

April 2019

# ABN AMRO Treasury Services Information

This booklet describes the terms and conditions for executing OTC transactions and for ABN AMRO services. In addition, we describe what you can expect from ABN AMRO's services, the features and risks of OTC transactions, ABN AMRO's order execution policy, and ABN AMRO's policy regarding conflicts of interest.

## **The following documents from part of this collection:**

- » ABN AMRO General Terms for Derivative Transactions
- » ABN AMRO Terms for Treasury Services
- » ABN AMRO Treasury Services Information Sheet
- » Glossary of common terms used in ABN AMRO Treasury Services
- » Information about ABN AMRO's Order Execution Policy for Treasury Services
- » Summary of ABN AMRO Conflicts of Interest Policy

# ABN AMRO General Terms for Derivative Transactions

# Table of Contents

## **1 Definitions**

## **2 Executing OTC transactions**

- 2.1 When can I start executing OTC transactions?
- 2.2 Which channels can I use to execute an OTC transaction?
- 2.3 From when are you bound by an OTC transaction?
- 2.4 How is an OTC transaction confirmed?
- 2.5 What is the maximum confirmation period?
- 2.6 What should I do when I receive a Confirmation?
- 2.7 What should I do if I disagree with the Confirmation?
- 2.8 Is the OTC transaction valid if ABN AMRO does not send a Confirmation?
- 2.9 How do the different OTC transactions compare to each other?

## **3 OTC transaction is an independent agreement**

## **4 Representations and guarantees**

## **5 Collateral and actions requiring approval**

- 5.1 Margin
- 5.2 Blocking cash and/or securities accounts
- 5.3 Additional collateral
- 5.4 Actions that you may not perform on any items and asset rights you may own without the approval of ABN AMRO

## **6 Payment, due dates**

- 6.1 Crediting and debiting of payments
- 6.2 When is payment made if the due date is not a business day?
- 6.3 What debts are my payments applied to?
- 6.4 No cost retention from payments

## **7 Termination**

- 7.1 When are OTC transactions automatically terminated?
- 7.2 When can you terminate or sell OTC transactions?
- 7.3 When can ABN AMRO terminate OTC transactions?
- 7.4 Notification of grounds for termination
- 7.5 When does ABN AMRO notify a termination?
- 7.6 What are the consequences of termination by ABN AMRO?

## **8 Fee payable on termination**

- 8.1 What is the amount calculated by ABN AMRO on termination?
- 8.2 When do you have to pay ABN AMRO?
- 8.3 When does ABN AMRO have to pay you?
- 8.4 From when is default interest due on the termination amount?

## **9 Market distortions**

- 9.1 What are the consequences of market distortions?
- 9.2 What are market distortions?

## **10 Interest calculation and default interest rate**

- 10.1 What basis does ABN AMRO use for the calculation of default interest?
- 10.2 When does ABN AMRO calculate default interest?
- 10.3 What rate of default interest does ABN AMRO use for euros?
- 10.4 What rate of default interest does ABN AMRO use for other currencies?

## **11 Costs/Taxes**

- 11.1 Which amounts apply to you?
- 11.2 What taxes apply to you?

## **12 Liability**

- 12.1 In which cases is ABN AMRO liable?
- 12.2 For which cases do you indemnify ABN AMRO?

## **13 Client is more than one legal entity/person: joint liability and settlement**

## **14 Information and annual accounts**

- 14.1 What information do you need to provide to ABN AMRO?
- 14.2 As a company, when do you need to provide your annual accounts to ABN AMRO?

## **15 Portfolio reconciliation**

- 15.1 What does portfolio reconciliation involve?
- 15.2 How often do you receive details from us about the Relevant Transactions?

## **16 Notifications**

## **17 Complaints and disputes about Relevant Transactions**

## **18 Transfer of rights and obligations**

18.1 Can you transfer or pledge rights or obligations?

18.2 Can ABN AMRO transfer rights and obligations?

## **19 Term and termination of the Agreement**

19.1 What is the term of the Agreement?

19.2 How can the Agreement be terminated?

19.3 What are the consequences of terminating the Agreement for existing OTC transactions?

## **20 Applicable terms**

20.1 What terms apply?

20.2 What rules take precedence where terms conflict?

## **21 Changes to the GTD**

21.1 Can we change this GTD?

21.2 Costs and rates?

21.3 What may we not do?

21.4 How does ABN AMRO announce a change to the GTD?

21.5 Amendment effective date

21.6 What can I do if I disagree with a change to the GTD?

21.7 Under what circumstances can ABN AMRO change the terms in any other way?

## **22 Choice of applicable law and disputes**

22.1 Choice of applicable law

22.2 Complaints and disputes

## 1 Definitions

### **GTD**

These General Terms for Derivative Transactions from ABN AMRO Bank N.V. (November 2017) as amended, adjusted or extended from time to time.

### **ABN AMRO or “we”**

ABN AMRO Bank N.V.

### **ABN AMRO General Terms and Conditions**

The ABN AMRO Bank N.V. General Terms and Conditions (March 2017), consisting of the General Banking Terms and Conditions and the Client Relationship Terms as amended, adjusted or extended from time to time.

### **Confirmation**

The confirmation of an OTC transaction as sent to you by ABN AMRO.

### **EMIR**

European Market Infrastructure Regulation - EU Regulation No. 648/2012 of the European Parliament and of the Council on OTC derivatives, central counterparties and trade repositories.

### **EMIR legislation**

EMIR and all delegated regulations and implementing acts deriving from EMIR as amended, adjusted or extended from time to time.

### **Client Profile Treasury**

ABN AMRO's Client Profile Treasury form.

### **Margin**

As part of an OTC transaction, the Client accepts a (financial) obligation. To ensure compliance with this obligation, ABN AMRO may request that you deposit a certain amount of money or a certain number of securities in an account with ABN AMRO. This account may be blocked by ABN AMRO and is pledged to ABN AMRO as collateral for your obligations. This amount and these securities, held separately, are referred to as margin.

### **OTC transaction**

An 'Over-The-Counter' transaction between you and ABN AMRO, to which this GTD applies. This transaction is a derivative. OTC transactions include all transactions like interest rate swaps or options, commodity swaps or commodity options, foreign exchange swaps or options, and other similar transactions.

### **Agreement**

The ABN AMRO Bank N.V. Derivative Transactions Agreement between you and ABN AMRO, under which you may execute OTC transactions and to which this GTD applies.

### **Relevant transaction**

OTC transactions falling within the EMIR definition of "derivative" or "derivative contract".

### **You or the Client**

The person(s) or legal entity(ies) with whom ABN AMRO signed the Agreement.

### **ABN AMRO Terms for Treasury Services**

The ABN AMRO Bank N.V. Terms for Treasury Services (April 2019), as amended, adjusted or extended from time to time.

### **Business day**

A day on which the banks in the Netherlands make payments and are open for general business transactions.

## 2 Executing OTC transactions

### 2.1 When can I start executing OTC transactions?

You can execute OTC transactions as soon as the following steps have been completed:

- ▶ you have signed an Agreement with ABN AMRO;
- ▶ you have completed a Client Profile Treasury form; and
- ▶ ABN AMRO has completed its internal procedures.

ABN AMRO is never obliged to accept an OTC transaction and can decide case by case whether or not to execute any OTC transaction with you.

### 2.2 Which channels can I use to execute an OTC transaction?

You can execute an OTC transaction by phone via the relevant ABN AMRO desk, via a Direct Channel, such as Dealstation, or by any another means that ABN AMRO may offer you to execute OTC transactions.

### 2.3 From when are you bound by an OTC transaction?

- ▶ If you execute an OTC transaction via the relevant ABN AMRO desk, you agree the OTC transaction by phone with ABN AMRO. In that case, you are bound by the OTC transaction from the time during the call that you indicated that you approve the OTC transaction.
- ▶ If you execute an OTC transaction via Dealstation, you will execute the OTC transaction by approving the OTC transaction within your own Dealstation environment. In that case, you are bound by the OTC transaction from the time that you indicated that you approve the OTC transaction.
- ▶ If ABN AMRO offers you other means of executing OTC transactions, different rules may apply for these.

### 2.4 How is an OTC transaction confirmed?

After you have executed an OTC transaction, ABN AMRO will send you the key information about that OTC transaction in writing or electronically as soon as possible.

ABN AMRO will then send you a Confirmation that includes the features and terms of the OTC transaction, as soon as possible. We will in any event send the Confirmation within the maximum confirmation period as described in clause 2.5. The Confirmation may be sent to you either electronically (including fax) or in writing.

### 2.5 What is the maximum confirmation period?

We will send you a Confirmation at the latest on the first Business Day after you executed the OTC transaction.

### 2.6 What should I do when I receive a Confirmation?

When you receive a Confirmation, you must check it for accuracy and completeness. After verifying the Confirmation, you must sign it and return it to ABN AMRO. If you do not send the legally signed Confirmation back to ABN AMRO within five (5) Business Days after we sent the Confirmation, we are entitled to assume that you have agreed to the Confirmation we sent you.

### 2.7 What do I need to do if I disagree with the Confirmation?

If you disagree with the contents of the Confirmation, please inform us as soon as possible of the reason. We must receive this message within five (5) Business Days after we send you the Confirmation.

### 2.8 Is the OTC transaction valid if ABN AMRO does not send a Confirmation?

If, for any reason, ABN AMRO does not send a Confirmation before the end of the maximum confirmation period, then the OTC transaction is still validly executed. If you have not received a Confirmation when the maximum confirmation deadline expires, you should contact ABN AMRO.

### 2.9 How do the different OTC transactions compare to each other?

If you enter into multiple OTC transactions under the Agreement, all these OTC transactions will apply as a single agreement between you and ABN AMRO.

### 3 OTC transaction is an independent agreement

It may happen that you execute an OTC transaction in connection with another agreement. For example, you may enter into an interest rate swap to hedge the interest rate risk of a variable interest loan. Please note that any such OTC transaction is always independent of the other agreement you entered into. This means, for example, that if the loan agreement is terminated, this will not automatically cause the termination of the interest rate swap. This applies both in the case where you have accepted the relevant agreement and executed the OTC transaction with ABN AMRO, and in the case where you have only executed the OTC transaction with ABN AMRO, but the other agreement was concluded with another party. You hereby confirm that you understand that if, for example, a termination right in respect of the other agreement, this does not necessarily result in the same right to terminate the OTC transaction.

### 4 Representations and guarantees

By accepting the Agreement, you undertake that when entering into the Agreement and when executing any OTC transaction:

- ▶ You are aware of the risks and consequences of executing OTC transactions;
- ▶ you have received, read and accepted all relevant product information sheets and all terms and conditions, including all parts of the "ABN AMRO Treasury Services Information" booklet;
- ▶ you are aware that ABN AMRO may require you to deposit Margin or other additional collateral, and that ABN AMRO may block your accounts;
- ▶ you are aware that if you are required by ABN AMRO to provide Margin or other additional collateral, but you do not do so (in time), ABN AMRO is authorised to terminate one, some or all of your OTC transactions either in full or in part;
- ▶ you have noted the features and risks of OTC transactions and specific warnings regarding the risks of OTC transactions, as described in the Product Information Sheets and the "ABN AMRO Treasury Services Information" booklet;
- ▶ you are aware that an OTC transaction may acquire a negative market valuation, and that upon premature termination of the OTC transaction (or any part of it) this negative market valuation may cause an obligation upon you to make a significant payment to ABN AMRO;

- ▶ you are financially able to bear potential losses arising from the OTC transactions;
- ▶ you are financially willing to bear potential losses arising from the OTC transactions;
- ▶ you have the authority and have obtained all required approvals to execute OTC transactions and fulfil the obligations arising from the Agreement and the OTC transactions;
- ▶ you are not violating any laws or regulations by executing OTC transactions; and
- ▶ you are acting on your own behalf and are not acting for or on behalf of others.

