



MERRION
STOCKBROKERS

Terms & Conditions

EFFECTIVE DATE:

These terms are valid from 3 January 2018 until further notice.



GROUP DETAILS:

Merrion Stockbrokers Limited trading as Merrion Private and Merrion Fixed Income is a wholly owned subsidiary of Merrion Capital Holdings Limited. Merrion Stockbrokers Limited is registered in Ireland with the Companies Registration Office, registration number 307878. The registered office is Heritage House, 23 St. Stephen's Green, Dublin 2.

CONTACT DETAILS:

Merrion Stockbrokers Limited trading as Merrion Private and Merrion Fixed Income can be contacted as follows:

Dublin:

Heritage House,
23 St. Stephen's Green,
Dublin 2.

Switch: +353 1 2404100

Email: info@merrion-capital.com

Fax: +353 1 2404101

Cork:

Tellengana Lodge,
Blackrock Road,
Cork.

Switch: +353 21 4551950

Email: munster@merrion-capital.com

Fax: +353 21 4559395

Institutional Trading Desk: +353 1 240 4200

Private Clients: +353 1 240 4111

For further information, please visit our websites at:

Merrion Private: www.merrionprivate.com

Merrion Fixed Income: www.merrion-capital.com

REGULATORY STATUS:

Merrion Stockbrokers Limited trading as Merrion Private and Merrion Fixed Income ("Merrion" / the "Firm") is regulated by the Central Bank of Ireland, PO Box 559, North Wall Quay, Dublin 1. Merrion is a member of the Irish Stock Exchange and London Stock Exchange.

Merrion is authorised by the Central Bank of Ireland as an Investment Firm under Regulation 8(3) and deemed authorised under Regulation 5(2) of the Statutory Instrument No. 375/2017 European Union (Markets in Financial Instruments) Regulations 2017.

Merrion is authorised by the Central Bank of Ireland as an insurance/reinsurance intermediary under the European Communities (Insurance Mediation) Regulations, 2005 (as amended).

Merrion is authorised by the Central Bank of Ireland as a product producer which is a financial service provider which produces financial products and issues appointments to intermediaries or an intermediary which may issue appointments to other intermediaries.

The above authorisations are listed on the Registers on the Central Bank of Ireland's website www.centralbank.ie.

GENERAL TERMS AND CONDITIONS

DEFINITIONS:

Central Bank of Ireland (“CBI”) means the Financial Regulator in Ireland with responsibility for prudential regulation and supervision of MiFID Investment Firms (including conduct of business) authorised in Ireland and the provisions of MiFID relevant to the financial services market in Ireland.

Client Assets means client funds and client financial instruments as defined in the CBI’s Guidance on Client Assets Regulations.

Complex Financial Instruments means any financial instrument other than a non-complex instrument as defined by Regulation 33(9) of the European Union (Markets in Financial Instruments) Regulations 2017.

Eligible Counterparty means a client that is either a per se eligible counterparty or an elective eligible counterparty per the MiFID Regulations.

Financial Instrument means any financial instrument as defined in the MiFID Regulations and any investment instrument as defined in the Investment Intermediaries act 1995

Markets in Financial Instruments Directive (“MiFID”) means Directive 2014/65/EC of the European Parliament and of the Council of 15 May 2014 and Commissions Regulation (EC) No 600/2014 of 15 May 2014 and any applicable implementing EU Legislation, delegated acts (directives and regulations) technical standards and including without limitation the European Union (Markets in Financial Instruments) Regulations 2017 and any CBI regulations, notices, guidance notes, codes of conduct issued thereunder.

MiFID Regulations means the European Union (Markets in Financial Instruments) Regulations 2017.

Non-Complex Financial Instruments means any financial instrument as specified and defined by Regulation 33(9) of the European Union (Markets in Financial Instruments) Regulations 2017.

Professional Client means any client that has been categorised as a professional client by Merrion in accordance with the criteria for determining a professional client as per Schedule 2 of the MiFID Regulations.

Terms means the Terms and Conditions / Terms of Business and appendices, the Order Execution Policy, the Conflicts of Interest policy, the Client Assets Key Information Document and the Schedule of Fees and Charges as produced and made available you by Merrion.

The use of “**you**” and “**your**” in any of these Terms includes any joint account holder(s), personal representatives, permitted assignees, novates and successors. These Terms apply to the services as selected by and provided to you as set out herein.

AGREEMENT:

Due to the implementation of the MiFID II Merrion has updated its Terms and Conditions to reflect the regulatory changes introduced by MiFID II.

The new Terms shall apply to new clients accepted by the firm on or after 3 January 2018 and to existing clients on 3 January 2018, superseding all previous agreements in force between Merrion and you. For further information please contact the Merrion Fixed Income Sales Team.

PROVISION OF SERVICES:

The range of services and investment advice provided by Merrion may include financial instruments provided by Merrion and its Group entities. As a result, all investment advisory and discretionary portfolio management services should be considered non-independent.

SUITABILITY AND APPROPRIATENESS:

Merrion is required by the Central Bank of Ireland to obtain information concerning your investment objectives and experience, risk parameters and relevant facts about your financial position. The principal purpose of this is to gather and record information about your financial circumstances to enable us to assess the suitability and appropriateness of investment products for you, and ensure the service provided and transaction recommended is suitable. Clients subject to such a suitability assessment will be provided with a statement of suitability prior to the provision of advice or services and may be subject to periodic assessments of suitability thereafter. Clients will be required to sign a letter confirming their acceptance of the investment strategy proposed in the suitability assessment prior to opening an account.

Merrion has a duty to take reasonable care when determining the suitability of any product recommended and/or service provided and when making decisions generally for clients based on information disclosed to the firm by its clients.

In order for us to fully assess your financial needs and consider the appropriateness of products it is important that you provide up to date, accurate and complete information that we request from you and any other information you consider relevant. If you do not do so we may not have the information necessary to determine the suitability and appropriateness of a product or service sought. If we do not have the information necessary to assess suitability and appropriateness, we may not be able to offer the product or service sought.

Warning: Failure to provide sufficient information to Merrion regarding your knowledge or experience, investment objectives, attitude to risk, financial situation and investment preferences will mean that Merrion cannot determine if the relevant financial instrument / product or service is suitable for you

The suitability and appropriateness requirement will not apply:

- For non-complex financial instruments for which you are receiving an 'execution-only' service from us i.e. where you specify the product and product producer and have not received any assistance in the choice of that product and/or product producer from us;
- where you are a client introduced to us by a third-party advisor who is providing you with investment advice and instructing us on your behalf.

- Should there be any material change in your circumstances please notify us immediately.

Before opting for execution-only services you should ensure that this is the appropriate service to suit your needs.

If you place an Execution Only order with Merrion in relation to a 'non-complex financial instrument' (as defined in the MiFID Regulations), Merrion is not required to request this information or assess whether the product or service is appropriate for you. You will not benefit from the protections available to clients for whom we must assess appropriateness.

If our Client Application Form does not reflect your investment needs or objectives, you are required to advise us immediately in writing and provide your needs and objectives to us.

INVESTMENT INSTRUMENTS:

Merrion offers services in both non-complex and complex financial instruments. Further details of the nature and risk of Financial Instruments is provided in this document.

DATA PROTECTION:

Merrion is registered as a Data Controller under the Data Protection Acts 1988 and 2003. Your personal information, including sensitive personal information, will only be used for the purpose for which it was obtained. We will seek your consent prior to using it for any other purpose. You may have entitlements under the Data Protection Acts to inspect all personal information held on file by Merrion upon request and to require Merrion to correct any errors of fact that may exist. Any requests should be forwarded to Merrion's Compliance Officer. A data access request needs to be forwarded with a cheque or postal order for €6.35.

We may contact you from time to time in relation to your investment portfolio or other business services. Please note that telephone conversations between us may be recorded for quality and verification purposes. All calls and emails related to the handling of orders and transactions may be retained by Merrion for a period of five years, or up to seven years where required by the Central Bank of Ireland.

By signing the Client Application Form, you are consenting to the above terms and conditions.

ANTI-MONEY LAUNDERING:

Merrion is required under the Criminal Justice (Money Laundering and Terrorist Financing Act) 2010 as amended by Part 2 of the Criminal Justice Act 2013 and the Criminal Justice (Terrorist Offences) Act 2005 as amended by the Criminal Justice (Terrorist Offences) Act 2015 to identify and verify both our direct and indirect clients. We may request information and documentation from you upon account application and over the course of your service agreement with us, and may retain such information and documentation for these purposes.

We may also retain information obtained from searches of appropriate data-bases and from your transaction activity. If satisfactory evidence of your identity is not provided, there may be circumstances in which we are not able to proceed with your business transaction.

Further to the above, if we have reasonable grounds to believe that a transaction(s) or activity is suspicious, we are legally required to report such suspicions to the Garda Síochána and the Revenue Commissioners. In such circumstances we will not discuss such reports with you because of the restrictions imposed by the tipping off provisions of the anti-money laundering legislation.

CONFLICTS OF INTEREST:

It is the policy of Merrion to avoid any conflict of interest when providing business services to its clients. However, where an unavoidable conflict may arise we will advise you of this in writing prior to proceeding to provide any business service. If you have not been advised of any such conflict you are entitled to assume that none arose.

