

## **SCHEDULE B: REPURCHASE AND SECURITIES LENDING & BORROWING**

This Schedule forms an integral part of the Terms of Business for Professional Clients and Eligible Counterparties of Roemer Capital (Europe) Ltd available at [roemercapital.com](https://roemercapital.com). You understand that we will not be able to deal with you under this Schedule unless and until you accept the General Terms.

This Schedule sets out the terms for repurchase and securities lending & borrowing transactions. Subject to this Schedule, you and we may enter into **Repos** (as defined below) and **SLBs** (as defined below). For sake of clarity and for legal/regulatory purposes, all Repos and SLBs will constitute a true sale (with respect to Repos)/transfer (with respect to SLBs) of assets and will require both you and us to make margin transfers to each other on a periodic basis.

### **1. DEFINITIONS AND INTERPRETATION**

**1.1.** All terms which are not specifically dealt with/defined in this Schedule will apply to all Repos and SLBs between you and us in the meanings ascribed in the General Terms, unless specifically agreed otherwise.

**1.2.** For the purposes of this Schedule specifically, the following additional definitions apply:

**1.2.1. Base Currency** means US dollars;

**1.2.2. Borrower** means, with respect to an SLB, a party borrowing Securities from another party (Lender) at the initiation of such SLB;

**1.2.3. Buyer** means, with respect to a Repo, a party purchasing Securities from another party (Seller) at the initiation of such Repo;

**1.2.4. Cash Margin** means a cash sum paid or to be paid to the payee by the payer in accordance with clause 4 or at the initiation of a Transaction (as the case may be under SLBs);

**1.2.5. Contractual Currency** means the currency of payment, as agreed between you and us with respect to a Repo or SLB;

**1.2.6. Equivalent Margin Securities** mean Securities equivalent to Securities previously transferred as Margin Securities;

**1.2.7. Equivalent Securities** mean, with respect to a Repo or SLB, Securities equivalent to Purchased Securities (in case of a Repo) or Loaned Securities (in case of an SLB) under such Repo or SLB;

**1.2.8. Equivalent or equivalent to in relation to any Securities** means Securities (i) of the same issuer; (ii) part of the same issue; and (iii) of an identical type, nominal value, description and (except where otherwise stated) amount as those original Securities. Securities will be equivalent to other Securities notwithstanding that those Securities have been redenominated or that the nominal value of those Securities has changed in connection with such redenomination. Where Securities have been partly paid, converted, subdivided or consolidated or have become the subject of a takeover or the holders of Securities have become entitled to receive or acquire other Securities or other property or the Securities have become subject to any similar event other than a Distribution, the expression 'equivalent to' shall have the following meanings:

**1.2.8.1.** in the case of redemption, a sum of money equivalent to the proceeds of the redemption;

**1.2.8.2.** in the case of a call on partly paid securities, securities equivalent to the paid-up securities; provided that, in the case of Equivalent Securities, Seller or, in the case of Equivalent Margin Securities, the party which transferred the relevant Margin Securities shall have paid to the other party a sum of money equal to the sum due in respect of the call;

**1.2.8.3.** in the case of a capitalisation issue, securities equivalent to the relevant Securities

together with the securities allotted by way of bonus thereon;

**1.2.8.4.** in the case of conversion, sub-division or consolidation, securities equivalent to the securities into which the relevant Securities have been converted, sub-divided or consolidated;

**1.2.8.5.** in the case of takeover, a sum of money or securities equivalent to the consideration or alternative consideration;

**1.2.8.6.** in the case of a rights issue, securities equivalent to the relevant Securities together with the securities allotted thereon;

**1.2.8.7.** in the event that income in the form of securities, or a certificate which may at a future date be exchanged for securities or an entitlement to acquire securities is distributed, securities equivalent to the relevant Securities together with securities or a certificate or an entitlement equivalent to those allotted; and

**1.2.8.8.** in the case of any event similar to any of the foregoing, Securities equivalent to (as defined in the provisions of this definition) the original Securities together with or replaced by a sum of money or Securities or other property equivalent to (as so defined) that received in respect of such Securities resulting from such event;

**1.2.9. Forward Repo** means a Repo in respect of which the Purchase Date is at least three Business Days after the date on which such Repo was entered into and has not yet occurred;

**1.2.10. Forward Repricing Date** means with respect to a Forward Repo the date which is such number of Business Days before the Purchase Date as is equal to the minimum period for the delivery of margin applicable under clause 4;

**1.2.11. Income** means, with respect to any Security at any time, all interest, dividends or other distributions thereon, including distributions, which are a payment or repayment of principal in respect of the relevant

securities or, in case of equities, a payment of redemption proceeds in respect of the relevant securities (**Distribution(s)**);

**1.2.12. Income Payment Date** means, with respect to any Securities, the date on which Income is paid in respect of such Securities or, in the case of registered Securities, the date by reference to which particular registered holders are identified as being entitled to payment of Income;

**1.2.13. Income Record Date** means, with respect to any Securities and Margin Securities, the date by reference to which holders of such Securities are identified as being entitled to payment of Income;

**1.2.14. Lender** means, with respect to an SLB, either you or us acting as lender of Securities;

**1.2.15. Loaned Securities** means Securities which are the subject of an outstanding SLB;

**1.2.16. Margin** means, with respect to an SLB, the percentage primarily applicable to Cash Margin contained in your Fee Schedule or otherwise notified by us to you;

