Derivatives Risks and Conflicts Disclosure

AFEX Markets Europe Limited is incorporated in Ireland (635056) with registered office at Third Floor Latin Hall, Golden Lane, Dublin 8, Ireland and is regulated by the Central Bank of Ireland (Reference No.: C195763) as a MiFID Investment firm under the European Union (Markets in Financial Instruments) Regulations 2017 (S.I. 375 of 2017).

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1 INTRODUCTION

AFEX Markets Europe Ltd ("AFEX" or the "Company" or the "firm" or "Corpay Markets") (trading as Corpay) is a company registered in Ireland and was authorised by the Central Bank of Ireland (CBI) as a MiFID Investment firm under the European Union (Markets in Financial Instruments) Regulations 2017 (S.I. 375 of 2017) on 13 February 2020.

Corpay Markets is authorised to conduct the following investment services:

- Reception and transmission of orders in relation to one or more financial instruments
- Execution of orders on behalf of clients
- Dealing on own account
- Investment advice

2 PURPOSE OF DERIVATIVES RISK AND CONFLICTS DISCLOSURE

The purpose of this disclosure is to provide an overview of the risks and conflicts associated with foreign exchange ("FX") derivatives. It is not intended to disclose all relevant information to determine whether a FX forward contract, vanilla option or structured option is an appropriate risk management tool for your particular business requirements and financial circumstances.

3 DISCLAIMER

This disclosure is not intended to disclose all relevant information for you to determine whether an Option is an appropriate risk management product for your particular financial situation, objectives and needs.

Navigating the world of FX derivatives requires an understanding of the risks and conflicts involved. While these instruments are powerful tools for managing currency risk, their complexity means that a solid grasp of the potential downsides is essential.

Before entering into any transaction, it is crucial to be fully informed. We strongly advise that you take the time to completely understand any product recommended to you, along with its associated risks prior to entering into transactions with us. This due diligence ensures that you are making a decision that aligns with your objectives and risk tolerance.

You should gain independent financial, tax and legal advice in relation to your circumstances before making an investment in Options or other products in this disclosure. Corpay Markets does not cater to speculative appetite and your use of any Option must be for the predominant purpose of hedging foreign currency exposures.

4 SUITABILITY

A FX derivative may be suitable if you have an understanding and experience of FX hedging strategies and the FX markets. If you are not confident about your understanding of the material contained within, we strongly encourage you to seek independent advice before entering into a forward contract, vanilla option or structured option.

Please contact your Corpay Markets representative for further information.

5 FX DERIVATIVE PRODUCTS

Corpay Markets offers the following types of FX derivative products:

- Forwards
- Non-Deliverable Forwards
- Vanilla Options;
- Structured or ‘zero-premium’ options; and
- Target Accrual Redemption Forwards.

6 FX FORWARDS

6.1 What Are Forwards?

Forward Contracts allow you to buy or sell one currency against another for settlement any time between 3 business days and up to a typical maximum of 3 years. Forward Contracts are used by companies or individuals who would like to fix the Exchange Rate for a future date in order to manage their FX exposure and manage future cash flows.

6.2 Buying Forwards Contracts

When you choose to buy a Forward Contract, we will quote you a Forward Rate based on the prevailing forward exchange rate with a spread or mark-up applied and tell you what Initial Margin deposit you will need to deposit with us in order to secure the Forward Contract.

We determine the Forward Rate by reference to the current Spot Rate and the Forward Rate adjustment (‘Forward Points’). The Forward Rate quoted by us will not be the same as the Spot Rate, because it will take into account the difference between interest rates in the two currencies, in holding the money until the Expiry Date. It may be better or worse than the prevailing Spot Rate on the day, depending on differences in interest rates. If you are purchasing the currency with the higher of the two relevant interest rates, the Forward Rate will typically be more attractive than the spot rate. If you are buying the currency with the lower of the two relevant interest rates, the Forward Rate will typically be less attractive than the current spot rate.

If you accept the Forward Rate, then you are bound to the transaction, and we will send you a transaction Confirmation via email or through our platform. You will then be required to send the agreed Initial Margin amount, if any, so it reaches our bank account on the agreed payment date.

