

DIRECT AND INDIRECT CLEARING SERVICE COMMERCIAL TERMS

EMIR ¹ and MIFIR ² regulations (including the accompanying regulations and delegated acts) (the “**Regulatory Framework**”) requires Banque de Luxembourg (“**BdL**”), when providing clearing services under a Direct Client Clearing Arrangement (as defined in section 0. ‘Introduction’) or under an Indirect Client Clearing Arrangement (as defined in section 0. ‘Introduction’), to disclose the general terms and conditions applicable to the clearing services provided.

The purpose of this document is to disclose the standard undiscounted fees arising from the clearing of exchange traded financial derivative instruments executed by Banque de Luxembourg (“**BdL**”) acting as the broker and to be cleared with EU central counterparties (“**In-scope Derivatives**”).

This document should be read together with the following 5 additional documents (the “**Supporting Documents**”) listed hereafter and which may be consulted and are available as indicated:

Name of document	Available on
Direct and Indirect Clearing Service Commercial Terms Election Form	www.banquedeluxembourg.com
Indirect Clearing – Direct Client Disclosure Document	
Execution and Indirect Client Clearing Supplement	
Direct Clearing – Clearing Member Disclosure Document	
Execution and Direct Client Clearing Supplement	

The information provided in this document is valid as of the date of this document and until this document is updated. This document may be updated from time to time, with the most recent document being made available on www.banquedeluxembourg.com. Clients should ensure that, when assessing whether they should take action or not in respect with a Direct Client Clearing Arrangement or an Indirect Client Clearing Arrangement, they consider the most recent version of this document as well as of the Supporting Documents, which supersede and overrun any previous version.

BdL shall in no circumstances be liable, whether in contract, tort, breach of statutory duty or otherwise for any losses or damages that may be suffered as a result of using this document or any of the Supporting Documents. Such losses or damages include but are not limited to (a) any loss of profit or revenue, damage to reputation or loss or any contract or other business opportunity or goodwill and (b) any indirect or consequential loss. This paragraph does not extend to an exclusion of liability for, or remedy in respect of, fraudulent misrepresentation.

¹ Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories

² Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012

INTRODUCTION

The Regulatory Framework targets, among others, to improve the functioning of the financial markets in the European Union.

This target is to be achieved partly through a series of obligations in relation to the clearing of In-scope Derivatives.

When clients trade In-scope Derivatives with BdL acting as the broker, BdL may, depending on the type of the In-scope Derivatives

- i) execute and clear such transactions in BdL's capacity as clearing member of a central counterparty ("**CCP**"), whereby BdL is considered as **Clearing Member** and BdL's client (including the investment fund you represent) is considered as **Direct Client** (the "**Direct Client Clearing Arrangement**"); or
- ii) execute and clear such transactions in BdL's capacity as client of a clearing member of a CCP, whereby BdL is considered as Direct Client of the clearing member and BdL's client (including the investment fund you represent) is considered as **Indirect Client** (the "**Indirect Client Clearing Arrangement**").

The Regulatory Framework provides, among others, for specific obligations, including duties of information, for i) CCPs, ii) Clearing Members and iii) Direct Clients when executing and clearing transactions in In-scope Derivatives instructed by their Indirect Clients. Such obligations include, among others:

- i) the offering of a choice between different types of client account segregation;
- ii) the describing of the details of the different types of client account segregation and of the related protection, risks and costs.

As a summary information, following types of client account segregation may be offered for In-scope Derivatives traded with BdL acting as broker:

In-scope Derivatives traded with BdL under a Direct Client Clearing Arrangement

1. a basic omnibus client account (sometimes also referred to as a net omnibus segregated account or "**NOSA**"); or
2. a gross omnibus client account (sometimes also referred to as a gross omnibus segregated account or "**GOSA**"); or
3. an individual client account (sometimes also referred to as an individual segregated account or "**ISA**").

In-scope Derivatives traded with BdL under an Indirect Client Clearing Arrangement

1. a basic omnibus indirect client account (sometimes also referred to as a net omnibus segregated account or "**NOSA**"); or
2. a gross omnibus indirect client account (sometimes also referred to as a gross omnibus segregated account or "**GOSA**").

STRUCTURE OF THIS DOCUMENT

This document is set out in three main sections and a disclaimer.

The first section provides information on the standard undiscounted set-up and maintenance costs for the different types of client account segregation offered i) under Direct Client Clearing Arrangements and ii) under Indirect Client Clearing Arrangements.

The second section provides the list of CCPs and Clearing Members used by BdL when executing and clearing In-scope Derivatives as a broker as well as a link to such CCPs websites.