Details of Merrion's Conflicts of Interest Policy are available on our website and in the appendix below.

INVESTMENT RESEARCH AND INVESTMENT RELATED INFORMATION:

Our in-house research department issues research across a range of sectors. As a Merrion client you may have access to such research reports and other market analysis information that may be available. In addition, we may receive research from third parties which we may utilise in formulating our investment decisions. This type of research material is available solely for information purposes, the provision of which does not constitute an offer or solicitation to buy or sell securities. Such research material does not constitute investment advice and has been prepared without regard to your individual financial circumstances and investment objectives. The securities and/or investment strategies discussed in any such information provided may not be suitable or appropriate for all investors. Information about how we manage our conflicts in relation to research is also provided on our website. You agree that Merrion will not be liable where you rely in whole or in part on any statements, representations or other contents of such research material and reports and other market analysis information in connection with any investment decision made by you.

Merrion Portfolio Managers issue investment recommendations across a range of sectors. As a Merrion client you may have access to this information and other market and or investment analysis information. You understand that while we may provide such reports or analysis to you, or otherwise make this information available to you, this is solely for information purposes and does not constitute an offer or solicitation to buy or sell securities. Such information does not constitute investment advice and has been prepared without regard to your individual financial circumstances and investment objectives. The securities and/or investment strategies discussed in the reports may not be suitable or appropriate for all investors. Such information should not be considered 'investment research' and is classified by Merrion as a 'marketing communication' in accordance with the MiFID Regulations. This means that;

- (i) it has not been prepared in accordance with the legal requirements designed to promote the independence of investment research;
- (ii) it is not subject to the restrictions on the receipt and payment of investment research under the MiFID Regulations, and;
- (iii) it is not subject to any prohibition on dealing ahead of the dissemination of investment research.

You agree that we will not be liable where you rely in whole or in part on such investment recommendations and/or investment analysis information in connection with any investment decision made by you.

REMEDIES IN THE EVENT OF DEFAULT:

In the absence of Merrion's own fraud, negligence or wilful default, Merrion does not accept liability for the acts or omissions of an eligible credit institution, stock exchange, multilateral trading facility (MTF), organised trading facility (OTF) and all other relevant trading venues, relevant party or eligible custodian with whom client assets are held or for their default. In the event that one of these entities becomes insolvent you may not receive back all or any of the assets or funds that the entity holds on your behalf.

Merrion will, if necessary, exercise its legal rights to receive any payments due to it from clients for business services provided by it and, to be reimbursed for any value obtained by the firm for clients arising from payments by the firm on behalf of clients who subsequently default in any payment due to the firm.

We will exercise a lien over all securities and funds we are holding, either directly or with a third party, on your behalf where you have not paid for these securities or you have a debit balance on your account as a result of other transactions.

In the event of your failure to make any payment or to deliver any securities due to us (or agents used by us) we reserve:

- (i) The right to retain any funds, securities or other assets due to you and to offset any liability against them;
- (ii) The right to charge interest on any outstanding amounts due to us on your account at the rate of 1% per month or part thereof;
- (iii) The right, without notice and without prejudice to other remedies available to us, to buy and sell securities in your name;
- (iv) The right to close any open purchase bargains where you have not remitted cash to us or have a debit balance on your account;
- (v) To close open positions if you have not delivered the relevant securities to us;
- (vi) To sell any securities we are holding where there is a debit balance on your account (including any arising as a result of the actions we have taken detailed above); and
- (vii) To close open positions where we have reason to believe that you will be unable to meet your obligations as they fall due.

Any such action is without prejudice to your liability to meet any remaining liability to Merrion.

COMPLAINTS PROCEDURE:

Any complaint that you may have in relation to the business services provided should be made to the firm outlining the nature of your complaint. Any such complaint should be made to the Compliance Officer, Merrion Stockbrokers Limited trading as Merrion Private and Merrion Fixed Income, Heritage House, 23 St. Stephen's Green, Dublin 2. Tel: +353 1 2404100. Email: info@merrion-capital.com. Each complaint received will be acknowledged within 5 business days. The complaint will be fully investigated by Merrion and a full response will be provided to you. The timeframe for this will be 40 business days with an update after 20 business days if the investigation is not complete. In the event that you remain dissatisfied with the firm's handling and response to your complaint you are entitled to refer your complaint to the Financial Services Ombudsman (FSO). The contact details of the FSO are as follows: 3rd Floor, Lincoln House, Lincoln Place, Dublin 2.

SERVICES AND TERMS OF BUSINESS

OUR SERVICES:

Merrion is authorised by the Central Bank of Ireland to provide investment services such as receiving and transmitting orders, executing orders and providing portfolio management services and investment advice to our customers (“you”).

Merrion is authorised to provide these services in a variety of instruments, such as transferable securities (shares including Exchange Traded Funds), corporate and government bonds, money market instruments, collective investment undertakings and PRSAs as well as more complex types of instruments that are only available to professional investors such as credit default swaps and contracts for difference.

In relation to the above investment services and instruments, we offer the following core services to our professional investors and eligible counterparties:

- 1. Investment Advisory Services:** an advisory service where your portfolio manager will offer you advice on proposed investments as required.

Where you have an investment advisory account you are not obligated to act on any advice given to you by us and you are solely responsible for your investment decisions.

- 2. Execution-only transactions:** you may direct Merrion to undertake execution-only transactions on your behalf even if you hold an advisory account with us. The following transaction will be held by us and you to be undertaken on an execution-only basis:

- where you provide us with specific instructions on the transactions to be executed and where we do not provide you with investment advice or advise you on the merits of the transaction;
- where you are a client introduced to us by a third-party advisor for services other than Discretionary Portfolio Management or Investment Advisory Services.

For such transactions, you acknowledge and agree that your orders are not reviewed by Merrion prior to execution and that you will not benefit from the protection of the conduct of business rules as regards suitability. You and/or your advisor are solely responsible for determining the suitability of your orders and investment decisions.

In relation to all of the above, we may provide investment services in relation to the following investment instruments:

Non-Complex Instruments

A financial instrument which is not explicitly specified in MiFID regulations shall be considered as non-complex for the purposes of MiFID regulations if it satisfies certain criteria. Merrion considers the following instruments to be non-complex:

- (i) Listed shares or securities in Irish or foreign companies which are listed on a regulated market or are highly liquid;
- (ii) Treasury Bills, certificates of deposit, commercial paper, loan notes, loan stock, bonds or other money market instruments (including Corporate, Government, Public agency and municipal issues);
- (iii) Depository receipts relating to the above instruments;
- (iv) Units in a UCITS fund;
- (v) Exchange Traded Funds (ETFs).

Complex Instruments

Every product that is not non-complex should be regarded as complex. A non-exhaustive list of product characteristics which deem it to be considered a complex instrument includes;

- (i) Derivative instruments or instruments with embedded derivatives;
- (ii) Instruments that are made up of one or more underlying financial instruments that are difficult to value or have been structured in a way that makes it difficult to assess the risks involved and the likely performance scenarios;
- (iii) Instruments where performance or value is linked directly or indirectly to incorporate opaque (i.e., non-market-standard) indices;
- (iv) Instruments that effectively lock investors in for a fixed period (without adequately explaining the exit barriers);
- (v) Instruments that are subject to complex pay-off formulae (potentially including multiple variables); and/or
- (vi) Instruments that contain conditional or partial capital protection rights (including where such rights can be withdrawn).

Under MiFID regulations any instrument deemed a complex instrument will require a client appropriateness test to be applied.

Your Investment Objective/ Risk Profile

We are proceeding on the basis that your investment objectives are as specified in the Client Application Form. If your circumstances change, it is important that you contact Merrion as soon as possible.

Where our services are provided through an intermediary, it is the sole responsibility of the intermediary to ensure that all investment instructions given to us are in line with the investment objectives of their client.

Restrictions on Type of Investment

We are proceeding on the basis that you have specified any investment restrictions applicable in the Client Application Form.

If there are any investments or types of investment, which you do not wish us to recommend to you or purchase for you please inform us of these immediately, in writing.

Margined Transactions and Leveraged Transactions

We will only undertake margined / leveraged transactions on your behalf where you provide the necessary margin in advance in the form specified (generally cash but sometimes shares which may not be held in the same underlying security of which the contract is written). If you fail to provide the necessary margin, we will be entitled to take whatever course of action we deem fit for the particular circumstances and you will be liable for any resulting debit balance.

Fees and Charges

Our fees and charges for professional clients and eligible counterparties, which may be varied from time to time, are maintained on our website and are based primarily on Assets Under Management (“AUM”).

There may be occasions when third parties levy us with charges, which we will be obliged to pass onto you. The amount and basis for calculation of such charges or payments are available on request. A charge of up to 1% may be levied on any foreign exchange conversions required on your account.

Professional clients of Merrion Fixed Income will pay charges up to but at no time in excess of those charges that apply in the table below.

Eligible counterparty clients of Merrion Fixed Income, will pay charges (e.g. fees/mark-ups) of such amount as is agreed between us in writing from time to time, but at no time will such charges exceed those set out in the table below in relation to purchase or sale transactions. Further information on costs and charges applicable to individual relevant transactions will be provided on request.

