



NatWest
Markets

NatWest Markets
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Dear Customer,

Updated Terms of Business for Retail and Professional Clients

We are writing to you to inform you of certain changes that we are making to our terms of business (“**Terms**”) which set out the contractual terms governing your relationship with the NatWest Markets business of The Royal Bank of Scotland plc¹ and National Westminster Bank Plc (“**NatWest Markets**”, “**we**” or “**us**”) from the European Economic Area (EEA).

MiFID II

The current Markets in Financial Instruments Directive (“**MiFID**”) which governs EU financial markets and which came into effect in November 2007, is being repealed and replaced by a revised Markets in Financial Instruments Directive and Regulation (together “**MiFID II**”). MiFID II will come into effect in the EU (including the United Kingdom) from 3 January 2018 (the “**Effective Date**”).

MiFID II introduces various changes to the regulatory framework for financial markets in the EU which are designed to enhance the functioning of financial markets and ensure that financial services institutions provide high standards of investor protection and market transparency.

The changes that we are making to the Terms to account for MiFID II requirements include (without limitation) those relating to the following areas:

- disclosure of information about our firm and the services we provide to you;
- our obligations as a manufacturer and distributor of financial instruments;
- information on our costs and charges;
- the method and frequency at which we provide you with reports on our services; and
- how we deal with any money and assets we hold on your behalf.

GDPR

The current UK Data Protection Act (“**DPA**”) is being repealed and replaced by the new EU General Data Protection Regulation (“**GDPR**”), with effect from 25 May 2018. The GDPR introduces additional obligations designed to enhance data protection standards across the EU in relation to the processing of personal data.

As an organisation, we will be required to provide individuals with additional information about how we use their personal data. We have made some changes to our Terms in anticipation of GDPR and will provide you with further information via our website, in advance of GDPR coming into force. We will notify you via email when this information becomes available.

¹ As of 30 April 2018, now called NatWest Markets Plc and no longer includes National Westminster Bank Plc.

Impact of MiFID II and GDPR

We provide via [this link](#) a copy of our revised Terms for your review and records. Parts I and II of the Appendix to this letter sets out high level information about the key changes we have made to our Terms in order to implement MiFID II and GDPR.

MiFID II also requires us to make updates to certain of our policies and procedures. In addition to the revised Terms we are also updating the following:

- our order execution policy; and
- our risk disclosures.

Copies of these updated documents will be available on our website at <https://www.natwestmarkets.com/natwest-markets/disclosures.html>

Other changes

The forthcoming EU Regulation on Packaged Retail and Insurance-based Investment Products (“**PRIIPs**”) will require us, as a manufacturer of packaged retail and insurance-based investment products, to draw up and publish a “key information document” (“**KID**”) to allow retail investors to easily understand and compare products and the risk, costs and returns associated with them. If you are a retail client, we are required to get your consent to receipt of KIDs via our website.

We have also taken the opportunity to make some more general updates to our Terms to reflect the nature of the services we provide. Details of these more general changes are included in Part III of the Appendix.

FX Payment Exclusion representation

Corporates trading foreign exchange (“**FX**”) forward transactions with EU banks, including NatWest Markets, will either have to provide a representation that all their FX transactions are excluded from regulations on the basis they are entered into for the purposes of payment facilitation, or comply with European Market Infrastructure Regulation on derivatives (“**EMIR**”) and MiFID II obligations.

If you believe all of your FX forward trading activity falls within the exclusion, please notify us (if you have not already done so) by completing the FX Means of Payment Representation letter online here: <https://www.natwestmarkets.com/natwest-markets/regulation/mifid2/fx-exclusion.html>.

Legal Entity Identifiers

MiFID II and EMIR require us to submit transaction reports to the FCA in respect of transactions entered into with or for our clients. These reports require us to provide Legal Entity Identifiers (“**LEI**”) for our clients. Without your LEI, or the exclusion statement set out above, we will not be able to continue trading on your behalf from the Effective Date.

If you do not currently have a LEI, please go to <https://www.natwestmarkets.com/natwest-markets/regulation/mifid2/LEI.html> for more information on how to obtain one. Note that it may take some time to process a LEI application and as such we recommend that you begin the application process as soon as possible.

Next steps

You are advised to read the revised Terms, the Appendix and our revised policies carefully and to retain them for your records.

