



# Royal Bank of Canada Investment Management (U.K.) Limited Terms Of Business

	Page no.
1. Information about us and our services	2
2. Definitions	3
3. The basis on which we provide our services	3
4. Suitability	4
5. Communications between us (including how you can instruct us)	5
6. Discretionary Investment Management	5
7. Custody services	6
8. Client money	8
9. Conflicts of interest and material interests	9
10. Carrying out transactions	9
11. Settlement	10
12. Market abuse	10
13. Reporting to you	10
14. Complaints	11
15. Compensation	11
16. Liability	11
17. Risks	12
18. Joint clients	12
19. Data protection	13
20. Fees	13
21. Tax	14
22. Termination	14
23. Assignment	14
24. Rights of third parties	15
25. Changes to these Terms	15
26. Delegation and use of agents	15
27. Our rights	15
28. Interpretation	15
29. Governing law	15
30. Money laundering	16
31. Notices	16
Schedule 1	17
Schedule 2	18
Schedule 3	20



**1. Information about us and our services**

- 1.1 Our full name is Royal Bank of Canada Investment Management (U.K.) Limited. In these terms of business we are referred to either by this name or as “We”, “us” or “our”. We are incorporated in England & Wales under number 02494634 and our registered office is at Riverbank House, 2 Swan Lane, London, EC4R 3BF. Our telephone number is +44 (0)20 7653 4000 and our fax number is +44 (0)20 7329 3482. We are authorised and regulated by the Financial Services Authority (“FSA”), whose address is 25 The North Colonnade, Canary Wharf, London E14 5HS. We are entered on the FSA Register with registration number 146504. The FSA Register is accessible at [www.fsa.gov.uk/register](http://www.fsa.gov.uk/register). The services we are authorised to provide include investment advice, investment management, custody and dealing (including execution-only dealing) services.
- 1.2 We provide the types of service listed in clause 1.3. As part of the account opening procedures you indicate which service(s) you require and you also have the opportunity to state limits and requirements that you wish us to observe. If at any time you wish to change the services we provide, or any of the limits and requirements you imposed, you should contact us in one of the ways referred to in clause 5.2 below.
- We reserve the right to ask you for additional information to that provided in the account opening process at any time in order to provide our services. We rely on information you provide to us in response to such requests or in the account opening documents when providing you with our services.
- These terms of business apply to all the services we provide but certain sections are only relevant to certain services. Where this is the case it is indicated in the heading to the clause.
- Where we provide investment advice on packaged products, including regulated collective investment schemes, OEICs and unit trusts, we will consider products from a limited range of product providers or from the whole of the market and we will notify you of the basis of our advice before we provide that advice.
- 1.3 Our services are:
- Investment Advisory**  
When we provide this service we conduct a regular review of the suitability for you of your Portfolio and make investment recommendations to you. We do not make decisions on your behalf. You may accept or reject our advice. If you accept our advice you may instruct us to effect the transaction for you. In executing your transactions, we deal on your behalf in a transaction to buy or sell investments. Clients for this service may, but need not, use the Custody service. You may also instruct us on certain transactions where we have not given advice and we will carry these out for you on an Execution-only service basis.
- Discretionary Investment Management**  
When we provide this service we exercise discretion over the contents of your Portfolio (subject to the limits and requirements that you set on us in your Account Opening Documents, or which you notify to us from time to time) and we deal on your behalf in a transaction to buy or sell investments for your account in accordance with our decisions. Clients for this service will use the Custody service, unless we expressly agree otherwise.
- Custody service**  
When we provide this service we provide services for the safekeeping and administration of your investments, which may include the appointment of a third party custodian to hold your investments.
- Execution-only service**  
We also offer an Execution-only service. When we provide the Execution-only service we deal on your behalf in a transaction to buy or sell investments but do not provide investment advice to you on the merits of the transaction. In some cases we may have to consider if the transaction is appropriate for you, but this is not the same as advising on suitability. More details are given in clause 10.1 below.
- 1.4 We may provide our services in relation to the following types of investments:
- 1.4.1 shares in British or foreign companies;
  - 1.4.2 debenture stock, loan stock, bonds, notes, certificates of deposit, commercial paper or other debt instruments, including government, public agency, municipal and corporate issues;
  - 1.4.3 warrants to subscribe for investments falling within 1.4.1 or 1.4.2 above;
  - 1.4.4 depository receipts or other types of instrument relating to investments of the kind described above; and
  - 1.4.5 unit trusts, mutual funds and similar schemes in the United Kingdom (UK) or elsewhere, including interests in unregulated collective investment schemes (such as hedge funds);
  - 1.4.6 part-paid securities;



- 1.4.7 investments which are not readily realisable;
- 1.4.8 structured notes, options, futures, warrants and (by express agreement with you) contracts for differences;
- 1.4.9 margined transactions;
- 1.4.10 investments, the price of which is being stabilised; and
- 1.4.11 insurance, pensions and savings products.

## 2. Definitions

In this document the following words have the meanings set against them below:

**“Account Opening Documents”**

means the Account Opening Documents you must complete and sign in order to become a client;

**“Associate”**

means any company in the Royal Bank of Canada (RBC) group of companies and the directors and employees of any such company;

**“Business Day”**

means a weekday on which the clearing banks in the City of London are normally open for business (excluding Saturday);

**“EEA”**

means the European Economic Area;

**“Eligible Custodian”**

means a third party selected by us in accordance with FSA Rules to hold your investments (this term is used in connection with the provisions about the Custody service);

**“FSA Rules”**

means the rules of the FSA;

**“Liabilities”**

means liabilities, losses, damages, costs, claims and expenses of any kind;

**“Portfolio”**

this is used in relation to Investment Advisory and Investment Management clients. It means all of the money we hold for you in client bank accounts and all the investments in relation to which we are providing our services;

**“Regulatory system”**

has the same meaning as in the FSA Rules;

**“Terms”**

means the terms of business set out in this document (and, if relevant, any changes made to them in accordance with clause 25) .

## 3. The basis on which we provide our services

- 3.1 We are required by regulatory rules to classify you. We will treat you as a Retail Client. Retail Clients benefit from a higher degree of protection under FSA Rules than Professional Clients. You may ask us to classify you as a Professional Client for any individual service or for all services that we provide to you. Schedule 1 sets out the limitations on protections that would arise if we were able to do this. Please contact your Relationship Manager for more information. If you are joint clients please see clause 18 for important information about how we treat you.
- 3.2 Our legal relationship with you is governed by the following documents which together set out the basis on which we provide our services:
  - 3.2.1 these Terms;
  - 3.2.2 the Fees Notice. This sets out our transaction charges, fees and other charges for our services. Please note that you may incur costs or taxes that are not paid via us or imposed by us;
  - 3.2.3 the Account Opening Documents; and
  - 3.2.4 any other document which is agreed between us concerning the provision of our services.

