| ANNEX 5.2 |  |  |  |  |  |  |  |  |  |
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| TERMS OF BUSINESS REQUIREMENTS |  |  |  |  |  |  |  |  |  |
| A capital market institutions terms of business to be entered into with or for a retail client should, where relevant, provide for the following: |  |  |  |  |  |  |  |  |  |
| 1) | Commencement | The date on which the terms of business come into force. |  |  |  |  |  |  |  |
| 2) | Name, address and regulator | The name and address of the capital market institution and a statement that the capital market institution is subjected to the Authoritys supervision and control. |  |  |  |  |  |  |  |
| 3) | Investment manager objectives | The retail clients investment objectives. |  |  |  |  |  |  |  |
| 4) | Restrictions | Any restrictions on: · the types of securities in which the retail client wishes to invest; and ·  the markets on which the retail client wishes transactions to be executed. |  |  |  |  |  |  |  |
| 5) | Services | The services which the capital market institution will provide. Details of any payment for services payable by the retail client to the capital market institution, including the following: 1)     structure and methods of the payments; 2)     how it is to be paid and collected; 3)     how frequently it is to be paid, and 4)     any other payment that is receivable by the capital market institution (or by any of its affiliates) in connection with any transaction executed by the capital market institution, with or for the retail client, in addition to or in lieu of any fees. If the capital market institution is to act as manager, the terms of business must include the following: 1)     the arrangements for giving instructions to the capital market institution and acknowledging those instructions; 2)     the initial value of the managed portfolio; 3)     the initial composition of the managed portfolio; 4)     the period of account for which statements of the portfolio are to be provided; 5)     the extent of the discretion to be exercised by the capital market institution, including any restrictions on investments; 6)     how performance will be measured; 7)     how valuations will be made. |  |  |  |  |  |  |  |
| 8) | Accounting | The arrangements for accounting to the retail client for any transaction executed on his behalf. |  |  |  |  |  |  |  |
| 9) | Cancellation rights | A description of any cancellation right to which the retail client may be entitled. |  |  |  |  |  |  |  |
| 10) | Acting as a principal | That capital market institution may act as principal in a transaction with the retail client, if applicable. |  |  |  |  |  |  |  |
| 11) | Risk warning | Any risk warning required under Part 5 of these Regulations. |  |  |  |  |  |  |  |
| 12) | Security lending | Whether the capital market institution may undertake security lending activity with or for the retail client. |  |  |  |  |  |  |  |
| 13) | Termination method | How the terms of business may be terminated. |  |  |  |  |  |  |  |
| 14) | Complaints | How to complain to the capital market institution. |  |  |  |  |  |  |  |
| 15) | Right to realise retail clients assets | A description of any right of the capital market institution to realise the assets of the retail client (including any collaterals) or to close out or liquidate positions on a default. |  |  |  |  |  |  |  |
| 16) | Contingent liability securities | A statement of the basis on which the retail client will incur any contingent liability, including margin requirements, and the maximum limits placed on such funding. |  |  |  |  |  |  |  |
| 17) | Authority to borrow | Details of any authority to borrow or raise money on the retail clients behalf, or enter into transactions which will involve the retail client having to borrow or raise money and the maximum borrowing limit must be clarified. |  |  |  |  |  |  |  |
| 18) | Special commission arrangements | A statement explaining the capital market institutions policy regarding special commission arrangements. If the capital market institution is to act as manager, the terms of business must include the following: 1)     the arrangements for giving instructions to the capital market institution and acknowledging those instructions; 2)     the initial value of the managed portfolio; 3)     the initial composition of the managed portfolio; 4)     the period of account for which statements of the portfolio are to be provided; 5)     the extent of the discretion to be exercised by the capital market institution, including any restrictions on investments; 6)     how performance will be measured; 7)     how valuations will be made. |  |  |  |  |  |  |  |
| 8) | Accounting | The arrangements for accounting to the retail client for any transaction executed on his behalf. |  |  |  |  |  |  |  |
| 9) | Cancellation rights | A description of any cancellation right to which the retail client may be entitled. |  |  |  |  |  |  |  |
| 10) | Acting as a principal | That capital market institution may act as principal in a transaction with the retail client, if applicable. |  |  |  |  |  |  |  |
| 11) | Risk warning | Any risk warning required under Part 5 of these Regulations. |  |  |  |  |  |  |  |
| 12) | Security lending | Whether the capital market institution may undertake security lending activity with or for the retail client. |  |  |  |  |  |  |  |
| 13) | Termination method | How the terms of business may be terminated. |  |  |  |  |  |  |  |
| 14) | Complaints | How to complain to the capital market institution. |  |  |  |  |  |  |  |
| 15) | Right to realise retail clients assets | A description of any right of the capital market institution to realise the assets of the retail client (including any collaterals) or to close out or liquidate positions on a default. |  |  |  |  |  |  |  |
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| 17) | Authority to borrow | Details of any authority to borrow or raise money on the retail clients behalf, or enter into transactions which will involve the retail client having to borrow or raise money and the maximum borrowing limit must be clarified. |  |  |  |  |  |  |  |
| 18) | Special commission arrangements | A statement explaining the capital market institutions policy regarding special commission arrangements. |  |  |  |  |  |  |  |
| 19) | Custody | Arrangements for: 1)     registration of client assets if these will not be registered in the retail clients name; 2)     claiming and receiving dividends, commission payments and other entitlements accruing to the retail client; 3)     exercising conversion and subscription rights; 4)     dealing with takeovers, other offers or capital re-organisations; 5)     exercising voting rights; 6)     the capital market institutions liability in the event of a default by an eligible custodian; 7)     the giving and receiving of instructions by or on behalf of the client or other person accredited by the client, and any restrictions to that authority; and 8)     any agreement to lien or pledge interests over the client asset taken by the capital market institution or an eligible custodian except in respect of charges relating to the administration or custody of the client assets. |  |  |  |  |  |  |  |
| 20) | Pooling | A capital market institution must notify a retail client where it intends to pool his client asset with that of one or more other clients and explain the meaning of pooling and warn the retail client that: 1)     client assets or entitlements may not be separately identifiable by certificates, other physical documents of title or electronic record; and 2)     retail clients may participate pro rata in any irreconcilable shortfall resulting from the default of a custodian. |  |  |  |  |  |  |  |
| 21 | Client assets held overseas | Where a capital market institution in accordance with these Regulations arranges for client assets to be held overseas, it must notify a client in writing that there may be different settlement, legal and regulatory requirements in overseas jurisdictions from those applying in the Kingdom. |  |  |  |  |  |  |  |
| 22 | Client money | A capital market institution must notify a retail client in writing of the arrangements for holding client money. |  |  |  |  |  |  |  |