In addition, if you are a legal entity or partnership, you undertake and guarantee that:

- ▶ you are legally and validly incorporated, registered or set up;
- ▶ you are not infringing your statutes, rules, partnership contract or similar documents by signing the Agreement and/or executing the OTC transactions; and
- ▶ signing the Agreement and/or executing the OTC transactions is within the defined scope of your purpose and is conducive to your economic interests and the organisation's interests.

### 5 Collateral and actions requiring approval

#### 5.1 Margin

You are required to comply with any request from ABN AMRO to deposit or increase the value of the deposit of your Margin in your cash and/or securities accounts at ABN AMRO. Margin is used as collateral for the performance of your obligations under the Agreement and the OTC transactions. You are required to pledge the Margin on this account to ABN AMRO.

#### 5.2 Blocking cash and/or securities accounts

ABN AMRO may all or part of the money and/or securities account (or accounts) that you hold with ABN AMRO for the purposes of OTC trading. Such a block may be used as security for the fulfilment of your obligations under the Agreement and the OTC transactions. For the portion of your account that is blocked, you may not transfer any cash or securities from this account without ABN AMRO's prior consent. ABN AMRO may modify the amount of the blocked sum, or the value of the blocked securities at any time.

### 5.3 Additional collateral

Upon request from ABN AMRO you are required to provide additional collateral to meet your obligations under the Agreement and the OTC.

### 5.4 Actions that you may not perform on any items and asset rights you may own without the approval of ABN AMRO

Without ABN AMRO's consent, you may not perform the following actions with respect to items and asset rights that you own (examples might include: your company's inventories, your real estate and your receivables):

1. transfer it in full or in part to third parties, other than in the normal course of your business;
2. accept a lien on it in favour of third parties;
3. undertake to a third party to transfer it or place a lien on it.

These prohibitions apply for as long as ABN AMRO has a claim to any amount from you, for any reason whatsoever, and as long as any debt from you to ABN AMRO may arise from an existing or future commitment. These prohibitions are effective under property law. This means that any transfer or encumbrance that violates these prohibitions is ineffective.

## 6 Payment, Due Dates

### 6.1 Crediting and debiting of payments

Payments relating to your OTC transaction(s) will be credited and debited to a cash account with ABN AMRO designated by you for this purpose, that is denominated in the same currency as the OTC transactions. ABN AMRO is entitled at any time to use the balance on your account to settle payments on their due date. The due date is the day the amount payable is due for payment. You are required to ensure that sufficient accessible funds are available on your account on the due date to meet the payments. Your available funds consist of:

- ▶ the amount of money on your account;
- ▶ plus: any credit overdraft amount made available to you by ABN AMRO on your account;
- ▶ minus: the cash amount that ABN AMRO has blocked on your account.

### 6.2 When do payments occur if the due date is not a Business Day?

If the due date is not a Business Day, the payment will be made on the next Business Day. If the next Business Day is in a new month, payment will be made on the last Business Day before the due date.

### 6.3 Which claims are settled by my payments?

ABN AMRO uses the precedence described below when applying your payments. Your payments arising from OTC transactions are used to settle the following, in this sequence:

- ▶ costs;
- ▶ compensation of losses suffered and lost profits;
- ▶ default interest;
- ▶ regular payment obligations arising from OTC transactions; and
- ▶ damages in the event of termination.

### 6.4 No cost retention from payments

You may not deduct any fees or other amounts from any payments you make or should make to ABN AMRO under the terms of the Agreement or of the OTC transactions. You may not suspend payments.

## 7 Termination

### 7.1 When are OTC transactions automatically terminated?

This section describes the cases where all outstanding OTC transactions are automatically terminated without any notice being required.

This happens in the event that the Client:

- ▶ requests suspension of payments or debt restructuring;
- ▶ files for bankruptcy;
- ▶ is granted suspension of payments or debt restructuring;
- ▶ is declared bankrupt;
- ▶ offers a settlement agreement without bankruptcy; or
- ▶ renounces his assets.

Any such automatic termination shall also occur in the event that any of the above occurs (i) if the Client is a partnership, in respect of one or more of the Client's likely partners or members, or (ii) if the Client consists of multiple legal entities/natural persons, in respect of one or more of these legal entities/natural persons.

In the cases described above, anything you owe arising from the OTC transactions, whether or not due for payment, or subject to conditions, becomes immediately payable and in full to ABN AMRO without any court order or declaration of default being required. The amount that you owe in this case is calculated as described in Article 8. You are required to notify ABN AMRO immediately if any of the above grounds for termination occur, or if it is likely that they will occur. ABN AMRO shall inform you that an automatic termination is being applied at the time of issuing the calculation described in Article 8.



## 7.2 When can you terminate or sell OTC transactions?

You can almost always terminate or sell one or more pending OTC transactions to ABN AMRO. ABN AMRO expressly warns you of the consequences of the early termination and sale of outstanding OTC transactions. For example, early termination means you will run the risk of paying substantial compensation to ABN AMRO derived from the negative market value of the OTC transaction or related to the damages ABN AMRO has suffered. A full description of the risks can be found in the Product Information Sheets and the "ABN AMRO Treasury Services Information" booklet. Always contact ABN AMRO or your financial adviser if you are considering early termination or the sale of an outstanding OTC transaction. ABN AMRO or your financial adviser will then be able to explain the financial consequences of early termination or sale.

## 7.3 When can ABN AMRO terminate OTC transactions?

ABN AMRO may prematurely terminate one or more outstanding OTC transactions immediately, in full or in part:

*In any case where*

1. you fail to comply with a payment or delivery obligation arising from an OTC transaction, either at all or on time or correctly;
2. you fail to comply with an obligation under the Agreement, a Confirmation, a third party guarantee, a loan or financing agreement with ABN AMRO or with a third party, either at all or on time or correctly;
3. you fail to comply with your obligations to provide (additional) security or collateral in favour of ABN AMRO;
4. you breach or fail to comply with an undertaking or warranty you have provided to ABN AMRO;
5. one of the following is applied to all or to what ABN AMRO judges to be a significant portion of your property or property rights:
  - ▶ a seizure of assets;
  - ▶ a protective seizure that is not cancelled or lifted within thirty days of the day of attachment;
  - ▶ a disposal or encumbrance, seizure or confiscation, lapsing or damage;
6. if all or a part of your assets are placed under administration ;
7. on the instruction of a regulator, or if execution or continuation of one or more OTC transactions in ABN AMRO's opinion is in violation of a law or regulation that applies to you or to ABN AMRO;
8. the loss, destruction, damage, alteration, extinguishing or expiration of all or of a portion of the property or property rights that ABN AMRO holds as collateral for your obligations;
9. you have provided ABN AMRO with incorrect data. This also applies if you have withheld from ABN AMRO data that is or could be material for ABN AMRO in relation to executing OTC transactions;
10. you do not accept a modification of this GTD, as described in Article 21.6;
11. you have agreed with ABN AMRO that the OTC transaction is for the purpose of mitigating or managing a risk: if, in the opinion of ABN AMRO, you have an outstanding OTC transaction which does not (suitably) mitigate or manage any risk (such as an interest rate or foreign exchange risk);
12. market-distorting circumstances occur, as referred to in Article 9;
13. if you have granted a mortgage right to ABN AMRO:
  - ▶ in the event of the seizure, an expropriation ruling, declaration as uninhabitable, inclusion on a list of protected buildings, inclusion in land consolidation, demolition, destruction or damage to the registered property (or any part thereof) on which a mortgage right is registered;
  - ▶ in the event of the lapse, termination or expiry of all or part of the leasehold rights, building right (opstalrecht) or the right to use the apartment;
  - ▶ in the event of modification of the leasehold and/or building conditions;
  - ▶ in the event of the reversal of the sub-division, or modification of the deed to sub-divide, or the regulations;
  - ▶ in the event of non-compliance or violation by the leaseholder or builder (opstaller) with an obligation under the leasehold or construction terms and conditions;
  - ▶ in case of non-compliance with or violation of a legal provision relating to either the right to the apartment or any provision in the sub-division of the space or the by-laws, by the owner or user of the apartment;

- ▶ if relating to a vessel: upon its seizure, downgrading to a lower class, loss or change of nationality, requisitioning, abandonment, loss of contact, laying up, demolishing, collapse or damage to the vessel (or part thereof) on which a mortgage right has been granted; or
14. an event occurs which in the Agreement, a Confirmation or any other agreement between you and ABN AMRO lists as a case in which ABN AMRO may terminate an OTC transaction.

#### *Natural person*

If you are a natural person, the following additional grounds for termination apply:

15. if you die, are placed under guardianship or otherwise declared incompetent, become resident in another country or move your centre of main interests abroad, change your marriage settlement, or the regime of community of goods under which your married is dissolved.

#### *Public company, private company, partnership or legal entity*

If you manage a public company or are a private company, partnership or legal entity, the following additional grounds for termination apply:

16. if you decide to terminate your profession or business or sell, lease or dispose of any or all of the company or practice;
17. if you move the registered location of your main interests abroad;
18. if you are disbarred from the exercise of the profession, office or job or are released or dismissed;
19. if any license, permit or registration necessary for the exercise of the profession or operation of the company expires or is refused;
20. if the nature of the profession or business you exercise is substantially altered in ABN AMRO's judgement;
21. if you decide to move the exercise of the profession or operation of the company to another country;
22. if you act in violation of any legal provision concerning the exercise of your profession or the operation of the company;
23. if you cease to pursue the current statutory purpose, or lose the status of a legal entity;
24. in the event of dissolution of the public or private company statutes, or the departure of one or more partners;
25. in the case of dissolution, liquidation or a decision or apparent intention to dissolve or liquidate;

26. if any of the following changes occur:
- ▶ a change in your legal structure, for example due to a merger, a joint venture with one or more third parties or a legal split;
  - ▶ a change that ABN AMRO regards as major in the direct or indirect holdings of your capital or the control over your company's or practice's activities; or
  - ▶ a change that ABN AMRO regards as major to your statutes or standing orders;
27. if, without ABN AMRO's prior written or electronic consent, you take a decision to, or obviously intend to:
- ▶ release your shareholders from their obligation to pay up on unpaid shares; or
  - ▶ start to purchase your own shares, reimburse shares or make disbursements from your reserves; or
28. if any of the circumstances listed in this Article occur in respect of a public or private company that has been included in your consolidated balance sheet or which controls you, or if such company or enterprise fails to comply with its obligations to ABN AMRO in connection with any facilities provided by ABN AMRO or with derivative transactions executed with ABN AMRO.

#### *Multiple debtors*

29. if any one of the circumstances listed in this Article occurs in respect of any person standing surety, a guarantor, principal co-debtor or other third party that has provided security for your obligations to ABN AMRO. This also applies if any one of these (legal) persons fails to comply with an obligation arising from any collateral provided in favour of ABN AMRO.

