them are required to be authorised and regulated.
3. Spread bets are legally enforceable contracts.

#### GENERAL INFORMATION

6. These Supplemental Spread Betting Terms set out the terms and conditions under which we offer our range of spread bets and it forms part of the Agreement.
7. Unless separately defined in these Supplemental Terms, words and expressions shall have the meanings given to them in the General Terms.
8. Trades in spread bets can be placed through the Trading Platform or through contacting us in accordance with the General Terms.
9. We will quote, execute and settle trades for spread bets in your base currency unless we agree otherwise.
10. Commercial information (including but not limited to Trading Hours, minimum and maximum quantity, expiry dates etc.) for each contract will be set out in our Market Information sheets which are available on the Website.
11. Spread bets contracts which are designated as "rolling markets" will be rolled automatically until you close the position. Orders attached to an open position in a rolling spread bet market will be recreated automatically each time the open position is rolled.
12. Spread bet contracts which have expiry dates will be closed and settled automatically on the expiry time or date specified on our Market Information Sheets which are available on the Website. You may close an open position before that date in accordance with the General Terms. You may "roll" an open position in an expiring spread bet contract.
13. Capital Index reserves the right to pass on any HMRC or Betting Duty charge on losses that the client incurs. The current rate of duty is 3% for financial spread bets.

## **OUR PRICE**

14. We offer fixed as well as variable spreads. In the event our fixed spreads change the changes will be found in our market information sheets which are available on the Website.

## **MARGIN REQUIREMENT**

15. To place a trade which creates an open position in a spread bet market you will need to provide Initial Margin in accordance with the Initial Margin Requirement and to maintain Margin in accordance with the Margin Requirement, both of which are calculated as detailed on the Market Information Sheets.
16. If you are classified as a Retail Client, we will close out one or more of your open Transactions when the sum of funds and the unrealised net profits in your account falls to less than half of the total Initial Margin Protection for all of the open Transactions.

## **DAILY FINANCING FEES AND DIVIDENDS**

17. For open position in all spread bet markets other than expiring spread bet markets, daily financing fees will apply. Daily financing fees are debited or credited to your account (as appropriate) at the time stated in market information sheets which are available on the Website or on request. The basis of calculation of daily financing fees is set out in market information sheets which are available on the Website. We may vary the method of calculating the daily financing fees and/or commission.
18. The cost of the daily financing fees will be debited from or credited to the cleared funds in your account.
19. We may (acting reasonably and in accordance with what we regard to be good market practice) make dividend adjustments to open positions in spread bet markets. In the case of long positions, these will be credited to your account and in the case of short positions debited to your account. We will normally make such adjustments at the time that the Trading hours commence on the day that the dividend is paid to holders of the underlying Instrument.
20. We may charge an account maintenance or dormancy fee of £10.00 per month in relation to inactive or dormant accounts, where an account has remained dormant for over 6 months.

## **PROFIT AND LOSS**

21. Profits and losses for an open position will form part of the account equity calculation and the available trading resources.
22. Unrealised losses will reduce the amount you have available to place Transactions

and may result in your positions being closed in accordance with the Terms and Conditions.

23. When an open position is closed, realised profit or realised loss is calculated as the difference between the opening and closing price multiplied by the stake.
24. Realised profits or realised losses will be credited or debited from the cash balance in your account.

## **TAXES**

25. We do not withhold any sums for tax purposes on the realised profits or on any daily financing fees that you receive as a result of holding short positions in spread bet markets.
26. You are responsible for the payment of any and all taxes that may arise in relation to your Transactions.
27. We pay UK betting duty due on any Trades in Spread Bet Markets although we may change this by giving you notice in accordance with clause 16.2 in the General Agreement, as per clause 13 we reserve the right to pass the duty on to you.

## SCHEDULE 2

### **SUPPLEMENTAL SPREADTRADING TERMS**

#### **SPREAD TRADING**

1. A spread trade is a bet on the difference between the opening and closing price of a contract. The price of the Spread Trade is determined by reference to the price of underlying financial instruments, such as FX, indices, commodities or fixed income securities. Features of our spread trades are described below.
2. Spread trades are classified as investments and firms dealing in them are required to be authorised and regulated.
3. Spread trades are legally enforceable contracts.