**You should read these documents carefully. If there is anything in them that you do not understand or agree to you should discuss this with your Relationship Manager and seek clarification.**



- 3.3 You should retain a copy of your completed Account Opening Documents and any other document governing our legal relationship and which you complete and return to us. You can at any time ask your Relationship Manager to send you a copy of your Account Opening Documents.
  - 3.4 These Terms will become effective once we have received your fully completed and signed Account Opening Documents and we send you written acceptance of your application. We reserve the right not to accept your application and may reject your application at our absolute discretion and without providing any reason.
  - 3.5 You confirm that you have the authority to enter into these Terms and that the information you have provided is complete, accurate and up to date.
  - 3.6 FSA Rules require us to have a policy for achieving best execution when we execute transactions for your account, and for acting in your best interests when we pass transactions to third parties for execution. We are also required to tell you about these policies and a summary is set out in Schedule 2. When you open an account with us you consent to our execution policy including to the fact that we may execute transactions for you outside an EU regulated market (such as a stock exchange) or a similarly regulated multilateral trading facility.
  - 3.7 We are also required to provide you with a summary of our Conflicts of Interest Policy. This is set out at Schedule 3. This describes our approach to handling conflicts which we may have when acting for our clients. The policy sets the general framework within which we usually operate. Clause 9 also discloses further information about conflicts we may have. You may ask your Relationship Manager for further details.
  - 3.8 We have powers to change these Terms and our fees and charges. The way that we can do this is set out in clause 25.
  - 3.9 You warrant and represent to us that you have full power to appoint us to act in accordance with these Terms, including where relevant power to appoint us as custodian. We provide our services on the basis that you own the investments concerned and have full power to deal with them. You agree with us that whenever you instruct us or appoint us as discretionary manager to buy, sell or hold investments:
    - 3.9.1 you are (or will be) the sole (joint) beneficial owner (or where you are a trustee, sole legal owner) of the investments;
    - 3.9.2 no-one else has or will have any rights in respect of them, and they are free from any pledge, lien, charge, encumbrance or right exercisable by any third party;
    - 3.9.3 you will not sell, dispose of, deal with or give anyone else any rights over them while they are held by us for you, without our prior agreement; and
    - 3.9.4 you will not do anything or fail to do anything which would be a breach of any law or regulation which applies to you or which you are aware could result in our breaching a law or regulation.
- You must tell us immediately if any of the statements in this clause are or become untrue.
- 3.10 You will be responsible to us and our Associates for making good any Liabilities we suffer as a direct result of a breach by you of clause 3.9, including as a result of any third party claiming to be entitled to any or all of the investments or monies comprised in your Portfolio.

#### 4. Suitability

**This clause applies when we provide Investment Advisory or Discretionary Investment Management services.**

- 4.1 We will provide Investment Advisory and Discretionary Investment Management services on the basis of the information you provide to us about:
  - 4.1.1 yourself and your knowledge and experience in types of investment;
  - 4.1.2 your investment objectives;
  - 4.1.3 your financial situation;
  - 4.1.4 the restrictions on the investments which you are prepared to hold;
  - 4.1.5 the level of risk that you are prepared to accept; and
  - 4.1.6 any other special requirements.

Please let us know as soon as possible if there are any changes to the information you have provided.

- 4.2 There will be no restriction on the value or geographical location of any one investment or the proportion of your Portfolio which may be made up of one investment or any particular type of investment, unless you specify such a restriction in the Account Opening Documents or subsequently notify us that you wish us to observe such a restriction.



- 4.3 Your Portfolio may (but need not) include the following:
- 4.3.1 securities the issue of which may have been underwritten, managed or arranged by us or an Associate;
  - 4.3.2 units in an authorised, recognised or unregulated collective investment scheme including those which may be operated by or advised by us or an Associate.
- 4.4 We may provide you with research which we reasonably believe to be reliable and accurate, but we cannot guarantee the accuracy or completeness of the research. Research can only be taken to reflect views held at the time it was written and you should be aware that the information and opinions in it can therefore be subject to change and it will not be updated to reflect any such changes. Subject to clause 16, we will not be responsible for any Liabilities you may suffer arising from the use of our research. We or an Associate may have positions in or options on the securities mentioned in any research provided to you or may, subject to the FSA Rules, buy, sell or offer to make a purchase or sale of such securities before or after our research recommendation is published. We reserve the right to act as principal or as agent with regard to the sale or purchase of any security mentioned in our research.

**5. Communications between us (including how you can instruct us)**

- 5.1 We shall communicate with you using the contact information you supply on the Account Opening Documents, or such other information as you provide to us in writing from time to time.
- 5.2 You may contact us at Riverbank House, 2 Swan Lane, London, EC4R 3BF or by telephone or fax to the number set out above in clause 1.1. You will also be given the telephone and email details of your Relationship Manager.
- 5.3 You must communicate with us in English. Documents and other information we supply will be in English.
- 5.4 You may instruct us on transactions or in respect of any other matter in the ways provided in this clause 5. If we are not able or are not willing to act on any particular instructions we will notify you without delay and explain why.
- 5.5 We may communicate with each other in writing (including by fax or email) or by telephone. We may record telephone calls.
- 5.6 Instructions given by telephone, by email or by fax lack privacy and security. Whilst no method of communicating can be totally secure, these methods are in our view more susceptible than written instructions to fraud, forgery and interception. We may accept and act on instructions given by telephone, fax or email if we reasonably believe they come from you. There may be some cases where, for your and our protection, we will think it appropriate to require further written confirmation from you of instructions given in this way before we act on them. In other cases we may act on instructions given in this way but may subsequently require your written confirmation of those instructions.
- 5.7 Please make sure that your instructions are clear and that you clearly state your intentions and any conditions you wish to impose. This is important because if your instruction makes sense we may act on it without contacting you, and we will not be responsible if your instructions do not say what you mean them to say. If you have any doubt as to how to instruct us clearly please contact your Relationship Manager. Where an instruction by fax, email or writing is difficult to read or ambiguous we will not act on it until we have contacted you for clarification, which could lead to a delay.
- 5.8 We reserve the right to refuse to act on any instructions if we determine that to do so would risk a breach of any applicable laws or that, having regard to our duty to act in your best interests, it is not appropriate to do so. We also reserve the right to refuse to act on any instructions given by email without you first entering into a separate agreement with us about the use of email. We will notify you of any such refusal.

**This clause applies when we provide Discretionary Investment Management services.**

**6. Discretionary Investment Management**

- 6.1 We will, acting as your agent, and subject to any restrictions you impose:
- 6.1.1 have complete discretion over your Portfolio and manage it with a view to achieving your investment objectives;
  - 6.1.2 without prior reference to you buy, sell, retain, exchange or otherwise deal with investments and other assets, make deposits, subscribe to issues and offers for sale, accept placings, underwritings and sub-underwritings of any investments and execute transactions and arrange transactions on any markets (subject to our execution policies);



- 6.1.3 negotiate and execute documentation required in connection with any transaction;
- 6.1.4 take all routine or day to day decisions and otherwise act as we judge appropriate, subject always to our obligations under the FSA Rules including those regarding suitability and best execution.
- 6.2 We will manage your Portfolio subject to your restrictions and objectives, but our ability to do this could be affected by events or circumstances that we cannot reasonably control, such as market movements which affect the price or value of assets in your Portfolio. In such a case your restrictions could be breached and we will take such action as we think appropriate in the circumstances.
- 6.3 We will not commit you to supplement the funds in your Portfolio either by borrowing on your behalf or by committing you to a contract the performance of which may require you to supplement the funds in your Portfolio.
- 6.4 Subject to your investment objectives and restrictions we may commit you to underwrite any issue or offer for sale of investments, including where an Associate is leading or advising on the issue.