While there are no up-front costs with Forwards, we still derive a financial benefit by incorporating a price spread into the Forward Rate. This means that this rate will be different to the prevailing market rate at that time.

6.3 Risks of Buying Forward Contracts

- As the Forward Rate fixes the Exchange Rate and the Expiry Date, this means that you are obligated to honour the contract even if there are more favourable movements in the Spot Rate.
- You are obliged to honour the Forward Contract even if the purposes for which you intended to exchange the currency changes or ceases to exist.
- You will not be able to participate in any favourable movements in the Exchange Rate beyond the Forward Rate.
- If you use the Forward Contract to cover an obligation that ceases to exist, or changes, prior to the Maturity Date then the contract may need to be closed out, with you being responsible for the current market value of the contract at that time. This means you may incur a loss (if the Spot Rate has moved favourably since the forward contract was entered into) or be required to take out further currency protection to cover the changed exposure.
- An Initial Margin (usually around 5%) of the total transaction may be required to enter into a Forward Contract. You may be required, on short notice, to provide additional Margin deposits if your Forward Contract goes ‘Out the Money’ following a Mark to Market or valuation of the contract and its rate versus the current market rate at that time, depending on the specific terms of the trading or credit facility that has been provided to you.
- Failure to pay additional Margin deposits when required can result in the forced liquidation of your contract as well as additional losses that may result.
- We have performance obligations under the Forward Contract. You must form your own judgment about our ability to meet those obligations.

6.4 What Are Non-Deliverable Forwards?

A Non-Deliverable Forward Contract (**NDF**) is a Forward Contract that is net-cash settled on the Value Date. This means that there is no exchange of currencies at settlement; instead, a single amount will be payable by either you or us. NDFs are typically employed in markets that do not have a fully functioning deliverable market. Generally, NDFs are utilized in emerging markets or for currencies that are subject to currency controls by local market authorities.

6.5 Buying Non-Deliverable Forward Contracts

When you enter into a NDF, you nominate the required amount of non-deliverable currency that you wish to purchase or sell, the Reference Currency and the Value Date. We will then determine the NDF Rate and the Fixing Date (which will usually be 2 business days before the Value Date).

On the Value Date, the amount that is payable is determined by us calculating the difference in value of the notional amount of the non-deliverable currency in the Reference Currency at the NDF Rate and the notional amount of the non-deliverable currency in the Reference Currency at the relevant Fixing Rate on the Fixing Date.

While there are no up-front costs with NDFs, we still derive a financial benefit by incorporating a price spread into the NDF Rate. This means that this rate will be different to the prevailing market rate at that time.

6.6 Risks of Non-Deliverable Forward Contracts

- You will not receive the benefit of favourable Exchange Rate movements that may come to pass between the date of entering into the NDF until the Value Date.
- You are obliged to honour the NDF even if the purposes for which you intended to exchange the currency changes or ceases to exist.
- If you use the NDF to cover an obligation that ceases to exist, or changes, prior to the Maturity Date then the contract may need to be closed out, with you being responsible for the current market value of the contract at that time. This means you may incur a loss (if the Spot Rate has moved favourably since the forward contract was entered into) or be required to take out further currency protection to cover the changed exposure.
- An Initial Margin (usually around 5%) of the total transaction may be required to enter into a Forward Contract. You may be required, on short notice, to provide additional Margin deposits if your Forward Contract goes ‘Out the Money’ following a Mark to Market or valuation of the contract and its rate versus the current market rate at that time, depending on the specific terms of the trading or credit facility that has been provided to you.
- Failure to pay additional Margin deposits when required can result in the forced liquidation of your contract as well as additional losses that may result.
- You can vary or terminate an NDF early, but there may be costs to you if you do so.
- In the same way as a Forward Contract, we have performance obligations under the NDF. You must form your own judgment about our ability to meet those obligations.

6.7 Specific Terms Relating to Forward Contracts

6.7.1 Forward Contracts

<u>Pre-delivery of Forward Contracts</u>

You may pre-deliver a portion of the total value of the Forward Contract prior to the Expiry Date. This might occur where your overseas supplier has contracted to deliver goods to you at various times over the period of the Forward Contract. This may result in an adjustment of the Exchange Rate based on time and the difference in interest rates between the two currencies. Any residual balances of the transaction must be completed by the Expiry Date.