#### **GENERAL INFORMATION**

4. These Supplemental Spread Trading Terms set out the terms and conditions under which we offer our range of spread trades and it forms part of the Agreement.
5. Unless separately defined in these Supplemental Terms, words and expressions shall have the meanings given to them in the General Terms.
6. Trades in spread trades can be placed through the Trading Platform or through contacting us in accordance with the General Terms.
7. We will quote, execute and settle trades for spread trades in your base currency unless we agree otherwise.
8. Commercial information (including but not limited to Trading Hours, minimum and maximum quantity, expiry dates etc.) for each contract will be set out in our market information sheets which are available on the Website.
9. Spread trade contracts which are designated as "rolling markets" will be rolled automatically until you close the position. Orders attached to an open position in a rolling spread bet market will be recreated automatically each time the open position is rolled.
10. Spread trade contracts which have expiry dates will be closed and settled automatically on the expiry time or date specified on our Market Information Sheets which are available on the Website. You may close an open position before that date in accordance with the General Terms. You may "roll" an open position in an expiring spread bet contract.

#### **OUR PRICE**

11. We offer fixed as well as variable spreads. In the event our fixed spreads change the changes will be found in our market information sheets which are available on the Website.

## **MARGIN REQUIREMENT**

12. To place a trade which creates an open position in a spread trade market you will need to provide Initial Margin in accordance with the Initial Margin Requirement and to maintain Margin in accordance with the Margin Requirement, both of which are detailed on the market information sheets.
13. If you are classified as a Retail Client, we will close out one or more of your open Transactions when the sum of funds and the unrealised net profits in your account falls to less than half of the total Initial Margin Protection for all of the open Transactions.

## **DAILY FINANCING FEES AND DIVIDENDS**

14. For open position in all spread bet markets other than expiring spread bet markets, daily financing fees will apply. Daily financing fees are debited or credited to your account (as appropriate) at the time stated in market information sheets which are available on the Website or on request. The basis of calculation of daily financing fees is set out in market information sheets which are available on the Website. We may vary the method of calculating the daily financing fees and/or commission. The cost of the daily financing fees will be debited from or credited to the cleared funds in your account.
15. We may (acting reasonably and in accordance with what we regard to be good market practice) make dividend adjustments to open positions in spread trade markets. In the case of long positions, these will be credited to your account and in the case of short positions debited to your account. We will normally make such adjustments at the time that the Trading hours commence on the day that the dividend is paid to holders of the underlying Instrument.
16. We may charge an account maintenance or dormancy fee of £10.00 per month in relation to inactive or dormant accounts, where an account has remained dormant for over 6 months.

## **PROFIT AND LOSS**

17. Profits and losses for an open position will form part of the account equity calculation and the available trading resources.
18. Unrealised losses will reduce the amount you have available to place Transactions and may result in your positions being closed in accordance with the Terms and Conditions.

19. When an open position is closed, realised profit or realised loss is calculated as the difference between the opening and closing price multiplied by the stake.
20. Realised profits or realised losses will be credited or debited from the cash balance in your account.

#### **TAXES**

21. We do not withhold any sums for tax purposes on the realised profits or on any daily financing fees that you receive as a result of holding short positions in spread bet markets.
22. You are responsible for the payment of any and all taxes that may arise in relation to your Transactions.

## SCHEDULE 3

### SUPPLEMENTAL TERMS FOR CFDs

#### TRADING CONTRACTS FOR DIFFERENCE (CFDs)

1. CFDs are a bet on the difference between the opening and closing price of a contract. The price of the CFD is determined by reference to the price of underlying financial instruments, such as FX, indices, commodities or fixed income securities. Features of our CFD's are described below.
2. These Supplemental CFD Terms set out the terms and conditions under which we offer our range of CFDs and it forms part of the Agreement.
3. Unless separately defined in these Supplemental Terms, words and expressions shall have the meanings given to them in the general Terms.