### **7.4 Notification of grounds for termination**

You are obliged to notify ABN AMRO immediately in writing or electronically if any of the grounds for termination in Article 7.3 occurs, or if any is expected to occur.

### **7.5 When does ABN AMRO notify a termination?**

We will notify you as soon as possible if we have exercised our right to terminate one or more OTC transactions under Article 7.3.

## 7.6 What are the consequences of termination by ABN AMRO?

Anything you owe in respect of the terminated OTC transactions, whether or not due for payment, or subject to conditions, becomes payable immediately and in full, and ABN AMRO can demand payment without any court order or declaration of default being required. The amount that you owe in this case is calculated as described in Article 8.

## 8 Fee payable on termination

### 8.1 What is the amount calculated by ABN AMRO on termination?

In the event of termination, ABN AMRO determines the amount that is immediately due in the settlement currency specified in the contract. If no settlement currency is stated, ABN AMRO will determine this amount in euros. ABN AMRO will send you a breakdown of this termination amount. The termination amount consists (regardless of the currency in which the amounts owing are stated) of the total of:

1. The repeatedly unmet payment obligations and the monetary value of any unperformed delivery obligations arising from the OTC transactions;

#### Explanatory note

If you have not yet made an interest payment for an OTC transaction at the time of termination, this interest payment will be included in the termination amount.

2. The value of the OTC transactions calculated using the replacement value of the OTC transactions;

#### Explanatory note

ABN AMRO can calculate the replacement value by (i) computing the profit or loss to ABN AMRO associated with entering into replacement OTC transactions, or (ii) otherwise calculating the position that is economically identical to the position ABN AMRO would have had if the OTC transactions had been completed.

3. ABN AMRO's costs of funding, and the balance of the costs and revenues from the cancellation or replacement of derivative transactions related to the OTC transactions, calculated using market valuations;

#### Explanatory note

when you enter into an OTC transaction with ABN AMRO, then ABN AMRO executes other transactions (related to it) to make the OTC transaction feasible. For example, these other transactions may relate to ABN AMRO's funding, or a hedging transaction that is the opposite of your OTC transaction. Because ABN AMRO executes these transactions (partly) as a result of your OTC transactions, ABN AMRO may suffer losses from the cancellation/early termination of your OTC transactions. ABN AMRO will include any such losses in the calculation of the termination amount. However, ABN AMRO may also benefit from the early termination of your OTC transactions. For example, imagine the situation where a hedging transaction has a positive value. If ABN AMRO benefits, this benefit will be included as profit in the calculation of the termination amount.

4. other costs (except those mentioned in Article 11.1(2)) and losses or loss of earnings suffered by ABN AMRO as a result of the OTC transactions.

The termination amount does not include the costs referred to in Article 11.1(2), which includes process and collection costs, legal and expert assistance. These costs may be billed separately by ABN AMRO.

### 8.2 When do you have to pay ABN AMRO?

Any negative termination amount must be paid by you to ABN AMRO. You owe this amount from the date indicated by ABN AMRO in the breakdown of the termination amount we send you.

### 8.3 When does ABN AMRO have to pay you?

ABN AMRO must pay any positive termination amount out to you. This amount is due from the date indicated by ABN AMRO in the breakdown of the termination amount we send you.

### 8.4 From when is default interest due on the termination amount?

The party who has to pay the termination amount owes default interest from the date on which the amount is due up to the day of settlement in full.

## 9 Market distortions

### 9.1 What are the consequences of market distortions?

If ABN AMRO believes that a market distortion has occurred or will occur, ABN AMRO has the right to take appropriate action. This includes, for example, early termination of an OTC transaction.

### 9.2 What are market distortions?

Market distortions include in any event:

- ▶ the suspension or restriction of trade in the goods and/or underlying instruments on which the OTC transaction is based;
- ▶ the suspension of or restrictions on payments in a currency involved in the OTC transaction;
- ▶ the expiration, modification or correction of a price source, reference interest rate, index or other source referred to in an OTC transaction; and
- ▶ legislative changes or measures applied by national or supranational authorities or bodies relevant to the OTC transactions.

## 10 Interest calculation and Default Interest

### 10.1 What basis does ABN AMRO use for the calculation of default interest?

Unless otherwise agreed for a given OTC transaction, the following basis is used for interest rates: the actual number of days in the period for which the calculation is being made, divided by the actual number of days of the year.

### 10.2 When does ABN AMRO calculate default interest?

If any amount due to ABN AMRO is not received by ABN AMRO on the due date, you will owe daily interest on that amount starting from the due date.

### 10.3 What rate of default interest does ABN AMRO use for euros?

For amounts due in euros, ABN AMRO uses a default interest rate of the Euro Overnight Index Average interest rate plus 2.5%, fixed on a daily basis by ABN AMRO at 7 pm (Dutch time).

### 10.4 What rate of default interest does ABN AMRO use for other currencies?

For amounts due in other currencies, ABN AMRO will use the base interest rate of ABN AMRO's correspondent bank as the default interest rate. ABN AMRO shall increase the amount payable by the costs incurred by ABN AMRO.

## 11 Costs/Taxes

### 11.1 Which amounts apply to you?

The following amounts are for your account:

1. The cost of execution of the OTC transactions;
2. The costs incurred by ABN AMRO due to your failure to comply with your obligations. This includes the following, (involving any party): process costs, collection costs and the costs for legal and expert assistance.

You are required to repay these costs to ABN AMRO upon the first request.

### 11.2 What taxes apply to you?

All taxes related to executing the OTC transactions or the payments arising from them are to be paid by you. You are required to refund immediately all taxes paid by ABN AMRO but which are payable by you under this provision, upon request by ABN AMRO.

## 12 Liability

### 12.1 In which cases is ABN AMRO liable?

ABN AMRO shall not be liable for any damages, losses or loss of earnings resulting from the Agreement or the OTC transactions. Nor shall ABN AMRO be liable in any instances where the ABN AMRO General Terms and Conditions state that ABN AMRO is not liable. This exclusion of liability shall not apply if the damages are the direct result of ABN AMRO acting with intent or gross negligence in the execution of this Agreement and/or of the OTC transactions.

### 12.2 In which cases do you indemnify ABN AMRO?

You indemnify ABN AMRO against all third party claims against ABN AMRO arising from the Agreement and/or the OTC transactions.

### **13 Client is more than one legal entity/person: joint liability and settlement**

Where the Client consists of multiple persons and/or legal entities:

- ▶ each of them is jointly liable to ABN AMRO for all claims that ABN AMRO has made or will make arising from the transactions or from any other circumstances, both jointly and severally. This means, for example, that ABN AMRO may claim from each of them the full amount that it can then claim from all the other person(s). If full payment is made by one of the persons for all outstanding receivables (for all relevant persons collectively) then the others do not have to pay; and
- ▶ ABN AMRO is entitled to offset any debts it owes to them, either jointly or to each of them individually, against any amounts which are due or will be due to ABN AMRO arising from the OTC transactions or from any other source, both from them jointly and from each of them severally, regardless of the currency in which the monies are owed. Foreign currency receivables are converted at the rate on the day of settlement.

### **14 Information and Annual Accounts**

#### **14.1 What information do you need to provide to ABN AMRO?**

You must provide ABN AMRO with full information about your financial position. If you run a company, you are required to provide information on developments within your business that may have an important impact on your financial position. In addition, you must provide ABN AMRO with any information that we may reasonably request.

#### **14.2 As a company, when do you need to provide your annual accounts to ABN AMRO?**

You are required to provide ABN AMRO each year with two copies of the financial statements for the previous financial year. You must do this at the latest six months after the end of each financial year. If the annual accounts are ready earlier, you must immediately provide them to ABN AMRO when they are ready.

### **PROVISIONS THAT APPLY ONLY TO RELEVANT TRANSACTIONS**

As a result of EMIR's entry into force, additional rules apply to you and ABN AMRO for certain types of OTC transactions: the Relevant Transactions. Relevant Transactions include OTC transactions such as credit derivatives, share derivatives, interest derivatives, foreign exchange derivatives and commodity derivatives (see also the glossary of terms in Article 1). For example, Relevant Transactions do not include structured deposits. The provisions of Articles 15 to 17 apply only to Relevant Transactions.

### **15 Portfolio reconciliation**

#### **15.1 What does portfolio reconciliation involve?**

- ▶ We will send you regularly the key details of a Relevant Transaction, as required by law. You can compare these details to the data from your own records (reconciliation).
- ▶ If you discover a difference between the information we have sent you and the data from your records, you should inform us as soon as is reasonably possible. We will then work with you to identify and resolve the reasons for the difference.
- ▶ If you do not notify us of a difference between the information we sent you and the data from your records by the fifth (5th) Business Day following receipt of the information, we may act on the assumption that you have confirmed the accuracy of the information we sent to you on that date.

#### **15.2 How often do you receive details from us about the Relevant Transactions?**

- ▶ Once a quarter if we have executed more than 100 different Relevant Transactions; and
- ▶ once a year if we have executed 100 or less Relevant Transactions.

## 16 Notifications

If you wish to send a notification to ABN AMRO in connection with Article 15, you must send it to one of the following addresses:

by post:

ABN AMRO Bank N.V.  
c/o Markets Documentation Unit  
PAC: HQ7000  
Gustav Mahlerlaan 10  
1082 PP Amsterdam  
The Netherlands

by email:

regulatory.reporting.operations@nl.abnamro.com

ABN AMRO will send you this information to the email address or mailing address you have provided in the Client Profile Treasury form. If you did not provide this information, then ABN AMRO will send the information to the email address or postal address you provided to ABN AMRO in connection with the relevant OTC transaction(s).

## 17 Complaints and disputes about Relevant Transactions

The dispute resolution procedure described in this Article shall address any disputes concerning the identification or valuation of Relevant Transactions and the provision or exchange of collateral for Relevant Transactions. To comply with the dispute resolution rules under EMIR legislation, the following applies:

1. if, in your reasonable opinion, a dispute exists with regard to a Relevant Transaction that qualifies for this dispute resolution procedure, you may notify us of this in writing or electronically. In this case, you must describe the dispute adequately, and clearly indicate the Relevant Transaction to which the dispute relates. The same procedure also applies to us if we believe that such a dispute exists;
2. following a notification under Article 17.1, we will confer together in order to settle the dispute in a timely manner. This may include exchange of relevant information, or establishing and using other dispute resolution methods that you and we find appropriate for a particular case; and

3. if a dispute cannot be resolved within five (5) Business Days of receipt of the first report, you and we will also submit the dispute to staff members within our respective organisations.

For the recording and monitoring of any disputes that are not resolved within five (5) Business Days, we will both establish and use a specific internal procedure.

## OTHER PROVISIONS

### 18 Transfer of rights and obligations

#### 18.1 Can you transfer or pledge rights or obligations?

You may not transfer or pledge your rights or obligations arising from this Agreement and from the OTC transactions to another party without ABN AMRO's prior written or electronic consent. A transfer or pledge in violation of this Article has no standing under property law. This means that any transfer or pledge that violates these prohibitions is legally ineffective.