**1.2.17. Margin Percentage** means, with respect to any Margin Securities or Equivalent Margin Securities under a Repo, the percentage, if any, agreed between you and us acting in a commercially reasonable manner;

**1.2.18. Margin Ratio** means, with respect to a Repo, the Market Value of the Purchased Securities at the time when a Repo was entered into divided by the Purchase Price (and so that, where a Repo relates to Securities of different descriptions and the Purchase Price is apportioned among Purchased Securities of each such description, a separate Margin Ratio shall apply in respect of Securities of each such description), or such other proportion as we may agree with you with respect to that Repo;

**1.2.19. Margin Securities** mean, in relation to a Margin Transfer, Securities of the type and value (having applied Margin Percentage, if any) reasonably acceptable to the party calling for such Margin Transfer;

**1.2.20. Margin Transfer** means any or any combination of, the payment or repayment of Cash Margin and the transfer of Margin Securities or Equivalent Margin Securities;

**1.2.21. Market Value** means with respect to any Securities as of any time on any date, the price for such Securities (after having applied the Margin Percentage with respect to a Repo, if any, in the case of Margin Securities) at such time on such date obtained by us from a generally recognised source selected by us or as otherwise agreed between you and us (and where different prices are obtained for different delivery dates, the price so obtainable for the earliest available such delivery date) having regard to market practice for valuing Securities of the type in question plus the aggregate amount of Income which, as at such date, has accrued but not yet been paid in respect of the Securities to the extent not included in such price as of such date, and for these purposes any sum in a currency other than the Contractual Currency for a Repo or SLB in question shall be converted into such Contractual Currency at the Spot Rate prevailing at the time of the determination. Unless otherwise agreed, the pricing source for calculation of Market Value shall be BGN Last prices published on Bloomberg, or if it is unavailable CBBT Last prices published on Bloomberg, or if it is unavailable best ALLQ quotes on Bloomberg or, if that information is not published for the relevant day, the relevant page on Reuters, or, if that page is not published for the relevant day, as agreed between you and us acting reasonably, and where no agreement is reached, as determined by us in good faith;

**1.2.22. Net Margin** provided to a party at any time, means the excess (if any) at that time of (i) the sum of the amount of Cash Margin paid to that party (including accrued interest on such Cash Margin which has not been paid to the other party) and the Market Value of Margin

Securities transferred to that party under clause 4 (excluding any Cash Margin which has been repaid to the other party and any Margin Securities in respect of which Equivalent Margin Securities have been transferred or a cash equivalent has been paid to the other party) over (ii) the sum of the amount of Cash Margin paid to the other party (including accrued interest on such Cash Margin which has not been paid by the other party) and the Market Value of Margin Securities transferred to the other party under clause 4 (excluding any Cash Margin which has been repaid by the other party and any Margin Securities in respect of which Equivalent Margin Securities have been transferred or a cash equivalent has been paid by the other party) and for this purpose any amounts not denominated in the Base Currency shall be converted into the Base Currency at the Spot Rate prevailing at the time of the determination;

**1.2.23. Price Differential** means, with respect to a Repo as of any date, the aggregate amount obtained by daily application of the Pricing Rate for such Repo to the Purchase Price for such Repo (on a 360/365(366), depending on the applicable market convention) day basis, unless otherwise notified by us) for the actual number of days during the period commencing on (and including) the Purchase Date for such Repo and ending on (but excluding) the date of calculation or, if earlier, the Repurchase Date;

**1.2.24. Pricing Rate** means, with respect to Repo, the per annum percentage rate for calculation of the Price Differential agreed to by you and us in relation to that Repo;

**1.2.25. Transaction Date** means:

**1.2.25.1.** with respect to a Repo (**Purchase Date**), the date on which Purchased Securities are to be sold by the Seller to the Buyer in relation to that Repo; and

**1.2.25.2.** with respect to an SLB (**Settlement Date**), the date upon which the

Securities are due to be transferred to the Borrower in accordance with that SLB;

**1.2.26. Termination Date** means:

**1.2.26.1.** with respect to a Repo (**Repurchase Date**), the date on which the Buyer is to sell Equivalent Securities to the Seller in relation to that Repo; and

**1.2.26.2.** with respect to an SLB, the date on which the Borrower is to deliver Equivalent Securities to the Lender in relation to that SLB;

**1.2.27. Purchase Price** means, with respect to a Repo, on the Purchase Date, the price for which Purchased Securities are sold or are to be sold by the Seller to the Buyer;

**1.2.28. Purchased Securities** mean, with respect to a Repo, the Securities sold or to be sold by the Seller to the Buyer under that Repo, and any New Purchased Securities transferred by the Seller to the Buyer in case of a substitution;

**1.2.29. Repo** means a repurchase transaction between the Buyer and the Seller;

**1.2.30. Repurchase Price** means, with respect to a Repo and as of any date, the sum of the Purchase Price and the Price Differential as of such date;

**1.2.31. Securities** means financial instruments, including bonds, notes, shares or stock in the share capital of a corporation, whether ordinary shares or preference shares or other kinds of shares or stock (equity Securities or equities);

**1.2.32. Seller** means, with respect to a Repo, either you or us acting as seller of Securities;

**1.2.33. SLB** means securities lending and borrowing transaction between the Lender and the Borrower;

**1.2.34. Spot Rate**, where an amount in one currency is to be converted into a second currency on any date, unless we otherwise agree, means the spot rate of exchange determined by us based on the relevant page on Bloomberg or, if that page is not published for the relevant day, the relevant page on

Reuters, or, if that page is not published for the relevant day, as determined by us in a commercially reasonable manner;

**1.2.35. Term** means, with respect to a Repo, the interval of time commencing with the Purchase Date and ending with the Repurchase Date;

**1.2.36. Transaction** means, for the purposes of this Schedule exclusively, either Repo or an SLB or both, depending on the context.