#### FINANCING CHARGE AND MARGIN

##### Financing Charge

4. A daily financing charge may apply to each open CFD position. The financing charge is either paid by you to us or by us to you. The financing charge will be credited or debited to your account. In the event that you have insufficient funds or fail to pay the financing charge when it falls due we will be entitled to close out your relevant CFD position with immediate effect.
5. The method of calculation of the financing charge varies depending on the type of CFD concerned. The amount of financing charge will vary as it is calculated by reference to a measure of current market interest rates. The amount of Swap depends on the difference between bank rates of the base currency and secondary currency in a currency pair. Swaps can have either positive or negative value
6. We reserve the right to vary the method of calculating the financing charge, financing rates and/or the types of CFDs to which the financing charge applies by not less than 14 days written notice to you.

##### CFD Initial and Variation Margin

7. Each contract that you have opened with us has an 'Initial Margin Requirement'. For CFDs, this is a set percentage of the value of the contract represented by the CFD. The set percentage will vary according to the contract and may be varied by us at any time. Please see the relevant Market Information Sheet for details about the Initial Margin Requirement for your contract. You must ensure that you are aware of the relevant percentages before entering into a contract with us. You must maintain the level of account equity above, the sum of these 'Initial Margin Requirements' at all

times. If your account falls below this level, you must immediately deposit further funds into your account to restore the required value.

8. Subject to clause 9, if at any time the value of your account falls below the value required to maintain your open positions, we may at our absolute discretion do any of the following:
  - Contact you to invite you to either deposit further funds or close part or all of your open positions
  - Close part or all of your open positions without reference to you.
  - Wait for you to take steps to bring your account into order.
9. If you are classified as a Retail Client, we will close out one or more of your open Transactions when the sum of funds and the unrealised net profits in your account falls to less than half of the total Initial Margin Protection for all of the open Transactions.
10. You should note that if your positions are closed due to insufficient margin on your account, you may nonetheless realise a loss as a result. This loss, like any other, is due and payable immediately.

## **COMMISSION**

### **CHARGES**

11. Commission may be payable by you when you open and close CFD trades. You should refer to the market information sheets which are available on the Website or on request for details and to ascertain the rate of commission and whether any minimum amount of commission is payable. Commission payable will be debited from your account at the same time as we open or close the relevant CFD trade.
12. We reserve the right to vary the method of calculating commission, commission rates and/or the types of CFDs in respect of which commission is payable by not less than 14 days written notice to you.
13. You should note that if we agree to execute an order in accordance with your specific instructions, and in doing so we incur costs in excess of those which would have arisen had the order been executed in the normal manner indicated in our order execution policy, we may pass on those excess costs to you. Where this applies, we will notify you of those additional costs or their basis before we accept your order.
14. Where you have opened a sell order in respect of a particular instrument, we reserve the right to pass on to you any stock borrowing charges incurred by us (or passed on by an intermediate broker). If you do not pay any stock borrowing charges that



become payable after you have opened such a CFD, or we are unable to continue to borrow that instrument in the underlying market (and we give you notice to that effect), we will be entitled to close your CFD in respect of that instrument with immediate effect. Where we close your CFD position in these circumstances you acknowledge that this may result in you incurring a loss on the CFD.

15. Further, you fully indemnify us against:

- any fine, penalty, liability or other similar charge imposed on us for any reason by any underlying market or any other regulatory authority that relates in any way to your opening or closing a transaction or any related transaction by us to hedge your transaction; or
- any stock recall or buy back fees imposed by any underlying market in relation to a transaction placed by you.

## EXPIRY

16. Each CFD will run in perpetuity unless and until it is closed in accordance with this agreement. When this happens, any profit or loss on the trade will be realised and will be debited or credited to the cash balance on your account.
17. For the avoidance of doubt, we will not under any circumstances arrange delivery of underlying instruments. You acknowledge that we will not transfer voting rights relating to an underlying security to you, or otherwise allow you to influence the exercise of voting rights held by us.

