

Dear Client,

## **Changes to Standard Terms of Business pursuant to European Market Infrastructure Regulation (“EMIR”)**

The Portfolio Reconciliation and Dispute Resolution obligations in respect of all OTC Derivatives Transactions imposed by EMIR will come into effect on 15 September 2013. These obligations require EMIR counterparties to agree in writing on terms of portfolio reconciliation and dispute resolution.

In accordance with our Standard Terms of Business (“Standard Terms”), we hereby notify you of the following changes to our Standard Terms:

### **(a) Client Classification**

For the purpose of EMIR, we will classify you as Non-Financial Counterparty (NFC) and assume that you remain in this category throughout the validity of our Standard Terms unless you notify us otherwise. You have the obligation to ensure that you fall under the right classification as different regulatory obligations will apply depending on your classification.

### **(b) Portfolio Reconciliation**

We will send you a portfolio data of all outstanding OTC Derivatives Transactions between us. The frequency of data reconciliation will depend on your classification and number of outstanding transactions. The table below indicates the regulatory frequencies:

<i>EMIR Port Rec Rules</i>	
<b>OTC Derivatives with FC and NFC+</b>	<b>OTC Derivatives with NFC</b>
Daily for portfolio > 500 trades Weekly for 51 - 499 trades Quarterly for 1 - 50 trades	Quarterly for portfolio > 100 trades Annually 1 - 100 trades

As you have been classified as NFC, we will send you the first portfolio data on 31 December 2013 for quarterly reconciliation or 31 August 2014 for annual reconciliation.

Upon receipt of the portfolio data, you must perform data reconciliation and, if there is any discrepancy, you must notify us immediately in writing. If you do not notify us of any discrepancy in the portfolio data by close of business on the fifth business day after the date of the portfolio data, we will deem that you have affirmed the portfolio data.

If you have notified us of any discrepancy, we will use all reasonable efforts to resolve such discrepancy with you in a timely manner.

### **(c) Dispute Resolution**

In the event that you identify a dispute, you will need to provide us with a written notice specifying the details of the dispute. Such notice should be delivered for the attention of [dispute.resolution@edfmancapital.com](mailto:dispute.resolution@edfmancapital.com) and we will use reasonable efforts to resolve such dispute within five business days. If the dispute remains outstanding, such dispute will be referred to our Compliance Department who will take necessary action to ensure that such dispute is resolved. If the dispute remains outstanding after ten business days, we will refer the dispute to our senior management.



**Capital  
Markets**

**Effective Date**

This letter forms part of and supplements our Standard Terms of Business. You are deemed to agree to these amended terms if you enter into an OTC Derivatives Transaction with us on or after 15 September 2013.

For more information regarding EMIR we recommend that you visit the following websites:

**ESMA General Information –**

<http://www.esma.europa.eu/page/European-Market-Infrastructure-Regulation-EMIR>

**ESMA Non-Financial Counterparties –**

[http://www.esma.europa.eu/system/files/emir\\_for\\_non-financials.pdf](http://www.esma.europa.eu/system/files/emir_for_non-financials.pdf)

**Financial Conduct Authority (“FCA”) General Information -**

<http://www.fca.org.uk/firms/markets/international-markets/emir>

If you have any queries regarding these changes please contact your Account Executive.