**7. Custody services** This clause applies when we provide Custody services.

- 7.1 We may hold your investments directly in a nominee company controlled by us. We may also appoint an Eligible Custodian to hold your investments. An Eligible Custodian may (but need not) be a company which is an Associate.
  - 7.2 Where we are not your custodian we will register share certificates in your name or, by express agreement, in a name notified by you to us in writing.
  - 7.3 We notify you and you agree that all registerable securities we hold for you will be registered:
    - 7.3.1 in the name of a nominee company controlled by us, or by a recognised or designated investment exchange, or by an Eligible Custodian; or
    - 7.3.2 in the name of an Eligible Custodian, in the case of overseas investments where, due to the law or the nature of market practice in the jurisdictions concerned, it is in your best interests, or it is not feasible to do otherwise.
- In such a case the investments may not be segregated from those of the Eligible Custodian. Therefore, your protection may be less should a default occur on the part of the Eligible Custodian as your investments will not necessarily be separately identifiable and may be subject to third party claims made against them.**
- 7.4 We will take reasonable care in selecting Eligible Custodians. We assess their operational capabilities, their financial strength, reputation and expertise, and require them to enter into formal contractual arrangements and we monitor them after appointment both in the normal course of operations and through regular reviews.
  - 7.5 Where investments are registered in the name of our nominee we will account to you promptly for all dividends, interest payments and other rights accruing to you. The following actions will occur in respect of bonus issues and scrip dividends:
    - 7.5.1 all bonus issues will automatically be credited to your account; and
    - 7.5.2 in the case of a scrip dividend:
      - (a) our default option is to elect to take any cash alternative and we will not be responsible for informing you that any scrip alternative exists; and
      - (b) in certain circumstances and upon request we will use our best endeavours to obtain any scrip alternative for your account.
  - 7.6 Where investments are registered in the name of an Eligible Custodian or its nominee we will account to you promptly on receipt by us of all dividends, interest payments and other rights accruing to you which we receive on your behalf. We account to you by crediting the income to your client account or to any other account specified by you in writing.
  - 7.7 Except where we are appointed as Discretionary Investment Manager we will obtain your instructions before:-
    - 7.7.1 exercising on your behalf conversion and subscription rights;
    - 7.7.2 exercising on your behalf voting rights; and
    - 7.7.3 proceeding on your behalf in take-over situations, other offers or capital re-organisations.



In such cases we will state the time by which we must receive your instructions. This will be before the time set for the event by the issuer of the investments, because we need time to process instructions. If you do not give us instructions by the stated time, we may not be able to process them (though we may use reasonable efforts to do so), and the issuer of the investments may have pre-determined how your rights will be exercised.

- 7.8 Subject to clause 16, we do not accept responsibility for any Liabilities suffered by you as a result of any act or default of an Eligible Custodian which is not an Associate unless it results from our negligence, wilful default or fraud or from our breach of the FSA Rules.
- 7.9 We will not lend your investments to a third party or borrow money for you on the security of your investments, except to the extent that at any time you expressly authorise us to do so.
- 7.10 You should note the following points which can affect your rights in relation to investments held under custody arrangements:
- 7.10.1 Your investments are “pooled” when they are registered or recorded in the same name or held in the same account as investments belonging to others (such as when they are held in a nominee). Pooling means that your individual entitlements may not be identifiable by separate certificates, physical documents or equivalent electronic entries on the register. Investments held with a third party may be held in an omnibus account by that third party, which also means investments are pooled with those of others.
- In the event of an irreconcilable shortfall following any default of the custodian responsible for pooled investments, the manner in which such a shortfall will be dealt with may vary according to the applicable law and you may not receive your full entitlement and may share in that shortfall pro-rata.**
- Where clients’ balances are pooled we try to ensure that as nearly as possible you receive the same entitlements to shares and other benefits arising from corporate events as you would have done if you held securities in your own name, but if fractions arise or additional amounts arise that would not otherwise have occurred had the investments been registered in your own name these are retained by us. We may not always be able to procure the same treatment for you as you would get if the investments had been in your name; for example, following an allocation or share issue that favours the small investor, your allocation may be less than it otherwise would have been if your investments had been registered in your own name. Shareholder perks provided by some companies are not usually available where securities are registered in a nominee.
- By accepting these Terms you agree to your investments being held by us or by an Eligible Custodian in a pooled account.
- 7.10.2 Where your investments are held overseas there may be different settlement, legal and regulatory requirements in overseas jurisdictions from those applying in the UK and there may be different practices for the separate identification of your investments and your rights may be different from those that would apply were English law to be applicable.
- 7.10.3 If your investments or money are subject to the law of other jurisdictions, including non-EEA jurisdictions, your rights may be different from those that would apply were English law to be applicable. In particular if your securities or money are held with a third party which becomes insolvent, the consequences will depend upon the applicable law (which may not be English law). The insolvency may result in delays in settling or transferring securities or cash held. The effect of any applicable law is outside our control and could, for example, mean that your interests are not recognised as separate from those of the third party.
- 7.10.4 Overseas custodians may take a lien over investments held by them or may be entitled to other security rights over investments or money including rights of set-off, retention or sale.
- 7.10.5 If we receive notice of a corporate event from an overseas custodian in time for us to process the information and give you an opportunity to instruct us, then we will do so but you should be aware that we may not receive notification of rights attaching to overseas investments or there may be a delay in notification to us. In such circumstances we may not be able to inform you or to take appropriate action on your behalf in time.
- 7.11 If we agree to hold share certificates registered in your name, we will accept responsibility for their safekeeping in accordance with FSA Rules and these Terms and will keep them segregated from our assets. You agree that your share certificates may be held by us with an Eligible Custodian (which may be located overseas). These investments will continue to be registered in your name at your address. We may charge a fee for our safe custody services and if we decide to do so this will be specified on our Schedule of Charges.



- 7.12 We may cease to provide you with safe custody of your share certificates if you fail to pay any amount due to us on demand for our services. We reserve the right to return any share certificates to you at your last address notified to us in writing at any time. We will not be responsible for the safe delivery of the certificates to you after we have posted them unless we agree otherwise in writing. Please contact your Relationship Manager if you require us to send the certificates to you by registered post or arrange insurance cover.
- 7.13 If we cease to provide safe custody facilities and, after having made reasonable attempts to contact you, you have failed to respond to our communications then if we reasonably believe that you may no longer be resident at the address that we hold for you we reserve the right to return any share certificates or other evidence of title to the securities to the registrar or other agent of the company that issued the certificates to hold for you. We will write to you at your last known address to advise you that we have done this.

## 8. Client money

- 8.1 You may either hold your money in an account in your name and give us authority to make debits and credits to that account or we can hold your money in a client bank account together with the money of other clients. If you hold monies in an account in your name we will require you to give us a mandate over it which we will operate in accordance with FSA Rules. We may also hold your money in an account with a money market fund meeting certain conditions specified in the FSA Rules. Where we do this your money will be held in accordance with FSA Rules governing the holding of client assets and not client money. You can ask us not to hold your money in a money market fund. Please contact your Relationship Manager if you wish to exercise this right. The remaining provisions of this clause 8 apply when we hold your money in a client bank account.
- 8.2 We will deal with your money in accordance with the FSA client money rules which require us to hold it segregated from our money at a central bank, an EU regulated credit institution or a bank authorised in a third country. We may hold client money accounts with RBC and with other banks in the RBC group either inside or outside the UK. We may allow another person, such as an exchange, clearing house or an intermediate broker to hold or control client money for the purpose of a transaction for you through or with that person or to meet any obligation you have to provide collateral for a transaction.
- 8.3 Where your money is held in accounts outside the UK with any person of the kind referred to in clause 8.2, the legal and regulatory regime will be different to that of the UK and your rights in relation to the money may differ accordingly. We take reasonable care in the selection, appointment and periodic review of any person with whom such accounts are held but, for example, if they became insolvent your money may be treated differently from the position which would apply if the money was held in a client bank account in the UK and it may therefore be less secure. We will not be liable for any Liabilities you incur as a result of the application of such laws and regulation.
- 8.4 We will account to you monthly for interest earned on client money balances that we hold on deposit. Such interest will be earned at a market rate appropriate for the currency and size of the deposit.
- 8.5 Overdrafts of an account are repayable on demand, and we may charge interest on the debit balance until you repay the overdraft.
- 8.6 You consent to us releasing any unclaimed client money balance held for you from our client bank account and we will no longer treat it as client money if:
- 8.6.1 we are unable to trace you after contacting you by writing, telephoning or emailing you with the contact details provided by you;
  - 8.6.2 we do not hold any shares or certificates for you and there has been no movement on your balance for at least six years (except for our periodic charges or debit or credit interest); and
  - 8.6.3 we satisfy any other requirement of the FSA applicable to the situation.
- 8.7 Where we maintain more than one account for you, you agree that we may from time to time treat all such accounts as one account and may at any time set off any credit balance against any amount you owe us (whether on a different account or not). Where the amount you owe is in a different currency to the currency of the relevant credit balance, we may effect a currency conversion at the prevailing spot rate of exchange on the day of the conversion. We will apply the proceeds of the currency conversion (less any costs or expenses of conversion) to reduce the amount you owe us. We are not required to give you notice before we take any such action.