The third section provides information on how the client should confirm its election regarding the type of client account segregation.

FIRST SECTION

The fees of BdL set out in this section are indicative and represent undiscounted fees. In determining whether to apply discounts to the standard undiscounted fees, BdL may take into consideration various factors such as a high volume of trades in In-scope Derivatives with BdL acting as the broker, a client's wider relationship with BdL.

Under a Direct Client Clearing Arrangement

Type of client account segregation	Account set-up fee charged by BdL	Account maintenance fee charged by BdL
Individual client account or ISA	EUR 20.000 per ISA	EUR 10.000 per month and per ISA
Gross omnibus client account or GOSA	EUR 10.000 per GOSA	EUR 5.000 per month and per GOSA
Basic omnibus client account or NOSA	EUR 0	EUR 0

An ISA or a GOSA needs to be set up and maintained on a CCP by CCP basis. For example, where some trades in In-scope Derivatives instructed by a client will be cleared by a given CCP and other trades in In-scope Derivatives will be cleared by another CCP, two ISA or GOSA need to be set-up and maintained and the above set-up and maintenance fees charged by BdL will apply to each ISA or GOSA.

Under an Indirect Client Clearing Arrangement

Type of client account segregation	Account set-up fee charged by BdL	Account maintenance fee charged by BdL
Gross omnibus indirect client account or GOSA	EUR 10.000 per GOSA	EUR 5.000 per month and per GOSA
Basic omnibus indirect client account or NOSA	EUR 0	EUR 0

A GOSA needs to be set up and maintained on a Clearing Member and CCP basis. For example, where some trades in In-scope Derivatives instructed by a client will be cleared via a Clearing Member by a given CCP and other trades in In-scope Derivatives will be cleared via the same Clearing Member but by another CCP, two GOSA need to be set-up and maintained and the above set-up and maintenance fees charged by BdL will apply to each GOSA.

Under a Direct Client Clearing Arrangement or under an Indirect Client Clearing Arrangement

Under an ISA (only available under a Direct Client Clearing Arrangement) or under a GOSA, BdL will have to cope with a higher operational complexity, operational support, resources, funding implications and administrative burdens to set-up and maintain the ISA or GOSA, resulting in higher costs and charges compared to a NOSA.

Under an ISA (only available under a Direct Client Clearing Arrangement) or under a GOSA, the terms and conditions of the relevant CCPs under a Direct Client Clearing Arrangement and the terms and conditions of the relevant CCPs and of the relevant Clearing Members under an Indirect Client Clearing Arrangement, may require the client to provide additional information and documents required by such CCPs, Clearing Members.

The BdL account set-up fees and account maintenance fees are in addition to any account set-up fees and account maintenance fees charged by the relevant CCPs, whether such fees are charged directly by the CCPs or via the relevant Clearing Members under an Indirect Client Clearing Arrangement. Any such fees from CCPs will be passed on and charged to the client. CCPs may apply such fees to each type of client account, but such fees are generally expected to be higher for ISA and GOSA than for NOSA due to the higher operational complexity, operational support, resources and administrative burdens to set-up and maintain the ISA or GOSA.

Any clearing fee per trade in In-scope Derivatives instructed by a client and executed by BdL acting as broker will be included in the overall brokerage fee agreed upon between the client and BdL for the relevant In-scope Derivatives. BdL will therefore not charge an additional clearing fee per trade in In-scope Derivatives instructed by a client and executed by BdL acting as broker.

Initial margins posted by a client with BdL will be subject to the following interest rate conditions:

Currency	Interest rate
EUR	Euro Short Term Rate (€STR)
USD	USD Secured Overnight Financing Rate (USD SOFR)
CHF	Swiss Average Rate Overnight (SARON)
Other currencies	0%