## HOW TO CALCULATE A PROFIT OR LOSS ON A CFD

18. When you close a CFD position, any profit or loss will be realised and credited or debited to your cash account. For a long CFD, the settlement amount will be:

$(\text{closing value} - \text{opening value}) * \text{number of lots}$

For a short CFD, it will be:

$(\text{opening value} - \text{closing value}) * \text{number of lots}$

19. This cash settlement figure will be credited to your cash balance if it is positive or debited if it is negative.
20. Note that either or both of the opening price and the number of shares may have been adjusted since the CFD was opened to reflect corporate actions as described below.

## ADJUSTMENTS

### **Adjustments for dividends**

21. Adjustments for all of your positions will be made to reflect dividend, interest and other alterations relevant to particular transactions.
22. Adjustments will be calculated and will be credited to and/or deducted from your account on at least a monthly basis.
23. Dividends will be credited to your account if you bought, i.e. opened a long position, and debited if you sold, i.e. opened a short position.
24. Any dividend adjustment will be calculated in respect of open positions held on the dividend day for the relevant underlying security.

### **CLOSING A CFD POSITION**

25. Open CFD positions can be closed via the Trading Platform during a market's Normal Trading Hours.

## SCHEDULE 4

### SUPPLEMENTAL TERMS FOR USE OF THE PLATFORM

#### PURPOSE

1. This Part applies to your use of any electronic service we provide to you including mobile phones and tablet devices and sets out the basis upon which you may view information and enter into Transactions via our and/or a third party's electronic order routing/trading system.

#### OUR SERVICES

2. We will issue a user name and password to you the "Authorised User".
  3. We may make such modifications, improvements or additions to the Equipment, electronic service or any part of it as we deem fit.
  4. We will take reasonable steps to ensure the ongoing availability of the facilities provided by any electronic platform to which we give you access. However, no system is 100% reliable. Moreover, where your connection to our services is made through the facilities of a third party (such as an internet service provider) your connection may be interrupted by causes outside of our influence. Capital Index will not be responsible for any loss, expense, cost or liability suffered or incurred by you due to the failure of the system, transmission failure of relays or similar technical errors unless Capital Index has exercised gross negligence in connection therewith.
  5. You are responsible for any third party applications that you use in conjunction with your account.
  6. It is your sole responsibility to conduct due diligence on the respective software programs you use and determine for yourself whether the software is right for you. If you are unable to make that determination yourself you should seek advice from a professional advisor. We will not be able to give you any advice on the selection or use of any interface or other third party software or hardware. If you decide to install or use an Expert Advisor, Script or Indicator you do so at your own risk. We shall not be responsible in any way whatsoever in respect of decisions, Orders, Trades or signals generated by the use of an Expert Advisor, Script or Indicator, your use of such tools or any resulting trading losses.
  7. Please note that an Expert Advisor or Script may generate a high number of trades and at times leverage your account to the maximum possible exposure to a market given your available funds. It is your sole responsibility to monitor these Orders and Trades and to maintain sufficient Trade Funds Available in your account at all times.
  8. If an Expert Advisor or Script is creating high volumes of Trades, pending Orders or Order amendments that we believe is impacting the performance of our servers then we may, in our sole discretion, disable the Expert Advisor function of your account. In normal circumstances we will use reasonable
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efforts to notify you of our intention to suspend your account.