**9. Conflicts of interest and material interests**

- 9.1 We may provide services to you even though we or an Associate may have an interest, relationship or arrangement that is material in relation to the investment, transaction or service concerned or which gives rise to a conflict of interest. We are required to have a policy to identify and manage conflicts of interest and if these arrangements are not sufficient to prevent the risk of damage to the interests of a client we must disclose the general nature and sources of conflict. Although we consider that our policies are generally likely to be sufficient we describe in this clause 9 the general nature and sources of conflicts that we may have.
- 9.2 We will manage conflicts in accordance with our Conflicts of Interest Policy, but you should be aware that when we recommend a transaction to you or enter into a transaction for you:
- 9.2.1 an Associate could be dealing as principal for its own account by selling the investment concerned to you or buying it from you thereby making a profit (or loss) for its own account; or
  - 9.2.2 we could be matching your transaction with that of another client by acting on his behalf as well as yours and receiving commission or other charges from both parties, and the price of the transaction may be different from the bid or offer price; or
  - 9.2.3 we could be buying or selling units in a collective investment scheme where we are (or an Associate is) the trustee, operator (or an adviser of the trustee or operator) of the scheme; or
  - 9.2.4 we could be buying investments where we are (or an Associate is) involved in a new issue, rights issue, take-over or similar transaction concerning the investment; or
  - 9.2.5 we could be recommending the purchase or sale of an investment which one of our clients has given instructions to buy or sell or in which an Associate has a long or short position; or
  - 9.2.6 an Associate could be the issuer of the investments or they could have been issued by a client of ours or of an Associate; or
  - 9.2.7 an Associate could have underwritten or otherwise undertaken the issue or sale of investments or have a long or short position in those investments as a result of such underwriting or otherwise; or
  - 9.2.8 an Associate could have given advice to the issuer or any other person in connection with the investments.
- You agree that we may provide the relevant service despite any such interest and that neither we nor any Associate are required to account to you for any income, gain, profit or other advantage arising from the same provided that in doing so we do not contravene the FSA Rules.
- 9.3 We and our Associates provide a wide range of services to many different types of client. We will not disclose to you or use for your benefit any information which we or an Associate may have where to do so would or might be a breach of obligations of confidentiality to any other person. Nor will we reveal any information to you or use it for your benefit where to do so would in our opinion place us in breach of a law or regulatory obligation.
- 9.4 We shall not in any event be obliged to take into account any information which, whilst held by us or by an Associate, does not come to the actual notice of the individual responsible for making decisions, giving recommendations or taking other action on your behalf.

**10. Carrying out transactions**

**This clause applies if you instruct us to carry out a transaction for you, or if we carry out a transaction when providing Discretionary Investment Management services.**

- 10.1 If you instruct us to carry out an execution-only transaction (that is a transaction on which we have not provided advice) we will not advise you about the merits of the transaction and we will not be required to ensure that the transaction is appropriate for you. Some investments are categorised as “complex” and we cannot act on a pure execution-only basis. If we are not providing you with the Investment Advisory service and you wish to instruct us to buy or sell complex instruments then we are required to assess whether the investment is appropriate for you before we carry out the transaction. We will tell you if an instrument is categorised as “complex” and in order for us to make an assessment we will ask you for information, without which we cannot act for you.
- 10.2 We carry out transactions for you either by executing them, for example, accessing the execution venue, or by passing orders to third parties such as brokers, who are responsible to us for execution of the transaction. If we execute customer orders we do so in accordance with our execution policy which is summarised in Schedule 2. By accepting these Terms you consent to the execution policy and expressly consent to orders being executed outside EU regulated markets and multilateral trading facilities, where to do so is in accordance with the execution policy.



- 10.3 We may combine a transaction for you with our own orders and orders of our Associates or other clients. The effect of aggregation may on some occasions work to your disadvantage.
- 10.4 We shall use reasonable endeavours to execute any order promptly, but in accepting any order we do not warrant or represent that it will be possible to execute your order at all or that execution of the order will be possible within the terms of your instructions (whether as to price or size or any other condition).
- 10.5 If you give us a limit order (an order to buy or sell at a specified price limit or better and for a specified size) then if the order is not immediately executed under prevailing market conditions, you instruct us not to make it public immediately unless we consider that it is in your best interests to do so.
- 10.6 If the other party to a transaction with you fails to complete the transaction on time or at all, then we will take all reasonable steps on your behalf to mitigate the effects of such failure, but will not take any step which could involve us in incurring costs and expenses on your behalf without your prior consent.

## 11. Settlement

- 11.1 You shall promptly take all action necessary (including the supply of information) to enable due settlement of any transaction entered into by us under these Terms.
- 11.2 Funds for the purchase of any investment (in the correct currency for the investment concerned) must be made available to us at such time as we specify to you together with any commissions and charges due in respect of the transaction as advised to you.
- 11.3 If you wish to sell a certificated investment, you must return to us promptly a signed and completed stock transfer form together with your valid share certificate(s) and any other documentation we may request. If we hold the relevant certificates in our safe custody then you authorise us to release those certificates from safe custody and to deliver the certificates to the market.
- 11.4 If you wish to receive a share certificate but the investment is not capable of being held in certificated form, you agree that we may hold the investment on your behalf in our nominee company or with an Eligible Custodian in electronic form until we can contact you to determine if you wish to set up a nominee account or to sell the stock.
- 11.5 Where we are not providing you with Custody services, it is your responsibility to select and appoint your own custodian. You authorise us to give instructions to and deal with your custodian, and undertake to provide us with the name of your custodian and any other information we reasonably require in order to do so for purposes of your account. You agree to notify us in advance of any changes to this information, including where you appoint a new custodian.
- 11.6 We shall not be responsible for supervising your custodian and, subject to clause 16, will have no responsibility or liability in respect of its acts or omissions.
- 11.7 For each transaction we will agree with the other party to the transaction (the “counterparty”) the day on which the transaction will be settled (the “settlement date”). There are standard settlement periods for most markets.
- 11.8 If we agree a settlement date that is later than the standard period for the particular market and that class of instrument then the transaction is known as dealt for “extended settlement”. We do not normally offer extended settlement. However, subject to our sole discretion, we may permit it.
- 11.9 If you require extended settlement, the counterparty may levy a charge which will be reflected in the price shown on the contract note provided to you under clause 13.1 below. However, we reserve the right at any time to request payment, delivery of securities and transfer forms, or acceptable collateral in advance of the agreed settlement date.
- 11.10 If you fail to provide delivery of certificates or payment, or to make alternative arrangements, we reserve the right to close the position with no liability on our part. You will remain liable for any outstanding costs, payments and any Liabilities incurred. We will endeavour but are not obliged to contact you in advance of closing such open positions.