Extension of Forward Contracts

You may extend the Expiry Date of the Forward Contract only if agreed by us. This may happen in either of two (2) ways:

(1) We can close out the remaining balance of the Forward Contract and establish a new Forward Contract to the extended Expiry Date. We will quote you a Forward Rate that takes into account the current Spot Rate and the Forward Points for the adjusted time frame. However, by closing out the remaining balance of the Forward Contract, a profit or loss to you would result depending on the current Exchange Rates compared to the Forward Rate on the trade date of the original Forward Contract. This profit or loss would have to be settled at this time; or

(2) We can extend the remaining balance of the Forward Contract by quoting you an extension Forward Point calculation onto the Forward Rate used for your original Forward Contract. This method factors the profit or loss of the method above into the new Forward Contract for the extended period (rather than settling this at the time of extension). This is known as a Historical Rate Rollover ("HRR"). When quoting an HRR rate, we incorporate an interest charge on the above profit or loss in the new Forward Contract. This charge is associated with funding or borrowing that profit or loss for the term of the extension period.

Close out (Cancellation) of a Forward Contract

Whilst the terms of the Forward Contract that you transact with us are legally binding, circumstances might arise whereby you may wish to close out (cancel) your Forward Contract. This may be necessitated due to the fact that your underlying business transaction has been cancelled. You may ask us to close out your Forward Contract at any time up to and including the Expiration Date. We may, at our sole discretion, cancel your contract with us.

We will provide you with a quote for cancelling your Forward Contract. This quote will incorporate some of the components when pricing your original Forward Contract but will be adjusted for prevailing market deposit rates over the remaining term of the Forward Contract. Depending on the spot market rates at the time of cancellation, this may result in either a gain or loss to you.

Forced Liquidation

If, following a Mark to Market valuation, the value of your Forward Contract falls below the Margin Threshold set by us, we may require you to pay an additional Margin. If you fail to pay such additional Margin, we are then entitled to close out your Forward Contract at the prevailing market

Exchange Rate without further notice to you. You will remain liable for any negative positions or potential loss that cannot be covered by the closing out of your Forward Contract.

6.7.2 Non-Deliverable Forward Contracts

Close out (Cancellation) of a Non-Deliverable Forward Contract

You may ask us to terminate the NDF at any time up to and including the Fixing Date. We will then provide you with a termination quote. If you accept the termination quote, we will cancel the NDF. Depending on the market rates at the time of cancellation this may result in either a gain or loss to you.

Bringing the Expiry Date forward

At any time up to the Fixing Date, you may ask us to bring the Expiry Date of your transaction forward. We will quote you a Forward Point Adjustment to do this, as an adjustment to your existing NDF Rate. Our quote will take into account your existing contract details, the Exchange Rate and the relevant market deposit rates available at that time.

Extending the Expiry Date

At any time up to the Fixing Date, you may ask us to extend the Expiry Date of your transaction. All extensions will be subject to our credit approval process. If we agree to extend your original Expiry Date, we will quote you a Forward Point Adjustment to do this as an adjustment to your existing NDF Rate. The extension quote takes into account your existing contract details, the Exchange Rate and the relevant market deposit rates available at that time.

7 VANILLA OPTIONS

7.1 What are Vanilla Options?

A Vanilla Option is an agreement that gives the buyer the right, but not the obligation to exchange an agreed notional amount of one currency for an amount of another currency at an agreed Exchange Rate (**Strike Rate**) on an agreed date in the future (**Expiry Date**). A Vanilla Option may be a Put option (a right to sell currency) or a call option (a right to buy currency).

7.2 Buying Vanilla Options

When you buy a Vanilla Option from Corpay Markets, you will be required to pay a non-refundable Premium. By buying the Vanilla Option you have the right but not the obligation to buy from us a notional amount of one currency for another currency at the Strike Rate on the Expiry Date. A purchased option bestows rights or "protection" to the purchaser but is devoid of obligation with the exception of the premium that is payable.