#### 18.2 Can ABN AMRO transfer rights and obligations?

ABN AMRO can and may transfer its rights and obligations arising from the Agreement and the OTC transactions, in whole or in part, in any manner to a third party or pass them on to a third party. ABN AMRO can and may also transfer its economic risk arising from the Agreement and the OTC transactions to a third party, in whole or in part. In the case of a transfer of economic risk, ABN AMRO remains your contractual counterparty in accordance with the provisions of the Agreement and of the OTC transactions. You agree in advance to cooperate with a (partial) transfer of the legal relationship by ABN AMRO to a third party. In addition, you are required to cooperate with and perform all (legal) steps necessary for the transfer of the whole or part of the rights and obligations arising from the Agreement and the OTC transactions.

## 19 Term and termination of the Agreement

### 19.1 What is the term of the Agreement?

The Agreement is concluded for an indefinite period of time.

### 19.2 How can the Agreement be terminated?

Both ABN AMRO and you may terminate the Agreement at any time by means of a registered letter. The notice period shall be one (1) month.

### 19.3 What are the consequences of terminating the Agreement for existing OTC transactions?

If the Agreement is terminated in accordance with this Article 19, it has no effect on any current OTC transactions. Therefore, current OTC transactions are not terminated and are not modified by this action. The provisions of the Agreement, the Confirmation and the GTD will remain unchanged for ongoing OTC transactions, until such time as the OTC transactions expire.

## 20 Applicable terms

### 20.1 What terms apply?

The GTD shall apply to the Agreement, the Confirmation and the OTC transactions entered into under these terms. The Agreement, the Confirmation and the OTC transactions are also subject to the ABN AMRO Terms for Treasury Services and the ABN AMRO General Terms and Conditions. A copy of these terms can be found in each branch and on the ABN AMRO website ([www.abnamro.nl/treasury](http://www.abnamro.nl/treasury)).

### 20.2 What rules take precedence when terms conflict?

Do the different terms and conditions that apply state different things about the same subject? Then these rules may contradict each other.

In that case, the conditions mentioned first in the list below will take precedence over the conditions mentioned later in the list:

1. The Confirmation;
2. The Agreement;
3. The conditions laid down in Articles 15 to 17 of the GTD;
4. The other articles of the GTD than those mentioned in point 3;
5. ABN AMRO Terms for Treasury Services;
6. ABN AMRO General Terms and Conditions.

## 21 Changes to the GTD

### 21.1 Can we change this GTD?

We can change this GTD by adjusting it to comply with:

1. technological developments;
2. changes in the law (e.g. new laws and regulations);
3. changes in the interpretation or application of the law (for example, due to a court ruling, a ruling by a complaints or dispute commission or a decision/interpretation by a regulator or other authority);
4. changes to the products and services we offer or our (working) processes (perhaps due to their modernisation, reorganisation, or streamlining);
5. any other change in circumstances or interpretations that provide us with a reasonable cause to change them. This right to change option also applies to the other terms and conditions set out in the Agreement to which the GTD applies. Modifying includes supplementing.

### 21.2 Costs and rates?

We may also use this right to change the GTD to charge you for any costs related to the changes or developments which cause us to adjust the GTD. We may not use this right to change, to change any other rates or costs to your disadvantage.

### 21.3 What may we not do?

We may not use this right to change for changes that would change the balance between your and our rights and obligations significantly to your disadvantage without justification.

### 21.4 How does ABN AMRO announce a change to the GTD?

ABN AMRO will announce a change in the GTD through:

- ▶ an advert in three national newspapers; or
- ▶ a message on ABN AMRO's website ([www.abnamro.nl/treasury](http://www.abnamro.nl/treasury)); or
- ▶ a personal message to you.

### 21.5 Effective date of amendment

We will inform you of the changes at least thirty (30) days prior to their effective date.

## **21.6 What can I do if I disagree with a change to the GTD?**

You may notify ABN AMRO in a letter that you disagree with the proposed change to the GTD. In this letter you must indicate that you do not accept the new terms. This should be done within three (3) weeks of ABN AMRO notifying the change to the GTD. If you do not accept the new terms, you will no longer be able to enter into any new OTC transactions from the date that the new terms apply to other customers. Your current OTC transactions will then continue under the unchanged terms. Any fees or costs incurred by ABN AMRO to continue this service to you under unchanged terms may be billed to you by ABN AMRO.

If you do not object to the modified GTD, the changes will apply to you from the effective date.

## **21.7 Under what circumstances can ABN AMRO change the terms in any other way?**

In some cases, ABN AMRO may change the GTD with immediate effect, without notifying you of this thirty (30) days in advance. ABN AMRO may do this if the change of this GTD is the result of:

- ▶ an instruction or order by a regulator, such as the De Nederlandsche Bank or the Financial Markets Authority;
- ▶ a ruling by a judge, complaints commission, arbitration commission or similar body; or
- ▶ amended or new laws and/or regulations.

## **22 Choice of applicable law and disputes**

### **22.1 Choice of applicable law**

The contractual and non-contractual obligations arising from the Agreement, the OTC transactions and the relationship between you and ABN AMRO shall all be subject to Dutch law.

### **22.2 Complaints and disputes**

If you are dissatisfied with ABN AMRO's service, you must first contact ABN AMRO and follow the relevant procedure that applies within ABN AMRO. Disputes between you and ABN AMRO shall be submitted exclusively to the competent courts in Amsterdam, unless mandatory law or the following apply:

- ▶ (if applicable) you may also submit a dispute to the competent arbitration and complaints commissions; and
- ▶ ABN AMRO may also submit a dispute with you to an eligible foreign judge.



# ABN AMRO Terms for Treasury Services

# Table of Contents

- 1 Definitions**
- 2 Scope of Application**
- 3 Assignment to a Client Classification**
- 4 Execution-only**
- 5 Order Execution**
- 6 Communications**
- 7 Provision of Information, and Client Consent for Electronic Provision of Information**
- 8 Recording Communications**
- 9 Risks and the Treasury Services Data Sheet**
- 10 Knowledge of Product Information**
- 11 Transaction Confirmation**
- 12 Costs and Reporting**
- 13 Disputing Information**
- 14 Safety Net Rules and Asset Segregation**
- 15 Conflicts of Interest**
- 16 Liability**
- 17 Conflict with Instructions from Regulator or with Legal or Regulatory Provisions**
- 18 Non-transferability**
- 19 Changes to the Terms**
- 20 Termination**
- 21 Applicable Law, Disputes, Jurisdiction**
- 22 General Information about ABN AMRO**

## 1 Definitions

### **GTD**

The ABN AMRO Bank N.V. General Terms for Derivative Transactions (November 2017) - a document under which agreements are entered into by the Client who wishes to execute OTC transactions, and ABN AMRO.

### **ABN AMRO**

ABN AMRO Bank N.V. with registered office at Gustav Mahlerlaan 10, 1082 PP, Amsterdam, The Netherlands. ABN AMRO holds a banking license from the De Nederlandsche Bank (Westeinde 1, 1017 ZN AMSTERDAM) and is listed as an investment company in the register of the Netherlands Authority for the Financial Markets (Vijzelgracht 50, 1017 HS AMSTERDAM).

### **Conflicts of Interest Policy**

The policy that applies within ABN AMRO regarding potential conflicts of interest between ABN AMRO and its clients, and between different clients.

### **Client**

A legal entity or natural person to whom ABN AMRO provides financial services.

### **Dealstation**

An automated, Internet-based system that allows a Client to execute OTC transactions with ABN AMRO.

### **Trading platform**

Dealstation or any other trading platform that allows a Client to directly create an OTC transaction with ABN AMRO can close on an execution only basis, without involving an ABN AMRO employee.

### **Financial Instrument**

A financial instrument defined as such in the Financial Supervision Act, including, for example, freely negotiable shares or a freely negotiable bond.

### **Treasury Services Data Sheet**

The ABN AMRO Bank N.V. Treasury Services Data Sheet (April 2019) – a document containing important information for Clients, including descriptions of the risks of various types of OTC derivatives.

### **ABN AMRO Order Execution Policy for Treasury Services**

The policy that applies within ABN AMRO in respect of how OTC transactions are executed for a Client.

### **OTC Transaction**

A transaction defined as such in the GTD.

### **Treasury Services**

Any financial services ABN AMRO provides to a Client in relation to OTC transactions.

### **Executing an OTC Transaction**

Establishing an OTC transaction with a Client, including determining the terms of the relevant OTC transaction.

### **Terms and Conditions**

These ABN AMRO Bank N.V. Terms for Treasury Services (April 2019) - a document which includes significant agreements between the Client and ABN AMRO.

## 2 Scope of Application

- 2.1 The Terms shall apply to all relations between the Client and ABN AMRO's Dutch branches arising from ABN AMRO's Treasury Services.
- 2.2 The relations referred to in the previous paragraph shall also be subject to the GTD, ABN AMRO Bank N.V. General Terms and Conditions and any other terms which have or will be agreed to apply.
- 2.3 In the event of any conflict between the Terms and the other applicable conditions referred to in the second paragraph above, the conditions referred to shall apply subject to the following precedence:
  1. The GTD;
  2. The Terms and Conditions;
  3. ABN AMRO Bank N.V. General Terms and Conditions.

### 3 Assignment to a Client Classification

- 3.1 ABN AMRO is required by law to assign each Client to a client classification in case of the provision of Treasury Services. A Client is assigned by ABN AMRO to one of the following client classifications: “non-professional (or retail) investor”, “professional investor” and “eligible counterparty”. The assignment to a client classification determines the level of protection to which the Client is entitled.
- 3.2 ABN AMRO shall assign each Client to a client classification before or at the start of providing Treasury Services, and inform them thereof. A Client may request to be assigned to a different client classification. ABN AMRO is not obliged to honour such a request. ABN AMRO may also attach conditions to meeting the request.
- 3.3 The Client undertakes to inform ABN AMRO promptly of any changes that could result in a change in its client classification using the process defined in Article 6.

### 4 Execution-only

- 4.1 If ABN AMRO enters into OTC transactions with a Client through a Trading Platform, these are always regarded as being execution-only services. If you execute an OTC transaction over the phone with the relevant ABN AMRO desk, that is also an execution only service. OTC transactions executed through a Trading Platform or by phone on an execution-only basis are executed at the Client’s instigation.
- 4.2 Before ABN AMRO can provide execution-only services to a Client who is classified as a non-professional investor client, ABN AMRO must collect information from the Client about their knowledge and experience of execution-only services and their intended type of OTC transactions. ABN AMRO collects this information to assess whether the execution-only service and the intended type of OTC transactions are appropriate for the Client. ABN AMRO does not collect this information from a Client assigned to the professional investor or eligible counterparty client classifications.
- 4.3 The Client undertakes to provide such information in full and in sufficient detail to ABN AMRO without delay, prior to provision of the execution-only services.

The Client undertakes to inform ABN AMRO as soon as possible of any changes to this information using the process defined in Article 6.