**1.2.37. US tax** means a deduction or withholding from a payment required in accordance with Sections 1471 through 1474 and Section 871(m) of the United States of America Internal Revenue Code of 1986, as amended, and the regulations thereunder.

## 2. GENERAL

**2.1.** Subject to this Schedule, we and you may enter into a binding oral or written agreement with respect to a Repo or an SLB. Such agreement will be considered reached where we and you agree all material terms (as determined below) of the relevant Repo/SLB.

## 3. INITIATION, CONFIRMATION, ETC.

**3.1.** Upon agreeing to enter into a Transaction hereunder, we may either send to you a confirmation of such Transaction or reflect this Transaction in your account statement available to you as per the General Terms. In the case of a Transaction initially agreed in hard copy form, you and we shall execute a single written document that by itself will constitute a confirmation and no further confirmation of such Transaction will be required.

**3.2.** The confirmation of a Transaction (depending on its kind) will normally contain description of Purchased Securities or Loaned Securities, Transaction Date, direction (whether we act as Seller/Lender or Buyer/Borrower), Purchase Price and Purchase Date, Termination Date (for term Transactions), Pricing Rate, Margin and/or haircut, lending fees and

applicable margining requirements (to the extent not directly governed by this Schedule).

**3.3.** In respect of any Transaction, the terms of this Schedule, the General Terms and the relevant confirmation (account statement data) shall together constitute a single, integrated agreement between you and us and conclusive evidence of the terms between you and us for that Transaction. The terms of this Schedule shall be incorporated by reference into any confirmations. In the event of any conflict between the terms of this Schedule and the General Terms, this Schedule shall prevail. In the event of any conflict between the terms of this Schedule and a confirmation, such confirmation shall prevail.

**3.4.** On the Transaction Date:

**3.4.1.** for a Repo, the Seller shall transfer the Purchased Securities to the Buyer or its agent (nominee) against the payment of the Purchase Price by the Buyer; and

**3.4.2.** for an SLB, the Lender shall procure the delivery of Securities to the Borrower or its agent (nominee) or deliver such Securities against the transfer of Cash Margin or other collateral by the Borrower.

**3.5.** Termination of a Transaction will be effected, in the case of on demand Transactions, on the date specified for termination in such demand, and, in the case of fixed term Transactions, on the date fixed for termination.

**3.6.** In the case of on demand Transactions, a demand for termination shall be made either party (unless specifically agreed otherwise), by written notice to the other, and shall provide for termination to occur after not less than the minimum period as is customarily required for the payment or delivery of cash or Equivalent Securities of the relevant kind.

**3.7.** On the Termination Date:

**3.7.1.** for a Repo, the Buyer shall transfer to the Seller or its agent (nominee) Equivalent

Securities against the payment of the Repurchase Price by the Seller; and

**3.7.2.** for an SLB, the Borrower shall transfer to the Lender or its agent (nominee) Equivalent Securities against the transfer of the collateral.

**3.8.** We may terminate (cancel) any Transaction, whether orally or in writing, before the Transaction Date. Upon such termination we will endeavor send to you a cancellation notice which shall, in the absence of manifest error, be conclusive and binding on you. A cancellation notice shall be conclusive evidence of termination of the Transaction and shall supersede all prior oral statements with respect thereto.

**3.9.** With respect to an SLB exclusively, whether this SLB is a term one or an on-demand one, we may terminate this SLB on any date subject to prior notice to you.

#### **4. MARGIN MAINTENANCE**

**4.1.** Each party will eliminate its exposure towards the other party with respect to Transactions. For the purposes of this clause 4, all exposures for Repos and SLBs will be calculated separately on the portfolio (aggregated) basis.

##### **4.2. *Repos.***

**4.2.1.** If at any time either party has a Net Exposure (as defined below) in respect of the other party it may by written notice to the other party require the other party to make a Margin Transfer to it of an aggregate amount or value at least equal to that Net Exposure.

**4.2.2.** For the purposes of this Schedule, a party has a Net Exposure in respect of the other party under a portfolio of Repos if the aggregate of all the first party's Transaction Exposures (as defined below) plus any amount payable to the first party under clause 5 of this Schedule but unpaid less the amount of any Net Margin provided to the first party exceeds the aggregate of all the other party's Transaction Exposures plus any amount payable to the other

party under clause 5 of this Schedule but unpaid less the amount of any Net Margin provided to the other party; and the amount of the Net Exposure is the amount of the excess. For this purpose any amounts not denominated in the Base Currency shall be converted into the Base Currency at the Spot Rate prevailing at the relevant time.