Bond Category:	Bond maturity 0-5yr		Bond maturity 5-10yr		Bond maturity 10-30yr	
	€/£/\$	Basis Points	€/£/\$	Basis Points	€/£/\$	Basis Points
ECB Core and SSA ¹	1,000	10	5,000	50	10,000	100
ECB Peripheral	2,000	20	10,000	100	20,000	200
IG ² Corporate	3,000	30	15,000	150	20,000	200
HY ³ /EM ⁴ unrated	10,000	100	20,000	200	30,000	300

1. SSA - Supranational, sub-sovereign and agency sector
2. IG – Investment Grade
3. HY – High Yield
4. EM – Emerging Markets

Any alteration to charges will be notified to you and agreed in advance. Our charges will include any applicable value added tax, stamp duty, stamp duty reserve tax, industry levy, brokerage fees, transfer fees, registration fees and all other liabilities, charges, costs and expenses payable in connection with transactions effected on your behalf.

A copy of our current fees and charges schedule is available on our website.

Client Cash and Investments

We are obliged to treat money/investments held by us on your behalf in accordance with the requirements of the Central Bank of Ireland. We will lodge money held by us on your behalf to the appropriate client account as soon as possible, but no later than one business day following receipt, or we will return it to you unless otherwise agreed.

Your client funds may be lodged to a 'pooled' bank account with an eligible credit institution where your funds will be included with other clients' funds which are separately identifiable from firm money. This means that client money is held as part of a common pool of money, so you do not have a claim against a specific sum in a specific account; your claim is against the client money pool in general. Merrion will maintain detailed records of the underlying client's funds balance. Where possible, we will lodge the money to a client account in the currency of receipt.

The legal and regulatory regime applicable to such eligible credit institutions or relevant parties may be different to that of Ireland; in the event of a default of such eligible credit institution or relevant party your funds may be treated differently from the position which would apply if the funds were held in an equivalent institution in Ireland and accordingly your rights relating to such funds may differ to a situation where they are held in this state.

We undertake, where possible, to place funds with financial institutions which are regulated by a host regulator.

In the event of default by an eligible credit institution or other relevant party holding client funds Merrion will not be liable for any losses incurred directly or indirectly as a result of such default.

Interest

Interest earned is only paid to clients on individually designated client asset deposit accounts opened with a credit institution. Interest is not paid on monies held in the course of settlement and on monies held in pooled client asset deposit accounts. Where interest is paid it is calculated from the date we place money on deposit up to the date of withdrawal. The rate of interest paid on client asset deposits will vary from time-to-time and between credit institutions with whom we place your money. We are under no obligation to notify you of any changes in the applicable interest rates. Monies and Financial Instruments held by us will be handled in accordance with regulatory requirements. While there is no obligation on us to ensure interest is payable on monies held in client asset accounts, we will, as an additional service to our clients, use our reasonable endeavours, to seek to earn a competitive interest rate on monies held in client asset deposit accounts with a bank or credit institution. Merrion may retain some or all of this interest for its own use and benefit.

Custody of your Investments

All investment instruments purchased and held through us will be registered in our name and held in a nominee company operated in accordance with the Central Bank of Ireland's requirements. We will account to you promptly for all dividends, interest payments and other rights of yours. For securities held in an investment advisory and/or execution-only account, upon your request we will;

(a) exercise on your behalf conversion and subscription rights and voting rights regarding your

holdings; and

(b) proceed on your behalf in takeover situations, other offers or capital reorganisations concerning your holdings.

We will not forward offer documents or annual reports. They will be provided only upon request.

Please note that certain investments (foreign securities) may not be held by Merrion but by one or more third parties (including clearing systems and overseas agents) such as banks.

Such parties may pool these investments. This means that securities are held as part of a common pool of securities, so you do not have a claim against a specific holding in a specific account, your claim is against the client securities pool in general. In the event of a default by or the insolvency of such a party, which may result in a total loss of your investment, Merrion will not be liable for any losses incurred directly or indirectly as a result of such default.

There may be occasions where we have to arrange for your investment instruments to be held overseas. In such cases there might be different settlement, legal and regulatory requirements in overseas jurisdictions from those applying in Ireland together with different practices for the separate identification of your investment instruments.

Reporting

Information regarding your financial instruments or funds held by Merrion on your behalf will be reported to you regularly.

Investment advisory and execution-only clients will be provided with a Statement of Client Financial Instruments / Client Funds on a quarterly basis.

For clients deemed to be eligible counterparties, you agree to a limited application of the detailed costs and charges disclosure requirements under the MiFID II regulatory regime. This means that, unless you request such disclosure, (i) we may provide information to you about our costs and charges in a format other than a durable medium, (ii) we will not provide you with an ex ante or ex post illustration of such costs and charges, (iii) we will not provide you with an annual statement or such costs and charges incurred, and (iv) we will not provide you an illustration of the cumulative effect of costs on the return on an investment.

Settlement

Where applicable, we will confirm each transaction effected on your behalf with a contract note either electronically or by post.

All settlement of transactions paid by you should be made in accordance with the settlement date, and currency, stated on the contract note. It may be possible to deal for a longer or shorter period. However, the share price may be adjusted to reflect non-standard settlement.

Clients with deliveries due in respect of sales are required to deliver certificates and signed transfer forms in advance of the relevant settlement due date. Any charges or late settlement fines imposed by the market in relation to the failure to settle a bargain on time will be debited to your account immediately.

In addition, failure to settle on time may result in the transaction being closed. We reserve the right to require payment in advance or when Merrion commits on behalf of a client to

purchase stock in a new issue or an Initial Public Offering.

You must maintain cleared funds with us in advance of effecting any transaction on your Merrion account. Failure to maintain adequate funds with us to settle transactions on your account may result in the transaction order being rejected or in the transaction being closed out. In placing an order with us, you are giving us a commitment that you have sufficient resources to pay for all purchase transactions or sufficient assets to deliver your sales. In all cases, you will indemnify Merrion against any losses, costs, interest and penalties incurred on your account as a result of non-compliance with these settlement terms.

Inactive Accounts

In the event that your account remains inactive for a period of more than 12 months or where the value of funds held falls below the minimum investment service level requirement, Merrion reserves the right to close your account and distribute any remaining assets to you.

Third Party Liens

In certain circumstances, we may permit you to create a security interest over your Merrion Execution-Only Account in favour of a third party in order to provide collateral for third party borrowings ('Third Party Lien'). Where this is the case you will be required to sign all relevant documentation. Merrion may continue to operate the account on a day to day basis, set off fees and use sums standing to the credit of an Execution-Only Account to satisfy capital calls (where applicable) without reference to the third party. Where the third party exercises its rights under the Third Party Lien, to the extent that any funds held on the account are committed to future payments in accordance with the terms and conditions of the relevant investment(s), Merrion reserves the right to dispose of any assets or use any cash held in your Execution-Only Account as may be required to fund such future commitments as required by the terms and conditions of such investment(s). Merrion shall be entitled to charge to you all commission, fines, penalties and costs including legal, accounting and other professional and advisory costs we might incur arising from an Event of Default.

Any such action is without prejudice to your liability to meet any remaining liability to Merrion.

Conflict of Interest

Your attention is drawn to the fact that when we give you investment advice or deal in a discretionary capacity, we, or some other person connected with us, may have an interest, relationship or arrangement that is material in relation to the investment, transaction or service concerned. However, our employees are required to disregard any such interest, relationship or arrangement when making recommendations.

When we recommend or enter into a transaction for you, we could be:

- (i) dealing as principal for our account by selling the investment concerned to our client or buying it from our client. The firm is authorised to deal in a principal capacity; or
- (ii) matching a transaction with that of another client by acting on behalf of both parties; or
- (iii) buying or selling units in a collective investment scheme where we are the investment manager, fund manager, trustee, promoter, administrator (or an advisor to any of these parties) of the scheme; or
- (iv) involved in a new issue, rights issue, takeover or similar transaction concerning an investment; or
- (v) seeking or have an investment corporate advisory engagement or other business from any issuer.

We take all reasonable steps to identify conflicts of interest and maintain and operate effective controls around such conflicts of interest.

A copy of our conflict of interest policy and inducements policy is available on our website or by contacting our Compliance Department.

Aggregation of Orders

The firm may aggregate orders, including the firm's own orders with a client order or group of orders, on the basis that it will not work to the disadvantage of a client's order.

Any aggregation of orders is "unlikely" to be to the disadvantage of any (aggregated) client. A client may be warned that any such aggregation may be to the client's disadvantage.

Complaints Procedures

Should we fail to carry out our services in a manner that is acceptable to you please address your complaint initially to the Compliance Officer at Merrion Stockbrokers Limited trading as Merrion Private and Merrion Fixed Income, Heritage House, 23 St. Stephen's Green, Dublin. If you fail to receive satisfaction, you have the right to write to the Financial Services Ombudsman at 3rd Floor, Lincoln House, Lincoln Place, Dublin 2, requesting an investigation in to the circumstances of your complaint.