Similar to Spot and Forward Foreign Exchange, Corpay Markets will charge a spread or mark-up on the premium that you pay when purchasing an option.

7.3 Risks of Buying Vanilla Options

- You must pay Corpay Markets a non-refundable Premium.
- If you do not exercise the option, it will essentially expire worthless.
- See the 'general risks' at section 10.

The risk of a vanilla option is limited to the amount of the non-refundable premium paid to acquire the option. If the exchange rate at expiration is not in your favour, the option expires worthless, and you lose the entire premium.

An option gives you the right, but not the obligation, to execute a trade at a specific strike price. If the market moves favourably beyond your strike price, you can benefit from that movement. However, if the market moves favourably but you let the option expire, you may miss out on an even better rate available in the spot market, effectively losing the potential for greater profit.

The value of an option is influenced by the time remaining until its expiration. As an option gets closer to its expiration date, its time value (the premium) decreases. This is known as time decay

8 STRUCTURED OPTION

8.1 What is a Structured Option?

A Structured Option is a term that describes a group of foreign exchange products that have been developed as foreign exchange risk management alternatives to Forward Exchange Contracts and Vanilla Options.

A Structured Option is an agreement to exchange a specified amount of one currency for another currency at a FX Rate determined in accordance with the mechanisms set out in the structure at an agreed time (Expiry Time) on an agreed date (Expiry Date). The exchange of currencies generally then takes place within two (2) clear business days after the Expiry Date (Value Date).

Structured Options may incorporate a knock-in or knock-out barrier to enhance the participation and protection rates achievable. A barrier is a feature of a structured option that if triggered will either activate (knock-in barrier) or terminate (knock-out barrier) the underlying option. A barrier is triggered if the spot rate reaches the barrier rate during the barrier period.

Knock-in or knock-out barriers add complexity and uncertainty as to the actual participation and protection rates afforded by an option. A favourable market move could be completely nullified if a knock-in barrier is triggered; or a contract (and its protection) could be completely terminated if a knock-out barrier is triggered.

8.2 Buying Structured Options

A Structured Option is also known as ‘zero premium’ option, these structures typically involve the simultaneous purchase and sale of two or more options. You buy the protection that you require with one option and in order to pay for it, instead of paying a premium, you sell another option with an equivalent value to the other party. Whereas, with a vanilla option there will never be any obligation on you to trade but when entering into a structured option, the option you sell confers a potential right to trade on the other party which they may choose to exercise against you, if it is in their interests to do so. As a result, unlike a Vanilla Option, your ability to benefit from favourable movements will be limited to a degree and, at expiry you may be left with an obligation to trade.

8.3 Risks of Buying Structured Options

- The Protection Rate is less favourable than the Forward Market Rate on the Trade Date.
- You are obligated to transact the Fixed Amount at the Protection Rate.
- If the Barrier Level is breached:
    - you are obligated to transact the full Contingent Amount at the Protection Rate – which may be less favourable than the prevailing Spot Rate.
    - you can be left with no protection against unfavourable currency movements.

- If the Barrier Level is not breached, and the Spot Rate is below the Protection Rate on the Expiry Date, you may only transact the Contingent Protection Amount at the Protection Rate.
- If the Barrier Level is not breached, and the Spot Rate is more favourable than the Contingent Rate at the Expiry Date, you will be obligated to transact the full Contingent Amount at the less favourable Contingent Rate.
- See the 'general risks' at section 10

9 TARGET ACCRUAL REDEMPTION FORWARDS

9.1 What is a Target Accrual Redemption Forward?

A Target Accrual Redemption Forward (**TARF**) allows the holder to buy (or sell) a currency against another currency in a regular sequence of transactions (**Fixing Dates**) at a lower (or higher) level than the Prevailing Forward Rate (Market Rate) on the Trade Date as long as the Accrual Cap (or any other Knock-Out Barrier) set at the beginning of the contract has not been breached. The Accrual Cap level is measured by basis points (**Points**). Once the cumulative Accrual Cap level (or any other Knock-Out) is reached, the remaining forward contracts are terminated, and no more transactions will occur.