**4.2.3.** To the extent that a party calling for a Margin Transfer has previously paid Cash Margin which has not been repaid or delivered Margin Securities in respect of which Equivalent Margin Securities have not been delivered to it or cash amount equivalent to Equivalent Margin Securities has not been paid, that party shall be entitled to require that such Margin Transfer be satisfied first by the repayment of such Cash Margin or the delivery of Equivalent Margin Securities but, subject to this, the composition of a Margin Transfer shall be at the option of the party making such Margin Transfer. Notwithstanding the above, we shall be entitled, when calling for a Margin Transfer, to require you to satisfy the Margin Transfer by payment of Cash Margin.

**4.2.4.** Any Cash Margin transferred shall be in the Base Currency or such other currency as determined by us in our sole and absolute discretion.

**4.2.5.** A payment of Cash Margin shall give rise to a debt owing from the party receiving such payment to the party making such payment. Such debt shall bear interest payable at such times, as may be agreed between you and us, and shall be repayable subject to the terms of this Schedule. Interest rate on Cash Margin in respect of the relevant currency shall be determined for each day cash is held by the transferee (and if it is not a Business Day, for the Business Day immediately preceding such day) as follows, unless we agree otherwise in writing prior to the payment of the relevant Cash Margin:

**4.2.5.1.** for USD, the rate per annum equal to the overnight Federal Funds Effective Rate under column EFF on Bloomberg page "FEDL01;

**4.2.5.2.** for EUR, the rate per annum equal to the overnight rate as published by the European Central Bank and reported on Bloomberg page "EURO STR Index";

**4.2.5.3.** for GBP, the SONIA rate appearing opposite SONIO/N as reported on Bloomberg page "SONIO Index", on such day if it is a business day in London, otherwise the immediately preceding business day in London; and

**4.2.5.4.** for other currencies not mentioned above in this subparagraph, the interest rate as may be determined by us in our sole and absolute discretion and communicated to you via email or otherwise (including, but not limited to, by publishing relevant rates on our website).

**4.2.6.** Interest periods and dates shall be as agreed between you and us from time to time, and failing such agreement, as notified by us to you.

**4.2.7.** Each Margin Transfer shall be made: (i) in respect of Cash Margin, (a) by the end of the same Business Day if notice is given at or before 12 p.m. (London time) (afternoon), or (b) by the end of the next Business Day if notice is given after noon, i.e. 12 p.m. (London time) (afternoon), and (ii) in respect of Margin Securities or Equivalent Margin Securities, the minimum period as is customarily required for the delivery of Equivalent Securities of the relevant kind.

**4.2.8.** For the avoidance of doubt, where we determine that there is a sufficient cash or securities balance on your accounts with us, we may apply these assets towards the discharge of the margin call same day.

**4.2.9.** Where a party (transferor) becomes obliged to transfer Equivalent Margin Securities and, having made all reasonable efforts to do so, is, for any reason relating to the Securities or the clearing system through which the

Securities are to be transferred, unable to transfer Equivalent Margin Securities then the transferor shall immediately but not later than within the time period specified in clause 4.2.7 above, pay to the other party Cash Margin at least equal to the Market Value of such Equivalent Margin Securities.

**4.2.10.** In lieu of making Margin Transfers, we may agree with you that a Repo is to be adjusted or repriced at the mutually agreed terms.

**4.2.11.** No Margin Transfers shall be made with respect to a Forward Repo, which will be adjusted or repriced as we will notify you.

**4.2.12.** For the purposes of clause 4.2, Transaction Exposure means:

**4.2.12.1.** with respect to a Forward Repo, at any time between the Forward Repricing Date and the Purchase Date, the difference between (A) the Market Value of the Purchased Securities at the relevant time and (B) the Purchase Price. If (A) is greater than (B), the Buyer has a Transaction Exposure for that Transaction equal to the excess, and if (B) is greater than (A), the Seller has a Transaction Exposure to Buyer equal to the excess.

**4.2.12.2.** with respect to a Repo (including, for the avoidance of doubt, a Forward Repo at the relevant time), at any time during the period from the Purchase Date to the Repurchase Date (or, if later, the date on which Equivalent Securities are delivered to the Seller or the Transaction is terminated due to an Event of Default), the amount E determined as a result of formula

$E = R - V$ , where:

R = the Repurchase Price at such time;

V = the Adjusted Value of Equivalent Securities at such time or, where a Transaction relates to Securities of more than one description or to which different haircuts apply, the sum of the Adjusted Values of the Securities of each such description.

For this purpose the '**Adjusted Value**' of any Securities is their value determined on the basis of the formula:

$V = MV * (1 - H) = MV / MR$ , where:

MV = the Market Value of Equivalent Securities at such time; H = the haircut for the relevant Securities, if any, as notified by us to you from time to time, being a discount from the Market Value of the Securities; MR = the applicable Margin Ratio; If E is greater than zero, the Buyer has a Transaction Exposure equal to E and if E is less than zero, the Seller has a Transaction Exposure equal to the absolute value of E.