Client Protection and Compensation

Under Section 38(1) of the Investor Compensation Act 1998, "the Act", the Firm is required to inform you of the following information concerning investor compensation:

- (i) the Act provides for the establishment of a compensation scheme and the payment, in certain circumstances, of compensation to certain clients (known as eligible investors) of authorised investment firms, as defined in the Act;
- (ii) the Firm is a member of the compensation scheme;
- (iii) compensation may be payable where money or investment instruments owed or belonging to clients and held, or in the case of investment instruments, administered or managed by the Firm, cannot be returned to those clients for the time being and there is no reasonably foreseeable opportunity for the Firm be able to do so;
- (iv) a right to compensation will arise only:
 - a) if the client is an eligible investor as defined in the Act;
 - b) if it transpires that the Firm is not in a position to return client money or investment instruments owed or belonging to clients of the Firm; and
 - c) to the extent that the client's loss is recognised for the purposes of the Act;
- (v) where an entitlement to compensation is established, the compensation payable will be the lesser of:
 - a) 90% of the amount of the client's loss which is recognised for the purposes of the Investor Compensation Act, 1998; or
 - b) compensation of up to €20,000.

Exclusion of Liability

Merrion, its directors, servants and/or agents shall not, save in the event of fraud, wilful default or negligence be:

- (i) responsible or liable for the economic performance of your portfolio or for any losses, claims, costs or expenses as a result of the performance of our obligations under these Terms or as a result of any circumstances beyond the reasonable control of the firm;

- (ii) without prejudice to the generality of the foregoing be:
- a) responsible or liable for any advice or opinion that may be given or expressed by us concerning any investment transaction;
 - b) liable for any loss arising from executing or failing to execute any of your instructions;
 - c) liable for any loss suffered by you as a result of the transfer to your account of any invalid or forged instruments;
 - d) responsible and liable for the misuse of online information where you as our client have been provided with access to online information;
 - e) liable for non-receipt of contract notes, either by post or electronic means.

Annual Reports, General Meetings and Corporate Actions

Unless requested to do so, Merrion will not provide notice of any Annual General Meetings, Extraordinary General Meetings nor distribute annual reports regarding entities or financial instruments contained within client portfolios. Merrion will not provide offer documents in relation to corporate actions nor does it exercise or arrange to exercise voting rights associated with entities or financial instruments contained within client portfolios. If you would like further information on this, please contact us.

Contact

We may contact you from time to time to bring investment opportunities to your attention unless you have instructed us otherwise or you are an 'execution-only' client.

Dividends

In circumstances where stock is registered under Merrion Stockbrokers Nominee Account, we accept cash/stock dividends on your behalf and lodge the proceeds/stock to your account.

Unless exempt, all dividends on equities paid into your account will be paid net of Dividend Withholding Tax (DWT). Subject to eligibility, it is possible to claim DWT exemption by completing and returning to Merrion a valid DWT form which is available on request from the Revenue Commissioners or Merrion Client Services Team.

Merrion is responsible for deduction of Encashment Tax and remits this on an annual basis to the Revenue Commissioners. Encashment tax applies to most foreign dividends. Non-resident individuals, pensions and registered charities are exempt.

Order Execution Policy

We are required to take sufficient steps to obtain the best possible result (or "best execution") on your behalf when executing orders or receiving and transmitting orders for execution.

Subject to any specific instructions that may be given by you, when executing orders on your behalf, we will take all reasonable steps to obtain the best possible price result for you taking into account relevant execution factors.

We will determine the relative importance of the execution factors using our commercial judgement and experience in light of the market information available and taking into account the execution factors at the time of trading.

You should be aware that providing specific instructions to us in relation to the execution of a particular order may prevent us from taking the steps set out in our order execution policy to obtain the best possible result in respect of the elements covered by those instructions.

There may be occasions where we assess that achieving the best possible result in executing a client's order requires us to execute the order outside a Regulated Market or MTF for example with a Systematic Internaliser.

A copy of our Order Execution Policy is available on our website and also in Appendix 1.

Categorisation under MiFID

Under the MiFID regulations the Firm is required to assign a classification for each client. Based on the information the client provides we will categorise you as either a retail client, a professional client or eligible counterparty.

Definition of "professional client"

A professional client is a client who possesses the experience, knowledge and expertise to make its own investment decisions and properly assess the risks that it incurs.

Professional clients will not be entitled to certain protections available to retail clients under MiFID regulations.

In order to be considered to be a professional client, the client must comply with the following criteria:

Clients which may be professional clients

The following may be regarded as professional clients in all investment services and activities and financial instruments:

- a) the following entities which are required to be authorised or regulated to operate in the financial markets, including all authorised entities carrying out the characteristic activities of the entities mentioned (whether entities authorised by a Member State under a Directive, entities authorised or regulated by a Member State without reference to a Directive or entities authorised or regulated by a third country):
 - (i) credit institutions;
 - (ii) investment firms;
 - (iii) other authorised or regulated financial institutions;
 - (iv) insurance companies;
 - (v) collective investment schemes and management companies of such schemes;
 - (vi) pension funds and management companies of such funds;
 - (vii) commodity and commodity derivatives dealers;
 - (viii) local firms; and
 - (ix) other institutional investors.
- b) large undertakings meeting two of the following size requirements on a company basis:
 - (i) a balance sheet total of €20,000,000;
 - (ii) net turnover of €40,000,000;
 - (iii) own funds of €2,000,000.
- c) national and regional governments, including public bodies that manage public debt at national or regional level, central banks, international and supranational institutions such as the World Bank, the IMF, the ECB, the EIB and other similar international organisations;

- d) other institutional investors whose main activity is to invest in financial instruments, including entities dedicated to the securitisation of assets or other financing transactions.

NOTE: A professional client may be subject to lower levels of regulatory protection than a retail client.

Request for higher level of protection by professional clients

Professional clients may request a higher level of protection, and a variation on these terms in order to avail of a higher level of protection.

For professional clients, the firm will inform the client prior to any provision of services that, on the basis of the information provided to the firm by the client, the client is deemed to be a professional client, and will be treated as such unless the firm and the client agree otherwise.

It is the responsibility of the client, considered to be a professional client, to ask for a higher level of protection when it deems it is unable to properly assess or manage the risks involved.

Clients who may be treated as professionals on request

Clients other than those professional clients listed in paragraph 2 above, including public sector bodies, local public authorities, municipalities and private individual investors, may also waive some of the protections afforded by the conduct of business rules.

The firms may therefore treat any of those clients as professionals if the relevant criteria and procedure mentioned in the following provisions of this paragraph are fulfilled but those clients shall not, however, be presumed to possess market knowledge and experience comparable to that of the categories listed in paragraph 2.

Any such waiver of the protection afforded by the standard conduct of business regime shall be considered to be valid only if an adequate assessment of the expertise, experience and knowledge of the client, undertaken by the firm, gives reasonable assurance, in light of the nature of the transactions or services envisaged, that the client is capable of making investment decisions and understanding the risks involved.

The fitness test applied to managers and directors of entities licensed under Directives in the financial field may be regarded as an example of the assessment of expertise and knowledge.

In the case of small entities, the person subject to that assessment shall be the person authorised to carry out transactions on behalf of the entity.

In the course of that assessment, as a minimum, two of the following criteria shall be satisfied:

- a) that the client has carried out transactions, in significant size, on the relevant market at an average frequency of 10 per quarter over the previous four quarters;
- b) that the size of the client's financial instrument portfolio, defined as including cash deposits and financial instruments exceeds €500,000;
- c) that the client works or has worked in the financial sector for at least one year in a professional position, which requires knowledge of the transactions or services envisaged.

Procedure for clients who may be treated as professionals on request

Clients may seek to waive the benefit of the detailed rules of conduct only where the following procedure is followed:

- a) the client provides a request in writing to the firm that they wish to be treated as a professional client, either generally or in respect of a particular investment service or transaction, or type of transaction or product;
- b) the firm will provide a clear written warning of the protections and investor compensation rights they may lose;
- c) the client states in writing, in a separate document from the contract, that they are aware of the consequences of losing such protections.

Before deciding to accept any request for waiver, Merrion will take all reasonable steps to ensure that the client requesting to be treated as a professional client meets the criteria as outlined above. Merrion will consider all such requests and will respond in due course with its decision.

For existing clients, before 3 January 2018, any client that has already been categorised as professional under similar parameters and procedures similar to those referred to above, the foregoing provisions are not to be construed as meaning that their relationship with the firm is affected by any new rules adopted pursuant to this Schedule.

Professional clients are responsible for keeping the firm informed about any change which could affect their current categorisation.

If Merrion become aware however that the client no longer fulfils the initial conditions, which made the client eligible for a professional treatment, the firm may take appropriate action.

Eligible Counterparties

Eligible counterparties will not be entitled to certain protections afforded by the MiFID Regulations to retail or professional clients. Classification as an eligible counterparty is without prejudice to the right of such clients to request, either on a general form or on a trade-by-trade basis, treatment as professional or retail clients.

An Eligible counterparty belongs to one of the following categories:

- (i) Investment firms;
- (ii) Credit institutions;
- (iii) Insurance companies;
- (iv) UCITS and their management companies;
- (v) Other financial institutions authorised or regulated under Community legislation or the national law of a member state;
- (vi) Commodity dealers and 'locals' on exchanges;
- (vii) National governments and their corresponding offices, including public bodies that deal with public debt;
- (viii) Central banks and supranational institutions.