## 12. Market abuse

You agree that you will not deliberately, recklessly or negligently by act or omission engage in market abuse or insider dealing, or require or encourage another person to do so. If you are uncertain as to whether your dealings or proposed dealings are lawful, you must take your own legal advice. You must disclose to us the name of any listed company where the Model Code applies to you and advise us when you are dealing in the shares of that company or in any other investment subject to the restrictions in the Model Code.

## 13. Reporting to you

- 13.1 If you are an Investment Advisory client, you will receive a contract note confirming the details of any transaction made for you. It will be sent to you no later than the first business day after the transaction, or if relevant, after we receive confirmation of the transaction from a third party.



- 13.2 Discretionary Investment Management clients receive periodic statements as described in clause 13.4 below.
- 13.3 You agree to review any report or contract note we send you and to let us know promptly if you have any queries or if you consider that there are inaccuracies in it.
- 13.4 We send periodic statements (which include valuations) to Discretionary Investment Management clients quarterly within 25 business days following the end of the quarter to which they relate. Where we manage your investments with a leveraged portfolio a periodic statement is provided at least once a month.
- 13.5 Unless we agree otherwise with you valuations will be based on the middle market price supplied by an external information provider as at the close of business on the valuation date. In cases where a middle market price is not available we may need to value an investment using a different basis, for example, the last trade price or an estimation of the price or at cost.
- 13.6 We may agree with you an appropriate method of evaluation if you are a Discretionary Investment Management client to assist you in assessing the performance of your Portfolio. We do not guarantee that your Portfolio will perform in line with any chosen benchmark or other measure. If we agree a benchmark this does not mean that your Portfolio will be based on the investments which make up the indices in the benchmark or will necessarily follow their asset allocation or performance.
- 13.7 We will provide you with details of the investments and client money we hold in a periodic statement or, if you do not receive periodic statements, in an annual statement.

#### 14. Complaints

- 14.1 You should contact your Relationship Manager immediately if you are dissatisfied in any way with any aspect of our services. You can also at any time contact our Compliance Officer at Royal Bank of Canada Investment Management (U.K.) Limited at Riverbank House, 2 Swan Lane, London, EC4R 3BF.
- 14.2 A complaint can be made in writing, by telephone, by fax, by email or in person. Your complaint will be handled in accordance with FSA Rules. We treat any complaint very seriously and aim to resolve a complaint fairly and promptly. We hope to resolve all complaints amicably. However you can also direct your complaint to the Financial Ombudsman Service at South Quay Plaza, 183 Marsh Wall, London E14 9SR.

#### 15. Compensation

We are covered by the Financial Services Compensation Scheme. You may be entitled to compensation from the scheme if we cannot meet our obligations. This depends on the type of business and circumstances of the claim. Most types of investment business are covered up to a maximum limit of £50,000. Further information about compensation scheme arrangements is available from the Financial Services Compensation Scheme 7th Floor, Lloyds Chambers, Portsoken Street, London E1 8BN.

#### 16. Liability

- 16.1 Our obligation to you is to provide our services and perform our responsibilities under these Terms with the reasonable skill and care expected of an FSA regulated investment professional who provides services of the kind we provide and we will therefore be responsible for Liabilities suffered by you to the extent that such Liabilities are caused by our negligence, wilful default or fraud or arise from breach of our duties under the regulatory system. We accept the same level of responsibility to you for our nominee companies (including with respect to the requirements of the FSA custody rules) and for Eligible Custodians who are our Associates as we do for ourselves. You may also have rights against us if we fail to comply with our obligations under the regulatory system. We do not seek to exclude or limit our duties or liabilities under the regulatory system. Your rights under the regulatory system or any other statutory rights you may have are not affected in any way by these Terms. For further information about these rights you can contact your local authority Trading Standards Department or Citizens Advice Bureau. The FSA website [www.fsa.gov.uk](http://www.fsa.gov.uk) also has a consumer section.
- 16.2 Nothing in these Terms shall be read as excluding or restricting any liability we may have for fraud or fraudulent misrepresentation or for death or personal injury caused by negligence.
- 16.3 We will not be liable to you if we cannot perform our obligations by reason of any cause beyond our reasonable control, which could include but is not limited to any act of God, fire, act of Government or supranational bodies or authorities, war, civil commotion, insurrection, act of terrorism or threat thereof, embargo, industrial dispute, inability to communicate with market makers, unanticipated dealing volumes, failure of any telecommunication, computer dealing or settlement system, prevention from or hindrance in obtaining any energy or other supplies, labour disputes of whatever nature, late or mistaken delivery or payment by any bank or counterparty or any other reason beyond our reasonable control. If an event of this kind occurs, we will take reasonable care to take such steps as are reasonable and practicable in the circumstances with a view to minimising the effect of the event on our customers.



## 17. Risks

### General

- 17.1 All investments involve a degree of risk of some kind. This section describes some of the risks which could be relevant to the services we provide to you. We may provide further risk information during the course of our services to you, as appropriate.
- 17.2 Our services relate to investments whose price depends on fluctuations in the financial markets outside our control. Investments and the income from them may go down and you may get back less than the amount you invested. Past performance is not a guide to future performance.

### Stabilisation

- 17.3 We may deal for you in securities subject to stabilisation. Stabilisation is a price-supporting process that very often takes place in the context of new issues, including rights issues and, in particular, privatisations. It only takes place for a specified period. There are limits on the price at which shares, warrants or depositary receipts may be stabilised but none in respect of loan stock or bonds. Stabilisation can affect the market price of investments of the same class already in issue and of other investments whose price affects the price of the new issue. It takes place in order to ensure that an issue is introduced to the market in an orderly fashion and that the issue price and/or the price of associated investments is not artificially depressed as a result of the increase in supply.

### Structured Capital at Risk Products (SCARPS)

- 17.4 The return of initial capital invested at the end of the investment period for a SCARP is not guaranteed and therefore you may get back less than was originally invested. The amount of initial capital repaid may be geared, which means that a small percentage fall in the related index may result in a larger reduction in the amount paid out to you. Redeeming a SCARP early may result in redemption penalties and a poor return. Any maximum benefit advertised for a SCARP may only be available after a set period. The rate of income or growth advertised may depend on specified conditions being met. The initial capital invested may be placed into high risk investments such as non-investment grade bonds. In addition to these risks relating to the nature of the product, there is the further risk that a counterparty may default on its obligations under the terms of a SCARP. Due to the complex nature of these products you should ensure that investment into these products is appropriate for your financial circumstances.

### Warrants and derivatives

- 17.5 Before we acquire a warrant or derivative on your behalf, we require you to sign a warrants and derivatives risk warning notice.

### Investment trusts and other investment companies (including hedge funds and similar vehicles)

- 17.6 Such entities may use or have the ability to use gearing as an investment strategy or may invest in other companies that may use gearing as an investment strategy. Movements in the price of their securities may be more volatile than the movements in the price of the underlying investment. The investments may be subject to sudden and large falls in value and you may get back nothing at all if the fall in value is sufficiently large.