### **4.3. SLBs.**

**4.3.1.** Unless otherwise agreed between you and us:

**4.3.1.1.** the aggregate Market Value of the Cash Margin and Margin Securities (**Collateral**) delivered to or deposited with Lender (excluding any Cash Margin and Equivalent Margin Securities (**Equivalent Collateral**) repaid or delivered under clause 4.3.1.2 (**Posted Collateral**)) in respect of all SLBs outstanding under this Schedule shall equal the aggregate of the Market Value of Securities equivalent to the Loaned Securities and the applicable Margin (**Required Collateral Value**) in respect of such SLBs;

**4.3.1.2.** if at any time on any Business Day the aggregate Market Value of the Posted Collateral in respect of all SLBs outstanding under this Schedule together with: (i) all amounts due and payable by the Lender under this Schedule but which are unpaid; and (ii) if the Income Record Date has occurred in respect of any Margin Securities or Equivalent Margin Securities (as the case may be) (**Non-Cash Collateral**) the amount or Market Value of Income payable in respect of such Non-Cash Collateral exceeds the aggregate of the Required Collateral Values in respect of such SLBs together with: (i) all amounts due and payable by the Borrower under this Schedule but which are unpaid; and (ii) if the Income Record Date has occurred in

respect of Equivalent Securities, the amount or Market Value of Income payable in respect of such Equivalent Securities, Lender shall (on demand) repay and/or deliver, as the case may be, to Borrower such Equivalent Collateral as will eliminate the excess;

**4.3.1.3.** if at any time on any Business Day the aggregate Market Value of the Posted Collateral in respect of all SLBs outstanding under this Schedule together with: (i) all amounts due and payable by the Lender under this Schedule but which are unpaid; and (ii) if the Income Record Date has occurred in respect of any Non-Cash Collateral, the amount or Market Value of Income payable in respect of such Non-Cash Collateral falls below the aggregate of Required Collateral Values in respect of all such SLBs together with: (i) all amounts due and payable by the Borrower under this Schedule but which are unpaid; and (ii) if the Income Record Date has occurred in respect of Securities equivalent to any Loaned Securities, the amount or Market Value of Income payable in respect of such Equivalent Securities, Borrower shall (on demand) provide such further Collateral to Lender as will eliminate the deficiency; and

**4.3.1.4.** where a party acts as both Lender and Borrower under this Schedule, the provisions of this clause 4.3 shall apply separately (and without duplication) in respect of SLBs entered into by that party as Lender and SLBs entered into by that party as Borrower.

**4.3.2.** Unless agreed otherwise, if a party (first party) would, but for this clause 4.3.2, be required under clause 4.3.1 to provide further Collateral or deliver Equivalent Collateral in circumstances where the other party (second party) would, but for this clause 4.3.2, also be required to or provide Collateral or deliver Equivalent Collateral under clause 4.3.1, then the Market Value of the Collateral or Equivalent Collateral deliverable by the first party (X) shall be set off against the Market Value of the Collateral or Equivalent Collateral deliverable by

the second party (Y) and the only obligation of the parties under clause 4.3.1 shall be, where X exceeds Y, an obligation of the first party, or where Y exceeds X, an obligation of the second party to repay and/or (as the case may be) deliver Equivalent Collateral or to deliver further Collateral having a Market Value equal to the difference between X and Y.

**4.3.3.** Where Equivalent Collateral is repaid or delivered (as the case may be) or further Collateral is provided by a party, we, acting reasonably, will decide to which SLBs such repayment, delivery or further provision is to be attributed.

**4.3.4.** Where any Equivalent Collateral falls to be repaid or delivered (as the case may be) or further Collateral is to be provided under this clause 4, unless otherwise provided or agreed between the parties, if the relevant demand is received by the Notification Time, then the delivery shall be made not later than the close of business on the same Business Day; if a demand is received after the Notification Time, then the relevant delivery shall be made not later than the close of business on the next Business Day after the date such demand is received. For these purposes the Notification time means:

**4.3.4.1.** for Cash Margin, the same Business day if the call is made prior to noon, i.e. 12 p.m. (London time), otherwise next Business Day; and

**4.3.4.2.** for Margin Securities and Equivalent Margin Securities, the same day if the call is made before the relevant funding deadline as agreed between the parties, subject to the settlement cut-off time in the relevant market for such Collateral and Equivalent Collateral, and in any other case, next Business Day.

**4.3.5.** For the avoidance of doubt, where we determine that there is a sufficient cash or securities balance on your accounts with us, we may apply these assets towards the discharge of the margin call same day.



**4.3.6.** In respect of each SLB, interest on Cash Margin at rates specified in clause 4.2.5 shall accrue daily in respect of the period commencing on and inclusive of the Settlement Date and terminating on and exclusive of the Business Day upon which such cash is repaid. Unless otherwise agreed, the sums so accruing in respect of each calendar month shall be paid in arrears by the relevant party not later than the Business Day which is the tenth Business Day after the last Business Day of the calendar month to which such payments relate or such other date as the parties shall from time to time agree.