Recording of Telephone Conversations

Telephone conversations between you and employees of Merrion may be recorded.

Governing Law

The laws of the Republic of Ireland will govern our arrangement with you.

Termination

Either party may terminate this agreement at any time by providing written notice. We shall be entitled to recover from you all fees, costs, charges or expenses accrued or incurred under this agreement, up to the date of termination including any additional expenses or losses necessarily incurred in terminating the agreement, including any charges which may be incurred in arranging the transfer of your investment either to you or to any other investment advisor.

Order Acceptance and Confirmation

Orders may be placed by clients on client headed email or on a recorded phone line. In the case of orders placed by client headed email, the order should not be considered accepted until acknowledgement of same has been issued to you.

All other instructions, for example a written letter posted to our office address, must be verified with you by phone or email before being considered as accepted.

Where securities are held jointly for one or more clients, we will be entitled to act on the instruction of any one individual party solely unless specifically ordered otherwise.

Merrion shall not be liable to you for any losses incurred from transfers made in error on the basis of instructions received in good faith by you.

We will only deal for the named clients through your account and will not be in a position to transact any deals for a third party through your account. Please refer to our Best Execution Policy for further details.

RISK DISCLOSURE STATEMENT

Information about the Nature and Risks of Financial Instruments

This information is provided to you in compliance with the requirements of MiFID. It provides a general description of the nature and risks of financial instruments, the functioning and performance of the financial instruments in different market conditions, as well as the risks particular to the financial instrument, taking into account your categorisation as a retail client and is intended to help you make your investment decisions on an informed basis. This information does not disclose all the risks and significant aspects of trading financial instruments; however, it is designed to give you an understanding of the major risks and characteristics that you need to consider. You should not deal in financial instruments unless you understand their nature and the extent of your exposure to risk. The value of financial instruments may fall as well as rise. When investing in financial instruments there is a risk that you may lose some or all of your original investment. You should consider whether investing in financial instruments is suitable for you in light of your individual circumstances and taking account of your investment objectives, experience and financial position.

Section A: Description of Risks associated with the following Asset Classes

1. EQUITIES

Owning equities (shares) in a company provides an opportunity to participate in the company's profit and performance, in the form of dividends and capital growth. Individual shares and stock markets can be volatile, especially in the short-term. Some shares are likely to be more volatile than others. This will be based, among other things, on the business, geographic location and size of the company. Potential investors should be familiar with any company they plan to invest in. Share accounts are at a greater risk of significant loss if there is a lack of diversity i.e. an overreliance on stocks in one particular company, industry sector or country. The liquidity of shares is a critical factor, this refers to your ability to realise shares when you so wish. Shares in companies that are not traded frequently can be very difficult to sell. Many shares that are traded on Stock Exchanges are bought and sold infrequently and finding a buyer may not always be easy. As well as the Official List, the Irish Stock Exchange also operates a market called, the Irish Enterprise Market, or IEX. The UK equivalent of IEX is the Alternative Investment Market, or AIM. IEX and AIM are markets designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached by comparison to larger or more established companies. Shares listed on these markets may not trade as frequently as other shares; in which case you may find it very difficult to sell shares that you buy. Other than the cost of acquiring shares you will not be subject to any margin requirements or financial commitments/liabilities. In positive market conditions equities will tend to be one of the best performing asset classes, while in negative environments there is the potential to lose much of your initial capital.

2. BONDS

A bond is a debt instrument in which the issuer promises to pay to the bondholder principal and interest according to the terms and conditions of the particular bond. Although not to the same extent as shares, bonds can be subject to significant price movements. Bonds can also be subject to the risk of default and non-payment of interest and/or principal by the issuer. As with shares, some bonds are considered to be safer than others. In positive market conditions, bonds are likely to perform better due to reduced default risk and an increased likelihood of repayment of interest/principal. However, negative economic conditions may increase the prospect of the issuer not repaying principal/interest, thus exposing the bondholder to potential loss.

2.(a) Government Bonds

In general, Government Bonds are considered to be subject to less risk than Corporate Bonds. This is simply because governments are less likely to default on their debt than companies, although this may not be the case with some emerging markets. Bond ratings give an indication of an issuer's probability of defaulting and are based on an analysis of the issuer's financial condition and profit potential. While regarded as one of the safest financial instruments, Government Bonds still have the potential to perform poorly in negative market conditions. Long-dated Government Bonds will tend to be less liquid than their short-dated counterparts.

2.(b) Corporate Bonds

Corporate Bonds are issued by companies but they are split into different types depending on the credit rating they achieve. Companies that have high ratings are known as investment grade bonds while companies with low ratings are known as high yield bonds because they have to promise higher income payouts in order to attract investors. Companies that do not achieve ratings are known as 'junk' bonds. Such bonds may offer a higher level of coupon payments but are subject to a greater risk of capital loss. While all bonds may suffer from poor performance in negative market conditions, 'junk' bonds will tend to underperform relative to high-yield bonds, which in turn will likely underperform relative to investment grade bonds.

Conversely, 'junk' bonds will tend to outperform high yield bonds in positive environments, which will usually outperform investment grade bonds. Trading in the bonds of smaller companies is less frequent than larger companies and therefore may be subject to periods of illiquidity. Investors seeking to realise their investments at this point may have to accept a price at a significant discount to the last traded to exit the position.

Bonds issued by financial institutions have specific risks that should be understood before investing in them. This includes the potential to be 'bailed in' under the Bank Recovery & Resolution Directive (BRRD) or to be converted to an equity holding if the bond is a contingent convertible security (CoCo).

Other than the cost of acquiring the bond investors are not subject to margin requirements or any financial commitments or liabilities additional to the cost of acquisition. However, as the value of Bonds may fall as well as rise, when investing in Bonds there is a risk that you may lose some or all of your original investment.

3. DERIVATIVES

This risk disclosure statement does not disclose all the risks and other significant aspects of trading in derivative products such as warrants, futures and options. The price of derivative products is directly dependent upon the value of one or more investment instruments. Trading in derivatives is not suitable for many members of the public.

3.(a) Futures

Effect of Leverage or Gearing

Transactions in futures involve the obligation to make or to take delivery of the underlying asset of the contract at a future date, or in some cases to settle your position in cash. They carry a high degree of risk. The amount of initial margin is small relative to the value of the futures contract so that transactions are leveraged or geared. A relatively small market movement will have a proportionately larger impact on the funds you have deposited or will have to deposit. This may work against you as well as for you. You may sustain a total loss of initial margin funds and any additional funds deposited with the firm to maintain your position. If the market moves against your position or margin levels are increased, you may be

called upon to pay substantial additional funds on short notice to maintain your position. If you fail to comply with a request for additional funds within the time prescribed, your position may be liquidated at a loss and you will be liable for any resulting deficit.

Risk-reducing Orders or Strategies

The placing of certain orders (e.g. 'stop-loss' orders) which are intended to limit losses to certain amounts may not be effective because market conditions may make it impossible to execute such orders. While there are other combination strategies available these may be as risky as simple trading.

3.(b) Options

Variable Degree of Risk

There are many different types of options with different characteristics subject to different conditions. Purchasers and sellers of options should familiarise themselves with the type of option (i.e. a put or a call option) which they contemplate trading and the associated risks. You should calculate the extent to which the value of the options must increase for your position to become profitable, taking into account the premium and all transaction costs.

Certain exchanges in some jurisdictions permit deferred payment of the option premium, exposing the purchaser to liability for margin payments not exceeding the amount of the premium. The purchaser is still subject to the risk of losing the premium and transaction costs. When the option is exercised or expires, the purchaser is responsible for any unpaid premium outstanding at that time.

Buying Options

Buying options involves less risk than selling options because, if the price of the underlying asset moves against you, you can simply allow the option to lapse. The maximum loss is limited to the premium plus any commission or other transaction charges. However, if you buy a call option on a futures contract and you later exercise the option, you will acquire the future. This will expose you to the risks described under 'futures'.

If you are contemplating purchasing deep-out-of-the-money options, you should be aware that the chance of such options becoming profitable ordinarily is remote.

Writing Options

If you write an option, the risk involved is considerably greater than buying options. You may be liable for the margin to maintain your position and a loss may be sustained well in excess of any fixed premium received. By writing an option, you accept a legal obligation to purchase or sell the underlying asset if the option is exercised against you, however far the market price has moved away from the exercise price. If you already own the underlying asset, which you have contracted to sell (known as covered call options) the risk is reduced. If you do not own the underlying asset (known as uncovered call options) the risk can be unlimited. If the option is on a future, the seller will acquire a position in a future with associated liabilities for margin (see previous section on Futures).

ADDITIONAL RISKS COMMON TO FUTURES AND OPTIONS

Terms and Conditions of Contracts

You should ask the firm with which you deal about the terms and conditions of the specific futures or options which you are trading and associated obligations (e.g. for a futures contract the circumstances under which you may become obligated to make or take delivery of the underlying interest and in respect of options, expiration dates and restrictions on the time for exercise). Under certain circumstances the specifications of outstanding contracts (including the exercise price of an option) may be modified by the exchange or clearing house to reflect changes in the underlying interest.

