



ICAP Regulatory Factsheet for UK Fund and Portfolio Managers

August 2013

Client Classification

ICAP Securities Ltd/ICAP Europe Ltd ("ICAP") will classify your firm as a Professional Client as defined by The Markets in Financial Services Directive ('MiFID'). A classification letter is enclosed.

Trade Reporting of Shares

In accordance with Article 28 of MiFID, ICAP will trade report or ensure that trade reports are submitted in accordance with the FSA reporting requirements set out in FSA Handbook MAR Rule 7.2.5 for OTC trades and LSE rule 0012 for all trades it executes with your firm.

For the avoidance of doubt, ICAP will not provide a trade reporting service where it acts purely in an arranging/name passing capacity and where the bilateral contract is entered into between your firm and a third party.

Order Execution

When executing orders on behalf of Professional Clients after 1 November 2007, ICAP will take all reasonable steps to obtain the best possible results for its clients. A copy of its Execution and Order Handling Policy is enclosed. This sets out the procedures ICAP has adopted to ensure that it meets its obligations in this regard.

Your attention is drawn to the paragraph detailing the exemptions from the provision of best execution in the Execution and Order Handling Policy.

Limit Orders

ICAP confirms that, unless specifically instructed by you to the contrary, it will not publish orders in shares admitted to trading on a regulated market where they are not immediately executed.

It should be noted however that ICAP will consider any such instruction in respect of limitation of execution venue, or any limitation on price, to be a specific instruction from you which would override the rules of Best Execution in respect of these specific aspects of the order (FSA Handbook COB Rule 11.2.19(2)).

Transaction Reporting

ICAP warrants that, where it is a counterparty to a trade with your firm, it will transaction report in accordance with the Rules of FSA. ICAP will report these trades in its own name and in the required FSA formats. Such reporting will be undertaken via a trade matching or reporting system approved by FSA or via the regulated market through whose system the trade was reported.

ICAP does not currently provide a third party reporting system. However it believes that as portfolio manager under the FSA rules you can rely on ICAP transaction reporting in its own name to exempt you from transaction reporting trades yourselves. For the avoidance of doubt it should be noted that you will still be responsible, under the FSA rules, for ensuring that the trades are reported.

The FSA has advised us that when transaction reporting trades, ICAP is under no obligation to report transactions using the "Customer/Client identification" even when the fund manager is relying on the exemption contained in the FSA Handbook SUP Guidance 17.2.2 (2).

For the avoidance of doubt ICAP will not provide a transaction reporting service where they act purely in an arranging/name passing capacity and the bi-lateral contract is entered into between yourselves and a third party.

Term of Business

A copy of ICAP's Terms of Business is enclosed. A copy can also be found on ICAP's website.

Acting as Agent

ICAP acknowledges that in dealing with us you are executing a client order as agent for that client and that all dealing instructions will be given by you, as agent, and all trades are settled by you as agent via your omnibus account. However, in accordance with the FSA rules, when ICAP provides you with investment services in respect of instruments covered by MiFID they will classify you as their client for regulatory purposes and will afford you the protections relevant to your classification as a Professional Client.

Conflicts of Interest

MiFID imposes new requirements for managing conflicts of interest and inducements. It also requires firms to: (a) maintain a record of all identified activities which entail a material risk of damage to a client's interest; and (b) have a Conflicts of Interest policy.

As a result of these new requirements ICAP has reviewed its business activities and order handling policies. A summary of the conflicts it has identified together with the policies it adopts to manage the conflicts identified is enclosed. A copy can also be found on ICAP's website.