## **YOUR OBLIGATIONS**

9. As applicable to you and the type of service we provide to you, you will:
- comply with our policies on use thereof; and
  - take reasonable care of the Equipment and Software and not (i) interfere or tamper with, alter, amend or modify the Equipment (ii) copy any Software (iii) reverse compile or disassemble any Software (iv) move the Equipment; and
    - (i) not create or allow to be created any encumbrance over the Equipment; or do or permit to be done any act which might prejudice our rights, or those of our suppliers, in the Equipment or result in it being taken from your possession; and
    - (ii) maintain the accommodation, environment and facilities for the Equipment as reasonably specified by us: and
    - (iii) use the Equipment only in accordance with the manufacturer's recommendations: and
    - (iv) maintain all necessary support services; and
    - (v) run such tests and provide such information to us as we shall reasonably consider necessary; and
    - (vi) only implement Transactions in accordance with Applicable Regulations; and
    - (vii) accept any updates or modifications to Software and install and use state-of-the-art virus detection/scanning program; and
    - (viii) In the event that you become aware of a material defect, malfunction or virus you will immediately notify us and cease to all use such electronic service until you have received permission from us; and
    - (ix) use the services solely for the purpose supplied and not on behalf of any third parties without our prior written consent; and
    - (x) not sell, lease, store, retransmit, redistribute or provide, directly or indirectly, the electronic services and Software or any component thereof to any third party;
    - (xi) provide all equipment and network services necessary; and
    - (xii) ensure that your system is compatible with our Software; and
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- (xiii) since between us all information provided via the electronic service or incorporated in Software is our exclusive and proprietary property, you agree to protect our proprietary rights in it.
- 10. You are responsible for the security of any username and/or password that we issue to you for the purpose of accessing our dealing platforms. We will assume that all Transactions entered into and communications made with your password were entered into or made by you. If you have any suspicion that your username and/or password may have been compromised, you must notify us immediately and ask us to take appropriate action.
- 11. Capital Index shall not be liable to the client for any loss, expense, cost or liability suffered or incurred by the client using any version other than Capital Index standard version from time to time with all relevant updates installed.

### **SETTING LIMITS AND CONTROLS**

- 12. We may set limits or other controls on your ability to use electronic trading access including but not limited to (i) the maximum order/trade amount (ii) our total exposure to you (iii) our overall exposure to third parties (iv) the price of orders (v) as necessary or desirable to comply with Applicable Regulations.

### **OFFER AND ACCEPTANCE**

- 13. The price displayed is merely an invitation to you to make an offer.
- 14. An offer is made by you clicking on the designated box within any permitted time displayed.
- 15. Acceptance with a CFD or Spread bet is when we have confirmed the transaction.

### **ORDERS**

- 16. Orders may only be executed if we receive them and if at the time of receipt or subsequently (while the order is still valid) market conditions permit the conclusion of the deal. We shall not be responsible for any failure or delay in the transmission of your instructions to us.
  - 17. We shall only be responsible for the execution of orders in the circumstances where you have received a notification of receipt generated by the relevant systems and you will bear the risk of inaccuracy, loss or delay in transmission.
  - 18. Our electronic records and paper copies of such electronic records will be conclusive, although taped conversations will prevail over them.
  - 19. In respect of orders submitted incorrectly or erroneously, we will only accept instructions to amend or delete orders submitted by an Authorised User and only to the extent that such order has not already been executed.
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20. If such order has already been executed, you will be bound by it. In our discretion and for our protection, or for reasons of market integrity/counterparty risk we may reverse the executed trade and you agree to co-operate in that and to indemnify us fully for any and all costs and losses arising therefrom.

## **SECURITY**

21. If for any reason you suspect that such security information has been learnt by any third party, you must notify us immediately and cease to use it.

## **INFORMATION AVAILABLE THROUGH OUR TRADING OR WEB SITE**

22. The display of any price quotation, volume or other information does not constitute:
  - (a) an offer to buy or sell; or
  - (b) any guarantee that your orders will be executed at the price or market level displayed or at the level specified in your order.
23. We accept no responsibility for the accuracy or completeness of any information displayed.
24. We make no representations or warranties concerning the content of sites which can be accessed through our Web site.
25. Our marketing material may be sent to you through our Trading System or our Web site.
26. Although we take reasonable steps to avoid information being intercepted and read by third parties, the provision of an electronic service over an open network, the Internet, which is accessible to anybody, may result in someone other than us gaining access to information about you and your dealings with us.