Suspension or Restriction of Trading and Pricing Relationships

Market conditions (e.g. illiquidity) and/or the operation of the rules of certain markets (e.g. the suspension of trading in any contract or contract month because of price limits or 'circuit breakers') may increase the risk of loss by making it difficult or impossible to effect transactions or liquidate/off set positions. If you have sold options, this may increase the risk of loss. Further, normal pricing relationships between the underlying interest and the future, and the underlying interest and the option may not exist. This can occur when, for example, the futures contract underlying the option is subject to price limits while the option is not. The absence of an underlying reference price may make it difficult to judge 'fair' value.

Deposited Cash and Property

You should familiarise yourself with the protections accorded to money or other property you deposit for domestic and foreign transactions, particularly in the event of a firm's insolvency or bankruptcy. The extent to which you may recover your money or property may be governed by specific legislation or local rules. In some jurisdictions, property which had been specifically identifiable as your own will be pro-rated in the same manner as cash for purposes of distribution in the event of a shortfall.

Contingent Liability Transactions

Contingent Liability Transactions which are margined require you to make a series of payments against the purchase price, instead of paying the whole purchase price immediately. If you trade in futures or sell options you may sustain a total loss of the margin you deposit with your dealer to establish or maintain a position. If the market moves against you, you may be called upon to pay substantial additional margin at short notice to maintain the position. If you fail to do so within the time required, your position may be liquidated at a loss and you will be liable for any resulting deficit. Even if a transaction is not margined, it may still carry an obligation to make further payments in certain circumstances over and above the amount paid when you entered into the contract.

Collateral

If you deposit collateral as security, the way in which it will be treated will vary according to the type of transaction and where it is traded. There could be significant differences in the treatment of your collateral depending on whether you are trading on a recognised or designated exchange or off -exchange. Deposited collateral may lose its identity as your property once dealings on your behalf are undertaken. Even if your dealings should ultimately prove profitable, you may not get back the same assets which you deposited, and may have to accept payment in cash.

Insolvency

A firm's insolvency or default may lead to positions being liquidated or closed out without your consent. In certain circumstances, you may not get back the actual assets which you lodged as collateral and you may have to accept any available payment in cash. Our terms of business outline the extent to which the firm will accept liability for any insolvency of, or default by, other firms involved in your transaction.

Warrants

A warrant is a time limited right to subscribe for shares, debentures, loan stock or government securities, and is exercisable against the original issuer of the securities. Warrants often involve a high degree of gearing, so that a relatively small movement in the price of the underlying security results in a disproportionately large movement, unfavourable or favourable, in the price of warrants. The prices of warrants can therefore be volatile.

Covered warrants are similar to an option, and give you the right, but not the obligation, to buy or sell an asset at a specified price (the strike price) during, or at the end of, a specified period. They are issued by a financial institution over an underlying asset such as an equity, an index or a basket of securities rather than by the issuer of, for example, the equity itself.

Covered Warrants can either be 'Puts' (similar to a sell) or 'Calls' (a buy). Covered Warrants do not have an indefinite term and may expire worthless if the underlying instrument does not perform as anticipated.

You should not buy a warrant or a covered warrant unless you are prepared to sustain a total loss of the money you have invested plus any commission or other transaction charges. Transactions in off-exchange warrants may involve greater risks than dealing in exchange traded warrants because there is no exchange market through which to liquidate your position, to assess the value of the warrant or the exposure to risk. Bid and offer prices need not be quoted, and even where they are, they will be established by dealers in these instruments and consequently it may be difficult to establish what a fair price is.

4. MONEY MARKET INSTRUMENTS

Money Market Instruments are debt instruments issued by private organisations, governments and government agencies. The money market is a highly liquid professional dealer market that facilitates the transfer of funds (generally in very large denominations) between borrowers and lenders. It generally relates to those instruments that allow for borrowing and lending periods ranging from one day to one year.

Although money market instruments carry less risk than long-term debt they are not completely without risk. Different instruments carry varying degrees of risk depending on the nature of the lending agreement and the identity of the lender. Potential investors should be aware of such details prior to entering into any money market transactions. In positive economic environments, money market instruments tend to be low-risk investments with returns in line with the prevailing interest rates available. However, in negative markets or times of market stress investors may suffer a capital loss. While generally very liquid instruments, in times of market crises investors may have to exit their position at a discount to capital originally invested.

Common money market instruments include: Exchequer Notes, Commercial Paper, Treasury Bills, Repurchase Agreements and Bankers Acceptances. Returns will tend to be in line with the prevailing interest rates at the time of investment. In general other than the cost of acquiring money market instruments, investors are not subject to any margin requirements or financial commitments/liabilities. The value of money market instruments may fall as well as rise and therefore when investing in such instruments there is a risk that you may lose some or all of your original investment.

5 STRUCTURED PRODUCTS

Deposit Based Products

Deposit based structured products typically consist of a pre-determined amount of capital put on deposit, with the remainder used to purchase an option that gives exposure to a desired underlying instrument. Performance will be contingent on the performance of the underlying instrument and interest rates available at the financial institutions where the capital is on deposit. Returns will generally be higher in a positive market environment.

Investors who attempt to redeem their deposit-based product before the maturity date may be forced to sell at a discount to face value due to illiquidity. Investors should note that they bear the credit risk of the financial institution where the capital is on the deposit during the life of the investment. This means that, even where the investment performs well, investors could lose all or some of their invested principal and any returns in the event that the issuer or guarantor becomes insolvent.

Note Based Products

A note-based product is a hybrid security that typically consists of a debt security combined with a derivative linked to an underlying instrument. Performance will be contingent on the performance of the underlying instrument and the coupon available on the debt security. Investors should also be aware that there is a default risk associated with the debt security that means they can lose some or all of their invested capital. Investors who attempt to redeem their deposit-based product before the maturity date may be forced to sell at a discount to face value due to illiquidity. Investors should note that they bear the credit risk of the financial institution where the capital is on the deposit during the life of the investment. This means that, even where the investment performs well, investors could lose all or some of their invested principal and any returns in the event that the issuer or guarantor becomes insolvent.

Autocallables

Autocallable products are structured products linked to an underlying index or instrument that can automatically mature if certain pre-determined market conditions, a “trigger level”, are met. If this “trigger level” is reached it may only trigger the automatic maturity of the product on certain pre-determined dates and not necessarily during periods outside of these dates. Some autocallable products may include a capital protection provision so that if the “trigger level” has not been met but the underlying index has not fallen below a certain level the investor will receive their capital back in full. While certain autocallables may guarantee such a return of capital invested to a certain point, it is still possible to lose some or all of your original investment. They will generally perform better in a positive market and poorer in negative markets.

Autocallables are typically listed instruments with a traded price. However, there is no assurance that any secondary market will develop or be maintained for the certificates or that any such secondary market will be liquid. Investors must note that the investment, if exited early, will be sold at the market value of the investment at the time of sale. An illiquid market may have an adverse impact on the price at which the certificates can be sold in any secondary market. Investors should note that they bear the credit risk of the issuer and of the guarantor during the life of the investment. This means that, even where the investment performs well, investors could lose all or some of their invested principal and any returns in the event that the issuer or guarantor becomes insolvent.

6. ALTERNATIVE INVESTMENTS

Hedge funds

Hedge funds tend to have similar characteristics which differentiate them from other investment funds. The investment manager of a hedge fund will attempt to produce targeted returns or absolute performance regardless of the underlying trends in the financial markets. They may invest in a range of investment types; including equity, venture capital, real estate and fixed income securities and may employ trading methods including mathematical algorithms.

They can engage in activities that regulated retail investment funds cannot, for example some hedge funds may engage in high levels of leverage. They are not as transparent as more highly regulated funds and there tends to be less information available on the performance and valuation of a hedge fund. The management fees (which tend to be linked to performance) can be substantial. In order to understand all of the important aspects of a hedge fund it is important that you read the offering memorandum or equivalent document and any other available information (such as financial accounts). The performance in any market environment will be impacted by the strategy being implemented and the underlying assets held within the fund.

Hedge Funds may have restrictions in relation to when you can allocate to a fund, or redeem any investment you make. Investors should review the specific hedge fund they are considering for an investment to be aware of any illiquidity constraints. In general, other than the cost of acquiring shares, you will not be subject to any margin requirements or financial commitments/liabilities. However, as the value of hedge funds may go up or down, there is a risk that you may lose some or all of your original investment.

Property Funds

The manager of a property fund will invest the assets into properties and seek to benefit from capital appreciation and rental increases to derive returns for investors. Some funds may employ leverage within the structure to enhance returns. These funds may perform well when the economic environment is strong but in periods of recession capital values will tend to fall. Investors should be willing to invest in these funds for the medium term. If they wish to dispose of their holdings when property market values rise some funds may operate lock ups to protect other investors and therefore it may take longer than anticipated to receive the proceeds of the sale.

Private Equity Investments/Private Equity Funds

The term Private Equity refers to medium to long-term finance provided by an investor to an unlisted company in return for an equity stake. The term is also used in the context of venture capital; buy-outs and buy-ins. Private Equity investments may include pure equity instruments and hybrid equity instruments such as convertible or subordinated debt. Real Estate funds may also be included under this term.