- 4.4 ABN AMRO may rely on the information provided by the Client in response to the second and third paragraphs, and is not required to verify the accuracy of the information provided.
- 4.5 ABN AMRO shall assess information about knowledge and experience provided under the second and third paragraphs. In this context, ABN AMRO will assess whether the Client has the necessary knowledge and experience to understand the risks associated with execution-only services and the intended type of OTC transactions. The Client is hereby expressly advised that this assessment does not take into account any information about their knowledge and experience other than that provided under the previous paragraphs. The Client is also advised that if ABN AMRO receives no or only incomplete information about their knowledge and experience, ABN AMRO will be unable to assess whether the intended type of OTC transactions is appropriate for the Client. In that case ABN AMRO will refuse to provide execution-only services. This also applies if ABN AMRO judges on the basis of the knowledge and experience information received that the intended type of OTC transaction is not appropriate for the Client.
- 4.6 Under the law, ABN AMRO may assume that a Client who is classified as a professional investor or an eligible counterparty has the necessary knowledge and experience to understand the risks associated with an OTC transaction. Therefore, ABN AMRO does not collect information about their knowledge and experience from these Clients.

### 5 Order Execution

- 5.1 For the execution of OTC transactions ABN AMRO shall act towards the Client in accordance with the ABN AMRO Order Execution Policy for Treasury Services.
- 5.2 Information about the ABN AMRO Order Execution Policy for Treasury Services is provided to the Client and is found in the “ABN AMRO Treasury Services Information” booklet. The latest version of this information is available on the ABN AMRO website ([www.abnamro.nl/treasury](http://www.abnamro.nl/treasury)) or upon request through the ABN AMRO’s relationship manager or a treasury employee.

5.3 In certain cases, ABN AMRO is not required to follow the “best execution” rules when handling OTC transactions. These cases are described in the summary of the Order Execution Policy for Treasury Services, which is also included in the “ABN AMRO Treasury Services Information” booklet.

## **6 Communications**

- 6.1 Unless agreed otherwise, ABN AMRO will communicate with the Client in Dutch.
- 6.2 Communication between the Client and ABN AMRO shall be in writing or electronic (incl. fax, email or the ABN AMRO website), and shall, when appropriate, be sent to the mailing address, fax number or email address and to the person and department of both the Client and ABN AMRO shown in the Agreement on the basis of which Treasury Services are provided to the Client.
- 6.3 OTC transactions can be executed by telephone (via the relevant ABN AMRO desk) or through a Trading Platform.

## **7 Provision of Information, and Client Consent to Electronic Provision of Information**

- 7.1 The Client agrees that in the event that the Client provides an email address to ABN AMRO, ABN AMRO shall provide personal information, including regular statements, transaction confirmations, or other personal details and/or information by email or via the ABN AMRO website or app.
- 7.2 The Client agrees that ABN AMRO may provide non-personal information to the Client regarding its Treasury Services, including (changes to) its Order Execution Policy for Treasury Services and its Conflict of Interest Policy, via the ABN AMRO website ([www.abnamro.nl/treasury](http://www.abnamro.nl/treasury)). AMRO shall ensure that the information is up-to-date and remains accessible on its website for as long as it is of interest to its Clients.
- 7.3 As an exception to the first and second paragraph of this Article, ABN AMRO shall provide such information in writing at the Client's request, if the Client does not have regular access to the Internet or other electronic channels.

7.4 ABN AMRO shall notify the Client of any significant changes to the information provided by ABN AMRO to the Client previously, and shall use the same medium as the medium used to provide said prior information, except where otherwise provided in these Terms.

## **8 Recording Communications**

- 8.1 ABN AMRO is required to record and retain calls with the Client that lead to or could lead to an OTC transaction on audio media. In addition, ABN AMRO must record and retain electronic communications with the Client. This means, for example, that ABN AMRO must record the communications for an OTC transaction between the Client and ABN AMRO through the ABN AMRO website(s).
- 8.2 The recorded communications also include communications that do not result in an OTC transaction.
- 8.3 ABN AMRO is not obliged to inform the Client during each telephone call that ABN AMRO is recording a telephone call on audio media, or recording electronic communications with the Client.
- 8.4 ABN AMRO is also authorised to prepare minutes and notes of conversations directly with a Client.
- 8.5 A transcript of the data stored and retained under this Article shall be provided to the Client upon request. Reasonable requests for a copy will be honoured free of charge. The data shall be retained for five (5) years. If ABN AMRO is required to do so by law, ABN AMRO will retain the data for longer.

## **9 Risks and the Treasury Services Data Sheet**

- 9.1 A description of the financial services and products included in ABN AMRO's Treasury Services, and the risks associated with these services and products is included in the Treasury Services Information Sheet.
- 9.2 By accepting these Terms, which acceptance is implied by executing an OTC transaction after receipt of a copy of these Terms, the Client acknowledges that they have received and read and understood a copy of the Treasury Services Information Sheet.

## 10 Knowledge of product information

Before the Client can execute an OTC transaction, the Client is obliged to take account of the information provided by ABN AMRO about the features and risks of the OTC transaction they are considering executing.

This information is included in the ABN AMRO product information sheets provided to the Client.

## 11 Transaction confirmation and transaction reporting

- 11.1 ABN AMRO shall provide the Client with written or electronic information about an OTC transaction as soon as possible after the execution of the OTC transaction.
- 11.2 ABN AMRO confirms the execution of each OTC transaction in writing or electronically at the latest on the first working day following execution of the OTC transaction.
- 11.3 ABN AMRO undertakes to report the details of all OTC transactions to the regulators including (inter alia) an indication of the Client's identification. This reporting obligation may be one-time or ongoing depending on the nature of the OTC transaction.

## 12 Costs and reporting

- 12.1 ABN AMRO may charge a fee for an OTC transaction. Lists of these charges are published by ABN AMRO on the ABN AMRO website ([www.abnamro.nl/treasury](http://www.abnamro.nl/treasury)).
- 12.2 ABN AMRO shall provide the Client with an overview of outstanding OTC transactions in writing or electronically (incl. fax, email or website of ABN AMRO) at least once per year.
- 12.3 This list also includes all the costs and expenses incurred by the Client in connection with the OTC transactions in the relevant year.

## 13 Disputing information

If the Client has not disputed the content of any transaction confirmation, regular review or other data sent to him by ABN AMRO within one week of when it can be reasonably assumed to have reached him, the content of that data shall be deemed to have been accepted by the Client. A dispute as referred to in the preceding sentence shall be raised through the process defined in Article 6.

## 14 Safety Net Rules and Asset Segregation

- 14.1 If the Client executes an OTC transaction with ABN AMRO, then ABN AMRO is acting as the Client's contracting counterparty. Should ABN AMRO fail, this means that the Client's potential claims on ABN AMRO arising from the OTC transaction form a part of ABN AMRO's bankruptcy estate. This may mean that the Client may not recover his debt, or not in full, in the event of the bankruptcy of ABN AMRO.
- 14.2 The Investor Compensation and Deposit Guarantee Scheme, as regulated by the Financial Supervision Act and further defined in the Decree on Special Prudential Measures, Investor Compensation and Deposit Guarantee under the Financial Supervision Act are applicable in respect of ABN AMRO. If the conditions defined in the above regulations are met, the Client may be eligible for compensation.
- 14.3 Clients who hold cash and/or Financial Instruments with ABN AMRO will be covered by the protection the law provides under the arrangements referred to in the previous paragraph. These guarantee arrangements ensure that the Client's assets held by ABN AMRO will be compensated up to a maximum amount, for example, if ABN AMRO goes bankrupt. Certain conditions apply to this.
- 14.4 ABN AMRO is not acting as an intermediary within the meaning of Chapter 3b of the Securities Giro Act. This means that in the event of bankruptcy of ABN AMRO, a Client may not be able to recover any claim against ABN AMRO from a separately held asset, and therefore does not enjoy protection under the Securities Giro Act.

## 15 Conflicts of Interest

- 15.1 ABN AMRO has a policy on potential conflicts of interest between ABN AMRO and its Clients, and between different Clients. A summary of the Conflicts of Interest Policy is included in the "ABN AMRO Treasury Services Information" booklet and can also be accessed on the ABN AMRO website ([www.abnamro.nl/treasury](http://www.abnamro.nl/treasury)) or will be provided to the Client upon request.
- 15.2 If a conflict of interest appears unavoidable, ABN AMRO will inform the Client of this in writing or electronically, giving details of the conflict of interest and risks to the Client. This information must enable the Client to take a decision, in knowledge of the facts, whether or not to continue with the relevant Treasury Service.

## 16 Liability

- 16.1 ABN AMRO shall be liable to the Client for the failure to execute or execute properly any OTC transaction agreed between the Client and ABN AMRO, if the failure to execute or execute properly the OTC transaction is the result of culpable failure (toerekenbare tekortkoming) on the part of ABN AMRO.
- 16.2 ABN AMRO shall not be liable for damages incurred by the Client from any externally imposed measures, such as a change in the laws or regulations, or an instruction from a regulator.

## 17 Conflicts with Regulatory Instructions or with Legal or Regulatory Provisions

ABN AMRO is authorised to suspend or terminate current OTC transactions with the Client if their continuation is in violation of an instruction from a regulator or if executing or continuing one or more OTC transactions would, in the opinion of ABN AMRO, be in violation of a law or regulation that applies to the Client or to ABN AMRO.

## 18 Non-transferability

The Client's rights arising from the OTC transactions may not be transferred, pledged or traded, either directly or indirectly, without ABN AMRO's consent. These prohibitions apply for as long as ABN AMRO is owed any amount by the Client, for any reason whatsoever, and as long as any existing or future commitment may give rise to a debt from the Client to ABN AMRO. These prohibitions are effective under property law. This means that any transfer or encumbrance that violates these prohibitions will be ineffective.

## 19 Changes to the Terms

- 19.1 ABN AMRO may amend these Terms by modifying them due to:
1. technological developments;
  2. changes in the law (e.g. new laws and regulations);
  3. changes in the interpretation or application of the law (for example, from a court ruling, ruling by a complaints or dispute commission or a decision/interpretation by a regulator or other authority);

4. changes to the products and services we offer or our (working) processes (for example their reorganisation or streamlining);
  5. any other changes in circumstances or perceptions that provide ABN AMRO with reasonable cause to change them. This change option also applies to other general terms and conditions contained in these Terms. Modifying includes among others supplementing.
- 19.2 ABN AMRO may also make use of this right to change to charge the Client for any costs related to the changes or developments which cause it to amend the Terms. ABN AMRO may not use this right to change any other changes in rates or costs to the Client's disadvantage.
- 19.3 ABN AMRO may not use this right to change for changes that would change the mutual balance of rights and obligations significantly to the Client's disadvantage without justification.
- 19.4 ABN AMRO will announce a change in the Terms by:
1. an advertisement in three national newspapers;
  2. a message on ABN AMRO's website ([www.abnamro.nl/treasury](http://www.abnamro.nl/treasury)); or
  3. a personal message to the Client.
- 19.5 ABN AMRO shall notify the Client of the change at least thirty (30) days prior to its effective date.
- 19.6 The Client may notify ABN AMRO by letter that they do not agree to the proposed amendment to the Terms. In this letter the Client must state that they do not accept the new Terms. This must be done within three (3) weeks from ABN AMRO notifying the change to the Terms. If the Client does not accept the new terms, the Client will no longer be able to execute any new OTC transactions from the date that the new Terms apply to other customers. The Client's current OTC transactions will then continue under the unchanged Terms. Any fees or costs incurred by ABN AMRO to continue providing this service to the Client under unchanged Terms may be billed to the Client by ABN AMRO. If the Client does not object to the modified Terms, the changes will apply to the Client from the effective date.
- 19.7 In some cases, ABN AMRO may change the Terms with immediate effect, without any notification thirty (30) days in advance. ABN AMRO may do this if the changes to these Terms are the result of:
1. An instruction or order by a regulator, such as the De Nederlandsche Bank or the Netherlands Authority for the Financial Markets;

2. A ruling by a judge, complaints commission, arbitration commission or similar body; or
3. Amended or new laws and/or regulations.