## **5. INCOME PAYMENTS AND CORPORATE ACTIONS**

**5.1.** Unless we and you specifically agree otherwise, the following shall apply:

### **5.2. *Repos with bonds.***

**5.2.1.** where: (i) the term of a particular Repo extends over an Income Payment Date in respect of any Securities subject to that Repo; or (ii) an Income Payment Date in respect of any such Securities occurs after the Repurchase Date but before Equivalent Securities have been delivered to the Seller or, if earlier, the occurrence of the termination of the Repo due to an Event of Default then the Buyer shall within a reasonable time upon receipt of the Seller's demand transfer to or credit to the account of the Seller an amount equal to (and in the same currency as) the amount paid by the issuer, provided that where you hold accounts with us, we will credit and debit your accounts without demands and you hereby expressly authorise us to do so without prior notice or reference to you;

**5.2.2.** where Margin Securities are transferred from one party (first party) to the other party (second party) and an Income Payment Date in respect of such Securities occurs before Equivalent Margin Securities are transferred or a Cash Margin at least equal to the Market Value

of such Equivalent Margin Securities is paid by the second party to the first party, the second party shall on the date such income is paid by the issuer transfer to or credit to the account of the first party an amount equal to (and in the same currency as) the amount paid by the issuer; and for the avoidance of doubt references in this clause to the amount of any Income paid by the issuer of any Securities shall be to an amount paid without any withholding or deduction for or on account of taxes or duties notwithstanding that a payment of such Income made in certain circumstances may be subject to such a withholding or deduction;

**5.2.3.** All money payable by one party to the other in respect of any Repo with bonds shall be paid free and clear of, and without withholding or deduction for, any taxes or duties of whatsoever nature imposed, levied, collected, withheld or assessed by any authority having power to tax, unless the withholding or deduction of such taxes or duties is required by law. In that event, unless otherwise agreed, the paying party shall pay such additional amounts as will result in the net amounts receivable by the other party (after taking account of such withholding or deduction) being equal to such amounts as would have been received by it had no such taxes or duties been required to be withheld or deducted.

### **5.3. *Repos with equities.***

**5.3.1.** where the Purchased Securities the subject of a Repo consist of or include equities in respect of which an Income Payment Date would, but for this provision, occur during the term of such Repo, the Seller shall seek to effect a substitution of such equities in accordance with this Schedule before the Notice Date referred to below, but if such a substitution has not been effected by that date then Termination of such Repo shall, provided that the Seller has notified the Buyer of such Termination in accordance with clause 5.3.3, occur on, and, accordingly, the Repurchase Date of such Repo

shall fall on, the Business Day immediately preceding such Income Payment Date;

**5.3.2.** except to the extent that Equivalent Margin Securities in respect of the relevant Margin Securities have already been transferred or a cash equivalent amount (as the case may be) has already been paid, where one party (transferor) has transferred Margin Securities which are equities to the other (transferee) then, on the Business Day preceding the next Income Payment Date in respect of such Margin Securities, the transferee shall transfer to the transferor Equivalent Margin Securities in respect of such Margin Securities in exchange for new Margin Securities as if such transfers were made pursuant to a substitution request to which the transferee had agreed; provided that (i) the transferor has given notice to the transferee in accordance with clause 5.3.3 of the application of this clause 5.3.2 and (ii) the transferor has provided reasonable details to the transferee of the Margin Securities in question, the relevant Income Payment Date and the new Margin Securities to be exchanged for such Equivalent Margin Securities and the transferee has indicated to the transferor that such new Margin Securities are acceptable to it;

**5.3.3.** Any notice given pursuant to clause 5.3.2 above shall not be valid unless given so as to be effective, at the latest, one hour before the close of business on the last Business Day (**Notice Date**) on which the recipient would customarily be required to initiate settlement of the securities to be transferred by it pursuant to such notice in order for settlement to take place on the Business Day immediately preceding the relevant Income Payment Date. Nothing in clause 5.3.2 shall prejudice any entitlement of either party to terminate a Repo in any other manner permitted by this Schedule;

**5.3.4.** Unless otherwise agreed between you and us, where (notwithstanding, and without prejudice to, clause 5.3.2 and 5.3.3 above) Equivalent Securities in respect of Purchased

Securities which are equities or, as the case may be, Equivalent Margin Securities or a cash equivalent amount (as the case may be) in respect of Margin Securities which are equities have not been transferred, or paid, as the case may be, by the Buyer to the Seller or the transferee to the transferor prior to an Income Payment Date in respect of such Securities, then clause 5.3.1 above shall not apply (if it otherwise would) in respect of such Securities, and the Buyer shall or, as the case may be, the transferee shall, on the date Income is paid by the issuer of those Securities, transfer to or credit to the account of the Seller or, as the case may be, the transferor -

**5.3.4.1.** an amount equal to (and in the same currency as) so much of such Income attributable to such Securities as the Buyer or the transferee is (if it is the holder of such Securities on such Income Payment Date) or would have been (if it had been the holder of such Securities on such Income Payment Date) paid in cash by the issuer to the holder; and

**5.3.4.2.** an amount equal to such amount, if any, in respect of tax or tax benefit as the Buyer or the transferee is (if it is the holder of such Securities on such Income Payment Date) or would have been (if it had been the holder of such Securities on such Income Payment Date) entitled to claim or recover in cash from the issuer's jurisdiction in respect of such Income payment;

provided that, unless otherwise agreed between you and us, if the Buyer or, as the case may be, the transferee has failed to make reasonable efforts to transfer the relevant Equivalent Securities or Equivalent Margin Securities prior to such Income Payment Date in circumstances where the proviso to sub-clause 5.3.4.1 above or, as the case may be, sub-clause 5.3.4.2 has been satisfied or where an Income Payment Date occurs after the Repurchase Date but before Equivalent Securities have been delivered to the Seller or, if earlier, the

occurrence of an early Termination date, then, instead of transferring or crediting the amount referred to in sub-clauses 5.3.4.1 – 5.3.4.2 of this clause 5.3.1, the Buyer or, as the case may be, the transferee shall indemnify the Seller or, as the case may be, the transferor in respect of any cost, loss (including for the avoidance of doubt the amount of Income that would have been paid to Seller or, as the case may be, the transferor if it had been the holder of such Securities on such Income Payment Date) or damage (excluding, for the avoidance of doubt, any consequential loss or damage) suffered by such person which it would not have suffered had the relevant Equivalent Securities or Equivalent Margin Securities been transferred prior to such Income Payment Date;