We have provided a separate Regulatory Consents Letter which requests your consent to, or express confirmation of, the following:

- our ability to execute your orders outside of an EEA Trading Venue;
- not to make public your limit orders in respect of shares;
- receipt of information from us via our website, in particular information required under MiFID II and PRIIPs;
- processing of your personal and/or non-personal information, where this may be required under your local laws; and
- confirmation that you have the required authorisation to provide us with personal and/or non-personal confidential information about third parties.

Provided you agree to these points, please complete the Regulatory Consents Letter on the following link, where following verification of your email address you will be sent a pdf copy of the letter.

- <https://www.natwestmarkets.com/natwest-markets/regulation/terms.html>

Alternatively print and sign a copy of the letter provided on the link above, then email a scanned copy to us at mifid2@natwestmarkets.com.

Please note that if we do not hear from you and you continue to do business with us after the Effective Date (3 January 2018), you will be deemed to have consented to the points set out in the Regulatory Consents Letter.

If you have any questions about this letter or the changes we are making to our Terms, please do not hesitate to contact your normal sales person, or our central mailbox mifid2@natwestmarkets.com.

Yours sincerely,

NatWest Markets

APPENDIX

This Appendix sets out a summary of the key changes that we have made to our Terms, it is not intended to be a substitute for reading the Terms. Clients should also read the Terms in full to ensure they understand all of the provisions.

PART I – Overview of MiFID II changes

TOPIC	HIGH LEVEL OVERVIEW OF THE CHANGES TO THE TERMS UNDER MIFID II	PROVISION IN TERMS
Product governance	Under MiFID II, when we act as a manufacturer or distributor of certain MiFID financial instruments (“ Products ”), we are required to ensure that Products we manufacture or distribute (as applicable) meet the needs of an identified target market of end clients. We are required to maintain, operate and review a process for the approval of each Product before it is marketed or distributed to clients. There are also rules relating to the promotion, manufacture and distribution of investments and structured deposits. Under MiFID II, we may be restricted from providing certain Products to you, dependent on your classification as a client and depending on the service we are providing to you.	See clause 7 (<i>Product Governance</i>).
Conflicts of interest	We are required to maintain a conflicts of interest policy which sets out: (a) how we identify conflicts of interest which may be detrimental to a client; and (b) our procedures that are put in place in order to help prevent and manage such conflicts. Under MiFID II, we are required to provide you with a description of our conflicts of interest policy. Furthermore, where we do not believe that the arrangements under our policy are sufficient to manage a particular conflict, we are required to disclose the nature of the conflict to you and, if appropriate, obtain your permission to continue with the service that we provide to you.	See clause 17 (<i>Conflicts of Interest</i>)
Costs and charges	MiFID II introduces enhanced requirements relating to the disclosure of information on costs and associated charges. We shall publish information on our costs and charges on our website and, where required, we will provide you with an annual costs and charges disclosure which sets out information on the actual costs and charges incurred by you.	See clause 11 (<i>Our Costs and Charges</i>).
Inducements	MiFID II imposes new requirements relating to the payment and receipt of any fees, commissions and other non-monetary benefits, by us (“ Inducements ”). Where we pay or receive any Inducements in the course of providing services to you under the Terms, we will disclose details of these to you.	See clause 11 (<i>Our Costs and Charges</i>).

TOPIC	HIGH LEVEL OVERVIEW OF THE CHANGES TO THE TERMS UNDER MIFID II	PROVISION IN TERMS
Client Reporting	MiFID II requires us to make additional reports to you on the service we provide. In particular, from the Effective Date, if we hold assets for you, we will be required to provide you with a statement of these holdings on at least a quarterly basis.	See clause 14 (<i>Confirmations and Periodic Reporting</i>).
Regulatory Reporting	MiFID II introduces additional obligations on us in certain circumstances to report transactions that we enter into with you, or on your behalf. We may from time to time require you to provide us with additional information in order to enable us to comply with such reporting requirements.	See clause 15 (<i>Regulatory Reporting</i>).
Recording of telephone conversations and electronic communications	MiFID II requires us to record certain telephone conversations and electronic communications that relate to the execution of client orders. A copy of these communications must be available for a period of: (a) five years if requested by you; or (b) up to seven years if requested by the competent regulatory authority.	See clause 21 (<i>Monitoring and Recording</i>).
Complaints	MiFID II introduces enhanced requirements relating to complaints handling.	See clause 35 (<i>Complaints and Compensation</i>).
Order execution arrangements	MiFID II requires us to make certain enhancements to our order execution policy. In particular, we are required to provide you with further information on our order execution arrangements, and to disclose to you the top five venues (in terms of trading volumes) where we have executed orders for our clients in the preceding year. This information will be published annually on our website. MiFID II also introduces a new category of trading venue (organised trading facilities, or “OTFs”) on which we may execute your orders.	See our updated Order Execution Policy Summary which will be available on our website.
Information on the risks of financial investments	MiFID II requires us to provide more detailed descriptions of risks applicable to financial instruments, including an explanation of how financial instruments are likely to perform in both positive and negative market conditions and risks associated with any insolvency of an issuer.	See our updated risk disclosures document which will be available on our website.