These tend to be high risk investments and should only be considered by experienced and knowledgeable investors. They should be entered into with a medium to long term view. Due to the fact that private equity is not traded publicly, it can be difficult to realise your investment when you wish. Private equity is not subject to the same level of regulatory requirements as stock offerings to the general public. Some investments are likely to be more volatile than others. This will be based, among other things, on the business, geographic location and size of the company. Potential investors should be familiar with any strategy they plan to invest in. You will generally be required to commit a certain amount of capital in exchange for a stake in the company therefore your return is dependent upon the growth and profitability of the company. The minimum investment amounts tend to be relatively high. Similar to public equities, private equity funds tend to outperform in times of economic expansion and not perform as well in times of market downturns.

Depending on the individual investment, as well as the cost of making the initial investment, you may be called upon to make further payments as the company seeks to draw down committed capital. The value of the investment may go up or down and there is a risk that you may lose some or all of your original investment. If you need to exit from your investment it will be conditional on finding an interested party to take up the investment. This could take a significant period of time and may be subject to a discount to the current value.

Commodities

Investing in commodities involves gaining exposure to raw materials such as precious metals such as gold, energy sources such as oil/gas, and natural resources such as timber among others. Investors can invest in the physical commodities themselves or gain exposure through futures contracts.

Commodities are highly cyclical and can underperform the wider market for years at a time. They also tend to be much more volatile than other classes. Investing in commodities via futures is complex and performance may deviate substantially from that of the underlying commodities at times. While traditional assets such as bonds, stocks and properties usually produce coupons/dividends/rental income over time, commodities such as gold do not produce any cash flows.

7. EII SCHEME INVESTMENTS

The Employment and Investment Incentive Scheme ("EII Scheme") is a tax relief incentive scheme, (previously the Business Expansion Scheme ("BES")) which provides all-income tax relief to Qualifying Investors for investments in certain qualifying small and medium sized trading companies ("SMEs"). The Finance Act 2015 introduced changes to the EII Scheme to ensure it complies with the European Union's General Block Exemption Regulation on State Aid (GBER). Details of the new requirements which Qualifying Companies must comply with are detailed under the Finance Act 2011.

EII schemes should be considered a long-term investment as there is no early exit mechanism. If you invest in such a fund you may lose some or all of the money you invest. Investors will be exposed to small and medium size companies in which the fund will invest which may exhibit volatile performance. The manager may not succeed in finding suitable companies and/or fully investing the Fund which may result in a return of uninvested funds and a reduction or recovery of the income tax relief already claimed or potentially available.

8. DIRECT PROPERTY INVESTMENTS

Direct property investments seek to benefit from capital appreciation and rental increases to derive returns for investors. These investments will perform well when the economic environment is strong but in periods of recession capital values will tend to fall. If they wish to dispose of the property when market values fall they may be forced to sell at a significant discount to the original value. Investing in direct properties involves more concentration risk than investing in a diversified property fund, and performance may be negatively affected by specific geographic factors or tenants defaulting. The use of leverage will also affect investment performance.

9. LOAN NOTES

Loan notes are debt instruments whereby the issuer promises to pay the noteholder principal and interest according to the terms of the particular loan note. While they typically have a higher coupon than government or high grade corporate bonds, the issuer is usually a small or medium sized business that may be unable to access funding through more traditional routes. This exposes the noteholder to a degree of default risk, while the issuer may also be unable to maintain coupon payments under stressed conditions. Loan notes will tend to perform well in positive market environments, while investors are more likely to suffer significant losses in negative market environments.

There is typically no standard secondary market for the exchange of loan notes. If you need to exit from your investment it will be conditioned on finding an interested party to take up the investment. This could take a significant period of time and may be subject to a discount to the current value.

Section B: Description of Risks associated with Investment Structures

COLLECTIVE INVESTMENT SCHEMES

Investment Funds are a type of 'pooled investment'

A pooled investment is one where a number of investors put different amounts of money into a fund which is then invested in one or more asset classes by a fund manager. Each investment fund has a stated investment strategy enabling you to invest according to your investment objectives and risk profile. The level of risk will depend on the underlying investments, regulatory status of the fund, any investment restrictions that may apply, the extent to which the fund leverages its assets and how well diversified the open-ended investment fund is.

The principle of leverage is to increase the fund's exposure to underlying assets by means of borrowing or other means in the pursuit of higher returns from the amount invested. Leveraging may increase any losses suffered by a fund. Funds investing in emerging markets or smaller companies would be considered to carry much higher risk than those investing in large blue chip companies. Potential investors should be familiar with the nature of the underlying securities in any investment fund they plan to invest in. Other than the cost of investing in an investment fund, you will not be subject to any margin requirements or financial commitments/liabilities. However, as the value of an investment fund may fall as well as rise there is a risk that you may lose some or all of your original investment.

UCITS

An Undertaking for Collective Investment in Transferable Securities or UCITS is a specific type of collective investment scheme that can be operated freely within the European Union (EU) in accordance with the Undertakings for Collective Investment in Transferable Securities Directive. As with other collective investments, UCITS tend to invest in a range of individual securities, giving investors the opportunity to invest in a diversified product. However, UCITS are prescribed from investing in more complex and higher risk securities and are subject to rules which oblige them to reduce the risk of exposure to any particular issuer.

UCITS can be subject to volatility, especially in the short term. Some UCITS are likely to be more volatile than others. This will be based, among other things, on the nature and size of the underlying securities and the liquidity/price of the underlying securities.

The performance in any market environment will be impacted by the strategy being implemented and the underlying assets held within the fund. Potential investors should be familiar with the nature of the underlying securities in any UCITS they plan to invest in. Other than the cost of investing in UCITS, you will not be subject to any margin requirements or financial commitments/liabilities. However, as the value of UCITS may fall as well as rise there is a risk that you may lose some or all of your original investment.

Alternative Investment Funds (AIFs)

Alternative Investment Funds (AIFs) can cover a wide range of investment assets. By their nature they are illiquid with limited windows in which to invest or redeem your capital. Commonly found AIFs include Hedge Funds and Property funds.

Exchange Traded Funds (ETFs)

Exchange Traded Funds (ETFs) are investment products that provide investors with an opportunity to invest in a diversified basket of shares or securities through one investment instrument. An ETF will generally track the selected market index, investing in either all of the shares or a representative sample of the securities of the selected index. The performance of an ETF is likely to be reflective of the performance of the index upon which the ETF is based. ETFs are generally more liquid than other types of collective investment schemes and can be traded in the same way as any listed share. Like shares, ETFs can be subject to volatility, especially in the short term. Some ETFs are likely to be more volatile than others. This will be based, among other things, on the nature and size of the underlying companies and the liquidity/price of the underlying companies. Performance in market environments will be subject to the underlying assets held. In some instances for ETFs with smaller assets under management the traded price on an exchange may deviate from the net asset value as there may be a high volume of activity which leads to a deviation in the price.

Potential investors should be familiar with the nature of the underlying companies of any ETF they plan to invest in. Other than the cost of acquiring ETFs, you will not be subject to any margin requirements or financial commitments/liabilities. However, as the value of ETFs may fall as well as rise, when investing in ETFs there is a risk that you may lose some or all of your original investment.

Exchange Traded Notes (ETNs)

Exchange traded notes are senior unsecured debt obligations that are designed to track the performance of an underlying market index or instrument. The issuer agrees to pay ETN holders the return on some index over a certain period of time and also return the principal of the investment at maturity. While they are similar to ETFs in that they track an index, they differ in that they have additional credit risk. If the issuer goes bankrupt during the lifetime of the investment, ETN holders may lose some or all of their original capital.

The performance of ETNs will be conditional on the performance of the underlying index, and the financial stability of the issuer. Some ETNs are likely to be more volatile than others. This will be based, among other things, on the nature and size of the underlying companies, the liquidity/price of the underlying companies as well as the creditworthiness of the issuer. Performance in market environments will be subject to the underlying assets held. In some instances for ETNs with smaller assets under management the traded price on an exchange may deviate from the net asset value as there may be a high volume of activity which leads to a deviation in the price.

Unit Trusts

Unit trusts are a type of fund structure which is constituted by a trust deed entered into between a management company and a trustee. A unit trust does not have a separate legal personality and therefore contracts for services, such as custodial and fund administration, are entered into by the management company on behalf of the trust or a particular sub-fund of the trust. The assets of a unit trust are held by its trustee (in its capacity as custodian) and are managed by a management company, which will, most often, delegate discretionary asset management to one or more investment managers.

The trust deed is the primary legal document which constitutes the trust and it sets out the various rights and obligations of the trustee, the management company and the unit holders. A Unit Trust can be established in Ireland for both UCITS and AIFs.

Section C: General Risks

Market Conditions

Market conditions (e.g. illiquidity) and/or the operation of the rules of certain markets (e.g. market hours, dealing hours, suspension of trading) may increase the risk of loss by making it difficult or impossible to effect transactions or sell out of a position.