## 20 Termination

- 20.1 Both the Client and ABN AMRO may terminate these Terms with immediate effect, either in writing or electronically.
- 20.2 Termination of these Terms shall not affect the Client's and ABN AMRO's rights and obligations arising from current OTC transactions. However, the Client will not then be able to execute any new OTC transactions.

## 21 Applicable Law, Disputes, Jurisdiction

- 21.1 The relationship between ABN AMRO and the Client arising from ABN AMRO's Treasury Services is subject to Dutch law.
- 21.2 If the Client is dissatisfied with the Treasury Services provided by ABN AMRO, they should first send a complaint to ABN AMRO. ABN AMRO will document the complaint and handle it.
- 21.3 The description of ABN AMRO's complaints procedure is available on the ABN AMRO website ([www.abnamro.nl](http://www.abnamro.nl)) and will be sent to the Client upon request.
- 21.4 Without prejudice to the previous paragraph, disputes between the Client and ABN AMRO arising from Treasury Services shall be submitted to the competent courts in Amsterdam. ABN AMRO may also submit a dispute with or on behalf of a Client to an eligible foreign judge.
- 21.5 If they meet the conditions of the Financial Services Complaints Tribunal (KiFiD) Rules of Procedure, a Client may, as an exception to the above, submit disputes with ABN AMRO concerning OTC transactions to the KiFiD. The Rules of Procedure are published on the KiFiD website ([www.kifid.nl](http://www.kifid.nl)).

## 22 General Information about ABN AMRO

- 22.1 ABN AMRO's full statutory name is ABN AMRO Bank N.V. The telephone number is +31 (0)900 - 00241. ABN AMRO Bank N.V. is registered in the Trade Register of the Chamber of Commerce under number 34334259.
- 22.2 The headquarters of ABN AMRO Bank N.V. are located at Gustav Mahlerlaan 10, Amsterdam (P.O. Box 243, 1000 EA Amsterdam).
- 22.3 ABN AMRO Bank N.V. has a banking license and falls under the supervision of:
  1. The European Central Bank (Sonnemannstrasse 20, D-60314 Frankfurt-am-Main, Germany);
  2. De Nederlandsche Bank N.V. (Westeinde 1, 1017 ZN Amsterdam, P.O. Box 98, 1000 AB Amsterdam);
  3. The Netherlands Authority for the Financial Markets (Stichting Autoriteit Financiële Markten) (Vijzelgracht 50, 1017 HS Amsterdam, P.O. Box 11723, 1001 GS Amsterdam).

<sup>1</sup> Voor dit gesprek betaalt de Cliënt zijn gebruikelijke belkosten. De telefoonaanbieder bepaalt deze kosten.



# ABN AMRO Treasury Services Information Sheet

# Table of Contents

## **1 Introduction**

- 1.1 Purpose of the information
- 1.2 Assignment of client classifications

## **2 Service type: execution-only**

## **3 What are OTC derivatives?**

## **4 Position of the parties in an OTC transaction**

- 4.1 Hedges

## **5 Documentation**

## **6 Product information**

- 6.1 Forward contracts
- 6.2 Swaps
- 6.3 Options
- 6.5 Structured Deposits

## **7 Key derivative risks**

- 7.1 Leverage
- 7.2 Liquidity risk
- 7.3 Credit risk
- 7.4 Market risk
- 7.5 Foreign exchange risk
- 7.6 Interest rate risk
- 7.7 Price risks for options

## **8 Settlement differences**

## **9 Early termination costs**

## **10 Transaction fees**

## **11 Market customs with OTC transactions**

## **12 Payments**

## 1 Introduction

This Information Sheet provides an explanation of ABN AMRO's Treasury Service. Investment firms, such as ABN AMRO, are required by law to provide their customers with a general description of the features and risks of financial instruments.

This Information Sheet provides this information for "Over-The-Counter" derivative transactions (OTC transactions) that you may execute through ABN AMRO. It provides a global overview of the key OTC transactions offered by ABN AMRO and their associated risks, but does not provide a full overview of all the potential risks associated with each specific product. In the ABN AMRO product information sheets, you will find detailed descriptions for specific products.

In addition, the information contained in this Information Sheet should not be considered as investment advice based on your individual situation, nor as a recommendation to trade in the products described. You should always judge for yourself whether the products and services mentioned are suitable and appropriate for your particular situation.

### 1.1 Purpose of the information

After reading this Information Sheet, you should be aware of the features of the OTC transactions offered by ABN AMRO, and their main risks.

Should the information be unclear to you or incomplete, we encourage you to consult with your ABN AMRO contact or an independent (financial) adviser.

Each product has specific features and risks. In order to understand these products properly, please read the information below carefully, as well as the product information sheets describing the features and risks of each of the various financial instruments. If you have any questions, you can always ask us for clarification. We recommend that you should only execute OTC transactions if you are aware of the features and risks of these financial instruments. If OTC transactions are executed incorrectly, it can involve exposure to undesirable risks and/or lead to (high) costs or losses.

Risks may occur simultaneously and/or in combination, resulting in an unexpected effect on the value of an OTC transaction.

### 1.2 Assignment of client classifications

ABN AMRO has to differentiate when providing investment services between different client classifications: "non-professional investors", "professional investors" and "eligible counterparties".

ABN AMRO will assign you to one of these client classifications. Each client classification involves a particular level of protection that ABN AMRO must provide during the sale and marketing of financial instruments and services. If you are a non-professional investor, the law determines that you are entitled to more protection than the client classifications of "professional investor" or "eligible counterparty". This protection consists mainly of checking your knowledge and experience in advance of providing a service or executing an OTC transaction. Non-professional investors receive this protection because the law assumes that non-professional investors have less knowledge and experience. In contrast, professional investors and eligible counterparties are expected to possess the necessary knowledge and experience to be able to take investment decisions with less protection and/or less information from ABN AMRO, and to be able to estimate the associated risks adequately.

After ABN AMRO has informed you of your client classification, you may request ABN AMRO in writing or electronically to reassign you to a different client classification. A different level of protection will apply to the other client classification. ABN AMRO believes it is essential that you are aware of the consequences of a request for a different client classification. Therefore, this change is only possible with ABN AMRO's approval. ABN AMRO is not obliged to comply with your request.

## 2 Service type: execution-only

The type of service provided by ABN AMRO with respect to OTC transactions is typically referred to as “execution-only”. This means that ABN AMRO simply executes your order for an OTC transaction. We will explain that further below.

If you execute OTC transactions using a Trading Platform, e.g. Dealstation, this is an execution-only service. If you enter into an OTC transaction over the phone with the relevant ABN AMRO desk, that is also an execution-only service. Orders that you execute through a Trading Platform or by telephone on an execution-only basis are deemed to be performed at your instigation. If you are a non-professional investor, ABN AMRO will collect information from you about your knowledge and experience with the type of OTC transactions to which the execution-only services relate.

ABN AMRO will check that the type of OTC transactions you are proposing to execute is appropriate for you, given the information provided by you about your knowledge and experience. Based on this information, ABN AMRO will assess whether you have the necessary knowledge and experience to understand the risks associated with the proposed type of OTC transactions. ABN AMRO does not need take into account any information other than what you provided. If ABN AMRO believes that the intended type of OTC transaction is not appropriate for you, ABN AMRO will refuse to provide execution-only services. This means that you cannot execute the proposed type of OTC transactions at ABN AMRO.

## 3 What are OTC derivatives?

OTC derivatives are financial instruments that are not listed on a regulated stock exchange. OTC derivatives can be used to hedge (future) financial risks or to achieve (investment) returns.

The value of an OTC derivative is based on the changes in a so-called underlying instrument. This underlying instrument can consist of an interest rate, foreign exchange, commodities or a stock exchange index. OTC derivatives are agreed directly with a contract counterparty, for example with ABN AMRO. The significant differences between exchange-traded derivatives and OTC derivatives are:

- ▶ Exchange-traded derivatives are generally standardised contracts, whereas OTC derivatives tend to be custom contracts.
- ▶ The parties to an OTC derivative know each other and are aware of the creditworthiness of the other contracting counterparty. With an exchange-traded derivative, the contracting counterparties do not know each other.
- ▶ OTC derivatives are not transferable without permission, in contrast to exchange-traded derivatives.
- ▶ The market in OTC derivatives is sometimes illiquid. This means that it is not always possible to buy, terminate or sell OTC transactions at a favourable price.

The execution of OTC derivatives should always be carefully thought through.

## 4 Position of the parties in an OTC transaction

With OTC transactions, ABN AMRO is acting as your contract counterparty. ABN AMRO has an independent interest in this, that may run contrary to your interest. ABN AMRO can provide you with information on the operation of an OTC transaction. This does not mean that ABN AMRO is acting as your investment adviser. You should always read and review the information provided independently. You should also assess the market situation and market trends independently, as well as your own legal, tax, accounting and credit position.

### 4.1 Hedges

Unless you have agreed otherwise with ABN AMRO, you may use OTC transactions either for hedging or for investment purposes. Hedging means mitigating or managing (future) financial risks that may arise due to price fluctuations in the underlying instrument. For example, these may be price fluctuations in currency rates. Hedging also brings its own risk. If the actual price fluctuations differ from what you are expecting in terms of price trends, you may realise afterwards that you would have done better to choose a different approach.

For example, this might mean that it would have been cheaper for you in the end if you had not executed the relevant OTC transaction. The main risks of hedging are described hereafter in Chapter 7.

## 5 Documentation

If you wish to enter into an OTC transaction with ABN AMRO, then the ABN AMRO Bank N.V. General Terms for Derivative Transactions (November 2017) (“GTD”) and the ABN AMRO Bank N.V. Terms for Treasury Services (April 2019) (the “Terms”) will apply. The GTD and the Terms form part of the “ABN AMRO Treasury Services Information” booklet. This booklet was provided to you with the Customer Profile Treasury form. In addition, ABN AMRO will sign an ABN AMRO Bank N.V. Derivative Transactions Agreement with you.

## 6 Product information

There are many different types of OTC transactions, although most of them are based on the same few basic forms.

Here we will provide just a brief explanation of those basic forms. A separate product information sheet is available for each product variant, which explains the specific features and risks of that variant. It is important that you read this information. Your decision to execute a certain OTC transaction is assumed to be based on the information contained in the specific product information sheet and the information contained in this Information Sheet. The basic forms we see here are:

1. Forward contracts
2. Swaps
3. Options
4. Structured deposits

### 6.1 Forward contracts

A forward contract is an agreement between two parties, with one party being obliged to purchase a specific instrument at a specific time in the future at an agreed price. The other party agrees to sell the relevant instrument at that time and at that price. Therefore, in a forward contract, both parties have rights and obligations in the performance of the forward contract. The underlying instruments often involve foreign exchange, but can also be commodities or interest rates. Forward contracts and their variations include foreign exchange forward transactions and swaps. Forward contracts can involve a high level of

risk because the price of the underlying instrument may increase or decrease (strongly) during the period between the contract closure and the delivery and payment.

