



**NatWest**

## **Terms and Conditions Indirect Clearing Arrangements Where NWM Plc is the Direct Client of a Clearing Member**

In accordance with the provisions of the Regulatory Technical Standards on Indirect Clearing Arrangements under MiFIR we are required to disclose the general terms and conditions pursuant to which we provide our clients with indirect clearing services with respect to exchange-traded derivatives contracts that are cleared by a central counterparty authorized in the European Union (“**EU CCP**”). Such terms and conditions are set out in detail in the clearing agreement including all schedules, modules and appendices thereto, that we enter into with you (the “**Agreement**”).

The term “indirect clearing services” here refers to the circumstances where: we access an EU CCP through a clearing member of that EU CCP.

A number of the terms and conditions identified below are required in order for us to comply with relevant provisions of MiFID 2, MiFIR and EMIR together with FCA and PRA rules (All such laws and rules, as applicable, are collectively referred to herein as the “**rules**”.) For example, the rules require that we must:

- take reasonable steps to know our clients in accordance with applicable law, including Anti-Money Laundering and “know your customer” rules;
- comply with commodity position limits on each client’s orders;
- establish limits for each clearing client and monitor those limits in accordance with RTS 6<sup>1</sup>; and
- undertake due diligence on prospective clearing clients as prescribed by RTS 6 and conduct an annual review of existing clearing clients.

There are certain terms and conditions which are important for the way we run the exchange traded derivatives business although they are not specifically required by law or regulation. These are:

- As we are a regulated banking entity we do not offer client money protection;
- We do not offer clearing services to any client that is not classified under the MIFID 2 rules as a Professional Client or Eligible Counterparty;
- We take all margin on a transfer of title basis once we have determined that that is an appropriate course of action; and
- We require all margin that is transferred to us directly to be in cash. We do offer the ability to pledge initial margin in certain jurisdictions.

A general description of the principal terms and conditions governing our relationship with our clients is set out below. The actual provisions of the Agreement we have with you are more detailed. Moreover, please note that the specific terms and conditions of the Agreement that we enter into with any client may differ depending on our analysis of the risks that such client’s trading activities may present.

Before providing indirect client services to you, we will generally require, subject to the terms and conditions contained in the Agreement, that you:

- provide us with such information that we may request in order to verify your identity as required by law or as we may otherwise require for account opening purposes.

---

<sup>1</sup> Commission Delegated Regulation (EU) No 2017/589 of 19 July 2016 supplementing MiFID with regard to regulatory technical standards specifying the organisational requirements of investment firms engaged in algorithmic trading, providing direct electronic access and acting as general clearing members.

- confirm to our satisfaction that you meet our minimum financial and operational requirements appropriate for your business, experience and the nature of the trading in which you intend to engage; you must agree to provide us with such financial information, including a current financial statement, as we may request from time to time and to notify us promptly of any material change in your financial condition.
- confirm to our satisfaction that you have full power and authority to enter into the Agreement and to enter into the transactions contemplated thereby for your account or on your behalf.
- confirm to our satisfaction that you have obtained all registrations or licenses, if any, that you may require to conduct business and that you remain in good standing with all relevant regulatory and self-regulatory authorities.
- acknowledge that you have read and understood all disclosure statements with respect to your trading activities that we have provided to you.
- acknowledge that all exchange-traded derivatives transactions effected for your account or on your behalf are subject to "Applicable Law", including exchange and clearing organization rules that require your consent to be subject to the jurisdiction of the markets on which you trade, and that you will conduct all activities subject to the Agreement in accordance with such Applicable Law.
- agree that we may, in our sole discretion, limit the size of your positions, refuse to accept any order or transaction, or require you to transfer your account to another firm.
- agree to meet all margin calls with respect to exchange-traded derivatives contracts that we clear for your account or on your behalf in such form and amounts and within such time as we may determine, consistent with Applicable Law.
- acknowledge that, upon an event of default or termination event, as that term is defined in the Agreement, we will have certain rights as set out in the Agreement, including the right, in addition to any remedy otherwise available in law or equity, to liquidate any or all exchange-traded derivatives contracts held in your name or on your behalf by any lawful means and to apply any margin to meet any amounts you owe us.
- acknowledge that we will not be liable to you for any losses that may be incurred except insofar as such losses are a direct result of our negligence, wilful misconduct or fraud and, further, that in no event will we be liable for any consequential, indirect or punitive damages.