**5.3.5.** In relation to Purchased Securities or Margin Securities which are equities (and in respect of which Equivalent Securities or, as the case may be, Equivalent Margin Securities have not been transferred or a Cash Margin paid) the Buyer, in the case of Purchased Securities, or the transferee, in the case of Margin Securities, shall notify the other party, within a reasonable time after the date on which a holder of such Securities would in the normal course have received such notice from the issuer or upon request, of any notice issued by the issuer of such Securities to the holders of such Securities relating to any proposed conversion, subdivision, consolidation, takeover, pre-emption, option or other similar right or event affecting such Securities or of any Income payment declared in respect of such Securities. Whether or not such notice is received from the first party, the other party may –

**5.3.5.1.** where the relevant Securities are Purchased Securities, cause the Repo to be terminated as if it were an on demand Repo or, where the relevant Securities are Margin Securities, request that Equivalent Margin Securities be transferred in respect of such Securities; and/or (as appropriate)

**5.3.5.2.** within a reasonable time before the latest time for the exercise of the right or option give written notice to the first party that on redelivery of Equivalent Securities or Equivalent Margin Securities, as the case may be, it wishes to receive Equivalent Securities or Equivalent Margin Securities in such form as will arise if the right is exercised or, in the case of a right which may be exercised in more than one manner, is exercised as is specified in such written notice; provided that if any sum is required to be paid by a holder of the securities to the issuer or any other person in order to exercise such rights, the other party shall pay to the first party an amount equal to such sum.

**5.3.6. SLBs.**

In this clause 5.3.6, unless explicitly stated otherwise, references to an amount of Income received by any party in respect of any Loaned Securities or Non-Cash Collateral shall be to an amount received from the issuer after any applicable withholding or deduction for or on account of tax.

**5.3.6.1.** Where the term of an SLB extends over an Income Record Date in respect of any Loaned Securities, the Borrower shall, on the date such Income is paid by the issuer, or on such other date as the parties may from time to time agree, pay or deliver to the Lender such sum of money or property as is agreed between the parties or, failing such agreement, a sum of money or property equivalent to (and in the same currency as) the type and amount of such Income that would be received by the Lender in respect of such Loaned Securities assuming such Securities were not loaned to the Borrower and were retained by the Lender on the Income Record Date;

**5.3.6.2.** Where Non-Cash Collateral is delivered by the Borrower to the Lender and an Income Record Date in respect of such Non-Cash Collateral occurs before Equivalent Collateral is delivered by the Lender to the Borrower, the Lender shall on the date such Income is paid, or

on such other date as the parties may from time to time agree, pay or deliver to the Borrower a sum of money or property as is agreed between the parties or, failing such agreement, a sum of money or property equivalent to (and in the same currency as) the type and amount of such Income that would be received by the Lender in respect of such Non-Cash Collateral assuming the Lender:

**5.3.6.2.1.** retained the Non-Cash Collateral on the Income Record Date; and

**5.3.6.2.2.** is not entitled to any credit, benefit or other relief in respect of tax under any applicable law;

**5.3.6.3.** Unless agreed otherwise, where:

**5.3.6.3.1.** prior to any Income Record Date in relation to Non-Cash Collateral, the Borrower has called for the Delivery of Equivalent Margin Securities;

**5.3.6.3.2.** the Borrower has given notice of such call to the Lender so as to be effective, at the latest, five hours before the close of business on the last Business Day on which the Lender would customarily be required to initiate settlement of the Non-Cash Collateral to enable settlement to take place on the Business Day immediately preceding the relevant Income Record Date;

**5.3.6.3.3.** the Borrower has provided reasonable details to the Lender of the Non-Cash Collateral, the relevant Income Record Date and the proposed alternative Collateral with equal Market Value (**Alternative Collateral**);

**5.3.6.3.4.** the Lender, acting reasonably, has determined that such Alternative Collateral is acceptable to it and the Borrower shall have delivered or delivers such Alternative Collateral to the Lender; and

**5.3.6.3.5.** the Lender has failed to make reasonable efforts to transfer Equivalent Margin Securities to the Borrower prior to such Income Record Date,

the Lender shall indemnify the Borrower in respect of any cost, loss or damage (excluding any indirect or consequential loss or damage or any amount otherwise compensated by the Lender) suffered by the Borrower that it would not have suffered had the relevant Equivalent Margin Securities been transferred to the Borrower prior to such Income Record Date.