Forward foreign exchange transaction

A forward foreign exchange transaction is an agreement between two parties to exchange a quantity of a certain currency at a fixed time in the future (the “value date”), for a quantity of another currency, at a predefined forward rate. The exchange rate on the value date is therefore fixed for both parties. It cannot be affected by foreign exchange movements between the time of the contract and the value date. The agreed forward rate is made up of two components:

- ▶ the rate as it applies at the time of the contract for transactions with immediate delivery: the “spot rate”; and
- ▶ the difference in rate between the two currencies concerned over the period from the date of the contract to the agreed value date.

### 6.2 Swaps

Although swaps can be classified under forward contracts, we have chosen to treat them as a specific base form in their own right. A foreign exchange swap is an agreement between two parties to buy (or sell) a quantity of a certain currency at the “spot rate” and to sell (or buy) the same amount at a later time at the “forward rate.” A currency swap consists of two transaction components: a transaction with immediate delivery and a forward foreign exchange transaction.

### 6.3 Options

In the case of options, one party has the right to buy or sell a predetermined product or financial instrument at a future time at a predetermined price from/to the other party. The person obtaining this right (the option) is the “buyer” and pays an advance fee (the “premium”) to the seller of the option, also known as the “writer.” Unlike forward contracts, the parties therefore do not have mutual rights and obligations in respect of the performance of an option contract: upon payment of the premium the buyer has a right, and on receipt of the premium the seller has only an obligation. Option contracts can be split into two basic types: call options and put options.

### *Call options*

The buyer of a call option will be entitled on payment of the premium to purchase an underlying instrument at a fixed price at a fixed time in the future. The seller of the call option receives the premium and then accepts the obligation to sell the underlying instrument at that specific price at the agreed time if the buyer exercises his right.

#### **Example**

The buyer of an FX Call Option has the right, in exchange for a premium, to buy a certain amount of a currency at the defined strike price at a specific time. The seller of the FX Call Option must deliver this quantity at the agreed strike price, if the buyer decides to exercise its right.

### *Put option*

The buyer of a put option is entitled, in exchange for a premium, to sell an underlying instrument at a certain price at a certain time in the future. The seller of the put option receives the premium and accepts the obligation to buy the underlying instrument at that particular price at the agreed time, if the buyer decides to exercise his right.

#### **Example**

The buyer of an FX Put Option has the right, in exchange for a premium, to sell a certain amount of a currency at the defined strike price at a specific time. The seller of the FX Put Option must purchase this quantity at the agreed strike price, if the buyer decides to exercise his right.

### *Brief summary of option contracts' rights and obligations*

Parties have no obligations to each other until the expiration date. As a buyer of an option, you purchase the right to buy or sell. You can exercise this right, sell it or let it expire. The maximum risk that you have as a buyer is that you lose the premium you have already paid if you do not exercise your option. As the seller ("writer") of an option, you can run significantly more risk. Writing a call option means that you accept the obligation to sell the underlying instrument if the

buyer wants it. If you already own the underlying instrument, your risk is limited to a loss due to adverse timing. You have entered into an obligation to sell at an agreed, predefined price. If, at the time of exercising the option, the market price of the underlying instrument has increased, you will lose this profit. This is also known as "opportunity loss". If, on the other hand, you write a call option without already holding the underlying instrument, this is known as an uncovered option. The writer of an uncovered call option is running a major risk. After all, the buyer will likely exercise his right if the market price is higher than the predefined strike price. In that case, the writer of the option must buy the underlying instrument in the market at the then current (higher) market price to meet the obligation to deliver it at the (lower) strike price. Depending on how much the market price has increased, the loss may exceed the premium received many times over (see also Chapter 7 under "Leverage").

If you write a put option, you run the same risk, with the difference that you are required to purchase the underlying instrument at the predefined strike price. If, at the time of exercising the option, the market price of the underlying instrument is lower than the strike price, the purchaser of the put option will exercise his right. That means you must buy the underlying instrument at the higher strike price. Your loss may exceed the premium you received many times over.

The exercise of options is also often completed by netting off the (price) difference and not by physical delivery of the underlying instrument.

## **6.4 Structured deposits**

A structured deposit is a deposit where the return depends on a derivative component. The realisation of the return depends on the selected variables and on market developments in interest and foreign exchange markets or other markets.

You may run a foreign exchange risk on the principal with some variants of structured deposits, resulting in you being paid the principal amount in a currency other than the initial currency at the end of the term. Some variants do not guarantee return of the principal in full at the end of the term.

## 7 Key derivative risks

Executing OTC transactions can involve different risks.

While mitigating risks for one party, it creates risks for the other party.

Below we provide a general overview of the key financial risks that can occur in OTC transactions. It is important that you know these risks before you decide to execute OTC transactions. Derivatives' risks are very dependent on market trends in the financial markets. ABN AMRO has no influence on this. The level of risk may vary by type of OTC derivative. In addition, the level of risk is determined by, among other things:

- ▶ the conditions, structure and complexity of the financial instrument;
- ▶ the objective and expectations when agreeing the transaction;
- ▶ the diversification and concentration of your portfolio (applicable only if used for investment purposes); and
- ▶ the possible leverage.

If OTC transactions are not applied properly, or if market trends differ from expectations, they can lead to undesirable risks and cause (high) costs or losses. We provide a brief description of the key risks of OTC transactions below.

### 7.1 Leverage

OTC transactions sometimes involve leverage. This means that a small price change in the underlying instrument can lead to a large price change in the OTC transaction. An example to clarify this: the EUR/USD rate is 1.20 at one point and rises rapidly to 1.26. Expressed as a percentage, that is an increase of 5%. An option on the EUR/USD with a strike price of 1.20 was traded at a price of USD 0.05. After the price increase, the same option needs to be bought at USD 0.11: a change in value of over 50%. The increase in the EUR/USD rate therefore has a much stronger effect with the option. This is called "leverage." Leverage effects can cause (major) costs or losses.

### 7.2 Liquidity risk

The liquidity of an OTC derivative is determined directly by the market's demand and the ratio between supply and demand, and indirectly by other factors such as market disruption or the settlement of the transaction. The liquidity of an OTC derivative is also dependent on the specific conditions under which the transaction is agreed. Finally, OTC transactions are not inherently transferable.

### 7.3 Credit risk

OTC transactions are executed directly between the parties. The creditworthiness of the parties is important. Credit risk is the risk that your contracting party to the OTC transaction is unable to meet their payment obligations following from the OTC transaction or that their creditworthiness drops (sharply).

### 7.4 Market risk

The market price of an OTC transaction depends on, among other things, the demand and supply in the market, market players' expectations, underlying instrument prices, industry-related circumstances and economic developments. The development of these different factors is unpredictable and is also affected by international events. A position taken, or an investment with a cross-border element may be subject to cross-border market risk. These risks can sometimes be greater, and the potential financial advantage or disadvantage in cross-border transactions can be influenced by fluctuations in the foreign exchange markets.

### 7.5 Foreign exchange risk

Foreign exchange risk exists because exchange rates fluctuate against each other. This means that the value of payments or revenue in foreign currency is uncertain. This is also true for OTC transactions involving foreign exchange. If OTC transactions are executed in a currency other than the company's base currency, this creates a foreign exchange risk. Fluctuations in interest rates related to the underlying currency may also affect the value of OTC transactions. Fluctuations in foreign exchange values depend among other things on the local economic developments in the home country of the currency, and on social and political developments. Some countries have a strict policy controlling trade in their local currency. Such policies may include the authorities (severely) restricting or temporarily banning trading in the local currency. Devaluation of a local currency is also one of the potential risks.

### 7.6 Interest rate risk

Interest rate increases and decreases can have a positive and negative impact on the value of an OTC transaction or an investment.

## 7.7 Price risks for options

Options may be either exchange-traded derivatives or OTC derivatives. Like other financial instruments, options are subject to the effects of demand and supply. An important factor in establishing the option price is the existence of a sufficiently liquid market for the relevant option and (expectations about) the price trend of the underlying instrument.

A purchased call option loses value when the price of the underlying instrument drops, while the opposite is true for a purchased put option. The value of an option is not solely determined by fluctuations in the value of the underlying instrument, but also by other factors, for example the term of the option or the frequency and intensity of fluctuations in the price of the underlying instrument. Therefore, the risk of a loss in value for an option may exist, even if the price of the underlying instrument does not change. Writing an option generally carries a higher risk than buying an option. The loss for the buyer of the option is limited to the premium paid. However, the loss for the seller of an unsecured option may be unlimited.

## 8 Settlement differences

For some option or forward contracts, it is possible that at the agreed time, the underlying instrument will not be delivered, instead just the difference between the predefined strike price and the market price of the underlying instrument is settled. These transactions involve the same risks as if the underlying instrument were delivered.

## 9 Early termination costs

If, for any reason, you wish to or have to terminate an OTC transaction before it reaches maturity, you may incur (high) costs or losses. An OTC transaction always relates to an underlying instrument.

Therefore, the value of an OTC transaction depends on the fluctuations in the price or rate of that underlying instrument. If an OTC transaction has to be terminated early, you need to consider whether that transaction has a positive or negative value at that time (valuation at market value). If there is a positive value, ABN AMRO will pay (or credit) this to you. In the event of a negative value, you need to pay an amount to ABN AMRO.

## 10 Transaction fees

For most OTC transactions, no separate charges are applied for setting up the OTC transaction or for the provision of ABN AMRO services on top of the agreed transaction price. The costs you pay to ABN AMRO are included in the price or the option premium that is agreed (the "transaction price"). If a separate fee is charged in addition to the transaction price, this is stated in the relevant product information sheet. ABN AMRO will always inform you of the costs of OTC transactions.

## 11 Market customs with OTC transactions

### The transaction agreement

OTC transactions can be set up through the relevant ABN AMRO desk, via Dealstation or by another means that ABN AMRO offers you for the execution of OTC transactions. Once an OTC transaction has been set up, both parties are bound by it. As soon as possible after executing an OTC transaction, ABN AMRO will send you the key information about the OTC transaction either in writing or electronically. ABN AMRO will also send you a transaction confirmation in writing or electronically (including fax) which includes our agreements.

A transaction confirmation states among other things the type of OTC transaction, the date the OTC transaction is agreed, the date the OTC transaction takes effect, the due date(s), the strike date, the transaction currency and the amounts. For the purposes of due diligence, you are required to verify that the information in the confirmation is accurate and complete upon receipt. If you believe that the transaction confirmation contains incorrect data, you are required to contact ABN AMRO immediately.

If you agree with the transaction confirmation, you are requested to sign it and send it in writing or electronically (including fax) to the address listed in the transaction confirmation, within the number of business days stated.



---

## 12 Payments

Payments arising from OTC transactions will be debited or credited directly to your account at ABN AMRO. On your bank statement, this payment will be listed with the description "DCM," followed directly by the reference number of the OTC transaction and the message "Derivatives Transaction Settlement". ABN AMRO sends you a "payment message" prior to the payment.

# Glossary of common terms used in ABN AMRO Treasury Services

A confirmation of an OTC (Over-The-Counter) transaction may include some of the following terms:

**American option**

The option can be exercised at any time during its duration.

**Barrier**

See Trigger.