PART II – Overview of GDPR / data protection changes

TOPIC	HIGH LEVEL OVERVIEW OF THE CHANGES TO THE TERMS UNDER GDPR	PROVISION IN TERMS
Providing information about our processing of personal data	The GDPR requires us to provide much more information to individuals about our processing of their personal data, and to do so in a clear, transparent and easily accessible manner.	See clause 22 (<i>Data Protection</i>).
Providing information to other individuals whose personal data we process in connection with our relationship with you	<p>Building on the GDPR's information requirement described above, the GDPR requires us to deliver information not only to individuals with whom we have a direct relationship, but also to other individuals whose personal data we process in connection with our relationship with you.</p> <p>To achieve this, we require you to bring our privacy policy to the attention of those individuals whose personal data you provide to us, and to the attention of your employees and beneficial owners.</p>	See clause 22 (<i>Data Protection</i>).
Ensuring that you provide us with personal data in a manner that is compliant with data protection law	Personal data has to be processed for purposes that satisfy one of the legal grounds for processing specified by data protection law. We wish to make sure that any personal data that you provide to us has been processed by you in a manner that complies with data protection law and aligns with individuals' expectations as to how their personal data will be processed.	See clause 22 (<i>Data Protection</i>).
Ensuring the accuracy of personal data	Data protection law requires us to ensure that the personal data we process is accurate and, where applicable, remains up to date. Where you provide personal data about third parties to us, we require your help in order to achieve this.	See clause 22 (<i>Data Protection</i>).

PART III – Overview of general changes

TOPIC	HIGH LEVEL OVERVIEW OF THE GENERAL CHANGES TO THE TERMS	PROVISION IN TERMS
Minor drafting changes	We have taken the opportunity to make some minor drafting changes and to reorder and consolidate certain clauses, with the aim of making the Terms clearer and more concise.	
Your capacity	Where you are acting on behalf of underlying clients we are permitted to treat you alone as our client. We therefore require you to confirm that your underlying clients for whom you act as agent, have the capacity to enter into the transactions instructed by you.	See clause 3 (<i>Your Status</i>)
Change of country of incorporation	If you change your country of incorporation, or otherwise move your business operations to another jurisdiction, we may not have the appropriate licenses and authority to continue providing services to you in that jurisdiction and to continue doing so would be unlawful. We therefore require you to notify us in advance of any such changes.	See clause 4 (<i>Change of Country of Incorporation</i>) and clause 9 (<i>Your Authority and Duties</i>)
Sanctions	We are prohibited under law from doing business with any persons (legal or natural) that are subject to economic sanctions, or located in, operating from, or incorporated under the laws of a country that is subject to comprehensive sanctions. We therefore require you to inform us immediately if you or your underlying clients (where applicable) become subject to economic sanctions.	See clause 10 (<i>Sanctions</i>)
Disclosing our relationship with you	Unless you inform us otherwise, we may from time to time wish to make general reference to our relationship with you (including use of your name, trademark and/or corporate logo). You confirm that you own and/or have the right to use, and may permit third parties to use, your trademarks and logos.	See clause 24 (<i>How we use your information</i>)
Electronic channels	We may from time to time communicate with you through an electronic channel (e.g. an electronic trading platform). We have confirmed the basis on which information may be received via an electronic channel and we require you to comply with the terms and conditions imposed by the provider of the electronic channel and you agree to be bound by any communication or instruction that we receive from you in this manner.	See clause 33 (<i>Electronic Channels</i>)