TARFs generally have more favourable rates than the Prevailing Forward Rate. Like Structured Options, TARFs are highly customisable and may include leverage. The terms of all TARF contracts are agreed with you in a term sheet.

9.2 Buying Target Accrual Redemption Forwards

The buying of a TARF is the same as a Zero-Premium Option. See section 8 of this Disclosure. While it is offered to you at "Zero Premium", there is net premium that accrues to Corpay Markets that forms our revenue for the transaction.

9.3 Risks Of Target Accrual Redemption Forwards

- Once the Accrual Cap has been reached there is no protection. This may occur before the final Fixing Date and will mean that the Notional Amount traded at the Strike Rate will be less than the agreed Notional Amount. As a result, you may need to trade the rest of the Notional Amount at the Market Rate – which is less favourable to you.
- If the Market Rate is more favourable than the Strike Rate on a Fixing Date (and the Accrual Cap is not reached) you will be obligated to trade at the Market Rate, which is less favourable.
- TARFs in general have longer tenors as compared to Structured Options and as a result there is a higher likelihood that during the term of the contract the Strike Rate will be less favourable than the Market Rate.
- Where TARFs utilise leverage, there may be less protection as compared to similar products without leverage.
- Where TARFs utilise leverage, if the Strike Rate is less favourable than the Market Rate on the Fixing Date, you will be obligated to trade a multiple (up to two times) of the Notional Amount, at the less favourable Strike Rate.
- Where TARFs utilise leverage, you may be left with no protection far more quickly, as gains are multiplied, and the Accrual Cap will be reached more quickly.

10 GENERAL RISKS OF PRODUCTS

All products referred to in this disclosure offered by Corpay Markets involves general risks. In addition to the risks set out in this disclosure the following risks may also be applicable:

Counterparty risk

In dealing with us as a counterparty to every transaction, you will have a credit related exposure to Corpay Markets in relation to each transaction. You will also be subject to Corpay Markets' credit risk in the situation that we become insolvent and as a result may be unable to meet our obligations.

Corpay complies with client money obligations under the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1)) (Investment Firms) Regulations 2023 (the "Regulations") and the Central Bank of Ireland (the "CBI") guidance on Client Asset Regulations for Investment Firms. In the event Corpay Markets becomes insolvent or is subject to an insolvency proceeding, if you have placed money with us that is held in the client money account operated by Corpay Markets and is not available to meet creditors of Corpay Markets generally. For further information, here is the link to Corpay Markets' Client Asset Key Information Document.

In the event of Corpay Markets becoming insolvent or subject to an insolvency proceeding, our other counterparties may close out or liquidate positions we hold with them and we may become unable to meet our obligations to you in whole or in part. In any insolvency proceeding, you will be an unsecured creditor in respect of our obligations to you (other than in respect of any money held with us in the client money account that you are entitled to).

Transactions are not transferable

As each transaction you enter with Corpay Markets is a transaction between the parties and is not traded on an exchange or market, you will not be able to sell, transfer or assign the transaction to any other person without Corpay Markets' prior consent.

Abnormal market conditions of force majeure

Corpay Markets' reserves the right to close out some or all of your open transactions between us if an event occurs that is beyond your or our control, where such event either wholly or partially prevents, hinders, obstructs, delays of interferes with your ability to meet your obligations, or our ability to meet our obligations.

Corpay Markets' discretionary powers

Under our Terms and Conditions, we have a number of discretionary powers which may affect your trading activities. Corpay Markets requests that the client refers to the Terms and Conditions which set out these powers to fully understand them.

Market Risk
Market risk is the possibility that the value of the transaction may change as a result of a movement in the underlying market price. You may experience a loss if the underlying market moves unfavourably.

Opportunity Risk
Opportunity risk is the risk that the Exchange Rate you achieve under the transaction is not as favourable as the Exchange Rate you could have achieved if not entering the transaction. By entering into a transaction, you may forego any benefit of a favourable movement in the Exchange Rate.

Correlation Risk
Correlation risk is the risk that changes in the market value of a transaction may not directly offset changes in the market value of the cash flows or balance sheet items being hedged. This issue typically arises when the currencies, amounts, or timing of the hedges are not matched perfectly against the underlying items. If you enter a transaction that does not fully match an underlying and offsetting currency cash flow, you must be aware that you may be exposed to disproportionate changes in market values.