## **SUSPENSION AND TERMINATION**

27. You may terminate the Agreement immediately by giving written notice to us. You agree that at any time after the termination of the Agreement, we may, without notice to you, close out any or all of your Open Positions.
  28. We may suspend or terminate these Terms by giving five (5) Business Days written notice to you for any reason or no reason whatsoever, except that we may terminate the Agreement immediately, upon written notice to you for any reason or no reason whatsoever, if you have no Open Positions in your Account at the time when the notice of termination is sent. You agree that at any time after the termination of the Agreement, we may, without
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notice to you, close out any or all of your Open Positions. Where we suspend your Account, we may prevent you from opening any new positions but we will not close your Open Positions unless otherwise allowed by these Terms. The provisions of this Section shall not prevent us from exercising any of its rights to terminate or suspend the Agreement as provided elsewhere in these Terms.

29. Upon the termination of the Agreement, all amounts payable by you to us will become immediately due and payable including (but without limitation):
  - (i) all outstanding fees, charges and commissions;
  - (ii) any dealing expenses incurred by terminating these Terms; and
  - (iii) any losses and expenses realized in closing out any Transactions or settling or concluding outstanding obligations incurred by the Firm on the Client's behalf.
30. Termination of the Agreement will not affect any rights or obligations, which may already have arisen between us and you. The termination of these Terms will not affect the coming into force or the continuance in force of any provision in these Terms which is expressly, or by implication, intended to come into, or continue in force, on or after such termination.
31. If termination occurs, we will, as soon as reasonably practicable and subject to these Terms, deliver to you any money or investments in your Account(s) subject to any applicable charges and rights of set-off as set out on the Firm's Financial Terms, and for the avoidance of doubt, in the event one of your Accounts is in negative, we are entitled to the right to set-off between the your Accounts at any time. A final statement will be issued to you where appropriate.

## SCALPING POLICY

32. Scalping can apply to any online quoted financial market. Traditionally it primarily refers to the Foreign Exchange market due to its size, liquidity and tight spreads. It is when a trader, often using high leverage, attempts to take advantage of a price discrepancy or anomaly in market in an extremely short period of time, typically a few seconds. Often this price anomaly may be caused by latent prices which is where, due to the complexity of transmitting prices online around the world, delays in updates occur, which although small, can still be exploited.

Our Scalping policy shall apply to any on-line quoted financial market that is traded through your use of the Electronic Services. We may deem an activity as Scalping if that Order or Trade has any of the below characteristics:

- (a) the Trade is opened and closed within Two (2) minutes (i.e. the Order for the closing Trade follows the Order for the open Trade in two (2) minutes or less);
  - (b) an opposing Trade is placed within two (2) minutes of each another Trade being opened thus creating a fully or partially hedged position (also
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known as a “locked position”); or

(c) the Order for opening or closing the Trade is placed on a latent price.

33. By providing fixed spreads and liquidity to you, where it is possible to do so, we try to help you trade in volatile global financial markets by giving you greater price stability. We do not provide fixed spreads and liquidity to enable Scalping and will deem any instance of Scalping to be a Manifest Error. Scalping is considered a breach of your Terms and Conditions and we may act reasonably and in good faith and in our sole discretion:

(a) immediately terminate your account and your access to our servers;

(b) void any Trade (i.e., treat the Trade as if the Trade had never taken place) which was part of any Scalping activity;

(c) close any Trade on the basis of our then current prices which was part of any Scalping activity; or

(d) amend any Trade, so that it is as it would have been if the Order was executed in the absence of Scalping.

We can exercise the above rights even if you have entered into (or refrained from entering into) arrangements with third parties relating to the relevant Trade and even if you may suffer a trading loss as a result.

34. We reserve the right, in our sole discretion, to change your underlying liquidity feed to another provider in order to protect against abuse (including Scalping). Such a change may result in variable spreads being applied to markets you trade. If the liquidity feed is changed we shall have no requirement to notify you or give you prior warning of the change. We shall not be obligated to change the liquidity feed and may take any other action permitted by standard customer Terms and Conditions.

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