### Non-readily realisable investments

- 17.7 We may agree to deal in non-readily realisable investments on your behalf. These investments are defined as investments that are neither government securities nor listed investments nor those which regularly trade on an exchange. The market in such securities can be, or can become, limited or difficult to deal in. When dealing in non-readily realisable investments, it can be difficult to assess what would be a proper market price for these investments.

### Currency risk

- 17.8 In the event of you having a liability in one currency which is to be matched by an investment in a different currency, or where an investment in the Portfolio is denominated in a currency other than the agreed base currency of the Portfolio, you acknowledge and are aware that a movement of exchange rates may have an independent effect, which may be favourable or unfavourable, on the gain or loss otherwise experienced on the investment.

## 18. Joint clients

- 18.1 If an account is opened in joint names we will accept instructions from any one of the joint clients. These instructions will bind all joint clients. If you wish us only to act if we have instructions from all joint clients please contact us. We reserve the right to request written authority from all joint clients.
- 18.2 It is our policy that an account in the name of two or more persons is set up as a joint tenancy account. This means that upon the death of one joint client, the total Portfolio is then passed to the surviving joint client(s). Please inform us in writing if this arrangement is unsatisfactory.
- 18.3 All joint clients are bound by these Terms and each joint client will be jointly and severally liable to us. This means that that you are each responsible for yourself and for each other and we may take action against one or more of you for any breach of the obligations which apply to a client.
- 18.4 We will send notices and communications only to the first named account holder, who will be treated by us as authorised to receive them on behalf of all joint clients. You should let us know if you require different arrangements.



- 19. Data protection**
- 19.1 Your personal information comprises:
- 19.1.1 the details we hold about you and your transactions (and may include personal information concerning your family members, if provided to us); and/or
  - 19.1.2 where you are a corporate customer, the details we hold about your staff and corporate contacts (including their individual customers and such customers' family members), and may include information obtained from third parties.
- 19.2 We may use and share your personal information with other members of RBC to help us and them:
- 19.2.1 administer your Portfolio;
  - 19.2.2 understand your requirements
  - 19.2.3 prevent fraud or money laundering;
  - 19.2.4 recover a debt;
  - 19.2.5 assess financial and insurance risks; and/or
  - 19.2.6 develop new products and services.
- 19.3 We will not disclose your personal information to anyone outside RBC except where we have your permission, where we are required or permitted to do so by law, to credit reference agencies and other companies that provide a service to us or you, to regulatory authorities, stock exchanges and clearing houses, or where we may assign these Terms in accordance with clause 23 below.
- 19.4 To provide our services we may wish to transfer personal information to entities in countries which may not have the benefit of equivalent data protection legislation. In such instances we will put in place appropriate safeguards to protect personal information. This personal information may be accessed by law enforcement agencies and other authorities in these countries.
- 19.5 We may make periodic searches at credit reference agencies to help us manage and take decisions about your accounts. We may also provide personal information to credit reference agencies who may make this information available to other organisations, to enable them to make decisions about you, your associates and members of your family. The information may also be used for tracing purposes.
- 19.6 By accepting these Terms you confirm that you consent to the processing of your personal information described above (and if you provide us with data concerning other individuals (such as your spouse or civil partner) that you have obtained their explicit consent to our using their personal information for the purposes described, and can demonstrate this to us if requested). Where you are a corporate customer you confirm that in respect of each individual whose personal information you provide to us you have obtained their consent for you to provide this information to us and for us to use it as described above, and you can demonstrate this to us if requested.
- 19.7 Any individual in respect of whom we hold personal information can obtain a copy of their information by writing to the Compliance Officer at Royal Bank of Canada Investment Management (U.K.) Limited, Riverbank House, 2 Swan Lane, London, EC4R 3BF. We reserve the right to charge an administration fee for providing this information and to require appropriate proof of identity.
- 20. Fees**
- 20.1 Unless otherwise expressly agreed in writing, the fee payable by you to us in relation to our services shall be in accordance with our fee scale from time to time applicable to the type of service afforded under these Terms. Details of our fee scale at the date of these Terms were given to you before these Terms were entered into. Any changes to the fee scale will be notified to you and will be effective ten business days after notification.
- 20.2 Other remuneration or commission may be received by us or by our Associates from third parties in connection with transactions effected by us on your behalf under these Terms in addition to the fee payable under clause 20.1 above. This remuneration or commission may be retained by us or our Associates.
- 20.3 You will also be liable to pay any costs and expenses properly and reasonably incurred by us in providing our services under these Terms including, without limitation, reasonable commissions, transfer and registration costs and taxes and other fiscal liabilities. The amount of such costs and expenses will be notified to you together with the amount of our fee for the relevant period.
- 20.4 Fees, costs and expenses under clauses 20.1 and 20.3 above are calculated on a Sterling basis save that where valuations are prepared or transactions effected in a currency other than Sterling we may, at our discretion, charge such fees, costs and expenses in that currency.
- 20.5 Our management fee will accrue on a daily basis and its calculation will be based on the valuation. The fee and any other additional costs and expenses payable pursuant to clause 20.3 above are



due at the end of each three month period and will be debited against monies in the Portfolio no earlier than 14 business days after we have sent you the valuation. We will invoice you in which case payment will be due within FOURTEEN (14) days of receipt of the invoice should there be no Portfolio or insufficient monies in the Portfolio at that time. We reserve the right at our absolute discretion to calculate the fee with regard to interim valuations of the Portfolio within the relevant three month period where significant transfers out of the Portfolio have been made on your instructions.

## 21. Tax

- 21.1 All payments made to you related to income arising from investment and all monies and assets contained in the Portfolio shall be subject to deduction of any applicable taxes or other levies and we may account for the same to the appropriate authorities as required by law or practice.
- 21.2 All fees charged by us to you are exclusive of any tax duty or levy which may arise on them and in particular are exclusive of Value Added Tax which will be levied according to legal requirements.
- 21.3 You and your professional tax adviser remain entirely responsible for the management of your affairs for tax purposes and for advising us of any matter which you wish us to take into account in managing the Portfolio.

## 22. Termination

- 22.1 You or we may terminate our relationship under these Terms by written notice to the other at any time. Transactions in progress at the time of termination will be executed in accordance with these Terms, save that if we terminate because we consider that an event has occurred which may affect your ability to settle transactions, we shall take such action as is appropriate in the circumstances.
- 22.2 We will be entitled on termination to charge you:
  - 22.2.1 a proportion of any management fee payable by you to us corresponding to the part of the period in respect of which the management fee is payable which has expired when termination has taken effect;
  - 22.2.2 (except where you terminate these Terms within 90 days of notice being served of an assignment in accordance with clause 23) any expense necessarily incurred by us directly attributable to the termination of our relationship including any for transfer of cash and securities; and
  - 22.2.3 any losses necessarily realised in settling or concluding outstanding obligations.
- 22.3 You will remain liable for prompt settlement of all outstanding transactions, fees, charges and obligations related to services provided by us prior to termination. No penalty or other additional payment will be payable by you or us in respect of the termination. We will return the balance of any monies we hold to you, subject to our rights set out in clause 27.
- 22.4 These Terms shall, even after termination, continue to govern any legal rights or obligations which have already arisen or which relate to our services under these Terms or which arise in consequence of termination.
- 22.5 In the event of your legal incapacity, our relationship under these Terms will terminate automatically upon our receipt of written notice unless you have granted a power of attorney under which we can continue to act. We reserve the right to require proof or further details of your legal incapacity.
- 22.6 Where a power of attorney has been granted over your account, we will administer the account in accordance with the attorney's instructions until such time as we become aware that the power of attorney has been revoked, or until we are notified of your death.
- 22.7 Upon receipt of written notification of your death your account will be suspended and we will close any open position including any which carries a contingent liability.
- 22.8 Unless otherwise agreed with us, we will not accept any instructions over any account in your name until a grant of probate or its equivalent has been issued and we have received a certified copy. Thereafter, under these Terms your executor or personal representative may only instruct us to sell, transfer or materialise the investments subject to payment of our normal charges and these Terms will be binding on your executor or personal representative.