Credit Risk
Credit risk is the risk that Corpay Markets may be unable to meet its obligations to you under the transaction, such as by making a payment on a settlement date. If Corpay Markets is unable to perform its obligations under the transaction you may exposed to Exchange Rate fluctuations as if you had not entered into the transaction.

Operational Risk
Operational risk is the risk of a change in the value of a transaction due to the failure or inadequacy of systems, processes or people. It can also arise out of external events such as acts of terrorism or natural disasters. You are reliant on Corpay Markets being able to price and settle their transactions accurately and on time. The value of your transactions may be adversely affected if Corpay Markets' operating processes, systems or people are disrupted, fail, or are inadequate.

Liquidity Risk
Liquidity risk is the risk that the client may be asked to pay additional Margin funds during the life of a transaction. This Margin delivery amount may be substantial in the event of a large market movement and could negatively impact the client's financial position.

Legal, Tax, Accounting, and Regulatory Risks
Legal, tax and regulatory changes could occur during the term of a transaction, which may adversely affect the transaction. You should consult independent advisers with respect to the legal, tax, accounting and regulatory implications of entering transactions.

No Cooling Off
There is no cooling off period. This means that, in most circumstances, once you enter a transaction, you cannot terminate or vary the transaction without Corpay Markets' consent.

11 CONFLICTS AND REMUNERATION ARRANGEMENTS

11.1 Conflicts between Corpay Markets' interests and yours

Corpay Markets earns income on the spread (Margin) between the cost at which we offer the currency to you and the transactions Corpay Markets undertakes in order to offer you its products. The Margin that is charged is determined according to the availability of the currency you are buying or selling, market volatility, interest rates and the value of the transaction. The Margin is maintained within the quoted price to you.

Generally speaking, the more volume of FX you choose to transact with Corpay Markets, the higher the revenue to the firm and the greater the renumeration for the options dealer that provides service to you.

Corpay Markets also earns a Premium for writing an Options contract, which may be paid by you or our liquidity providers, who we hedge our Options positions with. The Premium is priced by reference to the current price of the currencies in the spot market, the tenor of the Option to expiry, the strike price and volatility. The Premium paid is Corpay Markets' fee for underwriting the risk on an Options contract.

Again, as Corpay Markets' is paid a Premium by you or liquidity providers depending on the risk of the Options contract; our interests may not align with yours.

You acknowledge that:

- Corpay Markets may take positions in financial products, or take actions for its own account or for the accounts of other clients and may trade with other counterparties in circumstances where those trades may conflict with positions that you hold;
- Corpay Markets may provide advice or other services that may result in other clients engaging in activities which conflict with positions you hold;
- Corpay Markets may choose to hedge positions you hold with other counterparties;
- Corpay Markets may structure products it offers to you so that Corpay Markets receives payments from counterparties;
- Corpay Markets may provide advice to you that differs from advice provided to other clients trading as similar times;
- Corpay Markets may trade in financial products in ways that are inconsistent with the advice we have provided to you;
- Corpay Markets may trade in markets and take positions or other actions that may materially affect (either positively or negatively) the market price, rate or other market factors underlying a transaction and consequently the value of a transaction with you;

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- Corpay Markets is trading with you and you are trading with Corpay as principal and not as agent on behalf of you or any other person. There is an inherent conflict in that you and Corpay Markets will have opposing positions in any transaction you enter into and you should expect that Corpay Markets' interests, and the interests of its other clients or other counterparties, may at times be adverse to your interests under or in connection with positions you hold with us.

11.2 Conflicts between Corpay Markets' staff's interests and yours

Some of our staff, particularly the options dealers earn variable remuneration. A portion of the variable compensation paid to some of our staff is linked to the trading activity you undertake with Corpay Markets, and the underlying revenue the firm generates on those transactions.

Accordingly, and because of this variable remuneration, the interests of our staff may conflict with your interests. This may incentivise staff to suggest transactions that generate higher remuneration for staff in circumstances where alternative transactions would generate lower remuneration.