Transactions in foreign jurisdictions

Transactions on markets in foreign jurisdictions, including markets formally linked to a domestic market, may expose you to additional risk. Such markets may be subject to regulation which may offer different or diminished investor protection. Before you trade you should enquire about any rules relevant to your particular transactions. Your local regulatory authority will be unable to compel the enforcement of the rules of regulatory authorities or markets in other jurisdictions where your transactions have been effected. You should ask the firm with which you deal for details of the types of redress available in both your home jurisdiction and other relevant jurisdictions before you start to trade.

Currency risks

The profit or loss for transactions in foreign currency denominated contracts (whether they are traded in your own or another jurisdiction) will be affected by fluctuations in currency rates where there is a need to convert from the currency denomination of the contract to another currency.

Trading facilities

Most open-outcry and electronic trading facilities are supported by computer-based component systems for the order-routing execution, matching, registration or clearing of trades. As with all facilities and systems, they are vulnerable to temporary disruption or failure. Your ability to recover certain losses may be subject to limits on liability imposed by the system provider, the market, the clearing house and/or member firms; such limits may vary. You should ask the firm with which you deal for details in this respect.

Electronic trading

Trading on an electronic trading system may differ not only from trading in an open outcry market but also from trading on other electronic trading systems. If you undertake transactions on an electronic trading system, you will be exposed to risks associated with the system including the failure of hardware and software. The result of any system failure may be that your order is either not executed according to your instructions or is not executed at all.

Off-exchange transactions

In some jurisdictions, and only then in restricted circumstances, firms are permitted to deal otherwise than on a regulated exchange i.e. to effect off-exchange transactions. The firm with which you deal may be acting as your counterparty to the transaction. It may be difficult or impossible to liquidate an existing position; to assess value or determine a fair price; or to assess your exposure to risk. For these reasons, these transactions may involve increased risks. Off-exchange transactions may be less regulated or subject to a separate regulatory regime. Before you undertake such transactions, you should familiarise yourself with applicable rules and attendant risks.

Foreign Markets

Foreign markets will involve different risks to Irish markets. In some cases, the risks will be greater. On request, your broker can provide an explanation of protections that will operate in any relevant foreign markets; including the extent to which we accept liability for the default of a foreign broker through whom we deal. The potential for profit or loss from transactions on foreign markets or in foreign currency denominated contracts will be affected by fluctuations in foreign exchange rates.

Interest Rates

Changes in interest rates can have an effect on the value of securities. The value of securities, especially bonds, can fall with a rise in interest rates as other investments reflecting the new higher interest rate offer greater returns. This risk can be off set by diversifying the durations of fixed-income investments held. Alternatively if interest rates fall, then the value of bonds and other securities may rise.

Fees and Charges

It is important that you obtain a clear explanation of all transaction, dealing, third party and ancillary charges and other fees for which you will be liable. These charges will affect your net profit (if any) or may increase your loss. You should also ensure that you understand the extent of your exposure to potential loss.

Taxation

There is no guarantee that the tax advantage promoted as part of any investment will remain in existence. Additionally, the levels and bases of taxation may change. Davy will not be responsible for assessing your personal tax implications of investing in these companies or any recommendations that we may make to you and you should always take independent professional tax advice.

Appendix 1

MERRION STOCKBROKERS LIMITED (“MERRION”) ORDER EXECUTION POLICY

Markets in Financial Instruments Directive (MiFID II)

Under the European MiFID II Directive, (established in Irish Law by SI 375 of 2017), Merrion is required to take all “sufficient” steps to obtain the best possible result (or “best execution”) on behalf of a client either when executing a client’s orders or receiving and transmitting orders for execution. These rules require Merrion to put in place an Order Execution Policy (OEP); which sets out how we will obtain best execution for our client and provide appropriate information on the OEP to our clients.

This OEP only applies to retail or professional clients dealing in financial instruments (as defined) where Merrion:

- receives and transmits a client’s orders; and/or
- executes an order on a client’s behalf.

This duty of best execution only applies when executing orders “on a client’s behalf”

Merrion will be executing an order “on a client’s behalf”, where the client legitimately relies on Merrion to protect their interest in relation to pricing or other aspects of the transaction that may be affected by how we execute the order. For example, this will be the case when Merrion:

- executes an order by dealing as Agent;
- executes an order by dealing as Riskless Principal on behalf of a client; and
- “works” an order on a client’s behalf.

Merrion will not be executing an order on a client’s behalf (and so will not owe “best execution”) where it publishes a quote or provides a “Request For Quote” (RFQ) service and the client transacts with Merrion on the basis of that quote. Merrion is also not obliged to provide best execution to Eligible Counterparties (i.e. those not deemed to be either Retail or Professional Clients)

Order Execution – obtaining the best overall result

Subject to any specific instructions that may be given by the client (see paragraph below), when executing orders on the client’s behalf, Merrion will take all sufficient steps to obtain the best possible result for the client, taking into account the following execution factors: price; cost; speed, likelihood of execution and settlement; size; nature or any other consideration relevant to the execution of the order.

Price will normally merit a high relative importance in obtaining the best possible result. However, in some circumstances, for certain clients, orders, financial instruments or markets, we may appropriately determine that other execution factors are more important than price in obtaining the best possible execution result.

We will determine the relative importance of the execution factors by using our commercial judgement and experience in light of the market information available and taking into account the execution factors, which are the characteristics of:

- the client;
- the order;
- the financial instruments that are the subject of that order; and
- the execution venues to which that order can be directed.

Execution Venues

The list of the execution venues typically used by Merrion is as follows: - Irish Stock Exchange, London Stock Exchange, and the major markets in Europe and the USA. We may use other markets if doing so helps us to obtain the best overall result. For example, when an order relates to a financial instrument with an overseas listing, we may use a local broker to execute the order on a local exchange.

We will regularly assess the execution venues available in respect of any products that we trade to identify those that will enable us, on a consistent basis, to obtain the best possible result when executing orders. The list of execution venues will then be updated, where necessary, following such assessment. The client can refer to the list of execution venues on our website from time to time for the current list of execution venues. The client will not be notified separately of any changes to these venues. Merrion does not structure or charge commission in such a way as to discriminate unfairly between execution venues.

Trading outside a Regulated Market or a Multilateral Trading Facility (“MTF”)

There may be occasions where we assess that achieving the best possible result in executing a client’s order requires us to execute the order outside a Regulated Market or MTF; for example, with a Systematic Internaliser (SI).

Where an instrument is admitted to trading on a Regulated Market or MTF, we are required to obtain the client’s prior express consent before we execute an order in such an instrument outside of a Regulated Market or MTF (except where no Regulated Market or MTF is included in the list of execution venues for that particular asset class). The client’s consent to this Order Execution Policy by one of the methods set out below includes express consent to us to execute the client’s order outside a Regulated Market or MTF.

Method of Execution

Subject to any specific instructions that may be given by the client in order to select an execution venue for an order, we will select the venue that is most appropriate when considering the execution criteria and relative importance of the execution factors specific to that order to achieve consistently the best overall result on behalf of the client.

Subject to any specific instructions that may be given by the client, we will execute an order by one of the following methods or combination of methods:

- Subject to the rules of a Regulated Market or MTF by executing the order with a matching order from another Merrion client;
- Directly on a Regulated Market or MTF or, where we are not a direct member of the relevant Regulated Market or MTF, with a third-party participant with whom we have entered into an agreement for handling orders for that Regulated Market or MTF;
- In a Principal capacity of our own book, subject to the rules of the Regulated market.

Aggregation of Orders

Merrion may aggregate orders, including firm orders with client orders, on the basis that it will not work to the disadvantage of client orders. Any aggregation of orders is “unlikely” to be to the disadvantage of any (aggregated) client. Also any relevant client may be informed that any such aggregation may be to the client’s disadvantage.

Specific Client Instructions

Where the client gives us a specific instruction as to the execution of an order, we will execute the order in accordance with those specific instructions. Where the instructions relate to only part of the order, we will continue to apply our MiFID II Order Execution Policy to those aspects of the order not covered by the specific instructions.

The client should be aware that providing specific instructions to us in relation to the execution of a particular order may prevent us from taking the steps set out in our MiFID II Order Execution Policy to obtain the best possible result in respect of the elements covered by those instructions.

Reception and Transmission of Orders

Subject to any specific instructions that may be given by the client (see above), we may transmit an order that we receive from the client to any associate company or to an external entity, such as a third-party broker for execution. In doing so, we must act in the best interests of the client and consider the execution factors and execution criteria above.

Client Limit Orders

MiFID II requires unexecuted client limit orders to be made public immediately, unless the client expressly instructs otherwise. By consenting to this policy, the client is expressly instructing Merrion *not* to make such orders public.

Monitoring and Review

Merrion will review our Order Execution Policy and our order execution arrangements on an annual basis. We will notify the client of any material changes to our Order Execution Policy or our execution arrangements by posting an updated version of this document as an appendix to our Terms of Business available at:

Merrion Fixed Income

Dublin Office:
Heritage House
23 St. Stephen's Green
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Ireland
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Private Clients: +353 12404111
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e-mail info@merrion-capital.com
Bloomberg MSTK <GO>

EFFECTIVE DATE OF TERMS OF BUSINESS:

These terms of business are valid from 3 January 2018 until further notice