## 23. Assignment

You may not assign these Terms. We may after not less than 28 days prior written notice to you assign these Terms to another company or firm which at the time of such transfer is authorised under the Financial Services and Markets Act 2000. On such assignment we shall be released from future liability to you under these Terms and you agree to be bound by them as if the assignee had originally been named in these Terms as a party to the same instead of us.



**24. Rights of third parties**

Any clause which confers a benefit on an Associate shall be enforceable by him/it accordingly but The Contracts (Rights of Third Parties) Act 1999 shall not otherwise apply to these Terms and accordingly no part of these Terms shall be directly or indirectly enforceable by any third party other than an Associate, nor are they intended to confer a benefit on any third party other than an Associate. We and you shall remain free to vary or terminate these Terms without the consent of any Associate.

**25. Changes to these terms**

We may change these Terms from time to time in whole or in part and we will give you at least 28 days notice in writing of any changes before providing services to you under the changed terms. No change will affect any outstanding order or transaction or any other legal rights or obligations which may have arisen before the date of the change.

**26. Delegation and use of agents**

- 26.1 We may delegate any of our functions to a third party and may provide information about you and the Portfolio to any such third party but our liability to you for all matters so delegated shall not be affected thereby. We will give you written notice of any such delegation of a function which involves the exercise of our Discretionary Investment Management powers and will not, without your prior written consent, delegate the whole or substantially the whole of such powers.
- 26.2 We may employ agents to perform any administrative dealing or ancillary services required to enable us to perform our services under these Terms. We will act in good faith and with due diligence and reasonable care in the selection, use and monitoring of agents.

**27. Our rights**

- 27.1 You agree that we have discretion, and acknowledge that we reserve the power, to realise the assets of the Portfolio in the following circumstances:
  - 27.1.1 upon request by you; upon termination in accordance with clause 22 in order to apply the proceeds in payment or reduction of outstanding fees and expenses due to us in accordance with clauses 20 or 22 or of any unpaid overdraft due to us in accordance with clause 8.5;
  - 27.1.2 to discharge any security interest over the Portfolio which is granted by any other agreement in favour of us or any of our Associates;
  - 27.1.3 where required to do so to in fulfilment of obligations at law.
- 27.2 Where you owe us any sums or have failed fully to perform any other obligation under or in connection with these Terms then:
  - 27.2.1 we are not obliged to, and you have no right to instruct us to, pay or deliver your cash or investments to you or any other person; and
  - 27.2.2 we may withhold payment or delivery of your cash or investments, although we may in our absolute discretion decide to make such payment or delivery without affecting our rights as provided by this clause 27.

**28. Interpretation**

- 28.1 If a court decides that any clause or part of any clause is not valid or enforceable for any reason, the remaining clauses will not be affected.
- 28.2 If you or we do not exercise or if you or we delay in exercising a right, power or remedy provided by these Terms or at law, this will not mean that we or you have agreed to waive or give up that right, power or remedy. If you or we exercise any right, power or remedy provided by law or under these Terms, this will not prevent us or you from exercising any other right, power or remedy that we have.

**29. Governing law**

These Terms are legally binding and shall be governed and construed in accordance with English law. We both submit to the non-exclusive jurisdiction of the English Courts.



**30. Money laundering** 30.1

We are obliged under the Proceeds of Crime Act 2002 to submit a report to the Serious Organised Crime Agency if we know, suspect or have reasonable grounds to suspect, that any person is engaged in money laundering, drug trafficking or the provision of financial assistance to terrorism. We are not normally permitted to inform anyone of the fact that we have made such a report. We may also have to cease to act without explanation in certain circumstances. You agree that we will have no liability to you in respect of any Liabilities to the extent that they arise out of or in connection with our taking any action that we in good faith consider is required under anti-money laundering and anti-terrorism laws.

**31. Notices**

31.1

Any notice given by us by post will be deemed given two business days after posting to you, at an address in the UK, and five business days after posting to an address abroad. Any notice given by delivery or by telecommunications will be deemed given upon delivery or transmission, and an email will be deemed to have been received one business day after being transmitted.

31.2

In proving service or delivery of the relevant communication, it shall be sufficient for us to prove that it was correctly addressed to the last address notified in writing by you to us, and where sent by facsimile, or other means of telecommunication, that it was transmitted to the correct number or email address as last notified in writing by you to us.



## Schedule 1

### Categorisation as professional client – loss of retail client protections

#### FSA Rules

You should be aware of the protections you may lose if you were to ask to be categorised as a Professional Client and we agreed Professional Clients do not benefit from those protections that are afforded only to Retail Clients by the FSA Rules, the main ones being as follows

- the rules that impose requirements as to what information must be provided when communicating with Retail Clients and as to how and when that information must be presented (including those rules relating to the form, content and timing of trade confirmations and periodic statements)
- the requirement that, when assessing the suitability or appropriateness of transactions for a client, we should obtain specific information from a Retail Client in order to determine that he has the necessary experience and knowledge to understand the risks involved and can financially bear the risks involved (in contrast to the fact that we can assume that a Professional Client has the necessary experience and knowledge and can, in some cases, financially bear the risks involved without obtaining any such information)
- the rule which requires us, when executing orders on behalf of Retail Clients, to determine the best possible result in terms of the total consideration (representing the price of the relevant financial instrument and the costs related to execution and so not allowing us to have regard to other execution factors as being relatively more important than consideration)
- the rules that impose specific limitations on the safeguarding of client investments and client money for Retail Clients and the information that must be provided to Retail Clients in this regard, including the requirement to obtain a Retail Client's express consent to the registration of assets in our own name where we are permitted by the rules to do so
- the rule that requires us to notify a Retail Client if we intend to allow an exchange, clearing house or intermediate broker to hold or control that client's money
- the rules that impose specific requirements as to how we should deal with and keep records of complaints made by Retail Clients
- Professional Clients do not have access to the Financial Ombudsman scheme for complaints and are unlikely to be able to claim on the Financial Services Compensation Scheme.



## Schedule 2

### Order execution disclosure statement

The purpose of this order execution disclosure statement is to provide you with information about how we handle transactions for you in accordance with our Order Execution Policy (“the Policy”).

The Policy will apply from November 1, 2007 if you have been classified as a Retail or Professional Client of Royal Bank of Canada Investment Management (U.K.) Limited (RBCIM (UK)) and you place an order with us or we carry out a transaction acting as a discretionary portfolio manager, in each case in a financial instrument covered by the Markets in Financial Instruments Directive (“MiFID”).

We execute transactions by passing the orders to another person (such as a broker) who will execute it.

#### **The best execution obligation**

FSA Rules require us to take all reasonable steps to achieve the best possible result, taking into account the relevant factors detailed below, when passing orders to other persons for execution. This is referred to as “best execution”. We will do this by following the Policy and supporting procedures which are designed to obtain the best possible execution result, subject to any specific instructions received from you.

Our regulatory obligation to provide you with “best execution” does not mean that we owe you any fiduciary obligations over and above the specific regulatory obligations placed upon us or as may be otherwise contracted between us.