How we manage these conflicts

Corpay Markets manages the conflicts that arise by way of the following controls:

(1) Variable remuneration – is subject to in-year adjustments, malus or clawback arrangements that can be triggered where an employee has engaged in conduct that results in financial harm to a client, Corpay Markets, or has materially violated Corpay Markets and Corpay Group policies or applicable laws and regulations.

(2) Monitoring – Dealing teams are subject to ongoing oversight by our Regulatory Compliance team. We do this to seek to ensure that our staff comply with the law, as well as our internal policies and procedures, and that they treat you efficiently, honestly and fairly.

(3) Avoiding conflicts – during our suitability assessment, we consider numerous factors, including FX exposures, desired outcomes, your experience, conflicts of interest and financial soundness. If our assessment determines that that there is a significant conflict between our interests and yours, we will not offer you a Forward Contract or an Option. Corpay Markets considers the following circumstances a significant conflict, including, but not limited to:

- where a member of our staff deals with a client, and at the time controls or holds an interest in that client (including, by way of shareholding or being a director);
- where a member of our Dealing team deals with a client, and is related by marriage or blood to a director or majority shareholder of that client; and

- where a member of our staff holds 'inside information' or other non-public market-sensitive information about a client.

(4) Credit underwriting process – Corpay Markets maintains a robust credit underwriting process to which the offer of all Options is subject. The purpose of this process is to reasonably ensure that both us and you can meet our respective financial obligations under an Option. Where our credit underwriting process determines that the offer of an Option would be outside our internal risk appetite thresholds, we will not enter into an Option.

(5) Other controls – Corpay Markets maintains detailed conflicts of interest policies and procedures to comply with our regulatory obligations. These policies and procedures assist us to both protect our interests and yours. Our procedures also require our staff to disclose material conflicts of interest that they may have with you or other clients.

12 GLOSSARY

Term	Definition
Accrual Cap	means in relation to a Target Accrual Redemption Forward, the maximum profit cap (measured in Points) available to be redeemed during the tenor of the agreement.
Barrier	means an Option that comes into effect (a Knock-In) or ceases to be effective (a Knock-Out) in the event that the underlying Exchange Rate breaches an agreed Barrier Level.
Call	means a Vanilla Option that gives the Buyer the right, but not the obligation, to buy a specified amount of currency, at a specified Strike Rate and Settlement Date. For the Seller, it represents a potential obligation to sell a specified amount of currency. The Call Seller earns Premium for assuming this potential obligation.
Call Currency Amount	means the amount of Call Currency to be purchased by the Buyer upon the exercise of the Option.
Call Currency	means the currency to be purchased by the Buyer upon exercise of the Option.
Contingent Amount	means an amount of currency that the client is obliged to settle if certain agreed conditions are met under a Structured Option.
Contingent Rate	means a 'best case' Exchange Rate at which funds may be settled under a Structured Option. Participation in favourable currency movement is limited at the level of the Contingent Rate.
Corpay Markets	means AFEX Markets Europe Limited
Exchange Rate	is the price at which Corpay will buy from the client or sell to the client, with one currency in exchange for another.
Expiry Date	means the last date on which an Option can be exercised. After this date the Option is deemed to lapse.
Fixed Amount	means an amount of currency that you the client is obliged to settle regardless of where the Spot Rate is under a Structured Option.
Fixing Date	means the date on which the Fixing Rate of an NDF is determined and the cash settlement amount is calculated.
Fixing Rate	means the Exchange Rate for an NDF displayed on the agreed rate source at the agreed time on the Fixing Date. The Fixing Rate is used to calculate the cash settlement amount of an NDF.
Forward Adjustment	means the difference between the Spot Rate and the Forward Rate on the trade date reflecting the differing interest rates relative to the two currencies involved in a Forward Contract and is usually expressed as forward points.