SECOND SECTION

CCPs and, as the case may be, the Clearing Members used by BdL

Exchange	Type of In-scope Derivative	Identity of Clearing Member	Identity of CCP	Election
EUREX	Equity/Index/Interest Rates Options Index/Interest Rates Futures except for the In-scope Derivatives listed under (1) below	Banque de Luxembourg (BdL)	Eurex Clearing AG	<input type="checkbox"/> NOSA <input type="checkbox"/> GOSA <input type="checkbox"/> ISA
EUREX	(1) Irish Equity Options UK Equity Options Spanish Equity Options Swedish Equity Options GBP Equity/Index/Interest Rates Options GBP Index/Interest Rates Futures USD Equity/Index/Interest Rates Options USD Index/Interest Rates Futures	J.P. Morgan Securities PLC	Eurex Clearing AG	
MEFF (Mercado Español Financiero de Futuros)	Equity/Index/Interest Rates Options Index/Interest Rates Futures	J.P. Morgan Securities PLC	BME Clearing, S.A.	
Italian Derivatives Market	Equity/Index/Interest Rates Options Index/Interest Rates Futures	J.P. Morgan Securities PLC	Cassa di Compensazione e Garanzia S.p.A	
ICE Futures Europe	Equity/Index/Interest Rates Options Index/Interest Rates Futures	J.P. Morgan Securities PLC	ICE Clear Europe	
London Stock Exchange Derivatives Market	Equity/Index/Interest Rates Options Index/Interest Rates Futures	J.P. Morgan Securities PLC	LCH.Clearnet Ltd	
Oslo Stock Exchange, Derivatives	Equity/Index/Interest Rates Options Index/Interest Rates Futures	J.P. Morgan Securities PLC	LCH.Clearnet Ltd	
Euronext Paris MONEP	Index/Interest Rates Options Index/Interest Rates Futures	J.P. Morgan Securities PLC	LCH.Clearnet S.A.	
Euronext Paris MONEP	Equity Options	CM-CIC SECURITIES	LCH.Clearnet S.A.	
Euronext EQF	Equity/Index/Interest Rates Options Index/Interest Rates Futures	J.P. Morgan Securities PLC	LCH.Clearnet S.A.	

Exchange	Type of In-scope Derivative	Identity of Clearing Member	Identity of CCP	Election
Euronext IRF	Equity/Index/Interest Rates Options Index/Interest Rates Futures	J.P. Morgan Securities PLC	LCH.Clearnet S.A.	
Euronext Brussels Derivatives -	Equity/Index/Interest Rates Options Index/Interest Rates Futures	J.P. Morgan Securities PLC	LCH.Clearnet S.A.	
Euronext - Mercado de Futuros e Opções de	Equity/Index/Interest Rates Options Index/Interest Rates Futures	J.P. Morgan Securities PLC	LCH.Clearnet S.A.	
Euronext Paris MONEP	Equity/Index/Interest Rates Options Index/Interest Rates Futures	J.P. Morgan Securities PLC	LCH.Clearnet S.A.	

THIRD SECTION

Once the client has carefully reviewed this document and the Supporting Documents and, if deemed appropriate by the client, consulted its professional advisor, the Client should complete, date and execute the **Direct and Indirect Clearing Service Commercial Terms Election Form** and send the duly completed, dated and executed form to BdL as indicated in the form.

In case BdL does not receive the **Direct and Indirect Clearing Service Commercial Terms Election Form** duly completed, dated and executed by the Client, the default type of client account segregation consisting in the NOSA is deemed to have been elected and shall apply. This does not preclude the Client from changing the type of client account segregation in the future by sending an amended duly completed, dated and executed Direct and Indirect Clearing Commercial Terms Election Form to BdL.

DISCLAIMER

Whilst this document will be helpful to the client when making a decision about clearing services, this document does not constitute legal or any other form of advice and must not be relied on as such. This document is intended for discussion purposes only and does not create any legally binding obligations on the part of BdL. This document provides a high-level overview of pricing for clearing services. It does not provide all the information the client may need to make her/his decision on which client account type or type of client account segregation is suitable for her/him or what the precise charges will be to provide such types of client account segregation to her/him. Nothing contained herein should be considered an offer, or an invitation to offer or a solicitation or a recommendation by BdL for a particular client account type, type of client account segregation or transaction and no representation or warranty is made as to the accuracy or completeness of the disclosure provided. BdL is not acting as the client's legal, financial, tax or accounting adviser or in any other fiduciary capacity with respect to any proposed transaction or client account segregation arrangement mentioned herein. It is the client's responsibility to review and conduct her/his own due diligence on the relevant rules, legal documentation and any other information provided to her/him on each of the segregation offerings and those of the various CCPs on which transactions for the client executed by BdL acting as the broker are cleared. Before entering into any arrangement, the client should be aware that certain transactions or arrangements give rise to substantial risks and are not suitable for all investors. The client should take steps to ensure that she/he fully understands the transaction or arrangement and have made an independent assessment of the appropriateness of the transaction or arrangement in the light of her/his own objectives, needs and circumstances, including the possible risks and benefits of entering into such transaction or arrangement. The client may wish to appoint her/his own professional advisors to assist her/him. When making an investment decision, the client should rely solely on any specific final documentation relating to a transaction and not any summary. If the client decides to enter into a transaction or arrangement with BdL, she/he does so in reliance on her/his own judgment. Assumptions, estimates and opinions contained in this document constitute our judgment as of the date of the document and are subject to change without notice.