#### **Client specific instructions**

Where we agree to execute your order in accordance with specific instructions you give us (including specifying the characteristics of a bespoke product or the execution venue), you should be aware that this may prevent us from taking the steps we have designed and implemented to obtain best execution.

#### **Relevant factors**

Subject to any specific instructions that we accept from you, FSA Rules require us to take into account a range of factors in deciding where to execute your order. These include price, costs, speed, likelihood of execution and settlement, the size and nature of the order and any other considerations relevant to the execution of the order. In determining the relative importance of these factors FSA Rules require us to take into account your status as a retail or professional client, together with the characteristics of, your order, the financial instruments that are the subject of that order and the execution venues to which that order can be directed.

In executing your orders we will generally give the highest priority to total consideration, representing the price of the financial instrument and the costs related to execution (and we are required to do this if you are a Retail Client). However, in some circumstances for some clients, speed, likelihood of execution and settlement, the size and nature of the order and any other considerations may be given precedence over the immediate price and cost consideration where we determine they are instrumental in delivering the best possible results for the execution of your orders.

In determining what the best possible result is for you, we will not compare the results that would be achieved for you under our own Policy with the results that might be achieved for you by another firm on the basis of their execution policy.

#### **Execution arrangements and venues**

The Policy includes the various sources of liquidity we access for each financial instrument that is covered by MiFID that we consider enables us to obtain on a consistent basis best execution for your orders. These sources of liquidity are referred to as “execution venues” and are markets where financial instruments are bought and sold. This can include regulated markets, such as the London Stock Exchange and Multilateral Trading Facilities (“MTF”).

You should be aware the Policy provides for the possibility that your orders may be executed on a venue that is not an EU regulated market or MTF under MiFID. Whilst we anticipate that your orders will not generally be executed outside an EU regulated market or an MTF, there may be circumstances in which this is in your best interests and some investments (such as units in funds) cannot usually be traded on such markets in any event. We set out below the execution venues where we will most regularly execute your orders and which we place significant reliance upon in meeting our best execution obligation.

See list of venues below. Please note that this is not an exhaustive list but comprises those execution venues on which we place significant reliance. Execution may occur on other venues from time to time provided those venues are consistent with the Policy.

- AMEX
- Euronext Paris Stock Exchange
- London Stock Exchange
- NASDAQ
- New York Stock Exchange



- Tokyo Stock Exchange
- Toronto Stock Exchange
- Virt-X

When we execute your orders we may either access the venue directly or transmit your order to a broker or dealer that has been approved in accordance with the firm's broker selection policy. This includes conducting proper due diligence on financial, compliance and regulatory issues on all new brokers being selected. We only trade with brokers that have been approved in this way.

Where we transmit your order to a broker or dealer for execution we may determine the ultimate execution venue ourselves, in line with the Policy, and then instruct the broker. We will satisfy ourselves that the broker has arrangements in place to comply with the best execution obligation. In selecting the most appropriate venue or approved broker FSA Rules require us to take into account the factors relevant to your order (see above).

In relation to some financial instruments there may be only one possible execution venue. In executing an order on your behalf in such circumstances it will be assumed that we have achieved best execution. Orders for units in a fund will be dealt with directly with the fund manager or administrator.

More information about the execution venues that we include in the Policy will be available on request.

While FSA Rules require us to take all reasonable steps, based on the resources available to us, to satisfy ourselves that the arrangements we have in place will provide you with the best possible result on a consistent basis, we cannot guarantee that we will be able to provide you with best execution for every order we execute on your behalf.

**Monitoring and review of the Policy and order execution arrangements**

FSA Rules require us to monitor the effectiveness of the Policy and our order execution arrangements. We will assess on a regular basis whether the execution venues included in the Policy, and the brokers and dealers to whom we transmit orders, allow us to achieve best execution on a consistent basis. Where this process identifies any deficiencies we will, where appropriate, make changes to our arrangements.

FSA Rules require us to notify you of any material changes to the Policy or our order execution arrangements.

**Consent to the Policy**

You give us your consent to our order execution policy by signing and returning the Consent to the Terms of Business. This includes consent to the possibility that transactions may be executed outside EU regulated markets and regulated MTFs as explained above.

**Further information**

If you would like further information on any aspect of the our order execution policy please contact your Relationship Manager directly.



Schedule 3

Summary of Conflicts of Interest Policy

Royal Bank Of Canada Investment Management (U.K.) Limited (RBCIM (UK)) maintains a Policy framework to govern the identification and management of conflicts of interest which may exist between it, its employees, its clients and the RBC including RBC's own employees and clients. This framework consists of an overall Conflicts of Interest Policy, underpinned by various detailed policies to address specific areas of potential conflict arising out of its and RBC's structure and various lines of business.

A Conflicts of Interest Committee meets regularly to assist in the identification and management of conflicts on an ongoing basis. Guidelines and procedures are in place to ensure the Committee is alerted to newly identified areas of conflict of interest within the business and to ensure that there is adequate segregation of duties and sufficient supervision/oversight of employees as well as effective information barriers and other measures to ensure that potential areas of conflict are effectively mitigated.

The principal policies in place to address conflicts of interest, and their purpose, are as follows:

**Employee Code of Conduct**

This Code requires the highest possible standards of honesty and ethical behaviour amongst employees. All employees are required to attest to having read this policy upon joining and are periodically tested on their knowledge of the Policy.

**Outside employment**

This policy requires pre-approval of any employee wishing to take up an outside employment (including a directorship or trusteeship) whether remunerated or not. Approval will not be granted if the proposed appointment presents a conflict with our business or our clients (for example, a directorship at a competitor firm is unlikely to be approved).

**Personal Account Dealing Policy**

This policy is designed to prevent conflicts which might otherwise arise where our employees are trading on their own account in securities which we could be buying or selling on behalf of our clients. The policy requires employees to follow strict internal rules, including pre-approval, when they wish to trade in securities on their own account.

**Gifts and Hospitality Policy**

This policy places restrictions on the type and value of gifts and entertainment received or given by our employees, in order to prevent employees from being improperly influenced in the performance of their responsibilities.

**Suitability Policy**

This policy details RBCIM (UK)'s approach to complying with the FSA's suitability and appropriateness requirements for advised and non-advised services. Included in this Policy are details of what information will be gathered from you to assess suitability (for advised services) or appropriateness (for non-advised services). The policy also details what monitoring and record keeping arrangements are in place to ensure that investment recommendations to purchase related RBC products or services are suitable to meet your needs.

**Information Barriers Policy**

This Policy places tight restrictions on the ability to share client, portfolio and trading information amongst different parts of RBC. As such, it facilitates the effective management of conflicts arising where RBCIM (UK) deals with other entities within RBC, for example:

- By enabling RBCIM (UK) to place trades through RBC as a broker on an arm's length basis, subject to meeting our best execution and trade allocation policies
- By preventing the situation where confidential information received by another part of RBC becomes known within RBCIM (UK), thereby potentially affecting its ability to act in the best interests of its clients
- By ensuring confidentiality and independence between RBC's principal investing activities and RBCIM (UK)'s fiduciary activities.

**Order execution and allocation policies**

All trading activity is subject to strict internal rules based upon the FSA Rules. These include, inter alia, the need to execute client orders in due turn and the operation of a pro rata allocation policy, both of which are designed to ensure that no one client is favoured over another.

If you require further information concerning our Conflicts of Interest Policy or our conflicts management framework, please contact your Relationship Manager.