Forward Contract	means an agreement between you and Corpay to exchange two currencies at a fixed rate on, or before a pre-specified date in the future.
Forward Rate	means the price of one currency expressed in terms of another currency, for settlement at a pre-specified date in the future.
In-the-Money	means an Option or Forward Contract with positive monetary value, when assessed at current market prices
Initial Margin	means an amount of funds that you post with Corpay in order to secure your obligations under a Transaction. The Initial Margin is held by Corpay until the transaction is settled.
Knock-In	means an Option that comes into effect in the event that the underlying Exchange Rate breaches an agreed Barrier Rate during the event period.
Knock-Out	means an Option that ceases to be in effect in the event that the underlying Exchange Rate breaches an agreed Barrier Rate during the event period.
Margin	means an amount of currency that you post with Corpay in order to secure your obligations in the event that the mark-to-market value of outstanding transactions becomes negative. The Margin is held by Corpay until transactions are settled, or their value becomes positive.
Mark-to-Market	means a measure of the netted market value of your Transactions as estimated by Corpay at a specific point in time. It is broadly equivalent to the gain or loss that would result from terminating outstanding Transactions by entering into equal and opposite market positions. A positive Mark-To-Market Value means that termination or replacement would result in a gain, while a negative value would result in a loss.
Non-Deliverable Forward Contract or NDF	means a Forward Contract that is non-deliverable – that is, there is no exchange of currencies at the settlement date. Instead, a single net amount will be payable by either you or us depending on the outcome of the trade.
NDF Rate	is the Exchange Rate for an NDF agreed to at the Trade Date.
Out-the-Money	means an Option or Forward Contract with negative monetary value, when assessed at current market prices
Premium	means the sum of money paid by the Buyer to the Seller, in acquiring the rights embedded in an Option. The Seller receives this amount in exchange for assuming a potential obligation.
Protection Rate	means a 'worst case' Exchange Rate at which the Protection Amount may be settled under a Structured Option. Exposure to unfavourable currency movement is limited at the level of the Protection Rate.
Protection Amount	means an amount of currency that you are entitled to settle at an Exchange Rate that is no worse than the Protection Rate under a Structured Option.
Put	means a Vanilla Option that gives the Buyer the right, but not the obligation, to sell a specified amount of currency, at a specified Strike Rate and

	Settlement Date. For the Seller, it represents a Contingent obligation to buy a specified amount of currency. The Put Seller earns Premium for assuming this Contingent obligation.
Put Currency Amount	means the amount of the Put Currency to be sold by the Buyer upon the exercise of the Option.
Put Currency	means the currency that will be sold by the Buyer upon Exercise of the Option.
Reference Currency	means the primary currency in which a transaction is denominated, or a position's overall value is measured.
Strike Rate/Price	means the agreed Exchange Rate at which the Put Currency will be exchanged for the Call Currency if an Option is exercised.
Structured Option	is a term that describes a group of FX products that have been developed as FX risk management alternatives to Forward FX Contracts and Vanilla Options. A structured option (Structured Option) is an agreement to exchange a specified amount of one currency for another currency at a FX Rate determined in accordance with the mechanisms set out in the structure at an agreed time (Expiry Time) on an agreed date (Expiry Date). The exchange of currencies generally then takes place within two (2) clear business days after the Expiry Date (Value Date).
Target Accrual Redemption Forward	means an agreement that allows the holder to buy or sell a specified amount of one currency for another currency at an enhanced Exchange Rate for a number of Fixing Dates.
Value Date	means the day that we exchange currencies as part of a foreign exchange transaction.
Vanilla Option	is an agreement between two parties (the buyer of the Vanilla Option – for this product type this will always be you, the client - and the seller of the Vanilla Option – which for this product type will always be Corpay Markets) that gives the buyer the right but not the obligation to buy (a Vanilla Call Option) or sell (a Vanilla Put Option) one currency in exchange for another currency (Currency Couple) at an agreed exchange rate (the Strike Rate) on a predetermined date in the future (the Expiry Date).
Zero-Premium	is a type of Structured Option that can be structured to be zero premium. This means that for these products you will not be required to pay any premium to us prior to entering into the transaction. Corpay Markets will factor the cost of the Option into the pricing of the structure. It should be noted that Zero Premium does not mean zero cost. The cost of a Zero Premium structure is built into the trade meaning that the pricing of a Zero Premium product will be worse than that of the same product for which a

	premium has been paid. The firm's revenue typically derives from receiving a premium from one of the firm's counterparty banks, presented to the client as 'Zero Premium'.