#### **5.4. General.**

**5.4.1.** Where Income, in the form of securities or other property, is paid in relation to any Purchased Securities, Loaned Securities or Margin Securities, we will either transfer or request you to transfer such securities or other property to us or, if we believe this will be the most relevant option, we will transfer such securities or other property (or request you to do the same) within a reasonable time after such distribution is made by the issuer;

**5.4.2.** Where any voting rights fall to be exercised in relation to any Purchased Securities, Loaned Securities or Margin Securities, neither the Borrower or the Buyer, in the case of Equivalent Securities, nor the Lender or the Seller, in the case of Equivalent Margin Securities, shall have any obligation to arrange for voting rights of that kind to be exercised in accordance with the instructions of the other party in relation to the Securities borrowed/purchased by it or transferred to it by way of collateral, as the case may be, unless otherwise agreed between the parties. Without prejudice to the generality of the foregoing, where Schedule E: Financing applies to you, all voting rights will be exercised subject to that schedule.

#### **6. PAYMENT AND TRANSFER**

**6.1.** Unless otherwise agreed in writing between you and us, under each Transaction transfer of Securities by one party and payment of cash by another against the transfer of such Securities shall be made simultaneously;

**6.2.** Subject to and without prejudice to the provisions of clause 6.1, either party may from time to time in accordance with market practice and in recognition of the practical difficulties in arranging simultaneous delivery of Securities and money waive in relation to any Transaction its rights under this Schedule to receive simultaneous transfer and/or payment provided that transfer and/or payment shall, notwithstanding such waiver, be made on the same day and provided also that no such waiver in respect of one Transaction shall affect or bind it in respect of any other Transaction;

**6.3.** Unless otherwise agreed, where any Securities which are equities are transferred through a settlement system which automatically generates a mandatory payment or delivery, or a mandatory obligation to pay or deliver, against the transfer of such Securities, then –

**6.3.1.** such automatically generated payment, delivery or obligation shall be treated as a payment or delivery by the transferee to the transferor, and except to the extent that it is applied to discharge an obligation of the transferee to effect a payment or delivery, such payment or delivery, or obligation to pay or deliver, shall be deemed to be a Margin Transfer made by the transferee; and

**6.3.2.** unless we shall have agreed with you otherwise, the party receiving such Margin Transfer shall cause to be made to the other party for value the same day either, where such Margin Transfer is a payment, an irrevocable payment in the amount of such Margin Transfer or, where such Margin Transfer is a delivery, an irrevocable delivery of Securities (or other property, as the case may be) equivalent thereto;

**6.4.** If you are, at any time, required to make any payment of cash or any delivery of Securities to us pursuant to this Schedule or any Transaction effected hereunder, including interest and any of our fee, you hereby

authorise us to debit or credit any of your accounts, whether held with us, one of our affiliates or a third party, in order to effect such payment or delivery, without prior notice or reference to you.

**6.5.** Notwithstanding any other provision of This Schedule each party may make any US tax deduction or withholding if it is required by law, and no party shall be required to increase any payment in respect of which it makes such a US tax deduction or withholding or otherwise compensate the recipient of the payment for that US tax.

## **7. SPECIFIC TERMS**

### **7.1. SLBs.**

With respect to SLBs exclusively, the Borrower shall pay to the Lender sums calculated by applying such rate as shall be agreed between you and us from time to time to the daily Market Value of the Loaned Securities. Such payment shall accrue daily in respect of the period commencing on and inclusive of the Settlement Date and terminating on and exclusive of the Business Day upon which Equivalent Securities are delivered. Unless otherwise agreed, the sums so accruing in respect of each calendar month shall be paid in arrears not later than the Business Day which is the tenth Business Day after the last Business Day of the calendar month to which such payments relate or such other date we may agree with you from time to time.

### **7.2. Repos.**

**7.2.1.** A Repo may at any time between the Purchase Date and Repurchase Date, if the Seller so requests and the Buyer so agrees, be varied by the transfer by the Buyer to the Seller of Securities equivalent to the Purchased Securities, or to such of the Purchased Securities as shall be agreed, in exchange for the transfer by the Seller to the Buyer of other Securities of such amount and description as shall be agreed (**New Purchased Securities**)

(being Securities having a Market Value at the date of the variation at least equal to the Market Value of the Equivalent Securities transferred to the Seller);

**7.2.2.** Any variation under clause 7.2.2 above shall be effected, subject to clause 6.2, by the simultaneous transfer of the Equivalent Securities and New Purchased Securities concerned;

**7.2.3.** A Repo which is varied under clause 7.2.2 above shall thereafter continue in effect as though the Purchased Securities under that Transaction consisted of or included the New Purchased Securities instead of the Securities in respect of which Equivalent Securities have been transferred to the Seller;

**7.2.4.** Where either party has transferred Margin Securities to the other party it may at any time before Equivalent Margin Securities are transferred to it under clause 4 request the other party to transfer Equivalent Margin Securities to it in exchange for the transfer to the other party of new Margin Securities having a Market Value at the time at which the exchange is agreed at least equal to that of such Equivalent Margin Securities. If the other party agrees to the request, the exchange shall be effected, subject to clause 6.2, by the simultaneous transfer of the Equivalent Margin Securities and new Margin Securities concerned. Where either or both of such transfers is or are effected through a settlement system in circumstances which under the rules and procedures of that settlement system give rise to a payment by or for the account of one party to or for the account of the other party, you and we shall cause such payment or payments to be made outside that settlement system, for value the same day as the payments made through that settlement system, as shall ensure that the exchange of Equivalent Margin Securities and new Margin Securities effected under this clause does not give rise to any net payment of cash by either party to the other.