**Barrier option**

The right to exercise the option only exists or ends if, during the lifetime of the transaction, a defined rate, price or interest level (the barrier or trigger) is reached or passed (a so-called "touch" or "trigger event").

**Basis for calculating fixed or floating interest rates**

Number of days on which the month and year are based for the relevant interest calculation.

**Bermuda option**

The option can only be exercised on various strike dates.

**Cash settlement**

The settlement of a derivative position by payment rather than by the supply of the underlying instrument.

**Contract rate**

Rate agreed for the transaction.

**End or expiry date**

The date on which the transaction will cease exist. If the end date is missing, the expiry date is the end date.

**Expiry or exercise period**

This is the period within which an option can be exercised.

**Euribor**

Euro Interbank Offered Rate (Euribor) is the reference rate for the euro money market. Euribor is fixed daily for one, two and three weeks and for one to twelve months.

**European option**

The option can only be exercised at the expiration date and time.

**Fixing date**

Date when a price, rate or interest rate percentage is fixed that then applies to a settlement over a defined period.

**Following business day convention**

If any of the dates mentioned in the transaction confirmation fall on a weekend or on a public holiday the next business day is the day of execution.

**Physical strike (settlement)**

The settlement of an OTC transaction by physical delivery of the underlying instrument.

**Principal amount**

Amount on which the agreed settlement takes place.

**Source**

Reference to a publication of prices or rates, such as "REUTERS PAGE AABV".

**Start date**

The date on which the OTC transaction starts. If the start date is missing, the transaction date is the start date.

**Rate**

A price for which a currency pair is traded in the spot market at a given time.

**Term**

The period from the Start date to the End date.

**Plain vanilla**

The simplest variant of a derivative.

**Premium**

The price to be paid by the buyer to the seller of the option.

**Reference rate, interest rate, tariff or other value Reference**

used as a basis for settlement as agreed for the OTC transaction (e.g. Euribor).

**Spot market**

The global trade in foreign exchange, with delivery after two business days.

### **TARGET business day**

TARGET (Trans-European Automated Real-Time Gross Settlement Express Transfer System) is the system used for all payments between banks in euro. So a TARGET business day is a day when the TARGET system is open.

### **Transaction date**

The date on which the OTC transaction is executed.

### **Trigger or Barrier**

A defined rate, price or interest rate level that, when reached or passed in the relevant market, triggers the right to exercise an option, or terminates the right to exercise an option.

### **Strike or exercise date**

The date when an option can be exercised. Sometimes a time is also listed and a time zone. If the time zone is missing, you can assume it is Dutch time.

### **Exercise price or strike price**

The agreed price or rate that is applied on exercise.

### **Exercise**

The way in which the option is exercised. If nothing is listed, physical delivery applies.

### **Currency, foreign exchange**

Currency, e.g. EUR or USD.

### **Value date**

The date on which an amount starts to bear interest.

Business day

A day when banks are open, payments can be made and interest rates are updated in the location that is relevant for the transaction. It is usually the capital of the country in which the transaction currency is the legal tender or where the reference rate is published.

### **Window period**

The period within which the right to exercise an option may exist or may be terminated by reaching or passing a barrier or trigger.

# Information about ABN AMRO's Order Execution Policy for Treasury Services

# Table of Contents

- 1 Purpose of this policy**
- 2 When does it apply?**
- 3 Processing orders**
- 4 Factors we consider when executing your order**
- 5 Place of execution**
- 6 Achieving the best execution**
- 7 Exceptional circumstances**
- 8 Review and changes**
- 9 Aftercare**
- 10 Agreement and consent**

This document contains ABN AMRO's order execution policy in the context of Treasury Services. We encourage you to read this document in combination with the ABN AMRO Bank N.V. Treasury Services Information Sheet (April 2019), which is also included in the "ABN AMRO Treasury Services Information" booklet.

## 1 Purpose of this policy

ABN AMRO has to take adequate measures to achieve the best possible outcome for its customers when executing orders in financial instruments. This document contains our rules covering our order execution of OTC transactions.

## 2 When does it apply?

This policy applies if your company is assigned to the "non-professional investor" customer category, and you execute OTC transactions involving foreign exchange (foreign exchange derivatives) with ABN AMRO.

## 3 Processing orders

ABN AMRO will record your orders immediately and correctly. When we receive similar orders from different customers, we will process them in the sequence in which we receive them. If a material problem occurs that severely impairs the proper execution of an order, we will inform you.

## 4 Factors we consider when executing your order

In order to achieve the best possible result when executing your OTC transactions, we will look at the total result, including price and costs. The execution fees include all the costs you need to pay that are directly related to the execution of the order. If you provide specific instructions for (part of) the order, we will follow those instructions, unless we inform you that we cannot perform the order according to your specific instructions. For any part of the order for which we have not received specific instruction, we will execute the order as described in this policy.

### Warning

When you provide specific instructions to us for the execution of an order that differ from our policy, we cannot process the steps we have defined to achieve the best possible outcome. So it may prevent us from achieving the best overall result.

## 5 Place of execution

For all OTC transactions listed in section 2 of this policy, ABN AMRO is your contracting party. Therefore, ABN AMRO is the only "place of execution" for these OTC transactions. Because ABN AMRO is your contracting counterparty, it means that you have a "counterparty risk" with ABN AMRO. This means that if ABN AMRO is unable to fulfil its obligations, it will have adverse effects for you and your OTC transaction(s).

## 6 Achieving the best execution

All the OTC transactions listed in section 2 of this policy are financial instruments for which (usually) there is no primary market that sets prices. We therefore use internal models to calculate and propose a fair price to our customers. This calculation takes account of the available and collected market data and, where possible, of prices for similar or comparable OTC products. Finally, when calculating a price, we also take into account our customers' creditworthiness and our costs of risk and capital.

## 7 Exceptional circumstances

In exceptional circumstances, such as, for example, severe market turbulence, or the failure of internal or external systems (or combinations of these), achieving the best possible outcome may become wholly or partly impossible to achieve. However, ABN AMRO will continue to follow this policy as far as these circumstances permit.

## 8 Review and changes

ABN AMRO reviews this order execution policy annually and adapts it as necessary or to improve it. Changes to the order execution policy are published on the ABN AMRO website ([www.abnamro.nl/treasury](http://www.abnamro.nl/treasury)).

## 9 Aftercare

At your request, ABN AMRO will be pleased to explain how ABN AMRO applied the order execution policy to your OTC transaction.

## 10 Agreement and consent

When you give ABN AMRO an order to execute an OTC transaction:

- ▶ you are confirming that you have read and accepted this order execution policy;
- ▶ you are agreeing that ABN AMRO may execute your orders outside a regulated market, multilateral trading facility or organised commercial facility; and
- ▶ you are agreeing that ABN AMRO may publish changes to this order execution policy through the ABN AMRO website ([www.abnamro.nl/treasury](http://www.abnamro.nl/treasury)).



# Summary of ABN AMRO's policy on conflicts of interest

# Table of Contents

- 1 Introduction**
- 2 The conflicts of interest policy**
- 3 What is a “conflict of interest”**
- 4 Guidelines and procedures**
- 5 Control of information flows**
- 6 Separation of oversight and duties**
- 7 Disclosure**
- 8 Refusal to act**

## 1 Introduction

Under a number of laws and regulations, ABN AMRO Bank N.V. (hereafter: "ABN AMRO") is required to take and maintain all reasonable organisational and administrative measures necessary to identify, reveal and manage conflicts of interest. Policies are in place within ABN AMRO to meet these requirements. The following is a summary of this policy and the key information Clients require in order to understand the measures ABN AMRO takes to protect Client's interests.

## 2 ABN AMRO's policy on conflicts of interest

ABN AMRO's policy on conflicts of interest explains how ABN AMRO:

- ▶ identifies circumstances that could give rise to conflicts of interest that involve a risk of material damage to Clients' interests;
- ▶ establishes appropriate mechanisms and systems to manage these conflicts; and
- ▶ deploys these mechanisms and systems to prevent actual damage to Clients' interests as a result of the identified conflicts. Where these mechanisms and systems prove unexpectedly to be insufficient to ensure that Clients' interests are sufficiently protected, ABN AMRO will notify the Client prior to providing the service.

## 3 What is a "conflict of interest"

A conflict of interest is any situation where an individual or organisation has an interest (financial or otherwise) that may have a negative influence on the person's or organisation's motivation to act in the best interests of the client(s), or of the bank. This can lead to damage to the interests of clients or those of the bank. In this document, use of the term 'client' is also intended to refer to prospective clients. There may be a conflict in any case where ABN AMRO (or anyone associated with ABN AMRO, including ABN AMRO's third-party affiliates):

- ▶ is likely to obtain a financial benefit (or avoid a financial loss) at the expense of their Client;
- ▶ has an interest in the outcome of a service carried out on behalf of their Client, where ABN AMRO's interest is contrary to their Client's interest;
- ▶ has a financial or other incentive to give priority to the interests of one Client over the interests of another Client;

- ▶ exercises the same profession as the Client;
- ▶ receives money, goods or services from third parties as a result of services provided to a Client, in addition to the standard fees or commissions.
- ▶ ABN AMRO has identified and defined the conflicts of interest that exist within its operations, and has taken measures that ABN AMRO regards as adequate to reveal, control and manage the conflicts and their potential impact on its Clients.
- ▶ The identified conflicts include:
  - ▶ conflicts between Clients with opposing interests;
  - ▶ conflicts between Clients and ABN AMRO where their respective interest in a particular outcome may differ;
  - ▶ conflicts between the personal interests of ABN AMRO employees and the interests of ABN AMRO, or of its Clients, where these interests may differ.

The measures in effect within ABN AMRO to best manage the identified conflicts generally fall into one of the following categories:

## 4 Guidelines and procedures

Within ABN AMRO, many internal guidelines and procedures are applied in order to manage the identified conflicts of interest. Monitoring and maintaining these guidelines and procedures.

## 5 Control of information flows

Within ABN AMRO, procedures are in place to prevent or manage information flows between departments or units within ABN AMRO, where the interests of Clients of one department or unit could conflict with the interests of Clients of other departments or units within ABN AMRO, or with the interests of ABN AMRO itself.

## 6 Separation of oversight and duties

Where necessary, ABN AMRO has organised separate supervision of those whose interests when performing their duties could conflict with those of the Clients, or where Clients' interests may conflict with those of ABN AMRO. ABN AMRO has also taken steps to prevent the employee involved from being engaged in the concurrent or later provision of services to the parties concerned in any way that might prevent adequate management of these conflicts of interest.

## **7 Disclosure**

If the organisational and administrative measures applied by ABN AMRO prove inadequate to manage a conflict of interest, ABN AMRO shall inform Clients of this prior to the provision of services. ABN AMRO will provide sufficient detail in this case to enable Clients to make a well-informed decision, in possession of all the facts regarding the investment service, investment activity or related service where the conflict of interest has arisen.

## **8 Refusal to act**

If ABN AMRO believes that it is unable to manage the conflict of interest in any way, ABN AMRO may refuse to supply the service to this Client.

If you would like more information about ABN AMRO's Conflicts of Interest Policy, please contact your contact person. We will be happy to help you.

9:00 am - 12:00 am

Your standard rates apply to this call.

Your telephone service provider sets these rates.

**abnamro.nl**